

<b>MEETING:</b>	Audit and Governance Committee
<b>DATE:</b>	Wednesday, 17 March 2021
<b>TIME:</b>	4.00 pm
<b>VENUE:</b>	THIS MEETING WILL BE HELD VIRTUALLY

## MINUTES

**Present** Councillors Lofts (Chair), Richardson, Barnard and P. Birkinshaw together with Independent Members - Ms K Armitage, Ms D Brown, Mr S Gill, Mr P Johnson and Mr M Marks

### 31. DECLARATIONS OF PECUNIARY AND NON-PECUNIARY INTEREST

There were no declarations of interest from Members in respect of items on the agenda.

### 32. MINUTES

The minutes of the meeting held on the 20<sup>th</sup> January, 2021 were taken as read and signed by the Chair as a correct record.

Arising out of the above, questions were asked as to why a report on the Glassworks scheduled to be brought to this meeting had not been forthcoming. In addition, it was noted that an exempt report had been submitted to the Cabinet meeting in January.

The Head of Internal Audit, Anti-Fraud and Assurance stated that a programme of items for submission to future meetings was in preparation. It was important to ensure, however, that any update reports were submitted in a timely manner as and when progress on projects and issues meant that such updates could be meaningful. It was the intention to submit a report on the Glassworks to the April meeting. In relation to this meeting, however, the Service Director Finance confirmed that there had been insufficient progress on the Glassworks since the last update report to provide a meaningful update for this meeting.

### 33. ANNUAL GOVERNANCE STATEMENT 2019/20 ACTION PLAN UPDATE

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report, which was presented by Mrs A Salt, Corporate Governance and Assurance Manager, supporting the updated Action Plan relating to the issues identified following the Annual Governance Review (AGR) for 2019/20.

The Action Plan was appended to the report and had been approved alongside the Annual Governance Statement by this Committee at its meeting on the 28<sup>th</sup> October, 2020.

The Action Plan was used to track progress of the actions identified as necessary to deal with the issues raised through the process. In providing an update of the Action Plan, Mrs Salt reported that progress against most actions had been completed or

were on target to be completed and where there were delays or changes to the planned actions, the reasons were outlined within the Plan.

Written responses to questions asked by Members of the Committee were provided as follows:

- In relation to the loss of equipment and how this could occur, it was reported that predominately this was as a result of items being lost or misplaced by staff members. Most devices were mobile phones used by staff working in an agile manner as part of their role. All devices were encrypted and could be remotely blocked and wiped
- The Phishing Dashboard was in development and would be ready by 31<sup>st</sup> May 2021. Line Managers would have access to the Dashboard and used during one to one meetings with their staff members who had fallen for simulated phishing campaigns. Information available would only be relevant to the manager or the team member that had been phished
- USB memory sticks were blocked. The Computer Usage Policy stipulated that USB memory sticks should not be used without approval from the Information Security Team. When formally requested; memory sticks were only approved where there were no alternative options. Any permissions granted were subsequently reviewed and revoked. The Council did not formally use any systems or processes that required USB memory stick access, therefore,, no impact analysis had been carried out as to what the outcome of blocking USB memory sticks entirely would have on the Council
- Improvements in the area of customer complaints continued as reported in Q3 Performance Reports:
  - 99% of complaints were acknowledged within timescales
  - 95% of complaints were responded to within timescale agreed

Whilst Members had not raised a question in relation to meeting FOI/EIR/SAR statutory timescales, the opportunity was taken to further highlight where significant improvements had been made in meeting statutory obligations:

- 99% of Freedom of Information requests were handled within the statutory timescale
- 100% of Subject Access Requests were handled within the statutory timescale
- 100% of Environmental Information Regulations were handled within statutory timescale
- Performance and Development Reviews continued to take place annually as planned. A review of the P&DR process was to be undertaken as part of the implementation of the Success Factors Performance and Goal Module which was due in 2022
- The post of Principal Social Worker has been successfully appointed to with an anticipated start date of May 2021
- An updated on the Communications Campaign relating to equality and improvements in the demographic data for Equality and Impact Assessments was provided. The Campaign related to the promotion of the role of the Equality and Inclusion Team and the Equality and Inclusion related training offer. The new “Translation and Interpretation” POD course would be finalised in the week commencing 15<sup>th</sup> March, 2021. Once finalised the Communications Campaign would be promoted by the Communications

Team. In relation to the demographic data, it was reported that this issue needed to be reworded to “Ongoing problem with lack of staff demographic data” – It was not possible to resolve this until the Success Factors HR System went live. The current HR system did not have the capability to record the required information or transfer the information to the new system. There would be a communications programme as part of the Success Factors launch which would include asking staff to update their own demographic details. The last known indicative release date for the system was December 2021

**RESOLVED** that the progress made against each of the items listed in the Action Plan be noted.

#### **34. STRATEGIC RISK REGISTER UPDATE**

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report providing an update on the development of the Strategic Concerns/Risk Register and proposing that at future meetings there be an opportunity for a ‘deep dive’ review of specific strategic risks with an appropriate Executive Director in attendance to update and assure the Committee on the management of their individual strategic risks for their service.

It was noted that the current Register contained 13 risks and, using a new system of risk assessment, the Senior Management Team had classified 11 as being important (amber rating) and 2 as ‘requires attention’ (green rating) in relation to the level of response and intervention required.

The Head of Internal Audit then demonstrated the Power BI Dashboard highlighting the concerns/risks on screen and showing how Members could drill down into the background, the actions and key target dates identified for each strategic risk. He stated that for subsequent meetings a brief covering report would be provided together with the link to access the risk system (guidance for which would be made available). He reminded Members that having an oversight and obtaining assurances about the Council’s Risk Management arrangements and the management of specific risks and concerns was a key responsibility of this Committee.

The new system was continuing to be populated with risks for all service areas and business units and to date a total of 117 risks had been logged with more being added daily.

An appendix to the report showed the current strategic risks/concerns which would enable Members determine the priorities for their ‘deep dives’. It was proposed to earmark four Committee meetings throughout the year where such strategic risks/concerns could be presented and discussed.

This new approach to corporate risk management and on how the Committee obtained assurances would be continually reviewed to enable any changes and refinements to be made as appropriate.

In the ensuing discussion, the following matters were highlighted:

- Members generally welcomed the new approach to risk management and to the strategic risks identified but assurance was sought that all potential risks had been identified and logged particularly taking account of actions that had been identified within other local authorities. The Head of Internal Audit, Anti-Fraud and Assurance stated that the collection and identification of issues had been very much led by the Senior Management Team in order to identify those key strategic risks. The new approach to risk management was, however, about the forward look and horizon scan of issues and potential issues and this was a fundamental change from the old approach. The Executive Director Core Services echoed the comments made and commented on how SMT had ensured that they had identified the risks, how check and challenge had been undertaken to ensure this and to make sure that the issues for the organisation had been identified. He stated that it had been SMT's suggestion that each Executive Director attend this Committee to enable Members to drill down into each risk area in order to give an assurance that the risks were being managed appropriately. This approach was very much welcomed by Members of the Committee
- It was felt that any of the strategic risks identified would be worthy of being brought to Committee for a 'deep dive' and it was suggested that this be rotated between each of the Executive Directors
- It was acknowledged that the risks changed over time, however, at the moment the risk of the authority losing revenue because of business failure was likely to get worse given the impact of the Covid pandemic. Questions were asked as to the number of business failures there had been over the last 12 months. The Service Director Finance stated that this was a live risk and indeed the budget item scheduled for later in the meeting included a forecast of the potential impact. He was unable to give the information about the precise number of business failures but would provide this after the meeting. He would also include details of new business start-ups during that period
- Arising out of the above, the Head of Internal Audit, Anti-Fraud and Assurance commented on the change to the risk register which now focused on corporate governance and on ensuring that the correct arrangements were in place through sound financial management for dealing with the threats faced by the authority and potential changes in resource allocation and income etc.
- Members were satisfied that the new approach to risk management would ensure that the authority was able to deal with risks and issues as they arrived/were identified rather than dealing with historical/legacy issues
- Members were happy for the Head of Internal Audit, Anti-Fraud and Assurance and the Service Director Finance to use their professional judgement as to which Executive Director to invite to Committee for an examination of their specific strategic risks. This would be reflected within the Committee's work plan submitted to the next meeting

Written responses to questions asked by Members of the Committee were provided as follows:

- In relation to risk 5 'Educational Outcomes Progress' and particularly in relation to vulnerable groups and boys falling behind, information was provided on action being taken to assess and provide remedial action as follows:

- High level action 1 - Assurance regarding the existence and effectiveness of data monitoring systems, engagement with schools and the use of interventions

Status - Barnsley Alliance – agreed the principles of working – with a focus on specific actions arising e.g. remote learning, exam cohorts. Reports were submitted into SMT of Covid performance indicators – including considering attendance, exclusions etc.

- High level action 2 - Utilising the partnership arrangements in place around Covid 19 to ensure there remained a focus on outcomes

Status - Barnsley Alliance - sector lead partnership meetings were held fortnightly. The Education Skills Sub Group and Barnsley Tactical Group reported into Gold meetings on a weekly/fortnightly basis

- The ‘requires attention’ status of the Risk Register reflected a monitoring / ‘keeping an eye on things’ rather than requiring more urgent action / intervention. Each area had its own actions and timescales determined by the action owners. Most actions had quarterly review dates to ensure that oversight was planned
- Information was provided about the external market provision in Adult Social Care and about the strategy to try to ascertain what concerns were and how these could be addressed. Reference was made to the following:

- High level action 1 - Assurances regarding the current and predicted status of Adult Social Care provision in the Borough.

Status - Work was being undertaken to update the market position statement and to engage with providers around future commissioning requirements. Commissioning intentions document would also be updated.

- High level action 2- Engagement with the market to explore options and build appropriate plans to address capacity and quality issues and concerns.

Status - Discussions were underway with Residential Care providers about the future state of the market. A 3-year development plan to help shape the market was being developed. There had been further analysis of the market both regionally (collaborative piece of work with LGA and ADASS Yorkshire & Humber) alongside local analysis. This would result in the production of a Market Position Statement (stating what was needed in Barnsley and why) followed by a delivery plan.

## **RESOLVED:**

- (i) That the update of the Strategic Risk Register and the current strategic concerns/risks be noted, and that approval be given to the proposed approach for the Committee to obtain assurances regarding the management of strategic concerns and risks; and

- (ii) That the Head of Internal Audit, Anti-Fraud and Assurance and the Service Director Finance arrange for each Executive Director to attend meetings of this Committee to enable members to have a 'deep dive' into their respective strategic risks.

### **35. DRAFT RISK MANAGEMENT POLICY STATEMENT AND FRAMEWORK**

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report, which was presented by Mrs A Salt, Corporate Governance and Assurance Manager, on the Draft Risk Management Policy Statement and the Draft Risk Management Framework 2021-23. These documents, which were appended to the report, would form part of a suite of resources for managers and employees to support them in the management of risks across the Council using the new risk management approach and system.

An appendix to the Framework document outlined the roles and responsibilities of various groups and individuals across the Council in relation to the delivery, support and assurance required to establish and embed an effective risk management system across the Council

Members were asked to consider the Statement and Framework and refer it to Cabinet for formal approval.

**RESOLVED** that the Draft Risk Management Policy Statement and Draft Risk Management Framework 2021-23 be noted and referred to Cabinet for formal approval.

### **36. CONFIDENTIAL REPORTING (WHISTLEBLOWING) ANNUAL REPORT**

The Executive Director Core Services submitted a report which was presented by the Head of Internal Audit, Anti-Fraud and Assurance reviewing the activities and current issues regarding the Council's Confidential Reporting (Whistleblowing) Policy and supporting procedures.

The report outlined the background to the development of the policy, its review and revision to ensure that it remained fit for purpose, and indicated that this was one of a suite of policies and procedures whereby concerns could be raised. As highlighted in previous reports, reference was made to the difficulties in speculating what would be an appropriate number of whistleblowing complaints to be received

During the last year there had been 8 instances of contact, 6 received via email/letter and 2 through direct contact with one of the Corporate Whistleblowing Officers. Of those, 6 had been submitted anonymously which made investigations more difficult.

Information was provided about the way in which investigations were undertaken and a table within the report summarised the 8 issues raised, highlighted the nature of the concern and the action taken. None of the closed cases raised any issues of great significance or concern to the Authority but one had resulted in disciplinary action being taken. Two cases remained open, one would be considered as part of an Internal Audit review in due course and investigations were continuing in respect of the other case.

It was noted that the principles of confidential reporting were to be highlighted as part of the Fraud Awareness Week planned for later in the year and this would raise the profile of the responsibility and importance of all staff raising any concerns they had.

The Executive Director Core Services echoed the comments made and stressed that each complaint was taken very seriously. He highlighted the importance of cross-referencing issues raised against the wider dashboard of information and intelligence held by the authority as this would enable any patterns of behaviour or items of concerns to be identified and addressed.

Questions were asked as to whether any of the anonymous issues raised were malicious or vexatious. The Head of Internal Audit, Anti-Fraud and Assurance commented that this was always a key consideration in any investigation. If there was any suggestion that this was the case this was taken into account in any response, but this did not mean that the issue was not worthy of investigation as it could present a concern that needed to be examined. During an investigation other information or corroborative evidenced held by the authority would be sought. If, however, an issue was found to be purely vexatious and malicious and the individual raising the issue was identified, then appropriate disciplinary action would be taken.

In response to a written question submitted in relation to the timeline between the receipt of a complaint and the closure it was reported that every issue raised was different and so there was no specific timescale that could be applied. The authority tried to ensure that any matter raised was looked into as quickly as possible but there were many factors that could mean an investigation took a number of weeks or months.

#### **RESOLVED:**

- (i) that the report and the assurance it provides be noted; and
- (ii) that the Committee commit to support the Council's overall counter fraud culture and the work of Internal Audit and the Corporate Anti-Fraud Team.

### **37. INTERNAL AUDIT PROGRESS REPORT**

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report providing a summary of the Internal Audit activity completed and the key issues arising from it for the period 1<sup>st</sup> January to 23<sup>rd</sup> February, 2021.

The report, which was presented by Mrs S Bradley (Audit Manager), outlined, amongst other things:

- The Internal Audit and Corporate Anti Fraud Teams had delivered 93% of the internal audit work as at the end of February. Overall as a service, including the external clients, governance and assurance and Data Protection Work, 87% of work had been delivered and the service was, therefore, on track to fully deliver the Internal Audit Plan within the year
- Two final reports had been issued within the period one of which was a formal review for which a reasonable assurance opinion had been given. There were no concerns with regard to assurance opinions given within the period

- Information was provided about the other work that had been delivered during the period together with the status of that work
- An update was provided with regard to agreed Management actions that had been followed up and there were no concerns to raise
- Overall in terms of the work that had been completed to date, including the work that did not include assurance opinions, for example, attendance at meetings /boards to discuss governance and assurance as well as the management actions that had been implemented, the service was on track to give a reasonable assurance opinion at the end of the year

Written responses to questions asked by Members of the Committee were provided as follows:

- One Member of the Team was assigned to each of the Steering/Working Groups with a deputy to attend in their absence. It was usually the Head of Internal Audit, Anti-Fraud and Assurance, the Audit Manager or a Principal Auditor depending on the type / purpose of the meeting forum
- It was noted that there were a significant number of outstanding audit reports including a number in relation to Covid funding and questions were asked as to the reasons for this. It was reported that the “work in progress” was scheduled to commence in quarter 4. Internal Audit activity did not stop at 31<sup>st</sup> March and there would, as in previous years, be a number of reviews that would be completed in Q1 of 2021/22. These would be included in the Head of Internal Audit, Anti-Fraud and Assurance Annual Report.

#### **RESOLVED:**

- (i) that the issues arising from the completed internal audit work for the period along with the responses received from management be noted;
- (ii) that the assurance opinion on the adequacy and effectiveness of the Authority’s Internal Control Framework based on the work of Internal Audit in the period to the 23<sup>rd</sup> February, 2021 be noted;
- (iii) that the progress against the Internal Audit Plan for 2020/21 for the period to the 23<sup>rd</sup> February, 2021 be noted; and
- (iv) that the performance of the Internal Audit Division for the period be noted.

#### **38. CORPORATE ANTI-FRAUD PROGRESS REPORT**

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report providing an update of the work of the Corporate Anti-Fraud Team for the period 1<sup>st</sup> April 2020 to 28<sup>th</sup> February, 2021.

Mrs J Race (Principal Auditor), who presented the report, indicated that whilst there were three members of the Team, for the vast majority of the year there had only been two officers as one member of the Team had been redeployed to work on Covid related issues.

The majority of the work during the period had been in relation to Business Support Grants undertaking post event assurance work and to date it had been confirmed that 99.5% of grants had been satisfactory and eligible with only 9 applications being ineligible.

Work was to commence on the local restriction support grant but assistance was being given to the Business Rates Team as and when needed. The scheme closed at the end of the month with final payments being due by the end of April and it was intended to present a further report to this Committee with the results of the post assurance work once this was complete.

Other investigations had been undertaken and details of these were outlined in a table within the report together preventative work, work undertaken in relation to the National Fraud Initiative (NFI) as well as other preventative and counter fraud work. It was pleasing to note, however, that there was nothing of significance to report.

The report also outlined the current position with regard to the 2021/22 operational work programme further details of which would be provided for the June meeting. The Team also continued to offer a counter fraud service to Internal Audit external clients. Such work was only undertaken where it was in the best interests of both the external client and the Council in respect of competing priorities and resources.

Written responses to questions asked by Members of the Committee were provided as follows:

- In relation to Small Business Grants and the checking of banking details it was reported that Government guidance did not specify that the bank account had to be a commercial bank account i.e. some small businesses used their personal bank account for business use too. The guidance specified that the businesses had to be trading at a specific date to qualify for the grant (11th March 2020). The Council's bank verified that the destination bank account matched the details provided i.e. the name matched the bank account number at the time of payment. The NFI/Experian checks confirmed that the company was trading at the eligible date, whether the bank account was commercial or personal and if the bank account details matched the name of the business. Recent communication from BEIS had indicated that HMRC would be undertaking checks of businesses which had received the grants, possibly, to verify that those businesses were registered/paying tax.
- A question was asked about who was responsible for contacting the 9 businesses that were ineligible for the small business rate grants, what the situation was with regard to the recovery of money and whether the checks had highlighted any other businesses that were ineligible for rent payments. It was reported that the figures detailed were those last reported to the Department for Business, Energy and Industrial Strategy (BEIS) as at 6<sup>th</sup> March, 2021. The Corporate Anti Fraud Team was still conducting post payment checks and there was a possibility that other ineligible payments may be identified. The 9 identified as being ineligible represented 0.03% of the 2,892 grants checked to date. The nature of these cases was such that the processing team could not have been expected to detect their ineligibility at the time. The 9 ineligible payments were still to be recovered but the

Governments guidance would be followed on the recovery of ineligible payments

**RESOLVED:**

- (i) That the progress report on the work of the Corporate Anti-Fraud Team for the period 1<sup>st</sup> April, 2020 to 28<sup>th</sup> February, 2021 be noted; and
- (ii) That regular progress reports continue to be submitted on the internal and external fraud investigated by the Corporate Anti-Fraud Team.

**39. CORPORATE ANTI-FRAUD STRATEGY 2021-2024**

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report on the proposed Corporate Anti-Fraud Strategy which provided a framework to direct anti-fraud activity over the next three years.

Mrs J Race (Principal Auditor), who presented the report, indicated that the third Fighting Fraud and Corruption Locally Strategy, prepared by the Credit Industry Fraud Avoidance Service had been published in 2020. This Strategy had been used to frame the Authority's Strategy, as appended to the report, which adopted structure across the recommended five pillars included in the national strategy document:

- Govern
- Acknowledge
- Prevent
- Pursue
- Protect

One of the recommendations of the Fighting Fraud and Corruption Locally National Strategy was that the authority participate in a Regional Operational Group to, amongst other things, share best practice including potential fraud risks and Mrs Race was a member of this Group. There were also a number of working groups as well and she was also a member of the Incentives and Data Analytics Groups and she was keen for the authority to continue to be involved with this work.

The Head of Internal Audit, Anti-Fraud and Assurance stated that a detailed Operational Plan was now being prepared alongside the Internal Audit Plan for 2021/22 and this would be presented to the June meeting taking into account any comments made by members of this Committee.

Written responses to questions asked by Members of the Committee were provided as follows:

- In relation to communications with other council's/third parties, it was reported that the Fighting Fraud and Corruption Locally (FFCL) had recommended the formation of a regional operation group to share information and develop best practice in response to Local Authority fraud risks. As reported above, the

Principal Auditor was a member of this Group representing the Yorkshire and Humberside Region. The FFCL also recommended a number of working groups to assist LA's with counter fraud work:

- Fraud Measurement – to develop a consistent risk and performance methodology for LAs;
- Powers – to identify and evidence areas where there was a lack of investigative powers to pursue investigations e.g. social care fraud;
- Incentives – what types of incentives could support improved activity;
- Data Analytics – to review existing data related initiatives and recommend best practice on new ideas;
- Social Care – to look at how local fraud strategies should align to LA safeguarding responsibilities

All of the Working Groups would report to the regional Group with their findings (they were yet to meet). In addition to the above the Corporate Anti-Fraud Team was a member of the Yorkshire and Humberside Fraud Investigators Group. The 3 officers of the Team were members of the Tenancy Fraud Forum and the National Anti-Fraud Network

- In relation to continuous training, all three members of the Team undertook personal development and refresher training. The 2 Counter Fraud Officers had recently attended/or were to shortly to attend NAFN and CIFAS webinars:
  - NAFN offered a range of free webinars to help officers maximise the use of their services including refresher training;
  - CIFAS: Understanding the Insider Threat (was a free online conference dedicated to tackling internal fraud). Understanding the Insider Threat, Managing the Insider Threat and Practical responses to the Insider Threat.
- The Principal Auditor attended a 'Counter Fraud Summit' in February and would be attending the 'Tackling Covid-19 Fraud Across the Public Sector Conference' in May.
- All staff had PDRS where training and development requirements and requests were discussed.

**RESOLVED** that the Corporate Anti-Fraud Strategy be approved and the Committee is assured that it provides the appropriate framework to direct anti-fraud activity over the next 3 years.

#### **40. THE COUNCIL'S MEDIUM TERM FINANCIAL STRATEGY 2021/22 - 2023/24**

The Committee received, for information, the Council's Medium Term Financial Strategy 2021/22 – 2023/24 detailing the Budget, Council Tax and Treasury Management Strategy and Policy Statement 2021/22 as approved by the Council at its meeting on the 25<sup>th</sup> February, 2021.

In the ensuing discussion, the following matters were highlighted:

- One Independent Member thanked the Service Director Finance and his Team for the recent discussion held on various aspects of finance
- There was a discussion of Council debt and the implications of PFI debt on the finances of the authority. Within the Council's overall debt, which equated to

£1bn, approximately 30% related to PFI but this was a notional accounting debt and the cost of servicing that was met from PFI credits

- Arising out of the above, there was a discussion of the ownership of the PFI assets following the end of the 25 year PFI contract. It was noted that neither the authority nor schools could borrow finance using the schools as assets/security. There was also a discussion of local authority borrowing procedures/regulations and it was noted that Council's borrowing was not secured against any assets
- Reference was made to the assumptions outlined within the report and the potential implications for the Council of any deviations from those assumptions. The Service Director Finance stated that he felt that the Council had a sound budget in place for next year together with a robust three-year plan but he acknowledged that this was predicated on some significant assumptions. He did not see any significant issues in delivering the plan the main caveat, however, was the issue of future local government funding as no information had been forthcoming about the funding allocations beyond 2021/22. The next government spending review in the Autumn would obviously be undertaken in the light of significantly damaged public finances, but he felt that the assumptions made around a cash standstill position was prudent.

Written responses to questions asked by Members of the Committee were provided as follows:

- Comments made with regard to local government finances, forecasted problems and the issues with regard to delivering services to match expectations were noted
- Questions were asked in relation to rising unemployment and the potential impact on Council Tax receipts. It was noted that provision had been included within the budget for a continued reduction in the tax base as a result of the economic impact of COVID which manifested itself in the form of higher than normal levels of universal credit and local council tax support claimants
- The -5% business rate assumption referred to the estimated reduction in the tax base / net collectable debt as a result of the impact of the pandemic on the local economy. The forecast collection rate was 95% of the revised net collectable debt
- There is no direct impact on the Council's forecast after the extension of the business rates holiday ended in June and the 75% discount after that. The net collectable debt reduced [amount to collect] but as in 2020/21 this was funded directly by the Government via a Section 31 grant
- The reserves strategy was planned over a 3-year period matching future expected movements in reserves to strategic priorities. Future reserve levels included estimates for future allocations of, for example, New Homes Bonus. The narrative meant that spending commitments could be identified but not released until those estimates were confirmed and banked
- The majority of the savings / efficiencies planned for 2021/22 had already been delivered e.g. a substantial proportion related to a reduction in pension fund deficit payments which had been confirmed for some time
- Reference was made to efficiencies proposals and to whether further efficiencies could be brought forward if needed. It was reported that efficiencies were the generic term given to any proposal that reduced the net

revenue budget e.g. general increases in revenue or fees and charges that impacted the net budget in the same way as a cost reduction measure

- Council tax collection was forecast at 95%. However, this was applied to a lower overall net collectable debt to reflect that there were fewer taxpayers liable to pay the full bill than pre pandemic [due to the higher than normal levels of universal credit and local council tax support claimants]
- In relation to reserves, a full update would be provided in the annual accounts but the minimum working balance [contingency for emergency events] was not impacted by the current year outturn and would remain at £20m, at the higher end of the range advised by the Section 151 Officer
- Reference was made to the financing of the Stronger Towns Initiative. This sum had been awarded to develop the wider [Goldthorpe] Stronger Towns Master Plan. The Council had been awarded £23m from its subsequent bid [out of a request of £30m+] with scheme details for the reduced resource envelope currently being developed
- The Council's debt levels were at the higher end of the range as compared to statistical neighbours [CIPFA's financial resilience index showed this]. This was largely due to the significant Building Schools for the Future PFI programme [which was treated as Council debt even though it was largely funded through PFI credits] together with the decision to invest £200m in the regeneration of the town centre
- In relation to the Glassworks Project, there had been a negligible impact on the construction timeline and cost. The key impact was with regard to the economic impact of COVID on the retail, leisure and hospitality sectors. As discussed at previous Committee meetings, the leasing strategy had been continually updated to reflect these changing circumstances
- Market Shaping was an area raised at the Adults and Communities Departmental Management Team during the plan consultation process. It was a new area. The indicative scope discussed with management was to provide independent advice, support and assurance to management with regards to "Market Shaping". Reference to Market Shaping had been raised within the Care Act 2014 - The Market Shaping and Commissioning duty (section 5 of the Care Act 2014 and section 4 of the statutory guidance). A more detailed scope would be discussed and agreed with management should this particular piece of work be approved for inclusion in the prioritised IA plan 2021/22

**RESOLVED** that the report be received.

#### **41. AUDIT COMMITTEE WORK PLAN**

The Committee received a report providing the indicative work plan for the period 3<sup>rd</sup> June, 2020 to 14<sup>th</sup> April, 2021.

The work plan for the forthcoming municipal year was in the course of preparation. In addition, Members could see that in the current work plan proposals were in hand to arrange training/awareness sessions for future meetings.

It was hoped that Members could be involved in the agenda setting for future meetings and, in addition, arrangements were also being made to bring reports and presentations to support the wider remit of the Committee around assurance and

governance. This approach was welcomed by the Council's External Auditors and would very much support the new approach to Value for Money.

There was a discussion of the need for training and awareness sessions which it was felt should be organised prior to all future meetings. A future session on the lessons learned from issues arising from external audits of Nottingham City Council and the London Borough of Croydon was scheduled for the June meeting.

**RESOLVED:**

- (i) That the core work plan for meetings of the Audit Committee be approved and reviewed on a regular basis; and
- (ii) That training/awareness session be arranged for 3.00 pm immediately prior to all meetings of the Committee

**42. EXCLUSION OF THE PUBLIC AND PRESS**

**RESOLVED** that the public and press be excluded from this meeting during the consideration of the following item because of the likely discussion of exempt information as defined by Paragraph 1 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

**43. DRAFT INTERNAL AUDIT PLAN 2021/22**

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report presenting the Indicative Internal Audit Plan for 2021/22.

The report provided a summary of themed audit activity arising from the consultation undertaken to date across the Council and also described the rationale and process for setting the plan, how risk information was used, the value and contribution from consultation with Senior Management and the application of Internal Audit experience and professional judgement

Members attention was drawn to key aspects of the Indicative Plan as outlined within Paragraph 4 of the report now submitted. It was noted, however, that issues identified within the themes arising from the consultation were subject to change as further consultation progressed and the Plan areas were considered in terms of priorities for Internal Audit resources. The full Plan would be presented to the Committee at its meeting in June. If Members wished to raise any issues for consideration, they should contact the Head of Internal Audit, Anti-Fraud and Assurance direct.

**RESOLVED:**

- (i) That the consultation process undertaken to date to develop the Indicative Internal Audit Plan 2021/22 and the assurance it provides be noted and supported;
- (ii) That the final Plan for 2021/22 be submitted to the Committee for approval at the June meeting upon completion of the consultation process and further work to prioritise the potential plan areas to align it to available resources; and

- (iii) That upon approval, the committee receive and consider quarterly monitoring reports from the Head of Internal Audit, Anti-Fraud and Assurance to demonstrate progress against the Plan including information where the Plan has materially varied from the original Plan.

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Chair