

BOURNEMOUTH, CHRISTCHURCH AND POOLE COUNCIL
AUDIT AND GOVERNANCE COMMITTEE

Minutes of the Meeting held on 20 October 2022 at 6.00 pm

Present:-

Cllr J Beesley – Chairman

Cllr L Fear – Vice-Chairman

Present: Cllr D Butt, Cllr M Cox, Cllr M Howell, Cllr T Johnson and
Cllr M Phipps

133. Apologies

An apology for absence was received from Councillor Brooke.

Councillor Filer was present at the meeting on a virtual basis (without entitlement to vote).

134. Substitute Members

Formal notification had been received appointing Councillor Brown as substitute for Councillor Brooke.

135. Declarations of Interests

There were no declarations of interest.

136. Confirmation of Minutes

Subject to it being noted that Councillor Cox was present at the previous meeting on a virtual basis (without entitlement to vote), the Minutes of the meeting on 8 September 2002 were confirmed as a correct record.

137. Public Issues

There were no public issues.

138. Update on Corporate Risk 9 (Maintain a safe and balanced budget for the delivery of services)

Members were reminded of the decision at their previous meeting to hold an additional meeting of the Committee to review and receive updates on Corporate Risk 9 and Corporate Risk 13. This was in addition to the ongoing regular Quarterly review of Corporate Risks. The Chairman of the Committee reminded Members that the particular role of the Audit and Governance Committee extended primarily to consideration of Governance issues associated with and arising from the monitoring of the risks. The Committee's role was also to focus on the provision of the independent assurance required by the Constitution.

The Committee received a presentation from the Chief Finance Officer and Director of Finance providing an update for the Committee on Corporate Risk 9 (Maintain a safe and balanced budget for the delivery of services).

A full set of the supporting presentation slides would be circulated to the Committee after the meeting. The Committee had also received copies of reports being submitted to the Cabinet for consideration at the forthcoming Cabinet meeting on 26 October.

The presentation outlined the context for consideration of the corporate risk in terms of the national Local and Central Government financial picture and in terms of the Council's adopted financial strategy. It was clear that the Council, together with other Councils of similar size and scope, was unlikely to be protected from the effect of developments within national Government for the funding of the sector including, in the short term, the impact of national budget announcements expected at the end of October.

The process under which the risk was reviewed at Cabinet and Senior Officer level was explained together with the commitment to submission of monthly financial updates. In the meantime, the identification internally of opportunities for efficiency and other savings was being addressed at pace.

It was noted that representations regarding the financial pressures and challenges facing the Council were being pursued at national level through bodies such as the Local Government Association, Unitary Treasurer's and through Member conversations at national level.

Members of the Committee questioned the Chief Finance Officer on the detail of his presentation and related issues arising and there was discussion around the key issues with particular emphasis upon the Council's adopted financial strategy for moving forward.

The Chairman invited Members with any additional questions not covered at the meeting to submit these in writing with copies provided to members of the Committee.

139. Update on Corporate Risk 13 (Deliver the transformation programme)

The Committee also received a presentation from the Chief Executive with an update for the Committee on Corporate Risk 13 (Deliver the transformation programme).

Once again, a full set of the supporting presentation slides would be circulated to the Committee after the meeting.

The presentation provided a description of progress on implementation of the transformation programme with an update provided in terms of Operating Model, Estates and Pay and Reward. Achievements to date, current activity and identified key future milestones were described and reviewed. Existing savings already achieved following local government

reorganisation were set out in the papers under consideration by the Cabinet.

The Transformation Programme governance arrangements were set out and were supported by a strong and strategic programme management process. It was also explained that, since the Director responsible for the programme had recently left the Council, the leadership for the programme was now being provided directly by the Chief Executive alongside a significant level of essential engagement at most senior level from the Corporate Management Board. Where necessary, consultation with the staff trade union representatives was being undertaken as an essential part of the implementation stages.

Members of the Committee questioned the Chief Executive on the detail of his presentation and related issues arising and there was discussion and debate within the Committee.

The Chairman thanked the Officers involved in making the presentations.

140. External Auditor - Auditor's Annual Report 2020/21 (Value for Money report)

The Committee received a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'A' to these Minutes in the Minute Book.

The Council's external auditors, Grant Thornton, presented their 'Value for Money' audit of the Council's Statement of Accounts 2020/2021 including their statutorily required assessment of whether the Council had in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

It was noted that the External Auditor's audit of the Council's financial statements still remained incomplete due to delays in receiving confirmations from the auditor of the Dorset Pension Fund and due to a national issue affecting all local authorities with material highway infrastructure.

The report set out the External Auditor's conclusions across three audit headings.

In terms of 'Financial Sustainability' the report identified significant weaknesses in arrangements and made three key recommendations and one improvement recommendation.

There was no identified significant weakness in terms of 'Governance' although four improvement recommendations were made.

Additionally, significant weaknesses were identified under the 'Improving economy, efficiency and effectiveness' criteria and one key recommendation and five improvement recommendations were made.

A summary of all of the recommendations was provided for consideration by the Committee and there was debate and discussion about the important issues raised. There was also reference to concerns being raised by Ofsted in relation to delivery of the Council's Children's Services function.

The Auditor's judgements were set out in support of and in relation to each of his recommendations accompanied by detailed commentary. In each case, the management response from the Council was also set out for the Committee's consideration. There was particular focus on the use of an innovative financial strategy, the significant level of risk involved and upon the lack of any alternative fall-back strategies should they be needed.

The External Auditor was asked by some members of the Committee why he had not identified any significant weaknesses in the 'Governance' criteria where no key recommendations were made. The External Auditor explained that it was not his role to dictate what governance existed in the Council but rather to comment on whether he considered arrangements to be adequate and whether the Council had followed its own approved governance arrangements. He also reaffirmed that four improvement recommendations were made in this 'Governance' category.

The External Auditor responded to other detailed questions from Members and provided further clarity for the Committee.

RESOLVED

That the Audit and Governance Committee notes

- a) the delay to the completion of the audit of the financial statements; and**
- b) the findings, recommendations and management comments of the Council's External Auditor in relation to the Value for Money arrangements.**

The meeting ended at 9.17 pm

CHAIRMAN