



# STROUD DISTRICT COUNCIL

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## AUDIT AND STANDARDS COMMITTEE

Tuesday, 18 April 2023

7.00 - 10.07 pm

Council Chamber

### Minutes

#### Membership

**Councillor Nigel Studdert-Kennedy (Chair)**

Councillor Paula Baker

Councillor Stephen Davies

Councillor Nick Hurst

Councillor Norman Kay

\*Absent

**Councillor Martin Percy (Vice-Chair)**

Councillor Keith Pearson

Councillor Ashley Smith

Councillor Rich Wilsher

#### Officers in Attendance

Strategic Director of Resources

Corporate Director (Monitoring Officer)

Head of Audit Risk Assurance

Principal Accountant

Senior Accountancy Officer

Principal Auditor

Head of Service Counter Fraud and Enforcement Unit

Principal Auditor

Senior Policy and Governance Officer

Information Governance Officer

Democratic Services & Elections Officer

#### ASC.053 Apologies

There were none.

#### ASC.054 Declaration of Interests

There were none.

#### ASC.055 Minutes

**RESOLVED** That the Minutes of the meeting held on 29 November 2022 and 7 February 2023 and the Exempt minutes of the 7 February 2023 were approved as a correct record.

#### ASC.056 Public Questions

There were none.

#### ASC.057 Member Questions

There were none.

**ASC.058**     **Planning Enforcement**

An information sheet was circulated as part of the reports pack.

In response to questions from Councillor Davies, the Strategic Director of Resources explained that there had been a few new hires within the Planning Enforcement Team. It was agreed to provide further details of their training outside of the meeting.

**ASC.059**     **Air Source Heat Pumps**

An information sheet was circulated as part of the reports pack.

Members debated the performance and maintenance of the air-sourced heat pumps followed. At the conclusion of the discussion, it was agreed that Councillors wanted to know how the air-sourced heat pumps worked and whether this information was communicated appropriately to the tenants especially when a new tenant moved in.

Councillor Hurst debated whether the tenants had been given an opportunity to feedback on the air-sourced heat pumps and whether it was worth exploring other options.

Councillor Studdert-Kennedy informed the Committee that there would be a further report later in the year which would detail the decisions taken to address issues experienced with the older versions of the pumps and would set out the maintenance plan.

In response to Councillors, the Strategic Director of Resources agreed to provide the following information outside of the meeting:

- Information detailing how tenants were informed of the steps that they could take to improve the performance of the air-sourced heat pumps.
- How many of the 493 air-sourced heat pumps were older versions which could suffer from lower efficiency in colder weather.
- Further information on the service plans.
- Clarity that the end user, being the tenant, was not responsible for the maintenance and servicing of the heat pump and concealing any exposed pipework as listed on the final page of the information sheet.

**ASC.060**     **Revised Complaints & Feedback Policy**

The Information Governance Officer introduced the report and explained that the Complaints and Feedback Policy was an updated version of the 2019 Corporate Complaints Policy, which could be found at appendix B. Updates to the policy had been made in line with national best practice guidelines for the Local Government Ombudsman and Housing Ombudsman Services and the Policy had been updated utilising the Councils newly adopted Service Standards and Values and Behaviours. The main changes included:

- The roles had been updated to reflect the changes of positions within the Council.
- The new Policy would be reviewed every 3 years.
- A change of name to reflect that all feedback was sought.
- Stage two complaint response times had been standardised to twenty working days.
- A new peer review had been introduced as part of a stage two complaint.

In response to Councillor Davies, the Information Governance Officer confirmed that the deadline of twenty days to respond to a stage two complaint was an upper limit and Officers would be advised to respond to complaints at their earliest convenience. It was

also confirmed that the statistics regarding complaint response times were planned to be published annually for greater transparency.

Councillor Baker questioned why the remedies section had been removed from the Policy. The Information Governance Officer confirmed that the remedies section had been amended and integrated into the 'our complaints procedure' section of the report.

Councillor Kay informed the Committee that he did not want the stage 1 complaint response time to be standardised. The Information Governance Officer explained that as above, the deadline was an upper limit and the guidance to Officers would be to respond as soon as possible.

Councillor Pearson queried whether the deadline to respond to complaints should read, as soon as possible but always within 10 working days. The Information Governance Officer explained that by avoiding the use of a hard deadline, this allowed greater flexibility to Officers when dealing with a more complex complaint, it also wouldn't prevent the complainant from escalating their complaint should they choose.

Councillor Davies commended the report.

Councillor Percy commended the addition of the peer review and questioned how frequently assessment of the effectiveness of the process would take place. The Information Governance Officer explained that the Strategic Leadership Team would be completing the first peer reviews and they would assess the effectiveness of the process bi-monthly until it was satisfactorily bedded in.

Councillor Davies proposed and Councillor Kay seconded.

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

**RECOMMENDED  
TO COUNCIL:**

- a) To adopt the revised Complaints & Feedback Policy; and**
- b) Delegate authority to the Strategic Director of Resources to approve minor changes to the policy.**

**ASC.061      Review of the Risk Management Policy Statement and Strategy**

The Senior Policy and Governance Officer introduced the report. She provided the committee with a brief update on the new Risk Management System Pentana and informed them that:

- Training sessions had been scheduled in May for all Members to attend.
- There would be a separate more in-depth session scheduled for Audit and Standards Committee (A&SC) Members.
- They would be looking for feedback from Members regarding the new system.
- The newly formed Corporate Governance Group (CGG) would oversee the corporate risks and how frequently they were updated.

Councillor Davies questioned when Pentana would be live and suggested the date for A&SC Members training to be after the Annual Meeting in case of committee membership changes. The Senior Policy and Governance Officer confirmed that Pentana was already live for Officers and accepted the training suggestion.

In response to Councillor Wilsher the Senior Policy and Governance Officer explained:

- The escalation and de-escalation process for risks was still in progress as it was felt it needed to be more robust.
- Risk Owners and their managers were identified in Pentana, it would be their responsibility to review any risks allocated to them. The reporting for risks would be completed quarterly however for higher scoring risks, it would be at the discretion of the Risk Owner to decide if it required more frequent reviews.

In response to Councillor Percy, it was confirmed that the risk management guidance was undergoing a review. Part of this would clarify what the risk appetite of the council was and whose responsibility it would be to set this. It was also agreed to get back to Councillor Percy with whether the Pentana training would be Mandatory for all Officers.

Councillor Pearson proposed and Councillor Wilsher seconded.

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

**RESOLVED To:**

- (i) **Approve the revised Risk Management Policy Statement and Strategy.**
- (ii) **Give delegated authority to the Strategic Director of Resources to make minor amendments to the Risk Management Policy Statement and Strategy as necessary.**

**ASC.062 Counter Fraud and Enforcement Unit Report and Regulation of Investigatory Powers Act (RIPA) 2000 / Investigatory Powers Act (IPA) 2016 Update**

The Head of Service, Counter Fraud and Enforcement Unit (CFEU) introduced the first half of the report and highlighted the following key points:

- Paragraph 2.3 outlined the establishment of the Multi-Agency Approach to Fraud (MAAF) group, which had been set up to raise awareness and to minimise and disrupt fraud across the County.
- The assurance work on the Test and Trace Grant payments found no evidence of fraud due to robust verification.
- They would be looking to complete pro-active fraud drives in relation to the Council Tax Reduction Scheme.
- Paragraph 2.9 detailed the data surrounding the National Fraud Initiative (NFI) matches.
- An Officer would be attending Ebley Mill in order to work closely with the Housing Team with regard to tenancy fraud.

In response to Councillor Percy, the Head of Service CFEU confirmed that the £2,572 amount listed in paragraph 2.5 was the sum of Council Tax due, now that the Council Tax Reduction had been adjusted. The team would be looking to recover as much of that total as possible. She further agreed to try to present the information within the report in a more visual way in order to better capture income, loss avoidance, revenue streams and numbers of referrals.

Councillor Davies questioned what the key methods of fraud identification were. The Head of Service CFEU explained that there were two different types of fraud detection: proactive and reactive. Reactive would work through referrals received and proactive would be to investigate high risk areas to look for fraudulent activity.

In response to further questions from Members, the Head of Service CFEU gave the following answers:

- There were 1,496 anomalies identified during the NFI matches, further investigation was warranted before they would know which of these would result in changes to Council Tax accounts. The figures for these would be provided at a later Committee.
- Illegal subletting was a known fraud risk affecting all social housing providers, it was not a specific issue directly related to Stroud.
- The average cost of tenancy fraud as detailed in paragraph 2.14 had been estimated at £42,000 per case this was inclusive of loss avoidance. The national estimate had recently been changed to include the recovery of legal costs, for example.

The Head of Service CFEU introduced the second half of the report on the Regulation of Investigatory Powers Act (RIPA) 2000 and Investigatory Powers Act (IPA) 2016 update. She explained that they were in the process of completing a short summary, quick reference guide for Councillors and Staff which would be circulated shortly.

**RESOLVED To consider the report and comment as necessary.**

### **ASC.063 Treasury Management Report Quarter 3**

The Senior Accounting Officer introduced the report and provided a brief overview of the contents of the report. She drew the committees attention to the following key points:

- Paragraph 9 detailed the review of the LIBID/LIBOR benchmark.
- Table 1 showed the interest rate as a result of the number of base rate increases over the year.
- Table 2 provided a breakdown of the property and multi-asset performance. She informed the committee of the presentation taking place on the 24 April 2023 which would detail the changes to the Lothbury Fund.
- Table 3 contained the investments and borrowing and had recently been colour coded to analyse the Environmental Social Governance (ESG) rating.
- Tables 4,5 and 6 were new to this type of report.
- Table 4 detailed the return on the specified investments which was 2.66%.
- Table 6 outlined a minus 14% return, the biggest drop was due to the Lothbury Fund.

In response to Members questions, Officers confirmed that the ESG rating was the fourth priority after Security, Liquidity and Yield. They also informed the Committee that this linked in with the Ethical Investment Policy which was approved at Full Council on 16 February 2023.

In response to Councillor Kay, the Strategic Director of Resources explained that if a particular company went against any of the criteria set out in the Ethical Investment Policy, then they would not look to invest. All of the investments set out in table 3 on page 78 of the reports pack had good ESG ratings within the limits.

Councillor Pearson questioned the drop in the Lothbury investment detailed in table 2 as there was a positive return percentage. The Principal Accountant explained that at the time there was an unprecedented economic turmoil which caused the value of investments to drop.

Councillor Percy raised concerns that the figures in table 2 did not add up correctly. The Strategic Director of Resources agreed to look into this.

Councillor Davies proposed and Councillor Hurst seconded.

Councillor Percy debated whether to accept the report with the incorrect figures mentioned above. It was agreed to circulate the correct figures outside of the meeting.

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

**RESOLVED To accept the treasury management activity third quarter report for 2022/2023.**

**ASC.064     DRAFT INTERNAL AUDIT PLAN 2023-24**

The Head of Audit Risk Assurance (ARA) introduced the report and explained that the Draft Internal Audit Plan had been created in consultation with management and had taken into account the Council's priorities, objectives and risks. The plan differed slightly from previous years as the layout had been simplified, it outlined the scope of each audit proposed and the detail would follow at the time of the audit.

Councillor Kay questioned what the Council would need to do to reduce the risk score. The Head of ARA explained that the risk score on the Audit Plan was separate from that on the Corporate Risk Register. The risk had been calculated using a number of factors such as; date of last review, history, susceptibility to fraud, capacity issues and more. This was used to identify the need for an Audit and to schedule to Audit Activities for the upcoming year.

Councillor Hurst drew attention to item 15 on page 95, and questioned why Audit were looking into private sector housing issues. He also questioned whether items 3, 8 and 15 needed to be completed together as they were all closely linked. The Principal Auditor explained that it was a requirement for the council to look into damp and mould within the private sector housing. She further confirmed that although the projects were topically linked they would require separate audits at different times due to the service requirements.

In response to Members questions, Officers gave the following answers:

- The ICT back up process audit had been scheduled in quarter 2 after consultation with management.
- Some of the risks apparent on the draft audit plan were not included in the Corporate Risk Register (CRR). This was because they were service risks and only the corporate risks were listed on the CRR.

The Head of ARA reminded the committee that this was a snapshot in time and items were likely to change as the year progressed which meant things could move depending on the severity of the risk at that time.

In response to Councillor Pearson, the Corporate Director (Monitoring Officer) explained the reason that Risk Management Follow-Up was scheduled in for quarter 3 was due to ongoing work. There were a number of policies and procedures that had been put into place and would need to be embedded before the follow up could take place.

Councillor Pearson proposed and Councillor Baker seconded.

Councillor Baker commented that private sector housing was a small percentage of Stroud District Council's housing stock, and it was very important that they ensured it was liveable.

Councillor Kay stated that he would be abstaining.

After being put to a vote, the Motion was carried with 8 votes for, 0 votes against and 1 abstention.

**RESOLVED To:**

- a) **Note that the Draft Internal Audit Plan 2023-24 reflects the current risk profile of the Council; and**
- b) **Agree the Draft Internal Audit Plan 2023-24 as detailed in Appendix A.**

**ASC.065 Corporate Risk Register Update**

The Strategic Director of Resources introduced the report and explained that the changes had been outlined in the report. He informed the Committee that they were currently in the process of transferring from the Excelsis system to Pentana therefore the risk numbering was likely to change, this would all be outlined in the next report.

In response to Councillor Smith, the Interim Director of Transformation & Change confirmed that the Cyber Insurance had been purchased and agreed to have a conversation outside of the meeting to discuss the detail.

**ASC.066 Work Programme**

The Strategic Director of Resources informed the Committee that they were still waiting for the final sign off on the accounts from external audit but that this was a national issue regarding pensions and only 16% of council's had received sign off.

**ASC.067 INTERNAL AUDIT ACTIVITY PROGRESS REPORT 2022-23**

The Head of Audit Risk Assurance (ARA) introduced the report and explained that there was substantial assurance provided on the Brimscombe Port Audit. It contained a brief update on the work completed by the Counter Fraud Team which was detailed on page 113 of the reports pack.

The Chair proposed, on the advice of the Monitoring Officer, that Appendix B of the Agenda Item 13 should be considered exempt and if agreed, any questions would be dealt with in closed session. The information was considered exempt as it related to the financial or business affairs of any particular person (including the authority holding that information).

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

**RESOLVED Pursuant to the provisions of Section 100 (A)(4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of this item at agenda item 12 on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 3 of Part 1 of Schedule 12A of the Act.**

The Chair asked members if they were happy to continue the meeting given that the time was approaching 10pm and in accordance with the Councils' Constitution section 3 paragraph 6, members would need to vote in order to continue the meeting.

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

**RESOLVED To continue the meeting beyond 10pm.**

Councillor Davies proposed and Councillor Pearson seconded.

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

**RESOLVES To:**

- i. Accept the progress against the Internal Audit Plan 2022-23; and**
- ii. Accept the assurance opinions provided in relation to the effectiveness of the Council's control environment (comprising risk management, control and governance arrangements).**

The meeting closed at 10.07 pm

Chair