

TEWKESBURY BOROUGH COUNCIL

**Minutes of a Meeting of the Audit and Governance Committee held remotely on
Wednesday, 24 March 2021 commencing at 2:00 pm**

Present:

Chair
Vice Chair

Councillor V D Smith
Councillor H C McLain

and Councillors:

C M Cody, P A Godwin, D W Gray, P D McLain, H S Munro and P E Smith

A&G.45 ANNOUNCEMENTS

45.1 The Chair advised that the meeting was being held under the emergency provisions of the Coronavirus Act 2020 and, specifically, the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020. The meeting was being broadcast live via the internet, it was not being recorded by the Council but, under the usual transparency rules, it may be being recorded by others.

A&G.46 DECLARATIONS OF INTEREST

46.1 The Committee's attention was drawn to the Tewkesbury Borough Code of Conduct which was adopted by the Council on 26 June 2012 and took effect from 1 July 2012.

46.2 There were no declarations of interest on this occasion.

A&G.47 MINUTES

47.1 The Minutes of the meeting held on 16 December 2020, copies of which had been circulated, were approved as a correct record.

A&G.48 AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

48.1 Attention was drawn to the Audit and Governance Committee's Work Programme, circulated at Pages No. 9-15, which Members were asked to consider.

48.2 The Head of Corporate Services advised that the meeting in July had a fairly large Agenda so Officers would need to ensure that was feasible. Given the fact that the Internal Audit Team had not been operating for the last year, the reports in that regard would be fairly short. It was hoped some resource would be back in the team from 1 April but this would be flexible depending on the needs of the COVID-19 business grants cell.

48.3 Accordingly, it was

RESOLVED That the Audit and Governance Committee Work Programme be **NOTED**.

A&G.49 STATEMENT OF ACCOUNTING POLICIES

49.1 The report of the Head of Finance and Asset Management, circulated at Pages No.

16-32, set out the main changes in accounting policies under the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 supported by International Financial Reporting Standards and statutory guidance issued under Section 12 of the 2003 Act. The policies outlined the specific principles, bases, contentions, rules and practices applied when preparing and presenting the financial statements and Members were asked to approve the accounting policies to be used during the preparation of those statements.

49.2 The Finance Manager confirmed that, since writing the report, the government had indicated that local authorities would have until the end of July to prepare their accounts and the audit deadline for the statement of accounts had been amended to the end of September. In response to a query regarding the accounting policies, the Finance Manager confirmed that the rules were set by the government but within them there was some flexibility so every authority would tend to have some differences in their policies.

49.3 Upon being proposed and seconded, it was

RESOLVED That the accounting policies to be used during the preparation of the 2020/21 financial statements be **APPROVED**.

A&G.50 MONITORING OF SIGNIFICANT GOVERNANCE ISSUES

50.1 The report of the Borough Solicitor, circulated at Pages No. 33-37, attached a table which incorporated the significant governance issues identified in the Council's Annual Governance Statement and the action taken to address them. Members were asked to consider the information in Appendix 1 and review the progress against the actions.

50.2 Members were advised that there had been progress against two of the four actions but the timescale for two of them – local Code of Corporate Governance and lessons learnt from COVID-19 - had been amended to September 2021 as work on them had been hampered by the COVID-19 pandemic response. In addition, there was some work outstanding on the administration of discretionary housing payments as it had not been possible to perform a significant number of verification checks because they needed to be undertaken by either the Revenues and Benefits Manager or internal audit and both had been partly or wholly redeployed to deliver business grants as part of the COVID-19 pandemic.

50.3 Referring to the timescale for the action on administration of discretionary housing payments, a Member questioned whether this should still be December 2020. In response the Borough Solicitor confirmed that the majority of work had been completed within the target but the last part – as mentioned previously – had to be rolled forward to September 2021, this would be made clear in the table. The Head of Corporate Services suggested it would be helpful to bring forward a 'wrap-up' report on the Revenues and Benefits service actions to confirm they had all been implemented and this would be done in due course. In addition, in terms of the COVID-19 lessons learned report, the Head of Corporate Services confirmed that this was an action within the Annual Governance Statement but it would be reported to the Overview and Scrutiny Committee not the Audit and Governance Committee; it was contained within the Work Programme of the Overview and Scrutiny Committee.

50.4 Accordingly, it was

RESOLVED That the progress against the actions identified in the Annual Governance Statement were **NOTED**.

A&G.51 CORPORATE RISK REGISTER

51.1 The report of the Head of Corporate Services, circulated at Pages No. 38-58, set

out the corporate risk register and Members were asked to consider the risks contained therein and the assurance that the risks were being effectively managed.

51.2

Members were advised that the risk register, which was attached to the report at Appendix 1, aimed to be a simple tool used to monitor the key corporate risks and the main updates to the register were highlighted within Paragraph 3.1 of the report. The Head of Corporate Services drew particular attention to the following:

Ref 1 and 2 – financial sustainability.	The current uncertainty of the financial climate meant there were some risks around the budget and those had been drawn to Members' attention; issues such as the withdrawal of New Homes Bonus funding, and the unknown of what would replace it, offered a huge amount of uncertainty.
Ref 7 – Waste service.	As Members would be aware, the Council had recently agreed a five-year extension to the Ubico contract which was helpful in giving the service stability.
Ref 9 – Safeguarding.	The Section 11 assurance statement had been submitted.
Ref 10 – Assets.	The Council had been awarded a grant to replace the gas powered boiler with ground source heat pumps and that would be the subject of a report to the Executive Committee shortly.
Ref 11 – Growth hub.	A presentation was being made to the next Overview and Scrutiny Committee which would detail how the growth hub had supported businesses virtually throughout the COVID-19 pandemic.
Ref 15 – Delivery of priorities (COVID-19).	The government's roadmap out of lockdown had offered some guidance on what would be expected going forward which was certainly helpful. The management team was currently looking at aligning that with the recovery actions.

51.3

The Chair expressed his thanks for the succinct and user friendly risk register which was now produced and he invited questions from the Committee. A Member referred to the recovery from COVID-19 and questioned whether the Council would be submitting a bid to the "welcome back fund" which had recently been announced by the government. In response, the Head of Corporate Services indicated his understanding that this had replaced the high street recovery fund which he knew the Council had received money from but he was unable to confirm if the Council had been able to bid for the new fund; he undertook to speak to the relevant Officer and provide further information following the meeting. Another Member referred to the Tewkesbury Garden Town project and the perceived reputational impact to the

Council if it failed to deliver the project; however, the conversations she had had in the community had led to her feeling that, actually, there could be a real reputational impact on the Council if it did deliver the project.

51.4 Accordingly, it was

RESOLVED That the risks contained within the corporate risk register, and the assurance that those risks were being effectively managed, were **NOTED**.

A&G.52 TEWKESBURY GARDEN TOWN - ASHCHURCH BRIDGE PROJECT

52.1 The report of the Tewkesbury Garden Town Programme Manager, circulated at Pages No. 59-65, provided a brief update on the progress of the Ashchurch Bridge Over Rail project, including expenditure incurred to date, the impact of the programme delays caused by the COVID-19 pandemic and a review of the specific risks within the corporate risk register. Members were asked to consider the update and progress against the planned mitigations and actions.

52.2 The Tewkesbury Garden Town Programme Manager explained that she was the operational lead for the project and had been working closely with Gloucestershire County Council and its technical consultants, Atkins, throughout. She indicated that this was an extremely challenging subject for the Borough Council and she was very grateful for the expertise provided by those two organisations. She also advised that she completely understood the Audit and Governance Committee's interest in the project given the scale of external funding involved and the obligations and liabilities that were attached to that.

52.3 In highlighting some aspects of the report to provide reassurance that the team was robustly reviewing and managing risk, she explained that the project was to deliver a new road bridge utilising the Housing Infrastructure Fund grant from Homes England. This had come forward because Homes England and the Ministry for Housing, Communities and Local Government wanted to help unlock some of the development land identified in the Ashchurch masterplan. The grant funding had been in place since December 2019 and in the last eighteen months the project team had made steady progress on the preliminary design through to the submission of the planning application. The Planning Committee had approved the application at its last meeting and the project team was now working on the detailed elements, noting that working in a rail environment added further challenges. In terms of finance, the report noted the Council had expended around £600,000 but, as of the end of March, £679,000 had been spent against the grant of £8.132 million. Currently the Council was carrying that expense as it had been working on the obligation to provide 'clean land title' for Homes England before grant drawdown but, as of yesterday, Homes England had confirmed it would be processing the first claim so the Council would get £600,000 of the HIF grant in this financial year. This was a positive outcome given the amount of hard work it had taken to collate the evidence for Homes England to support the claim; the obligation to provide clean land title had been deferred as it was understood the complexity and sensitivity of the current negotiations with the landowners the Council was working with made it challenging to finalise the land acquisition strategy quickly. The balance of expenditure on the project would be carried forward and, as the Council would be in a more regular cycle of claims with Homes England, it should not need to borrow to the same level again from the Borough Development Reserve. There was commentary against the risks which were fundamentally about delay and the risk of repayment should the project fail or not be delivered. There had been slippage on the project, mainly owing to the COVID-19 pandemic due to not having access to sites and not being able to fully utilise contractors etc. The team had been working through the implications and there was now a plan in place with the project team regrouping and the critical path of the project being reviewed and updated. The

project was carrying a delay of one year to eighteen months and this was understood by Homes England. Formal amendment of the project delivery dates would require a Deed of Variation to the HIF funding contract which would have to go through Committee. The project team was now working through the detailed design stage and liaising with landowners and key stakeholders such as Network Rail for the construction phase planning. There was a lot of work ahead, but now the project had planning consent and the Council's first HIF grant claim had been approved, the project would get back onto an even keel. The Tewkesbury Garden Town Manager undertook to prepare an update report for Executive Committee and advised that she would also be updating the corporate risk register and could review the new risks with the Audit and Governance Committee should Members wish to.

- 52.4 A Member understood the project had been held up due to the COVID-19 pandemic; however, the initial timeframe had, in her view, been relatively tight anyway. She questioned whether, now the bridge had received planning permission, it would be possible to build it in the originally allotted time of 12-months, whether an extension had to be agreed with Homes England, and whether there were cost implications to the Council if it could not agree an extension. In response, the Tewkesbury Garden Town Manager explained that, in some respects, the contract and paperwork was out of date as it still talked about delivery/grant drawdown by March 2022 but the team would have had to be onsite by now if that was to be the case and Homes England accepted that this was now unachievable. As a project team there was confidence the delay would remain at one year to eighteen months but that was dependant on completing the necessary surveys in the next few months and being mobilised on site by this time next year. When the critical path was mapped out the contract milestones would be formally amended, confidence gained in the key delivery dates and the project plan would be reset. There were a large number of agreements and consents required, particularly in working with Network Rail and they would have to be worked through systematically. The Member also queried what the value of the preliminary design work that had been carried out was. In response, the Tewkesbury Garden Town Programme Manager advised that the fact there was a bridge design was deemed to be an asset so, in theory, it had a recognised value which could be recouped if required.
- 52.5 In terms of the clean land title which had been referred to, Members were advised that this was an expectation from Homes England and basically meant the project team had done as much as it could in respect of land registry checks in terms of ownership and understanding anything that would stop the bridge from being built. Homes England had now taken the time to understand the position the Council was in with its wider land acquisition activity and consequently why the clean land title was not easy to achieve at this stage in the project.
- 52.6 The Chair thanked the Officer for her report and advised that he would like to ensure the Committee was kept updated. The project was a large financial output/risk to the Council and the Audit and Governance Committee was keen to ensure it stayed on track and in line with budgets. In response, the Tewkesbury Garden Town Programme Manager advised that the project risks would be reviewed in conjunction with an update report to the Executive Committee.
- 52.7 Accordingly, it was
- RESOLVED** That the project information and progress against the planning mitigations and actions be **NOTED**.

The meeting closed at 2:50 pm