

**Minutes of the Meeting of the AUDIT AND SCRUTINY COMMITTEE held at the Council Chamber, Epsom Town Hall on 26 September 2024**

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**PRESENT -**

Councillor Steven McCormick (Chair); Councillor Phil Neale (Vice-Chair); Councillors Rob Geleit (as nominated substitute for Councillor Chris Ames), James Lawrence, Jan Mason, Alex Coley, Graham Jones and Alan Williamson

In Attendance: Natalie Jerams (Deputy Head of Partnership) (Southern Internal Audit Partnership (Internal Auditor)) (in attendance remotely) and Joanne Barrett (Audit Manager) (Southern Internal Audit Partnership (SIAP)) (in attendance remotely)

Absent: Councillor Chris Ames

Officers present: Brendan Bradley (Chief Finance Officer), Sue Emmons (Chief Accountant), Alex Awoyomi (Principal Solicitor), Will Mace (Business Assurance Manager) and Phoebe Batchelor (Democratic Services Officer)

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**14 QUESTIONS AND STATEMENTS FROM THE PUBLIC**

No questions or statements were received from Members of the Public.

**15 DECLARATIONS OF INTEREST**

No declarations of any Disclosable Pecuniary Interests or other registrable or non-registrable interests were declared by Members with respect to any item to be considered at the meeting.

**16 MINUTES OF THE PREVIOUS MEETING**

The Committee confirmed as a true record the Public and Restricted Minutes of the Meeting of the Committee held on 25 July 2024 and authorised the Chair to sign them.

**17 REVENUE BUDGET MONITORING - QUARTER 1**

The Committee received a report presenting the forecast revenue outturn position for the current financial year 2024/25, as of Quarter 1 (30 June).

The following matters were considered:

- a) **Report correction.** The Chief Accountant corrected an error in Section 7 of the report, the figure of £1.25m in paragraph 7.1 should show £356,000 as detailed in the accompanying table.
- b) **Homeless variance.** A Member of the Committee asked what targets are being missed to cause such a high forecast variance. The Chief Finance Officer responded to explain that the main issue is elevated demand for homelessness support and detailed actions to deal with the issue are within the remit of Community and Wellbeing Committee. The Chair noted the query and informed the Member that a written response would be provided following the meeting.
- c) **General Fund Reserves.** A Member of the Committee asked for a brief overview as to the decrease of the reserves balance. The Chief Finance Officer responded to explain that a report was taken to the Financial Strategy Advisory Group in June 2024, that detailed all commitments, over a certain level, against reserves, which is publicly available. The Chief Finance Officer continued to explain that a number of the larger commitments from reserves relate to the Local Plan or the acquisition of a residential property, that has been done to help the homelessness issue. The Chief Finance Officer informed the Committee that the capital reserves are diminishing and to mitigate that, an annual contribution of £500k has been put into the revenue budget.

Following consideration, the Committee unanimously resolved to:

- (1) **Receive the revenue budget monitoring report, which sets-out a projected deficit of £77,000 for 2024/25;**
- (2) **Agree that regular reports should continue to be prepared for Community & Wellbeing Committee to update members on progress against the Homelessness Strategy and Action Plan;**
- (3) **Agree that the updated Quarter 2 position will be reported back to Audit and Scrutiny Committee in November.**

## 18 CAPITAL BUDGET MONITORING - QUARTER 1

The Committee received a report presenting the capital monitoring position at Quarter 1 for the current financial year 2024/25.

The following matters were considered:

- a) **CIL spending.** A Member of the Committee asked when the CIL bids were being determined. The Chair responded to explain that the CIL applications have been submitted and the Member Working Group has met and decided which bids were successful and will be reported to the Licensing and Planning Policy Committee in October to be agreed. The Chair noted that applicants will be notified if they are successful or not with their bids. The Chief Accountant informed the Committee that the

new CIL spending protocol had been agreed by the LPP Committee in January, this review and new protocol delayed the spending on CIL.

- b) **CIL Member Working Group.** A Member of the Committee raised that the CIL MWG was meant to have two meetings, but only met once, and some of the decisions were passed to the Financial Strategy Advisory Group to be made. The Member commented that they would be meeting with the Chair of the CIL MWG and the Council's CIL officer to determine as to why.

Following consideration, the Committee unanimously resolved to:

- (1) **Receive the capital monitoring position at Quarter 1, as set out in the report;**
- (2) **Note the progress of capital projects as set out in Appendix 1.**

## 19 PERFORMANCE AND RISK REPORT - SEPTEMBER 2024

The appendix to the report provided an overview of the council's performance with respect to its 2024-25 annual plan objectives, key performance indicators, corporate risks, committee risks, and annual governance statement actions.

The following matters were considered:

- a) **Households in nightly paid accommodation.** A Member of the Committee asked why there has been an increase in the number of households living in nightly paid accommodation during Q1 2024/25. The Business Assurance Manager confirmed that they would take the question to the relevant officer and a written response would be provided.
- b) **Resource Issue.** A Member of the Committee asked what the plan is to increase resources to ensure that targets are met regarding progressing the actions from the CSP Review recommendations. The Chair confirmed that a written response would be provided after the meeting once the relevant officers were consulted.
- c) **Balanced budget.** A Member of the Committee raised that the 'set a balanced budget' target is rated as green, they queried if that is because the Council will have a balanced budget soon but does not presently. The Member also asked Officers to explain what a balanced budget means. The Chief Finance Officer informed the Committee that the Council has a statutory duty to have a balanced budget. The Chief Finance Officer continued to explain that there is flexibility in how to balance the budget. The Council's budget is balanced at the moment by a contribution from the Council's reserves. The Chief Finance Officer explained that the Council does have a budget deficit and diminishing reserves, and the Strategy and Resources Committee agreed a Framework in July for setting the budget and a number of workstreams to reduce and eliminate that deficit, to protect the Council's reserves.

- d) **Staff sickness.** A Member of the Committee asked if the Council understands why the average number of days of staff sickness is coming down. The Chair confirmed that a written response would be provided after the meeting once the relevant officers were consulted.
- e) **Town Hall Move.** A Member of the Committee asked for an explanation of the commentary on AP24/5.4 and an update on the project timeline. The Chair noted that this Annual Plan Project item was updated on the 22<sup>nd</sup> of August so there may have been developments since the report was produced. The Business Assurance Manager confirmed that they would take the question to the relevant officer and a written response would be provided. The Business Assurance Manager informed the Committee that 'qs on board' meant a Quantity Surveyor had been appointed.
- f) **Planning Applications.** A Member of the Committee queried if the KPIs for Planning Applications would result in the Planning Committee approving more applications quickly. The Chair declared that he is also the Chair of Planning Committee. The Chair explained to the Committee that the Planning Committee are not looking at the KPIs when deciding Planning Applications, the KPIs are indicators for which the Council is measured on by Central Government.
- g) **Tracking of Stage 1 & 2 Complaints.** A Member of the Committee raised that there is currently no way of tracking the quality of complaint responses to residents. The Member asked if the average time taken to process stage 1 and 2 complaints, is from when the first email complaint is received or from when the complaint is logged, and an email acknowledgment sent. The Business Assurance Manager informed the Committee that the Council's complaints procedure has been updated. The Business Assurance Manager confirmed that they would take the question to the relevant officer and a written response would be provided.
- h) **IT Cyber Attack.** A Member of the Committee asked why the Council has allocated a considerable sum to this area, most of which remains unspent, and with the RAG rating remaining red. The Member suggested the Council's IT department contact the LGA Cyber 360 programme, who can provide practical advice on how best to make use of the funds to get the RAG rating improved. The Chair noted the comments, and written response would be provided after the meeting once the relevant officers were consulted.
- i) **Hook Road Car Park.** A Member of the Committee asked what was happening with the risk HC26 on page 84, since the September meeting of the Strategy and Resources Committee did not approve the funding that Environment Committee requested. The Chief Finance Officer explained to the Committee that Environment Committee were presented with options for Hook Road Car Park, one within their existing budget capability, and one exceeding their budget. Environment Committee will

explore the option within their budget at the October Committee Meeting to mitigate this risk.

- j) **Spatial Strategy.** A Member of the Committee raised that one way to tolerate and control the PD27 Spatial Strategy risk, would be to have regular updates, through meetings and briefings. The Member stated that none of that has happened, so they do not understand why the risk drops from 12 to 8. The Chair informed the Committee that the Transport modelling deadline has been met and the spatial strategy options were submitted to Surrey County Council to begin working through. The Chair continued to explain that it has been made clear throughout the process, the time it takes to complete the work necessary for relevant deadlines to be met. The Member responded to say that whilst they understand the risk would decrease due to the Transport modelling deadlines being met, they still believe there is a big risk remaining on the Councillor side, due to not knowing what the reaction will be once Councillors are presented with the report at the November Licensing and Planning Policy Committee.
- k) **Complaints Response.** A Member of the Committee asked why the DST10 risk, on page 92, remained the same, when there has been an increase in planning complaints. The Chair explained to the Committee that it is a risk register and not a KPI, so there is not further update as the risk hasn't changed, and the same mitigating factors are in place. The Business Assurance Manager confirmed that the Council does see spikes in complaints at certain times, but this does not mean that the Council's response to those is ineffective.
- l) **HC30.** A Member of the Committee raised a concern about risk HC30 on page 81, that where the Council agrees to issue a public space protection order for anti-social behaviour, there is an added risk of Surrey Policy misclassifying or downgrading criminal offences to ASB. The Member asked for reassurance that this would be further scrutinised when Surrey Police bring a report to the Committee for Crime and Disorder scrutiny. The Chair noted the comments and confirmed that it would be properly queried and scrutinised when it does come back to Committee.

Following consideration, the Committee unanimously resolved to:

- (1) **Note and comment on the performance and risk information located at Appendix 1.**

## 20 IPCO INSPECTION 2024

A report was received providing the Committee with the outcome of the Investigatory Powers Commissioner's Office (IPCO) latest inspection. The Council was due its usual three-yearly inspection by IPCO, regarding its compliance with the Regulation of Investigatory Powers Act 2000 (RIPA) and the Investigatory Powers Act 2016. The Council was last inspected in January 2021.

Following the receipt of the Council's responses to the inspection information request, the Investigatory Powers Commissioner are satisfied that the Council's reply provides assurance that ongoing compliance with RIPA 2000 and the Investigatory Powers Act 2016 will be maintained. As such, the Council did not require further inspection this year.

The Commissioner highlighted three minor areas where the Council can enhance its RIPA Policy. Officers will update the RIPA Policy as per the Commissioner's recommendations, which will then be brought to the Committee as part of the annual RIPA report in March 2025.

Following consideration, the Committee unanimously resolved to:

- (1) Note the findings and recommendations from the Investigatory Powers Commissioner's Office 2024 inspection.**

## 21 LGO AND ICO UPDATES

The Committee received a report containing the information on recent council complaint decisions from the Local Government and Social Care Ombudsman (LGSCO) and the Information Commissioner's Office (ICO).

The following matters were considered:

- a) **Autocomplete email function.** A Member of the Committee commented that the autocomplete email function should not be removed entirely if there has only been a very small number of minor incidents, and if it would massively reduce efficiency. The Chair noted the comments and raised that when it does go wrong, it can be catastrophic so is still worth looking in to and considering.

Following consideration, the Committee unanimously resolved to:

- (1) Note the report.**

## 22 OMBUDSMAN ANNUAL REPORT 2023-24

The Committee received a report providing the annual review of complaints received and decisions made by the Local Government and Social Care Ombudsman during 2023-24.

The following matters were considered:

- a) **Ombudsman complaint.** A Member of the Committee asked why the third complaint referenced in paragraph 3.1 on page 110, was closed. The Business Assurance Manager informed the Committee that a written response would be circulated to Committee Members.
- b) **Number of complaints.** A Member of the Committee noted that the number of complaints received in 2023/2024 was notably more than the previous year. The Business Assurance Manager noted the comment and

informed the Committee that they would consult with the complaints team to see if there are any themes that have been identified. Another Member of the Committee raised that the 24 complaints received in 2023/24 is not statistically significant when taking into account the table as a whole.

Following consideration, the Committee unanimously resolved to:

- (1) **Receive and note the Local Government and Social Care Ombudsman Annual Review Letter 2023-2024.**

## 23 WORK PROGRAMME - SEPTEMBER 2024

The Committee received a report presenting its annual Work Programme.

The following matters were considered:

- a) **Scrutiny items.** A Member of the Committee asked for clarification as to which items have been raised for potential scrutiny work. The Chair informed the Committee that any Councillor can get an item put forward for consideration to go on the A&S Agenda, under the process set out in the Constitution. The Chair raised that there is an opportunity for items to be brought forward and discussed, for it to be agreed what members are looking to get out of a scrutiny review. The Chair also highlighted that the current work programme items need to be considered when a potential scrutiny item is raised.
- b) **IT security concerns.** A Member of the Committee explained they have suggested a scrutiny item focusing on IT Security, due to the issue being an urgent and high-risk area of concern. The Chair noted the comments and agreed they would be picked up.
- c) **Contracts and Waivers.** A Member of the Committee mentioned that they had raised a scrutiny item about contracts and waivers, due to the increase in price of the Harrier Roof Contract. The Member detailed their concerns around the project and reasoning given as to why the costs increased. The Member continued to explain their concerns regarding the use of waivers and suggested that the process be scrutinised. The Chair responded to confirm that questions about the specific project would be passed on to relevant officers and answered. The Chair continued to explain that an audit item was done on this specific project and reported back to Strategy and Resources Committee, but if there are still concerns, then they can be raised and a scrutiny item on the contract can be discussed and looked into.
- d) **Procurement.** A Member of the Committee raised that a Contract Standing Orders report is due to go to Strategy and Resources Committee on 12 November 2024 and would be covering procurement and waivers. The Member raised it might be helpful to wait for that report to go to Committee and see if that addresses any concerns with the current procurement and waiver system before scrutinising that area. The Chair

noted the comments. The Member who raised the scrutiny item agreed that they would look at the Contract and Standing Orders report when it is published but explained that they would like to work on producing a waivers policy through scrutinising the performance of that area.

- e) **Quotation prices.** A Member of the Committee raised a concern that quotations provided to the Council are inflated by companies. The Chair invited the Member to share any specific concerns or questions, and they would be answered by the relevant officers.

Following consideration, the Committee unanimously resolved to:

- (1) **Note and agree the ongoing Work Programme as presented in Section 2.**

## 24 INTERNAL AUDIT: PROGRESS REPORT - SEPTEMBER 2024

The Committee received a report summarising the progress against the Internal Audit Plan 2024-2025.

The following matters were considered:

- a) **Thanks.** The Vice Chair thanked the internal auditors for the comprehensive report.
- b) **Bank Reconciliation.** The Vice Chair asked if officers could provide comment on the observation that the internal auditors were unable to confirm that regular bank reconciliations had been fully completed throughout. The Chief Accountant responded to explain that the bank reconciliation process is undertaken by the Council's systems accountant and there was a period where that accountant was not in place, so the sign offs hadn't happened. The Chief Accountant continued to explain that the reconciliations had been done, but the sign off procedure hadn't been followed. The Chief Accountant informed the Committee that there is now a systems accountant in place who is doing the regular sign off of the reconciliations.
- c) **Planning Enforcement.** A Member of the Committee raised the no assurance observation for Planning Enforcement and queried why the Council is not more concerned about this audit opinion. The Chair pointed out the revised due date for the Planning Enforcement management actions and highlighted that it has been raised with the relevant team to get assurance that the actions are being progressed and the necessary resources are in place to do so. The Internal Auditor explained that they are working with officers to conduct a follow-up review, which will ensure the management actions have been fully embedded. A Member of the Committee raised that during the last municipal year, planning enforcement was suggested as an area for potential scrutiny. The Chair highlighted that 12 of the 15 management actions have been completed.



The Chair stated that the outstanding 3 can be looked into and a response prepared as to the delay on those actions.

- d) **Planning Enforcement Reporting.** A Member of the Committee asked how Councillors access and view Enforcement plans and activity. The Member queried if Councillors could see enforcement action within their own ward or borough wide. The Chair invited officers to ask questions and raise concerns with the Council's enforcement officer. A Member of the Committee raised that members should receive an enforcement update for their ward. The Democratic Services Officer informed the Committee that an enforcement update was shared with Committee Members via email, which detailed the progress and plans for enforcement reporting to members.
- e) **Overdue Actions.** A Member of the Committee asked for confirmation that there are currently less outstanding management actions than detailed in the report. The Internal Auditor explained that the progress that has been made is in regard to reports being drafted and getting through to final stages and the management actions outstanding remain the same as in the report. The Business Assurance Manager confirmed to the Committee that the outstanding management actions are the same as in the report.
- f) **Management of Leases and Rents.** A Member of the Committee asked why the Asset Management audit review had not begun. The Internal Auditor confirmed that it was due to the audit review being scheduled to take place in Quarter 4, between January and March 2025.
- g) **HR Management Actions.** A Member of the Committee asked if there are any actions that the Council can be confident will change the ongoing red and amber management actions for HR. The Business Assurance Manager highlighted that some of the management actions became overdue because of lack of resource in the HR team, which has now been fully addressed, and expressed confidence that progress should be seen against those management actions going forward. The Member clarified that they do not believe it is a personnel issue, but a process problem.

The rest of this item is recorded in a restricted minute.

Following consideration, the Committee unanimously resolved to:

- (1) **Note the internal audit progress report 2024-2025 from Southern Internal Audit Partnership (SIAP) attached at Appendix 1.**

## 25 EXCLUSION OF THE PRESS AND PUBLIC

The Committee unanimously resolved to exclude the Press and Public from the meeting, at 21:05, in accordance with Section 100A (4) of the Local Government Act 1972 on the grounds that the business involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the

Act (as amended) and that pursuant to paragraph 10 of Part 2 of the said Schedule 12A the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

*The meeting began at 7.30 pm and ended at 9.12 pm*

COUNCILLOR STEVEN MCCORMICK (CHAIR)