

Cheltenham Borough Council Audit, Compliance and Governance Committee Minutes

Meeting date: 22 January 2025

Meeting time: 6.00 pm - 7.35 pm

In attendance:

Councillors:

Adrian Bamford (Chair), Ashleigh Davies, Chris Day, Ben Orme (Vice-Chair) and Julian Tooke

Also in attendance:

Paul Jones (Deputy Chief Executive (Section 151 Officer)), Lucy Cater, John Chorlton (Chief Technology Officer, PUBLICA) and Victoria Bishop (Governance, Risk and Assurance Manager)

1 Apologies

Apologies were received from Councillors Lynch and Willingham.

2 Declarations of interest

There were no declarations of interest.

3 Minutes of the last meeting

The minutes of the meeting held on 22 October 2024 were approved and signed as a true record, once the following error, noted by the Chair, had been corrected :

Page 13, Item 9: Counter Fraud and Enforcement Unit Update, paragraph 3, bullet point 2:

- the team do feed back to the National Fraud Initiative (NFI) in terms of the match outcomes and any pilot projects of which they are a part. The council is part of a pilot project relating to ~~housing~~ housing and tenancy fraud using data provided by the council, credit agencies and Airbnb. Housing benefit matches are now mostly referred to the DWP for investigation and this has been fed back. The team and NIF are always looking for ways to improve delivery, and are currently carrying out work relating to deceased people and council tax liability.

The Chair suggested an off-line discussion about how the council can be more proactive in keeping track of potential planning enforcement issues, and whether this should come back to this committee, to Planning, or to Overview and Scrutiny.

4 Public and Member Questions

There were none.

5 Update from external auditor

A one-page update from Bishop Fleming had been circulated with the agenda, pending consideration of the Audit Findings Report 2023-24 and Annual Auditors Report at the extraordinary meeting on 25 February. The Deputy Chief Executive was present to take any questions.

In response to Members' questions, officers confirmed that:

- regarding the reported average increase of 230% in audit fees faced by English Councils, Public Sector Audit Appointments (PSAA) carry out full procurement for audit contracts for the 97% of public bodies that opt in. Bishop Fleming has been assigned to CBC, and since the last procurement, audit fees have indeed increased, but so has the amount of work the auditor is required to do – for example, around property, plant and equipment (PPE) and pensions. Consultation in respect of the Local Audit Strategy is currently taking place with the aim to simplify local authority accounts and get them back on track, all in the best interest of tax payers. CBC's audit fee has increased significantly (though not by 230%) and the council is working with Bishop Fleming on the backstop and disclaimed opinions, concentrating its opinions in areas to enhance next year's audit and add value;
- although it is fair to say that the purpose of centralised procurement is to leverage volume to get value, the first round of standard audit fees were too low, with further fees being added for additional pieces of work, such as around pensions. Ten years ago, CBC was paying the auditor around £120k; the first procurement halved that, but with hundreds of unaudited accounts, a lack of external auditors to deal with the backlog, and resource pressures on local authorities, we are finding ourselves back at similar levels to 10 years ago. Added to this, the work for the authority has increased greatly over the last 10 years – standard accounts, collection fund accounts, housing revenue accounts, the airport, teckel companies and more.

6 Internal Audit Monitoring Report

The Assistant Director SWAP presented the regular update from her team, including final reports of the audits completed since the last meeting, highlighting three high-substantial opinions, an update on agreed actions, and an outline 2025-26 audit draft plan, brought to committee for input and consultation. She invited Members to email her with anything they would like to be considered in future plans.

The Assistant Director SWAP and Deputy Chief Executive provided the following responses to Members' questions:

- regarding the health and safety property audit, this doesn't include CBH properties, although SWAP has looked at the Pennington report for CBH and raised concerns with CBC about the 'Big 6' issues highlighted there. SWAP also audited CBH, and from 2025-26, CBC and former CBH activity will all be brought together in one audit plan;
- references to property relate to commercial and non-housing stock which, as a consequence of Pennington findings for CBH, are now being checked and followed through on a weekly basis, with a proper regime and baseline position in place. The Governance, Risk and Assurance Manager added that she and the Director of Governance and Corporate Services will be reviewing how to document actions internally and be clear on actions. SWAP officers are confident that the mitigation in place around Health and Safety activity will bring the levels up;
- the action plan shows an incorrect date regarding the timescale for the Property and Estates report – this will be rectified and emailed to Members;
- agreed actions are extended to 31 March and will be reported to Members at the April meeting;
- the Assistant Director SWAP will follow up action ref. APID4493, and chase up the evidence to close off the S106 and CIL process items, which will require a revised timescale if not completed by the next meeting; she also confirmed that CBH services will be added to ID22996.

7 Annual Governance Statement Action Plan Progress Update

The Deputy Chief Executive introduced the report on behalf of the Director of Governance and Customer Services, saying that the Annual Governance Statement for 2023-24 includes two areas of focus for the 2024-25 financial year – the transition of CBH and strategic procurement. He said these have both been closed off, with commentary in the report on their progress.

Members commented that it was good to see targets met and workstreams closed off rather than 'ongoing', and to note that a strategic procurement manager has been appointed.

In response to Members' questions, the Deputy Chief Executive confirmed the following:

- it was important to monitor the effectiveness of the new governance arrangements for housing, and this would take place 12 months from the first

meeting of the Housing Cabinet Committee (25 September 2024) rather than 12 months from the transfer of CBH (01 July 2024);

- regarding KPIs and savings arising from good strategic procurement, officers will take this off-line and report back to Members. He said that procurement is driven by one of two measurements - price and quality - and officers will give some consideration to how to measure KPIs from a financial and non-financial perspective. He added that bringing housing back in house was a great opportunity to achieve economies of scale across the whole property portfolio.

The Member agreed that the two metrics are price and quality, saying that classically, the more unique a service or product is, the less the price can be driven down, but if buying something standard, the procurement manager should have a target to drive the price down. The Deputy Chief Executive agreed.

8 Review of Risk Register

In the absence of the Head of Corporate Services, the Deputy Chief Executive presented the report, highlighting the new corporate risks added since the last review, and noting that one - Marketing Cheltenham - has been removed and is now regarded as an operational risk.

The Chair suggested that Members work through the register and raise issues on any concerns, starting with new strategic risks:

- Risk 385, Leisure and Culture Venues – this risk has increased due to the ageing stock and the number of listed buildings. The Deputy Chief Executive said a structured feasibility study is needed to consider whether the venues are fit for purpose and which direction the council should take, and to work out a coordinated approach. Members felt that this process should be monitored, and agreed that Overview and Scrutiny was best placed to do this;
- Risk 405, Household Recycling Centre – a Member asked why this is on the register as the council has positively decided it cannot spend £1m on the upgrade. The Deputy Chief Executive said this is currently deemed to be a prolonged closure, the impact of which will be evaluated; it is not a closed risk at the moment, though he agreed that will not move forward for some months;
- Members accepted three new strategic risks – 404, 406 and 407 - which will be reviewed in February;
- Risk CH7, void properties – a Member said management of this risk was not only about reducing costs but critically about reducing the list of people waiting for empty properties to become available. The Deputy Chief Executive said this is a top priority, and housing officers are confident that progress is being made, especially on the longer-term void properties and the need to regularly review and mitigate;
- Members considered the need to isolate financial risks from human cost – the fact that the council's purpose is to provide social housing amplifies the risk and added weight should be given accordingly. The Governance, Risk and Assurance Manager said this will be up for review at the end of the month and can be reassessed, taking Members' comments into account. The Deputy Chief

Executive said this also links back to procurement, getting contracts in place and quicker turn-round of properties – he will feed this back;

- Risk 408 Local Government Reorganisation and Risk 410, Devolution: a Member suggested that the score of 16 for Risk 408 felt more appropriate, and the Deputy Chief Executive confirmed that 410 relates to the combined authorities.

A Member asked whether there could be another filter to differentiate risks over which the council has no or little control, such as the cost of living crisis and devolution. The Deputy Chief Executive confirmed that this will be a work stream for the Governance, Risk and Assurance Manager in the near future, but said that the council has a proactive role to play in mitigating the effects of the cost of living crisis for its residents, and the risk around devolution would arise from sitting back and waiting for it to happen. The Governance, Risk and Assurance Manager said officers are looking to review how the risk register is put together, trying to maintain a balance between the bigger picture, issues that do not yet specially impact Cheltenham, and the corporate strategy. She said any suggestions or input will be welcome, and added that accepting a risk, undertaking to reduce it and considering where it should sit on the risk register, will all be built into the process.

A Member asked if more detail and understanding could be provided on the potential disruption that devolution will cause in certain areas, such as recruitment and retention of staff, saying these matters may need to be addressed individually if they become real problems. The Deputy Chief Executive agreed, saying staffing was a good example of the need to get the balance right, with some of the workforce wanting devolution to be completed as quickly as possible while others prefer to compartmentalise. He said that from a CBC perspective it is all about the narrative: the council is considering what devolution actually means and will bring forward a lot more detail about the impact on the organisation and communities in the coming months.

9 Work Programme

The Chair noted the number of items on the April agenda and wondered whether any of them could be brought forward to the extraordinary meeting on 25 February. The Deputy Chief Executive said the purpose of the extraordinary meeting is to focus on the accounts and, in order to give this complex matter the due consideration it deserves, recommended leaving it as a one-item agenda.

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

The Assistant Director SWAP confirmed that she has emailed Members of the committee a number of times with a link to a survey which assesses the effectiveness of the committee, but Members appeared not to have received this. She will investigate with IT, and re-send.

The Deputy Chief Executive said that one recommendation of the Local Authority Strategy consultation was that an independent person should chair meetings of Audit, Compliance and Governance Committees. He has responded on behalf of the

council, saying CBC would welcome independent persons with the right credentials and qualifications, though not necessarily to chair the meetings. The Assistant Director SWAP said an effectiveness survey carried out by CIPFA has confirmed the inclusion of independent persons as best practice, and this is borne out by two of the SWAP councils where independent persons add value to discussions.

The Chair agreed and was keen to progress this through an interview process, then assess the situation once they are appointed.

11 LOCAL GOVERNMENT ACT 1972 - EXEMPT INFORMATION

Resolved 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 Paragraphs 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

The Chief Technology Officer presented his annual update, and answered Members' questions.

13 Date of next meeting

The next meeting will be held on Tuesday 25 February.