

# AUDIT AND RISK MANAGEMENT COMMITTEE

**MONDAY, 20 NOVEMBER 2023 - 4.00 PM**



**PRESENT:** Councillor K French (Chairman), Councillor G Booth and Councillor J Mockett

**APOLOGIES:** Councillor S Harris (Vice-Chairman), Councillor G Christy and Councillor S Tierney

Officers in attendance: Amy Brown (Assistant Director), Mark Saunders (Chief Accountant), Stephen Beacher (Head of ICT Digital & Resilience), David Thacker (Interim Internal Audit Manager) and Helen Moore (Member Services and Governance Officer)

## **ARMC19/23 PREVIOUS MINUTES.**

The minutes of the meeting held 26 September 2023 were confirmed and signed as an accurate record.

## **ARMC20/23 AUDITOR'S ANNUAL REPORT 2021/22.**

Members considered the Auditor's Annual Report 2021/22 report presented by Mark Saunders, Chief Accountant.

Members asked questions, made comments, and received responses as follows:

- Councillor Booth expressed surprise at the increase in fees as the majority of the work had been completed in previous years, particularly the land valuations. Mark Saunders agreed with Councillor Booth and stated there will be justification why the work was required and why the figures have increased, with the Council having to undertake another pension valuation due to the time scale of the audit which meant the OS19 was out of date and has added to the rise in cost.
- Councillor Booth stated pension figures can have an effect on the overall cost as they fluctuate and asked if the Covid crisis had any input regarding the increased fee due to administering grants on behalf of the Government? Mark Saunders responded it was additional work and costs were similar for 2020/21 and the PSAA will determine whether the costs are justified.
- Councillor Booth asked if the PSAA ask for the Council's feedback on the fees to see if the Council feel it is justified? Mark Saunders responded that they do not ask for any input on the determination of the fee.
- Councillor Nawaz commended the report and the prudent and fiscal management and this Council, if it is compared to some others in the country, appears to be in safe hands, which is a credit to note. He asked for elaboration on Page 7, Paragraphs 2 and 3, as whilst he understands how these figures are arrived at, where were the savings made and where it says including staff vacancies what has been undertaken to alleviate the issue and has that led to any under delivery of services? Mark Saunders responded that there has been no under delivery of services and the breakdown of those figures are detailed in the financial statements and Cabinet outturn report. He referred to staff vacancies, when a post becomes vacant it can take a while to get a new person into post and it depends upon what type of vacancy it is as to whether the Council recruits a temporary person so there can often be a saving to be had by staff salaries and the cost of replacing this vacancy but it depends upon the job as to whether agency staff are required. Councillor Nawaz asked what the current

position is relating to vacancies? Mark Saunders responded that there are still some vacancies in several areas which the Council is addressing in a difficult and challenging environment, acknowledging that agency costs are significantly more than what would be paid for a permanent member of staff. Councillor Nawaz made the point that this is a Council that has not raised Council Tax so the financial performance should be commended.

- Councillor Booth stated planning has the biggest staffing shortage and asked if this is where a lot of the agency staff have been needed? Mark Saunders responded that for the past two years there has been shortages, but things are improving.

**Members noted the Auditor's Annual Report 2021/22.**

## **ARMC21/23 TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY MID YEAR REVIEW**

Members considered the Treasury Management Strategy Statement and Annual Investment Strategy Mid-Year Review report presented by Mark Saunders, Chief Accountant.

Members asked questions, made comments, and received responses as follows:

- Councillor Booth stated that the property funds have not delivered and asked what the situation was with property funds in general, are they not performing as strongly as they have in the past as for example the uncertainty over the viability of the High Street or that office blocks are becoming a thing of the past due to flexible working? Mark Saunders responded that when it was decided which property fund to invest in there was a wide range of property funds and they all had a very different, diverse portfolio that they invest in. He stated that the two decided upon were ones which were specifically more towards the industrial sector and did not have any great focus on retail, although they do have some commercial exposure, and the returns are holding up similar to what they were when they were taken out but it is the capital value of the property fund, due to what has happened in the property market in general, which has suffered in terms of the value and it is not something the Council will be looking to get out of or sell soon until such time as capital appreciation is seen, which will hopefully be before the end of the five years.
- Councillor Booth stated there is normally a clause with these funds about withdrawals and asked if this applied and if there was a crash in the market would the Council be stuck with it? Mark Saunders responded that nobody is permitted to take any massive withdrawals out at any one time and the Council is committed for the long haul.
- Councillor Booth asked about the properties being purchased for the resettlement of families from the Ukraine and Afghan and is this fully funded by the Government? Mark Saunders responded 40% of the property price is funded by the Government and the Council is funding the difference, this is detailed in the capital programme, with the costs predicted to generate a return for the Council and help the homelessness situation by avoiding putting people into temporary accommodation and should have a positive impact on that service. He advised that each authority was given a grant for these properties which the Council took up to help with homelessness and the lack of accommodation, with the Council being under no obligation to take this up, but it was seen as a good opportunity to address the shortage of accommodation for the homeless within the Fenland area.
- Councillor Nawaz asked if the 29 properties the Council are purchasing would be available for tenants to purchase at a discounted rate? Mark Saunders responded the housing regulations are different, so the houses are not part of the right to buy regulations. Councillor Nawaz asked if there are savings to be made elsewhere as had these properties not been available the Council legally would have been obliged to house people? Mark Saunders stated this is what the Council is expecting that it will alleviate the pressure on the homelessness budget by not using bed and breakfast accommodation. He added that there are issues around homelessness and how it impacts on housing benefit which is quite complicated.

- Councillor Nawaz asked where the housing benefit comes from, the Government or the Council? Mark Saunders responded that housing benefit comes from the Government, and it is a limited amount the Council can claim back.
- Councillor Nawaz asked is there a fixed period the families can stay in these properties? Mark Saunders responded that they are meant to be temporary accommodation and are placed in these properties until alternative more permanent suitable accommodation can be found.
- Councillor Nawaz asked when it comes to housing local indigenous homeless people, how do the needs of the group equate? Mark Saunders responded that in the Homelessness Reduction Act there is a process that has to be followed to identify what the Council's liability is, but rough sleepers are part of the mix that the Council has had to house over the past few years along with other homeless people. Councillor Miss French recommended Councillor Nawaz saved any further housing questions for Dan Horn as they did not relate to this item of business and would enable the correct response to be given.

## **Members noted the Treasury Management Strategy Statement and Annual Investment Strategy Mid-Year Review.**

### **ARMC22/23 INTERNAL AUDIT PLAN 2023/24 - PROGRESS REPORT Q2**

Members considered the Internal Audit Plan 2023/24 presented by David Thacker, Interim Internal Audit Manager.

Members asked questions, made comments, and received responses as follows:

- Councillor Booth stated that he would like to have a copy of the executive summary report to help the panel provide assurance as he feels councillors should get an overview of the findings before the meeting takes place. David Thacker responded this is not something that has been raised directly with him and he has worked at other councils where it is not normal for councillors to receive the report. However, if Councillor Booth would like further information before the meetings, he is happy to have a conversation with him regarding this matter. Councillor Booth asked for this to be looked at as something for the future to enable members to fulfil their roles as a critical friend.
- Councillor Booth asked about the high-risk valuables in relation to public health funerals contained in the report. David Thacker responded Audit findings are labelled using various risk factors from high to medium to low and this was put into the high-risk factor because the contents of the safe were valued at £5000 and there were multiple accesses to the safe, but a second safe has now been purchased purely for public health deceased assets and procedures put in place to record an inventory.
- Councillor Booth questioned licensing and why this is a medium risk. David Thacker responded there was no proactivity to see what businesses were operating without a licence as the process was focused on renewals of existing licences, and it could be missed additional income for the Council.
- Councillor Booth stated he would like to know more about the transparency code as it appears the Council has not been complying with the code and asked how long there has been an issue in this area as some past reports seem out of date. David Thacker responded that due to the pandemic some reports were out of date, but they are now up to date, apart from one item which will be dealt with by next year, so positive progress is being made. Councillor Booth asked how often the code should be checked and complied with? David Thacker stated that this should be checked annually.
- Councillor Nawaz stated he would like to understand more about the housing options and the £1.2m spent on bed and breakfast, asking if these 34 properties are part of the 29 houses that were mentioned in an earlier report or is this separate and how much could the Council save? Mark Saunders responded the 29 houses are part of the 34 houses in the report, with the other 5 houses leased from Clarion Housing. He added that the costing is being looked at as part of the budget process.

- Councillor Booth stated that the purchase of these properties goes through the Overview and Scrutiny Panel call-in process and asked if these purchases are an ongoing situation. Mark Saunders responded the Council has received two tranches of money from the Government which had to be committed by the end of this financial year, with the Council currently having completed on 6 properties. There are more in the pipeline, with deposits being placed and they are now going through the completion process.
- Councillor Booth asked with David Thacker due to leave in March what are the plans to replace him moving forward? Amy Brown responded there are plans in place to advertise the position and find the right person for the position.

**Members noted the activity and performance of the Internal Audit Plan 2023/24.**

### **ARMC23/23 CORPORATE RISK REGISTER UPDATE**

Members considered the Corporate Risk Register update presented by Stephen Beacher, Head of ICT, Digital and Resilience.

Members asked questions, made comments, and received responses as follows:

- Councillor Booth referred to the health and safety risks and feels there has been a 'deep dive' in this area, with a lot of commentary added and it is said that none of the current risk values have changed but if there are a lot more actions being taken that would suggest either that it was at the wrong level to start with or it will move to a different level once those actions are delivered and asked if it is correct that it was a 'deep dive' and why has this area been looked at specifically? Stephen Beacher responded he was not aware that it was a 'deep dive', it was just a rewording of the existing risk and having looked at this at the Risk Management Group and following procedures it was not felt it took the Council into a different risk level for mitigation. Councillor Booth responded that it is good that actions are being raised to mitigate but is it an accepted risk or are there concerns that further measures are required as the number of actions he believes makes it seem that more actions are required to control the risk. Stephen Beacher assured Councillor Booth there was nothing to be concerned about and the actions added are mostly minor in nature and day to day activities. Councillor Booth assumed the collation of the risk register assessment would be ongoing anyway? Stephen Beacher responded these are more operational risk assessments and managed by each of the services.
- Councillor Booth referred to delivery dates and the voluntary cyber security scrutiny and asked when this was going to be completed, with it being useful to have a completion date for 8 actions so members can keep a track of when things are delivered or are overdue. Stephen Beacher advised the security scrutiny was completed and passed in October.
- Councillor Booth expressed surprise that no risk have actually moved as he would have expected some movement with a full review.

**Members APPROVED the updated Corporate Risk Register.**

### **ARMC24/23 AUDIT & RISK MANAGEMENT COMMITTEE WORK PROGRAMME**

Members considered the Audit and Risk Management Committee Work Programme.

**Members AGREED to note the contents of the work programme.**

### **ARMC25/23 ITEMS OF TOPICAL INTEREST.**

There were no items of topical interest.