

**Minutes of the Meeting of the AUDIT, CRIME & DISORDER AND SCRUTINY
COMMITTEE held at the Council Chamber, Epsom Town Hall on 18 November
2021**

PRESENT -

Councillor Steve Bridger (Chair); Councillor Nigel Collin (Vice-Chair); Councillors Arthur Abdulin, Liz Frost, Rob Geleit, David Gulland, Phil Neale and Chris Webb

In Attendance: Neil Pitman (Head of Southern Internal Audit Partnership) (Southern Internal Audit Partnership (Internal Auditor)) and Natalie Jerams (Assistant Head of Partnership) (Southern Internal Audit Partnership (Internal Auditor))

Absent: Councillor Previn Jagutpal and Councillor Alan Sursham

Officers present: Gillian McTaggart (Head of Corporate Assurance), Rod Brown (Head of Housing and Community), Brendan Bradley (Head of Finance), Sue Emmons (Senior Accountant) and Stephanie Gray (Democratic Services Officer)

18 QUESTION TIME

No questions were asked or had been submitted by members of the public.

19 DECLARATIONS OF INTEREST

No declarations of interest were made in relation to items of business to be discussed at the meeting.

20 MINUTES OF THE PREVIOUS MEETING

The Minutes of the previous meeting of the Audit, Crime & Disorder and Scrutiny Committee held on 1 September 2021 were agreed as a true record and signed by the Chair.

21 INTERNAL AUDIT PROGRESS REPORT

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

The report was introduced by the Internal Auditor.

The following matters were considered by the Committee:

- a) The areas where there were overdue management actions, including the outstanding high priority recommendation given in respect of the Building Control account which was given an overall limited assurance. This is in

progress and is dependent upon the new partnership arrangement due to commence on 1 April 2022.

- b) It was also confirmed that the quantum of the outstanding fees on the Building Control account was not of a material nature.
- c) The Annual Governance Statement audit and the Service Delivery audit had both been concluded and a Reasonable Assurance has been given in respect of both.
- d) A Limited Assurance was given in respect of IT Business Continuity and Disaster Recovery which was carried forward from the 2020/21 audit plan. The Head of Corporate Governance gave a verbal update in this regard and it was noted that good progress had been made in implementing the recommendations. Of the six recommendations, five were completed including the two high priority items.
- e) The internal auditor confirmed that whilst there was still a lot of the audit plan for 2021/22 to deliver for the rest of the year, they (the internal audit partnership) are able to provide a reasonable assurance that these outstanding audits will all be resolved.

Having considered the above matters, it was unanimously resolved to:

(1) Receive the internal audit progress report from Southern Internal Audit Partnership attached at Appendix 1 to the report.

22 POST IMPLEMENTATION REVIEW OF THE USE OF DEFOE COURT, EPSOM

The Committee received a report setting out the findings following a post implementation review of the Council's use of Defoe Court in East Street Epsom for use as additional temporary accommodation.

The report was introduced by the Head of Housing and Community.

The following matters were raised by the Committee:

- a) The time taken from the Strategy & Resources Committee in November 2017 to the first households moving into Defoe Court in May 2021. It was noted that there was a long delay caused in respect of concluding the legal agreement following the agreement on the draft Heads of Terms. A further significant delay was caused by the submission of an incomplete Planning Application. This Application was ultimately withdrawn and resubmitted, resulting in a delay of 1 year and 11 months to obtain the necessary planning consents. The legal transfer of the units took place in March 2021, with the first households moving in in May 2021.

- b) The Key learning for the Council is to ensure that going forward, resource for the delivery of projects is factored in as part of the initial planning and included in requests for funding especially for “invest to save cases” where delays are costly to the Council. This learning should be extended to all other Council departments.
- c) The lease agreement with SHA is for a 5 year period, with a break clause after 3 years. It was noted that providing care to young people is a dynamic that changes, and that circumstances might be completely different in 3 years’ time.
- d) It was confirmed that Council will be liable for repairs to the building during the lease period.

The Committee having considered the above matters, it was unanimously resolved:

- (1) **To note the conclusions from this review and that future projects should identify an accountable officer and adopt a suitable programme management approach.**

23 APPOINTMENT OF EXTERNAL AUDITORS FROM 2023/24

The Committee received a report setting out proposals for appointing the external auditor to the Council for the accounts for the five-year period from 2023/24.

The Committee received a verbal introduction from the Chief Accountant.

The following matters were raised by the Committee:

- a) The possibility of “keeping both options open”. It was confirmed that a firm decision on the chosen option is needed to be taken by March 2022 in order to meet the deadline of Public Sector Audit Appointments Ltd (PSAA).
- b) The advice of the LGA: this advice is overwhelmingly in favour of the national procurement scheme.
- c) There are a number of audit firms expected to bid for audit contracts through the government-appointed organisation (the PSAA). If a firm was appointed to perform the EEBC audit, and Council did not agree with the appointment, it should be possible to indicate as such, however reasons would have to be given.
- d) The issue of the audit fees: It was confirmed that by opting-in to the national PSAA-led procurement exercise, audit contracts and fees would be determined through a competitive tendering process that benefits from

national economies of scale, which ought to achieve best value for money for individual Councils.

Following consideration, it was resolved to:

- (1) Recommend to the Strategy & Resources Committee, and then to Full Council, that the Council accepts Public Sector Audit Appointments' invitation to opt into the sector-led option for the appointment of external auditors to principal local government bodies for five financial years from 1 April 2023.**

24 RISK MANAGEMENT FRAMEWORK ANNUAL REPORT

The Committee received a report providing it with an update on the Council's risk management arrangements and an update on the top risks being addressed by the Council as recorded in the Corporate Risk Register.

The Committee considered the following matters:

- a) Since January 2021, Applied Resilience has been supporting the Council in delivering emergency planning. Applied Resilience also provides emergency planning support for several other Surrey boroughs. It is responsible for updating EEBC's plans, providing training and providing practical support during emergencies.
- b) The 2017-2021 Risk Management Strategy is due to expire and this provides an opportunity to review and reflect. A new Business Assurance Manager has been appointed and will commence duties in January 2022.
- c) The Climate Change Action Plan is currently with the Planning Team and an Environment and Sustainability Officer has recently been recruited.
- d) The new corporate Health and Safety Officer will be addressing the matter of the completion of a risk assessment by employees who work from home on certain days.

Following consideration, the Committee resolved unanimously:

- (1) To consider the arrangements in place for risk management as outlined in the report.**
- (2) To review the Corporate Risk Register and determine any risks they wish to raise with the Senior Management Team .**

25 CAPITAL BUDGET MONITORING QUARTER 2

The Committee received a report presenting the capital monitoring position at Quarter 2 for the current financial year 2021/22.

The report summarised the capital monitoring information at the end of the second quarter of 2021/22. It detailed actual capital expenditure and receipts against capital budgets and financing. The forecast outturn position and variances at year-end, were also provided.

Following consideration, it was unanimously resolved to:

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

26 REVENUE BUDGET MONITORING - QUARTER 2

The Committee received a report presenting the forecast revenue outturn position for the current financial year 2021/22, as at Quarter 2 (30 September).

The Committee considered the following matters:

- a) Covid-19 has continued to have a major impact on the Council's services and the updated projection at Quarter 2 is for a budget deficit of £2.67m this year, largely unchanged from Quarter 1.
- b) The £0.04m increase in the projected deficit is mainly due to increased fuel and staffing costs within waste collection, as sectoral issues such as the petrol and HGV driver shortages impact this service.
- c) The projected £2.67m deficit assumes that no future government support will be forthcoming. The main reasons for the deficit remain increased expenditure to manage homelessness, combined with significant reductions in income from service areas such as car parks and the Council's venues.
- d) The deficit is currently being managed by means of the Council's reserves, however this is not a sustainable long-term solution.

Following consideration, it was unanimously resolved to:

- (1) Receive the revenue budget monitoring report, which projects a £2.67m budget deficit for 2021/22, along with provisional funding for the deficit;**
- (2) Note that a report will be prepared for the Community & Wellbeing Committee in the new year 2022, to present a Homelessness and Rough Sleeper Strategy with mitigation options for the budget pressures within the Housing service;**

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- (3) Note that a report is being prepared for Community & Wellbeing Committee in the new year 2022, to present a recovery plan for the Venues;
 - (4) Note that the updated Quarter 3 position will be reported back to this Committee in February.

27 WORK PROGRAMME 2021/22

The Committee received a report presenting it with the work programme for 2021/22.

Following consideration, it was resolved to:

- (1) Note and agree the ongoing work programme for 2021/22 attached at Appendix 1 to the report.

The meeting began at 7.30 pm and ended at 8.24 pm

COUNCILLOR STEVE BRIDGER (CHAIR)