

Audit, Governance & Standards Committee

Thursday, 27th July, 2023

MINUTES

Present:

Councillors Ian Woodall (Vice-Chair in the Chair), Karen Ashley, Andrew Fry, Chris Holz, Emma Marshall, Jane Spilsbury and James Fardoe (substitute).

Also Present:

Councillor Luke Court – Portfolio Holder for Finance and Enabling (on Microsoft Teams)

Officers:

Peter Carpenter, Michelle Howell, Claire Green, and Helen Tiffney (on Microsoft Teams)

Democratic Services Officers:

Mat Sliwinski

16. APOLOGIES AND NAMED SUBSTITUTES

Apologies for absence were received from the Chair, Councillor Begum, and Councillor Akbar. Councillor Fardoe attended the meeting as a named substitute for Councillor Begum.

17. DECLARATIONS OF INTEREST AND OF PARTY WHIP

There were no declarations of interest nor of party whip.

18. MINUTES

The minutes of the Audit, Governance and Standards Committee meeting held on 30th May 2023 were submitted for Members' consideration.

Chair

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RESOLVED that

the minutes of the meeting of the Audit, Governance and Standards Committee held on 30th May 2023 be approved as a true and correct record and signed by the Chair.

19. PUBLIC SPEAKING

There were no registered public speakers on this occasion.

20. MONITORING OFFICER'S REPORT - STANDARDS REGIME

The Principal Solicitor introduced the Monitoring Officer's report and in doing so reported that complaints continued to be received in relation to social media and as a result the Monitoring Officer was in discussions with Inspector Richard Field, of West Mercia Police, to identify dates for social media training. With respect to complaints, it was also reported that a complaint had been received in respect of the use of exempt information and that this had been resolved locally. Some Members requested that more information be provided in respect of this case, and Members were advised to contact the Monitoring Officer directly to discuss this matter.

Members were reminded that the Constitutional Review Working Party (CRWP) had a responsibility for reviewing the Council's constitution and making recommendations to full Council regarding any proposed changes to the content of the constitution. The most recent meeting of CRWP took place on 13th July 2023, where updates were considered in respect of test of meeting recording equipment and live streaming meetings, the Policy Framework, and a report in respect of the Licensing Committee's recent discussions concerning delegations for the licensing process.

It was noted that Member training sessions that took place since the last meeting of the Committee were listed in the report and that the Member Support Steering Group would be asked to review the training that had been provided to Members as part of this year's Member Induction programme.

RESOLVED that

the Monitoring Officer's report be noted.

**21. DISPENSATIONS REPORT - INDIVIDUAL MEMBER
DISPENSATIONS**

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The Individual Member Dispensations Report was presented for Members' consideration. It was noted that a list of all written requests for individual dispensation that had been submitted to the Monitoring Officer were tabled before Members at the meeting. The purpose of this item was for the Committee to consider whether to grant these requests.

Some Members requested that additional dispensations not submitted to the Monitoring Officer in written form prior to the meeting be considered, and if deemed appropriate, granted. Councillor Emma Marshall requested that dispensations be granted to Councillors Marshall and Hartnett in respect of their appointments on the Redditch LGBTQ Support Services and PRIDE Committee, to enable them to talk and discuss issues regarding LGBTQ and PRIDE issues (not including funding for the LGBTQ support services and Pride Committee). A request was also made for granting outside body dispensations to Councillors Ashley, Marshall, and Clayton, who represented the Council on the overview and scrutiny committees of a number of outside bodies (the West Midlands Combined Authority, Worcestershire County Council). This would enable the Members listed above to participate in discussions concerning these bodies in meetings of Council Committees.

As no written requests for these dispensations were received prior to the meeting, Members were advised that the verbal requests listed in the pre-amble above would be recorded in the minutes of this meeting and submitted to the Monitoring Officer for consideration.

The Committee was reminded that all elected members were required to ensure that their register of interests was up-to-date and, therefore, Members would be asked to check their current registers and update them if necessary. To remind Members of this, it was agreed that Officers would send a reminder to every elected Member to review their respective individual register of interests form.

RESOLVED that

- 1) (any Individual Member Dispensations (IMDs) and Outside Body Appointments dispensations requested by Members up to the point of the meeting, and as advised by the Monitoring Officer at the meeting, be granted**

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under section 33 (2) of the Localism Act 2011, to allow those Member(s) to participate in and vote at Council and Committee meetings in the individual circumstances detailed;

- 2) it be noted that all dispensations granted by the Committee take effect on receipt of a written request from Members for such a dispensation and where Members may have a Disclosable Pecuniary Interest in the matter under consideration, which would otherwise preclude such participation and voting;
- 3) it be noted that any new or re-granted dispensations will remain valid until the first meeting of the Audit, Governance and Standards Committee following the next Borough Council Elections in 2024;
- 4) the Monitoring Officer be asked to investigate the requests for Individual Member Dispensations (IMDs) and Outside Body Dispensations submitted verbally at the meeting of the Audit, Governance and Standards Committee on 27th July 2023 (as per the pre-ambule above).

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

As the Feckenham Parish Council Representative was not present at the meeting, there was no update presented to the Committee.

23. RISK MANAGEMENT REPORT

The Interim Director of Finance presented the Quarterly Risk Update and in doing so highlighted that even though there had been no changes in the number of Corporate Risks since the meeting in March 2023, the Cyber risk had moved from amber to red as this was the greatest risk currently facing the local government sector.

Members were advised that mitigating factors were in place for each of the Corporate Risks as detailed in the report. With reference to the cyber security risk, it was stressed that the Council had mitigations in place to protect from cyber attack including weekly penetration test, annual PSN Security Audit, and regular internal audits. In addition, a new software tool, KnowBe4, was in

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place, which enabled both Officers and Members to report suspicious phishing emails and provided simulated phishing attacks to assess organisational readiness for cyber attacks. It was further reported that the Council's cyber insurance had been extended for a further year but due to the potential severity of impact of the cyber risk it was prudent to increase this risk to red.

It was reported that there were now 51 Departmental Risks of which 1 was a red risk related to Revenues - Performance Indicator data that was not deemed robust as it could not be system generated. This compared with the original baseline in April 2022 of 119 risks. Many of the 51 Departmental Risks that remained were related to Housing and were related to compliance issues. In relation to the Building Control risk it was noted that this risk would become more acute towards the end of the financial year as by that time there would be a requirement for local authorities to only use accredited Building Control staff. This requirement could also possibly limit the number of staff available in the agency market. Additionally, a significant increase in fires had been reported in the Borough, which was linked to people using sub-standard electrical equipment in their homes. This factor would have an affect on the Council's property insurance renewal figures.

Following the presentation of the report, Members asked a number of questions concerning the risk report to which the responses were given as follows:

- Choice of KnowBe4 as the Council's phishing detection/cyber security software – Officers explained that the IT department took advice from the Council's cyber insurers when deciding to implement this software for phishing detection. It was highlighted that the software was easy to use by enabling users to report phishing emails with a single click and that it monitored users behaviour, including through simulated phishing tests, which enabled the Council to identify areas to improve in their cyber security and/or staff who required additional help to improve their cyber security awareness. Some Members spoke in favour of having more practical phishing tests on a regular basis as this was the best strategy against real-time cyber threats.
- Effectiveness of mitigations against the Corporate Risks – It was stated that a robust set of mitigations was in place against each Corporate Risk. For example, the updated Workforce Strategy addressed the issue of adequate workforce planning in addition to two new Human Resources

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- (HR) tools which were being used to improve the process of advertising full-time and part-time roles within the Council.
- Council offer of home contents insurance for council tenants and leaseholders – It was highlighted that many council tenants and leaseholders were unaware that the Council offered this service and Members asked that this offer be promoted. Officers responded that this would be included in the circular sent to council tenants and other ways of disseminating this information would be looked into.
 - Towns Fund governance arrangements – It was explained that there was a Towns Fund Board (Redditch Town Deal Board) comprising elected members (Leader of Redditch Borough Council and Leader of Worcestershire County Council) in addition to representatives from partner organisations and the private sector. In addition, there was an internal Officer Board which was chaired by Redditch Borough Council's Chief Executive Officer. Both governance boards held meetings every 4-6 weeks.
 - It was highlighted that Towns Fund was a time-limited fund and there was a concern about a lack of capacity among contractors. There was a high risk of project overruns beyond the funding timeframe, for which the Council would be financially liable. However, there were indications that the Government was to permit time slippage on individual projects without liability for councils.
 - It was noted that the North Worcestershire Economic Development and Regeneration (NWEdR) were responsible for Towns Fund project delivery and they reported to the Project Board. Quarterly returns on project delivery were also submitted to the central government.

RESOLVED that

the present list of Corporate and Departmental Risks be noted.

24. INTERNAL AUDIT PROGRESS REPORT

The Internal Audit Progress Report was provided for Members' consideration. It was noted that fifteen internal audit reviews were planned for 2023-24.

It was reported that six reviews that commenced in 2022-23 had been finalised since the last report to the Committee and these were included at Appendix 3. Several other 2022-23 reviews were due to be finalised soon and were currently awaiting management

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response. Appendix 4 provided an overview of the 2023-24 follow-up review programme.

Following the presentation, Members queried when the audit of Mayor's Office was due to be undertaken and it was noted that this was planned for the next quarter (Q2 2023-24) and would be reported to the next meeting of the Committee.

Question was asked in respect of the value for money that Redditch obtained from the Worcestershire Internal Audit Shared Service (WIASS) in terms of work allocation. Members were informed that the Council was only billed for the number of days of internal audit that were delivered to the Council directly. It was further stated that WIASS was an accredited provider of internal audit services that was external to the Council, which provided a measure of organisational independence. As WIASS provided an internal audit function for most district councils in Worcestershire, it could also make comparisons that were of help in undertaking their internal audit work for the Council.

RESOLVED that

the report be noted.

25. FINANCIAL COMPLIANCE REPORT INCLUDING UPDATE ON COUNCIL'S STATEMENTS OF ACCOUNTS

The Head of Finance and Customer Services presented the Finance Compliance Report and in doing so noted that presentation of this report was part of the Financial Recovery Programme agreed by the Executive Committee in September 2022. The report was to be presented at each meeting of the Committee, detailing the progress in fulfilling the legislative requirements and progress on the 2020-21 audit process. It was further noted that following the Council's participation in the Corporate Peer Challenge, which took place in March 2023, the Executive Committee agreed to implement the recommendations of the Peer Challenge.

With regards to the 2020-21 closure of accounts process, it was reported that the External Auditors had restarted their work on the Council's take-on balances from July 2023. It was noted that provision of the Draft 2020-21 Accounts for Audit was dependent on the External Auditors confirmation that they had approved take-on balances at both Councils (Redditch and Bromsgrove). It was anticipated that the audit would take place over September and

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October 2023 with the audit of 2020-21 Accounts to be concluded by November 2023. The timelines for External Audit sign-off of the following years' accounts was given as May/June 2024 and November 2024 for 2021-22 and 2022-23 Accounts respectively.

It was noted that significant delays in the external auditing of local government accounts continued to be a major issue and the Department for Levelling Up, Housing and Communities (DLUHC) was investigating how this could be remedied. Any solutions identified might lead to an increase in the number of qualified statements across the sector in the short-term. It was reported that the Council would be providing a response to the DLUHC consultation into local audit framework.

In relation to key legislative deliverables, Members noted that the Capital Outturn Reports for 2020-21 and 2021-22 had recently been submitted. The key returns that had not been delivered were the Revenue Outturn forms for 2020-21 and 2021-22 and VAT returns which were dependent on the closure of accounts. Although the Government now allowed these returns to be completed based on estimates, the level of uncertainty due to the issues with the Council's cash receipting had necessitated that these returns should not be submitted until the External Auditors sign off the Council's take on balances and the Council provides the draft accounts to Audit for each Council (Redditch and Bromsgrove).

Officers reported that the TechOne system had now been upgraded from version 20b to 23a. This upgrade would provide access to more functionality and resolve a number of issues that were being experienced which had been resolved in later versions of TechOne. Members were informed that Redditch and Bromsgrove were the only councils in the UK using the company's cash receipting module and that the upgrade to version 23a related to cash receipting functionality and not the whole system.

In terms of procurement, it was stated that the new 'No Compliance No Order' process had been live since April 2023 and many departments were now proactively getting quotations for lower value works, with the aim being to minimise the number of orders going to the procurement team.

Following the report presentation, a comment was made to the effect that elected members would like more assurance about the transparency of Council procurement from private sector firms in the context of recent high-profile cases at other local authorities. In

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response, it was stated that the Council had mechanisms in place to ensure procurement was transparent including the 'no compliance no order' method. This policy required that all purchase orders had to have contracts attached to them in order to be actioned. In addition, the procurement team maintained an oversight of the Council's procurement and all performance monitoring reports going forward would include a list of upcoming procurements going out for tender.

The inclusion of penalty clauses in contracts to enable compensation in case of significant project overruns was discussed and it was commented that whilst the Council needed to be careful about the inclusion of penalty clauses within contracts from the legal standpoint, Members were assured that all Council contracts included appropriate checks and balances.

Members took the opportunity to commend the Bromsgrove Audit Task Group report, the recommendations of which were approved for implementation by the Executive Committee on 13th June 2023. In relation to that report, it was highlighted that all elected members needed to be kept informed about the TechOne system development on a regular basis to ensure that lessons had been learned.

The Portfolio Holder for Finance and Enabling addressed the Committee and in doing so concurred with Committee Members in commending the Audit Task Group report recommendations. He commented that one of the report recommendations agreed by the Executive Committee was for a permanent Project Management Office to be set up at Redditch Borough Council in order to support the full range of projects undertaken by the Council.

In relation to the key decision procurement thresholds, it was recognised that a higher threshold for key decision procurement would provide focus for Members to examine the major contracts and ensure that all procurements above the threshold were listed as key decisions on the Executive Committee's forward plan/work programme. It was noted additionally that there was a contracts register in place and all spending over £500 was published on the Council's website and updated on a monthly basis.

RESOLVED that

the progress on the 2020-21 Audit process be noted.

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26. RISK CHAMPION UPDATE

Councillor Marshall reported that in respect of her role as the Council's Risk Champion she planned to undertake visits and speak with Council's Heads of Service to ascertain the specific risks within Council departments and to discuss the strategies that were in place to mitigate those risks.

RESOLVED that

the Risk Champion Update be noted.

27. COMMITTEE WORK PROGRAMME

The Interim Director of Finance reported that two changes were required in respect of the published work programme for the September meeting of the Committee. The Financial Savings Monitoring Report was to be added to the items on the agenda and the Risk Management Report removed.

RESOLVED that

the contents of the Committee's Work Programme be updated as per the pre-amble above.

The Meeting commenced at 7.00 pm
and closed at 8.02 pm