


Notice of Meeting

Audit and Governance Committee



<u>Date and Time</u>	<u>Place</u>	<u>Contact</u>	<u>Web:</u>
Monday, 5 June 2023 2.00 pm	Surrey County Council, Council Chamber, Woodhatch Place, 11 Cockshot Hill, Reigate, Surrey, RH2 8EF	Amelia Christopher amelia.christopher@surreycc. gov.uk	Council and democracy Surreycc.gov.uk Twitter: @SCCdemocracy 

Committee Members:

Victor Lewanski (Chairman), Richard Tear (Vice-Chairman), Ayesha Azad, Helyn Clack, Stephen Cooksey, Joanne Sexton and Terry Price (Independent Member)

If you would like a copy of this agenda or the attached papers in another format, e.g. large print or braille, or another language, please email Amelia Christopher on amelia.christopher@surreycc.gov.uk.

This meeting will be held in public at the venue mentioned above and may be webcast live. Generally the public seating areas are not filmed. However, by entering the meeting room and using the public seating area or attending online, you are consenting to being filmed and to the possible use of those images and sound recordings for webcasting and/or training purposes. If webcast, a recording will be available on the Council's website post-meeting. The live webcast and recording can be accessed via the Council's website:

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If you would like to attend and you have any special requirements, please email Amelia Christopher on amelia.christopher@surreycc.gov.uk. Please note that public seating is limited and will be allocated on a first come first served basis.

AGENDA

1 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

To receive any apologies for absence and substitutions.

2 MINUTES OF THE PREVIOUS MEETING - 8 MARCH 2023

(Pages
1 - 10)

To agree the minutes as a true record of the meeting.

3 DECLARATIONS OF INTEREST

All Members present are required to declare, at this point in the meeting or as soon as possible thereafter

- (i) Any disclosable pecuniary interests and / or
- (ii) Other interests arising under the Code of Conduct in respect of any item(s) of business being considered at this meeting

NOTES:

- Members are reminded that they must not participate in any item where they have a disclosable pecuniary interest
- As well as an interest of the Member, this includes any interest, of which the Member is aware, that relates to the Member's spouse or civil partner (or any person with whom the Member is living as a spouse or civil partner)
- Members with a significant personal interest may participate in the discussion and vote on that matter unless that interest could be reasonably regarded as prejudicial.

4 QUESTIONS AND PETITIONS

(Pages
11 - 12)

To receive any questions or petitions.

One public question has been received in advance of the deadline and a written response has been provided - Annex A.

Notes:

1. The deadline for Member's questions is 12.00pm four working days before the meeting (*30 May 2023*).
2. The deadline for public questions is seven days before the meeting (*29 May 2023*).
3. The deadline for petitions was 14 days before the meeting, and no petitions have been received.

5 RECOMMENDATIONS TRACKER AND WORK PLAN

(Pages
13 - 20)

To review the Committee's recommendations tracker and work plan.

6 2022/23 TREASURY MANAGEMENT OUTTURN REPORT (Pages 21 - 34)

This report summarises the Council's treasury management activities during 2022/23, as required, to ensure compliance with the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Authority to approve a treasury management annual report after the end of each financial year.

7 ANNUAL COMPLAINTS PERFORMANCE REPORT (Pages 35 - 54)

To give the Audit & Governance Committee an overview of the Council's complaint handling performance in 2022/23 and to demonstrate how feedback from customers has been used to improve services.

8 CONSTITUTION REVIEW 2023 (Pages 55 - 64)

For Audit & Governance Committee Members to consider and provide the Committee's view on the current proposals of the Constitution Review Group prior to any submission to Council.

9 DATE OF NEXT MEETING

The next meeting of the Audit and Governance Committee will be on 12 July 2023.

Joanna Killian
Chief Executive

Published: Thursday, 25 May 2023

MOBILE TECHNOLOGY AND FILMING – ACCEPTABLE USE

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Thank you for your co-operation.

QUESTIONS AND PETITIONS

Cabinet and most committees will consider questions by elected Surrey County Council Members and questions and petitions from members of the public who are electors in the Surrey County Council area.

Please note the following regarding questions from the public:

1. Members of the public can submit one written question to a meeting by the deadline stated in the agenda. Questions should relate to general policy and not to detail. Questions are asked and answered in public and cannot relate to “confidential” or “exempt” matters (for example, personal or financial details of an individual); for further advice please contact the committee manager listed on the front page of an agenda.
2. The number of public questions which can be asked at a meeting may not exceed six. Questions which are received after the first six will be held over to the following meeting or dealt with in writing at the Chairman’s discretion.
3. Questions will be taken in the order in which they are received.
4. Questions will be asked and answered without discussion. The Chairman or Cabinet members may decline to answer a question, provide a written reply or nominate another Member to answer the question.
5. Following the initial reply, one supplementary question may be asked by the questioner. The Chairman or Cabinet members may decline to answer a supplementary question.

MINUTES of the meeting of the **AUDIT AND GOVERNANCE COMMITTEE** held at 10.00 am on 8 March 2023 at Surrey County Council, Committee Room, Woodhatch Place, 11 Cockshot Hill, Reigate, Surrey, RH2 8EF.

These minutes are subject to confirmation by the Committee at its next meeting.

Elected Members:

(Present = *)

(Remote Attendance = r)

- * Victor Lewanski (Chairman)
- Richard Tear (Vice-Chairman)
- r Stephen Cooksey
- * Saj Hussain
- * Joanne Sexton
- * Mark Sugden
- Terry Price (Independent Member)

Members in Attendance

- r David Lewis (Cobham) - Cabinet Member for Finance and Resources

14/23 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

Apologies were received from Terry Price, Stephen Cooksey and Richard Tear.

Jonathan Hulley acted as a substitute for Richard Tear.

15/23 MINUTES OF THE PREVIOUS MEETING - 18 JANUARY 2023 [Item 2]

The Minutes were approved as an accurate record of the previous meeting.

16/23 DECLARATIONS OF INTEREST [Item 3]

There were none.

17/23 QUESTIONS AND PETITIONS [Item 4]

There were none.

18/23 RECOMMENDATIONS TRACKER AND WORK PLAN [Item 5]

Witnesses:

Nikki O'Connor - Strategic Finance Business Partner

Key points raised during the discussion:

1. The Chairman queried why on the work plan concerning the 10 May 2023 meeting there was an item on the external auditor's audit findings report and to approve the letter of representation as that was an item on the current agenda. The Strategic Finance Business Partner confirmed that the Chairman was correct and that it should be removed.

RESOLVED:

1. Monitored progress on the implementation of recommendations from previous meetings (Annex A).
2. Noted the work plan and any changes to it (Annex B).

Actions/further information to be provided:

1. A3/23 - The Committee Manager will delete the item on the work plan - 10 May 2023: Surrey County Council Accounts and External Audit's Audit Findings Report / Surrey Pension Fund Local Government Pension Scheme Accounts.

19/23 STATEMENT OF ACCOUNTS 2021/22 [Item 6]**Witnesses:**

Barry Stratfull - Chief Accountant (Corporate)
 Ciaran McLaughlin - Grant Thornton
 Nikki O'Connor - Strategic Finance Business Partner
 Russell Banks - Orbis Chief Internal Auditor
 David John - Audit Manager

Key points raised during the discussion:

1. The Chief Accountant (Corporate) introduced the report noting that there had been some delays in the audit, since January's Committee meeting the service had worked with Grant Thornton to finalise the accounts and a high-level lessons learned report was appended regarding the process for future years.
2. The Grant Thornton representative noted that the audit was near to completion and an unqualified opinion was anticipated. He highlighted the potential understatements in the pension fund accounts due to timing differences, a decision would be made by the partner panel on 14 March. The final documentation was going through a 'hot review process' with the statement of accounts reviewed against the Chartered Institute of Public Finance and Accountancy (CIPFA) code. Grant Thornton was satisfied that there were no significant risks concerning: management override of controls, revenue recognition, Level 3 investments - private equity infrastructure type assets - the assessment of the key judgements and estimates; and no material misstatements concerning: the valuation of land and buildings which had taken a large amount of time to complete due to the level of challenge and information to be reviewed, investment properties, the pension fund net liability. Regarding the consolidated group accounts, the draft group Movements in Reserves Statement (MIRS) presentation was not compliant with the CIPFA code and that had been amended in the final version. He concluded that the quality of working papers and data cleansing were being reviewed to make improvements for next year, and the estimated final fee for the audit was not expected to change.
3. A Committee member asked how the valuations were done on the Council's properties, some of which were specialised. The Grant Thornton representative explained that under the CIPFA code, specialised properties were valued at a depreciated replacement cost as opposed to what the

- Council might receive if sold on the open market, to recognise the use of the asset to the Council and any obsolescence.
4. A Committee member referred to the three investment properties that were not revalued and asked what process had been put in place to ensure that those would be revalued regularly. The Chief Accountant (Corporate) explained that the Council was required to revalue assets over a five-year period. For investment properties this is annually and three had been missed within that timeframe and had been revisited. The Grant Thornton representative noted that the issues occurred in last year's accounts (2020/21) and confirmed that for the current accounts he was satisfied that the investment properties had been valued appropriately. The Strategic Finance Business Partner noted that the process had been changed and Finance was confident that those would not be missed going forward in line with CIPFA's annual revaluation requirement and the Council's five-year rolling programme.
 5. Responding to the Chairman's query on the investment property valuation, the Grant Thornton representative confirmed that Grant Thornton had finalised its review of valuation assumptions following the receipt of queries.
 6. The Chairman queried what the increase in fees of around £110,000 was composed of, the Grant Thornton representative explained that the figure was based on the additionality of time to complete the audit since the end of September which was when the audit was originally scheduled to finish.
 7. Responding to a Committee Member's query, the Grant Thornton representative confirmed that there had been delays in the work being undertaken as the information had not been as forthcoming as required and therefore extra fees had been incurred. The Committee member asked what provision had been put in place to ensure that the Council would not have to pay an increased fee again. The Grant Thornton representative explained that in the debrief meeting next month with the Council the issues would be reviewed and an action plan put in place to ensure that they would not reoccur in future years. The Strategic Finance Business Partner added that there were reasons for the delay on both sides, those would be reviewed and changes put in place specifically in relation to the quality and timing of working papers, which were dependent on information from across the Council - Finance was running a training course on the matter in an attempt to address these issues. Following on from the initial lessons learned appendix, there would be a more detailed review on areas for improvement with Grant Thornton once the accounts were signed off; the Committee member requested more information on that.
 8. A Committee member asked whether it was the first time the Council had lagged behind on accounts sign off or had that happened previously. The Strategic Finance Business Partner explained that it was the first time the Council had missed the statutory deadline for a significant number of years, she highlighted that a significant number of other local authorities had not signed off their current or last year's accounts due to national issues relating to infrastructure issues and other factors affecting external audit firms.
 9. Referring to the increased audit fees versus what was planned, a Committee member asked whether an appropriate provision for fees had been made for next year's accounts. The Strategic Finance Business Partner explained that the Council had increased the budget for 2022/23 based on what was an anticipated market-wide increase - that provision would be less than 2021/22 - a provision had not been made for a delay or an extension.
 10. Regarding the section on other communication requirements in relation to fraud, Grant Thornton had not been made aware of any recent incidents, a

Committee member asked whether Grant Thornton was satisfied with the assurances given that an incident of fraud would likely not reoccur. The Grant Thornton representative clarified that the report stated that Grant Thornton had previously discussed the risk of fraud with the Committee. Grant Thornton reported to the Committee annually on management's view of fraud, that assessment was thorough and provided sufficient assurance that the arrangements in place would identify material fraud. The Orbis Chief Internal Auditor explained that within Internal Audit, there was a Counter Fraud team which undertook reactive investigations and proactive work concerning fraud, corruption or financial irregularities within the Council; through a fraud risk assessment and training on fraud prevention targeted at higher risk services, Internal Audit led on the National Fraud Initiative looking for evidence of fraud.

11. Regarding the section which stated that the audit of the Council's financial statements was substantially complete subject to outstanding queries being resolved and that Grant Thornton anticipated issuing an unqualified audit opinion shortly after the Committee meeting, a Committee member asked whether that referred to the current Committee meeting and what substantially complete meant. The Grant Thornton representative confirmed that it referred to March's Committee meeting and that the audit was not fully complete as a review process would be undertaken once in receipt of the final version of the accounts, he did not expect there to be any material adjustments to the accounts and in response to the Chairman, if there were to be then the accounts would be brought back to the Committee. The Strategic Finance Business Partner clarified that any minor changes - adding words, presentational changes or clarifying points - to the current version in the agenda would be discussed with the Committee Chairman outside of a Committee meeting prior to final sign off.
12. Responding to a Committee member's query, the Chairman explained that the Committee was asked to approve the statement of accounts as they were, subject to any material misstatement being reported. The Strategic Finance Business Partner noted that as the audit was substantially complete, it was unlikely there would be any material misstatements, but there was still a chance. She clarified that the accounts would be signed off once confirmed that there were no material misstatements, to be republished on the Council's website as audited.
13. A Committee member asked for an example of the ad hoc checks made in respect of fraud and irregularity and whether there was a specific number of checks to be carried out per area. The Orbis Chief Internal Auditor noted that as part of the Internal Audit work, testing would be carried out focusing on the existence and effectiveness of the controls, looking at evidence of potential fraud, all staff were alert to the risk of fraud. The Counter Fraud team analysed data, looking for indicators of irregularity and then investigated those specific incidents, such as matching accounts payable data with payroll data. The Audit Manager noted that if someone had defrauded the Council through expenses for example, an internal control report would be produced following that investigation; that knowledge would benefit the Council. The Orbis Chief Internal Auditor added that most financial irregularities or fraud uncovered would come from management raising the issue or via whistleblowing.
14. A Committee member referred to key point 10 whereby Grant Thornton had not been made aware of any other incidents in that period, following on from the responses around the different layers of investigatory expertise via the Counter Fraud team he asked whether those were all in place at the time of previous incidents when the Council had been defrauded or whether those

were new measures. The Orbis Chief Internal Auditor explained that the dedicated Counter Fraud team was created when the Orbis Internal Audit partnership was formed in April 2018 with East Sussex County Council, and Brighton and Hove City Council, prior to that there was a standalone internal service in the Council.

15. The Chairman asked whether there was anything that could be done in the future to ensure that all the valuation work was done quickly so as not to cause delays. The Strategic Finance Business Partner noted a national issue about the carrying value of infrastructure assets on the Council's balance sheet, a statutory override had been passed through Parliament which resolved that for a period of two years, time for CIPFA to enact a workable solution. She highlighted another issue of the delays by the Council's external valuers on the initial valuation information provided and in their responses to external audit follow-up queries on the data. The Council is working closely with the valuers, setting out clearer Key Performance Indicators (KPIs) around response times and information quality. The Grant Thornton representative highlighted the limited resourcing nationally of valuers qualified to carry out local authority asset valuations and the Strategic Finance Business Partner noted the greater level of detail required in the audit compared to previous years.
16. The Chairman asked when the audit would start for the 2022/23 accounts, the Grant Thornton representative explained that the planning visit would be in April, with the plan to be received at the May Committee meeting and the final accounts to be reviewed between July to September, he flagged that the intended September sign off would be a major issue due to the backlog of incomplete audits in the sector. Regarding a suggestion by a Committee member to extend the timeframe to August to October, the Committee concluded that it was vital to sign off next year's accounts as promptly as possible.
17. A Committee member welcomed that Grant Thornton had not identified any risks of significant weaknesses in the Council's efficiency and effectiveness in its use of resources, the Grant Thornton representative noted that the Committee at its last meeting received the detail on the value for money work.
18. The Chairman thanked officers for all their work and highlighted that as many as 60% of councils had not signed off their accounts for the 2021/22 financial year.

RESOLVED:

1. Noted the contents of the Audit Findings Report (Annex A).
2. Approved the 2021/22 Statement of Accounts (Annex B) for publication on the council's website.
3. Approved the Executive Director of Resources' letter of representation (Annex C).
4. Approved the group letter of representation and Pension Fund letter of representation subject to any material changes (Annex D).
5. Noted the initial outcomes from the lessons learned review and commitments to improve processes for future years (Annex E).

Actions/further information to be provided:

1. A4/23 - The Committee will be provided with information concerning the detailed review on areas for improvement and action plan produced

following the debrief meeting next month between the Council and Grant Thornton.

20/23 INTERNAL AUDIT PROGRESS REPORT - QUARTER 3 [Item 7]

Witnesses:

David John - Audit Manager

Key points raised during the discussion:

1. The Audit Manager introduced the report and highlighted that the audit on the Children, Families and Lifelong Learning (CFL) panel process was given Reasonable Assurance which was encouraging, and recommendations were made to management to action. He highlighted the follow-up audits on the Officer Code of Conduct and the Public Sector Accessibility Regulations, the level of assurance had increased to Reasonable Assurance, confirming that management had acted on the recommendations and actions. He highlighted two audits given Partial Assurance: one out of the five schools being audited received that opinion due to an accumulation of issues and those were being addressed; and the audit on Social Value in Procurement, positive responses were had from the Corporate Leadership Team and management to ensure that the strategic objectives were aligned more to the procurement advantages. He highlighted the list of additional audits added, some removed and some deferred.
2. Referring to the planning audit received at January's Committee meeting which had Partial Assurance, the Chairman asked when that review would be complete. The Audit Manager explained that management were following up actions with an implementation date between December and the end of March that year; a follow-up audit would be scheduled later in quarter 1.
3. Referring to the Home to School Transport audit received at January's Committee meeting, the Chairman noted that the internal review indicated that parents would see an immediate improvement; he asked when the Committee would receive the results of the survey. The Audit Manager was unsure about the survey as that was service led, he noted that the follow-up work was being done in parallel with the new responsible officer. The results of the follow-up audit to be reported to the Committee within the first two quarters.

RESOLVED:

That the Committee noted the report and considered any further action required in their response to issues raised.

Actions/further information to be provided:

None.

21/23 INTERNAL AUDIT STRATEGY AND ANNUAL AUDIT PLAN 2023/24 [Item 8]

Witnesses:

Russell Banks - Orbis Chief Internal Auditor

David John - Audit Manager

Nikki O'Connor - Strategic Finance Business Partner

Key points raised during the discussion:

1. The Orbis Chief Internal Auditor introduced the report and noted that the Annual Audit Plan was risk-based, drawn from on a range of sources of information and it was fluid with time included for emerging risks; an anticipated major change concerned the go live of MySurrey and integrated financial systems run through that would need to be audited. There were challenges around resourcing and there was a clear strategy to address that through recruitment and investment in training and development. He noted that a slight reduction in the number of audit days had been made across the Orbis partners, it was a prudent estimate of what could be realistically delivered. He clarified that the Committee would receive information on the KPIs throughout the year.
2. A Committee member asked whether the number of potential audits of maintained schools was significantly more than had been done previously, as in quarter 3 there had been five audits. The Orbis Chief Internal Auditor responded that the scheduled 30-35 school audits represented a new normal level compared to a few years ago - more than other Orbis partners - as the Council had separately funded a programme of work of school audits. He noted that the aim was not to audit every school within a five-year period, it was not a purely cyclical process, schools were targeted based on risk.
3. A Committee member asked for the percentage of how short staffed the service was. The Orbis Chief Internal Auditor noted that there were around 38 staff and within that there were 5 vacancies. Internal Audit resourcing was expressed in the number of audit days that could be delivered, there was a challenge of trying to match the resources to the work both in terms of the days but also the calibre of staff. The Internal Audit Plan was becoming more complex, the approach of growing in-house staff took time and investment, supplemented with contractors.
4. A Committee member referred to the Highways Contract audit which was carried forward from 2022/23, as it was a large issue for residents and Members he asked whether Internal Audit was confident that it would be audited in the current cycle. The Audit Manager confirmed that it would be delivered in 2023/24 as enough time had been given for that contract to bed in, with nine to twelve months' worth of data to audit; it was carried forward on a predetermined basis.
5. Following up the response to key point 3, the Committee member understood that therefore Internal Audit was down 12-15% on staff numbers and the problem was more acute than that due to the lack of senior staff members, he asked what support could be given by the Committee around improving that situation. The Orbis Chief Internal Auditor explained that Internal Audit had sufficient resources in terms of budget, the challenge concerned recruiting and retaining the right people; sharing resources across the Orbis partnership was a significant benefit, the training and development budget had trebled in the last few years, however advertising externally for more senior roles was not very successful. He noted that the partnership was doing more than others in recruitment and retention, and he was looking at growing Internal Audit by working with the borough and district councils to generate more income to create more management posts. The diversification in recruitment was welcomed by a Committee member.

6. Referring to the General Ledger work, the Chairman asked whether any issues had ever been found with suspense accounts. The Audit Manager noted that Internal Audit had audited that and had found immaterial balances to be cleared. The Strategic Finance Business Partner confirmed that Finance was looking at all balances as part of the data cleanse moving into the new system.

RESOLVED:

Members considered the contents of the report and Appendices, and approved the following:

- (i) The Internal Audit Strategy (Annex A).
- (ii) The Internal Audit and Corporate Fraud Plan (Appendix A).
- (iii) The Internal Audit Charter (Appendix B).

Actions/further information to be provided:

None.

22/23 ETHICAL STANDARDS ANNUAL REVIEW 2022-23 [Item 9]

Witnesses:

Paul Evans - Director of Law and Governance

Key points raised during the discussion:

1. The Director of Law and Governance introduced the report and noted that there had not been any changes to the Members' Code of Conduct in the last year. Members had received training following their induction post-election and received regular reminders on registering their interests. In the Spring all political groups would have a session on the Member-Officer Protocol. He noted that there had been six complaints compared to eleven the previous year and he provided a breakdown of those. He noted that Member conduct in the Council was generally good and there had not been any complaints between political groups. Residents' grievances were resolved and investigated as appropriate.
2. Committee members made no comments.

RESOLVED:

1. Noted the Monitoring Officer's report on recent activity in relation to the Members' Code of Conduct and complaints made in relation to Member conduct.
2. Noted the further training and development planned for the coming year at paragraph 12.

Actions/further information to be provided:

None.

23/23 RISK MANAGEMENT [Item 10]**Witnesses:**

David Mody - Head of Strategic Risk

Key points raised during the discussion:

1. The Head of Strategic Risk introduced the report which set out the macro level risks as well as the top risks for the Council as detailed in the Corporate Risk Register. The risk plan for the next year was ambitious and the four areas targeted would support the Council going forward. He noted that Committee members had received training over the past few months. Two audits on risk management had been undertaken over the past six months, one by Internal Audit which gave a Substantial Assurance, and the other audit done by Grant Thornton; an overlap between the two was the desire to provide more online training to have a wider reach and that was being factored in. An update would be provided in September on the Constitution Review Group's consideration of delegated approval to the Committee on the Risk Management Strategy.
2. A Committee member commended the document which was clear, concise and user-friendly; the Chairman echoed the thanks to the Head of Strategic Risk for his work. The Head of Strategic Risk noted that the organisation had been supportive.

RESOLVED:

That Members noted the update on risk management.

Actions/further information to be provided:

1. A5/23 - The Head of Strategic Risk will provide an update in September on the Constitution Review Group's consideration of delegated approval to the Committee on the Risk Management Strategy.

24/23 REVISED FINANCIAL REGULATIONS [Item 11]**Witnesses:**

Nikki O'Connor - Strategic Finance Business Partner
Paul Evans - Director of Law and Governance

Key points raised during the discussion:

1. The Strategic Finance Business Partner introduced the report which would go to the next Council meeting for approval, she noted that most of the updates proposed related to title and structural changes in the organisation, and processes had been clarified and the wording of various sections strengthened. Regarding the Scheme of Delegation, she noted that Committee members had received a briefing note concerning special severance payments, ensuring that the thresholds and the regulations were aligned to the Localism Act 2011.
2. The Chairman sought clarification on whether special severance payments over £100,000 would be first reviewed by the select committee and if Members were not in agreement it would go to a Council meeting for a vote. The Director of Law and Governance noted that the approval of normal severance payments, redundancy for example, would go to the People,

Performance and Development Committee (PPDC) if over £150,000. Whereas special severance payments concerned a matter over and above contractual time, for example a dispute with someone, and the Council has an option to pay a settlement if there was a risk of a tribunal. The proposal was that if the figure was over £100,000 it would need to go to a meeting of the Council, however there were exceptional circumstances. Ex gratia payments between £20,000 - £100,000 would be signed off by the Chief Executive and Chairman of PPDC, they could choose to refer significant cases to PPDC or choose not to sign it off.

3. Responding to a Committee member's query around special severance payments if someone was asked to leave or chose to leave for example regarding a structural reorganisation or where there was a disciplinary or grievance matter, the Director of Law and Governance clarified that the guidance was rigorous regarding what needed to be considered when granting a payment.
4. The Chairman asked how the process was done before, the Director of Law and Governance explained that payment sign offs were done via normal approval processes, it would be taken to PPDC if there was a contentious element. He noted that there was previous guidance that anything over £100,000 needed to go to a Council meeting, but that was uncommon due to the short timescales.

RESOLVED:

That the Audit and Governance Committee agreed that the Financial Regulations are proposed to County Council for approval (Annex A).

Actions/further information to be provided:

None.

25/23 DATE OF NEXT MEETING [Item 12]

The date of the next meeting of the Committee was noted as 10 May 2023.

Meeting ended at: 11.25 am

Chairman

AUDIT AND GOVERNANCE COMMITTEE – 5 June 2023**PROCEDURAL MATTERS – QUESTIONS AND RESPONSES**

4

N.B. The deadline for Member's questions is 30 May 2023 and public questions is 29 May 2023.

b Public Questions**1. Question submitted by Brian Edmonds**

Does Surrey County Council have an employee Gifts and Hospitality Register subject to internal and external audit?

Under the Bribery Act 2010, it is a criminal offence for employees in an official capacity to accept any gift or consideration as an inducement or reward for: doing or not doing anything; or showing favour or disfavour to any person.

RESPONSE:

At Surrey County Council any gift beyond a small token of goodwill should be politely declined. Gifts should only be accepted in exceptional circumstances, where there is a clear justification for doing so and where this has been formally approved in advance. Offers of gifts, other than small tokens of goodwill, must be recorded in the online gifts & hospitality register, whether accepted or not. Manager approval is needed before any gift or hospitality is accepted.

The register is reviewed monthly by the HR&OD team and, where appropriate, will be discussed with line managers. The register is reviewed quarterly by HR, the Monitoring Officer, and representatives from Internal Audit.

An annual report summarising register activity is reviewed by members of the HR&OD leadership team and presented for review and discussion to the Risk Governance Group and Audit and Governance Committee. Following this, a summary of the Register of Gifts and Hospitality is published online on the Surrey website. It is thus open to the public and internal and external auditors.

Internal Audit periodically review the Gifts and Hospitality process. This was last undertaken in 2019/20.

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Audit & Governance Committee
5 June 2023

Recommendations Tracker and Work Plan

5

PURPOSE OF REPORT:

For Members to consider and comment on the Committee's recommendations tracker and work plan.

INTRODUCTION:

A recommendations tracker recording actions and recommendations from previous meetings is attached as Annex A, and the Committee is asked to review progress on the items listed. The work plan is attached as Annex B.

RECOMMENDATION:

The Committee is asked to:

1. Monitor progress on the implementation of recommendations from previous meetings in Annex A.
2. Note the work plan at Annex B and any changes to it.

REPORT CONTACT: Amelia Christopher, Committee Manager,
Surrey County Council, amelia.christopher@surreycc.gov.uk

Sources/background papers: None

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Audit & Governance Committee – Recommendations Tracker

5 June 2023

ACTIONS

Number	Meeting Date	Item	Recommendation / Action	Action by whom	Action update
A3/22	26 June 2022	Draft Annual Governance Statement	To look at the governance around the Surrey Forum and the strategic boards once they had matured.	Committee Manager/Director - Law and Governance	Work plan updated and item put in for July 2023.
A1/23	18 January 2023	Report of Centre for Governance and Scrutiny - Behavioural and Cultural Governance Review	That an update report on actions going forward would be brought to the Committee in July.	Director - Law and Governance	Work plan updated and item put in for July 2023.
A2/23	18 January 2023	External Audit: Annual Audit Report 2021/22	That a six-month update be brought to the Committee.	Director - Corporate Finance and Commercial	Work plan updated and item put in for July 2023.
A4/23	8 March 2023	Statement of Accounts 2021/22	The Committee will be provided with information concerning the detailed review on areas for improvement and action plan produced following the debrief meeting next month between the Council and Grant Thornton.	Chief Accountant (Corporate) / Strategic Finance Business Partner / Grant Thornton	The Strategic Finance Business Partner has noted that the aim was to bring the lessons learned/areas for improvement document alongside the External Audit Plan 2022/23 to the July Committee, however she has noted the caveat that the Plan might not be ready by then and she would follow that up.

Audit & Governance Committee – Recommendations Tracker

5 June 2023

Number	Meeting Date	Item	Recommendation / Action	Action by whom	Action update
A5/23	8 March 2023	Risk Management	The Head of Strategic Risk will provide an update in September on the Constitution Review Group's consideration of delegated approval to the Committee on the Risk Management Strategy.	Head of Strategic Risk	The Head of Strategic Risk will include an update on the delegated authority/approval within the Risk Management update at September's Committee. Work plan updated for September 2023.

COMPLETED RECOMMENDATIONS/REFERRALS/ACTIONS – TO BE DELETED

A3/23	8 March 2023	Recommendations Tracker and Work Plan	The Committee Manager will delete the item on the work plan - 10 May 2023: Surrey County Council Accounts and External Audit's Audit Findings Report / Surrey Pension Fund Local Government Pension Scheme Accounts.	Committee Manager	The item has been deleted from the work plan concerning the meeting on: 5 June 2023 (rescheduled from 10 May 2023).
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AUDIT & GOVERNANCE COMMITTEE - WORK PLAN 2023

18 January 2023		
EXTERNAL QUALITY ASSESSMENT BY THE CHARTERED INSTITUTE OF INTERNAL AUDITORS	To update the committee on the outcome of the assessment.	Chief Internal Auditor
Deferred from Nov REPORT OF CENTRE FOR GOVERNANCE AND SCRUTINY – BEHAVIOURAL AND CULTURAL GOVERNANCE REVIEW	To receive the report.	Director - Law & Governance
CAPITAL, INVESTMENT & TREASURY MANAGEMENT STRATEGY 2023/24	This report sets out the council's treasury management strategy for 2023/24, as required to ensure compliance with CIPFA's Code of Practice for Treasury management.	Finance Manager
HOME TO SCHOOL TRANSPORT – AUDIT UPDATE	Requested at September 2022 meeting – to invite service manager (Gerry Hughes) to give service update whilst awaiting for Audit report.	Strategic Finance Business Partner /Head of Business Support
Deferred from Nov EXTERNAL AUDIT FINDINGS REPORT FOR ALL SCC TRADING COMPANIES	Dec 2016 Committee requested that annual accounts also be presented. To include Surrey Choices as well as Halsey Garton & S E Business Services.	Grant Thornton
Deferred from Nov EXTERNAL AUDIT: ANNUAL AUDIT LETTER	The Council's external auditors present their Annual Audit Letter	Director - Corporate Finance Grant Thornton
Deferred from Nov STATEMENT OF ACCOUNTS 2021/22	To receive the report.	Chief Accountant

8 March 2023		
STATEMENT OF ACCOUNTS 2021/22	To approve the 2021/22 Statement of Accounts.	Chief Accountant (Corporate)
INTERNAL AUDIT PROGRESS REPORT - QUARTER 3	The purpose of this progress report is to inform Members of the work completed by Internal Audit during Q3.	Audit Manager
INTERNAL AUDIT STRATEGY AND ANNUAL AUDIT PLAN 2023/24	To receive the strategy and the plan for 2023/24.	Audit Manager
ETHICAL STANDARDS ANNUAL REVIEW 2022-23	To enable the Committee to monitor the operation of the Members' Code of Conduct over the course of the last year.	Director - Law & Governance
RISK MANAGEMENT	To receive an update on Risk Management (Mar & Sept)	Strategic Risk Business Partner
REVISED FINANCIAL REGULATIONS	To review the changes to the Financial Regulations, to be approved by the Council.	Senior Finance Business Partner

5 June 2023		
2022/23 TREASURY MANAGEMENT OUTTURN REPORT	This report summarises the council's treasury management activity, as required to ensure compliance with CIPFA. The report will include the latest risk register for Treasury Management.	Strategic Finance Business Partner
ANNUAL COMPLAINTS PERFORMANCE REPORT	To give the Audit & Governance Committee an overview of the Council's complaint handling performance in 2022/23 and to demonstrate how feedback from customers has been used to improve services.	CFLL Customer Relations Manager Assistant Director - Registrations, Coroner's Service & Customer Strategy
New item CONSTITUTION REVIEW 2023	The Committee to review the proposals of the Constitution Review Group, prior to submission to the Council.	Director of Law and Governance / Senior Manager - Regulatory & Appeals

12 July 2023		
DRAFT ANNUAL GOVERNANCE STATEMENT	This report presents the draft Annual Governance Statement, which summarises the council's governance arrangements for the financial year.	Director of Law and Governance / Senior Finance Business Partner
WHISTLEBLOWING REPORT - TBC	The Committee to receive the report for information.	Director of Law and Governance / Head of Insight, Programmes and Governance
DRAFT STATEMENT OF ACCOUNTS 2022/23	To receive the report.	Chief Accountant (Corporate)
EXTERNAL AUDIT: ANNUAL AUDIT LETTER – six-monthly update	The Council's external auditors to present a six-monthly update on their Annual Audit Letter – see minutes 18/1/23 (regarding item: External Audit: Annual Audit Report 2021/22)	Director - Corporate Finance/ Grant Thornton
Deferred from March and June EXTERNAL AUDIT – AUDIT PLAN	The Council's external auditors to present their Audit Plan in respect of Surrey County Council and for the Surrey Pension Fund.	Chief Accountant (Corporate) / Grant Thornton
INTERNAL AUDIT ANNUAL REPORT AND OPINION (including Quarter Four progress report)	This report summarises the work of Internal Audit, identifying the main themes arising from the audit reviews and the implications for the County Council.	Chief Internal Auditor/Audit Manager
COUNTER FRAUD ANNUAL REPORT	To receive the annual report.	Chief Internal Auditor/Audit Manager - Counter Fraud
SURREY FORUM AND STRATEGIC BOARDS	Requested item from A&G Committee in June 2022 to look at the governance around the forum and the strategic boards once they had matured.	Principal Strategy and Policy Lead/Exec Dir Prosperity, Partnerships & Growth/Leader
REPORT OF CENTRE FOR GOVERNANCE AND SCRUTINY – BEHAVIOURAL AND CULTURAL GOVERNANCE REVIEW	Update report on actions going forward – see minutes 18/1/23	Director of Law and Governance

13 September 2023		
RISK MANAGEMENT	To receive an update on Risk Management (Mar & Sept), to include: - An update on the Constitution Review Group's consideration of delegated approval to the Committee on the Risk Management Strategy.	Head of Strategic Risk
HOME TO SCHOOL TRANSPORT - UPDATE	Update requested at the January 2023 committee.	Strategic Finance Business Partner /Head of Business Support
INTERNAL AUDIT PROGRESS – Q1	The purpose of this progress report is to inform Members of the work completed by Internal Audit during Quarter 1.	Chief Internal Auditor/ Audit Manager

22 November 2023		
LGSC ANNUAL LETTER AND COMPLAINTS UPDATE	To give the Audit & Governance Committee an overview of the Local Government and Social Care Ombudsman's annual letter for the year 2022/23 and an update on complaint handling across the council.	Head of Customer Strategy
COUNCIL COMPLAINTS – HALF YEARLY UPDATE	To receive a half year update report on the operation of the Council's complaints procedures.	Customer Relations & Service Improvement Manager
ANNUAL GOVERNANCE STATEMENT HALF YEAR UPDATE	This report provides an update on progress on the improvement areas identified in the 2021/22 Annual Governance Statement.	Director - Law & Governance/CEX
EXTERNAL AUDIT UPDATE REPORT	To receive an update from the council's external auditors.	Grant Thornton
TREASURY MANAGEMENT HALF YEAR REPORT	This report summarises the council's treasury management activity.	Director - Corporate Finance
INTERNAL AUDIT PROGRESS – Q2	To report on Internal Audit progress during quarter 2.	Audit Manager



Audit & Governance Committee
5 June 2023

2022/23 Treasury Management Outturn Report

Purpose of the report:

This report summarises the Council's treasury management activities during 2022/23, as required, to ensure compliance with the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Authority to approve a treasury management annual report after the end of each financial year.

Recommendations:

It is recommended that the Committee:

- Note the content of the Treasury Management Outturn Report for 2022/23 and compliance with all Prudential Indicators.

Background:

1. The Authority has adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Authority to approve Treasury Management semi-annual and annual outturn reports. This is the annual outturn report for 2022/23.
2. The Authority's Treasury Management Strategy Statement and Prudential Indicators for 2022/23 were approved at Audit & Governance Committee on 24 January 2022. The investment and borrowing of cash exposes the Council to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Authority's Treasury Management Strategy.
3. An economic commentary provided by our expert Treasury Management Advisors, Arlingclose, is included in Annex 1 (produced in April 2023).
4. Interest rate forecast, provided by our expert Treasury Management Advisors, Arlingclose is included in Annex 2 (produced in May 2023).

Overview

5. On 31 March 2023, the Authority had net borrowing of £536m arising from its revenue and capital income and expenditure, a decrease of £30m since 31 March 2022. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), which represents the amount of capital expenditure that is not funded from capital receipts, government grants, third party contributions or revenue.
6. Net borrowing has decreased due to an increase in working capital, offset in part by an increase in the CFR due to new capital expenditure funded from borrowing being higher than the minimum revenue provision for the year. This is set out in table 1, below:

Table 1: Balance Sheet Summary

	31/03/22 Balance £m	2022/23 Movement £m	31/03/23 Balance £m
General Fund CFR	1,335	54	1,389
Less PFI Liabilities	(91)	10	(81)
Gross Borrowing Requirement	1,244	64	1,308
Less usable reserves and working capital	(678)	(94)	(772)
Net Borrowing Requirement	566	(30)	536

Note: Columns may not sum due to rounding

7. The Treasury Management Strategy for 2022/23, approved by Audit & Governance Committee in January 2022, continued the policy of internal borrowing wherever possible. This maintains borrowing below its underlying level by using available reserves and working capital to reduce the need for external borrowing. This minimises interest rate risks and keeps interest costs and the cost of carry lower.
8. The Council also manages cash on behalf of Surrey Police and Crime Commissioner, the balance of which was £33m as at 31 March 2023. The Council accounts for this as short-term borrowing. The treasury management position as at 31 March 2023 and the year-on-year change is show in table 2 below.

Table 2: Treasury Management Summary

	31/03/22 Balance £m	2022/23 Movement £m	31/03/23 Balance £m
Long-term borrowing	481*	(15)	466*
Short-term borrowing	200	(66)	134
Surrey Police	26	7	33
Total borrowing	707	(74)	633
Money Market Funds	(141)	44	(97)
Net borrowing	566	(30)	536

*Total long term borrowing is £480m. This includes £13.7m of Local Enterprise Partnership (LEP) and Salix loans which are managed outside of the Treasury Management function.

Borrowing Activity

9. At 31 March 2023, the Authority held £633m of borrowing, a decrease of £74m on the previous year. The sources of borrowing, interest rates and the year-on-year change is show in table 3 below.

Table 3: Borrowing Position

	31/03/22 Balance £m	2022/23 Net Movement £m	31/03/23 Balance £m	31/03/23 Rate %
Public Works Loan Board (PWLB)	471	(15)	456	3.61
Banks (fixed-term)	10	0	10	5.00
Local authorities (short-term)	200	(66)	134	3.64
Surrey Police & Crime Commissioner	26	7	33	4.25
Total borrowing	707	(74)	633	

10. The Authority's primary consideration when borrowing money has been to strike a balance between securing low interest rates and achieving cost certainty over a period for which funds are required. This position provides short term efficiencies with the flexibility to secure longer dated loans as and when the level of funds available for internal borrowing reduces, or financial forecasts indicate that external borrowing rates may increase. No new long term borrowing was undertaken during 2022/23, as internal borrowing was maximised and short-term borrowing was utilised to manage cash flow. Discussions have been taking place with Arlingclose immediately after the Bank of England's Monetary Policy Committee meetings, to review interest rate forecasts, assess the cost of carry and review the need to undertake further borrowing in advance for future years' planned expenditure.

Investment Activity

11. The Authority holds invested funds, representing income received in advance of expenditure, plus reserves and balances held which have not been utilised for internal borrowing.
12. Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
13. The Council's average daily level of cash investments was £113.7m during 2022/23, compared to an average of £59.6m during 2021/22. This reflects the Council's strategic policy to maintain sufficient liquidity during this time and continue to borrow over shorter periods when appropriate and the receipt of additional funding through the Safety Valve agreement and some significant capital receipts. The Council invests temporary cash surplus exclusively through the use of money market funds (MMF). Other investment facilities are available including brokers, direct dealing with counterparties through the use of call accounts or direct deal facilities, or with the government's debt management office. No new fixed term deposits have been agreed during 2022/23, due to cash balances being held to maintain sufficient liquidity.
14. The year-end investment position and the year-on-year change is shown in table 4 below:

Table 4: Investment Position (Treasury Investments)

	31/03/22 Balance £m	2022/23 Net Movement £m	31/03/23 Balance £m	31/03/23 Rate* %
Money Market Funds	141	(44)	97	1.83
Total Investments	141	(44)	97	1.83

*weighted average rate earned in the year

15. The weighted average return on all investments the Council received in the year to 31 March 2023 was 1.83%. Money Market Fund rates have been increasing over the year, reflecting increases to the Bank of England Base Rate. There is a short time lag of between 2 to 4 weeks of Money Market Fund catching up with the official rate, as fund managers roll maturing instruments into new instruments at higher investment rates.

Financial Implications

16. The outturn for interest paid, interest received and the minimum revenue provision are outlined in table 5 below.

Table 5: Revenue Implications of Treasury Management Activity

	Budget £m	Outturn £m	Variance £m
Interest Paid	17.9	18.1	0.2
Interest Received	(0.03)	(1.9)	(1.87)
MRP	24.7	23.8	(0.9)

17. The amount of the Authority's revenue budget required to be set aside for the future repayment of external borrowing is known as the Minimum Revenue Provision (MRP). This amount is calculated by reference to the Council's balance sheet as at the end of the previous financial year. The underspend on MRP relates to the capital underspend in the 2021/22 financial year, and less borrowing required to fund the capital spend.
18. The underspend on interest receivable reflects the higher than forecast cash balances held throughout the year and the higher interest environment. This is partially offset by the overspend on interest payable, also due to higher interest rates.

Compliance Report

19. All treasury management activities undertaken during 2022/23 complied fully with the CIPFA Code of Practice and the Authority's approved Treasury Management Strategy. Compliance with specific investment limits, the authorised limit and operational boundary for external debt, is demonstrated in tables 6 & 7 below.

Table 6: Debt Limits

	2022/23 Maximum actual position £m	31/03/23 Actual £m	2022/23 Operational Boundary £m	2022/23 Authorised Limit £m	Complied
Total			1,394	1,894	
Less: Other long term liabilities (PFI)			(87)	(87)	

Underlying Borrowing	740	633	1,307	1,807	✓
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20. Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not considered a compliance failure. Total debt did not exceed the operational boundary at any point in 2022/23.

Table 7: Investment Limits

	2022/23 Maximum actual position £m	31/03/23 Actual £m	2022/23 Limit £m	Complied
UK Central Government	0	0	Unlimited	✓
Money Market Funds	239	97	Unlimited	✓
Any group of pooled funds under the same management	0	0	25	✓
Any group of organisations under the same ownership	0	0	20	✓
Any single organisation, except the UK Central Government	0	0	20	✓
Unsecured investments with Building Societies	0	0	10	✓

Treasury Management Indicators

21. The Authority measures and manages its exposure to treasury management risks using the following indicators.

Security: The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard is therefore given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis. No investments will be made with an organisation if there are substantive doubts about its credit quality. In addition, if insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office or invested in government treasury bills or with other Local Authorities.

Liquidity: The Council manages its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments. The Council maintains a bank overdraft of £100,000, utilises overnight access Money Market Funds and accesses short term borrowing to meet cash flow requirements. The Local Authority market provides readily available funds.

Interest Rate Exposures:

The Council had £134m of short-term borrowing at 31 March 2023, with an additional £163m expected to be required to finance the 2023/24 capital programme, which would result in total of £297m by March 2024. Short term borrowing is subject to variable interest rates linked to the Bank of England (BoE) base rate, meaning it is subject to interest rate risk if the base rate increases. The BoE made its 12th consecutive rate increase in May, by a further 25 basis points to 4.5%, its highest level since 2008. The MPC reaffirmed its commitment to adjust Bank Rate as necessary to

return inflation to the 2% target sustainably in the medium term, in line with its remit. Accordingly the Council's Treasury Management advisor Arlingclose has believes it is more likely than not that Bank Rate increases to 4.75% in June 2023.

The Council has set aside £1.6m in reserves to mitigate variable interest rate exposure which more than covers this interest exposure scenario. In addition, the Council continually monitors the capital programme throughout the year and will borrow to address requirements driven by the cash flow forecast, including updates on the level of capital expenditure being incurred against the programme budget.

Maturity Structure of Borrowing: This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing were:

Table 8: Maturity Structure of Borrowing

	31/03/23 Actual	Upper Limit	Lower Limit	Complied
Under 12 months	27%	60%	0%	✓
12 months and within 24 months	2%	50%	0%	✓
24 months and within 5 years	2%	50%	0%	✓
5 years and within 10 years	5%	75%	0%	✓
10 years and above	64%	100%	25%	✓

Principal Sums Invested for Periods Longer than a year: The purpose of this indicator is to control the Authority's exposure to the risk of interest rate changes.

Table 9: Sums invested for more than one year

	2022/23 Maximum actual position £m	31/03/23 Actual £m	2022/23 Limit £m	Complied
Sums invested for longer than one year	0	0	20	✓

Other Non-Treasury Holdings and Activity

22. Although not classed as treasury management activities, the CIPFA Code requires the Authority to report on investments for policy reasons outside of normal treasury management. This includes service investments for operational and/or regeneration as well as commercial investments which are made mainly for financial reasons.
23. The Authority holds the following non-treasury investments:
 - £122m of directly owned investment property
 - £234m of loans to Halsey Garton Property Ltd
 - £93m of equity investments in Halsey Garton Property Ltd
 - £7m of loans to Halsey Garton Residential Ltd
 - £4m of equity investments in Halsey Garton Residential Ltd
 - £2m of loans to other subsidiaries
24. Such loans and investments have been approved in accordance with the Council's agreed processes. A register of such investments is maintained and performance information is reported to the Strategic Investment Board or the Shareholder and Investment Panel, in accordance with their Terms of Reference.

25. These non-treasury investments generated £8m of investment income for the Authority after taking account of direct costs and interest payable.

Implications:

Financial

26. The financial implications of this report are discussed in paragraph 16-18 and have been included in the outturn report to Cabinet on 30 May 2023.

Equalities and Diversity Implications

27. There are no direct equalities implications of this report.

Risk Management Implications

28. The risk management arrangements in relation to treasury management are discussed in paragraph 21.

Next steps:

- i. The treasury team will continue to monitor the UK and overseas banking sector and will continue to update this Committee as appropriate.
- ii. In line with the requirements the CIPFA Code, this Committee will receive a half yearly report on the Council's treasury management activities in November 2023 and a full year report for 2023/24 after the financial year end.

Report contact: Rishi Sharma (Strategic Capital Accountant)

Contact details: Rishi.Sharma@surreycc.gov.uk

Sources/background papers:

Capital Budget, Prudential Indicators & Treasury Management Strategy 2022/23
CIPFA Code of Practice for Treasury Management (2021 Edition)
CIPFA Prudential Code for Capital Finance in Local Authorities (2021 Edition)

Annexes:

Annex 1 - Arlingclose commentary on the External Context for Treasury Management activity – April 2023
Annex 2 - Arlingclose and Market Projections – 15 May 2023

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Annex 1

Arlingclose commentary on the External Context for Treasury Management activity – April 2023

Economic background: The war in Ukraine continued to keep global inflation above central bank targets and the UK economic outlook remained relatively weak with the chance of a mild recession. The economic backdrop during the January to March period continued to be characterised by high energy and commodity prices, high inflation, and the associated impact on household budgets and spending.

Central Bank rhetoric and actions remained consistent with combatting inflation. The Bank of England, US Federal Reserve, and European Central Bank all increased interest rates over the period, even in the face of potential economic slowdowns in those regions.

Starting the financial year at 5.5%, the annual CPI measure of UK inflation rose strongly to hit 10.1% in July and then 11.1% in October. Inflation remained high in subsequent months but appeared to be past the peak, before unexpectedly rising again in February. Annual headline CPI registered 10.4% in February, up from 10.1% in January, with the largest upward contributions coming from food and housing. RPI followed a similar pattern during the year, hitting 14.2% in October. In February RPI measured 13.8%, up from 13.4% in the previous month.

Following the decision by the UK government under Rishi Sunak and Jeremy Hunt to reverse some of the support to household energy bills announced under Liz Truss, further support in the form of a cap on what energy suppliers could charge household was announced in the March Budget to run from April until end June 2023. Before the announcement, typical household bills had been due to rise to £3,000 a year from April.

The labour market remained tight albeit with some ongoing evidence of potential loosening at the end of the period. The unemployment rate 3mth/year eased from 3.8% April-June to 3.6% in the following quarter, before picking up again to 3.7% between October-December. The most recent information for the period December-February showed an unemployment rate of 3.7%.

The inactivity rate was 21.3% in the December-February quarter, slightly down from the 21.4% in the first quarter of the financial year. Nominal earnings were robust throughout the year, with earnings growth in December-February at 5.7% for both total pay (including bonuses) and 6.5% for regular pay. Once adjusted for inflation, however, both measures were negative for that period and have been so throughout most of the year.

Despite household budgets remaining under pressure, consumer confidence rose to -36 in March, following readings of -38 and -45 in the previous two months, and much improved compared to the record-low of -49 in September. Quarterly GDP was soft through the year, registering a 0.1% gain in the April-June period, before contracting by (an upwardly revised) -0.1% in the subsequent quarter. For the October-December period was revised upwards to 0.1% (from 0.0%), illustrating a resilient but weak economic picture. The annual growth rate in Q4 was 0.6%.

The Bank of England increased the official Bank Rate to 4.25% during the financial year. From 0.75% in March 2022, the Monetary Policy Committee (MPC) pushed through rises at every subsequent meeting over the period, with recent hikes of 50bps in December and February and then 25bps in March, taking Bank Rate to 4.25%. March's rise was voted by a majority of 7-2, with two MPC members preferring to maintain Bank Rate at 4.0%. The Committee noted that inflationary pressures remain elevated with growth stronger than was expected in the February Monetary Policy Report.

The February vote was also 7-2 in favour of a hike, and again with two members preferring to keep Bank Rate on hold.

After reaching 9.1% in June, annual US inflation slowed for eight consecutive months to 6% in February. The Federal Reserve continued raising interest rates over the period with consecutive increases at each Federal Open Market Committee meetings, taking policy rates to a range of 4.75%-5.00% at the March meeting.

From the record-high of 10.6% in October, Eurozone CPI inflation fell steadily to 6.9% in March 2023. Energy prices fell, but upward pressure came from food, alcohol, and tobacco. The European Central Bank continued increasing interest rates over the period, pushing rates up by 0.50% in March, taking the deposit facility rate to 3.0% and the main refinancing rate to 3.5%.

Financial markets: Uncertainty continued to be a key driver of financial market sentiment and bond yields remained relatively volatile due to concerns over elevated inflation and higher interest rates, as well as the likelihood of the UK entering a recession and for how long the Bank of England would continue to tighten monetary policy. Towards the end of the period, fears around the health of the banking system following the collapse of Silicon Valley Bank in the US and purchase of Credit Suisse by UBS caused further volatility.

Over the period the 5-year UK benchmark gilt yield rose from 1.41% to peak at 4.70% in September before ending the financial year at 3.36%. Over the same timeframe the 10-year gilt yield rose from 1.61% to peak at 4.51% before falling back to 3.49%, while the 20-year yield rose from 1.82% to 4.96% and then declined to 3.82%. The Sterling Overnight Rate (SONIA) averaged 2.24% over the period.

Credit review: Early in the period, Moody's affirmed the long-term rating of Guildford BC but revised the outlook to negative. The agency also downgraded Warrington BC and Transport for London.

In July Fitch revised the outlook on Standard Chartered and Bank of Nova Scotia from negative to stable and in the same month Moody's revised the outlook on Bayerische Landesbank to positive. In September S&P revised the outlook on the Greater London Authority to stable from negative and Fitch revised the outlook on HSBC to stable from negative.

The following month Fitch revised the outlook on the UK sovereign to negative from stable. Moody's made the same revision to the UK sovereign, following swiftly after with a similar move for a number of local authorities and UK banks including Barclays Bank, National Westminster Bank (and related entities) and Santander.

During the last few months of the reporting period there were only a handful of credit changes by the rating agencies, then in March the collapse of Silicon Valley Bank (SVB) in the US quickly spilled over into worries of a wider banking crisis as Credit Suisse encountered further problems and was bought by UBS.

Credit Default Prices had been rising since the start of the period on the back of the invasion of Ukraine, and in the UK rose further in September/October at the time of the then-government's mini budget. After this, CDS prices had been falling, but the fallout from SVB caused a spike on the back of the heightened uncertainty. However, they had moderated somewhat by the end of the period as fears of contagion subsided, but many are still above their pre-March levels reflecting that some uncertainty remains.

On the back of this, Arlingclose reduced its recommended maximum duration limit for unsecured deposits for all UK and Non-UK banks/institutions on its counterparty list to 35 days as a precautionary measure. No changes were made to the names on the list.

As market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remains under constant review.

Local authorities remain under financial pressure, but Arlingclose continues to take a positive view of the sector, considering its credit strength to be high. Section 114 notices have been issued by only a handful of authorities with specific issues. While Arlingclose's advice for local authorities on its counterparty list remains unchanged, a degree caution is merited with certain authorities.

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Annex 2

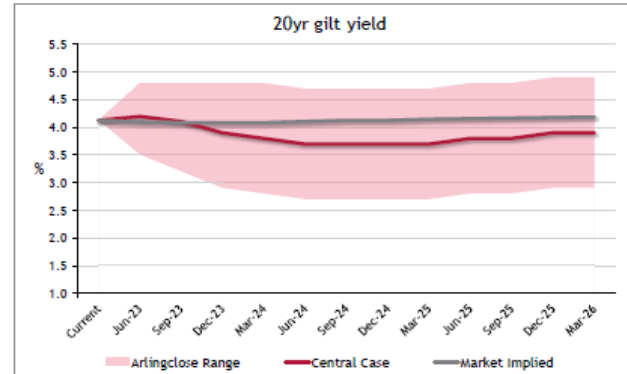
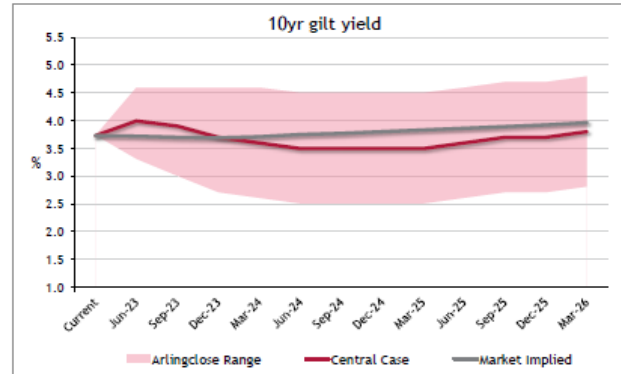
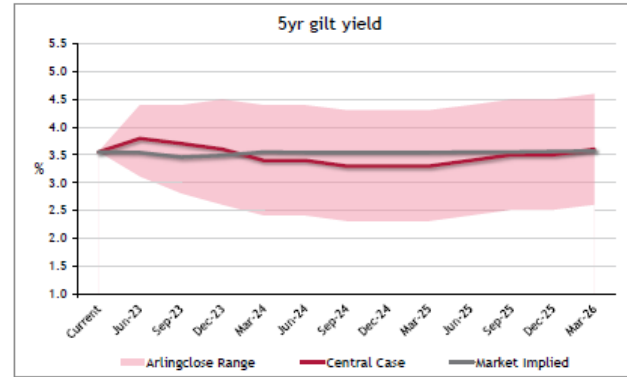
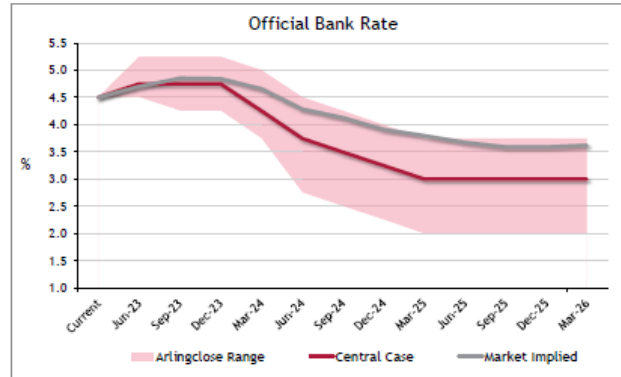
Arlingclose and Market Projections 15th May 2023

Charts show the Arlingclose central case along with upside and downside risks:
Arlingclose judges that the risks around its Bank Rate and gilt yield forecasts are weighted to the upside in the near-term and to the downside in the medium-term.

PWLB Standard Rate (Maturity Loans) = Gilt yield + 1.00%
 PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%
 PWLB HRA Rate (Maturity Loans) = Gilt yield + 0.40% (from June 2023)
 UKIB Rate (Maturity Loans) = Gilt yield + 0.60%

Arlingclose forecast:
15th May 2023

Market forward curves:
15th May 2023



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Audit & Governance Committee
5 June 2023

Annual Complaints Performance Report

Purpose of the report

To give the Audit & Governance Committee an overview of the Council's complaint handling performance in 2022/23 and to demonstrate how feedback from customers has been used to improve services.

Recommendations

It is recommended that:

The Audit & Governance Committee note the report.

Introduction

1. The Council has three complaints procedures: one for Adult Social Care, one for Education and Children's Services and one for all other Council services. The procedures for dealing with complaints about children's and adult social work services are set out in law. The corporate complaints procedure (covering all other Council services) is based on best practice. This report gives an overview of complaint management for all three procedures.
2. Adult Social Care and Education and Children's Services produce separate reports where more detailed information and analysis about the types of complaints received, outcomes and improvement actions can be found. Regular performance reports are shared with the Leader of the Council, Chief Executive, Directors, Service managers and leadership teams.
3. The Local Government and Social Care Ombudsman (LGSCO) is the final stage for complaints about councils and some other organisations providing local public services. The Ombudsman issues an Annual Review letter in July to each local authority. This will be the subject of a separate report to the Committee later in the year.

4. This report also includes complaints made about Surrey County Council's Pensions Service. Pension complaints are dealt with through a separate complaints procedure and have a separate Ombudsman, The Pensions Ombudsman. The Pensions Service provides separate reports on complaints received to the respective Pensions Funds.

Background to complaints handling in Surrey County Council

5. Effective complaint handling is critical to delivering good customer service and good outcomes for our residents. As well as putting things right when they go wrong, every complaint presents a potential opportunity to learn from what our residents and customers tells us and use this to inform and improve the services we deliver, rebuilding and maintaining trust.
6. The volume of complaints does not in itself indicate the quality of the Council's complaint handling performance. Low complaint volumes can be a sign that an organisation is not open to receiving feedback.
7. Escalation rates and uphold rates are a better measure of performance because these indicate where complaints were not resolved at service level and where fault has been found. Low escalation rates (within 10% and 18% of complaints recorded) are a positive sign indicating robust responses and early resolution as appropriate.
8. Where fault is found, actions are put in place to resolve the complaint for the customer and to make sure we improve our service. Specific examples are highlighted in Annex 1.
9. Even if a complaint is not upheld, there is always the opportunity to learn about why the customer has made a complaint and how their experience or customer journey could have been improved.
10. Where there is an alternative route for resolution such as legal forums and appeals procedures, the matter will not be considered through the complaint procedure. Examples of these include data breaches, Special Educational Needs (SEN) tribunals and school transport appeal panels.
11. It is important to capture a balanced view of services and to recognise and learn from good service, which is why compliments received by customers are also recorded and referenced in this report. Examples are given in Annex 2.

Early Resolution and use of online complaints form

12. Our online complaint form makes it easy for customers to contact us with any concerns at their convenience as they can access this route at any time of day. Several service requests are received through this route, as well as residents commenting on policy decisions. While the online form is popular, it is recognised not everyone has access to, or can use, digital services. This is why there are other ways to make complaints,

such as by telephone and written correspondence.

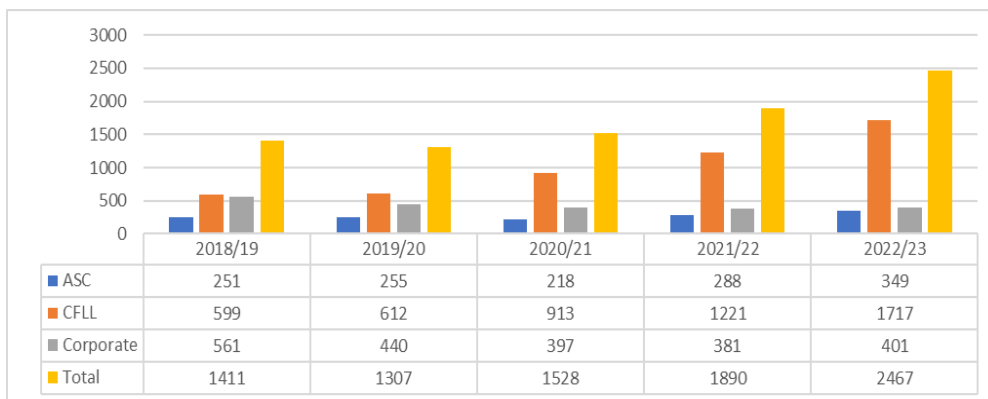
13. The Council's early resolution approach means that all complaints are reviewed when they are received to make sure any enquiries are properly routed to the person or service best placed to help or respond. It is also determined at an early stage whether what the customer has asked for can be achieved without the need to go through the complaint procedure.
14. The Customer Relations Teams proactively work with services to prevent issues escalating where the required advice, information or preferred outcome can be provided quickly outside of the complaint procedure. This is an example of Early Resolution in the context of Alternative Dispute Resolution. This approach enables a proportionate and resolution focused service; it is not designed to prevent complaints being made.
15. This approach helps distinguish complaints from service requests quickly and makes sure they are properly routed with minimum delay. 2560 online (web) complaint forms were submitted during 2022/23 compared to 1197 in the previous fiscal year.
16. Many customers who used the online form were concerned about the delivery of Corporate Services (those not about social care or education provision) primarily related to highways issues (579). The next most frequent contact related to Education Services (511) primarily related to Education Health Care Plans (ECP) for children and young people with Additional Needs and Disabilities (SEND). 259 online enquiries were recorded about support from Children's Services. A further 346 online contacts recorded related to the delivery of Transport Services, with 164 of these relating to Home to School Transport. The least number of online contacts (135) were recorded in relation to Adult Social Care. This is not unexpected given the demographics of the client base.
17. Some of the regular issues reported through the online complaints form that were unrelated to the provision of education services, home to school transport services and the delivery of social care support for both children and adults, included:
 - Highway enquiries - trees and vegetation enquires, roadworks/road closures and potholes.
 - Insurance claims - claims for damage to vehicles.
 - District & Borough Council matters - recycling and bin collections, parking enforcement and environmental issues.
 - Waste charges and questions relating to the community recycling centres.
 - Countryside - overgrown footpaths/vegetation issues.

- Bus services - changes to routes / bus operators, timetables, queries regarding bus passes etc
- Trading standards - comments about local businesses not trading correctly.
- Property - reports about lighting / alarms / generators.

Complaint handling performance in 2022/23

18. During the year 2022/23, the three complaint teams within Surrey County Council recorded a total of 2467 complaints: a 30% increase across the board compared to the previous fiscal year (1,890).
19. Breaking this down into the three main areas, Adult Social Care saw a 18% increase from 288 in 2021/22 to 349 during 2022/23. The Children’s and Education Customer Relations Team saw a 40% increase from 1221 in 2021/22 to 1717 in 2022/23. All other services saw a 5% increase from 381 to 401 at stage 1 of the formal complaint process.

Figure 1: Total complaints received.



20. During 2022-23, the Children’s and Education Customer Relations Team recorded a total of 1717 complaints. The top area of complaint for 2022/23 related to Education Services (832). This is an increase of 48% when compared to 2021/22.
21. Complaints about Children’s Social Care Services decreased by 8% from 660 to 607.
22. Complaints about Home to School Transport totalled 278. This is reflective of the current challenges being faced nationally regarding the provision of education for children and young people with additional needs and disabilities.
23. For Education Services complaint themes delay in finalising Education Health Care Plans, delay in securing Assessments by Education Psychologists, Annual Review Process not completed to time, children missing education and poor standards of communication.

24. For Children's Services there has been an increase in complaints about the personal data held by the Council and the accuracy of that data. These are translating into Requests for Rectification under GDPR 2018. Families are also sharing concerns about the application of the Direct Payments Policy. Parents and carers, also see themselves continually chasing for progress updates, for both social care and education provision.
25. During 2022/23, 278 complaints were recorded as being about the delivery of appropriate Home to School Transport. This reflects 3 times as many complaints recorded, when compared to the 92 recorded in the previous 12 month. There is an acknowledged national shortage of contractors at the current time and alternative arrangements have been put in place wherever possible. These include reimbursement of costs incurred by parents transporting children themselves. Transport officers ensure that case officers are made aware of any children holding Education Health and Care Plans who cannot attend school or college because of transport challenges.
26. The Home to School Transport Service has been through a restructure. The new structure includes an officer whose primary role is to focus on Early Resolution. This role was filled in December 202. The impact has already been positive with lower numbers of formal complaints being recorded as well as a marked decrease in the volume of complaints escalating through the process.
27. For Education Services, primarily provision for Children with additional needs and disabilities, concerns are also often pursued through the appeals process. These continue to translate into enquiries from MPs and Councillors as families become increasingly frustrated by the process and what they see as intentional internal delays. The council is at times, reliant on the output of professionals in roles where there are shortages, such as Health, to inform its complaint response. This has presented a challenge in maintaining timeliness of responses and meeting deadlines at the early stages of the complaint process.
28. For Adult Social Care, the increase in volume reflects the current increasing complexity of need, the on-going workforce recruitment and retention challenges within the adult social care sector, the pandemic and subsequent recovery has been affected by economic downturn people's lives impacted in many ways that has resulted in a rise in demand on services.
29. The most frequent subject of complaint for each of the complaint procedures are shown in Figure 2 below. Service specific delivery issues followed by lack of communication were the most frequent complaint categories.

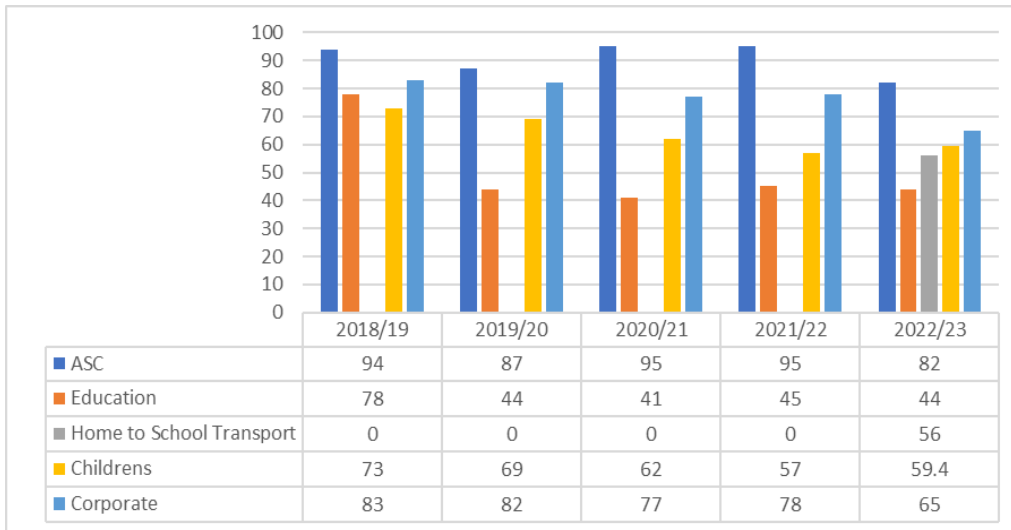
Figure 2: Complaint categories 2022/23

CORPORATE	CHILDREN, SCHOOLS & FAMILIES	ADULT SOCIAL CARE
Road works/ resurfacing	Disagreement with assessment, content, and outcomes	Communication, Staff Conduct and Decision Making
Trees/vegetation	Children out of education and without alternative provision	Assessment Process
Parking	Delays in EHCP process/disagreement with content	Financial
Flooding/drainage	Direct Payment Policy does not meet requirements of pertinent legislation as it is too prescriptive	Service Provision
Libraries	Children not meeting the criteria for support from Children with Disability Services	Safeguarding

Complaint trends & performance

- 30. For corporate complaints, the target is for 90% of stage 1 complaints to be responded to within 10 working days. This year, 65% were responded to within timescale, compared to 78% the previous year.
- 31. For Adult Social Care, the target is for 90% response within 20 working days (extension can be agreed). The figure for this year was 82% compared to 95% in the previous year 2021/22
- 32. For Children’s, Families and Lifelong Learning, the complexities of complaints continue to impact the ability to respond within the statutory timescales. The Directorate is working towards 80% compliance within 10 working days (extended to 20 working days if necessary).
- 33. In Children’s Services 59.4%% were within timescale. This reflects an increase of 2.4% responded to on time during 2022/23.
- 34. 44% of Education complaints were responded to in timescale.56% of complaints recorded about Home to School Transport were responded to within timescale. Data for Home to School Transport was included within the reporting for Education Services in previous years. Overall, therefore for Education and Home to School Transport there has been an increase of 2% responded to on time (47%) when compared to the previous year (45%).

Figure 3: Performance against response target



Front-line staff ability to focus on delivering essential services for residents continues to be impacted on following the aftermath of the Covid-19 Pandemic, together with the current Cost of Living challenges. The longer response times for Children’s Services and Education are not unexpected because of the increasingly complex nature of concerns shared by families.

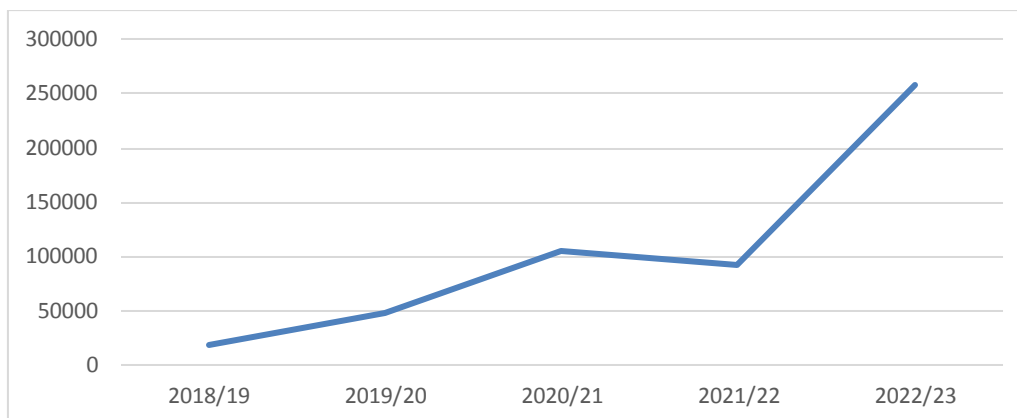
35. There were 174 complaints still open at the end of the year (31 March 2023), either because they were still within the response time or because they had yet to be resolved and responded to. The breakdown was:
- 31 (Adult Social Care)
 - 57 (Children’s Services)
 - 61 (Education)
 - 3 (Home to School Transport)
 - 22 (all other services)

Financial Redress

36. Where fault is found following a complaints investigation, financial redress can be recommended where appropriate. All financial awards are approved by the relevant Head of Service and, if greater than £1,000, in consultation with the relevant Cabinet Member. The Ombudsman can also recommend financial redress if they find fault following an investigation.
37. During 2022/23 there has been a significant increase in both the number of complaints attracting a financial remedy and the total amount paid of

£258,730.53. This equates to an increase of £166,032.51 when compared to 2021/22 (£92698.02).

Figure 4: Financial Redress payments year-on-year



38. For Children's & Education, the total paid was £258,730.53 of which £124,401.95 were payments directed by the LGSCO and £134,328.58 were remedy payments agreed by the Council.
39. Of the remedy payments, £87,445.65 was paid in symbolic financial remedies to recognise the impact of the fault identified, for example distress and anxiety and time and trouble taken in pursuing the complaint. The balance of £171,284.88 was primarily reimbursed costs to address missed provision. Essentially funds that the Council would have needed to spend to meet assessed needs irrespective of a complaint being made.
40. Of the LGSCO directed payments:
- £99,260.95, related to Education Services, including a payment of £10,298.00 which included elements of missed education and delay.
 - £19,341.00 of the LGSCO directed remedy payments related to Children's Social Care. £15,000.00 was a single payment, relative to an acknowledged delay in the age assessment for an asylum seeking minor, which had a negative impact on the support provided.
 - A single payment of £4,800.00 related to the impact of delayed provision in terms of the young person accessing appropriate education. The LGSCO directed £6,000.00 total remedy payments associated with Home to School Transport.
41. Of the £134,328.58 local remedy payments:
- £100,056.56, related to Education Services. This includes one single payment of £26,589.90 which included loss of education provision and delay.

- £1000.00 of the local remedies paid related to Home to School Transport.
 - £33,272.02, related to Children’s Services. This includes a single payment of £10,475.00. These included acknowledged errors relative to delay in meeting assessed needs for children in need or subject to child protection plans.
42. For Adult Social Care, the total paid was £1,550 which was a result of recommendations from the Ombudsman. The largest of these included payment for the following complaint:
- A payment of £400, was made to cover avoidable distress.
43. There were no remedy payments made for corporate services.
44. The totals of financial redress payments are shown below (figure 5).

Figure 5: Financial Redress breakdown 2022/23

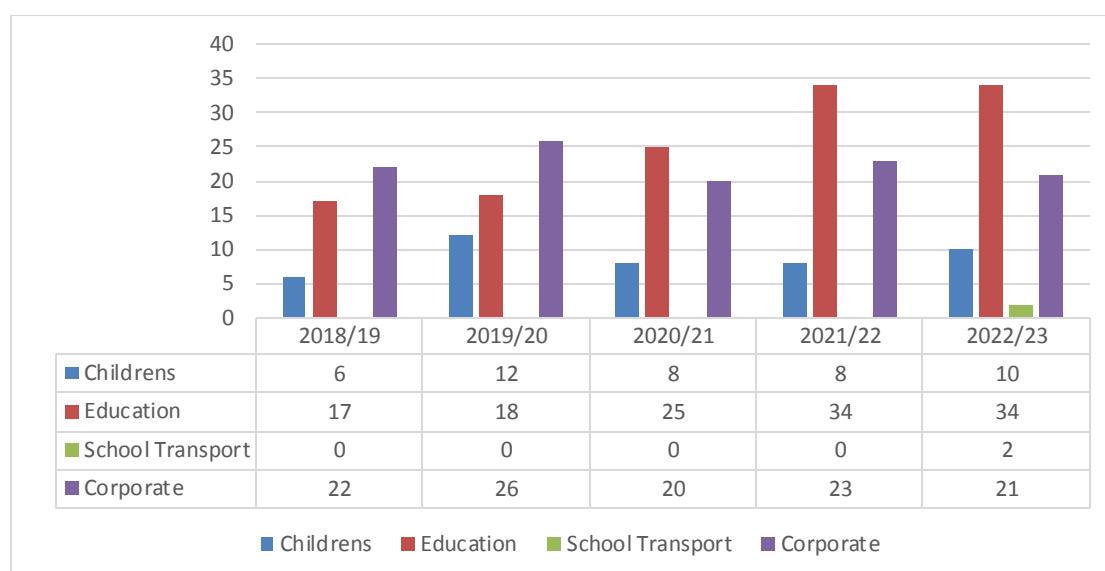
COMPENSATION 2022/23	
Adult Social Care	£1,550
Children, Families & Learning	£257,230.53.
Corporate	None paid
Total	£258,730.53

Complaint Escalation

45. The aim is to resolve complaints at the earliest opportunity; however, customers can escalate their complaint, both to the next stage of the Council’s complaints process (where this option applies) and to the LGSCO for external independent investigation. Escalation rates are a good indicator of how successfully complaints are being handled at point of service.
46. 21% of complaints (86 out of 418 Stage 1 complaints) were escalated from Stage 1 to Stage 2 of the Council’s corporate complaints procedure in 2022/23. This is a 2% decrease on 2021/22 (23%). Due to their complexity, 24 complaints were taken on straight at stage 2 to avoid further frustration for customers.
47. During the 2022/23 financial year, 10% of complaints about Children’s Services escalated to independent investigation at the second stage of the complaint process. This is 2% higher than the previous 12 months. Since the appointment of an internal investigator the rate of escalation has decreased to 1.5% as the focus on Alternative Dispute Resolution has been implemented.

48. 34% of complaints about Education Services escalated to the second stage. 33% of the complaints that escalated through the process, were referred back to the Service for an additional and more detailed response.
49. 2% of the complaints recorded about Home to School Transport, escalated to the second stage of the complaint process. This suggests that the appointment of a dedicated complaints lead within the Service has had a positive impact as they have been able to focus on Early Resolution and detailed initial complaint responses. In previous years data for Home to School Transport complaints was included in that for Education Services.

Figure 6: Complaint escalation year-on-year



50. Adult Social Care is required by law to have a one stage complaint procedure. This is why there is no escalation rate for Adult Social Care complaints.

Escalation to the Local Government & Social Care Ombudsman

51. Only a very small number of complaints escalate to the Local Government and Social Care Ombudsman. The vast majority are successfully resolved and responded to by the Council. In 2021/22, the Ombudsman notified the Council of 136 decisions regarding complaints against Surrey County Council.
52. The Ombudsman issues their annual letter in July 2023. This will confirm the enquiries and complaints received about Surrey County Council. A further report analysing this letter will be brought to a future meeting of the Audit and Governance Committee. The LGSCO Annual Letter published in July 2022 recognised that in 12% of cases, Surrey provided a satisfactory remedy before the complaint reached the Ombudsman, compared to a national county council average of 8%.

Pensions Complaints

53. Pension complaints are dealt with through a separate complaints procedure and have a separate Ombudsman, The Pensions Ombudsman. The Pensions Service provides separate reports on complaints received to the Pension Fund. There was a total of 55 complaints received for the year 2022/23 for Surrey County Council's Pensions Service. Overall, the total number of complaints have decreased from the previous year (previous total was 39).
54. During the last financial year there were 3 recorded cases of complaints referred to the Pensions Ombudsman. There has been 1 Pensions Ombudsman's decision during the same period concerning a case from the 2021/22 financial year. This was settled through the early resolution process with a compensation of £500 paid to the complainant.

Learning from complaints

55. Every complaint presents an opportunity to put things right for the complainant and for the Council to learn and improve. An individual complaint may result in a single action to put that situation right or to mitigate against that situation re-occurring. Multiple complaints about the same issue could indicate a need to review how a service is delivered. Specific examples are given in Annex 1.

Compliments

56. It is important to present a balanced view of services and to recognise and learn from good service. Throughout the year Surrey residents and customers have taken the time to compliment the standard of service they have received. In 2022/23, the Council recorded 1185 compliments about its services: 109 for Children's Services, 74 for Education, 4 for Home to School Transport, 515 for Adult Social Care and 483 for all other services.
57. The Customer Relations Teams are encouraging the logging of individual compliments received direct by services to enable identification of areas of good practice. Compliments are now routinely captured on our casework management system. Some extracts from compliments received are given in Annex 2.

Conclusions

58. What are we doing well?
 - a) Regular reporting on customer relations activity across the three areas to respective management teams. This has increased transparency and informed changes in service delivery.

- b) Providing high quality advice and support on general complaint handling across all three areas.
- c) Focusing on early resolution – actively reviewing initial enquiries to prevent unnecessary complaint escalation.
- d) Providing timely and full responses to Ombudsman enquiries. Proactive prompting of deadlines is in place to help set clear and consistent standards.
- e) The appointment of an internal investigator for the consideration of escalation requests relative to complaints about Children’s Services has enabled a shift in focus to Alternative Dispute Resolution. This is reducing the volumes of complaints escalating to independent investigation and through to the Ombudsman. The full impact of this change in approach will be more visible in the next 12 months.
- f) Children’s Customer Relations Team Manager is working collaboratively with colleagues in Education Services helping to shape the way in which services are delivered and improve the customer journey. Within Education Services this includes the exchange of ideas and reviews of processes and procedures at monthly customer service steering group meetings.
- g) Children’s Customer Relations Team contributed to the decision to appoint an officer to lead on complaint responses for Home to School Transport Services. The effect of this appointment has proven to be positive reflecting the changed approach to Early Resolution and Alternative Dispute Resolution.
- h) Adult Social Care Customer Relations Team holds urgent case reviews with Locality Managers to ensure a proactive approach to complaint handling and continues to deliver training and guidance for new managers and practitioners on handling complaints and responding effectively.
- i) Adult Social Care Customer Relations Team is using complaints to inform the Periodic learning space activities, we follow up with teams to complete actions agreed on upheld complaints where learning has been identified.
- j) All teams provide guidance on the management of challenging behaviours to help with the delivery of unwelcome messages, manage the impact on service delivery and prevent relationships with customers deteriorating.

59. What do we need to continue to work on?

- a) Training and support to create a strong customer ethos that cuts through each part of the organisation – putting our customers at the heart of what we do every day.

- b) Drive changes to behaviours and the way we work to build better relationships with our customers and support improved collaboration and engagement.
- c) Reduce the financial impact of complaints by getting things right first time more often and make sure all staff feel empowered and have the time to respond positively to customer complaints.
- d) Showcase good practice and share more widely the learning from complaints.
- e) The Corporate Customer Relations Team will:
 - Develop training on effective complaints handling for corporate complaints building on the online training developed by the Children's Team.
- f) The Children's Customer Relations Team will:
 - Continue to arrange the delivery of Training on Effective Complaints Management by the LGSCO to improve services understanding of the role of the Ombudsman as well as the quality of initial complaint responses.
 - Continue to support services in embedding a culture of Early Resolution and Learning from Complaints. This by way of collaborative working and participation in customer service steering groups across services.
 - Continue to support colleagues in developing a 'hands on' proactive communication approach to managing concerns with a focus on resolution and putting things right.
- g) The Adult Social Care Customer Relations Team will:
 - Focus on the link between complaint handling and service performance by continuing to support teams with their complaints responses and highlighting the key trends identified from the quarterly reports.
 - Promote getting the basics right by highlighting the need for good record keeping and encouraging the necessity for clear audit trails of how and why decisions are made.
 - ASC Customer Relations will provide advice/support managers across the Directorate who lead on the investigation and responses.

Financial and value for money implications

- 60. Payment of financial redress (as shown in Figures 4 and 5) is the financial implication of complaint handling. Responding to complaints quickly and getting issues resolved early ensures complaints do not

escalate unnecessarily through the process and minimises the requirement to pay financial redress.

Equalities and Diversity Implications

61. Ensuring we maintain good complaint handling processes enables our service to remain accessible to all. We continually review ease of access to all three complaints procedures to ensure groups, and individuals with protected characteristics, are not disadvantaged in any way. Should an equality or diversity issue be identified through a complaint investigation, this will be addressed directly with the service concerned and remedial actions put in place. The learning will also be shared as part of the Council's commitment to equality, diversity, and inclusion.

Risk Management Implications

62. The complaints process does not have any direct risk management implications; however, complaints do carry a risk to the council's reputation if not handled appropriately. We routinely review and report on complaints data to ensure our processes are effective and to minimise any risk.

Next steps:

The Audit & Governance Committee to receive information on operation of the Council's complaints procedures on an annual basis, supplemented with a mid-year update and separate report on the Local Government & Social Care Ombudsman's annual letter.

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Contact details: Tel: 07891001205 Jessica.Brooke@surreycc.gov.uk

Annexes:

1. Examples of learning identified through customer feedback
2. Extracts of compliments
3. Summary graphs from main report

Sources/background papers:

- Surrey County Council complaints tracker, Adult Social Care Customer Relations Team, Children's Customer Relations Team.
- Decision Notices available on LGSCO [website](#)

Annex 1: Examples of learning identified through customer feedback

Customer said: The Social Worker's comment about being disappointed that family couldn't attend a pre-planned meeting caused offence and complainant advises it made her feel worthless.

We did: Learning identified was around communication style. There is a need to recognise that we should approach situations with sensitivity and be mindful to people's feelings. The Social Worker was happy to call the family and apologise personally to ensure they work together in a collaborative way in future.

Customer said: Daughter raised concerns around father's residency at a Nursing Home, issues included lack of records to reference medication times, staff behaviour and absence of any stimulating activities. The response daughter received from CQC, and the Team initially alleged she claimed did nothing to address or resolve the Management issues reported at the home.

We did: A review of everyone's placement at the home took place and we were happy that they were receiving the appropriate level of care. We also asked CQC to inspect the home and they asked the home to make a series of improvements. Through the Provider Intervention & Support Process, we held Provider Support Meetings. These meetings were attended by the home and professionals (including CQC). At these meetings we discussed areas of concern and how they could make improvements with their standards of care. We were happy that the standards had now been improved.

Customer said: Parent complained about insufficient reimbursement of costs incurred when transporting a child to and from school due to delay in providing contractual Home to School Transport

We did: We reviewed the Transport Policy to ensure that parents are not financially disadvantaged; we published a Guide to Home to School Transport that accompanies the Policy for ease of reference for residents, families, young people, and council officers. We appointed an officer as complaints lead within the Service to enable early resolution of complaints.

Customer said: Parent complained that the Council was incorrectly directing how Direct Payments should be used. This impacted on a young person's ability have their social and networking needs met.

We did: We reviewed and revised the Direct Payment Policy. The new policy provides clear information about the use of Direct Payments and a more flexible approach for out of Panel decisions to enable prompt resolution of concerns. This in turn will ensure that children and young people are not disadvantaged if the parent encounters unforeseen challenges in using the Direct Payment as originally agreed and provides for a fair and equitable approach.

Customer said: Parent complained that the Council did not consider the customer (child or young person) and the wider family in terms of impact and

poor customer experience associated with delays in putting appropriate education provision in place.

We did: In association with the outcome of a recent internal audit considering the management of complaints about children and education services, we are recruiting four complaint leads to work with the customer relations team. The aim is to embed a culture of early resolution to improve the customer journey and experience thereby enabling a reduction in the receipt of unnecessary complaints. This is in addition to an increased focus on improving the customer journey with the implementation of an Education Services Customer Experience Steering Group.

Customer said: Complaint that defects on vehicle crossovers were not being identified and addressed.

We did: We clarified the defect intervention levels for vehicle crossovers. This clarification was added to relevant manuals and training was provided to all officers undertaking inspections.

Customer said: Complaints about failure to provide householders with sufficient and clear notice of overhanging vegetation and unauthorised vehicle crossovers in advance of maintenance works being carried out, and the actions that would be taken to address these.

We did: We recognised that wording of communications could be clearer. We are undertaking a review of communications sent to householders in advance of works, and of application of enforcement procedures for overhanging vegetation as part of the works planning process.

Customer said: They were not given sufficient advance notice of night works taking place outside their property.

We did: We undertook a full review of the internal process relating to notifying residents of night-time works, undertook additional staff training, and added a recurring agenda item to team meetings to ensure procedures are followed.

Annex 2: Extracts of compliments received.

ADULTS:

Mental Health Specialist Services Team wanted to acknowledge how helpful and supportive the Enabling Independence Team worker has been. She has been integral to me getting through some of the hardest times of my life. My sincere appreciation of her, she has gone above and beyond.

Guildford & Waverley: Thank you for all your help during a very difficult time. X is settling in well at her new home. We are starting to get back into a normal routine again.

Transition Team: Words can't really express how grateful I am to you for the kindness, help and support you have all given over the extremely difficult past few weeks. I know how extremely hard everyone has worked and I can't thank you all enough.

Elmbridge Locality Team: We can't thank you enough for your diligence and professionalism in resolving the issues around finding a suitable care home for Mum. Your recommendation on a suitable home has been excellent - more than we could have hoped for. Your work is a real credit to your profession and your locality team.

Reigate and Banstead Locality Team: Thank you for your professional, practical and realistic advice, and help. You worked with us through a difficult period in Mum's care and helped Mum, us and her carer reach a much happier situation. Mum had her 98th birthday and she enjoyed her weekend of celebrations in a way that I hadn't thought would be possible at Christmas.

Learning Disability and Autism Team: Social Worker is truly an inspirational person, kind, considerate, very professional, and totally understands my daughter. A big thank you. You have a lovely member of your team.

CHILDREN'S & EDUCATION

Children's Services

Young person has been a sensitive and sad case but due to the tenacity of his allocated social worker, including finding the birth father and organising many things to enable long term placement and family reintegration, we hope, a return home as a positive ending is now in sight for our grandchild.

A young person (JN) expressed just how grateful he was for his social worker listening to him, acting on his wishes and the support he has received.

Education Services

I wanted to personally thank you for your significant contribution to yesterday's EAR for KT. Parent fed back that she was extremely grateful for your extensive knowledge, guidance, and support.

CD from the OT Team at Surrey County Council has been an absolute amazing help for our daughter, she has been so kind and thoughtful throughout a time we really needed others to understand the struggles that we have been through with our daughter's needs and she has helped to provide us with the aids we couldn't now be without that make things so much easier for us all, we'd like to say a massive thank you for all the support you have given us. Thank you so much from the R family.

Home to School Transport

Customer called to say thank you to the transport team for her daughter's bus pass.

"She loves using the bus and her card was delivered very quickly."

Customer emailed the Transport Delivery Team to express thanks for arranging transport quickly that met child's significant needs.

CORPORATE:

Blue Badge Team: I wanted to take this opportunity to thank you and the team for the support you provide – professional, efficient, responsive – pretty much sums it up. Patients are grateful for the speed and ease in which you respond to their application, it really does make such a difference, thank you.

Community Recycling Centre: I just wanted to write an email to let you know how amazing the whole team were at Shepperton Community Recycling Centre. I went to dump an old blind in the metal recycling container and as I placed it in it caught my engagement ring which tore off and fell into the bottom of this container. As you can imagine sheer horror went through me and I quickly alerted a member of your team. He radioed through to M who I discussed the incident with, and he immediately told me not to worry and they would find it. As you can imagine I was utterly distraught. The team tea emptied the container and sifted through every single item of metal in that container until they found my ring – it took well over an hour. Their love, compassion and determination were outstanding, not once did they moan but assured me, they were there to help. I can't express how amazing they were, they kept me calm and went well above and beyond their role. I have always had a positive experience at this recycling centre having used it for over 30+ years but honestly the team were incredible, and I am eternally grateful to them all.

Contact Centre - ASC Information and Advice Service: "I think speaking to the adviser was fantastic ...you know I'm really worried about my father, and it's put my mind at rest, and it's given me a lot of answers a lot of ways in which I can go forward now I just like to thank you very much indeed".

Highways: Just to say thank you for the surfacing job done on the 19th of April 2022 along Thistlecoft Road. It is easy to take such work for granted but I want to express my admiration for the professional and exemplary way in

which this whole project was carried out. The result is fantastic and will increase our roads utility greatly. It looks good and I noticed how all the crew played their part, paying attention to detail and also embracing safety and public liaison.

Libraries: Nonfiction Fridays at Farnham Library: A simply brilliant and brilliantly simple idea. Removes the pressure and pain of having to read a book to a deadline - if you like it you probably gobbled it up and then have to "revise" it - if you didn't like it the agony is prolonged. It's as if acorns are being dropped from an oak tree - they will not all grow, some will never grow, some will grow in different places because they've been taken away by eager squirrels, some will take time to grow etc etc. Only a library could do this because of getting multiple copies. In this case the Librarian is an excellent communicator and draws in people even if they are just passing by

Surrey Arts: I just want to say that my experience of arranging violin lessons for my son through the Surrey Arts program and the associated instrument hire service has been brilliant. The email communication has been excellent - quick response and extremely helpful. Now that I am signed up, the portal makes it very easy to manage and pay for lesson. The gentleman at the hire shop was a pleasure to deal with. He was very knowledgeable, enthusiastic, and nice to chat to. I feel very lucky to have access to Surrey Arts.

Surrey Fire & Rescue: Could you pass on my gratitude to you amazing firemen from the Epsom station who attended my neighbours attic room fire yesterday There quick actions making sure my neighbour was not in the property Controlling the fire so it did not spread I cannot thank them enough They also checked my house to ensure it had not spread into my home We were also given smoke alarms which were fitted Please tell them all that I will before ever grateful and wish them a Merry Christma

Annex 3: Summary graphs from main report

Figure 1: Total complaints received.

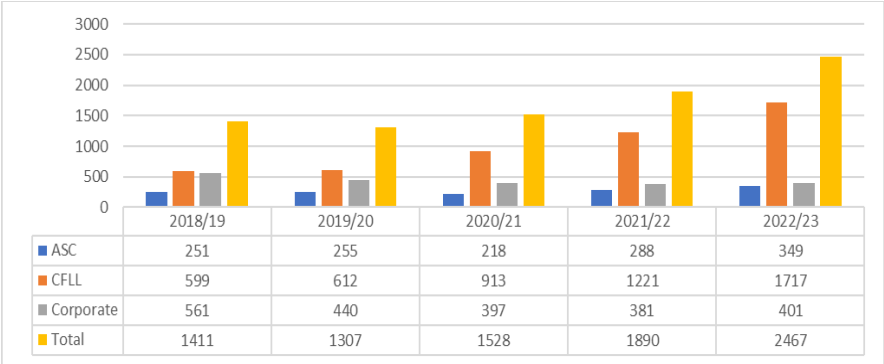


Figure 4: Financial Redress payments year-on-year

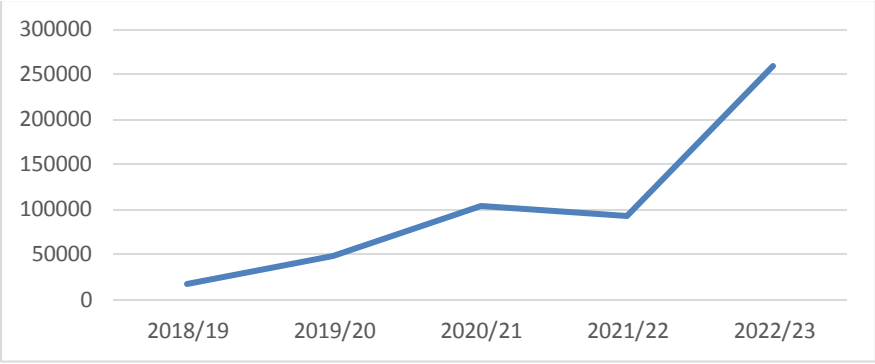


Figure 3: Performance against response target

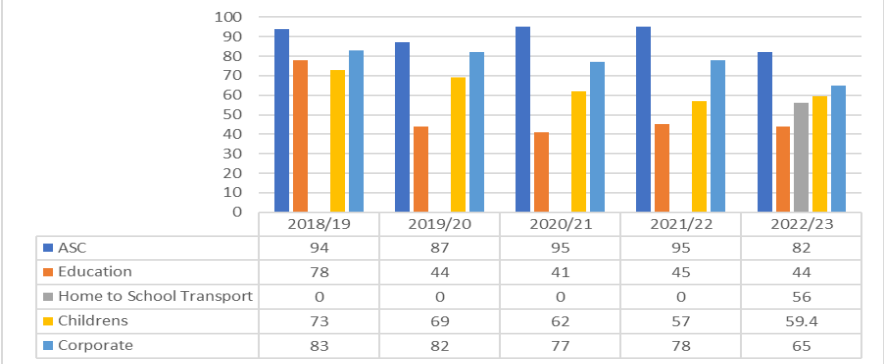
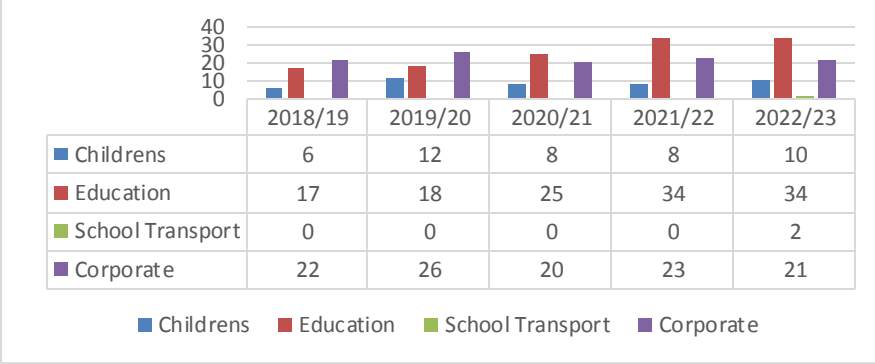


Figure 6: Complaint escalation year-on-year





Audit & Governance Committee
5 June 2023

Constitution Review 2023

Purpose of the report:

For Audit & Governance Committee Members to consider and provide the Committee's view on the current proposals of the Constitution Review Group prior to any submission to Council.

Recommendations:

It is recommended that:

The Audit & Governance Committee consider the proposals of the Constitution Review Group (Annex 1) and provide the Committee's view on the current proposals.

Introduction:

1. Surrey County Council's Constitution was last reviewed in 2017. Significant change has occurred since then, including the impact of the Covid-19 pandemic, the Council's move to Woodhatch Place, and the introduction of remote meeting technology and agile working.
2. A cross-party, broadly politically proportional Constitution Review Group (CRG) was established at the end of 2022 and has met three times since January 2023. The Group considered a number of issues which have been raised with Democratic Services in recent years by Members and officers.
3. The attached briefing note (Annex 1) has been provided to all political groups for their views and suggestions and to establish where there is broad agreement on the various proposals set out in the note.
4. As part of the process to establish the views of Members, the Audit & Governance Committee is also asked to consider the proposals and indicate its support or otherwise for the recommendations.

Proposed amendments

5. The proposed amendments are set out in Annex 1 to this report.

Conclusions:

Financial and value for money implications

6. None.

Equalities and Diversity Implications

7. The proposed amendments to Standing Orders 15.1, 23.2 and 28.1 (Proposal 6 in Annex 1 below) take into consideration the fact that some Members may not be able to stand due to mobility issues. Disability is a protected characteristic under the Equality Act 2010.

Risk Management Implications

8. The Constitution Review Group has proposed amending the route of approval for the Council's Risk Management Strategy (Proposal 10 in Annex 1 below),

Next steps:

Proposed amendments to the Constitution will be submitted for approval by the County Council.

Report contact:

Paul Evans, Director of Law & Governance

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Annexes:

Annex 1 – Proposals of the Constitutional Review Group

Sources/background papers:

Constitution of the Council

PROPOSALS OF THE CONSTITUTION REVIEW GROUP 2023

<h3>1. Original Motions</h3>
<p>Background</p> <p>The CRG discussed the introduction of a mechanism for selecting which motions are debated at Council. Currently, a 90 minute time limit is in place; in the past, there has been a limit of three motions per meeting. Motions are debated in the order in which they are received, which could result in some motions not being debated if time runs out. The Chair currently has discretion to re-order motions in consultation with Group Leaders.</p> <p>A Member recommended that a new standing order be adopted, which is set out below, to better manage the time a debate takes. It should be noted that the Chair already has the discretion to wind up debate, and any Member may ask for the question to now be put. A new standing order could remove the Chair's ability to manage the meeting in a flexible way. Members need to consider carefully whether they feel a new Standing Order is necessary or whether current meeting practice should continue. It should also be noted that this is not usual practice at other authorities.</p>
<p>Proposal</p> <p>If Members are minded to make such an amendment, the suggested wording for a new Standing Order 13.3 would be as follows:</p> <p><u>If the Chair considers that an appropriate amount of balanced debate has been heard, she/he may move the procedural motion "That the question be now put". The Council will follow the procedure set out in SO 23.1(a), 23.2, 24.1 and 24.2.</u></p>
<h3>2. Member Questions</h3>
<p>Background</p> <p>The CRG were content that the current Standing Orders governing Member Questions at Council meetings were working well and should be retained. Discussion took place regarding whether it was necessary to introduce word limits on questions, but ultimately this was felt to be too restricting.</p> <p>Members queried whether Deputy Cabinet Members could answer questions raised on their briefings to Council, as the Constitution was silent on this. It was suggested that the existing Standing Orders be updated to reflect this.</p>
<p>Proposal</p> <p>Amend Standing Orders 9.3, 10.2, 10.3 and 10.12 as follows:</p> <p>9.3 Cabinet Members <u>and Deputy Cabinet Members</u> are encouraged, prior to the commencement of any ordinary meeting of Council, to submit to the Council a short written briefing of current events and issues relating to their portfolio.</p>

Members will be given the opportunity to ask questions and/or make comments on the Cabinet Member/Deputy Cabinet Member briefing.

10.2 In addition, Members may ask any Cabinet Member or Deputy Cabinet Member questions about a ~~Cabinet Member~~ briefing paper submitted in accordance with Standing Order 9.3 above.

10.3 Notice of questions on matters which are not included in a report to the Council or Cabinet Member/Deputy Cabinet Member briefing must be given in writing to the Governance Lead Manager by 12 noon four working days before the Council meeting, i.e. normally a Wednesday.

10.12 Questions submitted under SO10 will be managed as follows:

- All first questions submitted by Members will be taken first. Second questions will follow, then third questions and so on.
- Question time will be limited to 45 minutes.
- In addition, questions on Cabinet Member/Deputy Cabinet Member briefings will be limited to 15 minutes.
- Following the initial reply by the Leader, Deputy Leader, Member of the Cabinet or committee chairman, the Chairman will allow, at his/her discretion, a period of up to 5 minutes per question in which Members of the Council may ask supplementary questions.

3. Public Questions at Committee Meetings – Supplementary Questions

Background

The CRG noted the concerns of one regulatory committee chairman and Democratic Services officers regarding members of the public raising supplementary questions at committee meetings that bore no relevance to their original question; the current standing order was worded in such a way that a chairman did not have the authority to refuse such a question. This was inconsistent with the position in regard to Member questions at committee meetings as set out in Standing Order 68.9 which states that supplementary questions must be relevant to the subject of the original. Bringing Standing Order 85.5 into line with Standing Order 68.9 would resolve this anomaly and make it clearer and easier for chairmen to advise the public.

Proposal

Amend **Standing Order 85.5** as follows:

Following the initial reply by the Leader, Deputy Leader or Cabinet Member or committee chairman, one supplementary question relevant to the subject of the original may be asked by the questioner. ~~The Leader, Deputy Leader or Cabinet Member or committee chairman may decline to answer a supplementary question.~~

4. Length of Speeches at Council Meetings

Background

The CRG considered speech lengths at Council meetings. The specific areas of concern raised were:

- Responses by opposition group leaders to the Leader's Statement – currently 3 minutes per opposition group leader whilst the Leader's Statement has no time limit. There had been suggestions that this was not equitable, and more time for responses should be allowed.
- Speeches by mover of an original motion – currently 6 minutes. There had been suggestions made that this should be increased.

Information on speech time limits at SCC and its comparator councils was shared with the CRG and is attached to this briefing note as **Annex 1 and Annex 2**. It was noted that none of the comparator councils allowed speeches of longer than 5 minutes for any purpose.

The CRG were unable to reach a consensus on this theme and referred the proposals below for discussion within the political groups.

Proposal

- Allow the leaders of opposition groups with more than 10% of the total Council Membership to speak for 6 minutes in response to the Leader's Statement; all other opposition group leaders to be allowed 3 minutes to respond.
- Restrict the Leader's summing up to 6 minutes (except at Budget Council).
- Increase the time limit on speeches moving an original motion..

5. Signing of an Attendance Register

Background

The CRG noted that changes in meeting practice as a result of remote working during the Covid-19 pandemic, together with the move from County Hall to Woodhatch Place, have resulted in the ending of the practice of signing a physical register of attendance. Instead, Members' attendance at Council meetings has been recorded by Democratic Services staff, which is in keeping with the advice given to principal councils in paragraph 11.4 of the 7th edition of *Knowles on Local Authority Meetings*. However, Standing Order 30 still requires Members to sign a register of attendance.

Proposal

Amend **Standing Order 30** as follows:

~~Members will sign a register of attendance.~~ **Democratic Services staff will record Members' attendance at Council meetings.**

6. Standing – Speaking at Council; for Procedural Motions; to call for a Recorded Vote

Background

The practice of standing when speaking was reinstated when Council meetings returned to the Council Chamber following the Covid-19 pandemic and the requirement for remote meetings/socially distanced meetings.

In practice, Members who are unable to stand due to disability/medical reasons are not required to do so, but the current standing order does not make this explicit. From an accessibility perspective, this would be preferable and would send a positive message to prospective councillors with disabilities/medical conditions.

Proposal

Amend **Standing Order 15.1** as follows:

When speaking, Members will stand **if they are able** and address the Chairman. Members will be called to speak by the Chairman. A Member who is speaking will **immediately stop speaking and** sit down if the Chairman rises, or if another Member raises a point of order.

Amend **Standing Order 23.2** as follows:

If the procedural motion is seconded and the Chairman thinks the motion is appropriate and, for procedural motions (a), (b) and (c), there has been sufficient debate, he/she will ask if the motion has the support of ten Members (including the mover and seconder), who will show their support by standing **or otherwise indicating clearly**. If fewer than ten Members **indicate their support** stand, the procedural motion will be considered as withdrawn.”

Amend **Standing Order 28.1** as follows:

Voting will be by show of hands and/or electronically unless, by standing **if they are able**, ten Members demand a recorded vote. Where a recorded vote is called, the names of those voting for or against the motion or amendment (or abstaining) will be recorded and entered in the minutes.

7. Recorded Votes – correcting mistakes in casting of vote

Background

The CRG discussed introducing a further amendment to SO 28.1 to codify the procedure for correcting mistakes during the roll call for Recorded Votes. Members were advised that they had the right to change their vote up until all votes had been cast. If a Member did not raise an issue until all the votes had been cast, there is a danger that a vote could be manipulated.

Proposal

Further amend **Standing Order 28.1** as follows:

Voting will be by show of hands and/or electronically unless, by standing **if they are able**, ten Members demand a recorded vote. Where a recorded vote is called, the names of those voting for or against the motion or amendment (or abstaining) will be recorded and entered in the minutes. **If a Member casts their vote incorrectly during a recorded vote, they must make this known to the Chair as soon as possible and before all votes have been cast.**

8. Budget Amendments – sign off by Finance**Background**

Amendments to the Budget proposals must be prepared in consultation with Finance colleagues to ensure that they are viable and result in a balanced Budget.

Members are advised in early January to contact the Strategic Finance Business Partner by an informal deadline (usually 1 week before the Council agenda despatch), in order to allow time for the necessary discussions and calculations to take place. The informal deadline for receipt of amendments by Democratic Services is 3pm two working days prior to the meeting (as with amendments to Original Motions at ordinary Council meetings).

The informal nature of the deadline means that Members may still submit alternative budget proposals at the Budget Council meeting which have not been discussed with Finance and may therefore not be viable.

Whilst the CRG did not wish to introduce a formal deadline for amendments to Ordinary Motions, they asked Members to consider whether a formalised deadline for Budget amendments was necessary.

Proposal

Amend **Standing Order 20.4** as follows:

Motions or amendments relating to the annual consideration of the Budget should be submitted in a standard format to be set down by the Director of Finance. **Draft budget motions or amendments must be submitted to the Strategic Finance Business Partner at least 14 days before the Budget Council meeting. Notice of agreed budget motions or amendments must be given in writing to the Governance Lead Manager by 3pm. two working days before the Budget Council meeting.**

9. Member Conduct Panel – Charing Arrangements

Background

The Monitoring Officer recommended that the current requirement for the Chair of Council to chair the Member Conduct Panel be removed.

The rationale for this is to mitigate the risk of the Chair of Council being drawn into politically contentious complaints against Members which may jeopardise their political neutrality for the remaining duration of their term as Chair.

There is no proposal to change the requirement that the Panel pool of ten Members includes the Chair and Vice-Chair of Council.

It is suggested that the Member Conduct Panel instead appoints a chair for each meeting.

Proposal

Amend **Part 6(02) – Arrangements for dealing with allegations of breaches of the Member Code of Conduct, Paragraph 10** as follows:

The Member Conduct Panel is a cross-party Panel of Members of the Council chaired by the Chairman of the County Council. **The pool consists of ten Members, including the Chair and Vice-Chair of Council.** Any hearing will be conducted by three **Panel Members** of their number, one of whom shall be the Chairman or Vice-Chairman of the Council, who will chair the meeting. In the event that neither the Chairman nor Vice-Chairman are able to chair the meeting the hearing will be conducted by three members of the Panel and the election of one of their number to chair the hearing will be the first item of business at the meeting.

Amend **Part 6(04) Annex A Member Role Profiles – Chair of Council – Key Duties and Responsibilities** by deleting **Paragraph 10:**

~~10. To chair the Member Conduct Panel, handling complaints against Members in line with the Constitution.~~

10. Route of Approval for the Risk Management Strategy

Background

The Risk Management Strategy is currently included in the Constitution in Part 5 – Rules of Procedure, which means that any amendments must be approved by Council.

The Head of Strategic Risk has advised that any future amendments to the Risk Management Strategy are likely to be minor, and that it not a good use of Council's time/resources for it to approve such amendments. He further notes that Surrey County Council is unusual in including its Risk Management Strategy in the Constitution for final approval by Council.

The Audit & Governance Committee has the function of monitoring the effective development and operation of the risk management and corporate governance arrangements of the council, and reviews the strategy on an annual basis, making recommendations to Council on any amendments.

It is therefore recommended that Council delegates the approval of the Risk Management Strategy to the Audit & Governance Committee, with the document being included in Part 5 of the Constitution as agreed by the Audit & Governance Committee.

Proposal

A recommendation be made to Council to agree the delegation of approval of the Risk Management Strategy to the Audit & Governance Committee.

Include the Risk Management Strategy in the Constitution in **Part 5 – Rules of Procedure** in the form agreed by the Audit & Governance Committee.

Amend **Part 3 Section 2 Paragraph 6.10(a)** as follows:

To monitor the effective development and operation of the risk management and corporate governance arrangements in the council **and to approve the council's Risk Management Strategy and any amendments to it.**

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