



Minutes

Name of meeting	AUDIT AND GOVERNANCE COMMITTEE
Date and Time	MONDAY 31 JULY 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, K Lucioni, G Peace and R Redrup
Also Present	Sharon Betts, Emma Bruce, Jo Cooke, Elizabeth Goodwin, Kerry Huddleday, Geraint Newton and Megan Tuckwell
Also Present (Virtual)	Cllrs J Bacon, G Brodie Jason Jones, Helen Thompson (Ernst and Young) Chris Ashman, Alice Hadridge, Jo Thistlewood, Mel White
Apologies	Cllr C Critchison

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

Apologies had been received from Cllr C Critchison.

2. **Minutes**

RESOLVED:

THAT the minutes of the meeting held on 20 March 2023 be confirmed as a true record.

3. **Declarations of Interest**

Cllr Karen Lucioni declared an interest in Minute item 7 (Internal Audit Progress Report) as various items sat within her portfolio as the Cabinet Member for Regulatory Services, Community Protection, Waste and ICT.

Cllr Chris Jarman declared an interest in various items on the agenda, as at the time of reporting they sat within his previously-held portfolio as the Cabinet Member for Strategic Finance, Corporate Resources and Transformational Change.

Cllr Chris Jarman declared an interest in Minute item 7 (Internal Audit Progress Report) as it referred to Ukrainian Accommodation Support, as he was accommodating three Ukrainian families.

4. **Public Question Time – 15 Minutes Maximum**

Mr Simon Richards of Newport asked an oral question in relation to maintained schools being at risk of financial deficit and how those projected deficits would be absorbed within the council's existing financial resources. The chairman confirmed that this matter would be considered by the committee when considering the council's strategic risk register.

A supplementary question was asked regarding the mitigation of those risks and whether it's absence from the risk register was an indication that the Council had no intention of taking action. It was confirmed that this would be taken back to the Cabinet Member for Children's Services, Education and Lifelong Skills.

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

The External Auditors provided a verbal update on the progress with the External Audit Plans in relation to the Isle of Wight Council and the Isle of Wight Pension Fund. It was confirmed that work was mostly completed, subject to review, and was anticipated to be signed off during August 2023. The members of staff involved were thanked for their support during the audits. Concerns were raised regarding the continuing national delays, the ongoing regulatory changes, and whether the council could do anything to support this process.

RESOLVED:

THAT the verbal update be received and noted.

6. **Internal Audit Annual Report**

The Chief Internal Auditor presented to the internal audit annual report and opinion for 2022/23. It was confirmed that the overall annual opinion remained rated as 'reasonable assurance'. Discussion took place regarding emerging risks, and the ways in which the ongoing organisational restructure (and reduced staffing capacity) could potentially adversely impact the effectiveness of the internal control environment, particularly through loss of experience and knowledge. It was advised that dialogue was ongoing, and the impact of such changes would be carefully monitored by management.

RESOLVED:

THAT the report be received and noted.

7. **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 July 2023. Attention was drawn to the reports which had been rated as 'limited assurance', including St Marys School and the asbestos framework.

Discussion took place regarding the 'limited assurance' rating given to Environmental Health – Food Safety Standards, and concerns were raised regarding the potential impact this could have on tourism. It was confirmed that the

service had a robust action plan in place to target high-risk areas and to rectify the position. The Cabinet Member for Regulatory Services, Community Protection, Waste and ICT confirmed that a briefing note on this matter would be circulated to members of the committee.

RESOLVED:

THAT the report be received and noted.

8. **Property Investment Portfolio Annual Report**

The Director of Regeneration presented the report which provided an update on the four mainland property investments that were purchased in 2018. The committee were asked to note the current position of property investment portfolio, including the total income that had been accrued by the Council. Discussion took place regarding the changing market and the long-term impact on the portfolio's valuation as a result of the economic situation. Questions were raised around whether there would be a strategic review of the capital investments and it was confirmed that the matter was ongoing and was being kept under review.

RESOLVED:

THAT the report be received and noted.

9. **Treasury Management Annual Report**

Consideration was given to the report which provided an update on treasury management policies, practices, and activities for 2022-2023. The committee were asked to note the performance against the treasury management indicators, and to highlight any areas which may need to be addressed in the forthcoming year. Attention was drawn to the ongoing changes to the interest rates, and it was confirmed that the interest rates for the council's long-term loans were fixed. The committee noted the good results overall and commended the team for the work undertaken during this period.

RESOLVED:

THAT the report be received and noted.

10. **Procurement Half-Yearly Report**

Consideration was given to the report which provided an overview of the council's procurement and contract monitoring activity for the period 1 October 2022 to 31 March 2023. Attention was drawn to the progress made against the Procurement Strategy and the downward trend in the number of waivers being issues. No comments or questions were raised, and the report was noted.

RESOLVED:

THAT the report be received and noted.

11. **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 school place planning and the maintained schools at risk of financial deficit (as a result of low pupil forecast numbers and surplus school places) and how those projected deficits would be absorbed by the council. It was requested that this area be included in the risk register, and future reporting should contain a detailed financial and risk analysis covering the debt position and liability for each school.

Cllr Jonathan Bacon declared an interest as a school governor.

Comments were raised regarding Strategic Risk 6, in relation to children's services and particularly whether the caseloads being scrutinised on a daily basis by managers was indicative of an escalating risk. It was confirmed that a written response would be sought and circulated to the committee.

Clarity was sought around the reinterpretation of the PFI Contract as stated in Strategic Risk 11, and it was confirmed that a written response would be sought and circulated to the committee.

Concerns were raised regarding Strategic Risk 5, in relation to the council's ability to deliver the Safety Valve Programme in light of the financial and staffing resource pressures, and it was confirmed that a written response would be sought and circulated to the committee.

RESOLVED:

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

12. **Review of the Constitution**

The chairman provided a verbal update and advised that regular discussions with the Monitoring Officer were ongoing as the review was underway. Committee members were encouraged to feedback any thoughts. No comments or questions were raised, and the update was noted.

RESOLVED:

THAT the verbal update be noted.

13. **Partnership Arrangements**

Consideration was given to the report which was presented to the Corporate Scrutiny Committee at its meeting on 6 June 2023; which detailed the council's approach to partnership arrangements in order for the committee to be assured that effective outcomes were being delivered particularly as it related to risk and value for money.

The committee sought reassurance that other major partnerships were not at risk following the announcement that proposals were being explored by Hampshire County Council to end its strategic partnership with the council for children's services. Comments were made regarding governance arrangements and the period of notice for disengagement from partnerships.

RESOLVED:

THAT the report be received and noted.

14. **Motion referred from Full Council**

Discussion took place regarding the motion referred from the meeting of the Full Council on 19 July 2023, which established a Future Governance Working Group to explore a future Committee system of governance for the council. It was advised that the intention was to have the first meeting during August, , with a recommendation to Full Council in January 2024 which, if agreed, would bring about such a change in governance with effect from the Annual General Meeting in May 2024.

RESOLVED:

THAT the motion referred from Full Council be noted.

15. **Workplan**

Consideration was given to the Committees workplan for 2022-24. Discussion took place regarding the costs associated with mainland placements for children with specialist needs, and whether consideration could be given to creating an Island-based unit to mitigate some of those costs. It was agreed that the matter would be discussed with the Director of Childrens Services in the first instance prior to its referral to the Corporate Scrutiny Committee.

RESOLVED:

THAT the workplan be noted.

16. **Members' Question Time**

Cllr Churchman asked an oral question in relation to the expenditure associated with push boat service for the Floating Bridge. It was advised that Internal Audit could look into the high-expenditure areas from a value for money perspective.

CHAIRMAN