

# Cheltenham Borough Council

## Audit, Compliance and Governance Committee

### Minutes

**Meeting date:** 17 April 2024

**Meeting time:** 6.00 pm - 7.35 pm

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**In attendance:**

**Councillors:**

Adrian Bamford (Chair), Dr David Willingham (Vice-Chair), Matt Babbage, Graham Beale, Tabi Joy, Paul McCloskey and Stan Smith

**Also in attendance:**

Paul Jones (Deputy Chief Executive (Section 151 Officer)), Gemma Bell (Director of Finance and Assets and Deputy S151 Officer), Emma Cathcart, Lucy Cater and John Chorlton (Chief Technology Officer, PUBLICA)

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#### **1 Apologies**

There were none.

#### **2 Declarations of interest**

Councillor McCloskey declared an interest as non-executive director of Publica.

#### **3 Minutes of the last meeting**

The minutes of the extraordinary meeting held on 19 March were approved by Members who were present and signed as a true record.

#### **4 Public and Member Questions**

There were none.

## 5 Internal Audit Plan 2024-25

The Assistant Director of SWAP introduced her report, a summary of work to be carried out in the coming year, drafted with Members, officers and the SWAP team. Members were invited to ask questions.

A Member asked if compliance with Public Sector Equality Duty (PSED) across the council could be looked at, to ensure it was being exercised with rigour and an open mind, and that the decision-maker was keeping a record of their consideration of the duty. With two reviews of licensing policies proposed in the upcoming year, he would welcome assurance that PSED compliance was being considered on a case-by-case basis to avoid the possibility and costs of a successful judicial review. He suggested that an internal audit would ensure that all officers and Members understand the process and the risks, and act as a constructively critical eye to de-risk decisions against challenge and demonstrate that it is being done correctly.

The Deputy Chief Executive said work has already started in this area through the Monitoring Officer, and rather than replicate this in another forum, he suggested that, at the beginning of the 12-month cycle, the Member should write a half-page audit brief to take to the officer working group, to be considered at the next Audit, Compliance and Governance committee meeting in July.

The Member was happy to do that.

The Chair commented on the breadth of the plan in addition to the core areas, and was particularly pleased to see items on climate change and biodiversity.

A Member also welcomed the recommendations, and raised the following matters:

- does the homelessness deposit loan scheme include people seeking asylum? They are not equipped to find a home in 28 days, and this seems to be a significant disconnect;
- a lot of services including parking meters rely on 2G or 3G which is being phased out – are there plans to upgrade these?
- regarding climate and flood mitigation measures and its unprecedented pace of change, it is reassuring to note how the council is engaging with experts to devise potential mitigation strategies.

The Assistant Director of SWAP confirmed that she was happy to include homelessness deposit loan scheme in the audit; that the situation with analog to digital can be identified; and that she would like to see how much different service areas understand about carbon reduction and how the council is moving towards its targets. She was also happy to include flood mitigation in the plan.

The Chair suggested that when more detail on climate change and biodiversity has been gathered, it could be brought to the group for discussion.

## **6 Internal Audit Progress Report**

The Assistant Director for SWAP introduced her report, updating Members on the progress of internal audits, and invited questions.

A Member was concerned that the local enforcement plan has not been reviewed, despite initially coming forward on 2020-21 – it has been perennially ‘kicked down the road’ since then. He suggested that planning enforcement is a matter of concern to his constituents and many others, and the lack of resolution is disrespectful to internal audit. If no action has taken place by the next meeting, the relevant director and Cabinet Member should be invited to explain and answer questions. Other Members agreed that it should be considered at the July meeting.

Members discussed where and whether any scrutiny of the different elements of planning took place, one Member suggesting that Overview and Scrutiny is the best placed to look at this. A Member suggested that this would be particularly timely as the climate team is looking at planning issues in relation to heritage buildings and the restrictions imposed by planning designations. She recalled a survey about the planning process a year or so ago, and thought there was probably a lot of work going on that could be drawn together. The Chair was happy for this to be added to the July agenda, and to be considered by Overview and Scrutiny after that.

The Assistant Director for SWAP confirmed that a draft report on CIL and S106 had been finalised and would be discussed in July, together with the appointment of consultants and contractors. She also said she would re-send a survey on audit committee effectiveness circulated some time ago, and confirmed that she would update Members on the progress of three Priority 2 items re. grant income in July; she currently hoped to close these off by September.

No vote was required on this item.

## **7 Counter Fraud and Enforcement Unit update**

The Head of Service, Counter Fraud and Enforcement Unit (CFEU), introduced her report, highlighting activities undertaken and areas of focus for the coming year.

Members welcomed the CFEU’s valuable and important work, which benefits both the victims of fraud and the public purse, and hoped that reporting in the local media would make more people realise that they would be caught and potentially prosecuted if they act fraudulently.

In response to Members’ questions, the Head of Service CFEU confirmed that:

- where a case of wrongly-claimed council tax is investigated, the unpaid amount is reinstated and rebilled as part of the normal recovery. How quickly the money is repaid depends on how much is owed and over what period it is being collected;
- the way the CFEU avoids a situation similar to the widely-reported Post Office scandal is by using properly-trained investigators and good processes and ensuring at all times that cases are managed fairly and in line with legislative

practice. Counter-fraud investigation is a profession requiring a particular skill set; cases must be investigated on their own merits and the process must be carried out properly. If there is any element of doubt regarding the reliability of evidence, a case should be dealt with appropriately;

- Appendix 2 is presented this year detailing work for 2023/24 but the current year has been expanded and updated to act as a service delivery plan / aide memoire of what the CFEU does and is responsible for. There will be more information in the reports in future, rather than a list of work streams;
- In terms of fraud risk registers, as fraud is known to be the most prevalent crime in the UK, simply stating that it is a risk to a local authority doesn't help mitigate it; therefore the fraud risk strategy included a promise to develop fraud risk registers specific to various service areas, the higher risk areas being revs and bens, housing, council tax and HR. The plan is to make these more meaningful and relatable to staff in those departments. Rather than a generic, overarching fraud activity register across all the authorities, each council will have its own set of service focussed fraud registers.

The Chair suggested that it would be useful to have six-monthly reflections on those more detailed areas.

## **8 Review of Draft Accounting Policies 2023/24**

The Director of Finance and Assets reported that the final value-for-money certificate for the 2021-22 accounts had now been published and closed, but the finance team is still awaiting the outcome of consultation and discussions with Grant Thornton on the 2022-23 backstop. Meanwhile, we are now into 2023-24 closedown, and draft accounts need to be published by the end of May. Members will see the draft accounting policies again, but no changes in the code of practice or audit/accounting policies have been picked up. The report and policies are presented today on the recommendation of the auditors, as good practice. She confirmed that the backstop for all accounts to 2022-23 needs to be audited and published and final accounts signed off by the end of September, but officers are still in dialogue with Grant Thornton as to whether this will apply to us.

In response to a Member's questions, the Director of Finance and Assets confirmed that:

- regarding any financial changes as a result of CBH being brought back in-house, nothing fundamental will change in the 2023-24 accounting period. There were discussions with Grant Thornton when the Cabinet decision was taken in October and with Bishop Fleming, but fundamentally nothing changes - there will still be a separate set of accounts for CBH, as well as the HRA and General Fund statements, plus disclosures about what is going on to be clear and transparent. The 2024-25 accounts will be more technical;
- regarding capital receipts against minimum revenue provision (MRP), the 2021 statement of accounts and audit findings report show that we had applied capital receipts to repay debt; external auditors subsequently recommended a review of

this approach, which is reflected in the updated MRP policy approved by Council every March. The reviewed and updated 2021-22 accounts have been signed off, and the same approach has been taken in the 2022-23 and 2023-24 accounts, but from 2024-25 onwards, we will only repay debt where we have loans. The capital receipt, such as that from CBH, can be used to repay debt, as outlined in the MRP policy.

There was no vote on this item. Members noted the contents of the report.

## **9 Work Programme**

The Chair noted that with some items carried forward, the July agenda would be a heavy one.

## **10 Any other item the chairman determines to be urgent and requires a decision**

Councillor McCloskey, who was standing down as a councillor, thanked other Members and officers, saying they had been a fantastic team to work with for the past eight years. The Chair thanked him for chairing the Audit, Compliance and Governance committee so well, and wished him well for the future.

## **11 LOCAL GOVERNMENT ACT 1972 - EXEMPT INFORMATION**

**The committee voted unanimously to approve the following resolution:-**

That in accordance with Section 100A(4) Local Government Act 1972 the public be excluded from the meeting for the remaining agenda items as it is likely that, in view of the nature of the business to be transacted or the nature of the proceedings, if members of the public are present there will be disclosed to them exempt information as defined in paragraph 3 and 7, Part (1) Schedule (12A) Local Government Act 1972, namely:

Paragraph 3: Information relating to the financial or business affairs of any particular person (including the authority holding that information)

Paragraph 7: Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

## **12 IT Security update**

Members considered the report and noted its contents.

## **13 Date of next meeting**

The next meeting is scheduled for 10 July 2024.