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**GOVERNANCE COMMITTEE**  
**MINUTES OF THE MEETING HELD ON 12 FEBRUARY 2018**

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Present: Councillors Barnes-Andrews (Chair), Keogh (Vice-Chair), Inglis, Jordan (minute 34-39 and 43), Noon and Parnell

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

**RESOLVED:** that the minutes for the Committee meeting on 13<sup>th</sup> November 2018 be approved and signed as a correct record.

35. **QUARTERLY HR STATISTICS**

The Committee received and noted the report of the Service Director Human Resources and Organisational Development detailing Quarterly HR Statistics.

A Member of the Committee requested that the press and the public be excluded from the meeting in order that the item could be discussed in more detail than that contained within the report.

**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 further discussion of this 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 relation to the financial or business affairs of any person including the Authority. Having applied the public interest test it was not appropriate to disclose this information.

36. **TREASURY MANAGEMENT STRATEGY AND PRUDENTIAL LIMITS 2018/19 TO 2021/22**

The Committee considered the report of the Service Director Finance and Commercialisation detailing the Treasury Management Strategy and Prudential Limits 2018/19 to 2021/22.

The Committee noted that there was a change in the Minimum Revenue Provision (MRP) which was as result of CIPFA publishing revised editions of the Treasury Management and Prudential Codes in December 2017 which effected the property investment fund and changed the way in which repayment was made. The Council was currently considering this change which would result in a pressure in 2018/19 and future years which would be reported to full Council on 21<sup>st</sup> February 2018.

Councillor Chaloner, Cabinet Member for Finance was in attendance and with the consent of the Chair addressed the meeting.

**RESOLVED:**

- (i) That the Treasury Management (TM) Strategy for 2018/19 as outlined in the report be endorsed;
- (ii) That the 2018 Minimum Revenue Provision (MRP) Statement as detailed in paragraphs 85 to 94 be endorsed;
- (iii) That the indicators as reported had been set on the assumption that the recommendations in the Capital update report would be approved by Council on 21<sup>st</sup> February 2018. Should the recommendations change the Prudential Indicators may have to be recalculated; and
- (iv) That due to the timing of this report changes may still be required following the finalisation of capital and revenue budgets and therefore any significant changes to this report would be highlighted in the final version presented to Council on 21<sup>st</sup> February.

**37. CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2016/17**

The Committee received and noted the report of the External Auditor detailing the Certification of Claims and Returns Annual Report 2016/17 and the findings from the certification of the 2016/17 Housing Benefit Subsidy Claim.

The Committee noted that the Council had performed well in the Housing Benefit sampling and provided assurance that they were being dealt with accurately.

**38. LOCAL APPOINTMENT OF EXTERNAL AUDITORS**

The Committee considered the report of the Service Director Finance and Commercialisation providing an update regarding the appointment of an external auditor from 1<sup>st</sup> April 2018 and summarised the outcome of the procurement exercise undertaken by Public Sector Audit Appointments (PSAA) in their capacity as an “appointing person” which followed the decision taken by Full Council in November 2016 that the Council should opt in to the national scheme rather than make its own auditor appointment.

**RESOLVED:** that the outcome of the procurement exercise undertaken by PSAA which had resulted in Ernst & Young LLP being appointed to audit the accounts of Southampton City Council for five years, from 2018/19 to 2022/23 and that scale fees were expected to reduce by approximately 23% compared to the 2017/18 fees be noted.

**39. EXTERNAL AUDIT PLAN YEAR ENDING 31ST MARCH 2018**

The Committee received and noted the report of the External Auditor detailing the External Audit Plan year ending 31<sup>st</sup> March 2018 and summarised the external auditor’s initial assessment of the key risks driving the development of an effective audit for the Council and outlined the planned audit strategy in response to those risks.

40. **ANNUAL GOVERNANCE STATEMENT 2017-18**

The Committee considered the report of the Chief Financial Officer detailing the Annual Governance Statement 2017-18 in accordance with the requirements of the Accounts and Audit Regulations.

RESOLVED: that the assurance gathering process to support the development of the 2017 – 18 Annual Governance Statement as detailed in Appendix 1 of the report be approved.

41. **PROCUREMENT - SUB £100K SPEND**

The Committee received and noted the report of the Service Director, Digital and Business Operations detailing progress in improving compliance and the further remedial actions which were being implemented in relation to “Procurement – Sub £100k spend”.

The Committee requested that a further progress report be submitted to the September meeting for information.

42. **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 5 of paragraph 10.4 of the Access to Information Procedure Rules. Having applied the public interest test it was not appropriate to disclose this information.

43. **INTERNAL AUDIT PROGRESS REPORT 2017-18**

The Committee received and noted the report of the Internal Audit Progress Report for the period 26<sup>th</sup> October 2017 to 26<sup>th</sup> January 2018.

The Committee also noted the confidential appendix to the report.