

# **MAIDSTONE BOROUGH COUNCIL**

## **AUDIT, GOVERNANCE AND STANDARDS COMMITTEE**

### **MINUTES OF THE MEETING HELD ON MONDAY 15 JANUARY 2024**

#### **Attendees:**

<b>Committee Members:</b>	<b>Councillors Cox (Chairman), Coulling, Harper, Hastie, Jones, Kimmance, Knatchbull, Titchener, Trzebinski and Webb</b>
<b>Visiting Members:</b>	<b>Councillor Perry</b>

#### 62. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Bartlett and Forecast.

#### 63. NOTIFICATION OF SUBSTITUTE MEMBERS

The following Substitute Members were noted:

- Councillor Hastie for Councillor Bartlett
- Councillor Webb for Councillor Forecast

#### 64. URGENT ITEMS

The Chairman stated that he had accepted the Committee Work Programme as an urgent item, so that it could be reviewed ahead of the next meeting, and that this would be considered after Item 11 – Questions from Members to the Chairman.

An urgent update to Item 19 – Exempt Appendix to Item 18 – Independent Member had been accepted as it contributed to the item’s consideration.

#### 65. CHANGE TO THE ORDER OF BUSINESS

The Chairman stated that Item 13 – Information Governance Report – Annual Report would be taken after Item 17 – Budget Strategy – Risk Assessment Update, to allow the relevant staff to attend, with Items 14 – External Auditor’s Audit Plan 2022/23 and 15 – External Auditor’s Progress Report and Sector Update, to be taken together due to the related subject matter.

#### 66. NOTIFICATION OF VISITING MEMBERS

Councillor Perry was present as a Visiting Member for Item 16 – Treasury Management Strategy, Investment Strategy and Capital Strategy for 2024/25.

#### 67. DISCLOSURES BY MEMBERS AND OFFICERS

There were no disclosures by Members or Officers.

68. DISCLOSURES OF LOBBYING

There were no disclosures of lobbying.

69. EXEMPT ITEMS

**RESOLVED:** That all items be taken in public, unless any Member of the Committee wishes to discuss Item 19 – Exempt Appendices to Item 18 – Independent Member, in which case the Committee would enter into closed session due to the possible disclosure of exempt information, for the reason specified having applied the public interest test.

70. MINUTES OF THE MEETING HELD ON 13 NOVEMBER 2023

**RESOLVED:** That the Minutes of the meeting (Parts I and II) held on 13 November 2023 be approved as a correct record and signed, subject to the last paragraph of Minute 55 being amended to read:

‘The Committee expressed support for triple bottom line accounting in considering the possible impacts of a decision. *A briefing was therefore requested on the usage and evaluation of triple bottom line accounting ahead of a future meeting*’.

Note: Councillor Hastie joined the meeting at 6.42 p.m. and had no disclosures or interest or lobbying to declare.

71. PRESENTATION OF PETITIONS

There were no petitions.

72. QUESTIONS AND ANSWER SESSION FOR LOCAL RESIDENTS

There were no questions from Local Residents.

73. QUESTIONS FROM MEMBERS TO THE CHAIRMAN

There were no questions from Members.

74. COMMITTEE WORK PROGRAMME

The Committee were informed that the next meeting would be postponed, but was still likely to be held in March 2024. A hybrid briefing on triple bottom line accounting take place was requested ahead of the meeting with consideration to be given to maximising Member attendance.

The Director of Finance, Resources and Improvement confirmed that there was a signed contract in place with the managing agent for the Lockmeadow complex, with headlines to be provided to the Committee outside of the meeting.

**RESOLVED:** That the Committee Work Programme be noted.

75. MEMBER CODE OF CONDUCT & ARRANGEMENTS FOR DEALING WITH COUNCILLOR CONDUCT COMPLAINTS

The Monitoring Officer introduced the report and outlined the historical context and timeline to updating the Member Code of Conduct (the Code). The documents attached at appendices 3 and 4 to the report had been reviewed by the Kent Secretaries Group, which was comprised of Monitoring Officers, Heads of Legal and other Senior Officers from the Kent Local Authorities. The proposed code adopted the majority of the Local Government Association Code, except for the civility provisions.

Having a Kent wide Code of Conduct would ensure consistency, continuity and clearly defined expectations in the codes' application which was particularly important for Members elected to numerous local authorities at one time. It would also allow for training across the Kent network, with any issues to be raised and solutions identified more easily through the Kent Secretaries Group.

In response to questions, the Monitoring Officer confirmed that the Code had been adopted by Kent County Council (KCC), and that whilst it was not mandatory, Parish Councils would be encouraged to adopt the Code as proposed to ensure consistency across the local government tiers.

The Committee felt that Parish Councils should have been directly consulted on the proposed code given its importance, and that the item should be deferred to the next meeting to allow for this to take place without indefinitely delaying the code's consideration. The engagement would take place via the Chairman of the Maidstone branch of the Kent Association of Local Councils.

**RESOLVED:** That consideration of the item be deferred to the next meeting, to allow the Kent Association of Local Councils had been consulted on the proposed code.

76. EXTERNAL AUDITOR'S AUDIT PLAN 2022/23 & EXTERNAL AUDITOR'S PROGRESS REPORT & SECTOR UPDATE

Ms Sophia Brown of Grant Thornton introduced the reports.

In relation to the External Auditor's Audit Plan 2022/23, particular attention was drawn to:

- The three significant risks to the audit were the management over-ride of controls, valuation of the pension fund net liability and valuation of land and buildings. These were the same as identified in the 2021/22 Financial Statements Audit;
- Materiality having been determined at £1.8 million, which was slightly lower than the previous year, however this was based on the Council's gross expenditure which had slightly decreased across 2022/23. Any errors identified above the £92, 000 trivial level would be included in the audit findings report when presented to the Committee;
- The updates on the previous years' findings and recommendations were included within the report. A joint Value for Money report for 2021/22 and 2022/23 was being produced and would be shared alongside the Annual

Auditor's Report at the Committee's next meeting; there were no significant risks or weaknesses identified in the plan to date.

In relation to the External Auditor's Progress Report & Sector Update, it was stated that:

- Planning and risk assessment work had begun in November 2023, with the planning work substantially complete except for a few management responses to enquiries;
- The audit of accounts for the 2022/23 financial year had started in the new calendar year following the receipt of draft revised financial statements. Grant Thornton was working closely with the Council's Finance Team, which included reconciling an issue with cashflow statements;
- A positive meeting had taken place with the Property, Plant and Equipment (PPE) valuer, with assurances given that responses to the initial queries would be provided; Grant Thornton were content with the current progress. Should the progress not be maintained, the matter would be referred upwards to the Director of Finance, Resources and Business Improvement;
- The additional fee for the 2021/22 audit had been agreed with management and submitted to Public Sector Audit Appointments for agreement; and
- Grant Thornton were on track to deliver its audit opinion by the end of March 2024. The final date to deliver the opinion was by September 2024, although no changes were currently proposed to the former timeline.

The Committee were reassured by the update provided but requested that they be informed if the External Auditor's report was likely to be delayed. It was also requested that a pre-meeting briefing take place on the draft accounts before these were submitted to the Committee, to assist it in discharging its audit functions. As a briefing had been separately requested on triple bottom line accounting, the briefings would be held on different dates to maximise Member attendance; the latter could in principle take place on the now postponed 11 March 2024 meeting date.

**RESOLVED:** That

1. The External Auditor's Audit Plan for the 2022/23 year, attached at Appendix A to the report, be noted; and
2. The External Auditor's Audit Progress and Sector Update, attached at Appendix A to the report, be noted.

77. TREASURY MANAGEMENT STRATEGY, INVESTMENT STRATEGY AND CAPITAL STRATEGY FOR 2024/25

The Finance Manager introduced the report and stated that the Council's Treasury Management Strategy Statement (TMSS), attached at Appendix A to the report, complied with the CIPFA code.

It was stated that:

- The TMSS included ensuring sufficient liquidity to fund the capital programme, meet the Council's liabilities, examine longer-term borrowing across periods of more than a year with the limit in doing so increased from £2 million to £5 million, assess in-year capital spend and obtain the best rates for the Council if further borrowing was required;
- The Annual Investment Strategy outlined investment criteria, following security, liquidity then yield priorities. The Council's current investments totalled £18.185 million, with further details outlined in Appendix C to the report. The Council would be drawing on £40 million in funding from Aviva in February 2024 which would be held as a short term cash investment until required;
- Further borrowing may be required from 2024/25 or 2025/26 onwards, as displayed in the Liability Benchmark Graph within the report. Long and short term borrowing totalled £10 million, divided equally between the Public Works Loan Board and other Local Authorities; the latter would be paid off first as short term funding was more expensive to the Council; and
- The Capital Strategy was contained within Appendix B to the report, with the capital programme totalling £433 million over the next 10 years. The Council would need to commit to £259 million in prudential borrowing to fund the programme, and was not expected to exceed the Capital Finance Requirement, which would reach £369 million in supporting the programme.

During the discussion, the importance of securing borrowing at suitable interest rates and providing details of the capital programme were highlighted. In response to a question, the Head of Finance explained the programme of proposed property purchases to mitigate the need for costly temporary accommodation.

**RESOLVED:** That

1. The Treasury Management Strategy for 2024/25 attached at Appendix A to the report, be agreed and recommended to Council for adoption, subject to any amendments arising from consideration of the Capital Programme by Cabinet at its meeting on 7 February 2024; and
2. The Capital Strategy for 2024/25 attached as Appendix B to the report, be agreed and recommended to Council for adoption.

78. **BUDGET STRATEGY - RISK ASSESSMENT UPDATE**

The Director of Finance, Resources and Business Improvement introduced the report, stating that there was an estimated £800,000 overspend on Temporary Accommodation (TA) for the current financial year, with the Council projecting an overall overspend of £300,000 for the year. In September 2023, revenue budget proposals were presented to the Policy Advisory Committees and Cabinet that would generate just under £1 million in savings to produce a balanced budget. It was assumed that Council Tax would be increased by 3%.

The Local Government Finance Settlement had included a 3% increase in core spending power for all Councils, separate to any council tax increases, through the Funding Guarantee (FG). The FG totalled £3.3 million and as a one-off funding source, would be allocated to supporting the capital programme in line with the Council's usual practice for one-off funding. The funds would support the subsidy required for the housing units as part of the 1000 Affordable Home Programme (AHP). The capital programme was ambitious, with risks relating to funding and delivery highlighted given inflation rates, building costs and the overall requirements in managing the capital programme, however mitigating measures were in place.

In response to a question, the Director of Finance, Resources and Business Improvement confirmed that using the Funding Guarantee to support the delivery of the 1000 AHP would not impact revenue spending, as the Council had identified the savings required to produce a balanced budget without reducing service provision.

**RESOLVED:** That the risk assessment of the Budget Strategy provided at Appendix A to the report, be noted.

#### 79. INFORMATION GOVERNANCE REPORT – ANNUAL REPORT

The Head of Insight, Communities and Governance briefly introduced the annual report, outlining the matters covered within the report and appendices.

The Senior Information Governance Officer stated that the Information Governance Team (the Team) continued to deliver against an increasing volume and complexity of work; there was no backlog of requests, with good progress made on the Data Protection Action Plan. There had been an increase in contact from the public relating to single issues, and work was ongoing with the Council's departments to manage customer communications within each service area, with changes to internal processes to improve compliance.

The Local Government and Social Care Ombudsman consultation had closed in December 2023, with the outcome awaited which would likely include changes on how complaints were managed by the Team and have cost implications. The Council's finance teams had been informed in preparing for the likely changes, with a subsequent update to be presented to the Committee when appropriate.

In response to questions, the Head of Insight, Communities and Governance stated that:

- Requests from Councillors were not specifically recorded, as it was expected that Members and Officers communicated regularly and it would be a significant task to record each interaction. The Team prioritised meeting the statutory requirements associated with Freedom of Information Requests, Environmental Information Regulations and Subject Access Requests; and
- There had been no malicious contents in any of the data breaches across 2022-23 and no fines issued. The threshold for reporting data breaches was different to the threshold for issuing a fine; the latter would be expected if there was a consistent issue and/or a high impact data breach. The internal reporting procedures were outlined.

In response to questions, the Senior Information Governance Officer stated that working from Home was not impacting the number of data breaches. The increase in data breaches was likely due to the increase in work being conducted with departments to raise awareness of breaches and responding proactively.

**RESOLVED:** That the report be noted.

Note: Councillor Simon Webb left the meeting at 8.32 p.m.

80. INDEPENDENT MEMBER

The Director of Finance, Resources and Business Improvement introduced the report, and stated that both references had now been received for the suggested candidate. It was recommended that full Council be recommended to agree the co-option.

The committee entered into closed session at 8.42 p.m. to discuss the report appendices in further detail.

**RESOLVED:** That the public be excluded from the meeting for the following item of business due to the likely disclosure of exempt information for the reasons specified having applied the public interest test.

**Head of Schedule 12A and Brief Description**

Item 19 – Exempt Appendix to Item 18 – Independent Member	1 – Information relating to any individual
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During the discussion, the Committee considered the references provided and asked questions on the applicant’s job history, the appointment process followed and the relevant Human Resources policies.

The Committee returned to open session at 9.18 p.m. and recommended that the Council be recommended to co-opt the person proposed, with a six-month review period for both the co-optee and the Council.

**RESOLVED:** That the Council be recommended to co-opt the person proposed by the selection panel as an independent Member of the Committee, with a six-month review period for both the co-optee and the Council.

Note: Councillors Hastie and Kimmance left the meeting at 8.41 p.m. and 8.49 p.m. respectively.

81. DURATION OF MEETING

6.30 p.m. to 9.20 p.m.