

MINUTES OF THE JOINT AUDIT AND STANDARDS COMMITTEE MEETING
HELD AT THE COUNCIL OFFICES, NEEDHAM MARKET ON MONDAY
19 OCTOBER 2015 AT 5:00 PM

PRESENT: **BABERGH**

Sue Ayres
Tina Campbell
Sian Dawson
Margaret Maybury
John Ward

MID SUFFOLK

Elizabeth Gibson-Harries (Chairman)
Lavinia Hadingham
Glen Horn
John Matthissen
Suzie Morley
Penny Otton
Kevin Welsby
Jill Wilshaw

1 SUBSTITUTES AND APOLOGIES

Councillor Margaret Maybury was substituting for Councillor William Shropshire. An apology for absence was received from Councillors Tony Bavington, John Hinton and David Rose.

2 DECLARATION OF INTERESTS

There were no declarations of interest.

3 MINUTES

Members noted that at the last meeting questions had been raised with regards to two items on the Agenda - Complaints Monitoring and Update on Compliance with Part 7 of the Localism Act 2011. As Officers had not been present to answer the questions, Members asked that an appropriate Officer is in attendance for the presentation of future reports.

RESOLVED

That the Minutes of the meeting held on [17 August 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 MID YEAR REPORT ON TREASURY MANAGEMENT 2015/16

The Code of Practice on Treasury Management requires local authorities to present a mid-year report on treasury management activity to those Members charged with scrutinising this area of activity. Report [JAC62](#) fulfils that requirement and sets out treasury management activity for the first half of 2015/16.

The Head of Corporate Resources introduced Report JAC62 and drew Members attention to Section 10 (Executive Summary) and the appendices, which contained details of the background and economic outlook for the UK and globally, information about debt management for both Councils, investment activity, estimates of capital expenditure and prudential indicators. The Head of Corporate Resources also corrected an error in Section 1.4 of Appendix D – Peak Borrowing up to 30/09/15 should read £87.797m for Babergh and £87.183m for Mid Suffolk.

The Interim Corporate Manager – Financial Services answered questions from Members with regards to Funding Circle. Work was underway to identify potential investment streams and locations. Some Members expressed an opinion that the global economy should be monitored closely in terms of potential volatility, particularly in relation to China and in the context of the UK's relationship with the EU. Officers confirmed our external Treasury Management advisers monitored global economic events on behalf of the Councils and sent regular updates. Members noted that Appendix B referred to the £7.5m borrowing in the next six months to support the Capital Programme. Officers advised that most of this money would be used to replace internal borrowing to enable investment in Funding Circle and in CCLA.

It was also noted that there was an error in Section 1.4 of Appendix C – the word “decreased” should be replaced with “increased”.

Members further noted estimated Capital Expenditure to March 2016 in comparison to the actual figures to March 2015. They also noted the difference in General Fund year on year and asked Officers to clarify whether the whole amount would be invested by March 2016. Officers confirmed that the full amount would probably not be invested and this was just an estimate of what was in the Capital Programme for the current year, and the Treasury Management consultants had advised it be included in the Prudential Indicators. Any spend or potential investment would have to be approved by Full Council. The Head of Corporate Resources said that Officers were also working on further investment options. Officers had started the process to seek and appoint a property adviser to work in conjunction with the Councils and advise on investment in a whole range of property assets while taking into account the recent Government announcements with regards to our own housing stock and reduction in rent levels over the next four years. Members noted the ratio of financing costs to net revenue stream, and the fact that the ratio was much higher for Mid Suffolk than for Babergh. A discussion was held about whether a more realistic picture could be presented, but kept simple. It was acknowledged that the numbers presented were worst case.

By a majority vote

RESOLVED

That it be noted that Treasury Management activity for the first six months of 2015/16 was in accordance with the approved Treasury Management Strategy and that both Councils have complied with all Prudential Indicators for this period.

Note: It is a requirement of the Code of Practice on Treasury Management that full Council notes the mid-year position.

8 INTERIM INTERNAL AUDIT REPORT 2015/16

The purpose of Report [JAC63](#) was to inform Councillors of the work undertaken within Internal Audit for the first part of 2015/16 and provided Councillors with a review of the variety and scope of projects and corporate activities which were supported through the work of the team.

The Corporate Manager – Internal Audit introduced Report JAC63 and gave a verbal update on the internal audit activity for the year to date. He also informed that work had commenced to develop the Significant Business Risk Register to aid Members and Senior Managers with risk management of strategic objectives and current projects. Members noted the complaints in relation to two planning applications which had been investigated by internal audit and asked if lessons had been learned. The Corporate Manager – Internal Audit explained that issues had been assessed by the internal audit team and recommendations to improve planning processes and communications had been implemented as a result. Members also asked whether the Councils had now caught up with the rent arrears as a result of Direct Debit failure earlier this year. The Corporate Manager – Internal Audit advised the rejection of Direct Debit AUDDIS files had affected Mid Suffolk and a review of the event had been completed. As a result a compensation payment from Lloyds Bank had been negotiated and the Housing Team had worked with tenants to negotiate repayment of the arrears over the remainder of the year. It was hoped this would result in the majority of the arrears being repaid but the situation would be clearer in April/May 2016. Members asked that Officers look into aligning the risk assessment terminology across the various reports that were being presented to the Committee. Officers agreed that this was an improvement they would implement going forward.

By a unanimous vote

RESOLVED

That the contents of Report JAC63, supported by Appendix A, be noted.

9 RISK MANAGEMENT UPDATE

The Corporate Manager – Internal Audit reported that following a refresh workshop to review the Significant Business Risk Register, a new Register had been drafted resulting in a more aligned version promoting and supporting the Councils' strategic priorities and Delivery Programme.

Project specific risk register standard templates had also been produced and made available to Project Leaders along with guidance and the offer of additional training where required.

Members felt that the Significant Business Risk Register was a vital document that this Committee should be able to see and review regularly. It was also noted that new Members should have an opportunity to familiarise themselves with the Register and the risks it highlighted. The Corporate Manager – Internal Audit commented that the Register was being updated as a result of Strategic Plan Refresh. The aim was to complete this work by November. Members asked the Register be brought to the December meeting.

RESOLVED

That this update in relation to Risk Management be noted.

10 WORK PLAN

Members noted the Standards Monitoring Report: Declaration of Interests/Gifts and Hospitality had not been submitted to the Committee. The Head of Corporate Resources replied that the Monitoring Officer had reviewed this item and commented that this information was already in the public domain (published on both websites).

RESOLVED

That the contents of Report [JAC64](#) be noted.

11 ANY OTHER BUSINESS

The Chairman invited Members to put forward their views on the alternating start times of the Committee meetings. After a short discussion, it was agreed that this item would be put on the Agenda and decided at the next meeting.

The business of the meeting was concluded at 6:00 pm

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Chairman