

Audit and Corporate Governance Committee – Meeting held on Wednesday, 28th September, 2022.

Present:- Councillors Kelly (Chair), Brooker (Vice-Chair), Ali, Carter, J. Davis, Grewal and Gill.

Co-Opted Members: Naira Bukhari and Stefana Moldovan

Apologies for Absence:- None.

PART 1

14. Declarations of Interest

Councillor Brooker declared he was Chair of the Finance Committee at Ryvers Primary School. He remained and participated in the meeting.

15. Minutes of the Last Meeting held on 28th July 2022

Resolved – That the minutes of the meeting held on 28th July 2022 be approved as a correct record.

16. Action Progress Report

Resolved – That details of the Action Progress Report be noted.

17. Risk Management Update - Quarter 2 2022/23

The Committee considered details of the Quarter 2 Risk Management Update report. The Executive Director Finance highlighted that the risk register was reviewed by the Corporate Leadership Team on a monthly basis and had refined the number of risks on the register to 14 to better reflect the strategic risks facing the authority.

A Member referred to the direction of travel for the risks, in that many remained unchanged and was informed that the scale of the challenges facing the authority were significant. Although measures had been implemented to address these challenges and the financial position improving this did not currently translate in movement of direction of travel for the risks contained within the register.

Further details were requested in regard to the delivery of the Adult Social Care Transformation Programme, specifically the additional income collected from client contributions, including backdated invoices. The Acting Executive Director People (Adults) informed Members the value was above the £889k stated in the report and that the updated financial information would be circulated to the Committee.

Concern was expressed that the Department for Education (DfE) had notified Slough Children First (SCF) that it would be substantially reducing the grant it provides for annual running costs of £2.2m per annum to the region of £0.8m in 2023/24 and potentially less in future years. In addition SCF was reporting an in year overspend of £4m and had also requested a further £1.3m in invest

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in Early Help to reduce costs in future years. A Member commented that the government should continue funding the company that had been established by them and especially given the Council's current financial position. The interim Executive Director People (Children) acknowledged that whilst there was a gap in some of the transformation work, a comprehensive Business Plan, due to be discussed at Cabinet meeting in October 2022, was being developed to better manage the increased demand in service needs.

A number of other issues were highlighted in the ensuing discussion, which included:

- *The High Needs Block was significantly overspent with a deficit of approximately £26m.* The Executive Director of Finance & Commercial explained the good work that was being undertaken to reduce the £7m in-year deficit of the Dedicated Schools Grant, and once this had been brought back into balance a request could be made to the DfE to write off the historic deficit. This would be subject to the Council keeping DSG in balance over the coming years. The plan to DfE was expected to go in in December with the aim of having a balanced position by 2025/26.
- *Increase in energy costs and what measures the Council was implementing to mitigate the financial implications of this.* The Executive Director, Customer and Community stated that although the Council had secured an energy contract until March 2023, which would provide a degree of stability regarding prices, this was an external issue that the Council had no control over. The Asset Disposal Strategy would result in less buildings being managed by the Council but other options to reduce energy use would also have to be explored. It was agreed that the Energy Strategy report recently considered at Cabinet would be circulated to the Committee.
- Members asked about the impact of budget savings on service delivery and whether the Council was at risk of not delivering to statutory requirements. In response, it was noted that the Council had to identify and deliver its savings plans of circa £20m a year to bring the budget back into balance in the coming years, but it was also crucial to dispose of assets to reduce MRP and borrowing costs as quickly as possible which would help support service delivery. The current position on the overall financial recovery was reviewed and it was noted that the recent report to Council had indicated the total capitalisation direction had significantly reduced from a total of £782m to £369m. This remained an extremely challenging position but was manageable if the Council successfully delivered on savings and asset disposals in the coming years.
- The Committee asked a number of questions about temporary accommodation including whether the staffing issues had been resolved. In response it was noted that agency staff had been recruited, however, some had since left and the service remained under resourced at the present time. Staff had been brought in from other teams to support the service and active recruitment was taking place. Housing services was recognised as an area with staff shortage

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for a number of local authorities and Slough was competing for skills with neighbouring councils. It was confirmed that the service continued to be delivered by redeploying staff from other areas whilst work continued to rebuild the team and to manage demand. Despite the staffing shortages, Members emphasised the importance of ensuring good quality services continued to be provided to vulnerable people. Members asked for data regarding the average amount of time and longest spent in Temporary Accommodation and comparison of this with national data.

- Staffing and recruitment issues more generally were discussed as a key risk to the Council. In relation to the analysis of exit interviews requested by the Employment & Appeals Committee it was suggested that consideration be given to reporting of this to that Committee more frequently than annually as was proposed. It was important to understand the reasons staff were leaving to try to improve retention. Members suggested exploring whether LinkedIn and social media was systematically used as a platform/tool for advertising vacancies.
- A Member asked about the financial impacts of the planned exit from GRE5, the holding company which owned Nova House. The Executive Director for Finance & Commercial stated that a considerable amount of work was being undertaken by highly skilled officers to address the complex financial issues relating to this company and once the works were completed the final position could be reported.
- The provision of external support for the finance restructure was raised. It was responded that CIPFA was providing the support and the process was summarised. The cost of this support would be provided to the Committee.

The Committee discussed the provision of finance and audit training. It was agreed that details of proposed training and development sessions for the Committee, including those with the LGA, be circulated to Members.

At the conclusion of the extensive discussion the report was noted.

Resolved – That details of the report, including revisions to the risk register, be noted.

18. Internal Audit Action Tracking Report - Quarter 2 2022/23

The Committee received details of the report which set out the progress of the implementation of internal audit management actions.

Progress had been made in closing down management actions from previous financial years to address the longstanding backlog. 235 actions from a total of 276 had been completed which equated to an 85% completion rate for previous years. There were no high rate actions which were outstanding. For 2021/22, 40% of actions had been completed to date which had increased since the last report and was a considerable improvement on the historic position.

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The Committee welcomed the progress made, recognising that improvements were being made and commended the finance team for their efforts.

Resolved – That the ongoing improvements to the outstanding actions be noted.

19. Local Government and Social Care Ombudsman Upheld Complaints and Statutory and Corporate Complaints Summary 2021/22

The Chief Operating Officer set out details of the report which summarised the upheld complaints as determined by the Local Government and Social Care Ombudsman (LGSCO) in 2020-22 and the statutory and corporate complaints for the period 2021-22. The purpose of the report was to help drive improvements and contribute to the Council's commitment to be a learning organisation. The report covered a two year period. In future annual reports would be provided.

In 2020/21, one of the two LGSCO investigations were upheld and in 2021/22 four of the five investigations were upheld. LGSCO were satisfied that the Council had implemented all the agreed recommendations following each of these investigations.

The Council had started a review of its complaints process with the potential to move from a 3 to a 2 stage process. The Committee reviewed the breakdown of complaints data as set out in the report, noting that more than 40% of complaints related to housing repair services provided by Osborne. The Chief Operating Officer summarised the steps the Council was taking to strengthen the complaints process.

Members raised concerns about the fact that complaints had increased from 770 in 2020/21 to 975 in 2021/22 and the high proportion of complaints about Osborne's performance on housing repairs. Teams across SBC also needed to work more closely together and communicate better with residents. It was responded that Osborne's had put two more complaints handlers in place to seek to improve responsiveness, although several Members highlighted the importance of addressing the issues with housing repairs.

Members asked questions about the children's service complaint which had erroneously said was 'out of time' and asked why the Council applied such a 'rigid' timescale even if it had been received after the deadline. The Director of Children's services explained the statutory process for complaints in this area and provided assurance that all complaints should be looked into as complaints, even if submitted after any prescribed deadlines.

A question was asked about whether the internal complaints data provided for Stage 1 complaints included numbers for referrals made by Councillors or only complaints received direct from the public. It was agreed that this information would be provided to the Committee.

Members discussed the relationship between the number of complaints and the staffing issues the Council faced. The Chief Operating Officer explained the significant amount of work taking place to rebuild the Council's leadership

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and staffing capacity and agreed it was a priority as part of the Council's recovery and improvement.

At the conclusion of the discussion the report was noted.

Resolved –

- (a) That the summary of upheld decisions by the Local Government and Social Care Ombudsman during 1st April 2020 - 31 March 2022 (Appendix A) be noted.
- (b) That the summary of statutory and corporate complaints during 1st April 2021 – 31 March 2022 be noted.
- (c) That the themes identified and the actions being taken to respond to these themes be noted.

20. Internal Audit Quarterly Progress Report

Anna O'Keefe from the Internal Auditor, RSM, summarised the Internal Audit Progress report.

It was noted that:

- 2020/21 – the final report from the 2020/21 plan (Quarter 4 follow up) had been finalised with a 'poor progress' opinion issued in May 2021. Five of the seven outstanding actions had now been recorded as closed in the Council's tracker.
- 2021/22 – a further nine final reports had been issued since the last meeting of which four had resulted in 'partial' (negative) assurance opinions. These reports had contributed to the negative ended of year opinion for 2021/22 that had been reported to Committee in July 2022.
- 2022/23 – four reviews were currently issued in draft and management responses were awaited before being finalised and presented to the Committee.

Two changes had been agreed to the Internal Audit Plan since the last meeting with extra work being carried out on 'leavers processes' at the request of Commissioners and the timing of some audits moved back at the request of Council Officers.

Members commented on various aspects of the update including concern about the timeliness by which management was responding to draft reports in some instances. The Internal Auditor responded that overall the Council was responding to draft reports more quickly than in the past. The key findings from finalised 2021/22 reports was discussed as set out in the appendix to the report. A number of specific questions were raised and further information would be provided to the Committee on the following:

- Assurance as sought that the issues highlighted in the Business Rates audit relating to the Annual Review of Reliefs had been addressed as a number of weaknesses had been identified. A more detailed response to the specific queries would be provided following the meeting

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regarding the procedure to ensure discretionary relief was only given to those that were eligible.

- Overpayments Invoices and Recovery (HR) audit - it was agreed that details on and progress of agreed management action plan in place would be provided to the Committee.
- Debt Recovery Policy - details to be provided regarding the time period the debt referred to.
- RMI Contract Management Osborne – a query was raised about the frequency of Strategic Management Board meetings and it was agreed details of the next meeting would be provided.

Questions were also asked about the Priory School and GDPR audits which were responded to.

At the conclusion of the discussion the report was noted.

Resolved – That details of the report be noted.

21. 2018/19 Updated Audit Plan and Revised Risk Assessment

External Auditor, Ms Masci, reminded the Committee of details of the 2018/19 Audit Plan, highlighting that three additional significant risk areas had been identified – incomplete records at the council, minimum revenue Provision and cash balance and bank reconciliation process. The key aspects of the proposed response to the risks were outlined.

A Member queried whether the timetable to complete the audit of the 2018/19 accounts was on schedule and asked what the total cost for the audit was likely to be. It was explained that the revised financial statements were received in June 2022 and the audit on those would take place between September and November 2022. Given the extensive amount of work required on the 2018/19 financial statements the audit fee was currently estimated at £561,195. However, this would be monitored throughout the completion of the next phase of the audit on the revised 2018/19 financial statements and could require further variation.

The report was noted.

Resolved – That details of the 2018/19 updated Audit Plan and revised risk assessment be noted.

22. External Audit Progress Report

External Auditor, Julie Masci, introduced the audit progress report which also included a wider sector update on topical issues.

It was noted that Grant Thornton had recommenced work on the 2018/19 audit in July 2022 following receipt of revised draft accounts from the Council's new finance team on 15th June 2022. Those accounts had changed significantly since their original submission and the audit work would be extensive. The legacy issues caused by the poor quality accounting and financial records were noted and there was a high level of complexity to the accounts. The External Auditor confirmed there was a high level of

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cooperation with the new finance team but the audit would take time given the work and challenges involved.

Members asked a number of specific questions about the audit work being undertaken and the update was then noted.

Resolved – That details of the External Audit Progress report be noted.

23. Forward Work Programme

A Member suggested that the Committee consider reviewing the Anti-Fraud Policy and it was agreed that this would be added to the work programme.

Resolved - That details of the work programme be noted with the inclusion of the Anti-Fraud Policy.

24. Exception Reporting to Overview & Scrutiny Committee

No items were referred to the Overview and Scrutiny Committee.

25. Members Attendance Record

Resolved – That details of the Members Attendance Record be noted.

26. Date of Next Meeting - 15th December 2022

The date of the next scheduled meeting was noted as 15th December 2022.

It was noted that extraordinary meetings would be convened as and when required.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 8.50 pm)