

# Committee Transcript (Neutral Record)

**Source:** Governance and Audit Committee - 20 January 2026

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**00:01:57,870 → 00:02:04,870** Okay, good evening, and welcome to those online and here with us tonight. Welcome to the meeting of the Governance and Audit Committee.

**00:02:04,870 → 00:02:14,870** It's Tuesday, the 20th of January, 2026. I'm Councillor Ellison J, Councillor Fahaiwoods Ward, and chair of this committee, and I'll be chairing this evening.

**00:02:14,870 → 00:02:20,870** Action in the event of an emergency. There are no practice alarms planned for this evening.

**00:02:20,870 → 00:02:31,870** So from the alarm sounds, please evacuate the town hall by going down the main to staircase, or the back to staircase to the high street, and then to the car park behind the town hall in St. Ronald Street.

**00:02:31,870 → 00:02:45,870** This meeting is being held in the Grand Jury Room in the town hall in Colchester, and is also being broadcast live over the internet, where it can be watched via the Council's YouTube channel, where the recording will be available to you afterwards.

**00:02:45,870 → 00:03:06,870** Please would speak as you use microphones at all times, and speak directly into the microphone. Members of the committee may use electronic devices to access their meeting papers, and visitors are welcome to use mobile phones and other devices, including cameras, but please use them discreetly, certain to silence, and do not use voice or camera flash functions.

**00:03:06,870 → 00:03:15,870** There are toilets on every floor in the building, and an induction loop in this room if required. We will have a short break at 7.30pm.

**00:03:15,870 → 00:03:21,870** I will now ask members of the committee and attending officers to introduce themselves, starting on my left.

**00:03:21,870 → 00:03:26,870** Good evening, Lindsay Barker, Deputy Chief Executive.

**00:03:26,870 → 00:03:32,870** Good evening, chair, Councillor Dave Harris, Deputy Chair of this committee. Thank you.

**00:03:32,870 → 00:03:40,979** Good evening, everyone. Councillor Natalie Summers, and George Orton.

**00:03:40,979 → 00:03:44,979** Sam McLean, the Italian of Christchurch.

**00:03:44,979 → 00:03:50,979** Councillor William Summers, the Royal North Ward, and the Conservative Spokesman on Finance.

**00:03:50,979 → 00:03:57,979** Good evening, Councillor Paul Dundas, Titri Ward, but Matthew of the Stemocratic Services Officer.

**00:03:57,979 → 00:04:04,979** Thank you. As substitutions, we do not have any substitutions this evening, and Councillor Sarah Nailer will be joining us shortly.

**00:04:04,979 → 00:04:09,979** Urgent items, we are not aware of any urgent items this evening, so we can move on.

**00:04:09,979 → 00:04:26,980** Item 4, declarations of interest. Councillors are asked if there are any items on the agenda about which they have a disclosedable pecuniary interest, or any other registrable interest, or non-registrable interest, which will prevent them from participating in any discussion of the item, or any vote on the item.

**00:04:26,980 → 00:04:31,980** Do I have any disclosed interests?

**00:04:31,980 → 00:04:43,980** None. Okay, minutes of the previous meeting. Can committee members confirm that the minutes of the meeting held on 16 December 2025 are a correct record?

**00:04:43,980 → 00:04:54,420** Okay, agreed. And item 6, no registrations for have your say, so we will move on to the call business.

**00:04:54,420 → 00:05:05,420** And our first item is the mid-year internal audit assurance report 2025, and Haley McGraw, a corporate governance manager, will be coming to talk to us. Welcome, Haley.

**00:05:05,420 → 00:05:27,850** Thank you, Chair. Excuse me. So, I've been joined tonight by Claire and Oli, who are from Myra Auditor's tier.

**00:05:27,850 → 00:05:37,850** They are the ones that have carried out the majority of the work on the audit assurance levels, and any questions relating to the actual

**00:05:37,850 → 00:05:47,850** reports that have been produced and the recommendations that we have to answer in more detail than I will. But I just wanted to go over the mid-year report for you very briefly.

**00:05:47,850 → 00:05:59,850** It's attached at appendix one, and it sets out the audit performance between the 1st of April and the 30th of November last year, and the audits that were carried out.

**00:05:59,850 → 00:06:08,850** So we had 13 audits completed. 4 of those achieved a substantial rating, which is the highest level rating that we can have.

**00:06:08,850 → 00:06:18,850** And 6 of the remaining audits achieved a reasonable rating, which is good. It's nothing terrible with the reasonable rating. It means that all of the systems are operating appropriately.

**00:06:18,850 → 00:06:22,850** There are just some minor areas where there could be improvements if required.

**00:06:23,850 → 00:06:31,850** 3 of the audits did achieve a limited assurance rating, and they were two of them were related to IT, and the other one was markets.

**00:06:31,850 → 00:06:40,850** And out of the recommendations, there were five priority ones, which is the highest level recommendation that we can have.

**00:06:40,850 → 00:06:49,850** So within the report, it sets out the recommendations for each of the audits that have been carried out. It sets out the scope and the areas that were looked at.

**00:06:49,850 → 00:07:06,850** With regards to the two IT audits, the actual recommendations have been redacted from the report due to the sensitive nature of the information contained within it, if they're not items that we would want in the public domain due to resilience and cybersecurity.

**00:07:07,850 → 00:07:26,850** However, you had a briefing on those reports prior to Christmas, so the head of IT, Darren Kitson came along and gave you an update on those audits plus another one, and also the work that has been undertaken by the team in terms of cyber and security issues.

**00:07:26,850 → 00:07:46,850** I think there's probably quite a few items within that report that you have the opportunity to discuss before the December meeting, but obviously if there are items that you want to discuss under the IT audits, then we would ask to do that in a private session as opposed to part of this public meeting right now.

**00:07:46,850 → 00:08:01,850** The audit report shows that we provided an effective internal audit service for the first half of the financial year, and with our auditing programme, what you will find is there will be more audits reported in the second half than the first half.

**00:08:01,850 → 00:08:11,850** So when you get the year end report, you will see more audit reports there because we need it for year end assurance purposes to feed into our external audit process.

**00:08:11,850 → 00:08:17,319** So there's all I was going to say on the report for tonight, any questions?

**00:08:17,319 → 00:08:29,360** Do I have any questions from anybody? It looks like not. Well, thank you very much then, and I'll catch the sun.

**00:08:29,360 → 00:08:35,360** Yes, I think we should have some questions given all the work that's gone into it from which many thanks.

**00:08:35,360 → 00:08:54,360** You'd better tell me if I get into sensitive air in what's going into private session, but I think that it's right to say there's some hesitation about the concerns about protecting the public service network.

**00:08:54,360 → 00:09:06,360** And that requires the cooperation of councillors, and that's something where we need a solution.

**00:09:06,360 → 00:09:21,360** I'm not quite sure, could you just go over what your recommendation to dealing with the people's side of it? Don't give us the technicalities in the public sector session, but what are the solutions you're recommending on the people's side of it?

**00:09:22,360 → 00:09:30,360** As in terms of the ability to use the equipment and the information and how we manage that, is that the area that you're looking for?

**00:09:30,360 → 00:09:45,360** Yes, how are we going to get a workable solution that makes councillors able to do their job, given that it's only a part of their activities, and at the same time protect the public service network.

**00:09:45,360 → 00:09:54,360** I know we've got to do a GDPR as well, but it seems that the core data of the council is absolutely critical that we protect that.

**00:09:54,360 → 00:10:06,360** GDPR, very nice to make sure we're perfect on that, but really I see the risks as quite low, but the public service network I think everyone would agree was high.

**00:10:08,610 → 00:10:28,610** I think there has been quite a few changes that have been implemented recently, and that takes a little while for those changes to be added, and I know there has been some concerns raised about how some of those processes have impacted in the ability for councillors to do their jobs.

**00:10:28,610 → 00:10:34,610** I also know that the head of IT and his team have been very proactive in terms of trying to assist with that.

**00:10:34,610 → 00:10:48,610** They are offering one-to-one sessions and talking through some of those issues and how they can be resolved and providing advice and guidance, but I think the portfolio holder would like to add a little bit to Councillor Pierson.

**00:10:51,750 → 00:11:02,750** Thank you. I fully appreciate Councillor Sonnet's question and also some of the underlying concerns that have been expressed by members.

**00:11:02,750 → 00:11:16,750** I think it's fair to say that our interim IT lead came in and found that we were wanting in terms of our cyber security across the board.

**00:11:17,750 → 00:11:27,750** And we've had to work at pace to ensure that we are as safe as we can be, that we are meeting the standards.

**00:11:27,750 → 00:11:36,750** Unfortunately, Colchester Council's work was probably near the back of the, or the bottom of the table in Essex.

**00:11:36,750 → 00:11:42,750** We're now getting towards the top of the table, but we still have a little way to go yet.

**00:11:42,750 → 00:11:53,750** All staff have been made aware over the last few months of the need to be secure in the way in which they use IT.

**00:11:53,750 → 00:12:03,750** Every member of staff as far as I've been made aware has undergone the IT training and the follow-ups as well.

**00:12:04,750 → 00:12:17,750** And so our staff now, I think, are fully obeyed with the need to ensure that they're following the guidance and working the secure way.

**00:12:17,750 → 00:12:22,750** Now, I appreciate that for Councillors, it's been a little bit more difficult.

**00:12:22,750 → 00:12:34,750** And I would suggest that the best way for Councillors to be secure is to have a Council-provided device.

**00:12:34,750 → 00:12:55,750** The reason for that, and having worked with a work-provided device in a secure way for, I was trying to say 20 years, it wasn't quite because we didn't have laptops until about five years into my role working in the criminal justice system.

**00:12:55,750 → 00:13:19,750** But certainly, for the last decade and a half, I had a secure system, and I know that if anyone is using a Council-provided piece of hardware, if anything happens to it, if it's hacked, if it's lost, if somebody manages to get a hold of it somehow,

**00:13:20,750 → 00:13:29,750** the IT team can immediately lock that particular piece of hardware, so that means it's safe and secure.

**00:13:29,750 → 00:13:42,750** So that's my advice and guidance for members, but I appreciate that some members don't want to or are reluctant to use a Council-provided device.

**00:13:42,750 → 00:14:11,750** I know that the IT team, as we speak, trying to source a reasonably-costed device that would be smaller than the laptop that I'm using tonight and could be used as a sort of semi-tablet so that you could just put it in a carrier next to your own laptop, and it wouldn't be that heavy and it wouldn't be that intrusive.

**00:14:12,750 → 00:14:28,750** But I appreciate that there have been difficulties. There are some concerns about how all of us actors, counsellors in terms of sharing information with our residents, sharing information with organisations with which we interact.

**00:14:29,750 → 00:14:45,750** There is nothing at all to prevent members from downloading anything that is in the public domain, but there is a restriction on downloading anything that isn't in the public domain.

**00:14:45,750 → 00:15:09,750** That's where the dilemma comes in, and that's where we as members need to ensure that we are supporting and supportive of the need to robustly protect the council's systems, but most importantly, to protect individual data that we all might be involved with.

**00:15:09,750 → 00:15:23,750** I have constituents who will provide me with quite a bit of detailed personal information because they have an issue that then is passed on to one of the departments within the council.

**00:15:23,750 → 00:15:37,750** Now that data, if it were to leak, could be quite damaging for that individual or that family or that organisation. I think we all have a responsibility.

**00:15:37,750 → 00:15:52,750** That said, as Hayley has already pointed out, the IT team are happy and in the recent message went out to all members and was reissued to all members at the beginning of the week.

**00:15:52,750 → 00:16:14,610** There is a link so that we can request one-to-one support. That doesn't have to be a one-off occasion, it can be whatever you need, whatever we need in order to undertake the role that we are elected to do, but to do that in a safe manner.

**00:16:14,610 → 00:16:23,610** I don't want to allow me on the IT subject too long. My view on it is that we are still coming at it from completely the wrong direction.

**00:16:23,610 → 00:16:32,610** What we are doing is we have got the existing system, which has got security for us, and we are trying to fit that around, getting it to work particularly for members.

**00:16:32,610 → 00:16:41,610** Rather than actually looking at how council has used most of the IT and saying, how do we issue them up the system, which works for their needs?

**00:16:41,610 → 00:16:46,610** Because what I have got on the screen here, I have logged in, I don't need any of this.

**00:16:46,610 → 00:16:54,610** 98% of the stuff I can access through my login, I will never use and have no need to use.

**00:16:54,610 → 00:16:58,610** So why have we got the security risk of me having it?

**00:16:58,610 → 00:17:08,609** All I need is very basic email, most of which is about a garden fence or something, and a calendar. That is all I need.

**00:17:08,609 → 00:17:15,609** So why have I got all this other stuff and access to other things, which breaks me in security risk?

**00:17:15,609 → 00:17:23,609** So that in itself by effectively giving, by not analysing what particularly councilors actually need for the system,

**00:17:23,609 → 00:17:28,609** and giving them something completely different, which is actually vastly more complicated and vastly more access than they need.

**00:17:28,609 → 00:17:37,609** We have a huge security hole there, because we haven't looked at what they actually want.

**00:17:37,609 → 00:17:44,609** Now I use Gmail for most of my council email. That is how I residence contact me.

**00:17:44,609 → 00:17:49,609** Because we are making our email systems so difficult, what is happening is councilors, and I have spoken to lots of them,

**00:17:49,609 → 00:17:58,609** they are moving more and more away from the council email system, and more and more towards their own systems.

**00:17:58,609 → 00:18:02,609** First reason, I don't get alerts when I get a council email.

**00:18:02,609 → 00:18:09,609** I used to on my phone, even if it logged itself out, that stopped. So if somebody's emailed me in the hurry, and I've got to respond,

**00:18:09,609 → 00:18:18,609** I've got no idea I've got an email. I have to go into my phone, pop out, look, select the culturester account again, do all my login, do the thumbprint,

**00:18:18,609 → 00:18:24,609** and then it stands about 10 minutes to try to work out if I've got any new emails. I have to do that about three times a day just to know if I've got an email.

**00:18:24,609 → 00:18:34,609** That is not fit for purpose email in 2026, if you're honest with yourself, you know, it should ping, you should know, and people expect instances responses,

**00:18:34,609 → 00:18:42,609** so that's why I don't use it. Our officers expect councils to read that know they've got an email.

**00:18:42,609 → 00:18:53,609** If I've never understood, notice they've answered this. If I use Gmail, and millions of people use Gmail, am I a security risk to Google?

**00:18:54,609 → 00:19:05,609** I don't think I am because otherwise Google would have been hacked by now. There should be the same security resilience between my email and use of the culturester email as there is between me and Google,

**00:19:05,609 → 00:19:11,609** and if there isn't, there's something fundamental flaw in it, that's my take on it.

**00:19:11,609 → 00:19:19,609** I do have a council device, I can keep forgetting it where it is because I've turned it on the other day, I haven't used it since the first November, so it's been half an hour updating.

**00:19:19,609 → 00:19:28,609** I really should hand it back because it's money wasted on how they were using it. Please hand it to have sometimes, and if it's nice that plot, it works fine.

**00:19:28,609 → 00:19:37,609** But I use probably about five or six other devices during the day, I'm not going to carry an individual laptop or any other device around,

**00:19:37,609 → 00:19:46,609** we'll be just to find out whether somebody's handbag rubbish collected because they have a late collection on every site click and you know, in titular.

**00:19:46,609 → 00:20:04,609** That's the level of most of the stuff. I perfectly accept, and I perfectly find if you're accessing serious council data particularly if it involves really serious a major personal data, then I think I'm quite happy to go through the other levels of security,

**00:20:04,609** → **00:20:22,609** and I think I should, I get the risk and I'm not complaining about that, but I just think there's still, there hasn't been a proper analysis as to how most counsellors are actually using the other team and what they're using it for,

**00:20:22,609** → **00:20:32,609** and I think we need to do that more than design a system around that which doesn't have the security risk of letting them into the whole load of other stuff.

**00:20:32,609** → **00:20:36,609** That's just my take on it. Councillor Payston, do you want to respond?

**00:20:36,609** → **00:20:56,609** Thank you, Jack. Yeah, I'm fully understand Councillor Dundes and there is a small working group that's been established to look at all these things to ensure that members use are taken account of and incorporated as much as possible.

**00:20:56,609** → **00:21:08,609** I don't use Gmail, so I'm slightly perplexed as to why you don't get notifications. I use Outlook on my phone, and I get notifications.

**00:21:08,609** → **00:21:22,369** Sorry. I do get notifications on Outlook for all my other accounts. I don't get it for cultures to because once it's looked itself out, she does automatically about four times a day in seems.

**00:21:22,369** → **00:21:32,369** It's no longer says really notifications. It used to, I think, and it might for an hour after I've logged in, but then I don't get any more notifications.

**00:21:32,369** → **00:21:46,369** Okay, and I take your point about being able to access everything under the sun through the system. Some of us might want to do that.

**00:21:46,369** → **00:22:12,369** I'll take back to our IT experts, see whether or not there isn't a way. I know from again my work in criminal justice that there were levels of openness that were accessible not to everyone, and you had to have additional clearance to access some things.

**00:22:12,369** → **00:22:26,369** Those elements of the IT system were closed down, even though we all use the same laptop. That may be something that can be done going forward as well, and I'll have a look into that.

**00:22:26,369** → **00:22:41,369** Have some of you wanted to make a question? Yeah, I was more of a disturbed response to what Paul was saying about the notification stuff, because I do get them on my phone. I have nothing seems to have changed for me.

**00:22:41,369** → **00:22:54,369** So I don't know whether it's just something you need to maybe have a chat with the guys early IT team just to make sure you settings all right, because some things obviously change for you when it hasn't for me.

**00:22:54,369** → **00:23:00,369** So there might be just a little tick box, something needs to be done there, I don't know.

**00:23:00,369** → **00:23:11,369** Also, because I do use my phone as well for work, I don't know whether my phone has just that extra level of security on it as well, which might make things easier for me, I don't know.

**00:23:11,369** → **00:23:20,369** Okay, so in terms of the actual internal audit report and any consideration of further review, do we feel that the IT is something?

**00:23:20,369** → **00:23:40,369** Can I ask Councillor Pearson what the timeline is with some of the work that's going on in this smaller group, what we're probably looking to achieve and maybe a view from internal audit where they think we should be going with the IT side, the limited assurance, make sure that we lift that up as soon as possible.

**00:23:40,369** → **00:23:50,869** Yes, thank you, Chair. So the small work and group is scheduled to continue as long as we need it to continue.

**00:23:50,869** → **00:24:06,869** The work that the team are doing to ensure that we are as secure as we possibly can be is ASAP, and I know that the team are working through that as we speak.

**00:24:06,869** → **00:24:30,869** So we'll come back to you in the coming weeks, not months, because we're fully aware that tendering have been doing this for six years, I'm told, and other nearby authorities have got systems in place that we haven't had in place across the board.

**00:24:30,869** → **00:24:45,869** So I think that Darren Kitson and the rest of the team have been doing a remarkable job of moving at pace to get Colchester Council to the position that it ought to have been in some time ago.

**00:24:45,869** → **00:24:51,869** Okay, thank you, and I don't know if anybody from TIA wants to comment.

**00:24:52,869** → **00:25:00,869** Yeah, thank you. I hope you can hear me. Okay, so when we appear to appears, I think the right to say, so you've come a long way in a short period of time.

**00:25:00,869** → **00:25:07,869** I think it's been very, very reassuring that they've been very open to having the audits as well, because we identified there were areas that did need to be strengthened.

**00:25:07,869** → **00:25:12,869** So I think it's materials and organisation to take that and to try and learn from that as well.

**00:25:12,869** → **00:25:16,869** It is a balancing act in being able to service needs of individuals on that.

**00:25:16,869** → **00:25:25,869** Unfortunately, we are seeing more and more cyber. Cyber risk is the biggest risk that we're facing, and they're very complex in terms of how people are getting into systems.

**00:25:25,869** → **00:25:38,869** And you might think the actual, an additional level of a multi-offenticatorism is a concern, and causing a lot of extra stress, which we understand, can be when you're trying to serve your residents and your public.

**00:25:38,869** → **00:25:43,869** But unfortunately, you have to have loads for you to protect yourselves and avoid the risk as well.

**00:25:43,869** → **00:25:49,869** So I think it's been a really mature conversation having there to establish what access you levels you do need to do as well to take forward as well.

**00:25:49,869** → **00:25:54,869** But so I think it's a journey going to need to go on and obviously make sure that you're most effective as you can be.

**00:25:54,869** → **00:25:56,869** Oh, yes, Councillor Dundes.

**00:25:56,869** → **00:26:02,869** Yeah, just because I don't have a particular problem with MFA, I mean, yes, it is a pain, but it is part of modern life.

**00:26:02,869** → **00:26:09,869** I have to do it to log into Netflix. You know, what you do, actually, these days.

**00:26:09,869** → **00:26:18,869** You know, to do virtually anything these days, we have to have MFA, and we all know it's a pain, but it is one of those annoying aspects of modern life.

**00:26:18,869** → **00:26:25,869** So I don't have a problem with that. I think it's just when restrictions get in the way of actually doing...

**00:26:25,869** → **00:26:34,869** For example, I know I've asked a question about a lot of counsellors print stuff off, because I struggle to read on the screen because I've got Paul Co's eyesight,

**00:26:34,869** → **00:26:39,869** and it doesn't correct easy because I've got very short sighted, so my alongside is fine when I break it.

**00:26:39,869** → **00:26:45,869** And then matter what I do, I struggle sometimes reading on the screen. I have it over there when I'm working.

**00:26:45,869** → **00:26:53,869** For example, we just had a load of civic office things out when we come to remember something that said, print off your invite.

**00:26:53,869** → **00:26:58,869** So you need to print stuff occasionally, and I think that's a reasonable request.

**00:26:58,869** → **00:27:05,869** So I don't want to print off 900 pages of the council's tax payers list and their addresses.

**00:27:05,869** → **00:27:10,869** You know, but basic stuff, an agenda, for example, for a meeting.

**00:27:10,869** → **00:27:17,869** I think when the downloading was turned off, I think I gave the example of the northeast shadow board.

**00:27:17,869** → **00:27:22,869** I couldn't print any of the documents off of that. I know that the council always arrives at that meeting with everything printed off.

**00:27:22,869** → **00:27:32,869** So, you know, we just need to come up the solution, okay, which is secure, but allows practical use and reasonable use.

**00:27:32,869** → **00:27:36,869** That's my final comment over the board of A to death on this.

**00:27:36,869** → **00:27:43,869** Thank you, Chair. So I just very quickly remind everyone that the documents that are published on our website

**00:27:43,869** → **00:27:50,869** that includes our committee agendas, our council agendas are available to everyone and anyone.

**00:27:50,869** → **00:27:57,869** And there is no reason why you can't download and print those.

**00:27:57,869** → **00:28:07,869** That is a different matter. However, if you have a council device, then you can do that.

**00:28:07,869** → **00:28:11,869** You can print from a council device, you can connect up a printer.

**00:28:11,869** → **00:28:14,869** Well, that's all right, solution, but yeah, it's a good point.

**00:28:14,869** → **00:28:25,809** The really key financial information we get as councilors is not in that way protected.

**00:28:25,809** → **00:28:29,809** Okay, has anybody got anything they want to say on the wider report?

**00:28:29,809** → **00:28:33,809** I know we have spoken about this in a pre-breathing, so.

**00:28:33,809** → **00:28:35,809** Okay, well, thank you very much.

00:28:35,809 → 00:28:39,809 Thank you very much, Haley, Anteloo and Claire for attending this evening.  
00:28:39,809 → 00:28:43,809 And for the work that goes into it, it is a really detailed report.  
00:28:44,809 → 00:28:53,609 Yeah, with a lot of information in it, I have read it all. Thank you very much.  
00:28:53,609 → 00:28:59,609 So moving on, online, we've got Wayne Layton and Zoe Layton.  
00:28:59,609 → 00:29:08,609 I think we've decided this evening that it will be better to take item 73, which is the Treasury Management Strategy  
00:29:08,609 → 00:29:11,609 before the quarter three update.  
00:29:11,609 → 00:29:21,609 So if we could move to the strategy where committee will consider the report for the Treasury Management Strategy for 2627.  
00:29:21,609 → 00:29:23,609 Thank you, can members hear me?  
00:29:23,609 → 00:29:28,099 We'll tell Wayne, thank you.  
00:29:28,099 → 00:29:32,099 All right, thanks.  
00:29:32,099 → 00:29:34,099 I'm just going to.  
00:29:34,099 → 00:29:47,140 In my screen.  
00:29:47,140 → 00:29:49,140 So I can't see you in the room.  
00:29:49,140 → 00:29:52,140 So I'm going to go through the presentation.  
00:29:52,140 → 00:29:57,140 And if you have any questions, then please.  
00:29:57,140 → 00:30:00,140 If you can leave them to me, that would be great.  
00:30:00,140 → 00:30:01,140 So.  
00:30:01,140 → 00:30:02,140 No, wait.  
00:30:02,140 → 00:30:03,140 Sorry, can I stop.  
00:30:03,140 → 00:30:04,140 We know you're present.  
00:30:04,140 → 00:30:05,140 Right before.  
00:30:05,140 → 00:30:08,519 Waiting to hear me.  
00:30:08,519 → 00:30:09,519 We're not seeing your presentation.  
00:30:09,519 → 00:30:45,990 Sorry, can you.  
00:30:45,990 → 00:30:49,390 Yeah, we can hear you.  
00:30:49,390 → 00:30:50,390 We just didn't.  
00:30:50,390 → 00:30:51,390 All right.  
00:30:51,390 → 00:30:52,390 Thank you.  
00:30:52,390 → 00:30:53,390 It looked.  
00:30:53,390 → 00:30:54,390 I hope you like it.  
00:30:54,390 → 00:30:55,390 It bombed out.  
00:30:55,390 → 00:30:56,390 What could it be?  
00:30:56,390 → 00:31:00,390 I'm not going to share the presentation because it's used to be mess around with Wayne.  
00:31:00,390 → 00:31:06,390 So essentially Treasury management especially sets out how we borrow and how we invest.  
00:31:06,390 → 00:31:07,390 And how.  
00:31:07,390 → 00:31:10,390 And it's that risk.  
00:31:10,390 → 00:31:12,390 You form to keep on with the budget.  
00:31:12,390 → 00:31:14,390 So long with the.  
00:31:14,390 → 00:31:15,390 The revenue budget.  
00:31:15,390 → 00:31:17,390 We also have a cattle program.  
00:31:17,390 → 00:31:20,390 Cat and strategy and Treasury management strategy.  
00:31:20,390 → 00:31:22,390 That's why the numbers within the.  
00:31:22,390 → 00:31:25,390 The Treasury management strategy have for you.  
00:31:25,390 → 00:31:27,390 I'll subject to change.  
00:31:27,390 → 00:31:31,390 Because if the administration decided to do something else with the capital program.  
00:31:31,390 → 00:31:33,390 Essentially, the numbers will be.  
00:31:33,390 → 00:31:34,390 Will be.  
00:31:34,390 → 00:31:35,390 Will be different.  
00:31:35,390 → 00:31:39,390 And then that will perpetuate through all of the other documents.  
00:31:39,390 → 00:31:40,390 She could not.

00:31:40,390 → 00:31:42,390 I don't know about that, but she is.  
00:31:42,390 → 00:31:43,390 Brought the capital.  
00:31:43,390 → 00:31:44,390 The statement ■■■■.  
00:31:44,390 → 00:31:45,390 I have the statically the revenue came from.  
00:31:45,390 → 00:31:46,390 And cattle program is.  
00:31:46,390 → 00:31:47,390 The report looks.  
00:31:47,390 → 00:31:49,390 And foreign strategy, make sure that we borrow.  
00:31:49,390 → 00:31:50,390 Cheekly, commercial we've got certain to.  
00:31:50,390 → 00:31:54,390 How much will be paid out for our porridge and it's affordable.  
00:31:54,390 → 00:31:55,390 Crucially.  
00:31:55,390 → 00:32:04,390 It set us out that we have to follow the.  
00:32:04,390 → 00:32:05,390 Doubtful.  
00:32:05,390 → 00:32:11,789 pruning in order to borrow. It sets out where we can borrow. So we can only borrow from people  
00:32:11,789 → 00:32:22,029 who meet our requirements and we're advised on that by our Treasury Management Specialist,  
00:32:22,990 → 00:32:29,869 and it also looks to set an operational boundary, which is the maximum amount that we could possibly  
00:32:29,869 → 00:32:36,750 borrow, and then there's a rise to approve that full council, full council decision, not one that's  
00:32:36,750 → 00:32:45,230 made at GNA. It also looks at how we invest our surplus cash, and we need to make sure that we've got  
00:32:46,269 → 00:32:51,549 security, and we've also got appropriate liquidity in order to be able to meet our cash flow.  
00:32:52,349 → 00:32:58,750 We need to make sure that we have the correct ESG requirements from people we invest with,  
00:32:58,829 → 00:33:08,349 so we wouldn't want to invest in organisation, in support, activities that are not in line with  
00:33:08,349 → 00:33:17,869 the council's views. Talk about the fact that we're in that way, professional advisers,  
00:33:17,869 → 00:33:26,190 professional advisers and those like MUFG, for the next year, and we talk about how we invest  
00:33:26,349 → 00:33:32,349 when we need to pay what term and what our risk profile is, and we need to make sure that we don't  
00:33:33,390 → 00:33:44,509 invest on all in one place, and that's broken down, we're being the report itself, and we also have  
00:33:44,509 → 00:33:52,829 my own financial indicators, so we make sure that when we invest, we have an average credit risk,  
00:33:53,309 → 00:33:59,230 we have a minimum of cash balance that we need to keep, so that we can meet our peaks and  
00:33:59,230 → 00:34:06,990 trusts in our cash flow card, we have a mine for our interest rate exposure risk, we have a  
00:34:06,990 → 00:34:12,909 set of interest in base rates, what that would be, and then we talk about the maturity structure  
00:34:12,909 → 00:34:18,349 of our debt, and what that does is essentially, we wouldn't want it to, we borrowed all our money,  
00:34:19,150 → 00:34:27,150 all the same day, and instead we set out the limit for those in the age of debt, so for example,  
00:34:27,150 → 00:34:36,349 our debt today, 53% of that, it doesn't mature for an average 20 years, we wouldn't refine out that debt  
00:34:36,349 → 00:34:41,389 for an average 20 years, and obviously in the moment when our interest rates are high, what we're  
00:34:41,469 → 00:34:48,829 trying to do is when we borrow money, we borrow short term, because the four classes, the interest rates,



**00:34:48,829** → **00:34:55,309** we're coming down over a period as it applies by our Treasury advisors, and as I mentioned, again,

**00:34:55,309** → **00:35:02,030** we need to make sure that we're within our operation boundary, when we do borrow. And there's

**00:35:02,030** → **00:35:08,269** something I want to talk about, which is in the Treasury management strategy for the four-year,

**00:35:08,349** → **00:35:15,789** there is table three, which looks at what our CF-1 limit is, and how we're funding that,

**00:35:16,590** → **00:35:21,550** there's a couple of things I want to bring in attention to, so the figure in there, if there's

**00:35:21,550** → **00:35:28,190** slightly from what's in the fund account, so we've used the template that was provided by our

**00:35:28,190** → **00:35:34,909** trophy management specialist, which essentially says that what we do is we root by the four-year,

**00:35:34,989** → **00:35:41,469** so we remove the amount which we funded through releases, and we've got quite a big lease,

**00:35:41,469** → **00:35:47,630** there's links to the cultures and often get away in a little while, so essentially that's not

**00:35:47,630** → **00:35:53,710** included in here, and that's why there is indifferent between what's in the published accounts and what

**00:35:53,710** → **00:36:02,989** used the table at table three, and I will also forward here, there's been a bit of a mistake in terms

**00:36:02,989** → **00:36:09,469** of what our external withdrawing is, and when this report is brought to full counsel,

**00:36:09,469** → **00:36:18,590** essentially little days are correct, and it shows your external withdrawing is one-year-by-year basis,

**00:36:18,590** → **00:36:24,909** and then what we're funding from internal withdrawing. I'm going to try and share my screen now,

**00:36:24,909** → **00:36:30,829** so you can see essentially what the numbers look like, and the policies are keep forming out every time

**00:36:30,829** → **00:36:40,750** I share my screen, so they're with me, so hopefully you can see this table in front of you,

**00:36:40,750** → **00:36:48,110** and what this essentially says is that our overall CFR borrowing requirement is this line, which was

**00:36:48,110** → **00:36:57,550** the third line down, starting to be 249.7 million, that's funded by external borrowing 191 million,

**00:36:57,550** → **00:37:03,309** an internal borrowing of 188 million. What this means is this is the overall borrowing

**00:37:03,309** → **00:37:09,070** that I mean, this is the amount of money we're actually going out and borrowing, one that you take

**00:37:09,070** → **00:37:16,429** account and invest in an internal borrowing requirement, so by the time we get to the end of 2030,

**00:37:16,989** → **00:37:26,269** our actual external borrowing, there will be 388.2 million, if the capital program that this is based

**00:37:26,670** → **00:37:34,829** on through in February, and if we actually deliver that capital program over the period, so

**00:37:34,829** → **00:37:40,590** why will mention as well, this point is, it seems like an awful lot of money, a lot of money,

**00:37:40,590** → **00:37:49,469** and that was within the eighth row, and any borrowing that we take has to inform to the

**00:37:49,469** → **00:37:57,150** credential code, actually 151 of Sir, as the signer has to face the forwardable, sustainable,

**00:37:57,949** → **00:38:03,309** prudent in order to do that, and the way we do this is we make sure that we do financial

00:38:03,309 → 00:38:08,269 abrasion every time we take out a large amount of borrowing, so ensure that if we're borrowing for

00:38:08,269 → 00:38:15,469 developing, for example, that development can mean delivering that development, maintaining the

00:38:15,550 → 00:38:20,510 development, but also being able to mean the cost of funding that goes into that.

00:38:21,550 → 00:38:28,269 There's a say, members are asked to consider the treachery management framework, if you're

00:38:28,269 → 00:38:34,750 light of the report, the work is not being approved by the government, they're not recommending it to

00:38:34,750 → 00:38:41,949 break them out, so that it's a full council, that the pressure management strategy is actually

00:38:42,030 → 00:38:49,309 approved, but you're asked to consider it at this meeting today. I'm happy to take questions.

00:38:50,590 → 00:38:54,429 Okay, thank you very much Wayne, and thank you for the clarity in the report.

00:38:55,469 → 00:39:01,469 Yet, the council dundee first. Thanks Wayne, and thank you for the clarity on table three,

00:39:01,469 → 00:39:05,869 because you won't be surprised at the first thing I was going to mention, because I was quite confused

00:39:05,949 → 00:39:11,389 by it, and I think your new table goes a long way to explaining some of my questions,

00:39:12,349 → 00:39:16,110 because when I saw that internal borrowing going up, obviously, it was gracious to have found

00:39:16,110 → 00:39:20,829 something down the sofa or something we could borrow from. But I just wanted if you could just

00:39:21,389 → 00:39:25,630 go back to first principles, perhaps talk for the narrative, the exploration of the committee,

00:39:25,630 → 00:39:31,789 we've got the band sheet resources lying in there now. On the original table, it doesn't really change

00:39:31,789 → 00:39:36,670 very much, it's around 91 million, but I think the table you just put up, that the figures are

00:39:36,670 → 00:39:42,750 getting up quite substantially. Could you just sort of talk through exactly what band sheet resources

00:39:43,389 → 00:39:46,750 is for the layman's terms, just for the committee?

00:39:47,869 → 00:39:57,070 Yeah, so there were five table last time. The reason why there was no mistake,

00:39:57,070 → 00:40:06,829 in the table three, I'm getting a feedback myself here. The reason why there was an error

00:40:06,829 → 00:40:15,869 in the table was mixing up to account him philosophies. One was around the HRA, which is treated

00:40:15,869 → 00:40:22,510 very differently to the way that we treat the general fund. So the report in table three effectively

00:40:22,590 → 00:40:29,389 needs to be deleted. The capital, the band sheet resources, it's an anomaly and it was chucking out

00:40:29,389 → 00:40:36,030 a strange novembrella because we were mixing up accounting principles. So you'll see the table

00:40:36,030 → 00:40:41,949 that I shared earlier on, that's now disappeared. So essentially, what you have is you have your

00:40:41,949 → 00:40:49,309 CFR, which is our capture of the moment that we need and it's funded by external borrowing or

00:40:49,309 → 00:40:55,949 internal resources, which we use. So table three will be deleted from the report when it appears in

00:40:57,150 → 00:41:04,110 full counsel and we'll instead replace it with a table which I produced or just shared just a

00:41:04,110 → 00:41:10,269 minute ago. So the band sheet resources is red herring on the report and it should never have been

00:41:10,269 → 00:41:14,349 in the report and I will fall on my sword and I shouldn't have been in there.

00:41:15,070 → 00:41:21,070 Wayne, can I ask that the updated table is sent to all members just so that they can

00:41:22,110 → 00:41:31,630 see a hard copy? Yes, yes. Yes, yes. I'm just going to say I don't want anybody to fall on any

00:41:31,630 → 00:41:39,389 swords. This is a big document that everybody makes mistakes, including me on number of occasions.

00:41:40,349 → 00:41:49,469 I think, yeah, I just think when that table is finally presented, I think just any extra narrative

00:41:49,469 → 00:41:55,869 or explanations for councils, which can be given for exactly what the terminology means would be

00:41:55,869 → 00:42:05,389 valuable because I think phrases like HRACFR, you know, and borrowing CFR, I think it needs to be laid

00:42:05,469 → 00:42:09,469 out very clearly exactly exactly what we've, exactly what we've got in the bank, exactly what we're

00:42:09,469 → 00:42:14,030 going out to borrow and exactly what we're spending because I think indeed for the members of the public

00:42:14,030 → 00:42:18,510 because it's a public document they'll be reading it. I think just just a clear narrative of what

00:42:18,510 → 00:42:25,309 each line means would would be welcome. That's thank you, Councillor Sallick, if you want to.

00:42:26,590 → 00:42:32,269 Yeah, I'm just very, very pleased to see that we have a report. We haven't seen anything in writing

00:42:32,349 → 00:42:39,309 yet, but seeing it on the screen, looking on the screen, that's making more sense. What we have in

00:42:39,309 → 00:42:50,190 the report in front of us just wildly doesn't make sense. A question I'd ask is the cabinet's going

00:42:50,190 → 00:42:56,750 to approve this budget in about a week's time. Would it not be wise to have an amended version of this

00:42:56,750 → 00:43:03,550 report with the new table in it and an explanation of it and focus on the 387 million. I've only

00:43:03,550 → 00:43:10,110 seen it on the screen. I think it was 387 million of borrowing at the end of the five year period.

00:43:12,190 → 00:43:19,710 Look at that. I think that the biggest job this committee has to do is look at the risk profile

00:43:20,510 → 00:43:29,469 of the business, of the council. Borrowing now about 190 million, going up 387 million, that's

00:43:29,469 → 00:43:36,590 doubling our borrowing. I think that there should be some consideration before the cabinet goes around

00:43:36,590 → 00:43:44,989 approving its large budget, which is it prohibitive, but it is our job to make sure that they've understood

00:43:44,989 → 00:43:53,550 that figure, what it means and why we think it's affordable. I look through the report to a

00:43:53,550 → 00:44:00,750 way and you said it explains how it's affordable in the narrative. I don't see either the affordability

00:44:00,750 → 00:44:08,829 of the 50 odd million of extra borrowing in the general fund or the general fund showing a deficit

00:44:08,829 → 00:44:17,949 in five years time. How will that ever be repaid? And certainly what we've got in the HRA,

00:44:17,949 → 00:44:24,750 all we're seeing there is debt going up forever and ever, just up to the sky. How will that ever

00:44:24,750 → 00:44:33,309 be repaid? And the key thing this committee needs to consider is what evidence we do, do we have

00:44:33,389 → 00:44:40,590 that affordable? Are we exercising our judgement in saying whether it is? Are we, you know, we can't

00:44:40,590 → 00:44:47,469 just delegate this to the section 151. This is our reputations as individuals on the line, particularly

00:44:47,469 → 00:44:55,230 those of us with a financial qualification. We absolutely have to focus on that 187 million. What does

00:44:55,230 → 00:45:05,550 it mean and can we afford it? If I can answer the question, I mean affordability. So,

00:45:06,750 → 00:45:12,429 essentially what you did, the reason why I didn't get it slide up, and you couldn't

00:45:12,429 → 00:45:17,469 see it, but do you remember I talked about how the Treasury and the Treasury strategy, the capital

00:45:17,469 → 00:45:24,190 strategy, the capital program and the revenue budget will have a symbiotic relationship. So the capital

00:45:24,190 → 00:45:29,710 program is essentially saying this is what we're spending our money on. It also has it now how it's

00:45:29,710 → 00:45:36,510 funded. The revenue implication about features in the revenue budget, that's why the Treasury management

00:45:36,510 → 00:45:42,590 strategy cap, the Treasury and TOS and the revenue budget are all reconsidered as one along with the

00:45:42,590 → 00:45:50,670 HRA business plan. So what you'll see when you see the revenue budget is the cost of our financing

00:45:50,750 → 00:45:58,190 chart is increasing because the amount of borrowing we're taking is increasing. So in the general fund,

00:45:58,190 → 00:46:04,909 you'll see the impact of MRP and you'll see the impact of interest payable. I'm also also going,

00:46:04,909 → 00:46:12,030 honestly, we're repaying some of this borrowing as well as we go as well. In the HRA, when I look at

00:46:12,030 → 00:46:19,309 the HRA business plan, we'll see again, their capital program borrowing going on. In the HRA,

00:46:19,469 → 00:46:24,190 don't make MRP. You don't hit the same way you do in the general fund. So what you'll see is

00:46:24,190 → 00:46:31,710 the line within the HRA business plan of interest payable, also going up as we borrow more money.

00:46:32,349 → 00:46:38,030 That's how those all tie together. That's why I said to you, the numbers within the Treasury

00:46:38,030 → 00:46:44,670 management strategy we've got here today are numbers that could change because if the administration

00:46:44,670 → 00:46:50,829 may can have a discussion about what they wanted to do in the capital program, that has a knock-on

00:46:50,829 → 00:46:57,389 effect to the other three documents. You're going to consider full counsels. So the ones that we

00:46:57,389 → 00:47:02,349 publish yesterday discouraging me essentially tie together and you have to read all four,

00:47:02,349 → 00:47:12,190 when you'll notice, in the NTFF, the financing charges are increasing because we're more in our

00:47:12,190 → 00:47:20,510 capital program, the financing, if that helps. So the, and I'm sorry, to point on your

00:47:21,630 → 00:47:28,269 point about we can't just leave it to the sector, not like on our set, so essentially what you're

00:47:28,269 → 00:47:35,150 doing is full counsel, you're approving the capital program and you're approving the revenue budget.

00:47:35,150 → 00:47:40,030 What the section one five one officer does is they ensure that when a financial

00:47:40,989 → 00:47:48,349 and when we actually come to spend money, that we did is in line with you as full counsels,

**00:47:48,349** → **00:47:53,789** counsels, the proof that we can actually spend, and it is still in line with the potential.

**00:48:01,619** → **00:48:11,539** Yes, I'm not questioning the link between the capital budget and the revenue account. We seem to have

**00:48:11,699** → **00:48:18,980** that, that we seem to have that working properly now and that's a great improvement. What I'm questioning

**00:48:18,980** → **00:48:24,500** is the sort of almost addiction to debt. We're having to borrow money to pay the interest on what

**00:48:24,500** → **00:48:30,340** we borrowed and the more you go down the road, the more you've got to borrow to pay an even

**00:48:30,980** → **00:48:37,539** bigger interest bill. And I'm not sure that this is understood by those making decisions on the capital

**00:48:37,539** → **00:48:43,380** budget. It's great fun having capital budgets that are like double our neighbors or nearly three times

**00:48:43,380** → **00:48:51,780** our neighbors. But I don't think anyone's evaluated whether that's absolutely actually affordable.

**00:48:51,780** → **00:48:59,699** And then the controls we have we're meant to have, we've got all sorts of language about

**00:48:59,699** → **00:49:07,780** potential limits and authorised limits and so on. But we're setting them at such high levels.

**00:49:07,780** → **00:49:13,539** It's like we're setting them at about 350 million or something. When our debt's currently 191 million

**00:49:14,340** → **00:49:21,699** I feel that as a committee should be a committee concerned with financial control and discipline.

**00:49:21,699** → **00:49:28,500** We should be setting those a lot more tightly, maybe 325 million for the operating limit, maybe 375 million

**00:49:28,579** → **00:49:36,900** for the authorised limit in that sort of order so that we have some limits. It just seems that as we

**00:49:36,900** → **00:49:46,500** sit at the moment we can go to the PWLB and borrow as much as we want. But we don't have any effective

**00:49:46,500** → **00:49:52,500** limits on it. We don't have any audited accounts and we don't have any real discipline about how

**00:49:53,300** → **00:50:02,579** borrowing will ever be paid back. I think this is a major thing. I think it's the biggest thing this

**00:50:02,579** → **00:50:08,420** committee has to consider in the whole year. If we get the accounts wrong, that's bits of paper.

**00:50:08,420** → **00:50:14,579** If we get this wrong, we're leading ourselves into more and more debt. We're encouraging

**00:50:14,579** → **00:50:20,260** the cabinet to have confidence where they shouldn't have confidence and we're not doing our duty

**00:50:20,420** → **00:50:27,300** to exercise our experience and judgment on whether this level of debt is sustainable.

**00:50:31,789** → **00:50:38,829** Yes, so essentially the operation of boundaries of 330 million that you were mentioning.

**00:50:38,829** → **00:50:44,829** Here's a construct of a calculation that's been formed by a Treasury management,

**00:50:44,829** → **00:50:50,909** Treasury management. Basically, if you max out your borrowing and you could go to

**00:50:50,909** → **00:50:57,710** 330 million, what members are approving is what is in the budget and what is in the capital

**00:50:57,710** → **00:51:06,349** program and how we're funding it. And your casual as members is that we couldn't go out and borrow

**00:51:06,349** → **00:51:13,550** £30 million. Tomorrow, without it coming back to full council and you re-approving what was in

**00:51:14,190** → **00:51:20,190** the capital program and revenue budget, you have to be approved by full council. So although the

**00:51:20,190** → **00:51:27,550** operation of boundaries of 330 million, that's such a borrowing need. We couldn't actually go out

**00:51:27,550** → **00:51:33,150** and borrow that money until we came back to full council and we proved to you that it was in line

**00:51:33,150** → **00:51:39,309** with the potential code, affordable, sustainable, and proven to do so. We'd have to do that every

**00:51:39,309** → **00:51:47,659** single time. The other thing is, we can only borrow to fund the capital manager as well, which is

**00:51:48,619** → **00:51:56,219** a key point to this. And again, the use, the spending money on capital, again, is full council decisions

**00:51:56,219** → **00:52:02,699** and all members have to approve the capital. Well, the majority will, within the full council,

**00:52:02,699** → **00:52:10,139** has to be approved at that point. So we couldn't, you know, member blockers and the administration

**00:52:10,860** → **00:52:17,500** go out and borrow money without it coming back to full council. Hopefully that helps.

**00:52:19,019** → **00:52:24,300** Okay, William, you know my view here is that we've got a difference of opinion in terms of what I

**00:52:24,300** → **00:52:29,179** think we should be doing here, which is I think we should be drawing a distinction between the framework

**00:52:29,179** → **00:52:35,500** and the process, the actual strategy document and any sort of challenge to the actual numbers

**00:52:35,500** → **00:52:41,099** contained within, and they will be going through scrutiny and to full council for that very reason.

**00:52:42,059** → **00:52:47,820** I mean, I'm happy to take a note in the minutes, but I think that we need to agree as a committee

**00:52:47,820** → **00:52:53,500** whether we're happy to accept the Treasury management strategy as it stands and move on.

**00:52:53,500** → **00:53:00,619** Yeah, Councillor Dundes. Well, I think the problem is that the document in the agenda and the

**00:53:00,619** → **00:53:07,820** document we've considered is not, we know it's incorrect. So I don't think we can approve it as a stand.

**00:53:09,739** → **00:53:14,619** Okay, can I take advice then on what we could do because we've obviously got a short time line

**00:53:14,619** → **00:53:21,500** haven't we before this goes to the cabinet? I mean, you're not asked to approve it. You're not being

**00:53:21,500** → **00:53:26,780** asked to approve it. You've been asked to approve it. You can consider the framework, the actual

**00:53:26,780** → **00:53:36,460** approval. Okay, now I understand that, thanks very much. Has anyone else got anything else to add?

**00:53:36,460** → **00:53:43,980** Yes, Councillor Sallani. Yes, sorry, this is quite important and I think it does merit a little time,

**00:53:43,980** → **00:53:52,059** Chair. I appreciate the capital controls and we can't exceed our capital budgets without getting

**00:53:52,059** → **00:53:56,619** back to full council. Do you understand that? Capital budgets are huge, I don't think they're any

**00:53:56,619** → **00:54:05,579** effective control at all. Over the borrowing side, about a year ago, we went out, we borrowed 43

**00:54:05,579** → **00:54:11,659** million. That came as a complete surprise to this committee after the budget. We didn't know,

**00:54:11,659** → **00:54:15,980** we didn't know that anyone had gone out and borrowed 43 million in the name of the council. It wasn't

**00:54:16,699** → **00:54:22,380** anything in the previous Treasury Management Statement just sort of appeared. That 43 million

**00:54:22,380** → **00:54:28,539** is coming up for refinancing next month. That's something that, you know, I think this committee

**00:54:28,539** → **00:54:34,380** should know about. When we've been told in general terms that we're going to be refinancing it short,

**00:54:34,380** → **00:54:38,460** but I think we should know a little bit more detail about what sort of rate we think we might get,

**00:54:39,900** → **00:54:43,579** whether we're going to do it for one month or whether we're going to do it for one year or five

**00:54:43,579** → **00:54:52,219** years, I feel we should have more control of the borrowing side, irrespective of the capital side.

**00:54:52,219** → **00:54:59,260** I can't see any point in having all these limits and having them so high that they don't effectively

**00:55:00,300** → **00:55:06,780** constrain anything. What I'd like to suggest is that we are being asked to note this report,

**00:55:07,739** → **00:55:14,699** can I suggest we note the report and express concern about, first of all, the numbers have

**00:55:14,699** → **00:55:19,260** fundamentally changed. We haven't even got a piece of paper with the new numbers in front of us.

**00:55:19,260** → **00:55:24,619** I think we should note that it doesn't work as it is, that the borrowing limits are too high,

**00:55:25,179** → **00:55:35,900** and that this needs a substantial rethink before anybody is approved by any cabinet.

**00:55:36,860** → **00:55:42,460** I'm going to have to say I'm not sure I agree with all of that. I'm happy to say that note that we

**00:55:42,460** → **00:55:48,539** haven't got the figures in front of us, but I think it's a strategy and the reasons Wayne's explained,

**00:55:48,539** → **00:55:56,699** I'm happy to note it in the forward. How do other members of the committee feel that it has

**00:55:56,699** → **00:56:03,500** to be done? I think we certainly have to somewhere record that the document which is going to go

**00:56:04,460** → **00:56:11,340** to cabinet is different to the one. Yes, we do tonight. I'd like to do that. Okay, Councillor Harris,

**00:56:11,340** → **00:56:18,380** did you want to? I just wanted to support that view here. For me, some of the language tonight,

**00:56:18,380** → **00:56:23,659** I think, was expressed in concern over the staffing or the qualifications or the professionalism

**00:56:23,659** → **00:56:29,420** of our officers and this process. I can see the difference if others can't, so there was a

**00:56:29,500** → **00:56:36,860** different rules applying to HRA as opposed to the general fund. I recognize that. I'm happy to note

**00:56:36,860** → **00:56:41,980** without reservation this report and move it forward if that's what you're looking for chairs as

**00:56:41,980** → **00:56:47,019** opposed. As far as I'm concerned, I thank the officers for what they're doing and doing all the

**00:56:47,019** → **00:56:52,380** explanations they've done. It is what it is and as to go to full council, I know there's one

**00:56:52,380** → **00:56:56,860** table in there that looks at, but I've had it looked at and I've looked at that and studied that

**00:56:56,940** → **00:57:03,019** and the changes and for me, it sounds. Thank you very much. Anyone else?

**00:57:03,900** → **00:57:10,460** Yep, Councillor Farris. I would just say that is a very important table because it effectively shows

**00:57:10,460** → **00:57:15,179** what we as an organisation are dealt with and borrowing is going to be and where we're borrowing it

**00:57:15,179** → **00:57:21,659** from over the coming five now. I know in practice we won't be here in five years time, but nonetheless

**00:57:21,659** → **00:57:26,139** that is what we're considering. So we shouldn't underplay the importance of that table. That's probably

**00:57:26,139** → **00:57:35,099** the crux of the whole document, really. Can I just make a point, is that common? So

**00:57:36,380** → **00:57:41,820** I mentioned the very first thing I said when I said that it's a report is don't look at the numbers

**00:57:41,820** → **00:57:48,059** and the report because the administration is going to turn around and go, actually we don't want to

**00:57:48,059** → **00:57:53,820** do a whole lot of things we want to do in the capital programme and we're going to do something

**00:57:53,820** → **00:57:59,099** completely else and what you've got is timing error. So you're bringing the report to GNA but you

**00:57:59,099** → **00:58:05,340** haven't actually got the capital programme that's actually been approved. It's still got to go

**00:58:05,340** → **00:58:09,980** free scrolls, it's going through a cabinet and then it will go to full council and that's why the none

**00:58:09,980** → **00:58:15,659** that I mean I could use the lottery numbers in that table and they're probably just as meaningful.

**00:58:15,659** → **00:58:23,739** Once you get to full council that's when the table is actually should be accurate.

**00:58:24,139** → **00:58:29,179** Because it should tie out with a revenue budget, a capital strategy and the capital programme.

**00:58:29,179** → **00:58:33,340** So that's why I think I mentioned straight away don't look at the numbers in the report

**00:58:33,340** → **00:58:38,780** because this subject has changed and the administration could make a decision tomorrow to actually

**00:58:38,780** → **00:58:43,500** harsh the capital programme or they could make a change that they could make a decision to double it

**00:58:43,500** → **00:58:49,340** until it goes to full council and the numbers of pre-meaning. What I will say is this the

**00:58:49,340** → **00:58:57,019** calculation and the table in table three was wrong and I set responsibility for the numbers

**00:58:57,019** → **00:59:02,860** that you know what we're going to spend made different. Okay thank you for matching council

**00:59:02,860** → **00:59:09,579** assignments. Yes first of all nothing I've said I'm getting really fed up with people saying that

**00:59:09,579** → **00:59:14,780** I'm criticising officers when I'm not I realise they're working very hard and doing the things to

**00:59:14,780** → **00:59:21,179** the best of the ability. I'm not criticising officers and I'm getting fed up when I make substantial

**00:59:21,179** → **00:59:27,179** point with it being diverted into a discussion about how things are said instead of what is being said.

**00:59:27,179** → **00:59:33,500** This is pretty damned important and we need to focus on issues are not the way things are said.

**00:59:33,500** → **00:59:43,099** The second thing is I'm completely not happy to note a report and put it forward to a cabinet that's

**00:59:43,099** → **00:59:47,900** going to make some important decisions about the budget. The numbers are broadly in line with

**00:59:47,900** → **00:59:53,019** the budget numbers proposed for next week. I don't say I've been able to check everything but

**00:59:53,019** → **00:59:58,380** broadly there's a huge capital programme we just seen the numbers coming out I think yesterday



**00:59:58,380** → **01:00:03,739** for the what's going but the numbers are very much in line. We still got a massive overweight

**01:00:03,739** → **01:00:09,739** capital programme that's going forward next week and it's our job if we didn't look at the numbers

**01:00:09,820** → **01:00:14,860** I absolutely can't be any part of this I will certainly be voting against noting this report

**01:00:14,860** → **01:00:24,059** without any comment at all. I think we are absolutely to be looking at the huge movements in these

**01:00:24,059** → **01:00:31,739** key numbers without commenting or anything is a complete abrogation of the duties of the Government

**01:00:31,900** → **01:00:39,260** and I'll leave it there I think. Okay thank you Paul did you want to just run past us again what

**01:00:39,260** → **01:00:47,179** note you were asking before? Well I think probably keep you quite simple and just say that

**01:00:50,210** → **01:00:55,650** the committee acknowledges that this isn't the final version of the document and it had been

**01:00:55,650** → **01:01:01,730** updates subsequent to being the agenda being published because I think I know I do get what

**01:01:01,730** → **01:01:06,610** Wayne's saying I'm probably you know addicted to the numbers I tend to the numbers firstly when

**01:01:06,610** → **01:01:13,730** I'm told not to that's just a bad habit but none of us see that we they're having changes to

**01:01:13,730** → **01:01:21,969** compare to what we have in the agenda package and the draft you know the the agenda of the draft

**01:01:21,969** → **01:01:27,889** budget has now been published it's on the website to go and report to cabinet so it as as

**01:01:28,050** → **01:01:34,929** brilliant as saying you know that kind of is the now unless cabinet decide on the 28th when it

**01:01:34,929** → **01:01:38,769** really is you know what we're going to rip up this entire capital program and rewrite it this evening

**01:01:39,489** → **01:01:44,449** which they may well do it's their prerogative but it would be quite unusual if they did I assume they

**01:01:44,449** → **01:01:50,449** might have seen it or discussed it before that's a big question if they haven't then probably what

**01:01:50,449** → **01:01:54,289** we are seeing on those figures is likely to be pretty much substantially what the capital budget

**01:01:54,289** → **01:02:01,010** is going to be taking forward to full council at the end of February so you know I think

**01:02:01,809** → **01:02:07,250** I kind of agree with everybody here and sitting on the fence but I think the figures are relevant

**01:02:07,250** → **01:02:12,849** although I do understand that until they're actually voted on the finalised the capital budget is not

**01:02:12,849** → **01:02:18,130** the capital budget okay well looking at the agenda item we're being asked not to note but to consider

**01:02:18,130** → **01:02:23,809** and I think we have considered so subject to everybody's agreement I'm happy to take that note

**01:02:23,809** → **01:02:33,010** and move on to the next item sorry chair I'd like I'd like to have it on record as to who's voted for

**01:02:33,010** → **01:02:38,369** this and who's voted against it and I think because I thought it did say that we were asked to note it

**01:02:38,369** → **01:02:45,489** no no it doesn't say we'll consider it or yeah yeah well I think we should consider it and if we

**01:02:45,489** → **01:02:53,250** if it doesn't have any qualification to it I was I'd like to my vote recorded firmly against it I

**01:02:53,250** → **01:02:58,769** can have no part of this okay now I'm happy to accept that as everybody else happy to vote your

**01:02:58,769** → **01:03:10,699** favour yeah okay sorry we need a vote we need it recorded who is supporting this and who is not

**01:03:15,219** → **01:03:19,059** chair chair does this actually require a vote we're just considering it we're just considering it

**01:03:19,059** → **01:03:24,659** yes so I think consider it subject to the note that you're on age yeah so we're all we're happy with

**01:03:24,659** → **01:03:32,980** that and we can move forward okay I'm William Will I want it minuted that I do not support this

**01:03:32,980** → **01:03:41,139** report and that it needs major reconsideration before it goes to cabinet in my view okay thank you

**01:03:41,139** → **01:03:48,980** very much William that's noted Wayne do you want to move on to the next item which I think is the

**01:03:49,619** → **01:04:00,900** quarter three update for 2526 yes so I won't go into this in too much detail so members have had the

**01:04:00,900** → **01:04:12,420** report essentially this this basically looks at the credential indicators that we would have put in

**01:04:12,420** → **01:04:18,420** with the Treasury management strategy for last year and I'm happy to report I've got any

**01:04:18,420** → **01:04:25,460** reaches of our credential indicators and if you have a look at the report it basically sets out

**01:04:26,900** → **01:04:35,940** that we are in line with all of those set out in the February 2025 Treasury management strategy and

**01:04:35,940** → **01:04:42,500** happy to take in questions from members on the report on the report again we're being asked to

**01:04:42,659** → **01:04:51,409** note this report has everybody got any particular questions on the quarter three no doesn't look like

**01:04:51,409** → **01:04:57,250** it in which case I think we can note the report and thank you Wayne and Zoe and her saying who've

**01:04:57,250** → **01:05:08,610** also joined us this evening thank you for your time thanks love okay so the next item on the

**01:05:08,610** → **01:05:14,690** agenda is a verbal update from the Council's external adult or just her KPMG we did meet with

**01:05:14,690** → **01:05:20,849** them for a pre-breath yesterday unfortunately neither of them are able to attend the evening so

**01:05:20,849** → **01:05:25,570** what I was intending to do is just give a brief overview of what came up last night and then I'll

**01:05:25,570** → **01:05:32,610** open the floor to any comments so in the absence of KPMG and for the benefit of those present and

**01:05:32,610** → **01:05:38,929** online here's a quick overview of the briefing we received from Emma Carp and welcome of KPMG last

**01:05:39,889** → **01:05:46,530** night that 2526 accounts will remain heavily disclaimed as we have expected however there's

**01:05:46,530** → **01:05:53,489** good engagement with the officers and good progress being made income and expenditure they have

**01:05:53,489** → **01:06:01,010** assurance in some areas general sampling is completed and there are some areas such as failure

**01:06:01,010** → **01:06:07,570** agents that won't be complete and the turn stone question remains challenging but pensions will

**01:06:07,969** → **01:06:13,570** be fully audited she did know that staff churn has impacted some of the carry forward knowledge and

**01:06:13,570** → **01:06:21,090** made some of the job much more complicated that the HRA will not be a complete audit due to outstanding

01:06:21,090 → 01:06:28,050 valuation queries but they are comfortable with the principal and position of the HRA she felt

01:06:28,050 → 01:06:34,210 that savels at the last meeting gave good detailed and explained well and that a secondary review they

01:06:34,210 → 01:06:41,969 have asked to be done because of concerns are happy that it's working as it should be so that's

01:06:41,969 → 01:06:48,690 really where we are with the update that we had and as far as I know the timetable is where it should

01:06:48,690 → 01:06:54,769 be does anybody have any particular comments that they wish to make? Yes, message.

01:06:55,730 → 01:07:04,690 Yeah, just as you mentioned the churn I just I think we need to sort of bottom out why that's happening

01:07:04,690 → 01:07:15,170 is it a culture thing is it is it within remuneration just to find out why we struggle to recruit

01:07:15,170 → 01:07:23,730 and retain finance officers and potentially as I say the impacts of local government reforms

01:07:23,730 → 01:07:30,449 having on that and what that could mean for the short term and the long term future.

01:07:33,250 → 01:07:40,210 Yeah, I can provide a short update but probably we're not a fuller one following the meeting but

01:07:40,929 → 01:07:44,130 I mean I think it's fair to say it's not an issue that just affects culturester

01:07:44,929 → 01:07:52,210 recruiting qualified finance staff and we're fortunate to have some of them on the line but it's

01:07:53,090 → 01:07:57,969 it's a very competitive market it's very difficult to recruit especially those that have

01:07:59,090 → 01:08:04,849 what I call the chief accountant skills those are incredibly hard to recruit we did a full

01:08:06,210 → 01:08:14,369 microsite on the last round of recruitment and only managed to fill two roles so you know we will

01:08:14,369 → 01:08:25,170 continue to look for the right level of skill experience and expertise but it is very very

01:08:25,170 → 01:08:31,329 difficult to secure finance staff I think it's probably also fair to say we're looking to

01:08:32,130 → 01:08:38,449 other authorities as well so we know that Essex has a particularly strong finance team and

01:08:38,449 → 01:08:42,850 conversations are already underway given the future as well to see whether there are people who are

01:08:42,930 → 01:08:48,289 looking for other opportunities and might want to succumb etc so we're exhausting every opportunity

01:08:49,010 → 01:08:53,329 to try and get some stability we have been very fortunate to have particularly those that are

01:08:53,329 → 01:08:58,770 online the benefit of their expertise what you do get from interim staff is a huge amount of

01:08:58,770 → 01:09:03,729 experience and expertise but I think it's fair to pull up the point that the continuity and the

01:09:03,729 → 01:09:09,170 carry forward is difficult but of course all of the work is ever seen by senior board as well so there

01:09:09,170 → 01:09:15,649 is a continuity there to just reassure members but it remains a challenge in that space not just

01:09:15,649 → 01:09:22,930 for us for most authorities but thank you does anyone have so many particular questions yeah

01:09:22,930 → 01:09:29,010 perhaps we're done this yeah just just on that I mean I think it's fair to say that KPM3 did

01:09:29,010 → 01:09:36,050 say because I think the question is asked about staff retention and rotation or whatever whether

**01:09:36,050** → **01:09:41,729** culturester was now liner out in terms of Essex and other authorities and they did actually say yes

**01:09:41,729** → **01:09:47,649** they were you know other local authorities and Essex are undergoing LGR exactly the same nature as

**01:09:47,649** → **01:09:55,890** we are so we can't really use that as a reason because it's not unique to us I don't think we've

**01:09:55,890** → **01:10:03,489** really got to the bottom of why but what we have to accept that they were quite clear that the

**01:10:03,489** → **01:10:09,890** culturester has more retention problem and more return of staff and its finance department than

**01:10:09,890** → **01:10:15,250** other local authority or comparable local authorities the other comment I was going to make but

**01:10:15,250** → **01:10:23,170** we mentioned turn stone I am quite surprised they haven't really sorted that out because to my mind

**01:10:23,170** → **01:10:31,489** it is quite simple what it is in terms of the actual setup we have a debt and we have an asset

**01:10:31,489** → **01:10:36,609** and they both sit on the balance sheet the only debate is perhaps the ratio between those whether

**01:10:36,609** → **01:10:41,010** they're the same or different or whatever but to my mind particularly as we have an obligation I think

**01:10:41,010** → **01:10:46,449** I'm right saying to purchase at the end of the end of the period I'm surprised that they haven't

**01:10:46,449** → **01:10:52,050** really come to the conclusion on that and I do wonder if perhaps it's either they haven't

**01:10:52,689** → **01:10:57,810** either they haven't asked the right questions or it hasn't been explained to them in clear terms

**01:10:57,890** → **01:11:03,649** what the actual contract and set up of that project is because I think if it was explained to them

**01:11:03,649** → **01:11:07,569** or they all they had the details or they would come to a very quick conclusion in my opinion.

**01:11:09,649** → **01:11:15,090** Okay thank you I think she did say that they were expecting an answer in the next week or so on that

**01:11:15,090** → **01:11:22,609** Councillor Sunnets. Yes I think I'm right in saying the deadline for submitting these accounts the

**01:11:22,609** → **01:11:29,329** statutory deadline is the 27th of February and we've only got one more governance and audit committee

**01:11:29,329** → **01:11:37,569** before them which is the 24th of February. In the past we've been rushed into approving or yes

**01:11:37,569** → **01:11:46,050** approving accounts which we haven't properly considered. In this case it looks as if on pensions we've

**01:11:46,050** → **01:11:50,930** got an adjustment of about 60 million pounds to our balance sheet coming up which is absolute

**01:11:50,930** → **01:11:57,010** material and we should understand it I know it doesn't affect us operationally but I feel this

**01:11:57,010** → **01:12:01,569** committee should understand it it's a number I know and some people don't like numbers but it's a

**01:12:01,569** → **01:12:08,130** big number the second thing is on stone there's an adjustment of in the order of 30 million coming up

**01:12:08,130** → **01:12:15,970** so we've got a 60 million we've got a 30 million we've also got an HRA where KPMG have done some work

**01:12:16,609** → **01:12:23,409** and they've said that technically according to the rules the way we're doing our accounting is allowed

**01:12:24,850** → **01:12:32,449** but they qualified that heavily with saying they haven't done an audit yet and this is important

01:12:32,449 → 01:12:39,329 because when they do an audit they're required to respect true and fair and I would be I was actually

01:12:39,329 → 01:12:46,689 trained by KPMG's predecessor Pete Mark Mitchell and that was the absolute guiding light so until

01:12:46,689 → 01:12:51,729 they've looked at the figures until they've looked at the detail of these huge numbers going around the

01:12:51,729 → 01:12:59,409 place I don't think we can have I personally have severe doubts about whether the way we've done

01:12:59,409 → 01:13:05,409 our accounts in the HRA shows a true and fair view and when I see the way that that treatment

01:13:05,409 → 01:13:12,210 is adopted for the future for the HRA business plan and the way savels have developed a highly

01:13:12,210 → 01:13:18,050 technical accounting treatment into a golden rule which is not a golden rule it's a sort of led rule

01:13:18,050 → 01:13:25,329 it's a it's a it's a sink to the bottom type rule when I see the way that's been in my view

01:13:25,329 → 01:13:33,729 misinterpreted I think it's really worrying that we could see when the when there's a proper audit

01:13:34,689 → 01:13:43,569 we could see real problems on the HRA and I don't think we can have any confidence about the

01:13:43,569 → 01:13:49,329 amount we're spending and the way the HRA works until we have at that proper audit which doesn't

01:13:49,329 → 01:13:56,930 seem to be coming for for a long time so three big things to consider when those accounts get

01:13:56,930 → 01:14:04,050 approved and I hope that we'll get them in advance of the audit meetings so we have time to

01:14:04,050 → 01:14:08,529 look at them maybe we even need a briefing of them before the meeting you know we should really take

01:14:08,529 → 01:14:14,130 this seriously this time and not allow us to be rushed at the last minute into you know and

01:14:14,130 → 01:14:19,489 to be told oh well we're going to be in in breach of statutory deadline if we don't approve

01:14:19,489 → 01:14:24,529 something that we don't agree with we will have a pre briefing on the 24th which is the night of

01:14:24,529 → 01:14:33,380 the G&I; meeting. Yes yes so there there has already been set up an accounts workshop which

01:14:33,380 → 01:14:41,060 the section 151 likes to run that is scheduled at the moment for the evening of the 24th but when

01:14:41,060 → 01:14:45,859 the section 151 is back in the office there will be discussions about bringing that forward

01:14:45,859 → 01:14:51,539 to the Monday previously and KPMG have asked have a meeting with the committee ahead of the meeting

01:14:51,619 → 01:14:57,779 with 24th as well we certainly needed earlier so that people have time to consider it and so we're

01:14:57,779 → 01:15:03,699 not rusted the last minute. No I've really asked if you need some proper consideration yeah perhaps

01:15:03,699 → 01:15:10,659 a Harris did you want to? Yes please chair I was on the meeting last night as other councils were

01:15:10,659 → 01:15:17,859 and very interesting report and some of the confidence was there on loss of it and loss of the things

01:15:17,859 → 01:15:22,659 have already done and highlighted the items that needed more attention on I think it's right and

01:15:22,659 → 01:15:29,220 proper that that report came to you chair in that meeting the way it did I'm socially not here tonight

**01:15:29,220** → **01:15:34,579** because I sort of got a lot of confidence from far from her about the way the order that was done

**01:15:34,579** → **01:15:42,739** several let's not forget the way that we manage our HRA account it's controlled by cell cell

**01:15:42,739** → **01:15:48,979** was there no slouches on doing this they do this around more authority than this so they know

**01:15:48,979** → **01:15:55,300** what they're doing they're running as per the LGA rules and regulations go and as far as I'm concerned

**01:15:55,300** → **01:16:02,180** I asked a very same question last night have the auditor did she lack any confidence or could she

**01:16:02,180** → **01:16:07,220** give us confidence on what she'd already been tested and the future going forward was there any worries

**01:16:07,300** → **01:16:13,300** these are professional auditors who know what they're looking at when you look under stone

**01:16:13,300** → **01:16:17,939** you must have some idea if you've been doing it for some time with a profession where the

**01:16:17,939** → **01:16:23,380** some are going to come scuffling out and she answered to say no she expected to find good

**01:16:23,380** → **01:16:28,979** practices going on and confidence in our offices and the processes we've got

**01:16:28,979** → **01:16:34,899** several do a great job around the area they manage with the updated HRA that we have

**01:16:35,300** → **01:16:41,300** and the way they've set out the way we manage it is part part of the industry standard so I've

**01:16:41,300** → **01:16:48,180** got confidence in what the auditor told me last night chair thank you thank you the item is to

**01:16:48,180** → **01:16:56,579** note the verbal update and we're happy to do some move on okay thank you very much so the next item

**01:16:56,579** → **01:17:03,060** eight is the work program for 2526 details of the reports that are scheduled for each meeting during

**01:17:03,060** → **01:17:09,539** the municipal year anything that we need to be aware of thanks chair now I'll take the

**01:17:09,539** → **01:17:13,460** report as read the committee will see there has been a bit of movement on reports coming to the

**01:17:13,460** → **01:17:19,699** committee they've been delayed over the deferred really until the next meeting in February and then

**01:17:20,420** → **01:17:24,659** in March so unless there's anything specific the committee wishes to raise I'll just ask the

**01:17:24,659** → **01:17:30,659** report be noted thank you okay everybody happy to oh yeah yeah so I'm happy to do that chair

**01:17:30,659** → **01:17:34,979** and propose that but of course I just found in mind what was said by yourself in cancer some

**01:17:34,979** → **01:17:40,260** it's just made that meeting that we shared it would would that be able to be factored in so that

**01:17:40,260** → **01:17:45,460** we can brought that bring that forward you know a few days and we got more time to look at that is

**01:17:45,460** → **01:17:53,460** that possible okay thank you very much thank you that's lovely then so that brings the

**01:17:53,460** → **01:17:58,659** evening to an end thank you to everybody who's attended online and those in the room and

**01:17:58,659** → **01:18:05,460** report seeing you in February