

Minutes of the Meeting of the AUDIT AND SCRUTINY COMMITTEE held at the Council Chamber, Epsom Town Hall on 28 September 2023

PRESENT -

Councillor Steve Bridger (Chair); Councillor Robert Leach (Vice-Chair); Councillors Chris Ames, Rachel King, James Lawrence, Phil Neale and Chris Watson

In Attendance: Councillor Kate Chinn and Councillor Alex Coley, Raymund Daganio (Grant Thornton (External Auditor)) (Items 1-4 only) and Natalie Jerams (Assistant Head of Partnership) (Southern Internal Audit Partnership (Internal Auditor)) (Item 10 only)

Absent: Councillor Jan Mason

Officers present: Andrew Bircher (Interim Director of Corporate Services), Piero Ionta (Head of Legal Services and Monitoring Officer), Brendan Bradley (Head of Finance), Will Mace (Business Assurance Manager) and Phoebe Batchelor (Democratic Services Officer)

56 QUESTION AND STATEMENTS FROM THE PUBLIC

The Committee received one written question from a member of the public and noted that the Chair of the Audit & Scrutiny Committee had provided a written response to the questioner prior to the meeting. This response had also been published on the Council's website.

The member of the public repeated their question at the meeting and received a verbal response from the Chair.

One supplementary verbal question was asked during the meeting and the Chair provided a verbal response.

A Member of the public provided a verbal statement to the Committee.

57 POINT OF ORDER

Councillor Chris Ames raised a Point of Order regarding the procedure for Members of the Public asking two questions on the same topic, which can be found in paragraph 2.2 of [Annex 4.2](#) of the Council's Operating Framework. Councillor Ames explained that the decision to not accept the Member of the Public's second question on the same topic was due to an interpretation of the rules, rather than a specific rule set out in Operating Framework.

The Monitoring Officer responded, on behalf of the Chair, in relation to the issue about a second question, stating that decisions were taken in accordance with the Constitution and advice was given to the Member of the Public and an explanation provided in relation to whether or not a second question could be received. The Monitoring Officer confirmed that they have previously advised this Committee as to their interpretation of the current Constitution, and the relevant annex is to be read that way.

58 DECLARATIONS OF INTEREST

No declarations of any Disclosable Pecuniary Interests in respect of any item of business to be considered at the meeting were made by Members.

59 MINUTES OF THE PREVIOUS MEETING

The Committee confirmed as a true record the Minutes of the Meeting of the Committee held on 18 July 2023 and authorised the Chair to sign them.

60 EXTERNAL AUDIT UPDATE

The Committee received a report presenting an indicative External Audit Plan for 2022/23.

The following matters were considered:

- a) **Significant Risks Identified.** A Member of the Committee asked if there will be specific focus and extended concentration in the Audit Report regarding the areas identified as significant risk. The External Auditor confirmed that the Audit Plan is set out and has identified what Grant Thornton will do for the whole Audit process, including identifying some areas of focus which will have increased audit procedures carried out. The External Auditor informed the Committee that there is no specific concentration on any of the significant risks mentioned in the Audit Plan, they will just be picked up as part of the more focused areas of their work.
- b) **Performance Materiality.** A Member of the Committee asked for further information about the reduction in performance materiality, in comparison to the previous year, due to issues identified on page 29 of the report. The External Auditor responded to inform the Committee that the way Grant Thornton determine materiality is to think about the result of the past work, meaning if they've previously identified some corrected and uncorrected misstatements above a certain threshold, they will reduce materiality slightly. The External Auditor confirmed that last year, performance materiality was 75%. The External Auditor informed that Committee that he didn't expect much to change in terms of their work and it would be similar for this year's audit.
- c) **Land Valuation and Commercial Investments.** A Member of the Committee asked when the Council's properties were last valued. The Head of Finance informed the Committee that the valuation rolling five-

year period means that every asset is valued at least once every five years. The Head of Finance went on to state that in practice, the properties are valued much more frequently because there is a responsibility in the accounts to report valuations that give a true and fair view. In the current economic environment, which is quite volatile, valuations are moving around more than they have done in the previous economic cycle, so properties are revalued more regularly than every five years. The Head of Finance confirmed that if the auditor thinks a property hasn't been valued recently enough, they would usually raise that in their findings.

Following consideration, the Committee unanimously resolved to:

(1) Receive the indicative External Audit Plan for 2022/23.

61 REVENUE BUDGET MONITORING - QUARTER 1

The Committee received a report presenting the forecast revenue outturn position for the current financial year 2023/24, as at Quarter 1 (30 June).

The following matters were considered:

- a) **Observation on update report.** A Member of the Committee let Finance Officers know that they were happy with the report and pleased with the job they are doing. The Head of Finance responded to inform the Committee that things could still change before the end of the year, but at this stage, quarter one, it is expected that officers, if they have got an adverse variance, will take mitigating action to rectify that by the end of the year. Where it is so significant that that's not likely to be possible in full is where further action is recommended at this stage.
- b) **Clarification on page 41.** A Member of the Committee asked for clarity on the number used on page 41 and then referenced further throughout the report and whether it should be 99,000 instead of 98,000. The Head of Finance informed the Committee that the numbers are rounded to the nearest thousand in Excel and some of them are rounded down and some are rounded up, it will be corrected for use in future presentations.
- c) **Cost of Homelessness in the Borough.** A Member of the Committee made a statement regarding an initiative to provide 3 modular houses for homeless people in the borough and would like to see more progress in accelerating the program of modular housing, as a signal that the Council cares about the homeless but also in effort to reduce the massive cost that's going into hotels rather than into the community of Epsom. The Member of the Committee followed up their statement by asking why there are not more similar programmes to help with the borough's homelessness problem. The Monitoring Officer proposed that the Member's comments and question were directed to the Community & Wellbeing Committee so a response can be provided. This was agreed by the Member in question.

Following consideration, the Committee unanimously resolved to:

- (1) **Receive the revenue budget monitoring report, which sets-out a projected deficit of £98,000 for 2023/24;**
- (2) **Agree that a report should be prepared for Community & Wellbeing Committee to consider long-term mitigation options for the increased costs of nightly paid accommodation within the Homelessness service;**
- (3) **Agree that a report should be prepared for Licensing & Planning Policy Committee to consider long-term mitigation options for the projected shortfall on planning income and the impact of government's review of planning fees;**
- (4) **Agree that the updated Quarter 2 position will be reported back to Audit and Scrutiny Committee in November.**

62 CAPITAL BUDGET MONITORING - QUARTER 1

The Committee received a report presenting the capital monitoring position at Quarter 1 for the current financial year 2023/24. The Committee was asked to review the progress of capital projects as set out in Appendix 1.

Councillor Coley made a verbal statement to the Committee.

The following matters were considered:

- a) **Affordable Housing Fund.** A Member of the Committee asked about the unallocated S106 balances, listed on page 55, specifically Affordable Housing. The Member asked for clarity as to how this fund works and if there is a benefit to stacking up the fund or if instead, we should be looking at having more ambitious affordable housing and using that fund. The Head of Finance responded to inform the Committee that where a developer can't meet its affordable housing obligations on a particular development, they can be required to make a financial contribution in lieu of that, the Council can then use that to try and provided alternative affordable housing separately, which can take many forms, including providing additional temporary accommodation to help out our homelessness situation. The Head of Finance explained that when those funds are deployed, they're targeted at the most effective schemes to try to deliver the greatest benefit that they can leverage in,
- b) **Ewell Court House Tea Rooms.** A Member of the Committee asked about that status of the Ewell Court House Tea Rooms, as referenced on page 61, and queried what are the project dependencies that could cause delay to the completion of the restoration. The Head of Finance confirmed that a written response would be provided in due course.

- c) **Horton Chapel.** A Member of the Committee asked for an explanation as to what the funds held for the Horton Chapel as listed in the section 106 balances on page 55, are being held for, and whether these could be used for severe draining problems at the site. The Head of Finance confirmed that those funds are held to pass over to the Horton Chapel Heritage Arts Association, who were awarded a grant of around £1.45 million several years ago to convert Horton Chapel, the vast majority of those funds over have already been passed over with the remaining balance about to be passed over to them soon. The Head of Finance informed the Committee that the Horton Chapel Heritage Arts Association incur the expenditure and the finance department reimburse them after the event when they claim for it and the final payment is about to be passed over to them.
- d) **IT Strategy Funding.** A Member of the Committee asked about the funding approved for the SharePoint Project, and queried if the costs are variable and change significantly, do they have to be reapproved by the Strategy and Resources Committee or is there a variance that Officers can approve without going back to Committee. The Head of Finance informed the Committee that there is a threshold that Officers can approve within the Capital Programme without going back to Members. The Head of Finance confirmed that he would check the financial regulations to confirm the amount and provide the answer in a written response in due course.

Following consideration, the Committee unanimously resolved to:

- (1) Receive the capital monitoring position at Quarter 1, as set out in the report.**

63 OMBUDSMAN ANNUAL REPORT 2022-23

The Committee received a report providing the annual review of complaints received and decisions made by the Local Government and Social Care Ombudsman during 2022-2023.

The following matters were considered:

- a) **Ombudsman Complaints.** A Member of the Committee agreed with the decision to move the responsibility of dealing with Ombudsman complaints from the Customer Service Team to the Business Support Team. The Member asked about the issues experienced by the Ombudsman regarding problems communicating with the Customer Service Team and if there is still an ongoing issue with the Customer Service Team and failing to follow up with complaints. The Interim Director of Corporate Services responded to state that the Customer Service Team deals with a large volume of Stage 1, or minor, complaints, of which a small percentage of complaints get escalated to Stage 2, and an even smaller amount get escalated further to the Ombudsman. The Interim

Director of Corporate Services informed the Committee that the Customer Service team is fast-paced and busy dealing with many customers and chasing for and providing responses within 15 days. Due to only a very small number of complaints going to the Ombudsman, some have historically gotten lost or missed amongst the higher number of Stage 1 and 2 complaints. The Interim Director of Corporate Services explained that the responsibility now lies with the Business Support Team where there are people who can give exclusive focus to complaints that go to the Ombudsman.

- b) **2021/22 LGO Review Letter.** A Member of the Committee asked the Chair why the 2021/22 LGO Review Letter was not taken to the November 2022 or February 2023 Audit and Scrutiny Meetings once the letter was received by the Chief Executive and the Chair, but instead was taken to the April 2023 Audit and Scrutiny Meeting. A second Member of the Committee also asked why there was such a long delay in bringing the report to a meeting of the Audit and Scrutiny Committee. The Chair responded to reassure the Committee and residents that nothing was being hidden and accepts that it should have been dealt with in a timelier fashion. The Chair went on to explain that as stated in the Committee workplans prior to April 2023, the information and content of the letter was in the public domain and could be found on the LGO website and via the link provided in the Workplan reports prior to April 2023, where from that point the LGO Review Letter was brought to the Committee as a separate standalone report.
- c) **Service review.** A Member of the Committee asked why there was a six-month delay in initiating a Service review, once the 2021/22 LGO Review Letter was received. A Service Review was initiated on February 1, 2023. A further question was raised by the Member querying why the A&S Committee were not involved in supervising and scrutinising the decision to initiate and carry out a service review. The Chair informed the Committee that there was not enough time for this information to go through the report cycle prior to the February meeting of A&S. The Chair shared that if he hasn't had a reply or response from the Chief Exec, then nothing can be done until that is received first, following that matters need to be communicated and actioned within the service department, therefore, unfortunately, things don't happen overnight. The Chair expressed disappointment that it took a long time to bring to the attention of the Committee but confirmed to the Committee that everything has since been sorted.
- d) **Committee Workplan.** A Member of the Committee asked why the LGO Review Letter wasn't included in the workplans for April 2023, which is when it was presented to the Committee, and why a member of the public has been told it was included. The Member also asked why the workplans state *'When the Council receives its annual letter from the Local Government and Social Care ombudsman, we will note here whether any recommendations have been put to the Council by the ombudsman,'* however, no recommendations were noted in the workplans between

June 2022 and February 2023, until it was taken to the Committee in April 2023 as a standalone report. The Interim Director of Corporate Services responded to inform the Committee that it is shown in the workplan taken to the April 2023 meeting, as was the standalone Ombudsman report. The Interim Director of Corporate Services clarified that prior to the April 2023 Meeting, the recommendations of the Ombudsman have been within the Committee workplan, as a subset of that report and confirmed that it wasn't a standalone report, so would not have been listed on the table within the workplan detailing upcoming reports until it was brought to the Committee on the 6th of April 2023. The Interim Director of Corporate Services confirmed that a link to the Councils' performance data page of the LGO website was included in the workplan reports running from April 2022 - February 2023.

Following consideration, the Committee unanimously resolved to:

- (1) **Receive and note the Local Government and Social Care Ombudsman Annual Review Letter 2022-2023.**

64 PERFORMANCE AND RISK REPORT - SEPTEMBER 2023

The Committee received a report providing an overview of the council's performance with respect to its 2023-24 annual plan objectives, key performance indicators, corporate risks, and committee risks.

The following matters were considered:

- a) **Risk identified for failing to deliver the local plan.** A Member of the Committee asked if there are any specific parts of either budget, staffing, or legislative changes that have caused the delivery of the Local Plan to be put as the highest possible risk of failure. The Interim Director of Corporate Services responded to inform the Committee that since the publication of this report, the Licensing and Planning Policy Committee had met and agreed to recommend to Council that the Local Plan is unpaused, whereas when this report was produced the Local Plan was paused and there was no work being completed on it, meaning that the likelihood of delivering a Local Plan when paused garnered the maximum level of risk of failure being assigned to it.
- b) **CIL deadline.** A Member of the Committee asked if the 31st of December 2023 date, listed on page 112, regarding the reviewing and updating of CIL policies and produces, is a strict deadline or a rough target. The Interim Director of Corporate Services confirmed that the 31st of December is a date that is being aimed for and was lined up to feed into the LPPC schedule and forward plan, the new regulations and procedures will be taken to LPPC as soon as they are ready. The Interim Director of Corporate Services went on to explain that a CIL member of staff has been recruited and officers are putting into place better ways of working to reflect how the Council should be compliant with CIL.

- c) **Staff delivering the Local Plan.** A Member of the Committee asked if any risk has been identified in regard to key personnel involved in delivering the Local Plan and the expiration of their fixed term contracts occurring during the period of completing and submitting the Local Plan. The Interim Director of Corporate Services informed the Committee that there is corporate risk in terms of availability of staff and having the right people to do the right job at the right time. The Interim Director of Corporate Services reassured the Committee that the relevant individuals are often employed on a fixed-term basis to often cover the same fixed-term period it takes to produce and deliver a Local Plan, and there is work happening to ensure that the right funds, people, and resource are in place to continue to take the Local Plan forward.
- d) **Updating of the Corporate Risk Register.** A Member of the Committee asked how often the Corporate Risk Register and the individual committee risk registers are updated, and gave an example of the Community and Wellbeing risk register not lining up with Corporate Risk Register for similar housing risks. The Business Assurance Manager informed the Committee that the risk registers are updated quarterly, as part of a set schedule. The Business Assurance Manager went on to explain that all the risks are contained on service business plans, which are accessible by the managers and key individuals at any time, so they can be updated at any time. He also notes that the council has three main levels of risks - Service, Committee and Corporate - and when risks become more strategically important they get escalated up a level., The corporate register sits at the top of the pyramid. The Business Assurance Manager let the Member know that he would be able to provide a more in-depth written response regarding the specific example of the housing risks on the Community and Wellbeing and Corporate registers in due course.

Following consideration, the Committee unanimously resolved to:

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

65 COMMITTEE WORK PROGRAMME

The Committee received a report with the Work Programme for 2023-2024.

The following matters were considered:

- a) **The Scheme of Delegation.** The Monitoring Officer gave a verbal update to the Committee regarding a report which was due to come to the November Audit and Scrutiny Meeting, which, following consultation with the Chair and Vice Chair of Standards and Constitution, will now come to the February 2024 meeting of the Audit and Scrutiny Committee.
- b) **Circumstances as to how situation arose.** A Member of the Committee asked what issues have arisen which have caused the delay to the Audit

and Scrutiny Committee seeing the report. The Monitoring Officer responded to confirm that A&S will be responsible for looking at the overall situation once the scope had been agreed with the Chair and Vice Chair of this Committee but officers will not be able to prepare a report until the February meeting at the earliest.

Following consideration, the Committee resolved to;

(5 for, 1 abstaining and the Chair not voting)

(1) Note and agree the ongoing Work Programme for 2023-2024 as presented in Section 2.

66 INTERNAL AUDIT PROGRESS REPORT - SEPTEMBER 2023

The Committee received a report summarising progress against the Internal Audit Plan 2023-2024.

The following matters were considered:

- a) **Assurance Opinion Categories.** A Member of the Committee asked for a definition of Limited as one of four categories of assurance opinion. The Internal Auditor informed the Committee that a definition of all four categories of assurance opinion could be found on page 128 of the agenda and confirmed that Limited means, 'significant gaps, in either the control framework or non-compliance with the controls that are in place.' The Internal Auditor explained to the Committee that when the report concludes with limited assurance, they will receive further details, including a summary of the observations and the actions that managers are putting in place to address them in the progress report.
- b) **Concern about Limited Assurance Opinions.** A Member of the Committee asked if there is any concern about the amount of Limited category opinions listed on page 130. The Internal Auditor responded to state that, in regard to the table on page 130, it's important to look at the report dates on some of those, although it appears that there are a number of limited within that, they do span over the last two 2 1/2 financial years and that table only including reports where actions still remain overdue. The Internal Auditor informed that Committee that the wider assurance given in the annual report, which has concluded as reasonable assurance on the whole across the year is important to note. The Internal Auditor highlighted to the Committee that they are consistently working positively with Officers and with Members to ensure that the audit plans delivered are truly risk-based audit plans, therefore, although the conclusion may come out as limited overall on some reviews, there is positive collaborative work with Officers taking place to progress in the right direction.

Following consideration, the Committee unanimously resolved to:

- (1) Note the internal audit progress report 2023-2024 from Southern Internal Audit Partnership (SIAP) attached at Appendix 1.**

The meeting began at 7.30 pm and ended at 8.48 pm

COUNCILLOR STEVE BRIDGER (CHAIR)