

MINUTES of the meeting of the **AUDIT AND GOVERNANCE COMMITTEE** held at 2.00 pm on 5 June 2023 at Surrey County Council, Council Chamber, 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 = *)

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

Members in Attendance

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

The meeting started at 2.05pm, the Vice-Chairman presided over the meeting as the Chairman was absent.

The Vice-Chairman welcomed two new Committee members following the changes to committee memberships agreed at the Council Annual General Meeting on 23 May 2023: Ayesha Azad and Helyn Clack. He thanked the two outgoing Committee members for all their contributions: Saj Hussain and Mark Sugden.

26/23 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

None received.

27/23 MINUTES OF THE PREVIOUS MEETING - 8 MARCH 2023 [Item 2]

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

28/23 DECLARATIONS OF INTEREST [Item 3]

There were none.

29/23 QUESTIONS AND PETITIONS [Item 4]

There were no Members' questions or petitions.

One public question was received from Brian Edmonds. The question and response were published in the agenda.

The following supplementary question was asked by Brian Edmonds and the response can be found below:

He noted that the Council's Gifts and Hospitality Register was sparsely populated in terms of hospitality offered, he asked whether consideration had been given to positive feedback of nil return. The Director of Law and Governance acknowledged that the

return was low for both Members and officers, confirmation of a nil return from councils would be unusual. He noted that the Council carried out a communications exercise annually ensuring that both Members and officers were regularly reminded of their obligations regarding updating their register of interests and declaring gifts and hospitality. The Committee would be receiving a report later in the year concerning Members' and officers' declarations of gifts and hospitality, and he noted that the member of the public's suggestion would be noted and considered at that time.

Actions/further information to be provided:

1. A6/23 - The Director of Law and Governance will note the member of the public's suggestion of consideration to be given to positive feedback of nil return, as part of the report to be received later in the year concerning Members' and officers' declarations of gifts and hospitality.

30/23 RECOMMENDATIONS TRACKER AND WORK PLAN [Item 5]

Witnesses:

Anna D'Alessandro - Director of Corporate Finance and Commercial
Ciaran McLaughlin - Grant Thornton

Key points raised during the discussion:

1. A Committee member highlighted the External Audit – Audit Plan item scheduled for 12 July on the Work Plan which had been deferred from March and June, noting concern in the delay and sought assurance that it would be received in July. The Vice-Chairman noted that the external audit had been delayed as was the case for many other councils. The Director of Corporate Finance and Commercial confirmed that the external audit plan was scheduled for July's meeting, and the Grant Thornton representative explained that Grant Thornton's current proposal was to complete the planning work over the next few weeks and would issue the external audit plan for July's meeting.

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:

None.

31/23 2022/23 TREASURY MANAGEMENT OUTTURN REPORT [Item 6]

Witnesses:

Rishi Sharma - Strategic Capital Accountant
Nikki O'Connor - Strategic Finance Business Partner
Anna D'Alessandro - Director of Corporate Finance and Commercial

Key points raised during the discussion:

1. The Strategic Capital Accountant introduced the report and noted that the Council's net external borrowing position had reduced by £30 million over the 12

month period to 31 March 2023. The main driver for this was the continuation of the internal borrowing strategy of the Council, with internal borrowing increasing as a result of increases in reserve and working capital balances. The Treasury Management Advisors, Arlingclose, provided advice to the Council to inform decisions around borrowing and there was an expectation of further increases to interest rates before a forecast of them beginning to reduce by the end of the year. The Council continued to invest temporary cash surpluses in Money Market Funds and those returns had reacted to the increases in the Bank Rate, enabling positive variances on the interest received to offset increased costs relating to interest payable. The Council was compliant with all limits in the Treasury Management Strategy and the Prudential Indicators. The Council had set aside an interest rate reserve to mitigate its future exposure to interest rate fluctuations.

2. A Committee member queried how internal borrowing was managed, presuming that it was to fund different services in the annual Council budget and she asked whether the Council operated nominal interest on that to discourage overspend. The Strategic Finance Business Partner clarified that the borrowing requirement was to fund the capital programme and internal borrowing was not borrowing from one service to fund another, it was the Council temporarily using short-term cash surpluses due to the levels of reserves and working capital which reduced the need to be tied into higher long-term interest rates externally.
3. A Committee member referred to the Minimum Revenue Provision (MRP) asking whether that was a prescribed amount or whether that amount was a value judgement as to the amount that the Council needed to set aside. The Strategic Capital Accountant explained that whilst there were different methods to calculate MRP, the underlying requirement for the MRP was that it sets aside a prudent provision for the Council's historic borrowing in relation to the capital programme, investment properties and loans, in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) code requirements. The Director of Corporate Finance and Commercial explained that any change to the Council's MRP approach was always discussed and agreed with the external auditors, a change was made three years ago as the MRP approach was overly prudent. The Strategic Finance Business Partner explained that the MRP Policy Statement was approved at the Council Budget meeting in February.

RESOLVED:

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

Actions/further information to be provided:

None.

32/23 ANNUAL COMPLAINTS PERFORMANCE REPORT [Item 7]

Witnesses:

Jessica Brooke - Customer Relations Manager

Sam Reynolds - Head of Customer Engagement and System Development

Key points raised during the discussion:

1. The Customer Relations Manager introduced the report and clarified that the report covered the period from 1 April 2022 to 31 March 2023, it focused on concerns from residents dealt with by the formal complaints process not for

- example correspondence received by Members and the 'Corporate' complaints category related to services that were not social care or education related.
2. The Customer Relations Manager highlighted key figures detailed in the report relating to the 30% increase in complaints across the board and noted the breakdown for the three categories and the reasons for the increases. She noted the escalation rates and reasons for the increase in Education Services. She outlined the breakdown of the figure of the total remedies paid by the Council.
 3. The Customer Relations Manager noted that the importance of having a complaints process was to identify where the Council could be doing things differently or better. In Children's Services there had been policy changes around Direct Payment and the Home to School Transport policies, in Adult Social Care (ASC) there were regular meetings to review delivery concerning care home practitioners, and in the Corporate Customer Relations Team the Early Resolution model continued to be working well. That model was being introduced within the admissions and the Home to School Transport services in Education Services, with complaint leads in those areas in the Special Educational Needs and Disabilities quadrants who could liaise directly with families.
 4. The Customer Relations Manager concluded that following the publication of the Local Government and Social Care Ombudsman's (LGSCO) Annual Letter in July, the Committee would receive a report in November providing analysis.
 5. A Committee member noted that the 30% increase in overall complaints was worrying and noted concern in the decline in response times. He noted that comparative figures with other similar authorities were missing from the report despite being provided in previous years. The Customer Relations Manager clarified that comparative figures with other local authorities would be provided in the report scheduled in November as the benchmarking data would be included in the LGSCO's Annual Letter. She noted the need to focus on why complainants were escalating their complaints and that unnecessary escalations were being reviewed, focusing on the Early Resolution model and Alternative Dispute Resolution. She noted that the complaints teams monitor and chase for responses from the busy frontline services, it was hoped that the quadrant leads would have a positive impact on the timeliness of responses.
 6. As a supplementary question, the Committee member asked whether staffing levels were part of the problem. The Head of Customer Engagement and System Development noted that before getting to that Early Resolution stage there were proactive and clear communications that could be undertaken and the Children's Services customer services steering group looked at the key themes of the complaints and issued proactive communications. He noted that the need for more staffing was the predominant recommendation from the internal audit of the Children's Customer Relations Team, due to the increasing volume of complaints over five years. Some additional resource had recently been secured to continue to deal with the increasing complaint volumes and focus on Early Resolution.
 7. A Committee member asked what impact the internal investigator was having in Children's Services and whether a similar appointment would be beneficial for ASC and whether the roles could be increased in Children's Services. Concerning Children's Services, the Customer Relations Manager noted that since the appointment of the internal investigator in July there had been a 1.5% decrease in formal investigations and a significant increase in the number of cases dealt with through mediation or peer reviews. Two internal investigators were in post and were trained mediators. The Head of Customer Engagement and System Development noted that other local authorities had to outsource external investigators, whereas the Council had saved around £60,000 by using the internal investigator concerning children's social care complaints. He would take forward that consideration with Education Services on having more internal investigator roles and hoped that would be a temporary measure.

8. A Committee member noted that having a balanced view of the services that were provided by the Council and learning from bad practice was vital. She asked whether good practice was reviewed such as positive feedback from residents, and how it was recorded and used. The Customer Relations Manager noted that best practice was shared through the monthly customer services steering groups and customer relations officers attended monthly practice challenge meetings, the teams also worked closely with the quality auditors in education and in social care using feedback to inform their internal audits.
9. A Committee member highlighted that in the morning she had emailed some questions to the report authors and the Head of Customer Engagement and System Development had responded, she noted that her question on the report's timeframe had been covered in the item's introduction.
10. Regarding another of her questions about clarifying the categorisations of complaints: ASC, Children, Families and Learning, and Corporate, the response was that Corporate did include highways. The Committee member noted that categorisation was not fit for purpose, and it needed to be broken down by the services they related to as soon as possible. She noted that good information needed to be added to the new system to get good outputs. The Customer Relations Manager explained that at present, geographical data could not be provided nor could the Corporate category be broken down into that much detail, she welcomed that feedback and would explore the suggestions going forward. She asked what Committee members would welcome in terms of how that would be presented in a report regarding the services listed as some services had a few formal complaints compared to others and would look to see how non-formal complaints information could be provided to the Committee.
11. Regarding another of her questions about the population of Surrey and the number of complaints, the Committee member believed that there should be ongoing complaints statistics included ensuring transparency for residents. The Customer Relations Manager noted that of the 1.2 million residents in Surrey there were just under 3,000 formal complaints, however for highways there were over 8,000 informal contacts from residents a year.
12. A Committee member noted that the services listed such as trees and vegetation were not Corporate services, unlike Finance, IT and Legal, and suggested that the category be renamed as 'Other' as it was misleading.
13. Regarding another of her questions about whether the complaints could be categorised by borough or district, the Committee member noted the response around the General Data Protection Regulation (GDPR) and asked why a resident could not indicate what borough or district they live in as that would provide a greater understanding of where there might be more issues. The Customer Relations Manager noted that she would explore that suggestion with the database providers, noting that it was not something that was available currently and would feedback at November's meeting. The Head of Customer Engagement and System Development noted that the above relied on self-reporting and could not be made a compulsory response, however data could be gathered for a large number of residents. He noted that as part of the report to November's meeting it would be useful to provide a report on the customer services steering group, identifying the problems, where those were occurring and what was being done.
14. Regarding another of her questions about how many forms of communication the Council had to engage with residents and whether those were user friendly, the response was that the Customer and Communities Directorate was currently mapping existing touch points and user journeys as part of the Customer Strategy. The Committee member was surprised that the information was unknown and asked when a response would be given. The Head of Customer Engagement and System Development noted that the directorate had been

formed two years ago and had been in the process of building up a structure of seeing what other services a complainant might be engaging with. He clarified that the directorate was undertaking that mapping exercise of touch points across the county and whether those were user friendly, to review best practice and where improvements could be made, and whether there were any gaps.

15. As a supplementary comment on the above, the Committee member praised the current route that Members could use to report a defect or complaint via a central email address whereby issues were allocated to the relevant officers for a response within an agreed timeline. She noted the need to keep things simple and consider a similar approach for residents when communicating with the Council. The Customer Relations Manager noted that she would follow that up with the relevant lead and noted that there was more than one route for Members to report issues: through that central email address, ASC had a separate Member email address and one was being introduced for Children's Services. She noted that the team was looking to dovetail residents' formal complaints with concerns raised to Members if they were about the same issue, as well as where concerns should be referred to the formal complaints process; completing that depended on when the vacancies could be filled.
16. Regarding the last of her questions about whether the complaints from residents that were directed to all eighty-one Members were also incorporated within the complaints figures, she understood that only complaints made through the formal complaints process were. The Committee member asked whether those complaints could be incorporated, ensuring that the Council would be more informed in terms of the strategic issues to focus on.
17. A Committee member understood the need for transparency in reports, however noted caution with the need to have ever more detail as the overarching picture would be lost; extra detail could be provided on request. She noted that the report was comprehensive and provided a good measure of where the Council was and what the improvements needed to be. The Vice-Chairman echoed the need for caution.

RESOLVED:

Noted the report.

Actions/further information to be provided:

1. A7/23 - The Customer Relations Manager, the Head of Customer Engagement and System Development and the Director of Law and Governance will take Committee member's comments and suggestions away and will report back at November's meeting where the LGSC Annual Letter and Complaints Update, and Council Complaints – Half Yearly Update items are scheduled; areas to cover:
 - a) comparative complaints figures with other local authorities.
 - b) whether a similar internal investigator appointment will be beneficial for ASC and having more internal investigator roles in Education Services.
 - c) consider whether the Corporate category can be renamed to 'Other' and explore whether it can be broken down by the services they related to as soon as possible; to liaise with Committee members on the services to be listed.
 - d) consider how non-formal complaints information such as around highways that residents direct to Members, can be incorporated in future reports or provided to the Committee in another form.
 - e) explore the suggestion with database providers of a response box being added to formal complaints indicating the residents' borough or district.

- f) provide a report on the customer services steering group, identifying the problems, where those were occurring and what was being done.
- g) provide an update on the Customer and Communities Directorate's mapping exercise of the Council's communication touch points and whether those were user friendly.
- h) consider a similar approach of having a central email address for residents when communicating with the Council around reporting a defect or complaint and issues to be allocated to the relevant officers for a response within an agreed timeline.
- i) provide an update on dovetailing residents' formal complaints with concerns raised to Members if they were about the same issue, as well as where concerns should be referred to the formal complaints process.

33/23 CONSTITUTION REVIEW 2023 [Item 8]

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 the feedback from the political groups and the Committee would be captured in a report to July's Council meeting. The Committee was asked to indicate whether it thought there were any governance issues concerning the proposals and whether there were any areas of general agreement.
2. A Committee member highlighted that she chaired the cross-party Constitution Review Group (CRG) and noted that there had been lively debate and a difference of opinions, she reiterated that the Council would be asked to approve the final proposals. She noted that the standard of Members' debating, awareness and training was high, and the proposals were small adjustments reflecting the significant change that had occurred since the last review.
3. A Committee member supported the route of approval of the Risk Management Strategy as that would give greater clarity concerning its approval, leading to better governance. He noted that the other nine proposals were all sensible and he could not identify any governance issues, noting that there might be debate on the length of speeches at Council meetings for example.
4. The Director of Law and Governance summarised that the Committee did not think there was anything that would compromise governance or audit, it was supportive of its role in approving the Risk Management Strategy, it noted that a few of the proposals were political and it was sensible that the proposals were being considered by the political groups, and it noted that the process was transparent.

RESOLVED:

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

Actions/further information to be provided:

None.

34/23 DATE OF NEXT MEETING [Item 9]

The date of the next meeting of the Committee was noted as 12 July 2023.

Meeting ended at: 3.03 pm

Chairman