

## **Minutes of the Meeting of the Standards and Audit Committee held on 11 March 2021 at 7.00 pm**

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<b>Present:</b>	Councillors David Potter (Vice-Chair), Gary Collins and Cathy Kent  Lisa Laybourn, Co-opted Member
<b>Apologies:</b>	Councillor Gerard Rice
<b>In attendance:</b>	Sean Clark, Corporate Director of Finance, Governance and Property Gary Clifford, Chief Internal Auditor Lee Henley, Strategic Lead, Information Management David Kleinberg, Assistant Director for Counter Fraud & Investigations Andy Owen, Corporate Risk and Insurance Manager Jonathon Wilson, Assistant Director, Finance Lisa Clampin, Binder Dijke Otte (BDO) Representative Matthew Weller, Binder Dijke Otte (BDO) Representative Jenny Shade, Senior Democratic Services Officer

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Before the start of the Meeting, all present were advised that the meeting was being live streamed to the Council's online webcast channel.

In the absence of Councillor Rice, Councillor Potter chaired the meeting.

### **74. Minutes**

The minutes of the Standards and Audit Committee held on the 24 November 2020 were approved as a correct record.

### **75. Items of Urgent Business**

There were no items of urgent business.

### **76. Declaration of Interests**

There were no declarations of interest.

### **77. External Audit Plan 2020/21**

Jonathan Wilson briefed members by stating that two external reports would be presented this evening. The External Audit Plan would set the scene for this year's audit and would set out the planned work of the financial statements audit and the planned work on the use of resource assessment. The Annual Audit Letter followed on from the Audit Completion report and

summarised the finding from the 2019/20 audit. Jonathan Wilson stated that BDO would take Members through their planning report but noted that the work on the approach to use of resources was changing this year and the final approach had not yet been agreed. The report also sets out the fee plan for the current year which was very much in line with the previous year. The audit plan sets out a number of risks and the officer response has been covered in the covering report.

Matthew Weller, BDO, took Members through some of the key points of the report:

- Materiality – The figure of £7,800,000 was in line with the previous year but would be adjusted on receipt of the draft financial statements for audit. So for the purpose of planning the previous year's figure was being used.
- Audit Risk Overview – The risks were the same risks raised last year with nothing new in the report when compared to last year. The valuation of financial instruments had risen as a normal risk last year had been increased to a significant risk this year due to the great amount of focus that was planned to be put on this area.
- Not aware of any fraud.
- Two new auditing standards had been set out which would be applicable from this year. The first was in respect of going concern and the second in respect of accounting estimates – which would mean they would need to perform more work this year than what had been undertaken in the past. In a good position to complete that work without any difficulties.
- Confirmed no Independence issues.

Councillor Collins raised a typographic mistake on page 17 of the agenda, paragraph 3.1 where the word should read “noting” and not “nothing”.

With no further questions or comments, Councillor Potter moved to the recommendation.

## **RESOLVED**

**That Standard and Audit Committee noted the report.**

### **78. Thurrock Annual Audit Letter 2019/20**

Jonathan Wilson presented the report that summarised the work that been undertaken on the 2019/20 audit of which most had been largely reported at the previous audit committee in November.

Jonathan Wilson stated that BDO would take Members through the appendix to which Lisa Clampin stated the report was a public facing summary of all the items reported during the course of the audit of 2019/20 financial year.

Members were referred to the following areas:

- Executive Summary, Audit Conclusions – confirmed that there had been an unqualified opinion on the financial statements and an unmodified conclusion on the use of resources.
- Reporting and Fees – Proposed Amendment - The small note number 1 stated that the fee variation would require the approval of PSAA. Members were informed that approval from PSAA had been received for that £5,000.
- Reporting and Fees – Housing benefit subsidy claim - The small note number 2 stated work was ongoing. Members were informed that work had now been completed and was now subject to Lisa Clampin's review. This would be reported on within the next report brought to committee.

Councillor Collins stated on page 69 of the agenda, Proposed Amendment – the small note number 1 referred to “group companies” and asked for clarification on who these companies were. Lisa Clampin stated were two owned subsidiaries of Thurrock Council, Housing Thurrock Regeneration Limited and Thurrock Regeneration Housing Limited. As these were wholly owned subsidiaries of the Council, the Council consolidated the transactions into the account of those two companies into its own group accounts so a piece of work called Group Consolidation Work was being undertaken as part of the audit to ensure that the consolidation process was accurate and that was what the £5,000 related to. Councillor Collins questioned how much money or turnover these two companies generated per year. Jonathan Wilson stated he did not have figures to hand but would be happy to send to Councillor Collins if he so wished to see them. This was a rental stream, largely the source of finance for Thurrock Regeneration Housing Limited which was around 102 houses and from the rental income of those. The construction of those properties by Thurrock Regeneration Limited and then housing was then passed over to Thurrock Regeneration Housing Limited where the income accrued.

Councillor C Kent referred to page 67 of the agenda – Financial Statements – Valuation of Pension Liability and asked for clarification on what had been referred to as a significant risk as it involved a high degree of estimation. Lisa Clampin stated that the valuation of pension liability was dependent on a number of assumptions and a very small change in one assumption could make a material change in the value. It was to highlight that this particular figure was subject to a number of judgements that were made by an expert but a very small change in those assumptions could create a major difference in what was reported in the accounts. Sean Clark reassured Members that the pension fund balance was provided by Essex county council and any changes to the assumptions would have no immediate impact on the Council's bottom line in terms of useable even if there were changes.

Councillor C Kent referred to page 68 of the agenda – Use of Resources – The Council will need to deliver its savings and achieve income targets to maintain financial substantiality in the medium term and there was a risk that these projects would not be met and result that the Council had not produced a plan for closing the budget gaps that had been identified from the revised MTFs. Councillor C Kent questioned whether the Council had got any closer

to closing the gap for 2022, 2023, 2024 and what work had been undertaken. Sean Clark stated that all directorates were currently reviewing the services they carry out at the moment in terms of assets and how they carry those out, what they use and whether any new technology could be used to streamline costs. It had been made clear in the MTFs, at Corporate Overview and Scrutiny Committee and in budget papers that the Council were looking at a number of areas including overall staffing levels and assets used. The process was underway and aimed to bring a paper to Cabinet in June, then go through overview and scrutiny in June / July to make a final determination of budget approaches by the end of July. This would allow several months to carry out any relevant consultations where necessary and then be able to implement changes as required. Sean Clark stated that this was the timetable that was currently being drafted out.

## **RESOLVED**

**That Standards and Audit Committee considered the comments of our external auditors as set out in the attached report and noted their findings.**

*At 7.28pm, Lisa Clampin left the meeting.*

### **79. Mid-Year Complaints & Enquiries Report - April 2020 - September 2020**

Lee Henley presented the report that set out the Council's complaints statistics for the period April 2020 to September 2020 with the number of complaints received for the reporting period being 520 and compared to the same period last year had represented a reduction in the number of complaints received. That a total of 155 MP enquiries had been received, of which 89% had been responded to within the timeframe with the volume of member enquiries received into the Council had remained high and was increasing. A total of 2018 member enquiries had been received within the reporting period, with 95% responded to within timeframe. The Council had also received 402 external compliments within the reporting period compared to 281 during last year.

Councillor Potter raised his concerns with complaints from residents who had used the online report function but were not happy with the response and questioned whether this was due to staff working from home who may not be having the same interaction. Councillor Potter continued to state that Thurrock residents were his main priority and this should remain as a firm footing for the future. Lee Henley stated that 99% of complaints came through the digital channel and when residents were not happy with their complaint response this would be escalated in-line with the complaints process. Lee Henley stated the issue he was referring to was encouraging residents to raise any service requests via our on-line facilities, as in-dong so they should receive a quicker response to that of a member enquiry.

Councillor Collins congratulated officers on the compliments received.

Councillors Collins stated that Members were the first port of call for residents when they needed to raise issues or concerns and it was just as easy for Members to raise these themselves. Councillor Collins referred to two complaints that had taken over a month for a response to which Lee Henley stated there were clear complaint deadlines in place and responses should not take a month. Lee Henley asked for Councillor Collins to send these two complaints to him to review. Lee Henley agreed that Members would always be there as an escalation point to assist residents, if they were unhappy with responses to issues raised via our on-line reporting facilities, and these would be logged as either a complaint or a member enquiry.

Councillor Collins questioned whether with staff working from home had an impact on the efficiency of some of the systems that were in place before COVID and whether a performance review had been undertaken. Councillor Collins also questioned when it was likely that staff would be back to working in the offices again. Sean Clark stated the Council was waiting on the lockdown rollout to go through and advice from that would come from Public Health England and the Council's Director of Public Health. That before COVID the Council had already started several years ago to look at reducing the size of office space and looking for staff to work from home more often. That this had also been the direction of travel and once COVID had passed it would not return to how it had been but had accelerated that direction of travel.

Lisa Laybourn referred to the compensation section of the report and that all compensations paid out were at ombudsman level and questioned whether there had been a cost to the ombudsman reviewing the cases and whether any financial remedy would be offered before it got to that stage. Lee Henley stated that compensation is offered to residents as part of our complaints process and prior to cases going to the Ombudsman, but not within this six month period.

## **RESOLVED**

- 1. That Members noted the statistics and performance for the reporting period.**
- 2. That Members would encourage residents to report (where possible) their concerns by using our online reporting facilities.**

### **80. Counter Fraud & Investigation Quarterly Update (Q3)**

David Kleinberg presented the report that outlined the performance of Counter Fraud and Investigation over the last year to Quarter Three (Q3) for Thurrock Council, as well as the work the team had delivered nationally for other public bodies.

Councillor Potter referred to Performance and asked for an example on what Money Laundering was under the fraud type heading. David Kleinberg stated that this was a Council activity where a person had benefitted from a crime

and it was the Council's statutory duty to investigate. Such as within the Enforcement Team there was a planning enforcement, somebody could expand a commercial business without permission, then earn money from that unlawful activity, then use the money laundering part for their own financial gain.

Councillor Collins referred to the footnote on page 124 of the agenda in regards to how COVID had severely affected the judicial system and questioned how much money had been tied up waiting for the litigation to go through. David Kleinberg stated this was a large amount about 70% of the £2.2 million was tied up in outcomes. That Thurrock Council was not the only authority who had been affected by this and that work was being undertaken to open up additional court sessions to address the backlog. Unfortunately at this time we were in the queue and once casework had been heard we could hopefully achieve the outcomes.

## **RESOLVED**

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

### **81. Annual Review of Risk and Opportunity Management and the Policy, Strategy and Framework**

Andy Owen presented the report that provided independent assurance that the Authority's risk management arrangements were adequate and effective. The Council's ROM arrangements in the report was presented on an annual basis. The report provided details of how the Council's ROM arrangements compared against good practice, outlined the current ROM activity, the proposals to maintain/improve the practice across the organisation and included the updated ROM Policy, Strategy and Framework.

Councillor Potter stated he was impressed with the scores compared on the Analysis and Evaluation of Results that had shown Thurrock's scores had improved and this was good news.

Councillor C Kent referred to the same scores and questioned what was being put in place to improve those scores that had stayed the same and to progress up to the next stage. Andy Owen stated this had been looked into and had remained a bit static over the last couple of years which may be down to the capacity of the corporate centre but there were elements of the framework and the system processes to improve a little in some of the scores. But to get to the higher level would take quite a bit of action. Councillor C Kent questioned whether anything was in place to compare ourselves with other authorities in assessing ourselves on this system to see if improvements could be made. Andy Owen stated this could be looked into and addressed in the coming year but with the capacity and resource that was available the Council was doing very well at level 4.

## **RESOLVED**

- 1. That Standards and Audit Committee noted the results of the review, the current ROM activity and proposals to maintain and improve the practice across the organisation.**
- 2. That Standards and Audit Committee noted and approved the updated ROM Policy, Strategy and Framework.**

### **82. In Quarter 4 Review of the Strategic/Corporate Risk and Opportunity Register**

Andy Owen presented the report that provided independent assurance that the authority's risk management arrangements were adequate and effective. The report was presented on a bi annual basis and provided details of how the key risks and opportunities facing the authority were identified and managed. This report provided the key risks and opportunities identified by the review and the revised Strategic/Corporate Risk and Opportunity Register. That a number of the risks and opportunities or management response arrangements had been impacted by the pandemic situation and the effects on the items had been reflected in the report. The register was due to be refreshed in the next review and this would enable the impacts from the pandemic situation to be fully considered and appropriate changes incorporated in the records.

Councillor Potter agreed that it was a valid point that the register be refreshed in the next review as this would allow some flexibility and allow projections in regards to accounting to be undertaken.

Councillor Collins referred to Appendix 2 – Risks and Opportunities in Focus Report – Adult Social Care Stability and Market Failure – Risk 2, and questioned whether there was any risk of care homes in Thurrock closing and the risk of Thurrock having to take care home residents from other boroughs. Sean Clark stated he was unable to answer whether Thurrock would have to take any additional residents from care homes outside of the borough. That before COVID, it was known that care homes were a very fragile market and Thurrock's rates had been low, with Thurrock being one of the lowest spending authorities in the country, in terms of adult social care. The additional expenditure spent on adult social care during the COVID period had been around resilience such as with the increase in fees and to support businesses with extra PPE as required, to protect the Council. Sean Clark stated he was unaware of anything but was aware that the payments made had supported that resilience.

## **RESOLVED**

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

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

**83. Internal Audit Progress Report 2020/21**

Gary Clifford presented the progress report that covered final reports issued since the last progress report to the Standards and Audit Committee on 24 November 2020, draft reports issued and work in progress.

Councillor Potter referred to Appendix 1, Reports issued as Final, in Draft and Work in Progress and asked for clarification on those assignments marked as advisory. Gary Clifford stated that advisory reports were service driven rather than risk and audit driven.

**RESOLVED**

**That Standards and Audit Committee considered the reports issued and the work being carried out by Internal Audit in relation to the 2020/21 audit plan.**

**84. Internal Audit Strategy 2020/21 to 2022/23 and Annual Internal Audit Plan 2021/22**

Gary Clifford presented the report that between December 2019 and March 2020, a comprehensive Audit Needs Assessment process had been undertaken which involved attending meetings with each of the Directorate Management Teams to discuss the risks and priorities with Directors, Assistant Directors and other senior management. As a result, a three year Strategy for Internal Audit 2020/21 to 2022/23 was developed. During the latter part of this process, the implications from COVID had started to emerge with changes to working practices, and in some cases, changes to job roles. Due to the continually emerging issues, this was not reflected in the plan but as a result, the scope of some reviews changed during the year to ensure the Internal Audit Service was utilising its resources to best meet the needs of the Council. It had been agreed with the Corporate Director of Finance, Governance & Property that the pandemic was likely to have a continuing impact during 2021/22 so a three to six month rolling plan would be beneficial to allow the service to react pro-actively to changing risks and priorities.

Councillor Potter referred to Appendix B – Internal Audit Strategy 2021/21-2022/23 and asked for clarification on the unaccompanied asylum seeker payments when their applications had been rejected. Gary Clifford stated there was an application process for unaccompanied asylum seekers and those applications that were rejected would not be entitled to assistance from the Council this would have to come from other resources.

**RESOLVED**



**That Standards and Audit Committee received and agreed the Internal Audit Plan 2021/22.**

**85. Investment Briefing**

Sean Clark presented the report and stated the Standards and Audit Committee had received a number of updates on the Council's investments and borrowings with the most recent being at their meeting on 24 November 2020. As requested by the committee this report provided the latest update to Members.

Councillor Potter stated he was pleased with the net position of the overall surplus investments in 2019/20 and stated he was not surprised that COVID had made an impact.

Councillor Collins thanked Officers for delivering strong income investments and his appreciation that Officers had the foresight not to invest in shopping centres or airports.

**RESOLVED**

**That Standards and Audit Committee noted the report.**

**86. A13 Widening Project**

Sean Clark 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. This noted the impact of COVID-19 on the programme.

Councillor Potter stated the health of persons working on this scheme should come first and that Members and residents should approve the delays that had been caused by the COVID pandemic.

Councillor C Kent questioned how the funding gap would be financed to which Sean Clark stated ongoing discussions were taking place with third parties, such as Highways England, Department of Transport and SELEP, to identify contributions and discussions were being undertaken with legal advisors. Members were reassured that when responses had been received this would be reported to committee.

**RESOLVED**

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

**87. Stanford Le Hope Transport Projects**

Sean Clark presented the report that provided Members with an update on the Stanford Le Hope Transport Project. This report and future reports would

focus on the latest progress in delivery of the scheme, any changes in the agreed programme and any changes in the outturn forecast.

With no questions from Members, Councillor Potter moved to the recommendation.

## **RESOLVED**

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

### **88. Work Programme**

Members discussed the items for the 2021/22 municipal calendar.

Councillor Potter thanked all Officers for all their hard work and their commitment to the residents of Thurrock.

**The meeting finished at 8.33 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](mailto:Direct.Democracy@thurrock.gov.uk)**