

<b>MEETING:</b>	Audit and Governance Committee
<b>DATE:</b>	Wednesday, 16 March 2022
<b>TIME:</b>	4.00 pm
<b>VENUE:</b>	Council Chamber, Barnsley Town Hall

## MINUTES

**Present** Councillors Barnard, Hunt and Richardson together with Independent Members - Ms K Armitage, Mr P Johnson and Mr M Marks

### 70. ELECTION OF A CHAIR

As Councillor Lofts, Chair, and Mr S Gill, Vice Chair, were both unavailable, a chair for the meeting was elected from the floor.

**RESOLVED** that Councillor Richardson act as chair for meeting.

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

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

### 72. MINUTES

The minutes of the meeting held on the 19<sup>th</sup> January, 2022 were taken as read and signed by the Chair as a correct record.

### 73. STRATEGIC CONCERNS/RISK REGISTER

Nina Sleight, Service Director Education, Early Start and Prevention, was welcomed to the meeting to discuss the strategic risk relating to educational outcomes progress. It was noted that young people had been severely affected by the pandemic. The Council, with partners including the Barnsley Alliance, were working together to support pupils achieve the best possible outcomes.

In relation to action 1 in appendix 1 of the report, relating to improving attainment and progress, Members heard how structures and frameworks were in place through the Barnsley Alliance and its subgroups to provide support and challenge. Issues highlighted would then be raised with the school and governing body and escalated as required.

The sector led approach supported best practice and improvement, and additional support was brokered where necessary. It was noted that the approach of the Barnsley Alliance was to act quickly and take measured and appropriate action.

With regards to action 2, Members heard how closing the gap between the most vulnerable pupils and their peers remained a focus, particularly on those with those who have a Special Educational Need or Disability (SEND) or those particularly disadvantaged. Regular assessments are undertaken to ascertain where pupils are and used to generate a response.

It was noted that particular focus had been given to Communication, Language and Literacy, with projects developed to address issues in this area. Through sector led improvement, experts were deployed as and when required, with clear targets and goals. A more rigorous model of peer review had been developed using an evidenced based methodology.

It was acknowledged that action 3, building leadership capacity at all levels, was particularly difficult with the workforce already undertaking day to day duties. However, Barnsley Alliance had funded a leadership programme to enhance capacity. Networking opportunities had also been developed, with opportunities for new head teachers and deputies to meet and share concerns.

In relation to action 4 and the development of an Education Improvement Strategy, Members heard that this was currently being co-produced, and would highlight what evidence would be used to measure progress.

Action 5 was to implement the written statement of action for children with SEND but without an Education, Health and Care Plan. It was noted that the written statement had been submitted to Ofsted and a longstanding SEND improvement plan with appropriate governance was in place.

Data was being shared to assess progress in an open and transparent way within the Alliance. Support was provided, as was challenge and partners held each other to account on progress. If concerns were highlighted, it was noted that these would be escalated to the regional school commissioner and Ofsted.

Questions were raised regarding the review dates in the report, and it was noted that these were termly prompts for officers, however the assurance was given that appropriate structures were in place to closely monitor and review progress more regularly.

The Committee went on to consider the risk related to Financial Sustainability and the Service Director, Finance introduced this. It was noted that risks pertained to two areas, the first relating to several emerging financial risks which associated with areas not fully understood or costed and therefore not accounted to in the Medium-Term Financial Strategy. The second related to sustainable funding of the sector, and the impact of the one-year financial settlement on long term financial planning was noted.

Action 1 within appendix one related to emerging financial risks, and examples of these were provided. These included the planned review of health and social care, and the cap on care costs. Also noted were supply chain issues, inflation and the impact of this on day to day running costs, the capital programme, and other contracts which may be linked to CPI or RPI. It was noted that the cost-of-living crisis may also impact on the demand for services, and the ability for residents to pay bills.

Noted were other significant risks such as the return of covid, the Environment Bill, and the need to reduce carbon emissions. It was acknowledged that all these issues would need to be unpicked and modelled carefully to understand the impact.

Members acknowledged the potential impact of the risks mentioned, and that the budget was caveated in this respect. In relation to divestment of fixed assets, it was acknowledged that smart working would necessarily result in revisions to the asset management strategy, potentially creating opportunities and efficiencies.

In relation to Action 2 and understanding the implications of the reform of Local Government Finance, it was noted there were concerns that future funding may not be weighted towards relative need or to reflect deprivation. In addition, future funding was likely to take account of the ability to raise taxes locally, and the impact of this was not fully understood.

It was acknowledged that there would be transitional arrangements, and it was hoped that Barnsley would benefit from the Fair Funding Review, but there was a risk that this would not be the case.

Action 3 related to the development of a continued improvement and efficiency programme to mitigate the risks already highlighted. Though efficiencies of around £6.5m had been planned for over the next two years, it was suggested that this figure could significantly rise. In addition to actions already undertaken, this could result in fundamental service redesign. It was acknowledged that Members would need to be kept informed of the situation.

Members acknowledged that the situation would be very challenging moving forward, but it was noted that the situation did present some opportunities, such as consideration of how the Council interacted with customers, and utilised digital technologies.

**RESOLVED** that thanks be given for the updates, and that the updates be noted.

#### **74. MEDIUM TERM FINANCIAL STRATEGY 2022/23**

The Committee received the budget as agreed by Council on 24<sup>th</sup> February, 2022. Questions were invited from Committee Members.

In response to a question related to the role of the Treasury Management Panel and Audit and Governance Committee as referenced in the report, it was acknowledged that the Committee was executing its role effectively, with Members fully engaged and providing appropriate challenge.

With regards to a question in relation to borrowing, it was noted that there were plans to de-risk borrowing and move to around 75% of borrowing being fixed interest rate by next year, however this could be undertaken sooner if appropriate.

With regards to capitalising leases and the impact, it was noted that this had been deferred for another year and was subject to consultation. Members heard that should this happen it would increase debt but that there would be no overall financial impact on the Council.

**RESOLVED** that the report be received.

#### **75. EXTERNAL AUDIT ANNUAL REPORT 2020 - 21**

Gareth Mills, Director, Grant Thornton, introduced the item noting that this was a positive report overall for Barnsley, and that there were a number of recommendations.

In relation to financial sustainability, it was noted that one potential area of weakness had been identified in the issued audit plan which related to the Dedicated Schools Grant (DSG). However, the annual report noted that there were no areas of significant weakness in arrangements related to this, but a number of improvement recommendations had been made in this area.

In terms of governance, no risks of significant weaknesses had been identified, but a number of improvement recommendations had been made.

In relation to improving economy, efficiency and effectiveness, one risk of significant weakness had been identified and a key recommendation made, alongside some improvement recommendations. It was acknowledged that the audit code requires the consideration of the reports of other regulators and the key recommendation related to the area highlighted by the Ofsted and CQC inspection.

In relation to financial sustainability, the level of savings required were smaller than similar sized local authorities, which reflected the difficult decisions already taken by the Council. With regards to borrowing, Barnsley had a higher proportion than similar councils, but this reflected the regeneration in the town centre and the Glassworks project, and this had resulted in one of the improvement recommendations to prudently monitor cash flows and repay borrowings without any significant impact on key services. A further recommendation in the section suggested that the actions and outcomes of the DSG deficit reduction plans should be reported to the Audit and Governance Committee.

With regards to governance, the report was positive and suggested four improvement recommendations relating to fraud awareness of all staff, instigating a formal process of sharing the strategic risk register with cabinet, sharing the financial performance reports associated with the Glassworks to both Cabinet and the Audit and Governance Committee, and making improvements to the Members register of gifts and hospitality and their register of interest.

Section 7 of the report referred to improving economy, efficiency and effectiveness and contained a key recommendation as a result of Ofsted and CQC SEND inspection.

With regards to the final section of the report which considered Covid-19 arrangements, no significant issues had been highlighted and no recommendations made.

Members raised questions in relation to the DSG, and it was noted that the deficit was still rising but a deficit reduction plan was in place over the long term. It was envisaged that the structural deficit would be eliminated in 2024/25. Members heard that conversations were currently taking place with government about how to fund the cumulative deficit, which currently could not be covered by the general fund.

A question was raised with regard to benchmarking of Critical Success Factors, and it was noted that whilst some benchmarking did take place within the authority, this could be more systemic, and this was being taken forward as an action.

**RESOLVED:-**

- i) That thanks be given to the staff in finance and to the external auditor for the efforts that led to the report;
- ii) That the Auditor's Annual Report be noted.

**76. INTERNAL AUDIT PROGRESS REPORT 2021/22**

Sharon Bradley, Internal Audit Manager, spoke to the report previously circulated. Members heard how 83% of planned days had been delivered and the team was on track to deliver the remainder of the plan. There had been five assignments completed within the period, details of which were included in the report. A number of changes had been made to the plan. These were as a result of re-prioritisation to give support to major capital and grant funding schemes within the Place Directorate.

Members noted the audit reports issued within the period, the details of other internal audit activity within the period, and that currently in progress. Members were assured that there were no concerns with the implementation of management actions, and that the overall indicative annual assurance opinion based on work completed to date was reasonable.

With regards to the performance of the service, there were no concerns raised. The productivity figure was slightly below target, but this was due to leave taken around Christmas.

Questions were raised with regards to the assignment relating to SEND data quality, and the number of implications Members heard how the service had invited Internal Audit to undertake an independent review of the service. The service had four systems capturing data and it was hoped that implementing the agreed management actions would help improve data quality overall. It was noted that the actions had been incorporated into the SEND improvement plan and regular meetings were taking place to ensure progress was on track.

**RESOLVED:-**

- i) The issues arising from completed Internal Audit work in 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 be noted;
- iii) That the progress against the Internal Audit plan for 2021/22 for the period be noted.

**77. ANNUAL GOVERNANCE STATEMENT ACTION PLAN 2020/21**

The attention of Members was drawn to the Action Plan, which contained actions identified following the Annual Governance Statement Review for 2020/21 and outstanding actions from the previous year.

**RESOLVED** that the report and progress being made against each item listed in the Annual Governance Statement Action Plan be noted.

## **78. CORPORATE ANTI-FRAUD TEAM PROGRESS REPORT**

The Committee received the report which highlighted the positive impact of activities within International Fraud Awareness Week in November 2021. It was noted that work during International Fraud Awareness Week in 2022 would be more focused on sharing information with the public.

Members noted that payment diversion fraud continued to be an issue nationally and work had been undertaken internally to raise awareness amongst employees. The team are also planning to increase employee's awareness of other fraud risk areas throughout 2022.

The team had continued to provide post event assurance to verify Covid-19 Business Support Grant payments. The BEIS are satisfied with the Council's administration of the original three schemes which have now been signed off as complete. Details of sampling of the remaining schemes is still to be received from the BEIS. .

Members noted the preventative work undertaken, which included reviewing fraud awareness training and e-learning.

Questions were raised regarding the progress in preventing future bank fraud. Members heard how a significant review had been undertaken and a number of action points raised. These revised procedures will result in a more robust control environment. It was acknowledged that existing systems were not weak, but actions would lead to further improvements. It was noted that discussions were still being pursued with the bank regarding their processes in identifying fraud.

Members were made aware of the strengthening of the team, and the financial benefits of the team to the council, with £1.5M of fraud, error and savings identified over the past 5 years.

### **RESOLVED:-**

- i) That the Committee notes the progress report;
- ii) That the Committee continues to receive regular progress reports on internal and external fraud investigated by the Corporate Anti-Fraud Team.

## **79. CORPORATE ANTI FRAUD STRATEGY 2021-2024**

Members were made aware that the strategy was in its second year and had been amended to reflect the expansion of the team from three to four officers. It was noted that this had been due to the success of the team in reducing fraud in areas such as the single person council tax discount. It was noted that further work was underway

to consider data matching, and the Council was a member of a national group to share best practice in this area to uncover errors and potential fraud.

**RESOLVED** that the Corporate Anti-Fraud Strategy be received.

**80. REVIEW OF PEER CHALLENGE ACTIVITY ACROSS THE COUNCIL  
(CAB.9.2.2022/7)**

The report was received for information.

**RESOLVED** that the report be received, and the contents noted.

**81. LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN - FOLLOW-UP  
REPORT**

Members of the committee received the report for information.

**RESOLVED:-**

- i) That the report be received, and the actions already taken and plans to address the LGSCOs recommendations acknowledged;
- ii) That the requirement for the Council to make compensation payments totalling £2,700 to those affected by the complaint be noted.

**82. COVID 19 - UPDATE**

Shokat Lal, Executive Director Core Service, provided an update in relation to Covid 19. Infection rates in Barnsley and the UK remained high and people were still being admitted and treated in Barnsley Hospital for the infection.

Though local testing had largely stopped, the ONS estimated that 3.8% of the population currently had the infection, around 1 in 25. Members noted that the proportion of infections from the Omicron BA.2 sub variant continued to increase and that this was likely to overtake the original Omicron BA.1 subvariant. Wider guidance indicated that rules were being relaxed. Work locally continued to make the public aware of changes, but to urge caution in the light of the infection rate in Barnsley.

**RESOLVED** that the update be received.

**83. AUDIT COMMITTEE WORK PLAN 2021 - 22**

Alison Salt, Corporate Governance and Assurance Manager, introduced the item, drawing the attention of the committee to the items added, which had resulted in a number of items being deferred to the meeting on the 13<sup>th</sup> April, 2022.

**RESOLVED** that the updated work plan be noted.

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

**RESOLVED** that the public and press be excluded from this meeting during the discussion of the following item because of the likely disclosure of exempt

information as defined by Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

**85. UPDATE ON THE GLASSWORKS PROJECT AND WIDER TOWN CENTRE ISSUES**

Kathy McArdle, Service Director Regeneration and Culture, provided an update. Committee Members were made aware that Nandos opened on 9<sup>th</sup> March, and River Island was due to follow on 19<sup>th</sup> March. An update on potential opening dates for other secured tenants was also provided, alongside details of a number of interested operators for available units.

Questions were raised in relation to incentives being offered for operators to locate, and it was noted that these were in line with industry norms.

With regards to questions about the finances associated with the scheme, it was noted that no significant increases were envisaged, and that an asset management plan would be developed to address planned and reactive maintenance.

Members heard of the town centre events plan to animate the wider town centre, and the close working with relevant officers in relation to the Alhambra Centre on areas such as cross promotion.

**RESOLVED** that the update be noted.

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Chair