

Minutes



Listening Learning Leading



OF A MEETING OF THE

Joint Audit and Governance Committee

HELD ON TUESDAY 15 OCTOBER 2024 AT 6.30 PM
MEETING ROOM 1, ABBEY HOUSE, ABBEY CLOSE, ABINGDON, OX14
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Present in the meeting room

Members:

South Oxfordshire District Councillors: Mocky Khan (Co-Chair), Peter Dragonetti, Leigh Rawlins and Tony Worgan

Vale of White Horse District Councillors: Emily Smith (Co-Chair), Oliver Forder, Judy Roberts and Andrew Skinner

Officers: Simon Hewings (Head of Finance) and Becky Binstead (Democratic Services)

Remote attendance:

Councillors: Anne-Marie Simpson, Bethia Thomas, David Rouane, Georgina Heritage and Andrew Crawford

Officers: Mark Minion (Head of Corporate Services), Sally Truman (Customer Services Manager), Susie Royce (Broadcasting Officer and Anna Winship (Strategic Finance Manager)

Guests: Dan Willson (Link Treasury Services)

80 Chair's announcements

The chair welcomed everyone to the meeting, outlined the procedure to be followed, and advised on the emergency evacuation arrangements.

81 Apologies for absence

There were no apologies for absence.

82 Minutes

RESOLVED: to approve the minutes of the meeting held on 26 September 2024 as a correct record and agree that the Chair signs them as such.

83 Declarations of interest

There were no declarations of interest.

84 Urgent business

There was no urgent business.

85 Public participation

There was no public participation.

86 Treasury management - ESG Investment Review

Simon Hewings, Head of Finance, introduced the report. It was agreed in February 2024 that the Section 151 Officer would conduct a review of investment options with the councils' treasury advisors, Link Treasury Services (Link). The review made a number of recommendations for officers to consider when drafting future treasury management strategies, which were detailed in paragraph 7 of the report.

The committee were invited to consider the Environmental, Social and Governance (ESG) investment review reports by Link and make recommendations to the Head of Finance for consideration in the preparation of the councils' treasury management strategies for 2025/2026.

Dan Willson, Link Treasury Services, was in attendance and summarised that the review found no significant concerns in terms of the investments held by the councils at the end of March.

In response to questions from members, Dan Willson indicated that he did not anticipate any significant changes to government guidance concerning ESG and local authority investment. However, he acknowledged that investment guidance may be subject to a future review, potentially leading to new opportunities for longer-term investments in infrastructure that the councils may want to consider in their future strategies. It was emphasised that any forthcoming investment opportunities must be appropriate, financially viable and align with the councils' treasury management strategies.

Committee members discussed the recommendation for South Oxfordshire District Council to consider whether the council's unit trust investment remained appropriate, or whether an alternative investment approach should be followed. Members were of the view that an alternative approach should be considered with regard to ESG factors, although this should be a gradual transition.

Following a question on the possibility of investing overseas, it was confirmed that funds over a certain threshold would have a sterling share class, to reduce currency risk at point of investment. Members were advised that the priority was understanding what the councils' treasury investments were trying to achieve, including financial goals.

In response to a question regarding the hierarchy of factors for investors to consider, it was highlighted that ESG factors should be evaluated in conjunction with key priorities of security, liquidity, and yield. Given the constraints on local authorities to invest in organizations with adequate credit ratings, incorporating ESG metrics was unlikely to significantly reduce potential investment opportunities. The Head of Finance confirmed that ESG scoring could be utilised as a deciding factor in differentiating between two identical investment opportunities.

The committee were of the mind that key factors of security, yield and liquidity should be considered the main criteria for all investments. Views were expressed that the benefits of considering ESG factors may not be realised for short-term investments. The councils' priority was to manage investments securely in order to continue to provide services to residents.

Vale of White Horse District Council **RESOLVED** to:

1. To consider giving greater consideration to ESG factors in any future Money Market Fund selection process,
2. To consider removing any counterparties that fail to meet a minimum ESG "rating" requirement, for example exclude entities rated below CIS-3 by Moody's, i.e. those entities where ESG considerations have an impact on the current credit rating of an entity,
3. To consider how to improve monitoring of ESG factors relating to investments.

South Oxfordshire District Council **RESOLVED** to:

1. To consider giving greater consideration to ESG factors in any future Money Market Fund selection process,
2. To consider removing any counterparties that fail to meet a minimum ESG "rating" requirement, for example exclude entities rated below CIS-3 by Moody's, i.e. those entities where ESG considerations have an impact on the current credit rating of an entity,
3. To consider how to improve monitoring of ESG factors relating to investments,
4. To consider whether the council's unit trust investment remains appropriate, or whether an alternate investment approach should be followed for all or part of the investment.

87 Annual complaints report

The committee considered the report from the Head of Corporate Services on the annual complaints report for 2023-2024.

Councillor Sam Casey-Rerhaye presented the report, noting that it was significantly longer than those submitted in previous years, as both the Local Government and Social Care Ombudsman and Housing Ombudsman had published new codes of practice on complaints handling. As a result, both councils needed to implement several changes to their complaints handling processes to ensure compliance with these updated guidelines. Moreover, both councils were now registered as social landlords, meaning that tenant landlord complaints would now fall under the jurisdiction of the Housing Ombudsman.

Appendix 1 looked at the councils' performance on complaint handling during 2023-24 and it was noted that both councils saw a reduction in the number of formal complaints. The largest number of complaints related to planning and the council tax and benefits service. Due to the complexity of these services and the volume of customers, it was noted that the numbers were in line with expectations.

The average response time for stage 1 complaints at South Oxfordshire District Council was 13 days, which increased to 16 days for stage 2 complaints. In contrast, Vale of White Horse District Council recorded an average response time of 14 days for both stages. While some responses exceeded the timelines outlined in the complaints policy, these

instances were primarily associated with more complex cases and the complainant was kept informed in all cases.

For South Oxfordshire District Council, 65% of stage 1 responses and 85% of stage 2 responses were not upheld. Vale of White Horse District Council reported that 61% of stage 1 responses and 86% of stage 2 responses were also not upheld. It was noted that a relatively low number of complaints were escalated to the Ombudsman, and all such cases were closed after the initial investigation, with no findings made against either council.

Councillor Casey-Rerhaye highlighted the inclusion of compliments in the report, which followed the introduction of a new form on the councils' website designed to allow customers and the public to share positive feedback.

In response to questions, Sally Truman, Customer Services Manager, stated that the councils were unable to confirm how many informal complaints contractors receive. Additional work would be required to assess the potential increase in formal complaints the councils may receive as a result of the changes to the Ombudsman guidance. It was confirmed that 2023-24 would set a new benchmark for the anticipated volume of complaints the councils expect to handle.

Mark Minion, Head of Corporate Services, confirmed that corporate complaints submitted to the Local Government and Social Care Ombudsman and housing complaints received by the Housing Ombudsman would be reported separately in future reports.

The committee requested that future reports include historical data categorised by department. It was agreed that this information would be circulated to committee members.

In response to a question regarding the impact on the Customer Relationship Management (CRM) system, the Customer Services Manager confirmed that the CRM system included a dedicated complaints module. The team was collaborating with the supplier to implement this module, which would replace the existing in-house database that had limitations in its reporting and recording capabilities.

Members asked about the initiatives aimed at reducing the time required to resolve complex complaints. It was confirmed that efforts would be undertaken to update the councils' policies to align with the Ombudsman guidance. Additionally, steps would be taken to prioritize complaints and address them early in the process. The CRM complaints module featured a workflow system designed to assist in managing and following up on outstanding complaints. It was explained that for complaints that exceeded the deadline, extensions were discussed and agreed upon with the complainant in advance to keep them informed.

The committee requested information regarding the number of Stage 2 complaints that were referred to the Ombudsman. The Head of Corporate Services clarified that not all Stage 2 complaints are escalated to the Ombudsman, and none were upheld in 2023-24. It was agreed that the service would conduct a review of the number of complaints referred to the Ombudsman over the past couple of years and share the findings with the committee.

South Oxfordshire District Council **RESOLVED** to note:

- a) the formal complaints received in 2023-24 and the councils' performance in responding against timescales set out in our Corporate Complaints Policy and Procedure as shown in Appendix 1
- b) the complaints received by the Local Government & Social Care Ombudsman relating to the councils in 2023-24 as shown in Appendix 2
- c) the councils' self-assessment as required by the Housing Ombudsman code of practice as shown in Appendix 3
- d) the revised Corporate Complaints Policy & Procedure as set out in Appendix 4.

Vale of White Horse District Council **RESOLVED** to note:

- a) the formal complaints received in 2023-24 and the councils' performance in responding against timescales set out in our Corporate Complaints Policy and Procedure as shown in Appendix 1
- b) the complaints received by the Local Government & Social Care Ombudsman relating to the councils in 2023-24 as shown in Appendix 2
- c) the councils' self-assessment as required by the Housing Ombudsman code of practice as shown in Appendix 3
- d) the revised Corporate Complaints Policy & Procedure as set out in Appendix 4.

88 Treasury management outturn report - 2023/24

The committee considered the report from the Head of Finance on the treasury management outturn report for 2023/24.

The Head of Finance introduced the report and informed the committee that the report would be considered by each Council's respective Cabinet and Council meetings later in October 2024. Both councils had exceeded budgeted treasury investment income in 2023/24, which was shown in paragraph 16 of the report, with further detail provided in the appendices. Both councils also stayed within potential indicators on counterparty limits during the financial year.

In response to questions from the committee, the Head of Finance agreed to include data from the previous financial year to establish a benchmark for comparison. The Head of Finance also acknowledged the importance of incorporating the applicable rate of inflation for future reports, as it serves as a useful indicator of purchasing power. It was estimated that the inflation rate would decrease to 4.75 per cent in November.

The South Oxfordshire District Council **RESOLVED** to:

- a) note the treasury management outturn report 2023/24,
- b) was satisfied that the treasury activities are carried out in accordance with the treasury management strategy and policy, and
- c) make any comments and recommendations to Cabinets as necessary.

The Vale of White Horse District Council **RESOLVED** to:

- a) note the treasury management outturn report 2023/24,
- b) was satisfied that the treasury activities are carried out in accordance with the treasury management strategy and policy, and
- c) make any comments and recommendations to Cabinets as necessary.

89 2023/24 Annual Joint Audit and Governance Report to Council

The committee considered the report from the Head of Finance on the 2023/24 Annual Joint Audit and Governance report to Council.

Councillor Mocky Khan, Co-Chair, introduced the report, which was completed in accordance with the Chartered Institute for Public Finance and Accountancy (CIPFA) Position Statement: Audit Committees in Local Authorities and Police. The committee were informed that Councillor Emily Smith, Co-Chair, and Councillor Mocky Khan would present the final report at the upcoming Council meetings.

During discussion, members were of the view that the following annual report for 2024/25 include the outcomes of the treasury management ESG investment review along with the treasury management strategy scheduled to come to the committee in January 2025.

The committee recommended that the draft report be circulated to members of the Joint Audit and Governance Committee prior to it being presented to committee.

In response to a question regarding fraud investigations, the Head of Finance confirmed that the internal audit team assesses the risk of fraud in all their activities. Benefit fraud was handled by a separate team which was subject to periodic review by internal. It was also noted that, as part of the annual external audit process, reports of fraud submitted to senior management were communicated to the councils' external auditor. The committee agreed that fraud be considered for inclusion in the future work of the committee.

South Oxfordshire District Council **RESOLVED** to note the draft report attached at Appendix 1 which outlined the committee's activity during 2023/24 in preparation for presentation to Council meetings by the respective co-chair of Joint Audit and Governance Committee.

Vale of White Horse District Council **RESOLVED** to note the draft report attached at Appendix 1 which outlined the committee's activity during 2023/24 in preparation for presentation to Council meetings by the respective co-chair of Joint Audit and Governance Committee.

90 Work Programme

The committee considered its work programme. The committee noted that the following items would be considered at an additional meeting scheduled for 25 November 2024:

- Review of the Future Oxfordshire Partnership (FOP)
- Corporate risk review
- Internal audit update report - Q2 2024/25
- Review of the Joint Audit and Governance Committee's Terms of Reference

It was noted that the FOP review report was subject to the proposals being available for the Joint Audit and Governance Committee to comment on.

In response to a question on the housing programme review, the head of finance confirmed that any evaluation aspects would fall in the remit of the scrutiny committee. The processes and procedures of the housing programme could be taken to the Joint Audit and Governance committee as an internal audit. It was agreed that the head of finance review the internal audit plan to ensure the housing programme review was included.

Members suggested that the report be brought to committee in the next municipal year in May 2025.

The committee requested that the 2024/25 annual report be added to the work programme.

RESOLVED: to note the work programme with the updates as set out in the minutes of the committee meeting of 15 October 2024.

The meeting closed at 7.55 pm

Chair

Date