

## **AUDIT AND GOVERNANCE COMMITTEE**

**6th December 2023**

**Present:** Councillor Alan Amos in the Chair  
Councillors Cleary, Cookson, Jagger, Lamb, Pingree and Piotrowski (Vice-Chair)

**Officers:** Shane Flynn, Corporate Director – Finance and Resources  
Sian Stroud, Corporate Director – Planning and Governance  
Mark Baldwin, Head of Finance  
Adrian Howe, Interim Internal Audit Shared Services Team Leader

### **47 Declarations of Interest**

Councillor Jagger informed the Committee that she had previously assisted in the preparation of a submission in connection with the Scala agenda item, but no longer had any involvement or any financial interest in the project.

### **48 Public Participation**

None.

### **49 Minutes**

**RESOLVED: That the minutes of the meeting held on 20<sup>th</sup> September 2023 be approved as a correct record and signed by the Chairman.**

### **50 Internal Audit Progress Report 2023/24**

The Committee received a report from the Interim Audit Team Leader on the progress of the internal audit for 2023/24, and plans to defer a number of audits to the following year.

Council officers confirmed that since Councils paid for the shared internal audit service in terms of the number of days allocated to the particular authority, a reduction in the number of allocated days would result in an underspend which could be retained in reserves as appropriate.

In response to Committee Member questions, Officers confirmed that information security was regularly addressed as a standing item in audit planning.

Officers were asked how the audit of the Council's parking provision would dovetail with the strategic review of parking being undertaken by the Environment Committee, they informed the Committee that the Audit would focus specifically on the cash management and systems aspect rather than adopting a broader strategic approach.

**RESOLVED:**

**1. That the Committee notes the report of progress against the 2023/24 Audit Plan; and**

**2. Agrees the proposed revisions to the Plan.**

## **51 Best Value Interventions in Local Government**

The Corporate Director - Planning and Governance presented a report which had been produced in response to a request from Committee Members for information about the issue of s114 notices and Best Value Interventions by Government. The request followed reports of a growing number of local authorities experiencing financial difficulties.

It was explained that a Council's Chief Finance Officer was under a duty to issue a public report if concerned that the authority's expenditure was likely to exceed available resources at any point during a financial year. The report then has to be considered at a full Council meeting within 21 days of issue.

In addition, the Secretary of State has the power to appoint special commissioners to intervene where service failings and/or budgetary failings are identified.

The Committee was provided with the Department for Levelling Up & Communities' consultation document, 'Best Value Standards and Intervention' and the corresponding response from the Local Government Association.

The Office for Local Government had recently undertaken consultation on the types of data it would collect and report upon; draft metrics and next steps were also included in the Committee report.

In response to concerns around the time-lag on availability external audit data, Officers confirmed that internal audit could align to provide relevant data where necessary.

Officers noted that the Government dialogue around Best Value placed similar weight upon governance and financial management issues.

Committee Members requested a standing agenda item for a regular healthcheck on the Council's financial management and budget status. Officers agreed that this would represent good practice in terms of accountability and transparency.

It was agreed that additional training would enhance Committee Members' knowledge of financial and budgetary matters.

### **RESOLVED:**

**1. That Committee notes the information set out in the report and identifies any particular topics of interest for more in-depth consideration by Members.**

**2. That a standard agenda item is introduced to provide a summary of the Council's financial position at each meeting of the Committee, underpinned by appropriate member training.**

## **52 Scala and Corn Exchange Project Review**

The Committee considered a report on the Scala and Corn Exchange project. The report was included in the agenda at the request of the Chairman.

The update provided was discussed at length by the Committee, who were keen to understand the chronology of the project to date and whether there were any learning points to inform the approach to future projects.

In response to questions, Officers confirmed that the majority of the project costs to date had been incurred on the building acquisition and relocation costs involved in moving an existing business elsewhere.

Committee Members were cognisant that their remit should not overlap with the decision making process of the Policy and Resources Committee, who had reviewed the project at its November meeting.

Officers advised Committee Members that the scope of the project had evolved as time had gone on, in response to a number of factors, including the increased costs of building materials and conversion-related challenges. Time had been taken to understand the issues at play and decisions had been taken in response to the changing situation and on the basis of the best information available at the time.

The Chairman asked whether the Council anticipated that the project would lead to an increased burden on council tax payers. Officers responded that the project was still in development. In the event of a potential financial impact, details of options would be provided to enable Members to make informed decisions about the best course of action.

Committee Members agreed to submit a list of specific questions for Officers who would provide a written response. The Committee agreed to defer the actions recommended in the report pending the response which would be brought to the next meeting. Committee Members agreed that questions should be from an Audit and Governance perspective rather than attempting to address policy matters.

Committee Members expressed a desire to understand the decision-making process behind the project, ensuring that decisions taken were robust and financially sensible, rather than seeking to apportion blame. The Committee were seeking to identify if there were lessons to be learnt for future projects.

The Committee acknowledged that capital projects would always involve an element of risk and that an element of informed risk-taking was necessary to fulfill the shared ambition of City regeneration and improvement.

## **53 Any Other Business**

The Chairman took the opportunity to wish Committee Members a Happy Christmas.

**Duration of the meeting:** 7.00p.m.-8.53p.m.

Chairman at the meeting on  
20th March 2024