

GOVERNANCE & AUDIT COMMITTEE

Minutes of the meeting held on 27 July 2022 at 7.00 pm in Council Chamber, Council Offices, Cecil Street, Margate, Kent.

Present: Councillor Kerry Boyd (Chair); Councillors Duckworth, Garner, Kup, Leys, Shrubbs, Towning, Whitehead and Yates.

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Braidwood and Hopkinson. Councillor Yates was present as a substitute for Councillor Hopkinson.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF PREVIOUS MEETING

Councillor Kup proposed, Councillor Towning seconded and members AGREED to approve the minutes of the meeting held on 09 March 2022.

4. RISK MANAGEMENT STRATEGY

Aimee Munden-Jackson, Insurance Officer, presented the Strategy report, making the following key points:

- The strategy was to be approved annually, to ensure it was fit for purpose.
- Due to many internal and external factors a full review was needed to reflect the changes in the local authority. This new strategy would strength certain elements to ensure that clear corporate approach risk management was adopted.
- TDC had seen several significant emerging risks since the previous update. Some of the risk management strategy had remained, and some had changed and evolved.
- Key risks included Covid-19 and Brexit. Further risks which were interlinked with Covid-19 and Brexit included shortage of HGV and fuel, homelessness.
- There were advantages of risk management. This included opportunities to reduce the chance of failure. Using a look across method, coping strategies could be created to deal with uncertain events.
- There were three types of risk:
 1. Current risk
 2. Emerging risk
 3. Future risk.
- Attitude towards current risk had to change. The council needed to become more proactive rather than reactive.
- Emerging risks were those risks in the horizon, and risk management needed to be planned around these risks.
- Future risks are hard to predict and detect.
- The pestle approach is a common approach which had been in risk management for years, but had not been understood or used. The approach covered political, economic, social, technological, legislative and environmental aspects.
- The risk matrix would be developed in order to create a clearer scoring.
- Risk ratings were to be increased to 5 levels.

- Emphasis was placed on TDC becoming engaged with the risk management strategy. Clearer processes would be laid out for reporting, and amber risks would be included in future quarterly reports.
- There would be new annual meetings with each directorate to ensure corporate engagement, renewing and refreshing historic risks.
- There was to be a new section on CMT, Cabinet and Council reports.
- Risk management was not just a set of rules; risk management is a culture, a shared belief and vision which will only be achieved by a top-down approach.

Discussion raised the following points:

- Nearly all of the risks were related to external factors that TDC were not in charge of creating. This included: Brexit, limited resources and homelessness.
- Once the recommendations from the IMO had been addressed and significant progress had been made against the majority of the recommendations, the corporate risk register and score could be looked at. While it appeared that the score had stayed the same, this is not implying that no progress had been made.
- It was important to get risk management into embedded into TDC.

Councillor Leys proposed, Councillor Garner seconded and members APPROVED the new Risk Management Strategy.

5. CORPORATE RISK MANAGEMENT - QUARTERLY UPDATE

Chris Blundell, Director of Finance, introduced the update report making the following key points:

- Most of the scores had not changed, but this did not mean that these things had not changed, and a lot of these specific topics were dynamic.
- Political stewardship had been well managed.
- The cyber attack score was high, and there had been further initiatives against this risk.
- Some progress had been made in relation to governance, however the score remained unchanged.
- Berth 4-5 was considered a dynamic situation, and the risks had been classified as high.
- Homelessness had been one of the biggest challenges. The increased numbers of homelessness had been largely due to external factors. The corporate management team were aware of this challenge.
- Economic resources were considered a hangover by the risk which was titled Brexit.
- Cost of living was a new risk, and negotiations were underway with the union regarding pay offers. TDC was aware of the risks that cost of living had outside of the district as well as their direct residents.
- Further new risks included anti-social behaviour; this was due to events on beach fronts in June and July 2022.

Discussion raised the following points:

- Homelessness and cost of living was in the highest risk category, and both had been intrinsically linked with each other.
- Key actions included delivering affordable housing. There was a desperate need of additional affordable rent. The council was committed to funding this into the future, approximately £8 million over a 10 year period.

- Housing association supply is due to increase significantly in 2022 and 2023. This would see the increase of 180 – 200 units in 2022 and 2023.
- There had been a range of new services, including intervention, financial assistance for people that faced homelessness and sign posting people to appropriate services such as citizen's advice and the benefits services.
- Councillor Jill Bayford had written to the government on the impact of the cost of living crisis on the community and on homelessness.
- It was highly unlikely that TDC would receive any additional funding as part of the budget setting process from the government. However, this was difficult to gage.
- It was too early to comment on the scale of the savings TDC would have to make going forward.
- The council's website published the number of empty homes in the district, and the number of homes that had been brought back into use. The most recent figure that had been published stood at 1,458 empty homes.
- Empty homes plan was also published on the TDC website. This had detail on how the teams work was prioritised and tools in bringing homes back to use.
- There were major concerns regarding anti-social behaviour. Concerns were raised regarding protection being offered to residents, and the resources involved with enforcement.
- Anti-social behaviour was a complex issue, and in some cases such behaviour was not considered anti-social but rather deemed criminal.
- Contain Outbreak Management Fund (COMF) had not been secured in 2022, and consequently there had been less enforcement. TDC had been working closely with the police and the multi-agency task force.
- Different approaches to anti-social behaviour had been discussed, this including the use of social media to engage with community. For example, pushing forth picking up litter and reporting anti-social behaviour.
- Flexible working trial had been in place for over a year; this had been extended to be considered further. Flexible working brought some issues, but also many benefits. There had been a broad acceptance that some of flexible working had to be available. Chris Blundell would look into the impact of home working and report back.

Councillor Leys proposed, Councillor Yates seconded and Members AGREED to approve the review of corporate risks.

6. QUARTERLY INTERNAL AUDIT UPDATE REPORT

Simon Webb, from East Kent Audit Partnership, introduced the report making the following key points:

- This was the regular internal quarterly update report which summarised the work undertaken by the East Kent Audit Partnership (EKAP) since the last meeting of this committee, together with details of performance of the EKAP dating to the 31st May 2022. There had been 9 new audit assignments completed in this period.
- There had been a conclusion of substantial assurance in budgetary control and ICT procurement and disposal. Food safety had concluded substantial assurance, and there had been a partial no assurance opinion relating to GDPR and data retention.
- There were three areas in which reasonable assurance had been considered; Ramsgate Marina, electoral registration and election management and risk management.
- Tenancy and estate management concluded as largely reasonable assurance, with limited assurance opinion relating to estate grounds maintenance.

- Housing repairs and maintenance had limited assurance, but there was a positive outlook going forth.
- CCTV had no level of assurance due to lack of privacy zones on the cameras among other issues. Management had advised that a number of agreed recommendations had been since implemented, including correcting the privacy zones. A follow up would take place, and the results would be presented to G&A in either September or December 2022.
- Follow ups were noted as an important part of the audit work, and there had been 7 follow ups within the noted period.

During questions the following points were made:

- Concerns were shared about commercial let properties and concessions.
- The Director of Property, was to come back to the committee and update the committee on the resourcing and improvement plans for the service. The Director of Property would also comment on the property portfolio. This would serve to be a useful piece of work to do, and would further provide a framework to bring the plan forward.
- The follow up for the commercial let property and concessions was completed in April 2022; the original audit had been completed 3-5 months prior to this.
- Income from Margate Harbour Arm had been used to balance the budget in the property service. However, there was additional income which TDC could secure for the commercial property concessions.
- The estate management policy would be brought to the Housing Cabinet Advisory Group and then further onto cabinet.
- Questioning was raised around the disposal of ICT equipment, asking whether TDC had been using or had been in contact with organisations that reuse ICT equipment? Chris Blundell commented that he would bring back to the committee a response to that question.

Councillor Duckworth proposed, Councillor Shrubbs seconded and Members APPROVED the report.

7. INTERNAL AUDIT ANNUAL REPORT 2021-22

Christine Parker, from East Kent Audit Partnership, introduced the report and made the following points:

- The report was required to comply with professional standards, and was an important source of assurance for the Committee.
- It was noted that the partnership had been able to act independently without interference from management.
- The report was in two parts. Addressing compliance with standards, and how the partnership had performed at functioning and delivering the audit plan. Then presenting a summary of what has been looked at, and what the themes and emerging comments were.
- There was one area of non-compliance with the professional standards; the requirement to have an external quality assurance assessment of the internal audit service. The reviews by the four s.151 Officers of the self-assessment is instead being relied upon.
- There were 24 projects set out in the plan in March 2021. During the year 21 projects had been completed, and 5 projects were in progress on 31st March 2022.
- Some projects had been pushed back, to accommodate more urgent work.
- Across the year a total of 102 recommendations were agreed, and 55% were in the Critical or High-Risk categories.

- Taken together 58% of the reviews accounted for substantial or reasonable assurance.
- In terms of progress reports, there had been 15 follow ups undertaken during the year. The areas with fundamental issues of note arising from the audits and follow up undertaken in 2021-22 had been resolved, or escalated to the Governance and Audit Committee, during the year.
- The Opinion had been split into the three key areas. It was concluded that confidence in Corporate Governance remained low due to significant unresolved matters in the governance arrangements for the council. It was stressed that the Opinion covered only to 31st March 2022 and between April and June 2022, significant changes had impacted the council, and there had been changes to senior management. The Opinion for Internal Control noted some positive responses (including Tenant Health and Safety) but highlighted a decline in the process of escalating internal control issues affecting Corporate Objectives not being addressed over successive years/ audit cycles, leading to further decline in governance in some areas. The opinion for Risk Management confirmed that arrangements for the Council's risk management framework are effective.

During discussion it was noted that:

- The work currently at TDC was all planned work, there were no responsive reviews or special investigations underway.

Councillor Kup proposed, Councillor Leys seconded and Members APPROVED the review.

8. ANNUAL TREASURY MANAGEMENT REVIEW 2021-22

Chris Blundell introduced the review and made the following key points:

- The review was a backward look on treasury management activity for the past year up to the 31st March 2022.
- Treasury management was all about how the cash was managed, looking at investments and borrowing.
- Section 3 looks at capital expenditure. The capital expenditure general fund shows £7.5 million versus the budget of £3 million. This was much lower than was wanted. The reasons and full details for all of these areas would come to Cabinet in September.
- TDC held £20 million worth of debt, this was considered a good thing, and no rules had been broken.
- In section 4.10, the authorised limit, and 4.11, the operational boundary, it was reported that the limits had not been overspent.
- The breakdown of the debt portfolio was £20 million, as seen in section 5.5 of the report.
- Interest rates, base rates and overnight rates, had increased 2 further rate rises.
- Refinanced £4 million of debt in the last year.
- Investment out turn shows that there had been £47 million worth of usable reserves at the end of March provisionally. This should be an average rate of return of 0.1%.
- Section 11 within the report was something that the committee had asked to note. This was a new addition to the main body of the report, and set out the capital receipts.

Discussion raised the following points:

- The strategy concerned with internal managed funds would be presented at the September committee. The strategy was last approved by full Council in February.
- The strategy did need looking at again.
- Typically, in order to get better rates of return, more risks needed to be taken.

Councillor Towing proposed, Councillor Yates seconded and Members APPROVED the review.

9. UPDATE TO RIPA POLICY AND ANNUAL REPORT

Sameera Khan, Interim Head of Legal and Monitoring Officer, introduced the report and made the following key points:

- The update to the RIPA policy was a statutory requirement by all councils.
- It was required by law to have this policy updated and reviewed every year. The last time the policy was reviewed was in 2018.
- The letter within the report outlined the inspection by the commissioner in April; it had taken some time to bring the report back to G&A due to the change of management.
- The report outlines what RIPA is, provides a definition and how the Covid human intelligence resources (CHIS) should be used.
- Flow charts were extensive; the recommendation set out in the report was to acknowledge by the commissioner what was needed to be done.
- In the September G&A meeting a report would be given concerning how the recommendations would be implemented.

Members commented and during discussion it was noted that:

- The RIPA policy would be updated and maintained by Sameera Khan.
- When TDC appoints a permanent Monitoring Officer, it would be the officers' responsibility to review the policy on an annual basis.
- Questions were raised regarding why over the last 4 years the RIPA policy had not been reviewed. Chris Blundell was to look into this question and provide a response.

Councillor Leys proposed, Councillor Yates seconded and Members APPROVED the report.

10. 2020/21 STATEMENT OF ACCOUNTS

Chris Blundell introduced the report, making the following key points:

- Nick Halliwell had shared briefing notes prior to the meeting.
- This report was a holding report since the audit had not been completed. The key reasons for this had been set out in the briefing note.
- Reasons which were considered internal to TDC included the objections and grievances related to the Berth 4 5 project, and the infrastructure assets related to foreshore.
- Some of the delay sat with TDC, there was a stretch on resources within the finance team. Chris Blundell and Matt Sanham had recently taken on additional roles.

During questions the following points were made:

- Grant Thornton had to do work on Berth 4 5 due to local residents putting forth objections.
- The investigation which came out of the Quentin Baker report would not be commissioned by Grant Thornton. This was in the commissioning stage.

Councillor Kup proposed, Councillor Duckworth seconded and Members APPROVED the report.

Meeting concluded: 9.00 pm