

---

**GOVERNANCE COMMITTEE**  
**MINUTES OF THE MEETING HELD ON 12 JUNE 2017**

---

Present: Councillors Barnes-Andrews (Chair), Inglis, Jordan, Noon, O'Neill (minutes 2-7 and 9-12), Parnell and Keogh

1. **ELECTION OF VICE-CHAIR**

RESOLVED: that Councillor Keogh be elected as Vice-Chair for the 2017/2018 Municipal Year.

2. **MINUTES OF PREVIOUS MEETING (INCLUDING MATTERS ARISING)**

RESOLVED: that the minutes for the Committee meeting on 24<sup>th</sup> April 2017 be approved and signed as a correct record.

3. **FREEDOM OF INFORMATION, DATA PROTECTION AND REGULATION OF INVESTIGATORY POWERS ACTS: ANNUAL REVIEW 2016-17**

The Committee received and noted the report of the Service Director; Legal and Governance detailing the Freedom of Information, Data Protection and Regulation of Investigatory Powers Acts Annual Review for 2016-17. The Committee particularly noted the requirements of the new General Data Protection Regulation (GDPR) legislation which would be implemented in May 2018 and the likely impact on the Council.

4. **REVIEW OF PRUDENTIAL LIMITS AND TREASURY MANAGEMENT OUTTURN 2016/17**

The Committee considered the report of the Section 151 Officer detailing the Treasury Management activities and performance for 2016/17 against the approved Prudential Indicators for External Debt and Treasury Management.

RESOLVED:

- (i) That the Treasury Management activities for 2016/17 and the outturn on the Prudential Indicators be noted;
- (ii) That the continued proactive approach to Treasury Management had led to reductions in borrowing costs and safeguarded investment income during the year be noted;
- (iii) That authority to the Section 151 Officer to make any future changes which benefit the authority be continued and reported back at the next Treasury Management update; and
- (iv) That due to timing of the report changes may still be required following finalisation of capital and revenue budgets and therefore any significant changes to the report would be highlighted in the final version presented to Full Council on 19<sup>th</sup> July 2017.

5. **DRAFT FINANCIAL STATEMENTS 2016-17**

The Committee considered the report of the Section 151 Officer detailing the Draft Financial Statements for 2016/17. In accordance with the Accounts and Audit Regulations 2015 the Financial Statements 2016/17 were signed by the Section 151 Officer on 22<sup>nd</sup> May 2017 which was earlier than the statutory requirement to have statements signed by 30<sup>th</sup> June.

The Committee noted that the Annual Audit carried out by the City Council's Auditors Ernst Young commenced on 5<sup>th</sup> June 2017 and would be due to be completed by 14<sup>th</sup> July 2017. Any major changes to the Financial Statements arising from the annual audit will be reported to the 24<sup>th</sup> July 2017 Governance Committee following completion of the audit.

**RESOLVED:**

- (i) That the Draft Financial Statements 2016/17 that have been signed by the Section 151 Officer be noted; and
- (ii) That the approval of the audited Financial Statements 2016/17 by the Governance Committee would take place on 24<sup>th</sup> July 2017 be noted.

6. **ANNUAL GOVERNANCE STATEMENT**

The Committee received and noted the report detailing the Annual Governance Statement which the Council was required to develop and publish in accordance with the Accounts and Audit Regulations. The report detailed the extent to which the Council had complied with its Code of Corporate Governance including monitoring and evaluation of the effectiveness of its governance arrangements in the year and on any planned changes in the forthcoming period.

The Committee also noted in accordance with CIPFA Guidance, Governance Committee should be provided with early sight of a draft of the Annual Governance Statement noting that the final version will be signed as part of the Statement of Accounts.

**RESOLVED:**

- (i) That the draft 2016/17 Annual Governance Statement as detailed in Appendix 1 of the report be noted; and
- (ii) That the status of the 2015/16 Annual Governance Statement Action Plan as detailed in Appendix 2 of the report be noted.

7. **EXTERNAL AUDIT - AUDIT FEE LETTER 2017-18**

The Committee received and noted the report confirming the audit work and associated fee proposed by external audit fee for 2017/18 financial year which was a fee set by Public Sector Audit Appointments Ltd and had been agreed with the Service Director; Finance and Commercialisation.

8. **CHIEF INTERNAL AUDITORS ANNUAL REPORT AND OPINION 2016/17**

The Committee considered the report of the Chief Internal Auditor detailing the Annual Report 2016/17 and providing an opinion on the adequacy and effectiveness of the Council's framework of risk management, internal control and governance.

The Committee noted that the report had concluded that Southampton's City Council's framework of governance, risk management and control was "Adequate" however concern was expressed by the Committee in relation to "direct payments" and "procurement" therefore it was requested that specific agenda items relating to these areas came to the next meeting of the Committee.

Cllr Inglis referred to page 10 of the Annual Report and the total number of employees undertaking investigations and prosecutions of fraud and raised his concerns in relation to the figure quoted and the accuracy of it based on known information in other areas of the Council.

**RESOLVED:**

- (i) that the Chief Internal Auditor Annual Report and Opinion 2016/17 be approved; and
- (ii) that the Committee considers specific items relating to "direct payments" and "procurement" at its next meeting.

9. **EXCLUSION OF THE PRESS AND THE PUBLIC**

**RESOLVED:** that the Chair moved in accordance with the Council's Constitution, specifically the Access to Information Procedure Rules contained within the Constitution, the press and public be excluded from the meeting in respect of the Appendix to the following item.

Confidentiality was based on Category 7(A) of paragraph 10.4 of the Access to Information Procedure Rules. The information contained therein was potentially exempt as it related to information about Council contracts and contractors which may be deemed to be confidential. Having applied the public interest test it was not appropriate to disclose this information as the legal expectation of privacy outweighed the public interest in the exempt information.

10. **STRATEGIC CONTRACTS ANNUAL REPORT**

The Committee considered the Annual Report detailing an overview of the performance, governance and contractual matters and setting out how these contracts contributed to meeting the Priority Outcomes, added value to the Council's operations and achieved value for money.

**RESOLVED:** that the Strategic Contract Annual Report as detailed in the confidential appendix to the report be noted.

11. **EXCLUSION OF PRESS AND PUBLIC**

RESOLVED: that the Chair moved in accordance with the Council's Constitution, specifically the Access to Information Procedure Rules contained within the Constitution, the press and public be excluded from the meeting in respect of the following item.

Confidentiality was based on Categories 1, 2 and 3 of paragraph 10.4 of the Access to Information Procedure Rules. The information contained therein was potentially exempt as it related to information relating to an individual, information likely to disclose the identity of an individual and information relating to the financial or business affairs of any person including the Authority. Having applied the public interest test it is not appropriate to disclose this information having regard to the nature of a confidential investigation.

12. **HOUSING SERVICES UPDATE**

The Committee received and noted the confidential report providing an update regarding a number of issues relating to Housing Services.