

Audit, Governance & Standards Committee

Thursday, 26th January,
2023

MINUTES

Present:

Councillor Andrew Fry (Vice-Chair in the Chair) and Councillors Salman Akbar, Imran Altaf, Tom Baker-Price, Michael Chalk, Sharon Harvey and Timothy Pearman

Also Present:

Kirsty Lees – Grant Thornton (on Microsoft Teams)
Hugo Hammersley – Feckenham Parish Council representative (on Microsoft Teams)

Officers:

Peter Carpenter, Claire Felton (on Microsoft Teams), Andy Bromage (on Microsoft Teams) and Michelle Howell

Democratic Services Officers:

Mat Sliwinski

41. APOLOGIES AND NAMED SUBSTITUTES

Apologies for absence were received from the Councillors Begum (Chair) and Court.

The Vice-Chair, Councillor Fry, chaired the meeting in the absence of the Chair.

42. DECLARATIONS OF INTEREST

There were no declarations of interest nor of any party whip.

43. MINUTES

Chair

Audit, Governance & Standards Committee

Thursday, 26th January, 2023

The minutes of the Audit, Governance and Standards Committee meeting held on 15th December 2022 were submitted for Members' consideration.

RESOLVED that

the minutes of the Audit, Governance and Standards Committee meetings held on 15th December 2022 be approved as a true and correct record and signed by the chair of the meeting.

44. PUBLIC SPEAKING

There were no public speakers who had registered to speak in advance of the meeting.

45. MONITORING OFFICER'S REPORT - STANDARDS REGIME

The Head of Legal, Equalities and Democratic Services presented the Monitoring Officer's report and confirmed that since the last meeting of the Committee training sessions had been delivered for Members on cyber security and standards and code of conduct. Members were asked to consider if they had any training requirements they wished to see addressed as part of the training programme.

The Monitoring Officer noted that numerous Borough Member to Member complaints had been received regarding the use of social media. These were being dealt with locally by the Monitoring Officer in conjunction with the Group Leaders but it was reported that these were taking up a disproportionate amount of Officer time.

In response to comments with regard to the code of conduct training, Members reported positive feedback from this training and commented that it was worthwhile to consider adding further training sessions on code of conduct to the elected member training programme to ensure that understanding of social media use was better embedded across the Council.

RESOLVED that

the Monitoring Officer's report be noted.

46. FECKENHAM PARISH COUNCIL REPRESENTATIVE'S REPORT - STANDARDS REGIME

Audit, Governance & Standards Committee

Thursday, 26th January, 2023

The Feckenham Parish Council Representative reported that there would be no update on the Parish Council's Standards Regime at this meeting.

47. VERBAL UPDATE ON SUBMISSION OF STATEMENT OF ACCOUNTS 2020-21

The Head of Finance and Customer Services provided an update on submission of 2020-21 Statement of Accounts and in doing so reported that Officers were working to update the draft version of Accounts that was presented to the Committee on 15 December 2022. As such, a briefing note had been submitted and weekly meetings were taking place between the Officers and the external auditors. This was to produce the final draft version that of the Accounts that could be submitted to the auditors. It was reported that most of the work outstanding concerned reconciliation of transactions in the suspense accounts.

48. INTERNAL AUDIT PROGRESS REPORT

The Committee received the Internal Audit Progress Report from the Head of Worcestershire Internal Audit Shared Service. The report before the Committee summarised progress made against the delivery of the Internal Audit Plan 2022/23 as of end of December 2022. It was noted that the report provided a complete overview of the internal audit plan with Appendix 1 providing a summary of delivery against the plan and Appendix 3 containing copies of the final internal audit reports issued since the previous progress report presented to the Committee.

It was reported that one high priority recommendation was provided from the review of Homelessness Grants 2022-23 but the Committee was assured that this was being actioned and in hand. There was also a report concerning the Council's fleet and plant fuel usage and efficiency available for viewing and comment.

The Head of Worcestershire Internal Audit Shared Service reported that two data sets were to be uploaded to central database as part of the National Fraud Initiative (NFI) matching exercise in January 2023, concerning Council Tax Single Person Discount and Electoral Registration. It was noted there were no exceptions to report in terms of fraud or other serious risk.

Audit, Governance & Standards Committee

Thursday, 26th January, 2023

It was reported that the overview of the follow-up programme was also provided in the reports pack together with copies of finalised internal audit reports. The Head of Worcestershire Internal Audit Shared Service reported that regular update meetings were taking place with the Head of Finance and Customer Services regarding the Council's finance system (the ERP system) so that the Council could work towards a position of assurance in this regard. Annual reporting against all core finance components would continue and would inform the 2023-24 internal audit plan.

Following the update, Members asked about the monitoring of key grants and Officers explained that work was being done to ensure all the grants were logged in the system and that for grants such as the bus operator grant and the homelessness grants for 2021-22 that accurate reconciliation and independent audit were in place. It was reported regarding the monitoring of homelessness grants that internal auditors still required more factual evidence, including evidence of expenditure such as bank statements, to fully verify how the grant was used and provide assurance in this area.

RESOLVED that

the report be noted.

49. CAPITAL AND TREASURY MANAGEMENT STRATEGIES 2023-24

The Interim Director of Finance introduced the report and stated that consideration of this report by the Committee was a governance requirement as part of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Department of Levelling Up, Communities and Housing (DLUCH) guidance. The report provided an overview of how the Council's capital expenditure, capital financing, treasury and other investment activity contributed to the provision of local public services along with an overview of how associated risk was managed and implications for future financial sustainability of the Council. The report provided limits and indicators in line with what Council considered to be prudent and set out the treasury management policies.

It was reported that for 2023/24 the Council's planned capital expenditure amounted to £10.6 million for General Fund projects, £37.8 million for work related to the Housing Revenue Account (HRA), and £23 million for regeneration work, most of it related to the Towns Fund grant. It was reported that capital receipts would

Audit, Governance & Standards Committee

Thursday, 26th January, 2023

partly be used for Town Hall refurbishment project. It was also reported that debt levels for the Council had not changed.

It was reported that the Minimum Revenue Provision Statement (MRP) set out the levels of fund that needed to be set aside to pay off the Council's debt and was applicable only to the General Fund's balances. It was reported that the Council had no commercial investments but the regeneration projects, including those part of the Towns Fund, were expected to generate income.

Following the report, Members made a number of observations and asked a number of questions of Officers, which were answered as follows:

- It was explained that the Council's investment limits were there to counteract the possible investment losses and Council's investments were managed through investment advisers.
- It was explained that if the Council borrowed from another local authority it would be charged interest on the borrowing. It was further explained no borrowing took place between Council departments, but departments could borrow against the Council's cash account.
- It was reported that inflation on capital programme was expected to be high and a 15-18 per cent contingency for inflation on capital projects was factored in as a risk. Another cost pressure for the Council at the moment was people housed in Temporary Accommodation with housing people in hotels and bed and breakfast accommodation resulting in very high costs to the Council.

RECOMMENDED to Council that:

- 1) the Capital Strategy (Appendix A) as an appropriate overarching strategy for the Council be approved.**
- 2) the Treasury Management Strategy for 2023/24 (Appendix B) and the associated MRP policy (Appendix C) be approved.**
- 3) the Investment Strategy (Appendix D) be approved.**

Audit, Governance & Standards Committee

Thursday, 26th January, 2023

The Financial Savings Monitoring Report was presented, and it was noted that £428k of non-allocated savings and efficiency targets from previous years had now been allocated as shown in the report. It was noted that £304k of Departmental Savings as part of the 2022/23 budget savings required allocation to departmental budgets.

It was reported that the projected in-year overspend position at Q2 stood at £369k, and this overspend position was after the allocation of non-allocated savings and efficiency targets from previous years which totalled £595k. The £369k overspend position was noted as just at Q2 with the pressure of staff pay award which increased cost in year by £773k and the £282k of reserves which were already supporting the budget as per the 2022/23 Medium Term Financial Plan (MTFP).

Therefore, the 2022-23 in year overspend position of the Council stood at £1.424m, which would reduce General Fund Reserves from opening position of £2.069m to £0.645m.

Following the presentation, Members queried what strategy was in place to counteract the overspend position and it was reported that the Corporate Management Team (CMT) authorised restricting any spending on non-essential business and the impact was being assessed including how to create enough reserves for the Council to be in a more sustainable position. As part of the strategy, earmarked reserves would be reallocated to deal with the impacts such as utilities inflation.

RESOLVED that

- 1) Progress on 2022/23 Departmental Savings be noted.**
- 2) Progress on Efficiency Savings reported back to this Committee following allocations as part of Quarter 2 2022/23 monitoring be noted.**
- 3) Present Council overspend position for 2022/23 and actions to mitigate this be noted.**

51. QUARTERLY RISK UPDATE

The Committee considered the Quarterly Risk Update and it was noted that this was the third risk update to the Audit, Standards and Governance Committee since no assurance audit had been

Audit, Governance & Standards Committee

Thursday, 26th January, 2023

provided in June 2021 following an Internal Audit Review of Risk Management Strategies.

It was noted that the Council now had an agreed definition of a Corporate Risk and the Officer Risk Board had an agreed definition with regards to when Departmental Risks should be raised to Corporate Risks and, conversely, when Corporate Risks should be reduced to Departmental Risks.

Officers reported that the number of departmental risks had continually reduced, down to 62 departmental risks as at the end of December 2022, which included one red risk, relating to robustness of the revenues performance indicator data.

It was noted that ten corporate risks remained and it was reported that monitoring of mould/damp issues in private sector properties was a significant issue that was deemed to warrant inclusion as a separate risk, and Officers also noted that cost of living would also be included as a separate risk item.

Following the presentation, the Council's risk appetite was discussed and it was reiterated that moving green risks to business as usual was vital for the Council and that still 27 amber risks remained which were important to mitigate. Members requested that a training session be delivered on risk management so that there was better understanding of this issue among elected members.

Regarding the issue of mould and damp, it was noted that any decision-making power on spending in this area ultimately rested with the Executive Committee and the relevant Portfolio Holder.

RESOLVED that

the present list of Corporate and Departmental Risks be reviewed and noted.

52. RISK CHAMPION UPDATE

The Council's Risk Champion, Councillor Baker-Price, provided a risk update and in doing so encouraged Members of the Committee to consult the Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting (the Redmond Review).

Audit, Governance & Standards Committee

Thursday, 26th January, 2023

Councillor Baker-Price commented that this review, among other things, highlighted concerns about the state of the local audit market and raised concerns about such issues as the ultimate effectiveness of the external audit work, the issue of audit committees arrangements at Combined Authorities. The review also suggested solutions for improving governance arrangements of local authorities' audit committees.

RESOLVED that

the Risk Champion Update be noted.

53. COMMITTEE WORK PROGRAMME

The Committee considered the work programme and in doing so Members requested that an in-person training on risk management should be provided to Members of the Committee.

Members requested that this training be arranged on the afternoon before the first Audit, Governance and Standards Committee meeting in the new municipal year.

RESOLVED that

the Committee Work Programme be updated as per the preamble above.

The Meeting commenced at 7.03 pm
and closed at 8.19 pm