
GOVERNANCE COMMITTEE
MINUTES OF THE MEETING HELD ON 25 JULY 2022

Present: Councillors Shields (Chair), Furnell, White, Bunday and Stead

Apologies: Councillors Denness and D Galton

1. **APOLOGIES**

It was noted that following receipt of the temporary resignation of Councillors Denness and D Galton from the Committee the Service Director Legal and Business Operations acting under delegated powers, had appointed Councillors M Bunday and Stead to replace them for the purposes of this meeting.

2. **ELECTION OF VICE-CHAIR**

RESOLVED that Councillor Furnell be appointed as Vice-Chair for the 2022/23 Municipal Year.

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

RESOLVED: that the minutes for the Committee meeting on 25th April, 2022 be approved and signed as a correct record.

4. **ANNUAL GOVERNANCE STATEMENT**

The Committee considered and noted the report of the Cabinet Member for Finance and Change detailing the Annual Governance Statement (AGS). The purpose of the AGS was to provide an accurate representation of the corporate governance arrangements in place during the year and to identify areas where there are significant gaps or where improvements are required.

The Committee discussed the following and, where identified, requested further information for consideration at their next meeting in September:

- the impact of COVID on governance - the Committee noted the impact had reduced this year as changes to working practices put in place last year, showed there was less need for intervention;
- the new Council Plan which is was noted was still being developed;
- Hampshire County Council's Cabinet had recently considered a national review of the future development of economic partnerships and the full business case for the Freeport, both of which had significant impact on Southampton. It was agreed officers would report back on the future of LEPs and the County Plan;
- The timescale of the draft report containing the results of the Centre for Governance and Scrutiny's informal peer review of aspects of decision making and relationships between officers and members;
- Update on the People's Strategy – the Committee noted that the draft would be presented to the Cabinet Member and Unions were necessary.

The Committee noted the following significant issues brought to their attention by the Risk and Insurance Manager:

- Succession planning and service resilience as featured on last year's AGS, identified inconsistencies of succession planning and service resilience the action for last year was to draw these together, look at good practise and come up with a strategy developing a consistent approach across the organisation. This had resulted in the adoption and rollout of the draft People Strategy and Talent Management Succession Planning Strategy by the end of September (Quarter 2) led by the HR and Organisational Development Team.
- CIPFA Financial Management Code concentrating this year on how the actions from the Head of Service self-assessments would be progressed through the wider Leadership team with a future report back to the Committee.
- Delivery of outcomes and value for money, with CIPFA guidance three issues were identified: benchmarking at a corporate level enabling a consistent approach to the use and access to information; developing and implementing a new benefits realisation framework; and contract delivery arrangements across the organisation.

RESOLVED:

- (i) To review and approve the draft 2021-22 AGS; and
- (ii) To note the 2020-21 AGS – Action Plan Status.

5. **DRAFT STATEMENT OF ACCOUNTS 2021-22**

The Committee considered and noted the report of the Executive Director for Finance, Commercialisation & S151 Officer detailing the Draft Statement of Accounts 2021/22.

The Committee discussed with the Head of Planning and Management the following:

- The high percentage of budget funding received through fees and charges and the known risk this caused during the period of pandemic and any likely future economic concerns;
- Highlighted worsening performance levels and how risks would be reported through the annual budget process;
- Depletion of reserves and balances, in particular relating to the pressures on social care for adults and children, an area of recognised risk due to the high demand in Southampton. Monthly reports are taken to the Executive Management Board detailing the in-year position;
- Members Allowances - request to ensure the information published on the Council's website was updated; and
- Chief Officer pay – it was noted there was no legal requirement to publish costs associated with the employment of agency staff, however, notes were included in the budget to identify payments made.

RESOLVED:

- (i) To note that the draft Statement of Accounts 2021/22 had been signed by the S151 Officer and were presented for comment; and
- (ii) To note that the audited Statement of Accounts 2021/22 were expected to be presented to the Committee on 26th September 2022 for approval.

6. **REVIEW OF PRUDENTIAL LIMITS AND TREASURY MANAGEMENT OUTTURN 2021/22**

The Committee considered and noted the report of the Executive Director of Finance and Commercialisation & S151 Officer detailing the Treasury Management activities and performance for 2021/22 against the approved Prudential Indicators for External Debt and Treasury Management.

The Committee discussed the following:

- Inflationary impact on capital and interest rates;
- pressures of pay increases;
- Budget process 2022/23 starting with a deficit of £23m;
- Residual effects of Brexit;
- Increase in Public works – impacts on the capital programme (SEND, housing stock);
- Long term loan from HCC relating to the transfer of debt in 1997 at the creation of Southampton as a Unitary authority;
- Credit rating and how this would be managed now and in the future; and
- HRA borrowing up by about £30m relating to capital programme expenditure last year on fire safety, sprinkler works and ongoing maintenance works.

RESOLVED

- (i) To note the Treasury Management activities for 2021/22 and the outturn on the Prudential Indicators; and
- (ii) To note that the continued proactive approach to Treasury Management has led to reductions in borrowing costs and safeguarded investment income during the year.

7. **ANNUAL INTERNAL AUDIT OPINION 2021-22**

The Committee considered and noted the report of the Chief Internal Auditor detailing the Annual Internal Audit Opinion 2021-22.

The Committee discussed in particular debt arrears the reasons for these arrears, the recovery processes and procedures and the cost of living crisis and plans in place to manage this in the future.

RESOLVED to note the Chief Internal Auditor's Annual Audit Opinion for 2021-22.

