

Minutes



Listening Learning Leading



OF A MEETING OF THE

Joint Audit and Governance Committee

HELD ON TUESDAY 30 JANUARY 2024 AT 7.00 PM
MEETING ROOM 1, ABBEY HOUSE, ABBEY CLOSE, ABINGDON, OX14
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Present in the meeting room

Members:

South Oxfordshire District Councillors: Mocky Khan (Co-Chair), Peter Dragonetti, Leigh Rawlins, and Tony Worgan

Vale of White Horse District Councillors: Emily Smith (Co-Chair in the chair), Oliver Forder, Judy Roberts, and Andrew Skinner

Officers: Darius Zarazel (Democratic Services Officer), Simon Hewings (Head of Finance), and Victoria Dorman-Smith (Internal Audit and Risk Manager), and Andrew Huckstep (Senior Health and Safety Advisor)

Guests: Councillor Pieter-Paul Barker (South Oxfordshire District Council Cabinet Member for Finance and Property Assets) and Councillor Andrew Crawford (Vale of White Horse District Council Cabinet Member for Finance and Property)

Remote attendance:

Officers: Jeremy Lloyd (Broadcasting Officer), Andrew Busby (Head of Development and Corporate Landlord), John Backley (Technical Services Manager), and John Tredrea (Auditor)

Guests: Councillor Bethia Thomas (Leader of the Vale of White Horse District Council and Climate Action and the Environment, Strategic Partnerships and Place)

33 Apologies for absence

Apologies for absence was received from the independent member, Mike Boon.

34 Minutes

RESOLVED: to approve the minutes of the meeting held on 30 October 2023 as a correct record and agree that the chair sign these as such.

35 Urgent business and chair's announcements

The chair welcomed everyone to the meeting, outlined the procedure to be followed, and advised on emergency evacuation arrangements. She also noted that there was no urgent business.

The head of finance confirmed that the 2021/22 audit was completed, signed off, and published. He also informed members about the central government announcement ahead of a consultation which was expected to suggest that all local council audits up to 2022/23 will need to be completed by September 2024.

36 Declarations of interest

There were no declarations of interest.

37 Public participation

There was no public participation.

38 Internal audit update report - Q3 2023/24

The committee received the internal audit update report for quarter three 2023/24, presented by the internal audit and risk manager. The report summarised the outcome of the work done in quarter three, and the progress made against the 2022/23 and current year internal audit plans. She noted that all the audits had been completed for the 2022/23 plan and that they were on track with the 2023/24 plan.

Specific to quarter three, the internal audit and risk manager highlighted that there was only one limited assurance report which was for the councils' grounds and parks maintenance. The auditor for that report, John Tredrea, introduced the report for the committee and indicated that there were 18 actions that were recommended across the three service areas, Grounds Maintenance, Parks, and Trees.

The technical services manager for this area, John Backley, expanded on the reasons behind risks identified in the audit and why not all targeted actions for the 31 December 2023 were met, the primary reason being that the service area had been lacking the additional officer resources that they had expected. In addition, he informed the committee that he envisaged that some actions targeted for the 31 March 2024 may also not be met for the same reason. However, the technical services manager assured members that the high priority actions about health and safety were met.

Some members expressed concern about the use of tick sheets rather than the data being directly inputted into the councils' IT software (Concerto) as it could lead to a loss of data or more administrative work in the long term. In addition, they also raised concerns that driving licences were not always available when requested. The technical services manager noted these concerns but assured the committee that the major risks, such as the use of specialist equipment, were being mitigated through training and certification, and that they would continue to work on the other actions raised.

In response to the committee's questions about how the council could monitor the progress of the audit actions and ensure that progress did not slip too far, the internal audit and risk manager outlined her method for chasing actions but emphasised that the committee were empowered to follow up on all audits. Although the committee recognised that progress would depend on the service area

recruiting the additional officer resource, they agreed that they would like to see progress made on the actions and so wanted to track their progress in the next internal audit quarterly update reports.

On the formatting of the internal audit update reports and if performance by service area could be reflected in the list of outstanding actions, the internal audit and risk manager confirmed to members that data could be presented in that way in the future.

The committee also discussed the reasonable assurance audit for Mobile Home Parks and asked if feedback was being obtained from service users, to which the internal audit and risk manager confirmed that the service area had agreed to the action to introduce a feedback form. On a point about the audit on credit card use by the housing team and if other methods of payment were examined, the internal audit and risk manager responded by detailing the housing payment process and emphasising that credit cards were used after credit limits had been reached with the councils main hotel providers.

Overall, the committee was satisfied with the report but wanted to see more progress being made on the actions that were recommended in the grounds and parks maintenance limited assurance report, recognising that this would depend on the ability of the council to bring in additional officer resources.

39 Health and Safety Audit Update Briefing

The committee received the health and safety audit update briefing, presented by the head of development and corporate landlord. The report was brought to the committee as it was a regular yearly item.

The head of development and corporate landlord informed members that the latest audit field work in 2022 lead to a limited assurance rating and 18 recommendations being made. He also confirmed that the team had successfully filled the two vacancies in the team meaning that they could now make progress on those actions, starting with the highest risks.

The report itself was an update on the team's actions and outlined their plans moving forward. The head of development and corporate landlord outlined their major task schedule, including a full review of the health and safety management system, LEAH training, and review of their policies and procedures. He also noted that progress on these actions would be reported to internal audit team and the Joint Audit and Governance Committee.

As the previous audit for health and safety was in 2017, the committee inquired into the reason why there was such a large gap between the audits and the internal audit and risk manager confirmed that this team had experienced regular staff turnover, resulting in the audit being delayed. Members then highlighted that it was areas experiencing this type of fluctuation which may indicate risk and so the committee asked for assurance that gaps in audits were being picked up by the internal audit team. The internal audit and risk manager noted these concerns and confirmed that she would check their audits against the risk register to find any gaps in audits. She also encouraged the committee to bring attention to any areas where

they believed there had been too long between audits which could then be picked up by the internal audit team.

On a specific question about if tiredness at specific points in the day, such as early morning, was being accounted for in the driving at work policy, the head of development and corporate landlord confirmed that the policy that was drafted had included this point.

The committee asked how the implementation of health and safety policies had been reflected in outcomes for the council, such as the data about the number of accidents at work before and after policy adoption and training, The senior health and safety advisor, Andrew Huckstep, informed members that the council did not have sufficient baseline data to provide these figures and that it might take 18 months until that baseline had been established. The committee expressed some concern about the length of time it would take before they could examine the data and the head of development and corporate landlord confirmed that they would start to gather data that could be presented on a regular basis so that they would not have to wait the full 18 months. He also confirmed to the committee that the health and safety team had sufficient resources to meet their schedule but was open to bringing in more resources if was shown to be needed.

Overall, the committee thanked the head of development and corporate landlord for the report and emphasised the need for more data around health and safety in order to assess if the policies, procedures, and training were making a quantifiable positive contribution to the council.

40 Treasury management mid-year monitoring report 2023/24

The committee received the treasury management mid-year monitoring report for 2023/24, presented by the head of finance. The report outlined that, as a result of interest rates staying high for longer than expected, earnings from investments were also higher than expected. The head of finance then confirmed to the committee that the councils had stayed within all counterparty limits and prudential indicators.

The committee discussed some of the figures in the report, including the amounts brought back from the differing investments, and how the figures related to each other.

In response to a question about how much total income was represented by investment income, the head of finance informed the committee that the councils net revenue budgets were around £17-20m, with £5m originally estimated investment income for South Oxfordshire District Council in 2023/24 and £3m for the Vale of White Horse District Council. He also noted that these figures changed over time and that he did not believe that returns would remain at these levels in perpetuity.

As income from the high interest rates reduced, some members indicated that the council's finance team may feel pressured to increase the rate of return to compensate, potentially leading to them taking greater investment risks than they would do under normal circumstances and the committee asked for assurances against this type of situation. The head of finance confirmed that, although the

councils were not risk averse, they remained within the limits presented by their treasury management and investment strategy and only ever lent to those on the counterparty list. In addition, he emphasised that the priority for the council was security, liquidity, then yields, and so making sure this was understood by officers and members should prevent excess risks. In response to a point about ensuring that officers had sufficient training, it was mentioned that this would be brought out in the internal audit for the team.

On the income the councils receive from rents, and in response to a question as to how the councils could analyse rates of rental income moving forward the head of development and corporate landlord informed members about the annual valuations and strategic property review work that is undertaken and that the asset management plan would be included in the reviewed corporate plan. The head of finance also added that they would review the best way to report the results of the strategic property review back to members.

The committee then debated the governance arrangement for scrutinising assets like community facilities and funds from central government for asylum housing. As these assets were not considered property held for investments, they were not included in the treasury management reports. The head of finance added that the council's scrutiny committee had the delegated authority to assess these types of financial matters, a point confirmed by the Vale of White Horse District Council Cabinet Member for Finance and Property, Councillor Andrew Crawford. They also noted that these assets would come to the Joint Audit and Governance Committee through the statement of accounts, but not their regular performance which would go to the Scrutiny Committee. Overall, the committee agreed that Constitution Review Task Group should examine the councils' governance arrangements to ensure that finance and property assets were being effectively scrutinised in a cohesive way. The head of finance also agreed to examine this point, gather evidence about what other councils do, and report back to the committee during the item about examining the committees' terms of reference currently scheduled for the meeting in September 2024.

Finally, members discussed the returns against inflation and asked if that could be included in future reports so that the actual rates of return could be easily examined.

Overall, the committee was satisfied with the report and that the councils were carrying out their treasury management practices in accordance with the strategy and policy.

South Oxfordshire District Council **RESOLVED:**

1. to note the treasury management mid-year monitoring report 2023/24.
2. that they are satisfied that the treasury activities are carried out in accordance with the treasury management strategy and policy.

And that they recommend that the Cabinet:

3. to consider the comments from the Joint Audit and Governance Committee and recommend that the council approve the report.

And that they recommend to the Constitution Review Task Group:

4. to consider the comments from the Joint Audit and Governance Committee and examine if the governance arrangements for councils' scrutiny of financial matters was appropriate and effective.

Vale of White Horse District Council **RESOLVED:**

1. to note the treasury management mid-year monitoring report 2023/24.
2. that they are satisfied that the treasury activities are carried out in accordance with the treasury management strategy and policy.

And that they recommend that the Cabinet:

3. to consider the comments from the Joint Audit and Governance Committee and recommend that the council approve the report.

And that they recommend to the Constitution Review Task Group:

4. to consider the comments from the Joint Audit and Governance Committee and examine if the governance arrangements for councils' scrutiny of financial matters was appropriate and effective.

41 Treasury management strategy 2024/25

The committee considered the treasury management strategy 2024/25 report which was presented by the head of finance. All councils needed to approve an annual treasury management strategy.

The strategy set out how the councils' treasury service would support financing of capital investment decisions, and how treasury management activity operated day to day. It set out the limitations of treasury management activity informed by the prudential indicators, within which the council's treasury function must operate. It also looked to review the current and longer-term holdings based on cashflow, and also introduced an Environmental, Social, and Governance (ESG) statement.

Members asked that greater detail and clarity around some of the longer-term figures and turn over for regular items such as S106 payments, could be provided in future reports.

The committee welcomed the inclusion of the ESG policy but recognised its limitations and the requirements of the councils that remained prioritising security, liquidity, then yields. The head of finance emphasised that that long term security was more impacted by ESG factors than shorter term investments, which would be much more difficult to assess via the ESG scoring. He also added that he would like ESG scoring to aid decision making when deciding between two identical investment options but agreed that it was an overlay to security, liquidity, yield. Overall, the committee agreed that the utilisation of ESG was an ambition that needed to be married to other treasury management factors, but that the policy would provide a foundation for its future use.

Finally, members asked about the gap between medium term investments (one to two years) and long-term investment (five plus years). Members suggested that

more thought should go into bridging the gap between these two, which could bring the council security but also higher yields.

Overall, the committee was satisfied with the strategy laid out in report and agreed it should be approved.

South Oxfordshire District Council **RESOLVED**: to approve each of the following key elements of the treasury management and investment strategy 2024/25, and recommend these to Cabinet:

1. To approve the treasury management strategy 2024/25 set out in Appendix A to the report.
2. To approve the prudential indicators and limits for 2024/25 to 2026/27 as set out in Appendix A.
3. To approve the annual investment strategy 2024/25 set out in Appendix A, and the lending criteria detailed in table 6.
4. To approve the Environmental, Social and Governance (ESG) policy in Appendix E.

Vale of White Horse District Council **RESOLVED**: to approve each of the following key elements of the treasury management and investment strategy 2024/25, and recommend these to Cabinet:

1. To approve the treasury management strategy 2024/25 set out in Appendix A to this report.
2. To approve the prudential indicators and limits for 2024/25 to 2026/27 as set out in Appendix A.
3. To approve the annual investment strategy 2024/25 set out in Appendix A, and the lending criteria detailed in table 6.
4. To approve the Environmental, Social and Governance policy in Appendix E

42 Work programme

The committee received the Joint Audit and Governance work programme and the democratic services officer informed members about the items that were scheduled to come to the next committee meeting, on 26 March 2024, and for the other meetings in the upcoming municipal year 2024/24.

The head of finance confirmed that the scheduled meeting on the 26 September 2024 would be needed for the approval of the 2022/23 statement of accounts. Therefore, an extra meeting of the committee would be needed in October 2024 to cover the business that was originally scheduled for that meeting.

The meeting closed at 8.40 pm

Chair

Date

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