

Runnymede Borough CouncilStandards and Audit CommitteeWednesday, 17 July 2024 at 7.30 pm

Members of the Committee present: Councillors S Jenkins (Chair), M Singh (Vice-Chair), MD Cressey, J Furey, P Gahir, T Gates (In place of G Moudgil), T Gracey, R King and S Whyte.

Members of the Committee absent: Councillor M Nuti.

In attendance: Councillor M Smith .

14 **Notification of Changes to Committee Membership**

Councillor T Gates substituted for Councillor G Moudgil.

15 **Minutes**

The Minutes of the meeting of the Committee held on 30 May 2024 were confirmed and signed as a correct record.

16 **Apologies for Absence**

There were no Apologies for Absence.

17 **Declarations of Interest**

There were no Declarations of Interest.

18 **External Audit Indicative Audit Plan 2023-24**

The Committee received for information the External Auditor's Indicative Audit Plan for the year ending 31 March 2023.

Officers from Grant Thornton took Members through the plan, highlighting the key matters, headlines, significant risks as perceived, and their approach to materiality which was of particular interest to the Committee.

The Committee's attention was drawn to the risks which Grant Thornton considered were worthy of special audit attention. These were:

- Management override of controls
- Valuation of land and buildings, including council dwellings
- Valuation of investment properties
- Valuation of net pension fund liability

The Council's requirement to prepare group financial statements which consolidated the Council's financial information and that of its three subsidiary companies was noted.

Grant Thornton would make a thorough examination of the Council's and Group's financial and value for money arrangements; taking into account the Opening Balances and comparative disclosures over which there was still some uncertainty.

The Committee was advised that with the Government's proposed backstop arrangements

for outstanding audits, the Council was expected to have its 2020/21, 2021/22 and 2022/23 accounts disclaimed. This meant that the Council's previous external auditors would not be able to provide any assurance over the accuracy and completeness of the financial statements for those years. Further, there would be no assurance over the accuracy and completeness of the 2022/23 comparative information included in the 2023/24 statement of accounts. There would, as a result, be a lack of assurance over opening balances, including the general fund and other usable and unusable reserves. It was acknowledged that this was a sector wide risk and discussions were ongoing over an agreed approach to this situation. As this had not yet been resolved by way of guidance from the FRC this significant piece of work had not been allowed for in the proposed audit fee.

In terms of materiality, Grant Thornton had determined that £650k was appropriate for the Council; this equated to 1.5% of its unaudited gross operating costs for 2022/23. The auditor was however obliged to report all uncorrected omissions or misstatements of lesser amounts, other than those deemed 'clearly trivial'. The threshold for items considered to be 'clearly trivial' (as defined under ISA 260 UK), being set at £32.5k for the Council. It was confirmed that Grant Thornton would provide a list of the items below the 'clearly trivial' threshold for information.

There was a discussion about expenditure by the Council and how the budget book could be examined to identify potential savings. It was advised this was a separate process which fell within the remit of the Corporate Management Committee. Nevertheless the Chair endorsed the request to have sight of all 'trivial' entries which Grant Thornton would review with the Section 151 Officer for materiality and patterns.

Officers were asked whether they considered the fees were appropriate. These were set by the PSAA and for 2023/24 it was proposed that the Council Audit would be £199,771 with the ISA 315 estimate being £7,530. This was a considerable increase. However, it was acknowledged that previously fees had been set too low and did not reflect the amount or complexity of the work which was undertaken by the external auditors.

The Chair reminded Members of the Committee of their ability to request a private meeting with the external auditors if necessary to discuss any particular points of concern. Members were also asked to note the recent change approved by the full Council which gave the Standards and Audit Committee overall responsibility for signing off the Council's final accounts. In addition, the Committee would be required to submit an annual report on its work to full Council. Any major issues with the final audited accounts would also be reported to full Council.

There was some concern expressed about the new 30-year capital programme. Officers explained that the 10-year indicative programme still existed, but that the 30-year plan sat behind it and provided an opportunity to look at projects and potential expenditure that might be needed over the lifespan of many of the Council's investments and operational assets.

Officers were thanked for their report which was duly noted.

19 **External Audit Interim Auditor's Annual Report 2023-24**

The Committee received for information the external auditor's Interim Auditor's Annual Report for 2023/24.

Officers from Grant Thornton explained that their new approach to examining the Council's value for money arrangements was in line with the National Audit Office's Code of Practice. This focussed on an assessment of the Council's arrangements for Financial Sustainability, Governance and Improving Economy, Efficiency and Effectiveness and in the context of the Council's receipt of a non-statutory Best Value Notice from the

Department for Levelling Up, Housing and Communities in December 2023. The Notice had expressed concerns that the Council had borrowed 71 times its core spending power as at 31 March 2023, and commercial income, mainly from an investment property portfolio built up using borrowing represented a substantial revenue source for the Council and was being used to support core and discretionary services.

Grant Thornton had made one key recommendation and two improvement recommendations in respect of financial sustainability. This was because they had identified what they described as 'significant weakness' in those arrangements. The key recommendation which had been taken on board was that, for future years, detailed scenarios for investment property income returns should be included in the medium-term financial plan with clear reporting to Corporate Management Committee on savings achieved. The detailed management comments to this were noted.

With regard to improvement recommendations for financial sustainability, Grant Thornton considered a greater level of external consultation should take place around budget setting with clearer disclosure in the budget identifying statutory and discretionary services. Officers confirmed that this was a work in progress but that an increased level of reporting on savings was taking place in line with the adoption made in July 2023 of a new process for identifying and approving proposed savings and efficiencies and reporting on them to Committee. The second improvement recommendation concerned the 30-year Capital Programme and the reliability of forecasting over its life. It was noted that the Council had committed to use the receipts from the sale of debt funded investment assets to pay down borrowing rather than to fund new asset purchases. This did run the risk of limiting the Council's ability to raise capital receipts to fund other projects.

In respect of Governance there were no significant weaknesses identified and one improvement recommendation had been made. This was to question the appointment of Officers and Members to the Council's subsidiary companies. However, Officers considered that a change in appointments was unnecessary owing to the findings of a recent external review which would be reported to the Corporate Management Committee which oversaw these arrangements. Instead, additional governance measures would be introduced such as clear written roles and responsibilities, a 'conflict of interest' policy, Director training and other improvements to the governance framework.

There were three improvement recommendations concerning improving economy, efficiency and effectiveness. First, scrutiny of corporate key performance indicators should revert to the Corporate Management Committee, which had been implemented. Second, clear terms for extending an improvement notice to one of the Council's Housing Contractors should be made because their targets had not been met. Officers were continuing to monitor this closely and would take appropriate action within the terms of the contract if appropriate. Last, Grant Thornton had recommended that waivers should be reported regularly to the Standards and Audit Committee to include the number of waivers, contract values and reasons for the waiver. As noted by the Chair, this had already been agreed and the next annual report was due in March 2025. In response to a discussion about contracts and waivers, Officers agreed to expand the annual report on waivers to include analysis of the top ten areas of spend. The process of securing a waiver on contracts by the Officer Procurement Board was explained and agreed to be robust and transparent.

The Section 151 Officer agreed to bring a progress report on the implementation of Grant Thornton's key and improvement recommendations at six monthly intervals, the next one being due in January 2025.

There was a debate around savings, noting that the first savings report had been considered by the Overview and Scrutiny Select Committee in March 2024 and that quarterly budget monitoring for 2024/25 would be taking place with enhanced disclosure

on statutory and discretionary spend being included in future budget preparation.

Officers from Grant Thornton were thanked for their report and Members looked forward to sight of the final Auditor's report in due course.

20 **Internal Audit Progress Report**

The Committee received for information the Internal Auditor's Progress Report on the 2024/25 audit plan in accordance with the requirements of the Public Sector Internal Audit Standards.

Officers from the Southern Internal Audit Partnership reported that they had reviewed the recommendations made by the previous internal auditors including those that were still overdue. In particular, Officers were asked to confirm the status of the outstanding recommendation with regard to the Meals at Home service.

Officers reported that since publication of the report further progress had been made including agreeing Terms of Reference in respect of the forthcoming audit of ITIL Assurance Mapping and meetings were taking place in respect of the audits on the non-statutory Best Value Notice programme and Emergency Planning.

It was confirmed that the routine recommendation for Key Financial Controls was due to be completed later in the month.

21 **Gap analysis and Action Plan resulting from the self-assessment against the Best Value guidance**

The Committee was asked to note the outcome of the Council's self-assessment against the guidance on the Best Value Duty which was one of the workstreams arising from the non-statutory Best Value Notice response programme.

Members recalled that under the Local Government Act 1999, local authorities must legally deliver what was termed 'Best Value'. In practice, this meant that a Council had to demonstrate and evidence that it had suitable arrangements to secure continuous improvement in the way in which its functions were exercised, and having regard to a combination of economy, efficiency and effectiveness.

By way of background, Officers explained that the previous Government had consulted with the sector in 2023 in order to develop guidance to provide greater clarity on how to fulfil the Best Value Duty by describing what constituted best value, the standards expected and the models of intervention that could be used in the event of failure to uphold these standards.

Members noted that there were seven themes identified in the guidance that together delivered continuous improvement. These were: leadership, governance, culture, use of resources, service delivery, partnerships and community engagement.

Officers advised that in response to the non-statutory Best Value Notice, one of the workstreams was to perform a self-assessment against the guidance to reflect and identify areas of strength as well as areas for improvement to demonstrate and evidence the Council's self-awareness and continuous improvement.

Members were asked to note the outcome of the exercise which had involved significant and comprehensive work from Officers from across the organisation to assess the Council's position against the Best Value guidance. Officers cautioned that at the time work commenced, the guidance was still in draft and the final guidance post-consultation was not published until May when the majority of work to evidence the Council's position

had completed. However, the changes to the guidance had been taken into account in the assessment.

Officers confirmed that the process was designed robustly to deliver the self-assessment.

Officers in the Project Management Office prepared an initial draft narrative for each of the 73 characteristics of a well-functioning authority that was described in the guidance for each of the 7 themes. Officers reported that several workshop events had taken place to complement the evidence amassed for each element and signpost to other documentation or Officers in order to gather further information.

It was explained that Officers who had not been involved in the development of the narratives for each characteristic were identified, with their role to review the position statement, sample the evidence, assign a score and provide a commentary on the justification for that score, including any gaps or additional areas to address. Members agreed this was important to ensure an impartial and independent review. In terms of process, another round of input was then carried out by the Project Management Office based on the feedback provided by reviewers.

Officers reported that all 73 position statements had been reviewed and some scores had been amended to ensure consistency in the scores given which provided a second impartial and independent review. The Committee noted that the last stage of the process involved the Assistant Chief Executives conducting a final assessment of the narrative and scores. Officers highlighted the heat-map generated from the scores given for each characteristic by theme.

The Committee noted that there was a mix of colours scored across each and every theme and agreed this validated the approach taken and the rigour taken in the scoring process.

Members noted that areas of strength and confidence were indicated by green scores, whilst yellow or amber represented where there was still work to be done.

Members were content that the majority colour of the heat-map was light green indicating broad alignment with the Best Value duty. In addition, Officers had taken the opportunity to identify extra areas of improvement to further enhance Best Value. This was welcomed by the Committee.

It was satisfying to note that no one theme was entirely yellow or amber and that yellow could usually be applied to new or planned work.

Officers updated the Committee in respect of one amber scored characteristic which could be regarded as green now that OfLOG had delivered some webinars, for example on waste management.

Officers confirmed that two elements were classed as grey because they were outside Officers' control. These pertained to appetite in moving to all out elections and an assessment of working relationships between political groups. Members noted that a decision on all out elections (L009) had not yet been made and that this would be considered in due course by the Constitution Member Working Party, the Corporate Management Committee and full Council thereafter.

Members reviewed the action plan arising from the self-assessment exercise. It was confirmed that any actions identified would be added to the business planning tool as in-year activity assigned to the relevant service area to deliver. This would be followed up with the relevant Corporate Head of Service to provide progress updates in line with standard reporting procedures.

The Committee welcomed its role to ensure that the action plan arising from the self-assessment was progressed and delivered in a timely manner, and a follow-up report would be submitted in January 2025. Members noted that the exercise and scoring would be repeated in 2025, to provide a similar heat map at that point to further demonstrate self-awareness and direction of travel.

Officers agreed to provide the Chair with a copy of the background detail in respect of SD006 and the conclusion drawn of 'no gaps identified'.

Officers were thanked for their report and the considerable amount of work undertaken so far and looked forward to progress reports as proposed.

22 **Council's Complaints Policy and adoption of the Ombudsman's Complaint Handling Code**

The Committee's approval was sought to adopt the Local Government Ombudsman's complaint handling code and approve the Council's revised complaints policy.

Members recalled that the draft complaint handling code was submitted to the Committee in November 2023, when they approved the Council's response to the Ombudsman's consultation and that the code came into force in April 2024.

Officers highlighted the key changes to complaint handling; the emphasis was now on promptness, consistency and transparency, as well as identifying trends and lessons learned that could be shared across the organisation.

Members approved the new definition of service requests and complaints as articulated by the Ombudsman. Officers reported that whilst these were broader definitions it was anticipated that the opportunity could be taken, as encouraged by the Ombudsman, to convert more complaints to service requests which would then be dealt with as business as usual. Members welcomed this and agreed it should make the process more efficient and timely for the customer.

It was noted that under the new definitions the complaints policy also covered contractors and colleagues in Housing had been leading on this, noting the new complaints policy for Housing that was approved by the Housing Committee in June 2024.

Officers described the new process which supported the code and policy and emphasised that its success relied on colleagues in Customer Services triaging complaints correctly and promptly to the allocated complaint handlers and in turn complaint handlers keeping their outlook diaries up to date with details of to whom complaints should be allocated in their absence.

The new software replaced the corporate complaints register and could be interrogated more effectively for monitoring and performance, provided enough detail was included by the complaint handlers when managing a case from start to finish. For example complaint handlers would now be required to record where service improvements had been made as a result of the outcome of a complaint. This was important information to capture because it fed into the new performance monitoring requirements as set out in the formal policy.

Officers outlined the new timescales and expectations which had been incorporated into the policy and associated processes in the software built by colleagues in Digital Services. It was confirmed that this had been 'soft launched' and the Committee thanked colleagues in Customer Services and Digital Services for their commitment and time in bringing this to life.

Members approved the core principles and objectives of dealing with complaints which had

been summarised in the staff guidance. The Committee was asked to note the guidance was a living document which could easily be updated as further guidance emerged, training was undertaken and complaint handlers fed back on the process and engagement therewith.

Officers confirmed details of the training being undertaken and a formal review of the software would take place later in the year. The policy would be reviewed in June 2025 with any major changes being brought back for the Committee's approval.

Members noted that the LGA campaign on 'debate not hate' was referenced in the new policy as requested by the Chair, and a report on the unreasonable complainant behaviour protocol would be submitted to the Committee in September. Members were advised that at the next scheduled meeting, Officers would also be reporting on Quarter 1 of 2024/25, and by the meeting in November Officers would be able to report on complaints in Quarter 2 using data extracted from Jadu. This would help the Council comply with the new reporting requirements in the Code to be restyled as the 'complaints performance and service improvements report' and feed into the annual self-assessment introduced by the Ombudsman's code.

The Committee noted that an Equalities Screening Assessment had been conducted which complemented the one conducted by the Ombudsman. The Council's Equalities Group had positively reviewed the assessment and did not suggest any amendments.

Officers were thanked for their work and the Chair confirmed that the Standards and Audit Committee as a collective were the Council's overseeing body for complaints and that the Chair of Housing retained that role for Housing related complaints.

Resolved that –

- i) the Local Government and Social Care Ombudsman's (the Ombudsman's) Complaint Handling Code, issued in April 2024, be adopted;**
- ii) the new internal Complaints Policy 2024 be approved; and**
- iii) the guidance for staff be endorsed**

23 Complaints and Compliments about Councillors

The Committee received for information a report which fulfilled the Council's commitment to complying with one of the recommendations of the Committee on Standards in Public Life to report annually on complaints about councillors.

Members noted that dealing with issues relating to Standards was one of the Committee's key functions of governance.

Members were assured that data was anonymised prior to publication on the Council's website unless a Hearing had directed that it was in the public interest to name the councillor against whom a complaint had been made and it had been found that a breach had taken place.

The Committee was advised that five complaints had been received for 2023/24. Of these, two were closed after initial consideration by the Monitoring Officer, three were still open and in progress. Officers confirmed that the case which the Committee had agreed previously to refer for investigation was at the draft report stage and if need be would return to them for further consideration. Officers reported that an informal resolution was the hoped for outcome of another open complaint and the third was at the assessment stage in consultation with the Council's appointed Independent person.

Members were pleased that there had been no hearings in 2023/24 and no outstanding cases from 2022/23.

Officers reported a compliment from 2023/24 from one person about two councillors for their assistance with a housing related issue. It was thought that councillors did tend to underreport positive feedback from the public.

With regard to the Independent Person, Members were advised that he continued to play an invaluable role assisting colleagues in Legal considering complaints. Officers confirmed in the report that it was planned to recruit a second independent person in the autumn.

The report was duly noted.

24 **Exclusion of Press and Public**

There were no exempt or confidential items on the agenda.

(The meeting ended at 9.16 pm.)

Chair