

Council Offices
Argyle Road
Sevenoaks
Kent
TN13 1HG



Despatched: 24.04.17

COUNCIL

SUPPLEMENTARY AGENDA 1

- 6 a) Property Investment Strategy Update (Replacement pages 15 - 16)
12. To receive a report from the Chairman of the Audit Committee on the work of the Committee (Pages 43 - 46)

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Item 6 (a) - Property Investment Strategy Update

The attached report will be considered by the Cabinet on 20 April 2017, and the relevant minute extract is below.

Cabinet - 20 April 2017 (Minute 93)

The Vice Chairman of the Finance Advisory Committee and Deputy Portfolio Holder for Finance was invited to present the report which updated Members on the progress of the Property Investment Strategy and looked at its future direction. The report sought updates to the Strategy and a further £25 million to be set aside for future investments. He advised that it had been a major tool in helping the Council achieve financial self-sufficiency and continue to deliver a balanced 10-year budget. It was important to continue with the Property Investment Strategy to enable schemes to progress and therefore deliver further income streams. Going forward, additional property income would be required to meet the assumptions included in the 10-year budget.

He reported that the report had been discussed at length by Finance Advisory Committee who had noted the Policy & Performance Advisory Committee had thought of limiting investments to within Kent and after debate had concluded that the updated Property Investment Strategy be recommended to Cabinet subject to limiting the geographical area of outside the district as a 50 mile radius from the Argyle Road Offices. He further advised since that meeting the Leader, Portfolio Holder for Finance and he had met with officers to clarify the issues raised.

The Chairman, and Chairman of Policy & Performance Advisory Committee and Portfolio Holder, drew Members' attention to tabled [revised recommendations](#) which had been drawn up in response to the Advisory Committee concerns. He also drew Members' attention to the key points within the report.

It was noted that the risks relating to the strategy had also previously been reported to the Audit Committee, and a Scrutiny Committee Member Working Group had also looked at the Property Investment Strategy (Minute 88 (b) above).

Members discussed, and the Vice Chairman of Finance Advisory Committee explained the reasoning behind the arbitrary geographical limit request. It was acknowledged that this could be reviewed. It was also noted that the requested amount would not all be borrowed but approval of the recommendation would give the flexibility to spend up to that amount and the ability to act promptly on potential investments.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

The Chairman moved the revised recommendations and it was

Resolved: That it be recommended to Council that

- a) expenditure of a further £25million be approved for the Property Investment Strategy as updated; and
- b) the updated Property Investment Strategy, as set out in Appendix A with the following amendments, be approved
 - i) deletion of current point 5 and replaced with ‘Investment opportunities are restricted to those within a 50 mile radius of the Council’s Argyle Road offices’
 - ii) point 7 - deletion of ‘3% net of borrowing costs’ and replaced with ‘in excess of 3% for schemes that include some external borrowing’
 - iii) point 11.i - deletion of ‘or 3% net of borrowing costs’ and replaced with ‘in excess of 3% for schemes that include some external borrowing’
 - iv) point 11.vi - deletion of ‘Rented’ to read ‘Private Residential’
 - v) deletion of point 11.vii as no longer relevant.

AUDIT COMMITTEE ANNUAL REPORT 2016/17

Council - 25 April 2017

Report of Cllr Grint, Chairman of the Audit Committee

Status: For Consideration

Introduction and Background

- 1 This is my report to the Council on the work of the Audit Committee during the year 2016/17.
- 2 The Audit Committee is responsible for discharging the functions conferred by the Accounts and Audit Regulations 2015. The Committee met four times during the year. The key responsibilities include approving the Council's Annual Statement of Accounts, approving the Annual Governance Statement, approving the Annual Internal Audit Plan and monitoring and reviewing the work of Internal Audit, and reviewing the arrangements for the management of business risks.
- 3 In line with its Terms of Reference, the Audit Committee has met regularly during the course of the year. As Chair of the Committee, I have held regular briefings with Officers. Details of the range of issues considered by the Committee over the course of the year are set out below:

Internal Audit

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|----------------|--|
| June 2016 | <ul style="list-style-type: none">• Annual Internal Audit Plan 2016/17• Internal Audit Strategy 2016/17• Annual Review of the Effectiveness of the Audit Committee 2015/16• Annual Review of the Effectiveness of the Internal Audit Service 2015/16• Internal Audit Annual Report 2015/16 |
| September 2016 | <ul style="list-style-type: none">• Internal Audit 2016/17 - 1st Progress Report• Internal Audit Recommendations Outstanding |
| January 2017 | <ul style="list-style-type: none">• Internal Audit 2016/17 - 2nd Progress Report• Internal Audit Recommendations Outstanding |
| April 2017 | <ul style="list-style-type: none">• Internal Audit 2016/17 - 3rd Progress Report• Internal Audit Recommendations Outstanding |

- Internal Audit Plan 2017/18
- Review of the Effectiveness of the Audit Committee

Governance, Risk & Anti-Fraud

- | | |
|----------------|---|
| June 2016 | <ul style="list-style-type: none"> • Anti-Fraud Team Annual Report 2015/16 • Annual Governance Statement 2015/16 |
| September 2016 | <ul style="list-style-type: none"> • Draft Strategic Risk Register • Members' Allowance Scheme - Monitoring • Fraud Update |
| April 2017 | <ul style="list-style-type: none"> • Anti-Fraud and Corruption Strategy |

Accounts and External Audit

- | | |
|----------------|---|
| June 2016 | <ul style="list-style-type: none"> • External Audit - Annual Audit Plan and Update • Statement of Accounts 2015/16 - Member Working Group |
| September 2016 | <ul style="list-style-type: none"> • Statement of Accounts 2015/16 • Future Appointment of External Auditors |
| January 2017 | <ul style="list-style-type: none"> • External Audit - Housing Benefit Subsidy 2015/16 • External Audit - Annual Audit Letter 2015/16 |
| April 2017 | <ul style="list-style-type: none"> • Whistle Blowing Policy |

- 4 In addition to the core work of the Committee, a Member Working Group was also set up in June 2016 to review the draft Statement of Accounts. Its findings were reported back to the full Audit Committee at its meeting in September. The external auditors commented favourably on Members' involvement in the Annual Accounts process.
- 5 The Audit Committee maintains a constructive dialogue and effective working relationship with the Council's external auditors, Grant Thornton. The audit partner and audit manager from Grant Thornton have attended 3 of the 4 Audit Committee meetings during the year.
- 6 It is my opinion that the work of the Committee has had a positive impact on the overall control environment within the Council. The Committee has developed good working relationships with Officers and External Audit, and has offered constructive comments on a range of issues. The Committee continues to develop and improve its understanding of the many technical issues presented to it.

- 7 Training of Audit Committee Members is important so as to ensure that they can add value to the discussions at the Committee. Members have been asked for their views on training requirements, and a training session has been arranged to take place in June, to be held jointly with Dartford BC. Grant Thornton will also be providing an Annual Accounts training session at the start of the Committee's June 2017 meeting.
- 8 The Audit, Risk and Anti-Fraud Manager has been absent for a large part of the year. In his absence, managers have worked closely with the Internal Audit Team to ensure they were adequately supported. The Audit Committee wishes to place on record its appreciation for the steps taken to ensure that the Council has continued to have a fully effective Internal Audit Service.
- 9 I should like to thank all members of the Audit Committee for their personal contribution to the work of the Committee over the past year. I should also like to thank Officers, in particular Adrian Rowbotham and Lisa Nyon, for the help and support they have given the Committee throughout the year. Lisa deserves a special mention, having stepped up due to the Audit, Risk and Anti-Fraud Manager's absence; she has played a key role in fully supporting both the Audit Committee and myself on all Internal Audit matters.
- 10 Finally, I should like to pay tribute to the contribution to the Committee made by Cllr Robert Brookbank, who sadly passed away last August. Cllr Brookbank served as Vice Chairman of the Committee from May 2014, and his wisdom, knowledge and experience are greatly missed.

Cllr John Grint
Chairman, Audit Committee

