

Audit and Governance Committee

Tuesday 12 March 2024

PRESENT:

Councillor Allen, in the Chair.
Councillor Finn, Vice Chair.
Councillors Dr Mahony, Raynsford and Stevens.

Independent Member Mrs Benny attended via Microsoft Teams and was therefore unable to vote.

Also in attendance: Liz Bryant (Head of Legal), Wendy Eldridge (Lead Accountancy Manager), Glenda Favor-Ankersen (Head of Electoral Services), Carolyn Haynes (Head of Finance), Ross Jago (Head of Governance, Performance and Risk), Iain McGlashan (Manager of Registration, Data and Performances), David Northey (Service Director for Finance), Hannah Whiting (Democratic Advisor), Paul Dossett (Grant Thornton), David Johnson (Grant Thornton) and Justine Thorpe (Grant Thornton).

The meeting started at 12.35 pm and finished at 2.14 pm.

Note: At a future meeting, the committee will consider the accuracy of these draft minutes, so they may be subject to change. Please check the minutes of that meeting to confirm whether these minutes have been amended.

55. **Declarations of Interest**

No declarations of interest were made.

56. **Minutes**

The Committee agreed that the minutes of the meeting held on the 16 January 2024, were an accurate record.

The Committee noted that the action to share news relating to the conclusion of matters in relation to the pension transaction was sent in the form of a press release to all Councillors, and was not a report on the decision sent in advance to members of the Committee.

David Northey (Service Director for Finance) apologised that Mrs Benny had not received a copy of the press release, and a copy would be sent following the meeting.

57. **Chair's Urgent Business**

There were no items of Chair's urgent business.

58. **External Audit - Progress Report**

The Committee agreed to change the order of the agenda to allow relevant officers to attend and moved the following items earlier in the agenda:

- External Audit – Progress Report
- External Audit – Audit Findings Report 2020/21.

Councillor Raynsford joined the meeting during this item, at 12:49.

Paul Dossett (Grant Thornton) and Justine Thorpe (Grant Thornton) introduced the item and highlighted the following points:

- a) The medium term financial plan;
- b) Responses to all of the recommendations were included.

In response to questions, with support from David Northey (Service Director for Finance) and Ross Jago (Head of Governance, Performance and Risk) the following was discussed:

- c) Pressure on reserves;
- d) Plymouth had lower reserves than other authorities of a similar size;
- e) Internal auditors would identify issues with no-statutory services;
- f) The decision provisionally allowing the capitalisation of the pension transaction did not have an impact on the report, and a timetable would be provided by the Department of Levelling Up, Housing and Communities (DLUHC);
- g) Backstop arrangement;
- h) Response to financial pressures on Children's Services had been included in the report;
- i) An item to provide assurance on all of the regulatory regimes the Council was subject too would be brought to a future meeting.

The Chair briefly left the room at the end of this item.

59. **External Audit - Audit Findings Report 2020/21**

The Chair returned to the meeting during this item at 13:02.

Paul Dossett (Grant Thornton) and David Johnson (Grant Thornton), supported by David Northey (Service Director for Finance). introduced the item and highlighted the following points:

- a) Asset evaluation;
- b) Had it been possible to complete the reporting in line with reporting deadlines, some of the issues identified would have been addressed by management;
- c) The most relevant information to the year under review had been included;

- d) Once the 2019/20 accounts had been signed off, the 2020/21 accounts could be signed off with an unqualified opinion.

In response to questions, the following was discussed:

- e) David Northey would be happy to provide a break down of the 'Grants Income Recognition and Presentation' totalling £313.5m and how much was capital and revenue, and how much was provided to outside organisations, and how much was for COVID19 support, to the Committee;
- f) Paul Dossett was happy with improvements made by the Council to address concerns relation to financial governance;
- g) There would be an independent review into the pension transaction from October 2019 and as soon as there was information on when the review was to take place, and what its scope would be, David Northey would let members of the Committee know, as well as any other relevant members;
- h) The hedge fund transaction had been reported to the Audit and Governance Committee;
- i) The interest rate swap was discussed at the Audit and Governance Committee, and the approach was approved.

60. **Whistleblowing Policy (To Follow)**

Ross Jago (Head of Governance, Performance and Risk) introduced this item and highlighted:

- a) There had been no updates made to the policy since it had been approved by the Committee in 2022/23.

In response to questions, supported by Liz Bryant (Head of Legal Services), the following was discussed:

- a) Trade Unions were happy with the policy;
- b) Ross Jago (Head of Governance, Performance and Risk) agreed to provide members with an explanation as to why people such as Councillors, agency workers and contractors were exempt from the Whistleblowing Policy;
- c) It was suggested that Section 3.4 be considered for re-wording, as it put too much pressure on people to put their name to a whistleblowing report;
- d) Section 2.2 did not include inappropriate behaviour, so Ross Jago (Head of Governance, Performance and Risk) agreed to provide information to members on how this would be dealt with through existing HR policies, or if it needed to be included in the Whistleblowing Policy;
- e) It was suggested that Section 6.1 a should be changed to 'any Councillor';

- f) It was suggested that 'MP's' be included in Section 6.1;
- g) Ross Jago (Head of Governance, Performance and Risk) agreed to provide information to the Committee on process if the Service Director was the subject of a Whistleblowing issue.

The Committee agreed to note the Whistleblowing Policy.

61. **Internal Audit Plan 2024/25**

Louise Clapton (Audit Manager, Devon Audit Partnership) introduced the report and highlighted:

- a) The key objective of the Devon Audit Partnership (DAP), as Plymouth City Council's (PCC) internal audit provider was to understand the key risk of the Council and to examine and evaluate the adequacy and effectiveness of the risk management and to contribute to the proper economic efficient and effective use of resources;
- b) DAP had a statutory duty to provide an annual audit opinion and this is formed from a wide range of information include external audits, external reviews and improvement plans;
- c) Strategic and operational risks, global risk themes, previous internal audit work, the ongoing management action tracking, internal audit work, budget pressures and savings plans had all been considered in preparation for 2024/25;
- d) The detailed scope and objectives of each of the areas under review would be developed at the audits were undertaken during the year;
- e) The Internal Audit Plan would be subject to change throughout the year in order to remain agile and responsive to Council risks and audit needs, and the Committee would be kept updated at meetings throughout the year.

The Committee agreed to note the report.

62. **Treasury Management Practices, Principles and Schedules 2024/25**

Wendy Eldridge (Lead Accountancy Manager) introduced the report and highlighted the following points:

- a) The Council had an authorised overdraft limit with Barclay's at £100,000;
- b) Interest rate risk had featured throughout 2023/24 and would continue into 2024/25;
- c) Projections of Bank of England rate reductions and the sources of other local authority lending being limited in the final quarter;
- d) The authority aimed to be a responsible investor and would consider environmental, social and governance issues when investing;
- e) It was recommended practice that local authorities invested in banks and fund that were signatories to the UN principles of responsible banking and in funds that were operated by

managers that were signatories to UN principles of responsible investment, Net Zero asset managers alliance, and the UK stewardship code;

- f) At times of high borrowing the Council had taken measures to hold borrowing at fixed rates;
- g) Borrowing to support cash flow would continue to be a risk;
- h) Treasury Management staffing increased;

In response to questions, and supported by David Northey (Service Director for Finance), the following was discussed:

- i) Local authorities did not get any formal financial rating;
- j) There was a Treasury Management Board meeting on 21 March 2024, which the members of the Committee had been invited to, where the external treasurers would provide an update on the economy, interest rates and more;
- k) Members of staff at the Council met with people from Arlingclose when reviewing investments;
- l) David Northey received regular email updates from CCLA, a recognised local authority investment holding fund, that PCC invested with;
- m) A Microsoft Teams space had been set up by Arlingclose to enable PCC to be more dynamic;
- n) Borrowing through brokers would allow the interest rate swap to happen;
- o) The Public Works Loan Board had a very competitive interest rate;
- p) David Northey was having monthly meetings with Arlingclose on knowledge and advice on future economics.

63. **Risk Management Monitoring Report - March 2024**

Ross Jago (Head of Governance, Performance and Risk) introduced the item and highlighted the following points:

- a) A new risk management process had been introduced that involved more staff within the organisation being involved and was supported by Microsoft 365 for reporting and updates;
- b) Further changes to the risk profile were to be expected in the coming weeks and months, particularly as some audit recommendations were actioned to better align risks to the Corporate Plan and the priorities within it;
- c) Five health and safety risks had been added to the register after discussions with the new head of Health, Safety and Well-being;

- d) Other areas of change included homelessness expenditure, adult social care workforce, and housing delivery;
- e) There had been reductions in risk in relation to capitalisation directives and expenditure exceeding resources due to the publication of the MTFS;
- f) There had been a recommendation from national government to maintain cyber-attack at the highest level of risk, despite mitigations;
- g) Supply Chains remained unchanged;
- h) Some stability in adult social care, although not sure the longevity of this;
- i) Major programmes of improvement were underway as a result of various inspections.

In response to questions, the following was discussed:

- j) The risk relating to lawful accounting had been high due to the unresolved Miel transaction, which had been resolved after the publication of the papers for the meeting, so had reduced and would be reflected in a future report to the Committee;
- k) Colleagues had been working hard to mitigate against cyber attack with DELT, but it was national government that asked risk to remain high for cyber attack.

The Committee agreed to note the report.

64. **Polling Districts, Place and Stations Review 2023**

Glenda Favor-Ankersen (Head of Electoral Services) and Iain McGlashan (Manager of Registration, Data and Performances) introduced the report and highlighted:

- a) The report was being brought to the Audit and Governance Committee for approval, before going to City Council in September 2024;
- b) There were going to be five new polling stations;
- c) Some changes in polling stations had been made to ensure that schools could stay open on polling days.

In response to questions, the following points were discussed:

- d) Signage at previous polling stations would always be put in place to direct people to their 'new' polling station;
- e) A change in Peverell needed to take place for the May 2024 elections because of the closure of a previously used polling station, it would be made a permanent polling station when the report was agreed by Council in September 2024;
- f) If signage at High Street Primary School was still in place, the elections team would ensure it was removed as soon as possible.

The Committee agreed to note the draft proposed recommended changes to polling stations as set out in the Polling Districts, Places and Stations Review 2023 Recommendations Report, for the reasons set out in that report.