

Audit and Governance Committee

Tuesday 10 September 2024

PRESENT:

Councillor Allen, in the Chair.

Councillor Finn, Vice Chair.

Councillors Cuddihee, Freeman (as substitute for Councillor Stevens) and Raynsford.

Apologies for absence: Councillor P. Nicholson, Councillor Stevens and Independent Member Mrs Benny.

Also in attendance: Liz Bryant (Head of Legal Services), Hannah Chandler-Whiting (Democratic Advisor), Ross Jago (Head of Governance, Performance and Risk), David Northey (Service Director for Finance), Kirstie Spencer (Head of Health and Safety), Chris Squire (Service Director for HR & OD), Louise Clapton (Audit Manager, Devon Audit Partnership), Paul Dossett (External Auditor, Grant Thornton(via Microsoft Teams)) and Joanne McCormick (Deputy Head of Partnership, Devon Audit Partnership).

The meeting started at 2.00 pm and finished at 3.00 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.

26. **Declarations of Interest**

No declarations of interest were made.

27. **Minutes**

The Committee agreed the minutes of the meeting held on 23 July 2024 as an accurate record.

28. **Chair's Urgent Business**

There were no items of Chair's urgent business.

29. **Update on External Audit Recommendations**

Paul Dossett (External Auditor, Grant Thornton) provided the following update:

- a) Grant Thornton were happy with the Council's management response and approach at dealing with issues;
- b) The new Government had confirmed a deadline of 13 December 2024 for all audits 2022/23 and earlier and 28 February 2025 for 2023/24 audits;

- c) The pensions transaction had been resolved for the 2019/20 audit, and 2020/21 was near complete following this;
- d) 2021/22 and 2022/23 accounts had been produced and would be backstopped under the statutory regulations, and Grant Thornton's conclusions would be brought to the November 2024 Committee meeting;
- e) The National Audit Office and other regulators were looking at the audit procedures that needed to be carried out on opening balances for 2023/24 following the backstop.

In response to questions, it was explained:

- f) The 2024/25 accounts backstop was in February 2026;
- g) There was flexibility in carrying forward a disclaimer on opening balances as it could be managed over more than one year, but Government would expect assurance on that position.

30. **Capitalisation Direction Update**

David Northey (Service Director for Finance introduced this item and highlighted the following points:

- a) He had made a commitment to update the Committee on this issue;
- b) The Government were minded to give a capitalisation direction, but it was still going through the process included an independent review and a general Chartered Institute of Public Finance and Accountancy (CIPFA) review of governance and sustainability, the latter of which had been completed;
- c) The report was with the Ministry of Housing Communities and Local Government (MHCLG) and an update had been requested, but he would keep the Committee up to date with any updates between meetings;
- d) Challenging with change of ministers following general election.

In response to questions, supported by Paul Dossett (External Auditor, Grant Thornton), it was further explained:

- e) Governance improvements had been suggested in a July 2021 report from Grant Thornton looking at the Santander and Capitalisation transactions, which had been actioned;
- f) The stance of the new Minister of State had not been confirmed, but the previous minister had been minded;
- g) There was no evidence to suggest anything inappropriate had taken place and there was a full audit trail for the money.

The Chair reminded Committee members of the importance of not being political.

31. **Internal Audit Progress Report**

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

- a) 60% of the audit plan had been started and was in progress and the report included all progress made since 1 April 2024;
- b) Of the reports that had been issued, 100% were in receipt of reasonable assurance or certified without amendment;
- c) One change had been made to the plan in agreement with Ross Jago (Head of Governance, Performance and Risk) with Performance Framework item replaced by an Audit of Plymouth City Council (PCC) Family of Companies;
- d) Would continually be discussed with relevant officers to ensure right items were being looked into.

The Committee agreed to note the report.

32. **Committee Self-Assessment**

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

- a) It was good practice for an Audit and Governance Committee to self-assess annually;
- b) There was a desire to increase the response rate from the self-assessment undertaken in the previous year;
- c) New advice and guidance had been released by CIPFA (Chartered Institute of Public Finance and Accountancy) on self-assessments.

David Northey (Service Director for Finance) added:

- d) Urged members of the Committee to take part in the self-assessment as it was an important piece of governance work.

In response to questions, the following was discussed:

- e) Substitutes on the Committee had not been included in the self-assessment previously but could be;
- f) Deadline for responses would be the end of November to report back to Audit in January 2025.

The Committee agreed that:

- I. The Audit and Governance Committee undertake CIPFA self-assessments for the 2024/25 municipal year between September and November 2024 to identify areas for improved effectiveness and support the development of the annual report to council.

33. **Health, Safety and Wellbeing Annual Report 2023/24**

Kirstie Spencer (Head of Health and Safety) introduced the report:

- a) The report was to be read in conjunction with the Health, Safety and Wellbeing Policy, which had been updated to be more explicit in terms of governance, assurance, roles and responsibilities.

Supported by Chris Squire (Service Director for HR & OD), in response to questions the following was discussed:

- b) A new policy on infection control was in development and would be published before the end of the year;
- c) Several health and safety standards had been commissioned and prioritised by risk;
- d) Control of contractors was a health and safety performance standard which detailed the management system around how contractors were sourced and monitored in terms of health and safety;
- e) RIDDORs (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) were a set of regulations that set out a range of incidents that the Health and Safety Executive required to be reported to them;
- f) Reporting incidents on time compliance was below the KPI performance standard that had been set;
 - i. To improve this, the team were ensuring all officers who were designated incident investigators were trained on the SHE-Assure reporting system and new officers could not become investigators without training;
 - ii. The importance of reporting incidents would be emphasised across the management structure;
 - iii. There was a Health and Safety Steering Group attended by senior managers;
 - iv. There were two training sessions mandatory for new managers, one online and one face-to-face;
- g) Health and Safety policies and procedures of contractors would be looked at before they were selected as a contractor, and if an incident occurred, the Council could choose to not use them again;
- h) There had been an emphasis on the importance of reporting violence and aggression, which was expected to be the reason why the reporting showed an increase;
- i) A new HR and payroll management system was being implemented and all information would be moved across;
- j) A list of Mental Health First Aiders was available on the Health and Safety SharePoint page.

The Committee agreed:

1. To note the report and to communicate and role-model positive HSW performance and leadership and actively improve and maintain individual HSW competency.

34. **Family of Companies Governance Framework**

Liz Bryant (Head of Legal Services) introduced the report and highlighted:

- a) There were 20 companies within the PCC family of companies and the report set out proposals for implementing a governance framework;
- b) There was a need to ensure that the commercial interests of the companies were protected, but so were the interests of the Council;
- c) Her and David Northey (Service Director for Finance) would attend a Shareholder Committee or Committees but only to advise, only executive members would be able to vote;
- d) Needed to establish a group of shareholder representatives who could attend meetings on behalf of Councillors;
- e) Training for all those involved was important and a module would be developed that could be continually used.

In response to questions, the following was discussed:

- f) The Scrutiny function of the Council would scrutinise the work of the Shareholder Committee(s);
- g) Executive decisions were subject to call-in;
- h) Research had been done into the work of other Councils and CIPFA and the proposal was the amalgamation of best practice.

The Committee agreed to:

1. Recommend the establishment of a Shareholder Committee or Committees and who should sit on those committees; noting the Terms of Reference for the Committee at Appendix B;
2. Notes the establishment of a Shareholder Officer Group consisting of nominated Shareholder Representatives for each company who would meet at least twice annually or as required and would work to the draft Terms of Reference at Appendix C;
3. Recommend the implementation of a programme of training for Directors, Councillors and Shareholder Representatives the arrangements for which were delegated to the Monitoring

Officer;

4. Note that conflicts of interest were managed by ensuring that Directors were selected to avoid any conflict with the role they undertake on behalf of the Council, and the Conflicts of Interest Guidance at Appendix D was adopted to support this;
5. Recommend:
 - a. The Monitoring Officer add an appendix to the Constitution setting out the Governance Framework for the Family of Companies as per the draft at Appendix E of this report;
 - b. The Monitoring Officer in consultation with the Leader makes the amendments required to the Scheme of Delegation to ensure that executive decisions taken on behalf of the Council as shareholder were delegated to the Shareholder Committee or the Leader;
6. Recommend that Overview Scrutiny and Management Committees were engaged in the process of reviewing the Council's corporate interests. This should include annual overviews as well as the review of any decisions taken by the Shareholder Committee which have a material impact on the Council as shareholder.

35. **Tracking Decisions**

The Committee agreed to note its tracking decisions document.

36. **Work Programme**

The Committee agreed to note its work programme.