

GOVERNANCE COMMITTEE

24 SEPTEMBER 2013

- Present :-* Councillor Nigel Offen (Chairman)
Councillors Christopher Arnold, Cyril Liddy and
Laura Sykes
- Substitute Members :-* Councillor Bill Frame for Councillor Ray Gamble
Councillor Pauline Hazell for Councillor Peter Sheane
- Also in Attendance :-* Councillor Will Quince
Councillor Anne Turrell

11. Welcome and Announcements

Councillor Offen announced the retirement of Robert Judd, Democratic Services Officer, after thirty three years of service. Councillor Offen, on behalf of the Committee thanked Robert for his service to the Council.

12. Apologies

Councillor Lissimore gave her apology for not attending the meeting.

13. Minutes

Mr. Matt Sterling, Assistant Chief Executive, confirmed that the loss of income from Leisure World's Events Service was of a five figure sum, as mentioned in the minutes of the meeting held on 25 June 2013.

The minutes of the meeting held on the 25 June 2013 was confirmed as a correct record.

14. Annual Statement of Accounts

Ms. Debbie Hanson, Director, Ernst Young, and Mr. Steve Heath, Finance Manager attended the meeting for this item.

Mr. Heath had previously briefed Members of the Committee (an invitation was extended to all Members of the Committee) on the Annual Statement of Accounts at a 2.30pm briefing on Thursday 19 September, 2013. Councillors Pauline Hazell, Cyril Liddy, Nigel Offen (Chairman) and Laura Sykes attended the briefing.

15. Audit Committee Summary and Annual Statement of Accounts

Councillor Frame (in respect of being a Director of the Stadium Board) declared a non-pecuniary interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(5);

The Audit Committee Summary summarised the findings from the 2012/13 audit which is substantially complete.

Ms. Hanson presented the Audit Committee Summary, highlighting the key findings from the Executive Summary. These included the Financial Statements, in which the audit demonstrated that the Council had prepared its financial statements well, reflected in the low number of issues brought to the Committee's attention, and Value for Money, in which the Council has made the appropriate arrangements to secure economy, efficiency and effectiveness of resources.

Ms. Hanson said the Auditor will be issuing an unqualified statement and an Audit Certificate will be issued to demonstrate that the full requirements of the Audit Commission's Code of Audit have been discharged for the relevant audit year. Ms. Hanson confirmed that she anticipated issuing the opinion by this coming Thursday (26 September).

Ms. Hanson concluded by commending the financial officers involved in completing the annual accounts.

In response to Councillor Frame regarding the annual audit fee and how many audit days this equated to, Ms. Hanson said the fee is set by the Audit Commission. The auditor works within the fee, setting out their work programme in consultation with the district Council, that matches the budget provided.

Councillor Sykes thanked officers for organising the briefing on 19 September. Councillor Sykes said having spent time examining the information provided praised officers for an excellent piece of work.

Councillor Arnold said the accounts had been prepared excellently, and asked that congratulations from the Committee be passed to the finance officers.

Mr. Heath presented the covering report to the Audit Committee Summary, saying that the report represented the formal completion of the Council's accounts approval process, and this report together with the Committee briefing sought to ensure that the Committee had a broad understanding of the accounts.

Mr. Heath confirmed to Councillor Liddy that the £79 million mentioned in the accounts was a one-off payment, and related to the HRA reform where the Council had to pay money over to the Government to buy the Council out of the Housing subsidy scheme. The payment was processed in March 2012, just prior to the closure of the 2011/12 accounts. Mr Heath agreed that this transition stood out as a very substantial figure.

In response to Councillor Hazell regarding the contingency plans in place for 'Bedroom Tax', Mr. Heath said from an accounting prospective officer meetings are scheduled for

next month specifically to address the financial impact, risk and remedial action for the 2014/15 accounts.

Regarding the Council's plans to address the continual pension strain, in response to Councillor Frame, Mr. Heath said the financial position is looked at annually by the Actuary Essex County Council then confirm to the participating authorities within the scheme the annual back funding payments, and these will be reflected in the 2014/15 Budget.

Councillor Offen said life expectancy was rising rapidly and this will have a huge impact on future pension funding.

Councillor Turrell, Leader of the Council, addressed the Committee, concurring with the comments of officers and members, saying whilst she too had concerns about pension funding, all local authorities are in the same situation, totally out of the control of the district authorities, with a need for all participating authorities to follow public sector policy.

Councillor Arnold said it was an Essex wide scheme, and the commitment to existing pensioners and contributors will continue. He could not envisage a change to the current arrangements unless central government did so through legislation, and consideration could be given to a different set of pension options for new employees. Councillor Hazell had always considered that what appeared to be a generous public sector pensions was balanced out by local government pay being lower than in the private sector.

Councillor Frame said pensions nationally are changing, with private companies having to adapt their schemes for them to remain solvent, for example, the days of final salary schemes are a thing of the past. He felt it was appropriate that public sector organisations should be able to adapt their schemes to a changing financial environment. Councillor Frame said he would like to see the Council make representations to Essex County Council concerning the continuous year on year back payments by local district councils, and the need to lobby Government into making the appropriate changes.

Councillor Offen said the discussions about Council pensions could continue under the following Work Programme item.

RESOLVED that the Committee:

- (i) Accepted the Auditors' report and noted the comments in the covering report.
- (ii) Approved the letter of representation and the audited Statement of Accounts.
- (iii) Thanked officers for preparing the accounts accurately and in a timely fashion.
- (iv) Requested the Finance Manager to provide to Committee Members a copy of the account notes within the Statement of Accounts.

16. Work Programme

Councillor Lissimore was in attendance for this item.

Councillor Offen requested a review of pensions, with a paper to include the current and future financial strain and any previous pensions reports, to be presented to a future meeting.

Councillor L. Sykes requested an update at the November meeting on the progress made regarding the recent issues at the Shrub end Depot, together with a paper on the Council's policy regarding the recruitment of staff related to internal employees. Councillors Arnold and Hazell supported Councillor Sykes request.

RESOLVED that the Committee

- i) Noted the current Work Programme.
- ii) Requested a pensions review, and asked the Assistant Chief Executive to arrange for the Human Resources Manager to present a paper to a future meeting of the Committee (date to be agreed with the Chairman), to include the current and future financial strain, and any previous pension reports.
- iii) Requested that the 2013-14 Internal Audit Monitor to be presented to the November meeting includes an update on the recent issues at the Shrub End Depot.
- iv) Requested that the Human Resources Manager presents a paper to the November meeting on the Council's current policy regarding recruitment procedures and processes for job applicants who are related to staff already employed by the Council, especially where the vacancy is within the service area where the relation is employed.