



STROUD DISTRICT COUNCIL

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AUDIT AND STANDARDS COMMITTEE

30 November 2021

7.00 - 9.22 pm

Council Chamber

Minutes

Membership

Councillor Nigel Studdert-Kennedy (Chair)

Councillor Paula Baker
Councillor Stephen Davies
Councillor Norman Kay
Councillor Nick Hurst

* = Absent

Councillor Martin Percy (Vice-Chair)

Councillor Keith Pearson
Councillor Ashley Smith

* Councillor Rich Wilsher

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Officers in Attendance

Strategic Director of Resources
Strategic Director of Communities
Monitoring Officer
Head of Audit Risk Assurance
Head of Development Management
Principal Accountant

Principal Auditor
Development Team Manager
Operations Manager
Senior Policy and Governance Officer
Democratic Services & Elections Officer

Other Member(s) in Attendance

Councillors Cornell

ASC.025 Apologies

Apologies for absence were received from Councillors Wilsher and Hurst.

The Chair proposed and received agreement from the Committee to move Agenda Item 8 to the beginning of the meeting, after Agenda Item 4.

ASC.026 Declaration of Interests

There were none.

ASC.027 Minutes

It was agreed to correct the title of the report under section ASC.019 Statement of Accounts 2021/22 to 'Statement of Accounts 2020/21'. Furthermore, The Chair requested that in the restricted minutes the sentence regarding monitoring would be changed to read 'closely' instead of 'a lot closer'.

RESOLVED **That the Minutes and Exempt Minutes of the meeting held on 28 September are approved as a correct record subject to the amendments listed above.**

ASC.028 Public Question Time

There were none.

ASC.029 Risk Management Update

The Strategic Director of Resources introduced the report to the Committee and reiterated the importance of risk management to the Council. He drew the Committees attention to the following changes:

- Members could no longer directly access Excelsis.
- The new Council Plan had been agreed.
- The current Risk Management arrangement process was in being full reviewed.

He also showed the Committee the corporate risk register which had been circulated prior to the meeting and explained that all of the risks had been reviewed in line with their timetables.

The Strategic Director of Resources gave the following answers in response to Councillors questions:

- The risk management report Red, Amber & Green (RAG) status needed to be reviewed and updated.
- Excelsis was used for risk management and performance but due to difficulties accessing the system with Office 365 it would be replaced in 2022.

Councillor Kay raised concerns over the risk surrounding CCR9 in Appendix A which related to waste and recycling. The Strategic Director of Resources explained this would always be a risk due to budget and external pressures such as employment costs, however, there was a good system of control surrounding this to minimise the impact on the Council.

The Chair proposed the amendment to accept the report and note for future reference and received agreement from the Committee.

Resolved **To accept and note for future reference:**
a) The Progress on the Risk Management Review
b) The Current Corporate Risk Register at Appendix A

ASC.030 Internal Audit Progress Report 2021/22

The Head of Audit Risk Assurance (ARA) introduced report and explained that it consisted of 3 activities and further explained each activity.

With regards the Green Homes Grant it was confirmed that the grant conditions had been complied with and there had been one recommendation for corporate guidance to be created. The assurance and consultation activities were both based around the planning department; Planning Enforcement and Planning Applications. The Head of ARA drew the Committees attention to the length of time that was put into these two pieces of work, which resulted in a change to the Internal audit plan found on page 35 of the document pack. He also drew the Committees attention to the large amount of consultation work undertaken within the planning enforcement report and, as a result of this work, they had drafted a business improvement plan with clear actions and deadlines.

Councillor Kay commended Internal Audit for producing two high quality audit reports.

In response to a question from Councillor Kay, the Head of ARA explained that the planning team were already aware of many of the issues prior to the audit such as IT issues and Staffing levels. The piece of work completed was a challenge in itself due to the volume of work required but the resulting action plan identified all of the issues and if accepted would help to resolve them.

Councillor Davies asked questions and received the following answers:

- The service had required additional temporary agency staff that year to support with the work load and although there had been no formal decisions or proposals with regards the budget at that time. The Strategic Director of Resources confirmed that where there was an urgent need for resources additional support would always be provided.
- The Head of ARA agreed to respond outside of the meeting to Councillor Davies with the specific figures surrounding the details of the Parish and Town Councils' complaints.
- Page 52 referenced training to be provided to Councillors and Town and Parish Councils.
- It was confirmed that the Head of Development Management met with the Chair of the Development Control Committee (DCC) on a weekly basis.
- The KPI's were agreed to be circulated to the DCC bi-annually, the most recent taking place at the October 2021 meeting. It is then circulated as part of the weekly update sent to all Members.

Councillor Davies raised a concern that the report did not contain enough information. He requested further information surrounding communication with Parish Councils including; figures surrounding Parish Council complaints, which ones were acknowledged, acted upon or action taken against.

Councillor Pearson raised concerns over the reticence of the Council to follow through with enforcement action and questioned if this was apparent in the feedback from the consultation. The Principal Auditor confirmed that there was reference to that in the consultation.

In Response to questions the Head of Development Management gave the following answers:

- Enforcement Officers were not qualified planners as it was not essential for the role, not many qualified planners went into enforcement.

- It was difficult to recruit for the enforcement team which was a common theme among other councils.
- There was a priority system in place for enforcement as well as a triage system. One of the proposals of the business plan is to strengthen those systems.
- SDC had purchased a new case management system which would enable officers to see the cases as they made their way through the process.
- During an investigation, as the case progressed into its final stages, it would be viewed by qualified planners.
- Once a case is closed the complainant should receive a formal notification. This had previously been a problem area and would be looked at as part of the business improvement plan. There would be a new process set up which would be aided by the case management system, to provide tailored responses to the complainants.
- The enforcement process was not a straightforward process and required all other attempts to resolve before enforcement action was taken.

Councillor Pearson questioned whether there was a difference between breaching an approved planning consent with conditions and building without planning consent, to which the Head of Development Management explained there was not a difference with regards to enforcement. She further explained that in order to take enforcement action they needed to prove material harm. She then informed the Committee that the Government had identified this issue in the white paper and were planning to strengthen the process and provide Councils with greater powers.

In response to further questions, the Head of Development Management and Development Team Manager confirmed:

- There were plans in place to provide Parish and Town councils with the current enforcement process so they knew what to expect.
- The report which was taken to DCC in October contained enforcement figures which included how often notices were served.
- When enforcement action was undertaken, it was not widely publicised however, it was published on the planning register which is publicly available.

In response to concerns raised by Councillor Davies, the Head of Development Management confirmed the following:

- An agreement with the applicant/agent was required for every extension of time.
- Most extensions were a result of outstanding responses from third party consultees such as Gloucester County Council (GCC) Highways and The Environment Agency.
- It was their intention to use the results from the Audit Report to approach the third parties to raise the issue further.

The Chair questioned whether they could extract data to show if SDC was at fault for a time extension or whether it was due to third parties correspondence to which, the Head of Development Management confirmed that could be done.

Councillor Percy questioned whether there were plans to reinstate the Parish and Town Council Forum. The Strategic Director of Resources confirmed that this was the case and they were working on re-establishing that forum.

The Chair proposed to accept the report with the caveat that additional work be undertaken with regards to the communication with Parish Councils and the determination with what happens with enforcement as requested by Councillor Davies earlier in the meeting.

Councillor Davies seconded.

Councillor Kay debated whether it should be a recommendation to the DCC.

Councillor Davies proposed the amendment to add in a time scale to bring the additional information back by the April Committee.

The Head of ARA informed the committee of the time constraints that the additional work would put on the Internal Audit Plan and asked the Committee to consider the benefits.

The strategic Director of Resources informed the Committee he would liaise with the Head of ARA to arrange for a date for the additional information to be provided. In the meantime, he asked the Committee to consider accepting the report in order to progress the action plan for the Planning department.

Councillor Davies amended his original amendment to request that a report was brought back to committee within an agreed timescale as opposed to the April Committee. The amendment was confirmed by the Committee and the Strategic Director of Resources informed the committee he would confirm the date at the next Committee meeting.

After being put to a vote, the amendment was carried.

Councillor Davies proposed and Councillor Kay seconded.

After being put to a vote, the Motion was carried.

RESOLVED To accept the report with the request that additional information can be completed and brought back in an agreed timescale to Committee and note for future reference:

- a) The progress against the Internal Audit Plan 2021/22; and
- b) The assurance opinions provided in relation to the effectiveness of the Council's control environment

ASC.031 Half Year Treasury Management Report 2021/22

The Principal Accountant introduced the report to the committee and explained that the Treasury Management Strategy Statement was approved by Council in February 2021. He drew the Committee's attention to a few key areas within the report:

- Table 1 on page 111 of the Document Pack. Set out the performance of the Councils investments in Q1 and Q2. The average investment in Q1 was £68.6 million and in Q2 it was £68.8 million.
- Table 2 on page 112 of the document pack which showed the performance of the fund investments for the half year and the return on each investment type. The capital value of funds at the end of September totalled £10.3 million after an initial investment of £10 million.

- Table 3 on page 113 of the document pack showed the detail regarding where the funds were invested.
- Page 114 of the document pack set out the external borrowing of the Council.
- Page 119 of the document pack showed a detailed economic analysis which recorded inflation persisting above the 2% rate and expectations of interest rate rises.

The Principal Accountant informed the Committee that the Prudential Code and the Treasury Management Code were in a revision process and were due to be published mid-December. He further explained there would be a soft implementation due to the tight timescales and it would be fully implemented for the 2023/24 strategy.

In response to the Chair, the Principal Accountant confirmed that the initial £9 million was invested in Autumn 2019 and a further £1 million invested in 2020.

The Strategic Director of Resources informed the committee that there had been a training session organised for the 17 January 2022 for treasury management and ethical investment policy and encouraged all Members to attend.

Councillor Pearson proposed and Councillor Percy seconded.

After being put to a vote, the Motion was carried.

RESOLVED To accept the Treasury Management half year report

ASC.032 Procurement Update

The Senior Policy and Governance Officer introduced the report to the Committee and explained that it consisted of three main areas:

Procurement Consultancy Report

There were 5 recommendations that arose from this report which included:

1. The Policy and Governance Team were to become the second line of defence in terms of Procurement and contract management. They have created quarterly dashboards which details the procurement activity taking place in each services area.
2. Keep a register of agreed exemptions for contract extensions during Covid. This was closed when lockdown was lifted for the second time.
3. Induction Process for new members of staff had been reviewed and new members of staff no longer had access to the unit 4 financial management system until after they complete the procurement training.
4. To use the stand along contract register as part of the procurement system, this was ongoing and due for completion at the end of the year. The transparency requirements work had been completed.
5. Ensure contract award notices had been published onto the governments contract finder website. This is now completed monthly.

Audit Recommendations for the Out Of Hours (OOH) Report.

The Senior Policy and Governance Officer explained there were 5 recommendations that related to policy and governance guidance, which she was happy to circulate via e-mail to any Councillor, should they request it.

Contract Management Framework

She explained that there was an error on the first page of the policy stating that it had been approved by the Audit and Standards Committee which she confirmed was incorrect. She further explained it was for the Committee to look over and make comments and it would come back in February for approval once it was finalised.

The Senior Policy and Governance Officer confirmed to Councillor Davies that they were receiving regular updates regarding starters and leavers within the Council.

The Senior Policy and Governance Officer provided the following answers to questions asked:

- Dates and timescales would be provided for the training mentioned on page 123 of the document pack.
- The mandatory requirements of the Transparency Code dictated for all contracts above £25,000 to be recorded however they would be working towards the desirable requirements which included all contracts over £5,000.

Councillor Pearson raised concerns with item 4.3 a) in the Contract Management Policy which made it seem as though contracts under £25,000 did not have to follow the same procedural requirements. The Senior Policy and Governance Officer advised that would not be the case and agreed to amend the wording in the report to reflect that.

In response to a question raised by the Chair, the Senior Policy and Governance Officer explained the process behind how they keep track of the software supplier renewal dates. She explained this was a piece of work they were currently undertaking and had already created the guidance framework to ensure contracts were being renewed and not just rolling over.

The Chair proposed the amendment to accept the report and note for future reference.

Councillor Davies seconded.

After being put to a vote, the Motion carried unanimously.

The Strategic Director of Communities gave a brief update on the actions that had been put in place for the upcoming holiday period. He reassured the committee the action plan developed had been fully implemented and were all on target with their timescales. He drew the Committees attention to a few key actions which included:

- The holiday rota had been created.
- Escalation officers had been informed of the on call staff and the back-up staff should anyone fall ill.
- The OOH call handling provider had been given a flow chart for the SDC procedures and training was already underway.
- Additional staff had been called in on the 3 working days between Christmas and new year to re-visit any emergency repairs undertaken over Christmas.
- A detailed report would be brought back to this Committee in February.

The Strategic Director of Communities informed the Committee that they had received notice from the OOH telephone service that they would be closing their contract at the

end of February. He assured the Committee between now and the end of February they would procure a replacement contractor using a framework agreement.

The Strategic Director of Communities gave the following answers to questions from Councillors:

- The consultation with One legal on the original audit report had been completed and their recommendation was to revert to the original recommendation in the report.
- The contractor handed in their notice due to a wider issue for them and was not directly linked to Stroud District Council (SDC)

The Operations Manager confirmed to the Chair that there was sufficient stock of heaters and an order had been placed for additional heaters to be held at the depot during the holiday period as a backup.

Resolved To accept the report and note for future reference

ASC.033 External Audit Procurement

The Strategic Director of Resources introduced the report and explained the reason for this report was due to the current 5-year term coming to an end. He further explained the difficulties around appointing external auditors and explained that the Public Sector Audit Appointments (PSAA) would be able to assist with their bulk buy discount negotiations. The other option would be to do with through SDC's own procurement which could be very costly.

In response to Councillor Kay's question, the Strategic Director of Resources explained that last year 91% of Councils missed the accounts deadline which was recognised as being a system fault. He also confirmed that SDC was one of those Councils.

Councillor Kay requested that the Vice-Chair be included in the consultation to which the Strategic Director of Resources confirmed.

The Chair questioned whether the district Councils were missing from the list of eligible participants on page 176 of the document pack. The Strategic Director of Resources confirmed District Councils were eligible and could possibly be included in the last bullet point but he would check.

Councillor Baker proposed and Councillor Smith seconded.

After being put to a vote, the Motion was carried.

RECOMMEND That:

- TO COUNCIL**
- a) The Council again becomes a member of the PSAA scheme for the appointment of external auditors for the five years from April 1st 2023**
 - b) Authority is delegated to the Strategic Director of Resources to accept the PSAA invitation and to complete the appointment process as necessary.**

ASC.034 Members Code of Conduct - Gifts and Hospitality

Councillor Davies questioned whether he would have had to disclose hospitality received if he had already disclosed it as a County Councillor. The Monitoring Officer confirmed it was only necessary to disclose once.

Councillor Pearson proposed and Councillor Davies seconded.

After being put to a vote, the Motion was carried.

RECOMMEND That the Code of Conduct be amended to include the reference to
TO COUNCIL Gifts and Hospitality as set out in this report.

ASC.035 **To consider the Work Programme for 2021/22**

The Chair requested that the following items be included in the work programme:

- Climate change action - value for money
- Canal restoration funds
- ICT report back
- OOH risk register review
- Risk management report 2022
- Grant certification risk
- Follow up enforcement report

RESOLVED To note the Work Programme

ASC.036 **Member Questions**

There were none.

The meeting closed at 9.22 pm

Chair

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