

MINUTES OF THE JOINT AUDIT AND STANDARDS COMMITTEE MEETING
HELD AT THE COUNCIL OFFICES, NEEDHAM MARKET ON MONDAY 15 JUNE
2015 AT 10:00 A.M

PRESENT: **BABERGH** **MID SUFFOLK**

Sue Ayres
Tony Bavington
Tina Campbell
Sian Dawson
John Hinton
David Rose
William Shropshire
John Ward

Elizabeth Gibson-Harries (Chairman)
Lavinia Hadingham
Glen Horn
Suzie Morley
Penny Otton
Keith Welham
Kevin Welsby

1 SUBSTITUTES AND APOLOGIES

An apology for absence was received from Councillor Jill Wilshaw. Councillor Keith Welham was substituting for Councillor John Matthissen.

2 DECLARATION OF INTERESTS

There were no declarations of interest.

3 MINUTES

It was noted that the minutes had previously been circulated to the Members of the Committee as at 16 March with a request that any errors be advised and the content be endorsed as a correct record. No amendments had been requested.

RESOLVED

That the Minutes of the meeting held on 16 March 2015 be confirmed and signed as a correct record.

4 PETITIONS

None received.

5 QUESTIONS FROM THE PUBLIC

None received

6 QUESTIONS FROM MEMBERS

None received.

7 CAPITAL INVESTMENT STRATEGY

The Interim Corporate Manager – Financial Services presented report JAC54 which outlined the approach being taken to the Capital Investment Strategy in both the short and medium/long term and its links to the Medium Term Financial Strategy. Member approval was sought to amend the Treasury Management Strategy for 2015/16 to make financial investments that would generate additional revenue for the two Councils.

The Interim Corporate Manager – Financial Services and PBR Project Manager responded to Members' questions and concerns including:

- The ease of withdrawal of investment from the two options – paragraphs 9.14 to 9.16 explained that investment with CCLA should be viewed as a long term investment. Monies could be withdrawn in the short term but the difference between the buying and selling price of the units meant investment should be viewed as long term. Investment in Funding Circle should also be viewed as long term as businesses taking up the loans would require an appropriate period to repay those loans
- Does the CCLA Property Fund or Funding Circle have an Ethical Investment Policy? – not known but Officers could request a copy of the Policy if one was held
- Why was more information not made available regarding the two options? – these are the recommendations of the Councils' advisers, Arlingclose, who have done extensive research. Officers have attended presentations by CCLA and Full Circle and this information could be made available if Members wished
- Why were other options not put forward for comparison? – CCLA and Full Circle were strong recommendations from Arlingclose and although there would be other possibilities Officers needed to be content that money was invested in sound vehicles
- Have all the risks been taken into account and how long will the Councils be tied into the investment? – Officers would not have brought the proposal to Committee if it was considered a high risk. The risk profile and default rate had been investigated and Officers were content it was low risk and would give significantly better returns. Investment should be considered long term
- How good are the Councils' advisers, Arlingclose? We are putting a lot of trust in them – It was not possible to say Arlingclose were the best available but they had a good reputation and were the Council appointed advisers
- CCLA manages only 30 properties which is not a large portfolio, Funding Circle has only 14 Local Authorities investing with them and is not a large provider. How secure are the Councils' risks using these options? – CCLA focussed on high quality retail and commercial buildings in the UK. The timing and recipient of the Councils' investment with Full Circle would be managed and the advantage was the ability to select businesses within the Councils' postcodes to aid the local economy if appropriate
- If the Council is borrowing £10m but only investing £6m initially, is the Council paying interest on the remaining £4m when it is not achieving a return? – No, cash flow will be managed on a day to day basis
- Is the 7% cost on selling the units in the fund back to CCLA the same regardless of when they are sold back? – it was believed this fluctuated on a monthly basis
- Councils are there to provide a service to residents and an investment should be into something they would benefit from – this was the focus of the £25 million set aside in the budget and Officers were developing proposals which would be brought to the Committee at a later date

Members accepted that steps needed to be taken to bridge the future funding gap and that the Councils were seeking to move to a slightly more risk based policy than previously because of the reward of better returns. It was felt however that more information regarding the two proposed vehicles was required to allow an informed decision to be made and it was requested that this be included in the report to Executive and Strategy Committees and both Councils.

The Head of Corporate Organisation provided a summary of the role and relevant Terms of Reference for the Committee in relation to the Treasury Management Strategies for both Councils and the role of the Councils' S151 Officer in relation to providing assurance in respect of the amendment.

RESOLVED

That the Capital Investment Strategy approach and its impact in both the short and medium/long term be noted

Recommended to Executive and Strategy Committees and both Councils

1. That the Treasury Management Strategy be amended as outlined in paragraph 9.31 of the report.
2. That the Council's S151 Officer provides the Executive and Strategy Committees with additional information regarding the rationale for the amendment to the Treasury Management Strategy

8 JOINT ANNUAL GOVERNANCE STATEMENT 2014/15

The Head of Corporate Organisation presented report [JAC55](#) to enable the Committee to be satisfied that the Joint Annual Governance Statement (AGS), to accompany each Council's financial accounts 2014/15, properly reflected the risk environment and any actions required to improve it.

It was noted that an amendment was required to paragraph 21 to clarify that prior to the retirement of the Corporate Manager – Financial Services each Council had a separate s151 Officer.

RESOLVED

1. **That Members are satisfied that the Joint Annual Governance Statement (AGS) 2014/15 (Appendix A to the report) properly reflects the risk environment and any actions taken to improve it**
2. **That the AGS be endorsed subject to the Head of Corporate Organisation being authorised to make any minor amendments and corrections prior to the Statement being finalised for publication**
3. **That approval of any significant amendments identified by the Head of Corporate Organisation be delegated to him in consultation with the Chairs of Committee**
4. **That it be noted that the finalised AGS will be signed by the Leader of each Council on behalf of the respective Council together with the Chief Executive on behalf of both Councils**

9 ANNUAL INTERNAL AUDIT REPORT 2014/15

The Audit and Risk Management Services Officer presented report [JAC56](#) which informed Members of the work undertaken within Internal Audit for 2014/15 and gave a flavour of the variety of projects and corporate activities which were supported through the work of the team.

In response to questions from Members the Officer confirmed:

- the advice and guidance previously issued to Councillors on how they could make a positive contribution towards improving the fight against benefit and housing tenancy fraud would be issued to all new Members
- SRP management and processing – IBC Audit opinion ‘Adequate’ – the final report had not yet been received from IBC but the inconsistency in application of controls mentioned would be investigated on its receipt
- the Procurement audit which had been held over would be completed this year and should be included in the interim report in November.

RESOLVED

That the contents of the report, Appendix A and supporting Annex be noted

10 REFRESH WORKSHOP OF THE SIGNIFICANT BUSINESS RISK REGISTER

It was noted that a more detailed report would be brought to a future meeting following the review of the Risk Management Strategy.

RESOLVED

That the current position in relation to the Significant Business Risk Register be noted

11 WORK PLAN

Members requested that the report ‘Update on Compliance with the Localism Act 2011’ due to be presented to the August meeting be broadened out to include information relating to the Councils’ ‘Duty to cooperate in relation to planning of sustainable development’.

RESOLVED

That the contents of Report [JAC57](#) be noted

The business of the meeting was concluded at 12:10 pm

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Chairman