

**Confirmed**



Minutes of a Meeting of the **Audit and Governance Committee** held in the Deben Conference Room, East Suffolk House, on **Monday, 08 January 2024 at 6:30 PM**

**Members of the Committee present:**

Councillor Edward Back, Councillor Tess Gandy, Councillor Owen Grey, Councillor Geoff Lynch, Councillor Stephen Molyneux, Councillor Lee Reeves, Councillor Anthony Specca, Councillor Ed Thompson

**Other Members present:**

Councillor Vince Langdon-Morris, Councillor Rosie Smithson

**Officers present:** Heather Fisk (Head of Housing), Lorraine Fitch (Democratic Services Manager), Andy Jarvis (Strategic Director), Sandra Lewis (Head of Digital, Programme Management and Customer Services), Matt Makin (Democratic Services Officer (Regulatory)), Siobhan Martin (Head of Internal Audit), Marie McKissock Financial Manager - Compliance), Stacey Ransby (Performance & Risk Officer), Philip Ridley (Head of Planning and Coastal Management), Alli Stone (Democratic Services Officer), Julian Sturman (Specialist Accountant – Capital and Treasury Management), Frances Wykes (Principal Auditor)

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**1 Apologies for Absence and Substitutions**

Apologies were received from Councillor George King, Councillor Rosie Smithson attended as substitute.

**2 Declarations of Interest**

There were no declarations of interest.

**3 Capital Strategy 2024/25 to 2027/28**

The Committee received report ES/1764 of Councillor Vince Langdon-Morris, Cabinet Member with Responsibility for Resources and Value for Money.

Councillor Langdon-Morris introduced the report, which provided a high-level overview of how capital expenditure, capital financing and treasury management activity contributed to the provision of local public services in East Suffolk, along with an overview of how associated risks were managed and the implications for

future financial sustainability. The Capital Strategy was a critical component for the delivery of the Council's ambitions in the Strategic Plan.

The Chair invited questions.

Councillor Lynch referred to the last year in the plan, 2027/28 and asked why spend for this year was greatly reduced compared to the previous years in the plan. The Specialist Accountant stated that the Capital Programme included schemes, such as the Towns Fund, where expenditure was restricted to a few years. This high expenditure will have finished by the last year in the Capital Strategy.

On the proposal of Councillor Lynch, seconded by Councillor Back, it was by a unanimous vote

## **RESOLVED**

That having reviewed and commented upon the Capital Strategy 2024/25 to 2027/28, the committee recommends it to Full Council for approval.

### **4 Treasury Management Strategy Statement for 2024/25 & Treasury Management Investment Strategy for 2024/25**

The Committee received report ES/1766 of Councillor Vince Langdon-Morris, Cabinet Member with Responsibility for Resources and Value for Money.

Councillor Langdon-Morris introduced the report, which set out the Council's Treasury Management Strategy for 2024/25 and the Treasury Management Investment Strategy for 2024/25. The report included details of the current the current treasury position, treasury indicators which limit the treasury risk and activities of the Council, prospects for interest rates, the borrowing strategy, and the investment strategy. The Council currently held £65.49m of loans and £123.89m of investments.

The Chair invited questions.

Councillor Gandy referred to the investment strategy and stated that the Council had agreed to move to a more ethical investment strategy which did not seem to be reflected in this document. Councillor Langdon-Morris stated that a new strategy was being developed which would provide reassurance regarding ethical procurement. Regarding ethical investment, the Specialist Accountant stated that the majority of the Council's investment was with other local authorities, and so ethical criteria were not applicable. As ethical investments became available they would be explored but the Council did not have any ethical funds available to it at present.

Councillor Lynch commented that in the next three years the Council would be increasing its borrowing from £148m to £304m. Has this borrowing been accounted for to ensure that the Council does not borrow beyond its means and potentially end up in the same situation as other authorities with high borrowing. Councillor Langdon-Morris stated that the need for this borrowing came from the previous Council's strategy, and that all borrowing had business cases and returns related to each line. In the next fortnight this would be assessed by the new administration. The borrowing was fully

integrated into the Council's budget, and if there were significant changes to the Capital Programme this would have to be carefully considered. The Specialist Accountant added that it had been planned that the Council would be borrowing for a number of capital projects.

The Chair asked if any of this borrowing would require cuts to be made in other areas in order to ensure the books were balanced. The Specialist Accountant stated that the Council did not borrow in advance of need, and borrowing would not be taken out now for future works. A project that was on the programme for a few years time may change, and this borrowing might not be required in the future. The plan was not set in stone and the Council would not be put at undue risk now for a future project.

Councillor Lynch referred to £80m of borrowing in 2026/27 and asked what projects was this for. The Specialist Accountant stated he would circulate this detail to the committee.

On the proposal of Councillor Reeves, seconded by Councillor Speca, it was by a unanimous vote

## **RESOLVED**

That having reviewed and commented upon Treasury Management Strategy Statement and the Treasury Management Investment Strategy for 2024/25, the Committee recommends it to Full Council for approval.

## **5 Anti-Fraud and Corruption Strategy 2023**

The Committee received report ES/1763 of Councillor Vince Langdon-Morris, Cabinet Member with Responsibility for Resources and Value for Money, and Councillor Tim Wilson, Assistant Cabinet Member for Resources and Value for Money. The purpose of the report was to provide a strategic overview of the updated Anti-Fraud and Corruption Strategy 2023 and the procedures to taken by the Corporate Fraud Service.

The Head of Internal Audit stated that this was a refreshed document, and that the Corporate Fraud Service was still compliant with best practice.

Councillor Lynch asked how this linked to the procurement strategy to address any possible fraud through procurement. The Head of Internal Audit stated this was the umbrella document which set the tone for how all services were delivered in the Council, including procurement. Should there be an anomaly in any department, the fraud team would provide assistance. Regarding procurement specifically, procurement procedures included checks to catch any anomalies, and any issues could be dealt with by the corporate fraud services.

Councillor Gandy asked how many incidents of fraud there had been where the team had to take action. The Head of Internal Audit commented that anomalies and queries regularly arose and the service dealt with these as appropriate. The committee would receive a report at their July meeting about work of the services throughout the year, both internally and externally with other agencies.

Councillor Langdon-Morris added that he was grateful for the internal audit team due to issues with external audit statements, and that this team could provide reassurance while external audit caught up.

On the proposal of Councillor Lynch, seconded by Councillor Thompson it was by a unanimous vote

## **RESOLVED**

That Audit and Governance Committee comments upon and endorses the updated Anti-Fraud and Corruption Strategy 2023.

## **6 Corporate Risk Management Update**

The Committee received report **ES/1765** of Councillor Vince Langdon-Morris, Cabinet Member with Responsibility for Resources and Value for Money, and Councillor Tim Wilson, Assistant Cabinet Member for Resources and Value for Money. The purpose of the report was to provide the Committee with an overview of how the Council's strategic and operational risks were managed and to provide an overview of identified risks and what actions were being taken to mitigate and control these risks.

The Chair invited questions.

Councillor Lynch asked whether the housing regulation breach risk should be amber. Councillor Lynch stated that he thought this should be red due to the overpayments, and the additional issue of insurance also in the housing area. The Strategic Director stated that he understood concerns about this risk. This has been reviewed in depth and there was now a full understanding of repayments required which had been budgeted for and allocated. The regulator was being updated monthly, and they were pleased with the progress being made. Prior to this being discharged there would be an external audit to ensure it had been dealt with properly. Regular reports were also made to cabinet on this issue. The Strategic Director stated that the risk was not the same as at the start as it was now fully known and the solutions were being implemented. This included included rent setting policies and repayment plans. Additional staff had also been employed to manage this.

Councillor Lynch asked if internal audit could consider this area. The Strategic Director stated that internal audit could consider this area if they wished. The regulator put in a requirement that an external audit to be done.

The Chair referred to mentions of asbestos management in our housing stock, and asked how this was progressing. The Head of Housing confirmed there had been significant progress on asbestos management, and Cabinet had received a report on this. Inspections were on target for housing, and inspections on communal asbestos were also up to date.

The Chair referred to the housing regulation breach and asked whether residents would now be refunded on overpayments. The Head of Housing confirmed that a number of refunds had been issued in December 2023 and more refunds were going

through on a daily basis. Refunds for those that were in receipt of benefits were starting this week, and those that had the highest amount due to them were being dealt with first.

Councillor Speca stated the current document managed the known risks very well but expressed concern that more unknown risks were not fully reflected. He asked if the document be expanded to prepare for things which might happen rather than things that we were dealing with, there should be some consideration of what the weaknesses of the council were, and what could happen that would impact this. Councillor Gandy agreed that some of the risks were much broader and vaguer than others, for example the cost of living, and asked if these could be narrowed down or split to provide further clarity. The Head of Digital, Programme Management and Customer Services stated that the full corporate risk register may have the detail that Councillors required. The Council's leadership team did also have an annual horizon scanning meeting to discuss more unforeseen and potential risks.

The Chair thanked Councillors for concern and stated that there was only so much that could be done and capturing the future was very difficult and somewhat abstract. The Chair asked if the Committee could receive this report twice a year rather than annually, as this may answer some questions and provide greater reassurance.

Councillor Speca stated that there did need to be some consideration of risks that would arise from future changes so that the document was more dynamic going forward, for example risks arising from changes in government, risks from issues on the coast such as oil spills. The Head of Digital, Programme Management and Customer Services confirmed this was being considered by the Leadership Team, and the risk register had changed since this document had been prepared.

On the proposal of Councillor Gandy, seconded by Councillor Speca it was by a unanimous vote

## **RESOLVED**

That the committee note on the corporate strategic risks from the Council's current Corporate Risk Register (CRR) which is governed and monitored by the Corporate Leadership Team (CLT).

## **7 Whistleblowing Policy**

The Committee received report **ES/1767** of Councillor Vince Langdon-Morris, Cabinet Member with Responsibility for Resources and Value for Money, and Councillor Tim Wilson, Assistant Cabinet Member for Resources and Value for Money. The purpose of the report was to provide the Committee with the updated Whistleblowing Policy and to acknowledge the confidential protected disclosure procedures to be undertaken within the council when dealing with a "Whistleblower".

The Head of Internal Audit stated that the document was still compliant but had been modernised in terms of wording to ensure that everyone understood the policy and protections that were in place. Training for specialist whistleblowing staff was going to take place, and the policy would be promoted to all staff.

Councillor Lynch asked how does the policy managed issues which might arise with sub-contractors or external companies and how any issues which arose with these companies would be recorded. The Head of Internal Audit stated that staff could raise the issue internally, but according to law any issues had to be raised with the other company in accordance with that companies own processes. All concerns, internal or external would be registered by the team that managed whistleblowing and then assessed for how they should be dealt with. Issues were often raised that were not strictly whistleblowing, but they would be logged. The Head of Internal Audit stated that when the policy was promoted any potential issues with sub-contractors or external companies would be included.

On the proposal of Councillor Gandy, seconded by Councillor Speca and by a unanimous vote it was

**RESOLVED**

That having commented upon its contents, the Audit and Governance Committee approves the refreshed Whistleblowing Policy.

**8 Exempt/Confidential Items**

**RESOLVED**

That under Section 100A(4) of the Local Government Act 1972 (as amended) the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Act.

**9 Internal Audit Status of Actions: Update from Housing and Planning**

- Information relating to the financial or business affairs of any particular person (including the authority holding that information).

The meeting concluded at 20.40pm

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Chair