

Minutes of the Meeting of the Standards and Audit Committee held on 10 September 2020 at 7.00 pm

Present: Councillors Gerard Rice (Chair), Gary Collins, Cathy Kent and Luke Spillman

Apologies: Councillor David Potter (Vice-Chair)

In attendance: Sean Clark, Director of Finance, Governance and Property
Andrew Millard, Director of Place
Lisa Clampin, Binder Dijke Otte (BDO) Representative
Gary Clifford, Chief Internal Auditor
Anna Eastgate, Assistant Director of Lower Thames Crossing and Transport Infrastructure Projects
Lee Henley, Strategic Lead, Information Management
David Kleinberg, Assistant Director for Counter Fraud & Investigations
Andy Owen, Corporate Risk and Insurance Manager
Jenny Shade, Senior Democratic Services Officer

Before the start of the Meeting, all present were advised that the meeting was being streamed on the Council's on-line webcast channel.

51. Minutes

The minutes of the Standards and Audit Committee held on the 9 July 2020 were approved as a correct record.

52. Items of Urgent Business

There were no items of urgent business.

53. Declaration of Interests

There were no declarations of interest.

54. Annual Complaints & Enquiries Report - 2019/2020

Lee Henley, Strategic Lead Information Management, presented the report that set out the Council's complaints statistics for the period 1 April 2019 to 31 March 2020. The number of complaints received for the reporting period was 1393 and compared to the same period last year had represented a reduction in the number of complaints received. During this reporting period 40% of the complaints had been upheld which had been an improvement when compared with the same period last year. Lee Henley directed Members to Appendix 1 of the report which detailed the Top Ten Complaint Themes and

to Appendices 2 and 3 of the report which detailed the Adult and Children Social Care Dashboards.

Councillor Collins asked for some clarification on the “Maladministration Causing Justice” on the Ombudsman Enquiries as detailed in the report. Lee Henley referred Members to page 24, paragraph 2.9 of the report that recorded the financial compensation payments made by the Council and confirmed the £5675 payment referred to delays in getting an education health care plan in place for a resident’s son and the payment of £100 was a data protection breach of disclosing landlord’s details.

Councillor C Kent referred to the high associated costs relating to the complaint investigation costs and asked how this could be prevented and to ensure the plans that were already in place were working to avoid such costs in the future. Lee Henley stated that the number of complaints had gone down and the figure was an indicative estimate on the cost to investigate complaints.

RESOLVED

That the Standards and Audit Committee noted the statistics and performance for the reporting period.

55. Internal Audit Charter 2020

Gary Clifford, Chief Internal Auditor, presented the Internal Audit Charter which was the formal document that defined the internal audit services purpose, authority and responsibility. The Internal Audit Charter established the internal audit’s position within the Council. Members were informed that changes had been made to the Charter to reflect new senior management roles and responsibilities, consequent change of job titles and the move of the Counter Fraud and Investigation Team to the Environment and Highways directorate.

The Chair, Councillor Rice, signed the Charter on behalf of the Standard and Audit Committee.

RESOLVED

That the Standards and Audit Committee approved the Internal Audit Charter 2020 and the Chair of the Standards and Audit Committee signed the Charter on behalf of the Committee.

56. Counter Fraud & Investigation Quarterly Update (Q1)

David Kleinberg, Assistant Director for Counter Fraud, Investigation and Enforcement, presented the report that outlined the performance of the Counter Fraud and Investigation Department over the last quarter for Thurrock Council as a whole as well as the work the team had delivered nationally for other public bodies. Members were informed that this period had

been affected by the COVID 19 pandemic and changes had been made to the service so the team could respond appropriately. A £85,000 fraud incident that had affected the COVID 19 grant scheme had been identified and this money had now been recovered following the arrest of an individual. Members were referred to Appendix 1 that would now include “post assurance work” for the COVID grants paid, where work would be undertaken with the Internal Audit Service to look at payments made by the Council and apply controls to identify whether there were any other fraud activities taking place. A pilot was to be introduced that would look at Customer Gateways to enhance the customers knowledge to prevent fraud in the systems provided by the council.

Councillor Collins thanked Officers for the good result of the £85,000 fraud recovery and this was echoed by the Chair.

Councillor Spillman questioned whether there were any new risks of fraud or specific new opportunities that had come about because of the COVID 19 pandemic. David Kleinberg stated that some known offenders were still committing offences just applying it differently or against different schemes provided during the pandemic. That there had been no new frauds, no increase in the number of fraud cases we would ordinarily see and the Council were not losing more money. This meant that resources had to be transferred to those schemes so that action could be taken appropriately.

Councillor Spillman asked for an update on the projections of any potential losses in revenue following on from the last report. David Kleinberg stated the biggest impact on Council’s fraud work was with the housing tenancy fraud where the Government had allowed a further six month extension to any proceeds in the civil courts to recover any properties lost through Section 21 notices and investigations of these were still continuing with work being undertaken differently and would continue to work with the services affected and prevent where possible.

RESOLVED

That the Standards and Audit Committee commented on the performance of the Counter Fraud and Investigation Department.

57. Refresh of the Strategic/Corporate Risk and Opportunity Register

Andy Owen, Corporate Risk and Insurance Manager, presented the report that provided the Standards and Audit Committee with the key risks and opportunities identified by the review and the revised Strategic/Corporate Risk and Opportunity Register. Members were referred to the dashboard as part of Appendix 1 and the “In Focus” as part of Appendix 2.

Councillor Collins referred to the risk “Impact of UK Withdrawal from EU” and questioned whether following recent events would the priority still be green. Andy Owen stated the rating had gone up from the previous review and were working towards the transition stage up to the 31 December 2020 and

potentially a No Deal scenario which was why there had been increases. That a lot of work had been undertaken and would continue to be reviewed and plans were in place for either a Deal or No Deal. That any adjustments would be picked up in the next quarterly reports if required.

Councillor Collins referred to the risk “Impact of Coronavirus” and questioned whether this had been factored in for the rest of the year. Andy Owen stated this risk would not be classed as a short term fix and having looked at reports that had been presented to overview and scrutiny on its impact and financial implications the forecast rating should be 16 by the end of the year. That this risk, as seen as a longer term issue, would be refreshed at the end of the year with the forecast changing to a 16 due to the impacts the Council were facing.

Councillor C Kent questioned where in the report it referred to a risk that related to the savings that would need to be made to balance the budget next year and that this risk was being undertaken in the right way. Andy Owen stated that previously there had been an MTFS risk and further discussions would take place with Finance on whether to keep as a separate item or to have a new risk for the MTFS. Sean Clark stated that this was an earlier version of the risk register with the real impact becoming known since the end of that quarter and would be going in as a risk on the next risk register. This was discussed at Corporate Overview and Scrutiny Committee and Cabinet last week and that further reports would be presented following discussions on the best approach.

The Chair questioned whether the Council would be borrowing more money to finance this over a number of years. Sean Clark stated the Council could not just borrow money to pay for revenue expenditure but could borrow money under capital circumstances which had been undertaken on the previous investment strategy to create revenue income but the Council could not go out to borrow as this was not under the legal remit of a local authority.

Councillor Spillman asked for clarification on how the numbers shown on the risk register were reached, the process and what happened next especially those risks that had been red flagged. Andy Owen referred Members to Appendix 3 of the report that set out the criteria guide on how the risk and opportunities were rated and under the In Focus report as Appendix 2 each risk would be rated with an inherit rating. That no actions or controls in place would not be taken into consideration which gave the feel for what the inherit rating would be. That for residual risk the current actions in place would be looked into which again would give the feel for what the residual risk could be. For each review there would be a revised residual risk to look at the further actions in place, revised the effectiveness of those actions which would give the feel for the actual residual risk. As part of this the action planning and those actions in place were looked into and the timescales and then a forecast rating would be where the items would be assessed.

Councillor Spillman asked for clarification on how the numbers shown on the risk register were reached, the process and what happened next especially those risks that had been red flagged. Andy Owen referred Members to

Appendix 3 of the report that set out the criteria guide on how the risk/opportunities were rated and under the In Focus report as Appendix 2. It was explained that each item would be assessed and given an inherent, residual, and forecast rating. For the inherent rating assessment no actions or controls are considered for the evaluation. For the residual ratings evaluation the existing action/controls were considered for the assessment. Revised residual ratings were judged following consideration of the existing and further actions /controls undertaken and the forecast rating evaluated assuming all the action/controls had been completed and working.

Councillor Spillman questioned where a risk had been identified and looked at the provision in place and noticed that one department of the review was not meeting that risk, what was undertaken from the Auditors. Sean Clark stated that a cross service performance board looked at all the risks as part of the overall performance management of the Council. Should a risk be manageable but not being managed this would go through the relevant directors.

The Chair asked whether there were any further updates on Impulse Leisure. Sean Clark stated that a number of discussions were still taking place.

Lisa Laybourn questioned those risks on the register that had remained at the same rating across a period of time and referred to the A13 widening project which had an inherit risk of 16, the residual risk after mitigating actions had been applied at 16 and the forecast figure of 16. Officers were asked whether this risk was being managed effectively and if so, was there a future date when this would be returned to a more palatable risk rating. Andy Owen referred Members to page 116 of the report "Corporate Risk No 9" and stated that this had been judged as to the current controls in place with the ratings still at 16 with additional actions in place to manage the risk. That it had been accepted that the risk would still be with the Council until 31 March 2021 as a rate of 16 but stated continued monitoring and reviewing would be undertaken of the programme until the project was delivered. Anna Eastgate referred to the information that had been presented to this committee and the Planning Transport and Regeneration Overview and Scrutiny Committee in July that referenced the contracts in place for the A13 and how difficult it was to control programme. That a project improvement plan had been carried out and those improvements had been implemented, the team had been strengthened, and the expertise of the team improved and the Council would continue to review and challenge everything possible to make sure that all contractors and parties were held to account so that the Council could demonstrate that the monies expended on this project had been spent in an appropriate and proper manner. That there would be inherit risks with this project right through to completion and that was why the rating was very hard to mitigate.

RESOLVED

- 1. That the Standards and Audit Committee noted the items and details contained in the Dashboard.**

- 2 That the Standards and Audit Committee noted the “In Focus” report which highlighted the higher priority items identified by the review.**

58. Investment Briefing

Sean Clark, Corporate Director of Finance, Governance and Property, presented the report that provided Members with a brief update on the Council’s investments and borrowing as at 31 March 2020 and following the Standard and Audit Committee meeting held on the 9 July 2020. That following Corporate Overview and Scrutiny Committee and Council in July to improve the democratic oversight of investments, Members were informed that a meeting has been called by Councillor Hebb to Leaders and this would take place next Tuesday and look at how this would go forward. This may result in changes to the constitution to bring forward a committee of some form. Members were informed that no further investments had been and this would be the avenue of report investments in more detail to the proposed new committee. Members were referred to page 142, paragraph 2.5, of the report that set out the key financial information and noted the increase in the Net Debt which had increased since 31 March 2020 due to the capital programme expenditure and the timing of council tax and business rate collections and saw this as a deferment rather than a loss.

Councillor Collins referred to paragraph 2.11 of the report that stated there had been no adverse impact from the start of COVID on the Council’s investment and the income streams had remained stable. Sean Clark confirmed the Council’s renewable energy investments had not been affected over this time and at this stage there had been no adverse due to COVID.

Councillor C Kent questioned what would happen if bond issues repaid their money earlier. Sean Clark confirmed that where people who had borrowed money from the Council have the ability to pay that back early. If this was the case the investment would finish early, the Council would get the funding back, the Council would then back to pay that back. The Council would therefore save on interest but lose on investment. Councillor C Kent questioned how this impact with the budget and should this be included on the risk register. Sean Clark confirmed that investments were already on the risk register and if anyone who the Council holds investments with came forward to repay early this would have an adverse impact on the MTFs with the positions already quoted would get worse unless further investments were made to counter those.

Councillor Spillman asked what the rough market value for the bonds if there were to be sold today. Sean Clark stated the market value bonds for the Council was at the price that the Council paid and that the level of debt was not linked to any increase or decreases in the valuation of the asset. If it was decided to dispose of the bonds it would depend on who was on the market and would want to purchase them.

Councillor Spillman questioned whether the Council would provide a programme of investments to support business and job growth in Thurrock. Sean Clark stated that if Councillor Spillman was referring to the nature of the types investments within this report this had not been done yet but possible requests could be possible but at this stage this was not the case and that no further investments were being progressed until the democratic overview had been looked into within the new proposed committee. Sean Clark stated that any other investments within Thurrock, the Planning Transport and Regeneration Overview and Scrutiny Committee had received reports on the Local Plan and the Economic Strategy which was a focus and drive from the Council on those areas which would support the investment and growth within the borough. Andy Millard stated that the Economic Strategy would be presented to Cabinet on the 16 September looking for approval to start a consultation. This would be a long term strategy with a series of implication plans which could deliver through the necessary phases. A short period would focus on recovery and then periods of growth and prosperity that would drive alongside the Local Plan.

RESOLVED

That the Standards and Audit Committee noted the report.

59. A13 Widening Project

Anna Eastgate, Assistant Director for Lower Thames Crossing and Transport Infrastructure Project, presented the report that provided Members with an update on the A13 project. The report focused on the latest progress made on the delivery of the scheme, the current programme and current out turn forecast.

The Chair referred to the forecast funding gap of £26.9 million as referred to on page 149, paragraph 3.12 of the report and asked for some clarification on this amount. Anna Eastgate stated the figures in the report had not changed since the last meeting in July 2020. The Chair stated he wanted clarification on whether this figure was £41 million, £35 million or £29.4 million as these figures had been quoted before by the portfolio holder. Anna Eastgate stated that on the current outturn forecast the figures had not changed with a level of stability on the project since January 2020. That there may be financial impacts due to COVID 19 with the contractor making a claim for a compensation event because of COVID 19 and at this time were unable to quantify the true extend of the COVID 19 impacts. That the team were reporting and identifying the distinction between any additional costs on the project and any additional costs as a consequence of COVID 19.

The Chair asked whether money would have to be borrowed to pay back this overspend. Sean Clark stated that his response would be the same as stated at the Standard and Audit Committee and the Planning Transport and Regeneration Overview and Scrutiny Committee in July that there was a contractual obligation to meet the overall costs of this project. That a workshop had commenced following a commitment from the previous reports

to try and identify other funding sources either from government or private sector contributions to be able to close that gap and clear completely but reminded Members that if that could not be achieved any balance would be a contractual obligation to the Council which could be met from Council resources which could be borrowing or capital receipts.

Councillor Spillman questioned whether there had been any development in thinking how the gap could be bridged. Anna Eastgate stated a workshop had been undertaken with a range of officers from different disciplines including the SELEP team dealing with the local growth partnership, highways, finance to look at all potential revenue sources that could contribute to the scheme. That a long list had been created and work would now be undertaken to see what was possible and explore more before a short list of recommendations that would then go through the decision making process.

RESOLVED

That the Standards and Audit Committee noted and commented on the report content.

60. Stanford Le Hope Transport Project

Anna Eastgate, Assistant Director for Lower Thames Crossing and Transport Infrastructure Project, presented the report that provided Members with an update on the Stanford Le Hope Transport Project. The report focused on the latest progress made on the delivery of the scheme, the current programme and current estimated out turn forecast.

The chair questioned whether the planning permission would be obtained quickly so that the scheme can progress and be on target. Anna Eastgate stated there would be no need for a legal agreement for the planning consent for this scheme. This would be a planning application to the Planning Department who had statutory timescales to determine planning applications and would not be envisaging any problems as the substantial paperwork was already in place. It had been identified that the site of the station building would be on the footprint of the existing building which could result in less time on construction.

Councillor C Kent asked whether there was a timetable available for the new planning application, when this project would be completed, whether there was any additional costs and whether there was a deadline to use the monies that had all been given to this project. Anna Eastgate stated there was approximately £800,000 of SELEP funding that needed to be spent before the end of March 2021 and was confident as a team that money would be spent. That conversations had been undertaken with SELEP on projects that may have slipped due to COVID 19 but was confident that the funding would be spent in the time available to the Council. Anna Eastgate stated there would be a fee charge to submit the planning application and discussions were taking place with Planners on a pre-application basis and had received positive feedback but did not envisage there being any problems or delays on

planning. That the project may be hit by the impacts of COVID 19 once the physical works had started on site.

RESOLVED

That the Standards and Audit Committee noted and commented on the report content.

61. Work Programme

Members noted the work programme.

The meeting finished at 8.01 pm

Approved as a true and correct record

CHAIR

DATE

**Any queries regarding these Minutes, please contact
Democratic Services at Direct.Democracy@thurrock.gov.uk**