



# **Audit, Governance & Standards Committee**

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Wednesday, 5th March,  
2025

## **MINUTES**

### **Present:**

Councillor Gemma Monaco (Chair), Councillor Chris Holz (Vice-Chair) and Councillors Andrew Fry, Joanna Kane, David Munro and Gary Slim  
Parish Council Representative: Cllr Alan Smith

### **Also Present:**

Chris Green – Head of Worcestershire Internal Audit Shared Service

### **Officers:**

Peter Carpenter and Debra Goodall

### **Democratic Services Officers:**

M Sliwinski

### **63. APOLOGIES AND NAMED SUBSTITUTES**

Apologies for absence were received from Councillor Fardoe. Apologies had also been submitted by Councillor Woodall, the Portfolio Holder for Finance.

### **64. DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **65. MINUTES**

The minutes of the meeting of Audit, Governance and Standards Committee held on 30<sup>th</sup> January 2025 were submitted for Members' consideration.

**RESOLVED that**

Chair

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**the minutes of the Audit, Governance and Standards Committee meeting held on 30<sup>th</sup> January 2025 be approved as a true and correct record and signed by the Chair.**

**66. PUBLIC SPEAKING**

There were no public speakers who registered to speak at this meeting.

**67. FECKENHAM PARISH COUNCIL REPRESENTATIVE'S REPORT - STANDARDS REGIME**

The Chairman of Feckenham Parish Council provided an update on Feckenham Parish Council standards matters and in doing so reported that several parish councillors had recently resigned. One Parish Councillor had resigned due to a code of conduct issue with a replacement now confirmed in place. Another Parish Councillor had to resign due to health issues and there was a further resignation that followed the appointment of the new Parish Councillor. There remained one vacant post on the Parish Council with six councillors in office out of seven.

The Chairman of Feckenham Parish Council commented that due to significant challenges facing the Parish Council he believed there should be a greater councillor representation on the Feckenham Parish Council; however, this could not be increased at present.

Further challenges facing Feckenham Parish were outlined by the Parish Council Chairman including the battery energy storage system development, which was opposed by the Parish Council, and a large residential development taking place. With regard to the energy storage system facility (Greener Grid Park), the Chairman of Feckenham Parish Council expressed his disappointment with the objection submitted in this regard and with the subsequent approval of that application (in relation to an underground cable to connect Feckenham Greener Grid Park to Feckenham Substation) at Redditch Borough Council's Planning Committee meeting in October 2024.

The Feckenham Parish Council Chairman highlighted that as a result of recent changes in membership of the Parish Council, most current Parish Councillors were relatively inexperienced. Assistance was sought from the Borough Council in arranging training for the newer Parish Councillors. The Committee reassured the Parish

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Council Chairman that Borough Councillors would assist in arranging the training for Parish Councillors.

**RESOLVED that**

**the Feckenham Parish Council's Representative update be noted.**

**68. RISK MANAGEMENT REPORT (Q3 2024-25)**

[At the request of the Committee, this item was moved from agenda item 8 to item 6]

The Risk Management report was considered which covered the Council's activity to identify, monitor and mitigate risk. It was noted that this was the ninth cycle of reviewing corporate and departmental risks since the original baselining of risks in April 2022. It was noted that risk was managed centrally through the 4Risk System and there was a quarterly risk board attended by officers, with risks reviewed by Corporate Management Team (CMT) and corporate and departmental risks were considered by Members at Audit, Governance and Standards Committee on a quarterly basis. Since the baselining of risks the Council had moved from 'No Assurance' to 'Moderate Assurance' risk level.

It was reported that two new risks had been added to the corporate risk register at quarter 3 2024/25, in relation to Devolution and Local Government Reorganisation (red risk level) and the Council's New Chief and Deputy Chief Executives appointments (amber risk).

For the devolution and local government reorganisation, it was highlighted that local authorities within Worcestershire were working on submitting a joint 'high-level' options proposal to the Government by the deadline of 21<sup>st</sup> March 2025. A detailed statement outlining solutions was required by November 2025. At present, the authorities in Worcestershire differed with regard to the preferred option for local government reorganisation.

It was noted that upper tier local authorities in England were facing rising adult social care (ASC) costs and most upper tier authorities were overspending on their ASC budgets. It was commented that local government reorganisation, with the creation of unitary authorities in the existing two-tier areas, was intended to address the rising ASC costs alongside other issues.

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In relation to the second new corporate risk, it was noted that the Council's new chief executive officer and new deputy chief executive would both commence their employment at Redditch Borough Council on 31<sup>st</sup> March 2025. Handover meetings were organised with the existing chief and deputy chief executives to ensure a smooth transition in responsibilities.

An overview of departmental risks was provided. It was noted that the number of departmental risks had reduced by one as compared to the previous quarter. Most departmental risks were linked to housing and compliance with statutory duties.

It was reiterated that the Council's insurers were highlighting two major risks, the first being under-insuring of Council's assets due to potential incomplete asset records in some areas, with the Council needing to ensure that assets were valued appropriately and records kept. Also highlighted by insurers was the risk of local authorities utilising artificial intelligence (AI) in such ways that decisions were being made without human intervention. It was noted that AI was not utilised by the Council for taking decisions.

A cyber security risk relating to AI chatbots appearing in Microsoft Teams video calls was highlighted. Members were asked to be vigilant when in Microsoft Teams video calls for any AI chatbot attendees. It was noted that Councillors and Officers should not participate in council meetings where these chatbots appear as attendees and, if such 'virtual' attendees appear on the video call, Members and Officers should ask that they be removed from the meeting, or otherwise leave the meeting. It was requested as an action that an email on AI chatbot risk be circulated to all elected members.

It was noted that the local government reorganisation would result in the liquidation of all district and county councils. In anticipation of the reorganisation, it was predicted that some district authorities would undertake community asset transfers (e.g. of local play areas, community centres etc.) to parish councils as well as voluntary and community organisations. This was intended to retain management of local assets within local communities. It was commented that some authorities within Worcestershire, such as Wyre Forest District Council, had been following such policy for a number of years.

A question was asked with regard to the transfer of assets to parish and town councils and about a possibility of establishing a Redditch

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Town Council. It was noted that would there be a transfer of an asset to a parish council, such as allotments or sports clubs, the asset become the responsibility of the parish council. It was noted that the local (parish/town) councils had no cap in place on raising precepts. It was restated that currently there was only one parish council within Redditch Borough, the Feckenham Parish Council, however, it was possible that Redditch Town Council could be established prior to the finalisation of local government reorganisation.

A question was raised about departmental risks linked to the corporate risk of non-adherence with the statutory inspection policy, in particular the potential consequences of not delivering to statutory policies, such as risk of loss of life. It was explained that this related mainly to departmental risks of annual gas safety inspections (HOU14) and to fire safety in blocks of flats and communal entrances (HOU22), and that Council performed well in ensuring inspections were being undertaken, but that there could be issues encountered if tenants did not allow access for inspections to be undertaken.

It was explained that in terms of Council's insurance cover, if the Council could document that it followed the appropriate process in requesting permission and trying to access a property for gas and/or other inspection, then the Council would be covered by insurance. This necessitated logging any refusal from tenants to access the property to undertake an inspection.

The Head of Internal Audit commented that the areas discussed by the Committee in relation to this item were currently being audited by internal auditors. This included gas safety inspections and the Council's cyber security arrangements, the latter audit being undertaken by a specialist auditor with expertise in cyber. The results of these audits would be reported to the July meeting of the Committee.

**RESOLVED that**

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

## **69. INTERNAL AUDIT PROGRESS REPORT**

The Internal Audit Progress Report was presented for Members' consideration. It was reported that at the time of report writing, four audit assignments had been completed, seven were at draft report

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stage, seven were in progress, and two were at planning stage. The two assignments at planning stage were the statement of internal control and the audit of workforce development review. It was highlighted that this year's internal audit was three months ahead compared to progress made at this time of year in last year's internal audit plan.

Progress against the key performance indicators for internal audit service was provided. It was reported that the service was now achieving a productivity figure of 80 per cent and as a result the productivity target would be raised to 85 per cent. The service was expected to deliver the target of 90 per cent delivery of audit days against the full year plan target by the end of the year. This would amount to over 300 audit days.

There were no concerns reported regarding the Council's implementation of internal audit recommendations. There were 23 outstanding recommendations, which was a reduction from the figure of 28 reported at the December 2024 meeting. There were no overdue recommendations.

It was highlighted that Members would be consulted as part of the preparation of the Internal Audit Plan for 2025/26. Members were encouraged to contact the Head of Internal Audit until the end of March to provide input into the 2025/26 Internal Audit Plan.

It was reported that the Council was implementing cyber security training for Members, with online sessions available, and an in-person cyber security training session on Thursday 20<sup>th</sup> March. The in-person session was intended for those Members who were unable to complete the training online.

A question was asked regarding the opinion of internal audit on the main risks facing the Council. It was responded that the local government reorganisation presented a major uncertainty for staff as the district/borough councils would be abolished and the decision on arrangements for the organisation of local government in Worcestershire would remain unknown until the decision was approved by the Government. There was a risk of high staff turnover during the period of transition into new arrangements.

It was commented that it was also currently unknown how the internal audit function would be organised in Worcestershire. Currently, the Worcestershire Internal Audit Shared Service (WIASS) provided the internal audit service to the five district

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authorities in Worcestershire and two Fire and Rescue authorities, however, with the abolition of district councils it was uncertain how the service would operate post-reorganisation.

**RESOLVED that**

**the Internal Audit Progress Report be noted.**

## **70. FINANCIAL COMPLIANCE REPORT INCLUDING STATEMENTS OF ACCOUNTS**

The Financial Compliance Report was presented which detailed the position regarding legislative reporting requirements and the position on submission of the Council's Statements of Accounts.

It was recapped that the Council had received 'disclaimer opinions' on its 2020/21, 2021/22, 2022/23 Accounts. The draft 2023/24 Accounts had been released for public consultation on 17<sup>th</sup> January 2025 with the consultation having closed on 3<sup>rd</sup> March. The Council had delivered the Accounts one day after the Government's backstop date. The accounting opinion on 2023/24 Accounts could not be made until the Council's External Auditor, Ernst and Young, had been onboarded, however, all elected members had now returned the necessary conflict of interest forms which would help progress the onboarding process.

It was highlighted that as part of this year's budget setting process consultation had been undertaken at Tranche 1 of the budget, which finished in January 2025. Through undertaking the budget consultation, the Council was addressing an improvement recommendation raised as part of Section 24 statement in the Interim Auditor's Annual Report 2020/21.

The Council had delivered to the majority of key legislative deliverables within timeframes and was compliant with national requirements. The key outstanding return was the Council's VAT returns. Final versions of working papers on outstanding VAT returns were provided to the HMRC on 19<sup>th</sup> December 2024 and from January 2025 the Council was submitting its VAT returns on a monthly basis. The Council continued to be in conversation with HMRC to discuss queries as VAT returns were checked but to date HMRC had not reported any concerns.

The Council's Finance System, TechOne, had been updated to the latest 24B version in the last week. This was expected to resolve

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functionality issues around duplication and enable the VAT returns function on the system to work.

It was noted that a forward plan of key decisions and procurement was now being prepared for 2025/26, with the plans designed to provide continuity during the handover process for the Council's new statutory officers (Chief Executive Officer and Deputy Chief Executive and Section 151 Officer).

## **RESOLVED that**

- 1) The Committee note that the 2023/24 Accounts are out for public consultation with this period finishing on the 3<sup>rd</sup> March 2025.**
- 2) The Committee note the position in relation to the delivery of the 2024/25 Accounts.**
- 3) The Committee note the position in regard to other financial indicators set out in this report.**
- 4) The ongoing process for inducting the Council's new External Auditor, Ernst and Young, be noted.**

## **71. FINANCIAL SAVINGS MONITORING REPORT**

The Committee received a report on financial savings monitoring. The Q3 2024-25 position was an anticipated revenue overspend of £138,000 on the full year budget. This was a significant reduction on the overspend of £299,000 predicted at Q2.

The 2023/24 and 2024/25 savings items were presented at Appendix A. In terms of savings items for 2023/24 line, there were amber items relating to establishment (service) reviews, where following review of budgets at Q3 there was an overspend against budget, to the capacity grid, which concerned the recovery of council tax and business rates debt, and to the Town Hall (delivery of savings for 2025/26).

There were red savings items for 2023/24 line relating to Finance Vacancies and Environmental Services Partnership as savings were not delivered in those areas. With regard to finance vacancies savings were not delivered for 2023/24 due to the additional resource being required in order to work on completing the outstanding prior years' accounts. This item would be removed next



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year as the Council had now published its draft accounts for years 2020/21 to 2023/24. The waste fleet replacement programme was resulting in significant overspends in Environmental Services.

In relation to the 2024/25 savings position, the vast majority of savings items linked either to increases in grant, agreed increases in tax or items that would not be delivered until future financial years. Validation of delivery of Fees and Charges income still required careful monitoring.

The largest saving in recent years had been on pension cost which link to the 2023 triennial revaluation. The revised figure was for 3 years and as such there was a risk that from the 2026/27 financial year they could change to Council's detriment. However, the initial advice from actuaries was that it was likely that the next revaluation would not affect the present level significantly.

In relation to the Town Hall redevelopment, it was stated that the delivery of a £400k saving from 2025/26 required securing tenants, and it was noted that at present there was an interest from a public sector organisation to rent the basement of the Town Hall. As part of development, it was reported that additional ten car parking spaces would be added at the Town Hall.

In relation to Bereavement Services and Cremation, it was noted that there was an expected drop in income due to a private provider now operating in the Redditch area.

## **RESOLVED that**

**the Q3 position on the 2024-25 Departmental Savings Programme be noted, including any potential implications for future years.**

## **72. RISK CHAMPION UPDATE**

The Council's Risk Champion, Councillor Kane, provided the risk champion's update. The written update provided to Members at the 30<sup>th</sup> January Committee meeting, regarding the English Devolution White Paper, was recirculated as there were no further information to add at this point.

A written update was also provided specifically for this meeting. It was reported that full Council would be discussing devolution on 17<sup>th</sup> March ahead of the deadline of 21<sup>st</sup> March for submission of

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Worcestershire-wide interim plan for devolution to the Ministry of Housing, Communities and Local Government (MHCLG). The Risk Champion highlighted that although the focus would continue to be on devolution, it was imperative that the Council ensured its processes for delivering 'business as usual' continued in the period between now and the conclusion of local government reorganisation.

It was highlighted that the increase in employer National Insurance, although funded by the Government for local authorities, was a significant issue for both the Council's Contractors and Rubicon, who were not funded for increases. It was noted that this presented a potential key risk for Rubicon and any contractors and needed to be carefully monitored by the Council.

**RESOLVED that**

**the Risk Champion update be noted.**

## **73. COMMITTEE WORK PROGRAMME**

The Committee was advised that Members would be asked to decide whether to revert to a quarterly meetings cycle at the next Committee meeting.

It was noted that the internal audit annual report for 2024-25 and the internal audit plan for 2025-26 would be presented to the July meeting of the Committee.

It was stated that due to the above internal audit reports being reported to the July meeting, the necessity for a meeting date at the end of May would be reviewed. Members would be contacted regarding this by the Committee Officer in due course.

**RESOLVED that**

**the Committee's Work Programme be noted.**

The Meeting commenced at 7.05 pm  
and closed at 8.49 pm