

Audit and Governance Committee

MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE MEETING HELD ON 27 SEPTEMBER 2022 AT COUNCIL CHAMBER - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:

Cllr Mark Connolly (Chairman), Cllr Stuart Wheeler (Vice-Chairman),
Cllr Chuck Berry, Cllr Adrian Foster, Cllr Gavin Grant, Cllr George Jeans,
Cllr Edward Kirk, Cllr Mike Sankey and Cllr Martin Smith

Also Present:

Cllr Nick Botterill

40 **Apologies**

Apologies were received from Cllr Pip Ridout.

41 **Minutes of the Previous Meeting**

The minutes of the meeting on 21 July 2022 were presented for consideration and it was,

Resolved:

To approve and sign the minutes as a true and correct record.

42 **Declarations of Interests**

There were no declarations of interest.

43 **Chairman's Announcements**

There were no Chairman's announcements.

44 **Public Participation**

No public questions or statements were received.

45 **Annual Governance Statement 2021/22**

Perry Holmes (Director, Legal and Governance) presented a report on the Annual Governance Statement (AGS) 2021/22.

The officer stated that the Council required a framework to make decisions and the AGS tested that framework. The AGS would form part of the Statement of

Accounts. Improvement actions were detailed in the AGS and the Committee would receive updates on those actions.

In response to questions the officer stated that the areas for improvement were reviewed on a year-by-year basis. Regarding Procurement and Commissioning there would be an update later in the meeting on some of the work that was being undertaken in that area. It was acknowledged that actions did need to be implemented but it may be a bit early to give timescales as to when improvements would be complete. There were further questions regarding Procurement and Commissioning which strayed slightly out of the remit of the AGS. Contracts were managed and penalties applied when necessary for failure of providers to meet KPI's when it was possible contractually to do so. However, there was no shared benefit to aggressive contract management which could force suppliers out of business. The contract was a two-way process which involved the council setting standards, monitoring them and managing accordingly.

The Wiltshire Compact was still being worked on and it could be included as a stakeholder relationship in future versions of the AGS.

The Military Compact had been resigned which is why it was not referenced. The Leader led on the military civilian relationship and the officer was happy to include reference to that relationship in future versions of the AGS.

The Chairman proposed a motion to approve the Annual Governance Statement for 2021/22. This was seconded by Cllr Martin Smith. It was,

Resolved:

That the Committee approve the Annual Governance Statement for 2021/22.

46 **Stone Circle Annual Governance Update**

Perry Holmes (Director Legal and Governance) presented the annual update on Stone Circle Governance.

The officer highlighted that part of the remit of the Committee was to be assured that there were proper governance arrangements in place for the Stone Circle companies. As such the Committee would receive an annual report containing a summary of the governance arrangements for the Stone Circle companies and this was set out in the report. The officer completed a review of the governance arrangements in September 2021 and some recommendations were made. Progress against the recommendations was set out in the report. The diagram at appendix 1 was particularly important in showing how the governance arrangements worked.

Members raised problems with the economy, such as rising interest rates and were concerned at how this could affect the companies. The officer explained that what was being presented today was not a review of how well the companies were doing, but the governance framework. Concerns such as those raised would be better put to the Shareholder group who held public meetings which Members were welcome to attend. The Shareholder group were responsible for the scrutiny of the companies, whereas the Audit and Governance Committee were responsible for ensuring that proper governance arrangements were in place. The officer would take away the suggestion that someone from the group should attend the Audit and Governance Committee to report back and would give it some thought. The Chairman felt that this was outside the Committee's remit. Further debate was had regarding the risks to the Council and the stability of the market.

The officer explained that the regarding recommendation 4, the term for the Chair was 3 years as this was to ensure consistency until the companies moved into the next phase. The term could be extended if required.

Members raised concerns that issues may got lost between the various types of oversight detailed at paragraph 25 of the report and whether the members of the Shareholder group had the skills required. The officer stated that the group could bring in external expertise if required and that the arrangements would be reviewed regularly. It was confirmed that the Financial Planning Task group would also be involved in scrutinising the companies.

The Chairman proposed the recommendations as set out in the report, with the exception of recommendation 3, as the Committee felt there were no changes that needed to be made at that time and the officer would consider everything raised at the meeting. This was seconded by Cllr Stuart Wheeler. It was,

Resolved:

- 1. To note the changes to governance arrangements for the Stone Circle companies that have been implemented since a governance review was conducted in September 2021.**
- 2. To note the changes to be implemented following a governance review in September 2021.**

47 **Corporate Risk**

Toby Eliot (Corporate Support Manager) presented a report on risk management, which would be taken as read. It was stated that under the constitution the Committee was responsible for monitoring and reviewing the performance and risk management framework.

The risk management process had been developed over the last 7 years and the Council had learned from other organisations and had tried to simplify the process. After the pandemic a full risk review had taken place, with many risks closed off and the removal of risks that were in fact issues (what had happened,

as opposed to what could happen). Risks also had to relate to the new business plan. A new national risk register was due to be published by government, that would go through forums first, to which the Council would respond. The Extended Leadership Team were being asked to sense check what was on the risk register for their areas.

Action planning still needed some revamping and simplification. The Performance and Risk Management Policy required review and this should take place within the next 12 months. The risk appetite would also be reviewed by Cabinet.

Members asked questions regarding the toleration, visibility and challenge of risks. In response the officer stated that tolerating a risk was one of the actions that could be taken, it did not necessarily mean they were happy with the risk, but resources could have an impact. Tolerated risks were reviewed at directorate level and the scrutiny function (select committees) of the council could also look at risks. Cabinet would also receive quarterly updates on Council performance and risk. Members suggested that it may be appropriate for the Chairs of the select committees and Audit and Governance to catch up separately to discuss the review of risks by scrutiny if that was possible.

The removal of risks was also highlighted as a concern by Members, the officer advised that this process was sense checked by the Corporate Leadership Team (CLT).

The details on page 55 of the agenda on how to read the risk register were highlighted by the officer.

Members stated that they thought this was an excellent piece of work by officers.

The Chairman, seconded by Cllr Gavin Grant, proposed a motion to note the update and that the Committee would like to review the risk management process annually as a minimum.

It was,

Resolved:

To note the update and that the Committee would like to review the risk management process annually as a minimum.

Jonathan Hopkins (Head of Strategic Procurement) presented a report on the Procurement Improvement Plan.

The officer explained that in response to two limited assurance audits on Exemptions and Category Management an update was being given to report on the progress made within the Commercial and Procurement Team.

The Commercial and Procurement Team had undergone a restructure and had been recruiting staff in response to the issues identified. The Service Plan within the agenda (page 65) contained details plans for the team. The Commercial Board had been created to have oversight and new processes had been developed that ensured legal compliance and proportionately robust ways to get value for money. The team would be able to report progress against the Annual Governance Statement next year.

Previously there had been too many exemptions, the team had redefined what an exemption was, and exemptions were now signed off by the Corporate Director Resources & Deputy Chief Executive (S.151 Officer) and the Director Legal and Governance (Monitoring Officer). The number of exemptions applied for had dropped considerably as a result which Members found reassuring.

Regarding the cost of living crisis and the effect that this would have it was stated that the Local Government Association was undertaking work to provide help and guidance to all Councils, there were also further details from government still to come.

Members agreed that good progress had been made in response to the audits. In response to questions the officer stated that some Councils look at exemptions from a percentage of total spend view, rather than as the number of exemptions. This may be more useful and was something Wiltshire Council could consider when further progress had been made. With regards to the case-by-case approach when there were problems with suppliers it was explained that you took the same approach within market areas. The aim was to get the best solution for both parties and the community within the context of the environment that they were operating in.

The officer explained that with regards to performance monitoring the KPI's had not yet been set. There would be 2 sets of KPI's, one would go through the Commercial Board and the other for the actions in the plan. With regard to staffing levels, it was hoped that within a few weeks all vacancies apart from 1 or 2 would be filled. It was,

Resolved:

To note the update.

49 **Policy Updates**

Lizzie Watkin (Assistant Director Finance and Deputy s151 Officer) presented the Anti-Money Laundering Policy for consideration. The policy set out the zero

tolerance position along with definitions and indicators. The policy applied to everyone who interacts with the Council.

In response to questions it was stated that the regulations that applied were detailed in section 3.1 – 3.5 of the policy. The Council was not as at much risk as financial institutions may be. Although there were certain areas within the Council, such as Estates and Legal where the risk may be higher. Those teams were very aware of their responsibilities.

The Chairman seconded by Cllr Adrian Foster, proposed a motion to approve the policy, it was,

Resolved:

That the Audit and Governance Committee approve the Anti-Money Laundering policy.

50 **Forward Work Programme**

The Forward Work Plan was presented for consideration, and it was,

Resolved:

To note the Forward Work Plan.

51 **Date of Next Meeting**

The next meeting of the Audit and Governance Committee would be held on 23 November 2022.

52 **Urgent Items**

There were no urgent items.

(Duration of meeting: 2.00 - 4.10 pm)

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