

## AUDIT AND GOVERNANCE COMMITTEE

Tuesday, 30 March 2021

### Present:

**Councillors Backhouse, Bland, Everitt, Hamilton, Ms Palmer, Rands, Scott, Warne, Mackonochie, Edwards, Quigley and Turner**

**Officers in Attendance:** William Benson (Chief Executive), Lee Colyer (Director of Finance, Policy and Development (Section 151 Officer)), Rich Clarke (Head of Audit Partnership), Patricia Narebor (Head of Legal Partnership), Jen Warrillow (Internal Audit Manager) and Mark O'Callaghan (Scrutiny and Engagement Officer)

**Others in Attendance:** Sarah Ironmonger and Ade Oyerinde (Grant Thornton)

### PRESIDING MEMBER

AG39/20 Councillor Bland moved, and Councillor Backhouse seconded, that Councillor Scott be appointed to preside at the meeting.

An alternative proposal, to be moved by Councillor Warne and seconded by Councillor Everitt, for Councillor Rands to be appointed would be considered if the first nomination was not carried.

**RESOLVED** – That Councillor Scott be appointed to preside at the meeting.

Councillor Scott took the chair for the remainder of the meeting.

### APOLOGIES FOR ABSENCE

AG40/20 There were no absent members.

### DECLARATIONS OF INTEREST

AG41/20 There were no declarations of disclosable pecuniary or other significant interest made at the meeting.

### NOTIFICATION OF PERSONS REGISTERED TO SPEAK

AG42/20 Councillor Pound was registered on AG43/20.  
Councillors Bailey and Hayward were registered on AG49/20.  
There were no members of the public registered to speak.

### MINUTES OF THE MEETING DATED 24 NOVEMBER 2020

AG43/20 Councillor Pound had registered to speak. Comments included:

- Minute AG34/20 failed to accurately represent the totality of the discussion.

The Monitoring Officer advised that minutes were not a verbatim record of all comments and only intended to provide the themes of the discussion with the resolution. Having received queries on the first draft of the minutes, officers had taken the unusual step of providing a full transcript of the meeting against which a second draft had been produced. This second draft, including the resolution, had been agreed by the Chairman at the time of their publication.

It be noted, that it has since been clarified that Cllr Reilly did not agree to the inclusion of the following words after the final bullet point 'however it was suggested that the party had political balance.' Although this is included in the recording of the webcast and in the transcript.

The Monitoring Officer advised that, responsibility for major projects fell to the Portfolio Holder for Finance and Governance and it had been the proposal that members of the Committee join with the Portfolio Holder's review.

Councillor Everitt moved, and Councillor Warne seconded, that minute AG34/20 be amended to the effect that the resolution read: "The Committee agreed that as a result of the Grant Thornton report, that Audit and Governance Committee set up a working group to widen the review of the Calverley Square project and that the following members be included in this Group: The Portfolio Holder for Finance and Governance, Mr Tony Quigley as the Independent Member, Councillor Reilly and a representative member from each party as put forward to the Committee by 4 December 2020. The Group will seek to create Terms of Reference for the Group and update the Committee of their work."

The Monitoring Officer advised that it would be inappropriate to revise the decision made by the previous committee, the minutes must reflect what was actually done. The transcript from the previous meeting showed that the motion put to the committee and voted on, as stated by the Chairman.

Discussion on the motion continued:

- The proposed alternative resolution did not reflect what was actually voted on at the time and should be voted down.
- Members of the current committee, who were not present at the previous meeting, could vote on the minutes provided they had satisfied themselves of their accuracy.
- The Monitoring Officer's advice should be respected.

Councillor Everitt requested a recorded vote:

Members who voted for the motion: Councillors Everitt, Rands and Warne. (3)

Members who voted against the motion: Councillors Backhouse, Bland, Hamilton, Ms Palmer and Scott. (5)

Members who abstained from voting: None.

### **MOTION NOT CARRIED**

The Chairman took a vote on the minutes as published, noting the comments in the debate, by roll call. Votes cast were: 5 for, 3 against with 0 abstentions.

### **RESOLVED –**

1. That the comments made in the debate be noted; and
2. That the minutes of the meeting dated 30 March 2020 be approved as a correct record.

## EXTERNAL AUDIT PROGRESS REPORT

AG44/20 Lee Colyer, Director of Finance, Policy and Development, introduced the report set out in the agenda. The external audit plan was explained by Sarah Ironmonger from the Council's auditors Grant Thornton.

Discussion included:

- Members had a duty to understand the characteristics of the methods and models used to make accounting estimates and the risks related to them. This was a relatively new standard that had been introduced and discussions were ongoing as to the appropriate level of detail members would require.
- It was expected that members should know the reasons behind key large spend items but fine details on all decisions would be impractical.
- The committee would be able to express a choice over the level of detail required in many cases.
- The Statement of Accounts was perhaps one of the most complicated documents produced by the Council and the past practice of informal briefing prior to the statutory process of adopting the statement could be re-introduced.

**RESOLVED** – That the External Audit Plan be agreed.

## STRATEGIC RISK REGISTER

AG45/20 Lee Colyer, Director of Finance, Policy and Development, introduced the report and the risk owner William Benson, Chief Executive.

Mr Benson gave a detailed update on the risks in his responsibility.

Comments included –

Risk 5: National policy changes in short term that impact negatively on TWBC:

- Previously rated Red, the highest level, a new higher black rating had been introduced for risks which had happened.
- Prior to the pandemic the most serious concerns related to regular 'tinkering' with the planning system. Since the pandemic, government policy changes had been relentless and this was still the case a year on. Examples included changes to business rate exemptions with only 6-days notice but without detailed guidance.
- The Council was using considerable resources to keep up with the changes and long-term planning was near impossible.
- Further changes to the Planning system and structure of local government were also on the horizon but few details were yet known.
- Mitigations included flexible staffing and engaging with representative bodies.

Risk 7: Capacity fails to keep pace with ambition:

- Originally added to the register to reflect the large number of strategic project underway, remains on the register as the pandemic placed additional burdens on the Council's resources.
- Managed in the past by careful prioritisation of resources but in future the priorities would need to match resources.

Risk 11: Pandemic:

- New risk recognises both the impact on other risks and its risk in

its own right as the long-term impact could harm the community and the economy.

- Impact of Brexit remained on the register as authorities were still working to a 200-day post implementation point.

Discussion included:

- The response to the pandemic had been met with a very agile and committed effort.
- Details of planning reform were still unknown. However, the Council would ensure that members were kept informed and trained as appropriate depending on the significance of the changes.
- Risk of cyber attack could be more specifically defined as the likelihood and impact from someone disrupting a meeting was distinct from a professional attack on the Council and the two scenarios should be separated. Comments would be fed back to the relevant risk owner.
- The risk scenario primarily referred to the major incidents. The impact of someone disrupting a meeting would likely be so low as it would not be captured by the register.
- The likelihood of a serious attack was higher than might be expected. Cyber security was co-ordinated throughout Kent and several Kent authorities had recently suffered catastrophic attacks.
- The risk relating to the delivery of the Amelia Scott had increased from Red to Black due to notifications by the contractor, most recently in January, of delays to the schedule of 11 weeks. The project allowed for 12 weeks float so it was still deliverable but any delay added to the cost.
- Delays were due to the impact of Covid (staff availability and ability to work on site), difficulties with heritage construction methods and changes to advice on fire precautions.
- Details of the cost of the delay could not be disclosed in public but were understood and managed by the Project Board, a joint board between TWBC and KCC, the Amelia Scott Member Oversight Panel and had been discussed at special meetings of the Cabinet and Overview and Scrutiny Committee.
- Potential for the building currently operating as the Gateway to be left vacant following relocation of services to the Amelia Scott was an operational risk but not considered to be a strategic risk which impacts on the Council's ability to function.
- Any harm to the economy caused by the closure of the Gateway was likely to be more than mitigated by the opening of the Amelia Scott.

**RESOLVED** – That the risk management report and arrangements for managing strategic risk be noted.

## **INTERIM INTERNAL AUDIT AND ASSURANCE REPORT 2020/21**

AG46/20 Jen Warrilow, Audit Manager, introduced the report set out in the agenda.

Additional comments included:

- Significant resources had been redeployed to assist the administration of business grants throughout the pandemic which had resulted in a delay against the delivery plan. Mitigation was in place and officers were confident that the plan would be

completed in time for the Audit Opinion to be delivered at the end of July 2021.

- Several members of the Audit team were congratulated on their exam successes during the year.

Discussion included:

- More than half of the work in the plan was due to be completed in the last three months. Contractors had been engaged to help. All projects bar one had been scheduled with the final audit being planned currently.
- Internal Audit operated within an agreed budget, and was responsible how it delivered a quality service.
- The Council had been compensated by the government for the administration of the business grants and this additional funding allowed the Audit Partnership to cover the redeployment costs. As such, the additional contractors would not impact on the Council's budget.

**RESOLVED** – That progress against the internal audit plan and findings so far be noted.

#### **INTERNAL AUDIT AND ASSURANCE PLAN 2021/22**

AG47/20 Rich Clarke, Head of Audit Partnership, introduced the report set out in the agenda.

Discussion included:

- Whilst the priorities within the plan may be different to some of those of members it was important to note that these were from a risk management perspective.
- The report identified work shared by other authorities who were also in the Audit partnership and this was significant as the cost was shared between each authority.
- Where work was undertaken on the Council's shared services with partners which were outside the Audit partnership – for example, the Council's waste contract with Tonbridge and Malling – the Audit Partnership would contact their counterparts and try to coordinate their assurance work wherever possible. There was a high degree of co-ordination across Kent. If the partner was not undertaking audit work of the shared service the cost would fall solely on the Council.
- There was no particular reason for Planning Enforcement being identified as a priority. It was a high profile service which had not been subject to an audit review for some time and an effective methodology had been established following recent reviews at Maidstone and Swale Councils.

**RESOLVED** –

1. That the Internal Audit & Assurance Plan for 2021/22, to include delegating authority to the Head of Audit Partnership to keep the plan current as set out at Appendix A to the report, be agreed;
2. That the Head of Audit Partnership's view that the Partnership currently has sufficient resource to deliver the plan and a robust Head of Audit Opinion be noted; and
3. That the Head of Audit Partnership's assurance that the plan is

compiled independently and without inappropriate influence from management be noted.

## UPDATE ON COMPLAINTS RECEIVED UNDER THE MEMBERS' CODE OF CONDUCT

AG48/20 Patricia Narebor, Head of Legal Partnership, introduced the report set out in the agenda. Additional comments included:

- Although the procedure for dealing with the complaint outlined at paragraph 2.4 of the report was appropriate, changes had been made to the standard letter and procedure notes to avoid misunderstanding in future.
- Following publication of the Local Government Association Model Code of Conduct, the KCC Code was currently under review by a panel of Kent Monitoring Officers and a further update will be presented in the near future.

Discussion included:

- The complainant referred to at paragraph 2.4 of the report had contacted members of the Committee wishing that it be noted that he remained concerned that there were other errors in the process of handling the complaint in addition to the lack of consultation regarding the use of the informal resolution process.
- The Council remained in correspondence with the complainant.
- An apparent spike in complaints from 2019 appears to have subsided and this was likely to be, in part, due to Code of Conduct training provided by the Council.
- All members had completed the training. The sessions had been recorded so members who were unable to attend the sessions were able to attend separately.
- All complaints needed to be taken seriously but there were gradations in seriousness and it was appropriate to prioritise the response.

**RESOLVED** – That the update on complaints received under the Members' Code of Conduct be noted.

## WORK PROGRAMME

AG49/20 Councillor Bailey had registered to speak. Comments included:

- The Committee's recent annual report had listed as a function the ability to act as an advisory committee for any matters of ethical concern. There were a number of concerns relating to the conduct of some members of the Planning Committee at the meeting on 3 March 2021:
- The committee should review the said meeting and determine whether there were any breaches of the Constitution.

The Monitoring Officer advised that Officers were aware of the concerns and had consulted the Planning Service. The committee should consider how widespread the matter was. Particular complaints about a members' conduct or incidents limited to a particular meeting would most appropriately be dealt with via the Code of Conduct Complaints process. A formal ethical governance review might be premature at this stage.

Councillor Hayward had registered to speak. Comments included:

- Expectations that Mr Quigley would have unfettered access to all relevant documents through the review panel looking into the Calverley Square project had not been realised.
- It had been inappropriate for members who were not present at the meeting to approve the minutes of that meeting and the previous chairman had not agreed them.

Discussion included:

- Concerns relating to the Planning Committee meeting on 3 March 2021 should be addressed by a Code of Conduct complaint.
- Councillor Bailey's comments, by making complaint about an identifiable person in public, could leave him open to a complaint.
- The working group reviewing the Calverley Square project, agreed at the meeting in November 2020 and discussed at length earlier at this meeting, was a significant workstream which was missing from the work programme.
- Terms of reference and an update from said working group was expected. It was understood a report would be coming to the next ordinary meeting (July 2021).

**RESOLVED** – That the work programme be noted.

#### **URGENT BUSINESS**

AG50/20      There was no urgent business.

#### **DATE OF THE NEXT MEETING**

AG51/20      The next meeting was scheduled for Wednesday 26 May 2021.

NOTE: The meeting concluded at 8.35 pm.