

AUDIT AND GOVERNANCE COMMITTEE

Thursday, 27 November 2025

Attendance:

Councillors
Morris (Chairperson)

Bailey-Morgan	Godfrey
Brophy	Pinniger
Chamberlain	Power

Members in attendance who spoke at the meeting

Councillor Cutler (Cabinet Member for Finance and Transformation)

[Video recording of this meeting](#)

1. APOLOGIES

There were no apologies received.

2. DISCLOSURE OF INTERESTS

There were no disclosures of interest made.

3. CHAIRPERSON'S ANNOUNCEMENTS

Councillor Morris reminded members that an additional meeting had been arranged for 29 January 2026.

4. AUDIT & GOVERNANCE WORK PROGRAMME 2025/26

RESOLVED:

That the work programme for 2025/26 be noted.

5. MINUTES OF THE PREVIOUS MEETING

Councillor Morris noted that at the previous meeting, Simon Mathers (EY) had indicated that he anticipated completing the 24/25 audit by the end of November and asked that Mr Mathers provide an update on this during his verbal update below.

Councillor Morris also provided an update on the request that a representative from the Public Sector Audit Appointments (PSAA) be invited to a future committee meeting advising that this invitation had been declined but a written response had been provided which would be shared with all members of the

committee. He provided a summary of the written response to the meeting. The PSAA had also recently published the fees for 2025/26 and this would be the subject of a future report to the committee.

It was noted that the Director (Finance) had agreed to provide a written update to this meeting in respect of an internal audit of the Community Infrastructure Levy (CIL) scheme and this was provided by the Service Lead - Finance.

RESOLVED:

That the minutes of the previous meeting held 17 July 2025 be agreed as a correct record.

6. **PUBLIC PARTICIPATION**

Ian Tait spoke regarding report AG172 and his comments are summarised under the relevant minute below.

7. **FINAL REPORT AND PAY POLICY STATEMENT 2026/27** (AG170)

The Service Lead – Human Resources introduced the report which set out the council's pay policy statement for 2026/27 for consideration and recommendation to Council. It was confirmed that there were no material changes from the previous year, with the main differences relating to the change to the pension age to 57 from April 2028 and slight amendments to the policy relating to "acting up" allowances.

The Service Lead responded to members' questions as summarised below:

- a) The rationale for extending the "acting up" allowance period beyond 12 months.
- b) Clarification on the current living wage that was being paid and whether contractors were required to pay the living wage. The Director (Legal) agreed to check this point.

NB Subsequent to the meeting, the Director circulated a written response to committee members which in summary confirmed that a standard paragraph was included all of the council's Tender and Request for Quote templates stating that the council was an accredited Living Wage employer which applied to both its own employees and its suppliers. It was also referenced throughout the council's 'Guide to Sustainable Procurement' and then reinforced in contract terms.

- c) The number of apprentices currently in employment and whether apprentices were paid a living wage. The Service Lead advised that apprentices were paid according to a separate pay scale which she would circulate to members outside of the meeting.

NB: Subsequent to the meeting, it was confirmed that the council currently had five apprentices who were paid the Living Wage (£24,243). In

addition, there were three existing staff members undertaking upskilling apprenticeships and these individuals remain on their existing pay grades.

- d) The reason for the pay ratio benchmark of 20:1 and whether there was the possibility of updating the pay statement to aim for a lower ratio. The Service Lead agreed this would be reviewed as the Local Government Reorganisation (LGR) process progressed.
- e) The current number of agency staff and the impact this had on the pay structure.
- f) Concerns about staff retention and a potential greater increase in agency staff due to Local Government Reorganisation (LGR).

RECOMMENDED (TO COUNCIL):

That the Pay Policy Statement for the financial year 2026/27 be adopted.

8. TREASURY MANAGEMENT MID-YEAR REPORT 25/26
(AG179)

Daniel O'Rourke (HCC) introduced the report and confirmed that the treasury management activity in the year to date continued to demonstrate full compliance with the council's Treasury Management Strategy. He drew attention to a number of matters and also provided a brief update on external fiscal events that had occurred since it had been prepared.

RESOLVED:

1. That the mid-year Treasury Management Report for 2024/25 including the Q2 indicators, and the Q1 indicators at appendix B of the report be noted.
2. That it be noted that all treasury management activity in the period was compliant with the council's Treasury Management Strategy.

9. EXTERNAL AUDITORS VERBAL UPDATE

Simon Mathers (EY) provided a response to the query raised earlier in the meeting advising the Auditor's Annual Report 24/25 had been drafted and that draft would be shared with Councillor Morris and the Chief Financial Officer on 28 November in order to meet the deadline of 30 November 2025. The 2024/25 audit itself was progressing well, and he extended his thanks to the Service Lead - Finance and team for their assistance in this matter. As in previous years, an issue remained relating to the valuation of property, plant and equipment. Mr Mathers confirmed that both the finalised Auditor's Annual Report 2024/25 and the Auditor's Annual Results Report 2024/25 would be completed in time to be considered at the next meeting of the committee on 29 January 2026, ahead of the 27 February statutory back stop deadline.

Mr Mathers responded to members' questions.

RESOLVED:

That the verbal update be noted.

10. **INTERNAL AUDIT PROGRESS REPORT 2025/26**
(AG172)

Ian Tait addressed the committee during public participation as summarised briefly below.

Ian Tait raised concerns regarding the high build costs associated with the council's New Homes Programme, specifically referencing the Woodman Close and Southbrook Cottages schemes and in the case of the latter, emphasised that the final scheme had exceeded the original budget by 27%. He highlighted that he had raised these concerns at previous Cabinet meetings where these reports had been discussed. He questioned why internal auditors were not challenging the expenditure.

Councillor Morris thanked Mr Tait for his comments which would be considered as part of the discussion of the report.

Antony Harvey (SIAP) introduced the report, drew members' attention to a number of matters and responded to detailed questions.

Councillor Cutler responded to questions and also emphasised that the internal audit function involved examining the process for decision making, including ensuring the correct information was provided, rather than the policies involved.

RESOLVED:

That the Internal Audit Progress Report 2025-26 (October 2025) be noted.

11. **EXTERNAL QUALITY ASSESSMENT**
(AG176)

Antony Harvey (SIAP) introduced the report explaining that it was a requirement that an external quality assessment was undertaken every five years. He explained that the report was originally due to be considered at the September meeting which had been cancelled.

Mr Harvey responded to questions from members on the report.

RESOLVED:

That the arrangements for the external assessment of the Southern Internal Audit Partnership against the Global Internal Audit Standards in the UK Public Sector be noted.

12. **INTERNAL AUDIT STRATEGY 2025-2028**
(AG177)

Antony Harvey (SIAP) introduced the report and outlined the process undertaken to develop the strategy. He responded to questions from members on the report, including controls in place at SIAP relating to the use of AI.

RESOLVED:

That the Internal Audit Strategy 2025-28 be reviewed and noted.

13. **Q1 /Q2 GOVERNANCE MONITORING 25/26**
(AG171)

The Senior Policy and Programme Manager introduced the report, highlighting its shorter content was due to the requirement that the Internal Audit progress be reported separately (as contained in AG172 above).

RESOLVED:

That the contents of the report be noted, including the progress made against the actions in the Annual Governance Statement.

The meeting commenced at 6.30 pm and concluded at 8.20 pm

Chairperson