

Unconfirmed minutes – to be confirmed at the next meeting of the Committee

SOUTH DOWNS NATIONAL PARK AUTHORITY

GOVERNANCE COMMITTEE MEETING 24 NOVEMBER 2016

Held at the Memorial Hall, South Downs Centre, Midhurst at 10:30am.

Present:

Sebastian Anstruther	Norman Dingemans (Chair)	Lewis Doyle (Independent Member)
Gill Mattock	Karen Roberts	Jim Sheppard

SDNPA Officers: Trevor Beattie (Chief Executive), Andrew Lee (Director of Countryside Policy and Management), Alan Brough (Head of Business Services), Nigel Manvell (Chief Finance Officer), Louise Read (Monitoring Officer), Mark Dallen (Internal Audit), Kathleen Downes (Internal Audit Manager), Robin Parr (Head of Governance), Anne Rehill (Performance and Project Manager), Jean Chambers (Planning Performance and Technical Manager), Rebecca Haynes (Governance Officer), Dorothy Cox (Committee Officer)

Also attended by: Paul King (External Audit)

OPENING REMARKS

71. The Chair welcomed Kathleen Downes and Jean Chambers.
72. The Chair informed those present that: SDNPA Members had a primary responsibility for ensuring that the Authority furthers the National Park Purposes and Duty. Members regard themselves first and foremost as Members of the Authority, and will act in the best interests of the Authority and of the Park, rather than as representatives of any interest groups.

ITEM 1: APOLOGIES FOR ABSENCE

73. Apologies were received from Vaughan Clarke, Carole Nicholson, Margaret Paren, Neville Harrison and Alun Alesbury.

ITEM 2: DECLARATIONS OF INTEREST

74. There were none.

ITEM 3: MINUTES

75. The minutes of the meeting on 29 September 2016 were agreed as a correct record and signed by the Chair.

ITEM 4: MATTERS ARISING

76. The Monitoring Officer reminded the Committee of the decision at the full Authority meeting held on 22 September 2016 to establish an Appointment and Management Committee and of the request for the Governance Committee to identify changes to the Authority's Standing Orders. The work had raised complex legal issues which were being discussed with Defra. This would be reported to the next Governance Committee meeting.

ITEM 5: URGENT MATTERS

77. There were none.

ITEM 6: PUBLIC PARTICIPATION

78. There were no requests from members of the public to address the committee.

ITEM 7: BUDGET MONITORING REPORT FOR QUARTER 2 2016-17

79. The Chief Finance Officer presented the Quarter 2 Budget Monitoring report (Report GOV25/16).
80. The Committee considered report GOV25/16 by the Chief Finance Officer.
81. In response to questions officers clarified:
 - The Operational Management Team provided an additional level of monitoring and engagement in the development of mitigating actions and recovery plans to reduce the risk of an outturn overspend.
 - The forecast underspend on the direct employees budget had reduced. Recruitment to new posts following the organisational restructure was encouraging.

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- The vehicle fleet accounted for most of the Authority's capital expenditure. However replacement vehicles were unlikely to be required before 2020, hence why there is currently no capital programme.
- Estates Reserve of approximately £600,000 was allocated in part for work at Queen Elizabeth Country Park and Stanmer Park. There were no plans for expenditure at present.

82. **RESOLVED:** That the Committee noted:

- 1) The forecast overspend position of £83,000 as at Quarter 2 and the requirement for mitigating actions as detailed in report GOV25/16.
- 2) The current Treasury Management overview and position.

ITEM 8: INTERNAL AUDIT PROGRESS AND IMPLEMENTATION REPORT

83. The Internal Audit Manager presented report GOV26/16 and drew attention to the following:

- Paragraph 2.2. Copies of all Internal Audit reports would be provided to the Chair and Independent Members of the Committee, rather than only Limited Assurance reports as stated.
- Paragraph 4.2. Four recommendations from previous audit report were overdue for action, not six as stated.

84. The Committee considered the report and commented:

- Purchasing cards. The number of purchasing cards issued in relation to the size of the organisation appeared high. A breakdown of the major areas of spend through the use of purchasing cards would be helpful.
- ICT. There was a need for assurance that regular penetration testing was undertaken on the Authority's website and network.

85. In response to questions, officers clarified:

- The functionality of the system for production and review of exception compliance reports for SDNPA purchasing card transactions (R6) had been improved and had recommenced.
- The procedure for reclaiming VAT on purchasing card transactions varied depending on the supplier; this was being addressed.
- The number of purchasing cards issued was kept to an essential minimum. Cards were used for small purchases, particularly if an item was required quickly, and had reduced the need for petty cash. Most cards had a spend limit of £250; total expenditure for on all cards in 2015-16 was £64,000.
- No misuse of purchasing cards was highlighted by the audit and essential controls were in place.
- Specific officers within the Banking team had personal responsibility for authorisation and review of purchase transactions.
- A report on purchasing cards would be presented to the Governance Committee at its meeting in April 2017.
- With reference to the SDNPA payroll service, confirmation was provided that outstanding overpayments of salary related items would be resolved by December 2016. All repayments were to be made within the equivalent timescale of the overpayment wherever possible.
- A Member queried the procedure for agreeing the scope of internal audits. The Governance Committee considered and agreed that they would raise any strategic concerns/issues when the annual audit workplan was presented to committee. The scope of individual audits was a matter to be agreed by operational management.

86. **RESOLVED:** That the Committee noted progress against the Internal Audit Strategy and Annual Plan for 2016/17 and the implementation of recommendations previously made.

Unconfirmed minutes – to be confirmed at the next meeting of the Committee

ITEM 9: ANNUAL AUDIT LETTER 2015/16 AND AUDIT PLAN 2016/17

87. The External Auditor presented the report GOV27/16 and drew the Committee's attention to the accelerated timetable for completion of the as detailed in Section 4 of the Audit Plan at Appendix 2 of report GOV27/16). It was planned to issue the audit report by the end of July.
88. The Committee congratulated officers on the outcome of the annual audit.
89. In response to questions, officers clarified:
 - Materiality was set at the start of each audit. It would be kept under review and could be altered if circumstances changed.
 - The potential resource implications within the SDNPA for meeting an accelerated audit timetable would need to be addressed.
90. **RESOLVED:** That the Committee:
 - 1) Noted the 2015/16 Annual Audit Letter
 - 2) Noted the 2016/17 Audit Plan.

ITEM 10: CORPORATE RISK REGISTER

91. The Committee considered the report GOV28/16 from the Head of Governance.
92. In response to questions, officers clarified:
 - The scope for merging risks was kept under review by the Operational Management Team. While Risks 09 (Partnership Management Plan) and 12 (Awareness and Favourability) appeared similar, the former related to partners working together and the latter more to the public perception.
 - Risk 09 (Partnership Management Plan) would be reviewed to take account of the availability of additional funding.
 - Regarding Risk 03 (CIL), resources were now in place to take forward work on processes and procedures. A report would be presented to the National Park Authority meeting in January. Following agreement by the Authority and subject to legal advice on detailed implementation, CIL would be implemented gradually. The SDNPA would work with other authorities and provide formal notification to parishes.
 - Action on Business Continuity Planning (Risk 08) had been completed; a 6-monthly review and annual testing regime was in place and results would be recorded.
 - Regarding Risk 17 (Brexit Transition) it was confirmed that the internal European Exit Working Group reported directly to the National Park Authority.
93. **RESOLVED:** That the Committee:
 - 1) Noted the Corporate Risk Register as at November 2016
 - 2) Agreed that Risk 17 (Brexit Transition) should be drawn to the attention of the Policy and Programme Committee.

ITEM 11: QUARTER 2 PERFORMANCE REPORT 2016/17

94. The Committee considered report GOV29/16, a [presentation](#) and the [update sheet](#) and noted the planned publication on 30 November of the project book "Secrets of the High Woods".
95. In response to questions, officers clarified:
 - Although the number of applications had increased, a greater number of minor Development Applications, which attracted lower fees, had resulted in reduced income.
 - Staffing costs incurred in relation to appeals were unknown. Appeal costs varied significantly and were claimed by the SDNPA when possible.
 - The National Park had been in the forefront of work on Food Enterprise Zones but the circumstances of the project had changed significantly. The SDNPA had acted quickly on lessons learned and additional resources had been recruited to take forward a modified project. An evaluation report on completion of the project would be presented to the Governance Committee at its meeting in March 2017.

Unconfirmed minutes – to be confirmed at the next meeting of the Committee

96. **RESOLVED:** That the Committee:
1. Received and approved the Quarter 2 performance report
 2. Considered there were no recommendations to make to Policy and Programme Committee arising from the report.

ITEM 12: GOVERNANCE REVIEW WORKING GROUP

97. The Committee considered the report GOV30/16 from the Head of Governance and endorsed the need for a review of the Authority's Governance and decision making structures to be undertaken.
98. It was agreed that in addition to the Chair of the Committee, Sebastian Anstruther and Karen Roberts should be appointed to the Working Group.
99. **RESOLVED:** That the Committee:
1. Agreed to the establishment of a Working Group with the terms of reference set out at Appendix 1 of report GOV30/16 to undertake a review of the Authority's Governance Arrangements; and
 2. Appointed the Chair of the Governance and Committee Members Sebastian Anstruther and Karen Roberts to the Working Group.

ITEM 13: APPOINTMENT OF INDEPENDENT PERSON UNDER THE LOCALISM ACT 2011

100. The Committee considered the report GOV31/16 from the Head of Governance and the [update sheet](#) and comments made by the current Independent Person by e-mail. The Committee commented:
- The time commitment of an Independent Person had been limited and the perception was that a single appointee had been sufficient.
 - A single Independent Person would provide a complete overview of business.
 - The appointment of two Independent Persons would not result in dilution of the role: both would perform the full role. It was considered that two appointees would provide continuity and a pool of knowledge.
101. In response to questions, officers clarified:
- A perception of conflict of interest in handling complaints had been arisen in other authorities with a single Independent Person.
 - The Independent Person did not have authority to make decisions but provided an objective view on a complaint. In the event of conflicting views of the two Independent Persons, a panel appointed to consider a complaint would take into account the views of both.
102. Following discussion of the recommendation, the Committee agreed to endorse the proposal to recommend to the Authority that two Independent Persons should be appointed.
103. **RESOLVED:** That the Committee endorsed the proposal of the selection panel to recommend to the Authority that it appoint two Independent Persons.

ITEM 14: TO NOTE THE DATE AND TIME OF THE NEXT MEETING

104. Tuesday 21 February 2017 at 10.30am at the South Downs Centre, Midhurst.

CHAIR

The meeting closed at 12:30pm.