

**AUDIT (GOVERNANCE) SUB-COMMITTEE****19 July 2016**Attendance:

Councillors:

Cutler (P)

Ashton (P)  
Huxstep (P)Stallard  
Weir (P)Others in attendance who addressed the meeting:

Councillors Godfrey (Leader)

**1. DISCLOSURES OF INTERESTS**

Councillors Huxstep declared a disclosable pecuniary interest in respect of items under consideration which may have a Hampshire County Council involvement due to his role as a County Councillor. However, as there was no material conflict of interest, he remained in the room, spoke and voted under the dispensation granted on behalf of the Standards Committee to participate and vote on all matters which might have a County Council involvement.

**2. MINUTES**

RESOLVED:

That the minutes of the previous meeting held on 11 April 2016 be approved and adopted.

**3. GOVERNANCE REVIEW - PROGRESS REPORT**

(Report AUD164(GOV) refers)

The Chairman reminded the meeting that the Independent Review Report of Silver Hill Informal Policy Group was coordinating the actions arising from the recommendations made by the Independent Review of Silver Hill. Item 11 of the Table of Proposed actions, attached as Appendix 1 to the Report, was the relevant item for the consideration those matters within the remit of this Sub - Committee.

The Chief Executive provided an update against each of the 'Proposed actions and Committee Comment in response the Independent Review recommendations - second iteration updated on 10/6/2016' as set out in Appendix 1 to the Report. The update and comments arising from Members' debate is set out as follows.

Item 1 – The Council must express a definite idea of what it wants to be developed at Silver Hill... A sub-committee of and reporting to Cabinet and should be charged with being the guardian of this vision.

The Council had made a decision on this; it had ended the Development Agreement with Henderson and had appointed a Central Winchester Regeneration Informal Policy Group.

Item 2 – the Council must ensure it has the necessary professional and commercial skills... to achieve the vision....

A Project Management Guidance Note had been completed and had been submitted to Cabinet on 6 July 2016 (Report CAB2817 refers). This note provided guidance on the skills and experience required for major products, and was the subject of an all-Member Briefing on 18 July 2016. The Council also utilised local partnerships when looking at skills and capacity, such as those necessary to deliver Treasury Management on behalf of the Council, which was a joint arrangement with Hampshire County Council. It was important to have the right skills and experience in-house, and use external advice where this was appropriate e.g. in the specialist areas of legal and financial advice or when faced with issues of capacity.

In answer to Members' questions, the Chief Executive stated that a report on Work Force Strategy would be submitted to the Personnel Committee on 26 September 2016 and this would also address the range of skills required to undertake projects. As mentioned, the Council did have collaborative partnerships, and these were principally with other Councils on shared services. Collaboration with the private sector often relied on the experience of individual officers, such as that of the Assistant Director (Estates and Regeneration) and these local partnerships could be mapped and regularised. In managing projects, it was recognised that different skills could be needed at different stages, and core skills of an individual project team managing a specific project would be appraised at different phases of the project to ensure that either the Project Team had the right skills, or that these skills were acquired from external advisors.

The Leader added that, in considering whether the right partners were present to undertake a project, the Council undertook engagement in varying ways. A Public Engagement Strategy would look at bringing stakeholders together at an early stage. Although control of a project needed to be maintained, it was important to recognise that there were often a wide range of stakeholder groups, sometimes with differing objectives. The Council had to balance the aspirations of the stakeholders in taking the project forward.

The Chief Executive continued that the careful managing of all interests was important up to the point that the decision was made. Projects would be reviewed at key stages, such as the point when a project moved from a concept (or feasibility study) stage, to a design (or defined project) stage. It was also important that, following the decision, any potential wider implications were managed. The Chief Executive also explained that the

Council had adopted its own version of PRINCE2 as a project management standard.

Item 3 - The Council must consider whether and, if so, why it has been hostile to competition.

The Council was appointing an officer to undertake strategic procurement. The job description would be developed via Cabinet for approval by Personnel Committee. It was envisaged that this post would be part of the Project Team, and report to the Head of Finance.

Item 4 – The Council must not re-procure external advisors without involving internal specialists, and relevant Members....

Points relating to this had been reinforced by the Project Management Guidance Note and the Council was looking to appoint project champions for each of the major projects.

Item 5 – A register should be kept of all external advice obtained which should be available to all Members and the public unless a particular piece of advice is required to remain confidential.....

This task would be undertaken by the Project Office, and a protocol on how this would be implemented would be reported to Cabinet in September.

Item 6 – The Council must look at other projects to see whether outcomes are at risk in a similar way to Silver Hill.

This was being carried out through the risk management process. It was the role of the Cabinet (Major Projects) Committee to look at emerging risks. Councillors are also being trained to use Covalent, the Council's performance management software.

A Member commented that it would be of benefit that there was a backward look at the success or otherwise of items within the Council's Risk Register to evaluate the Council's ability to assess risk and whether lessons could be learnt. This would give added confidence to the risk management process.

Item 7 – The Council must... review its public engagement strategy. New strategies need to be written on press and PR.

The Public Engagement Strategy would be submitted to Cabinet in September. The Strategy (including a press strategy) had been developed in conjunction with an external specialist and the involvement of the Portfolio Holder.

Item 8 – The Council must implement in full the LGA and Local Partnerships recommendations.

Work on implementing the LGA Peer Review had been reported in CAB2779. A further Peer Review was planned for early 2017. Local Partnerships had

reassessed the Council's approach to project and programme management and concluded that for a district council of its size, the Council had the right skills in place to manage projects, with the ability to buy in additional skills as required. An update would be provided to the Independent Review Report of Silver Hill Informal Policy Group on 28 July 2016.

Item 9 – New strategies must be written on...project management and risk management (including a transparent and effective risk register).

The point relating to risk management had been covered by the Audit Committee.

Item 10 – The Council must consider how it will improve communications, both externally and internally.

Further work was required on this item. The LGA had visited the Council and a report would be prepared for the Portfolio Holder and then onwards to Cabinet.

Item 11 – The Council must carry out a governance review to create a new constitution and ways of working for the new Council from May 2016.

The Chief Executive referred Members to an email that he had received from Heather Wills, Principal Advisor London, South East at the Local Government Association dated 21 April 2016.

Within this email, the LGA had provided some preliminary guidance to the questions raised within the Independent Review Report. The Chief Executive explained these in further detail.

**1. Spelling out the role of the opposition and its place in the Council.**

The LGA provided a course on being an effective opposition, with Councillors Cutler and Learney to attend in October 2016.

**2. Developing the Overview and Scrutiny function to be supported in the future by dedicated staff and specialist training. Involving the Centre for Public Scrutiny (CfPS) in order to ensure best practice.**

The CfPS was co-ordinating a review and would submit a report to The Overview and Scrutiny Committee. Councillor Learney would be considering options in conjunction with the expertise of the CfPS. The LGA also offered an 'Effective Scrutiny' programme run at Warwick. There would be discussion between Councillors Culter and Learney to consider the Council's own functions and how they could be joined up. The Audit Committee would keep an overview as the review developed to keep an idea of the direction of travel. The Leader added that the next meeting of the Independent Review Report of Silver Hill Informal Policy Group would consider this to ensure that one of the committees was considering this issue.

**3. A reconsideration of whether annual elections are in the best interest of the Council in efficiently conducting its business.**

The Chief Executive reported that the Council had taken a decision to elect by thirds rather than holding all-out annual elections. The Sub Committee debated the reasons for and against holding annual elections, and noted that one issue of governance could be the potential constant turnover of political control that could be generated by election by thirds, with decisions being affected by the fact that elections were held in three years out of four. It was further noted that this issue could be revisited in the future if the Council wished to reconsider it.

**4. Are the statutory officers are the right level in the Council in order to exercise their functions properly?**

It was reported that Councillors Ashton and Weir had held a meeting with the Monitoring Officer and the Section 151 officer. Councillor Weir stated that this meeting had been informative. Practical examples had been provided to test whether these officers' roles were independent and at the right level.

Both officers had explained their relationship with the Corporate Management Team and were confident in delivering their responsibilities and the steps that would have to be taken should there be a need to do so. They had resources available to them to undertake their roles; the Monitoring Officer's team was fully staffed and the S151 officer had a clear idea of the Team that he required, which was partly staffed by interim officers at present. If additional resources were required, including outside support, this could be brought in as necessary.

Councillor Ashton added that with the support of their professional bodies, such as CIPFA and the Law Society, there was confidence that the officers were sufficiently senior and at the right level to challenge decisions made at the top of the organisation.

**5. Ensuring that appropriate control and assurance mechanisms are in place.**

In this, the Audit Committee played a key role in considering the Annual Statement of Corporate Governance. It would be for the Audit Committee to determine whether the Statement covered the areas that needed to be covered and that it gave appropriate assurance.

The Chief Executive commented that the Audit Committee may benefit from speaking independently with representatives of Internal and External Audit. The Chairman commented that he already met with Neil Pitman, Head of the Southern Internal Audit Practice, and that this invitation could be extended to the vice chairman of the Audit Committee. Following debate, the Sub Committee agreed that it would be of benefit to meet with representatives of Internal and External Audit, once or twice per annum, subject to Audit Committee's approval. This meeting would be arranged as an 'open house' session and would not be part of a formal meeting of the Audit Committee.

## **6. Are delegations to officers correct? Etc**

The Chief Executive reported that delegations had been reconsidered in 2014, for example those of the Assistant Director (Estates and Regeneration) so that decisions on matters such as shop refurbishment could be taken by officers without referral to Cabinet. The Chief Executive was intending to consider the protocol on writing committee reports before leaving the authority in September. A report on improving the Gifts and Hospitality Register would be taken to the Audit Committee in September. Internal Audit was presently considering 'ethical governance', and the draft report on this topic would be completed by September, which would help inform the creation of a transparent and effective system to police conflicts of interest.

### Item 12 – The Council must ensure sufficient Member training on the new Constitution.

The Council had looked at wider training to include governance and other matters. The approach used at the Risk Workshop (where the training was interactive, rather than a briefing) was preferred. The LGA would be contacted to provide an appropriate "Peer Councillor" to review with Members training needs and the other general questions posed by the Independent Review. The Sub-Committee requested that it should have an opportunity to meet the LGA nominee first, with a subsequent session with the nominee for all Members.

RESOLVED:

That the information contained in the report be noted.

## **4. PROGRAMME OF WORK AND DATE OF NEXT MEETING**

The Sub-Committee agreed that its next meeting should be set, taking account of the programme for the LGA "Peer Councillor" work referred to in the minutes above.

RESOLVED:

1. That the Audit (Governance) Sub-Committee's next meeting be set in line with the timetable for the LGA peer councillor work referred to above.

2. That Cllr Learney, as chair of The Overview and Scrutiny Committee, be invited to the September 2016 meeting of the Audit Committee to discuss the review of Scrutiny work which The Overview and Scrutiny Committee is carrying out.

The meeting commenced at 6.30pm and concluded at 8.10pm.

Chairman