

Runnymede Borough CouncilStandards and Audit CommitteeThursday, 28 November 2024 at 7.30 pm

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

Members of the Committee absent: Councillors MK Cressey, G Moudgil and M Nuti.

In attendance: Councillors M Smith.

36 **Notification of Changes to Committee Membership**

Councillor L Gillham substituted for Councillor G Moudgil, and Councillor J Mavi substituted for Councillor M Nuti.

37 **Minutes**

The Minutes of the meeting of the Committee held on 24 September 2024 were confirmed and signed as a correct record.

38 **Apologies for Absence**

There were no apologies for absence.

39 **Declarations of Interest**

There were no declarations of interest.

40 **Business Runnymede**

The Committee received for information a report that had been requested by the Chair earlier in the year on the Terms of Reference of the Business Runnymede Steering Group.

Officers advised that Business Runnymede currently had 463 members. The vast majority are local SMEs although it was noted that there were a small number of members who were not based in the borough. Officers confirmed however, that there were no set criteria for membership, but that participants in both the partnership and the Steering Group would have a genuine interest in the borough, and the economic development thereof. The main focus of the partnership was to provide a mechanism to enable the council to consult and engage with the local business community, to foster a thriving networking forum for local businesses, and to deliver the annual Runnymede Business Awards.

The current membership of the Steering Group was noted, as were its Terms of Reference. Officers reported that the Steering Group was a consultative Group, without decision making powers as such, but was an important organisation which continued to be consulted on matters including the Council's budget.

The Committee was keen for the partnership to return to previous levels of membership, which had at one time, stood at approximately 1,700 members. Officers explained that membership had dropped significantly around six years ago due to concerns with data protection. Over the past three years members had grown by 20% each year. There were some notable businesses not currently involved, and both Officers and Councillors were

urged to promote it widely, to attract new members. Meetings of the Business Runnymede Steering Group took place four times per year, two of which were held remotely. Officers agreed to include all Councillors on the circulation list for the Business Runnymede newsletter, and to send the Terms of Reference document to all Councillors.

The report was duly noted.

41 **External Audit Update - BDO**

The Committee was appraised of the current position with completion of the external audit of the Council's Statement of Accounts for 2019/20 through to 2022/23.

Regrettably, BDO were not able to sign off the 2019/20 audit owing to two factors. The first was that work was incomplete with regard to employee costs. Insufficient testing had been undertaken and the backstop date meant no further testing could be done to satisfy BDO. Therefore, BDO intended to issue an 'except for' qualified audit opinion.

The second issue was in respect of the 'value for money' arrangements in 2019/20, owing to one particular acquisition of property outside the borough which had taken place in 2019/20. BDO had questioned the legality of borrowing from the Public Works Loan Board for the purposes of acquiring commercial property for the generation of income or capital appreciation. BDO were awaiting an external legal opinion.

Some Members referred to the 'general power of competence' given to local authorities under the Localism Act 2011, and questioned why, when that was in place prior to 2019/20, when similar acquisitions had been made, the landscape had changed the following year. BDO clarified that they had sought external legal advice on this point, as subsequently there were different legal opinions on how those powers could be applied.

BDO stated that a significant amount of work had been undertaken. However, owing to the issues described above they were unable to complete and would also be issuing a 'disclaimer of opinion' for the years 2020/21 to 2022/23.

The Committee expressed unanimous displeasure with the continued delay and in particular the reputational damage for the Council, which was legally obliged to issue a notice, advising of its failure to have signed off the Statement of Accounts, nor meet the statutory backstop date of 13 December 2024. Members stressed that the circumstances were beyond the Council's control, and that responsibility rested with BDO.

Officers were asked to seek advice on the possibility of seeking recompense for the delays in completion of the 2019/20 audit and subsequent external audits, although Officers cautioned that there were no financial penalties imposed on either party for non-completion.

It was also acknowledged, with reference to the 'Local Audit Backlog Rebuilding Assurance', published by the Financial Reporting Council, that it would take a significant amount of time for local authorities and audit companies to move to the recovery period once the reset measures were taken, as set out by the Government's written ministerial statement.

The Committee did not rule out issuing a vote of no confidence in BDO. However, before re-consideration of this, Officers from BDO were asked to present an update to the Committee in January 2025.

Resolved that –

- i) **the Standards and Audit Committee expresses dissatisfaction in BDO for**

failing to submit the 2019/20 ISA260 and Value for Money reports ahead of the revised backstop date that was set by the Minister of State for Local Government;

- ii) the Assistant Chief Executive (S151 Officer), in consultation with the Chair of the Committee be authorised to write a letter to the Public Sector Audit Appointments (PSAA) setting out the committee's concern with BDO's performance. This letter will be published on the Council website; and**
- iii) the Assistant Chief Executive (S151 Officer), in consultation with the Chair of the Committee be authorised to submit a formal complaint to BDO**

42 LGA Corporate Peer Challenge outcome and the Council's response

The Committee was asked to note the positive outcome of the recent corporate peer challenge (CPC) and approval was sought to recommend to Council that the action plan attached at Appendix B of the Officer's report be approved.

Members recalled the very recent visit of the CPC during October 2024. Members were advised that hosting a CPC at least every five years was recognised in the sector as assisting councils to meet their Best Value duty and as the last such visit was in 2019, another exercise was timely. This has also provided additional evidence in support of the Council's response to the non-statutory Best Value Notice received in Dec 2023 and in particular met the Ministry of Housing, Communities and Local Government's requirement for an external governance review.

The CPC had focussed on five key areas: local priorities and outcomes, organisational and place leadership, governance and culture, financial planning and management, and capacity for improvement.

The Committee noted the overall messages and observations made by the CPC and the seven outcome recommendations, most of which were either in place, planned for or underway. These had been translated to an action plan, which because of its cross-cutting nature, Officers considered it appropriate to seek the approval of the full Council thereon.

It was noted that an update on progress of the action plan would be brought to the Committee in 2025 ahead of the follow-up visit of the CPC team.

The Committee was pleased to recommend to the Council approval of the action plan accordingly.

The Chair proposed a vote of thanks from the Committee to Sarah Hall for her exemplary work which was supported by all the Members present.

Resolved that –

- i) the LGA's Corporate Peer Challenge report be noted; and**
- ii) the proposed action plan shown at Appendix B of the report, be agreed for recommendation to full Council on 19 December 2024**

43 Risk Appetite Statement 2025

The Committee's approval was sought for the Council's Risk Appetite Statement for 2025, the first version of which was approved by the Council in December 2023. Members noted that the overarching risk appetite statement remained unchanged from 2024.

The Committee reviewed each of the existing 13 risk categories, their definitions, and the recommended risk appetite position. Members agreed with the Officers' conclusions for the risk appetite position for 2025, with the exception of the Property risk category. For clarity, it was proposed to create a 14th risk category and definition for 'Investment Holding' risk, and for this risk category to have cautious risk appetite rather than having two separate definitions within the one risk category for Property.

In addition to this amendment, Members requested that the definition of Security risk category be updated to include the security risk for Members when fulfilling their civic duties.

With regard to the Commercial risk category, it was noted that the current 'cautious' rating could change in future years once the Procurement Act 2023 had been implemented and bedded in with the introduction of the new Competitive Flexible Procedure for above-threshold procurements.

In addition, Members were advised that contract management had been identified as an area for development and the rolling-out of the contract management framework was due to take place during 2025.

The Committee noted the policy framework, resource and legal implications and were content to recommend the risk appetite statement for 2025 accordingly.

Resolved that –

- i) the Council be recommended to approve an additional risk category of Investment Holdings Risks; and**
- ii) the overarching Risk Appetite Statement for 2025, and supporting risk appetite statements for each risk category, as set out in Appendix B of the report be agreed for recommendation to full Council on 19 December 2024**

44 Internal Audit Progress Report

The Committee noted positive progress with the Internal Audit Programme for 2024/25.

It was reported that 18% of 2024/25's plan was complete, 59% was in progress with the remaining 23% due to start shortly in line with the agreed timetable. Members were pleased to note that a reasonable level of assurance had been attained in the Climate Change audit, and that the four recommendations made had not yet reached the target date. Substantial assurance had been the outcome for the Non-Statutory Best Value Notice programme.

There were three 'legacy' target dates due to be implemented by the end of the year. Details of the Meals at Home recommendations were provided. A Member commented positively on the new HR system being used to provide a single central record to allow for oversight and monitoring of critical records such as DBS checks.

There were two adjustments to the plan. Firstly, the Corporate Head of Environmental Services was thanked for attending the meeting to explain why the audit regarding compliance with the Environmental Act 2021 for waste and recycling had been put back; sensibly to await the incoming Operations Manager for the DSO and to await statutory guidance which was currently still at draft stage. Officers reported that the Tree Safety Audit was now complete and the auditors draft report would be considered shortly. Secondly, and in respect of Cyber Security Training and Awareness, Members were advised that following the completion of the ITIL Assurance Mapping review, the IT

contingency time had been allocated to a review of the aforementioned training in Quarter 4 instead of Quarter 2.

In line with the Forward Plan, Officers from SIAP would bring an update to the next scheduled meeting of the Committee in January 2025.

The report was duly noted and Officers thanked for their report and positive engagement with Officers and the Committee, noting the Chair had met with SIAP earlier in the month.

45 **Complaints and Compliments Quarter 2 2024/25**

The Committee received for information the regular report on complaints and compliments for the period 1 July – 30 September 2024.

Officers reported that in respect of complaints, more detailed data in Jadu was helping to inform the reports, whilst assuring Members that the system itself gave different views to different Corporate Heads in order to maintain data integrity.

Officers advised, that as predicted, making the system easier for complaints to be logged using the external and internal forms had seen an increase on quarter 1 of 2024/25 from 46 to 70. However, compared with 54 in Quarter 2 of 2023/24, it was agreed this was not dramatically different. Members appreciated the comparative data, without having to refer back to previous reports.

Members noted the headline statistics that 52% at stage 1, and 25% of complaints had been upheld in Quarter 2 of 2024/25, with a fair proportion at the time of writing the report being either overdue or had not yet reached their target date

The Committee noted that the data was presented in the way the Ombudsman would require from April 2026, and agreed the Council was in a good position to use the next year or so for the code and reporting data to become part of normal processes. Members welcomed the new format of the report with illustrations.

Officers advised they were working with colleagues in Digital Services to extract the average number of working days to respond to complaints following acknowledgement at stages 1 and 2, as this would also be required under the complaint handling code.

Officers also reported additional data extracted from Jadu, including the number of service requests, external complaints, and where a general response had resolved a complaint without recourse to the relevant Corporate Head. This had been carried out by Customer Services to assist the Corporate Heads who had been working with the new system, which for some had been very time consuming. They were thanked for their engagement with the new processes which was very helpful. This was particularly evident in reporting service improvements. Corporate Heads when completing the process were asked to identify these. The Committee agreed they provided useful data as to how lessons could be learned and best practice shared.

Officers reported that the option to choose to deal with what initially identified as a complaint as a service request had been positive, meaning people did not have to wait for something relatively straightforward to be dealt with more formally if it resolved matters more promptly. Officers were monitoring the situation to help ensure that genuine complaints did not get downgraded without interaction with the person that had submitted a form.

Officers advised that in order to better track equalities needs the field in jadru had become mandatory to indicate if reasonable adjustments had been requested and made.

In respect of compliments, Members noted 10 for Quarter 2, compared with 15 in Quarter 1 and 29 in Quarter 2 of 2023/24. Some very positive comments and feedback across the business centres had been received. Officers confirmed that they would continue including the Chair when circulating certificates to staff in receipt of compliments.

Officers were thanked for their report which was duly noted.

(The meeting ended at 9.06 pm.)

Chair