



Minutes

Name of meeting	AUDIT AND GOVERNANCE COMMITTEE
Date and Time	MONDAY 25 SEPTEMBER 2023 COMMENCING AT 10.00 AM
Venue	COUNCIL CHAMBER, COUNTY HALL, ISLE OF WIGHT
Present	Cllrs A Garratt (Chairman), V Churchman (Vice-Chairman), C Jarman and C Quirk
Also Present	Cllr J Bacon Jason Jones, Helen Thompson (Ernst and Young) Sharon Betts, Jo Cooke, Natasha Dix, Barry Downer, Elizabeth Goodwin, Kerry Hubbleday, Geraint Newton, Wendy Perera, and Megan Tuckwell
Also Present (Virtual)	Cllr M Oliver Debbie Downer, Claire Shand, and Melanie White
Apologies	Cllrs C Critchison, K Lucioni and G Peace

17. **Apologies and Changes in Membership (If Any)**

Apologies had been received from Cllr Karen Lucioni, Cllr Claire Critchison and Cllr Gary Peace. Cllr Chris Quirk was in attendance as a substitute for Cllr Ray Redrup.

18. **Minutes**

RESOLVED:

THAT the minutes of the meeting held on 31 July 2023 be confirmed as a true record.

19. **Declarations of Interest**

Cllr Chris Jarman declared an interest in Minute item 21(b) (External Audit Results - Isle of Wight Pension Fund) as the Chairman of the Isle of Wight Pension Fund Committee.

Cllr Vanessa Churchman declared an interest in Minute item 21(b) (External Audit Results - Isle of Wight Pension Fund) as the Vice Chairman of the Isle of Wight Pension Fund Committee.

20. **Public Question Time - 15 Minutes Maximum**

No written public questions were received.

Mr Simon Richards of Newport asked an oral question in relation to the school place planning process (in light of the indication that the council could not proceed with this at the same time as managing the transition from the partnership with Hampshire County Council), and whether the committee agreed that further inaction would place additional pressure on school budgets and exacerbate the risk of schools falling into financial deficit.

Comments were made regarding the rationalisation of school places, and it was requested that the committee be provided with a breakdown of the debts of each school proposed for closure (which would become a financial burden to the council should they be closed).

A supplementary question was asked regarding why the Cabinet were not satisfied that all options had been explored and addressed, given that a report had already been prepared which outlined how the overcapacity of primary school places could be addressed (through school closures) with no other practical solutions available. The chairman confirmed that the matter would be referred to Scrutiny.

21. **Reports of the External Auditor, Ernst and Young**

21a **External Audit Results - Isle of Wight Council**

21b **External Audit Results - Isle of Wight Pension Fund**

The External Auditors provided a verbal update on the progress with the external audit results in relation to the Isle of Wight Council and the Isle of Wight Pension Fund. No comments or questions were raised at this stage, and it was confirmed that the work would be finalised in the coming days.

RESOLVED:

THAT the verbal update be received and noted.

21c **External Auditors Annual Report 2021-22 (Draft)**

The External Auditors presented the draft annual report for 2021-22. Questions were raised regarding internal and external data providers, and asset management disposal. Discussion took place regarding the recommendation to develop more granular accounting records for infrastructure assets, and it was assured that the Finance and Highways teams were working to address this. It was confirmed that when the audits had been signed off, the certificate would be issued, and the final version of the report would be published on the councils website.

RESOLVED:

THAT the report be received and noted.

22. **Internal Audit Progress Report**

The Chief Internal Auditor presented to the internal audit progress report which summarised the results of the audits finalised between March and September 2023. Questions were raised regarding the confidential Floating Bridge settlement and where this would show within the audit, and it was confirmed that all transactions would be reflected within the council's accounts in accordance with the regulations subject to non-disclosure. Discussion took place regarding the follow-up audit of Bereavement Services, which confirmed that the high-risk relating to debt recovery had been closed following assurance that arrangements had been enhanced.

RESOLVED:

THAT the report be received and noted.

23. **Annual Governance Statement**

Consideration was given to the Annual Governance Statement for 2022-23 and the committee were asked to approve the statement in readiness for final sign-off and submission within the council's annual report and accounts. It was noted that the draft version of the document had been circulated to the committee for input. No comments or questions were raised at this stage.

RESOLVED:

THAT the content of the draft Annual Governance Statement 2022-23 be agreed as the final version for publication (subject to the final accounts being signed off).

24. **Treasury Management Report (Q1)**

Consideration was given to the report which provided an update on treasury management policies, practices, and activities for the quarter ended 30 June 2023. The committee received a verbal update on the changes to the interest rates (which had increased to 5.25% during August 2023), and the one instance of short-term lending to another local authority. Questions were raised in relation to staffing capacity and the committee were reassured that the Treasury Management team were stable and there were no concerns or emerging resourcing issues at this time.

RESOLVED:

THAT the performance for the quarter to 30 June 2023 against the treasury management indicators be noted.

25. **The Council's Risk Profile**

Consideration was given to the report which summarised the current position with regards to the council's strategic risks.

Discussion took place regarding the new Strategic Risk 18 (the ending of the Children's Services partnership with Hampshire County Council and associated arrangements) and it was confirmed that the recruitment process for the appointment of a permanent Director of Children's Services had commenced.

Comments were made in relation to the new Strategic Risk 19 (the fact that there was no overall political control which may adversely affect the decision-making of the council), and it was noted that this risk would be reinterpreted for future reporting to cover the overall risk around delivering the council's vision.

Questions were raised regarding Strategic Risk 3 (insufficient staffing capacity and skills) and it was confirmed that the organisational review was ongoing, and staffing capacity (and non-statutory activities) had been reduced in line with the agreed budget.

Comments were made with regards to school place planning and the risk mitigations in place to manage any outstanding debts which would subsequently become a financial burden to the council should the schools be closed. It was requested that the committee be provided with a breakdown of the debts of each school proposed for closure, to be updated again in 90 days, in order to identify the progress with debt recovery plans.

RESOLVED:

THAT the report be noted, and the strategic risks of the council as set out in Appendix 1 of the report be approved.

26. **Review of the Constitution**

The chairman provided a verbal update and advised that regular discussions with the Monitoring Officer were ongoing as the review progressed, and the work of the Future Governance Working Group was underway.

RESOLVED:

THAT the verbal update be noted.

27. **Workplan**

Consideration was given to the Committees workplan for 2023-24 and it was suggested that pre-meetings may be arranged for committee members prior to the formal committee dates. The chairman advised that the workplan may be developed further to include ways in which the committee could become more proactive (specifically around value for money).

RESOLVED:

THAT the workplan be noted.

28. **Members' Question Time**

Cllr Chris Jarman asked an oral question regarding the governance arrangements for executive decisions. It was confirmed all councillors were notified of any executive decisions of the Cabinet and details were published online.

CHAIRMAN