

MINUTES of the meeting of the **AUDIT AND GOVERNANCE COMMITTEE** held at 10.30 am on 28 November 2022 at Surrey County Council, Woodhatch Place, 11 Cockshot Hill, Reigate, Surrey, RH2 8EF.

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

Elected Members:

Stephen Cooksey
Victor Lewanski (Vice-Chairman, in the Chair)
Joanne Sexton
Richard Tear
Mark Sugden
Terry Price (Independent Member)

Members in Attendance

David Lewis, Cabinet Member for Finance and Resources

55/22 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

There were none.

The Chairman gave thanks to the work of David Lewis the outgoing Chairman of Audit and Governance Committee, who had joined the Cabinet.

The Chairman welcomed Mark Sugden and Saj Hussain as new Members on the Committee.

56/22 MINUTES OF THE PREVIOUS MEETING [28 SEPTEMBER 2022] [Item 2]

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

57/22 DECLARATIONS OF INTEREST [Item 3]

There were none.

58/22 QUESTIONS AND PETITIONS [Item 4]

There were none.

59/22 RECOMMENDATIONS TRACKER AND WORK PLAN [Item 5]

Key points raised during the discussion:

1. It was noted that the date of the next meeting on the workplan was incorrect.

Action/Further information to note:

Committee Manager to update the workplan with 2023 committee dates.

RESOLVED:

That the action tracker and workplan be noted.

60/22 UPDATE ON THE SURREY COUNTY COUNCIL LEARNING POINTS FOR THE BUSINESS CONTINUITY ASPECTS OF THE COVID-19 RESPONSE AND RECOVERY [Item 6]

Speakers:

Ian Good, Head of Emergency Management and Resilience Team
Ashley Field, SLRF Business Support Team Lead

Key points raised during the discussion:

1. The Head of Emergency Management and Resilience Team introduced the report and highlighted the following:
 - a. The partnership response to Covid had now stood down and was business as usual
 - b. A debrief report was finalised and attached as appendix 1 to the submitted report
 - c. The Team continued to work closely with the Local Resilience Forum and other bodies.
 - d. Policies and diversity was to be improved going forward and that there was a need to review and monitor the impact of decisions on residents.
 - e. Latest risks included flu, avian flu and strikes. These were being closely monitored.
2. A Member asked about the communication and learning with boroughs and districts. The Head of Emergency Management and Resilience Team responded that information at the local level was good and mostly complaints about central government.
3. The Head of Emergency Management and Resilience Team would take away comments made by one Member about mixed messages coming out of boroughs and districts.
4. In response to a Member question around planning around cost of living crisis and inflation the Head of Emergency Management and Resilience Team reported that the Director was leading on this work and the impact on frontline services and how to support but this was not an emergency response at this stage.

Action/Further information to note:

None.

RESOLVED:

It is recommended that:

1. The Audit and Governance Committee note and discuss the detail contained in the report.
2. That the Audit and Governance Committee note the RAG Progress contained in the report as appendix 1.
3. The Audit and Governance Committee provide direction for any further reporting on the progress of SCC response arrangements in line with learning from incidents as they occur.

61/22 INTERNAL AUDIT PROGRESS - Q2 [Item 7]

Speakers:

Russell Banks, Chief Internal Auditor
David John, Audit Manager
Anna D'Alessandro, Director - Corporate Finance and Commercial

Key points raised during the discussion:

1. The Audit Manager introduced a report that detailed all the audit work undertaken in Q2 and highlighted the two partial assurances detailed within the report.
2. A Member asked for clarification around the school's audits being done either remotely or in-person. He also requested that future reports provide more specific details on the names and locations of the schools listed in the report, as there could be several of the same name within the county and it was requested the type of school also be given. The Audit Manager confirmed that schools' audits were mainly done through MS Teams with the agreement of the schools, though some physical visits had taken place by exception. Investigation work was undertaken in-person if needed.
3. A Member asked if there was a timeline for which it was expected that officers would have completed e-learning. The Audit Manager would need to find out about the e-learning timeline and in response to a further query about e-learning the Chief Internal Auditor explained that the system records activity and confirms when e-learning has been completed. It was possible for someone to start an e-learning session and come back to it later to complete it.
4. The Chief Internal Auditor confirmed that action plans arising from individual audits were available for Members to view but were not published as a matter of course simply because of volume or sometimes due to sensitivity.
5. In response to a question from a member, the Chief Internal Auditor also explained that Internal Audit grant certification work would only focus on successful grant applications where certification by the Chief Internal Audit was required. Internal Audit would not know about unsuccessful applications. It was Internal Audit's role to certify expenditure according to grant conditions.
6. In response to a Member query regarding planning actions the Audit Manager stated that he thought they may be actioned by Q3 and also that the Chairman of the Planning and Regulatory Committee was considering taking the planning audit report to that committee for discussion.
7. In response to a Member query regarding the timeline for Pensions the Director - Corporate Finance and Commercial, confirmed that the turnaround programme was going as fast as it could and described the strong working relationship between Pension and Internal Audit Teams. She explained that there was to be a Continuous Improvement Team set up in Pensions with much work to be done.

Action/Further information to note:

None.

RESOLVED:

That the report be noted.

62/22 HIGHWAY & TRANSPORT BUDGETS - FOLLOWUP REPORT [Item 8]

Speakers:

Richard Bolton, Assistant Director – Highways Operations & Infrastructure
Amanda Richards, Assistant Director – Highways - Network & Asset Management

Paul Millin, Assistant Director – Strategic Transport

Key points raised during the discussion:

1. The Assistant Director – Highways Operations & Infrastructure introduced the submitted report to provide more in-depth information surrounding the governance and process for decision making for Highway budgets in the Capital Maintenance Programme (Horizon) and Integrated Transport Schemes (ITS). He also detailed the flowcharts and information contained within the annexes to that report.
2. A Member asked about divisional Members getting information on defects within their divisions especially how and when these would be rectified. This information was not available to Members online and asked if the proposed new IT system would provide this. The Assistant Director – Highways - Network & Asset Management explained that currently, information was dealt with on a borough/district level but hoped that the new system could give more information on a divisional level. Members could also login to the “report it” page to find logged information on defects logged and fixed.
3. A Member asked for officers to review the current weekly communication to Members. It was not very helpful to use with residents as it just created more questions. She offered to speak with officers outside of the meeting regarding her views on this.
4. An issue was raised regarding Project Horizon and used an example to show that some items may be on the list for many years with no timelines and no indication of whether it will ever be done. Other Members confirmed that they too had issues with this. The Assistant Director – Highways - Network & Asset Management explained the process around Project Horizon and stated that if something was on the public map then it should be done within the next five years. It was recognised that communications are needed to improve understanding for residents.
5. A Member asked for information on quality audits of work undertaken and whether the new policy on the prioritisation of Community Infrastructure Levy (CIL) bids had been agreed and how Members could feed into that. The Assistant Director – Highways - Network & Asset Management explained that the Council had a highway laboratory and post work had a snagging process that the council undertook with contractors. New treatment processes could be audited over a five year period to check the suitability of treatments over time. It was further explained that all jobs are snagged and on average 10% of jobs would be audited by the laboratory and any problems identified would be addressed with the contractor. The Assistant Director – Highways Operations & Infrastructure assured the Member that he would have a more appropriate officer contact him regarding his questions around CIL.
6. There was some discussion around utility repairs and that utility companies should be held more accountable for the work they do. It was recognised that legislation was probably not strong enough. The Assistant Director – Highways - Network & Asset Management explained that utilities could make a temporary repair for up to six months and then after that must replace like for like. She urged members to report where temporary fixes had not been replaced after six months.
7. A Member asked for future reports to show data points that show progress, completion, inspection and other things that need to happen before something is signed off. The Assistant Director – Highways Operations & Infrastructure would take that suggestion away to look at.

Action/Further information to note:

None.

RESOLVED:

1. That the report be noted.
2. That officers take up their unfilled responses with Members outside of the meeting.

63/22 ANNUAL COMPLAINTS PERFORMANCE REPORT [Item 9]**Speakers:**

Sarah Bogunovic, Head of Customer Strategy
 Jessica Brooke, Team Manager Customer Relations

Key points raised during the discussion:

1. The Head of Customer Strategy introduced a report that provided an overview of the Local Government and Social Care Ombudsman's annual letter for the year 2021/22 and an update on complaint handling across the council.
2. In response to a Member query regarding complaints about highways it was explained that this report dealt with those complaints that led to the LGO which tended to be around Adults and Children. It was also confirmed that a learning review was undertaken after each complaint and that communication was key.
3. A Member pointed out that the council did fall down on communication which was poor and stated that the website was not easy to navigate. She also asked if there was a plan of action and any timelines around this. With regard to the website the Head of Customer Strategy explained the following:
 - That there was support and training for staff around difficult conversations and this was an ongoing training package
 - A web development roadmap was being undertaken which would have a good report for accessibility
 - Webchat was being launched
 - Chatbox was to be rolled out
 - Members would be kept informed around the timelines for these elements.
4. In response to a Member query regarding how complaints were analysed by departments and whether there were targets for reducing the number of the complaints the Head of Customer Strategy explained that:
 - There was regular analysis of complaints across the three teams
 - Targets were not to reduce the number of complaints but to reduce the escalation of complaints and to increase those dealt with at point of contact.
5. A Member queried the comparison made, in the submitted report, with Kent County Council and asked what they were doing differently. The Head of Customer Strategy undertook to investigate that and include it in the annual report when it comes to committee.

Action/Further information to note:

None.

RESOLVED:

That the report be noted.

At 12.27pm the Committee adjourned for a five-minute break.

64/22 MID-YEAR REPORT - REVENUE EFFICIENCIES [Item 10]

Speakers:

Nikki O'Connor, Strategic Finance Business Partner

Key points raised during the discussion:

1. The Strategic Finance Business Partner introduced a report that provided an update on the Council's 2022/23 forecast revenue position as at 30 September 2022, specifically an update on progress in delivery of the revenue efficiencies included in the 2022/23 budget. She highlighted that as part of the annual budget planning process, each Directorate had a financial envelope to work within to ensure affordability. Efficiencies were required to be identified each year to offset unavoidable pressures (including demand pressures, policy changes and inflation. £35.8m of efficiencies had been identified for 2022/23 and at the end of September £11m were flagged as unachievable. These related mainly to the Adult Social Care and Children, Families & Lifelong Learning Directorates..
2. In response to questions the Strategic Finance Business Partner explained that:
 - within the £11m was £5.1m for home to school travel assistance
 - this financial year was particularly challenging due to the levels of inflation above what was assumed in the budget
 - Directorates that were forecasting an overspend for the financial year had been tasked to action in-year budget recovery plans to identify ways to offset the forecast overspends.
 - c£6m of Covid funding from prior years was currently held by the Council and would likely be utilised this financial year.
 - The use of corporate contingencies would only be considered towards the end of the financial year.

Action/Further information to note:

None.

RESOLVED:

That the progress as at 30 September 2022 on delivering the revenue efficiencies in the 2022/23 budget be noted.

65/22 CAPITAL PROGRAMME GOVERNANCE [Item 11]

Speakers:

Nikki O'Connor, Strategic Finance Business Partner

Anna D'Alessandro, Director - Corporate Finance and Commercial

Key points raised during the discussion:

1. The Strategic Finance Business Partner introduced a report that had been requested by the Committee and detailed the capital governance arrangements.
2. In response to a Member query regarding the size of the two capital programmes the Strategic Business Partner confirmed that the service-based capital programme over 5 years was £1.9 billion and that there was

currently no additional planned spend in relation to the investment programme.

3. The Director for Corporate Finance and Commercial explained further how the capital budget was set out and explained that the investment programme was separate to that. She also confirmed that there was no new commercial investments proposed at this time.

Action/Further information to note:

None.

RESOLVED:

That the report be noted.

66/22 TREASURY MANAGEMENT MID YEAR REPORT 2022/23 [Item 12]

Speakers:

Rishi Sharma, Strategic Capital Accountant

Key points raised during the discussion:

1. The Strategic Capital Accountant summarised a report that set out the Council's treasury management activity during the first half of 2022/23, as required to ensure compliance with CIPFA's Code of Practice for Treasury Management. Highlights from the report included:
 - Annex 1 contained commentary from Arlingclose, the Council's Treasury Management advisors, on the external context for Treasury Management activity and Annex 2 provided their economic outlook for the remainder of 2022/23
 - Economic and political factors leading to high inflation
 - Bank rates now stood at 3% and was expected to rise further
 - Borrowing and investment activity
 - Treasury performance
2. A Member requested that in future the annexes be dated as to when they were produced.

Action/Further information to note:

None.

RESOLVED:

That the report be noted.

67/22 ANNUAL GOVERNANCE STATEMENT HALF YEAR UPDATE [Item 13]

Speakers:

Paul Evans, Chair of Governance Panel, Director of Law and Governance

Key points raised during the discussion:

1. The Director of Law and Governance introduced a report that was a six-month update on the Annual Governance Statement that was approved in June 2022.
2. The Committee were happy with the succinct statement in the report.

Action/Further information to note:

None.

RESOLVED:

That the Committee confirmed it was satisfied with the progress made so far.

68/22 EXTERNAL AUDIT PROGRESS REPORT 2021/22 [Item 14]**Speakers:**

Ciaran McLaughlin, Director - Internal Audit, Grant Thornton

Key points raised during the discussion:

1. A verbal update was given by Grant Thornton who explained that there were several reasons why the report was not ready including outstanding information from district and borough councils. The report was expected to be presented the January 2023 committee meeting.
2. Grant Thornton would be discussing with the Finance Team how things could be improved for next year.

Action/Further information to note:

None.

RESOLVED:

That the update be noted.

69/22 DATE OF NEXT MEETING [Item 15]

The date of the next meeting will be on 18 January 2023.

Meeting ended at: 1.11 pm

Chairman