

# Minutes



## OF A MEETING OF THE

# Joint Audit and Governance Committee

HELD ON TUESDAY 31 JANUARY 2023 AT 7.30 PM IN MEETING ROOM 1,  
ABBAY HOUSE, ABBAY CLOSE, ABINGDON, OX14 3JE

### Present in the meeting room

Members:

South Oxfordshire District Councillors: Mocky Khan (Co-Chair), Peter Dragonetti, and George Levy

Vale of White Horse District Councillors: Andy Foulsham (Co-Chair – in the chair), Amos Duveen, Nathan Boyd, and Mike Pighills

Officers: Darius Zarazel (Democratic Services Officer), Simon Hewings (Head of Finance), and Simon Turner (IT Manager)

### Remote attendance:

Officers: Jeremy Lloyd (Broadcasting Officer), Victoria Dorman-Smith (Internal Audit Manager), David Fairall (People and Culture Manager), Sally Truman (Customer Services Manager), Sarah James (Customer Services Team Leader), and John Tredrea (Internal Auditor)

Guests: Councillor Pieter-Paul Barker (South Oxfordshire District Council Cabinet Member for Finance and Property Assets), Andrew Crawford (Vale of White Horse District Council Cabinet Member for Finance and Corporate Assets), Debby Hallett (Vale of White Horse District Council Cabinet member for corporate services and transformation), Richard Tebbs (EY), Emma Hall (Capita Contract Director), and Bryan Webb (Capita)

## 47 Apologies for absence

Apologies for absence were received from Councillor Jane Murphy and Councillor Simon Howell, who was substituted by Councillor Nathan Boyd.

## 48 Minutes

**RESOLVED:** to approve the minutes of the meeting held on 15 November 2022 as a correct record and agree that the chair sign these as such.

## 49 Declarations of interest

There were no declarations of interest.

## **50 Urgent business and chair's announcements**

The chair welcomed everyone to the meeting, outlined the procedure to be followed and advised on emergency evacuation arrangements. There was no urgent business.

## **51 Public participation**

There was no public participation.

## **52 Treasury management mid-year monitoring report 2022/23**

The committee considered the treasury management mid-year monitoring report 2022/23 which was presented by the head of finance. This report detailed the council's treasury activities for the first six months of 2022/23, provided an update on the current economic climate, and looked ahead to treasury activities for the remainder of the year.

The head of finance also confirmed that, as depicted in the table in paragraph 14 of the report, forecast investment is likely to exceed budget expectations due to the interest rates rise as this was not foreseen when the budget was set. In addition, the head of finance confirmed that neither South Oxfordshire or the Vale of White Horse District Councils borrowed during the first half of the year, there was no borrowing forecast for the rest of the year, and that both councils remained within all prudential indicators and counter party limits.

Members then asked the head of finance about Thurrock Council, to whom both South and Vale District Councils had lent money to and had recently entered into economic difficulties. In response, the head of finance confirmed that, as Thurrock Council remained a government backed entity, he had been advised by the council's treasury management advisers that all councils are viewed as being on the same level of risk and so there was not expected to be any issues with the loans, as councils are required to honour all their financial commitments.

In addition, it was confirmed that the forward deal of lending previously agreed with Thurrock has been mutually agreed to be withdrawn. Overall, the head of finance confirmed that all of the owed maturities were received on time, and he anticipated no problems with future repayments.

The committee then asked about the difference between the current rate of interest charged on a loan from the money markets and from the Public Works Loan Board (PWLB) (the government agency that lends to local government bodies). In response, the head of finance clarified that the PWLB rates were linked to the governments gilt yields and not the Bank of England's base rate, as the money markets were. In practice this meant that the PWLB normally was the lowest rate local councils could borrow from. However, due to the recent increases in interest rates it could seem that a loan taken out before the rate increase with the PWLB was less competitive than one taken from the monkey markets. However, when interest rates fell again, the head of finance said that the loan may look might competitive again. It was emphasised however, that neither council has borrowed in

the past half year or was predicted to need to borrow from the remainder of the year.

Members also inquired about the councils' investments, primarily about the CCLA pooled property fund (who possess a wide portfolio of property in different areas and sectors) in which the head of finance confirmed to the committee that the councils had acted in accordance with the strategy at all times. It was emphasised however, that treasury management investments were separate from capital investments and therefore if the councils invested in a housing association that would be because it met the investment criteria as a suitable counterparty under the strategy and not due to its output or because it has some geographic link.

Overall, the committee was satisfied with the report and agreed to recommend that it be approved by cabinet and the council.

South Oxfordshire District Council **RESOLVED:** that the committee:

1. notes the treasury management mid-year monitoring report 2022/23.
2. is satisfied that the treasury activities are carried out in accordance with the treasury management strategy and policy.

And that they recommend that the cabinet:

3. consider the comments from the Joint Audit and Governance Committee and recommend that the council approve the report.

Vale of White Horse District Council **RESOLVED:** that the committee:

1. notes the treasury management mid-year monitoring report 2022/23.
2. is satisfied that the treasury activities are carried out in accordance with the treasury management strategy and policy.

And that they recommend that the cabinet:

3. consider the comments from the Joint Audit and Governance Committee and recommend that the council approve the report.

## **53 Treasury Management Strategy 2023/24**

The committee considered the treasury management strategy 2023/24 report which was presented by the head of finance. All councils needed to approve an annual treasury management strategy. This strategy included the parameters for the function, strategy for borrowing, and an annual investment strategy which included the criteria for investment and also the prudential indicators which demonstrated that capital investments were affordable and sustainable. The head of finance also confirmed that changes in this year's strategy were not as extensive as the ones implemented last year and reflected the operational experience in managing the council's portfolio.

Members asked the head of finance for clarification about the rationale for the increased counterparty limit proposed in the strategy. In response, the head of finance confirmed that the main reason for this was to better use AAA rated money market funds as they can be useful should the council receive significant forward

funding of central government grant schemes as occurred with the business grants in 2020. Overall, the head of finance believed that this change provided the councils the flexibility to better deal with these scenarios.

Members also inquired with the head of finance about the provision in the strategy for the relevant cabinet member for finance to be consulted on certain investment decisions. However, he clarified that this was explicitly about lending to foreign banks as the councils could lend to AAA rated foreign banks but would not do so unless consulting the Cabinet member for finance first.

Finally, members asked about how the treasury management strategy lined up with the corporate plan and the councils' priorities, such as on promoting renewable energy. In response, the head of finance clarified that, although rating agencies took climate impact into account, these decisions were not a purely treasury management decision and so were not considered in this policy.

Overall, the committee was satisfied with the strategy laid out in report and agreed it should be approved. In addition, members complimented the report writers on the report's accessibility and thoroughness.

South Oxfordshire District Council **RESOLVED**: to approve each of the following key elements of this report, and recommends these to Cabinet:

1. To approve the treasury management strategy 2023/24 set out in appendix A to this report;
2. To approve the prudential indicators and limits for 2023/24 to 2025/26 as set out in, appendix A.
3. To approve the annual investment strategy 2023/24 set out in appendix A, and the lending criteria detailed in table 6.

Vale of White Horse District Council **RESOLVED**: to approve each of the following key elements of this report, and recommends these to Cabinet:

1. To approve the treasury management strategy 2023/24 set out in appendix A to this report;
2. To approve the prudential indicators and limits for 2023/24 to 2025/26 as set out in, appendix A.
3. To approve the annual investment strategy 2023/24 set out in appendix A, and the lending criteria detailed in table 6.

## **54 Internal audit activity report - third quarter 2022/23**

The committee received and noted the internal audit activity report for the third quarter 2022/23 presented by the internal audit manager. The internal audit manager informed members that five audits had been completed this quarter, of which one received limited assurance, namely the information security review and was detailed in the papers, and that there had also been two follow-up reviews.

The internal auditor who conducted the information security review outlined the results for the committee. In summation, the review was conducted in June 2022 and found six high risk, three medium, and two low risk items with all the

recommendations outlined in the report being agreed by senior management and Capita representatives; of the six high risk, three were actions for the councils and three were for Capita.

Members then asked if there were incidences of breaches of security and in response the internal auditor said that in the sample reviewed, there was only one priority one action. It was confirmed that any other breaches were reported under the data protection review. The committee then asked about phishing and why this was not represented in the figures. The IT manager, Simon Turner, clarified this point by explaining that the council experienced a phishing attack in 2021 but that spam and phishing were not considered security breaches because no data left the organisation.

The committee also inquired about if cyber security would be audited externally. However, the head of finance confirmed that this would not fall under the remit of the external auditor unless cyber security would impact the financial statements, something also confirmed by the external auditor, Richard Tebbs. Further to this, the IT manager also made the committee aware that an annual vulnerability test was conducted by external experts and an assessment was produced from that. However, as this test was looking at network security, flaws and weakness it was not always reported as risk on the information security review as it was not always important to the wider councils.

Members also raised concerns about the method in which risks were populated in the risk matrix as it might give the impression that risks were very likely to occur when they were not. In response, the internal audit manager confirmed that the risk matrix was subjective and that they would take on this feedback.

Finally, the committee asked about the dates for management actions for critical items that had passed and if they were addressed, and the internal auditor that the team was awaiting supporting evidence to assess those points for completeness. In addition, the internal audit manager said that the risk team would then assess the risk profile.

**RESOLVED:** to note the internal audit activity report quarter three 2022/23.

## **55 Internal audit management report - third quarter 2022/23**

The committee received and noted the internal audit management report for the third quarter 2022/23 presented by the internal audit manager. In summary 11 audits were completed within the year, seven were in progress, and 14 were due to start in quarter four.

As members were satisfied with the report, and the actions contained within it, they thanked the internal audit manager and agreed to note the report.

**RESOLVED:** to note the Internal audit management report quarter three 2022/23.

## 56 Quarterly update on internal audit recommendations

The committee received and noted the quarterly update on internal audit recommendations presented by the internal audit manager. This item came to the committee as a result of a plan approved at the last committee meeting, on the 15 November 2022, to ensure that management actions had been effectively implemented for the internal audit.

The internal audit manager confirmed that work was done to review the recommendations that existed on the database and actively obtain updates from the appropriate action owners. In addition, she was confident that the table reflected all the recent organisational changes. As this was the first quarter the report was presented, the internal audit manager welcomed any feedback.

As members found the report to be clear, helpful, and well formatted, they agreed to note the report.

**RESOLVED:** that the committee note the Internal audit recommendations follow up quarter three 2022/23.

## 57 Health and safety report

The committee received and noted the health and safety report presented by Councillor Debby Hallett, the Vale of White Horse District Council cabinet member for corporate services and transformation, and the people and culture manager.

This report summarised that incident reporting had increased, and work continued to be underway to implement the health and safety management framework and associated policies, documentation, and training. In addition, Councillor Hallett confirmed that a job advertisement has been published for a second health and safety business partner who would add cover and resilience.

Members asked about the property damage that was indicated in the report and if it was a result of standard council operation or if it was through vandalism. In response, the people and culture manager informed members that this was likely caused by property damage in the council's buildings.

In addition, the committee asked about whether the increasing insourcing of services, such as grounds maintenance, had led to an increase in incidence reporting and the people and culture manager confirmed that this was the case. However, it was also emphasised that the insourcing had led to greater communication between health and safety team and the services themselves and incidence reporting had been actively encouraged.

Finally, members asked about the use of technology and Display Screen Equipment (DSE) and the people and culture manager responded that they were looking to bolster the existing DSE course with more information and make it more of a valuable resource for council employees.

Overall, the Committee thanked the officers for the clarity and accessibility of the report and agreed to note it.

**RESOLVED:** to note the progress on the actions originally outlined in the Health and Safety strategic review.

## **58 Annual complaints report - 2021/22**

The committee received and noted the annual complaints report for 2021/22 presented by presented by Councillor Debby Hallett, the Vale of White Horse District Council cabinet member for corporate services and transformation, along with the customer services manager and the customer services team leader.

The report was a review of formal complaints from 2021/22, updated since April 2022. Councillor Hallett informed the committee that all formal complaints, including stage one complaints, were now logged centrally, tracked by the customer services team, and published on the complaints section of the website. Although both councils saw a significant rise in stage one complaints, there was a reduction in complaints going to stage two. Councillor Hallett noted that this increase was mainly due complaints for finance due to the COVID backlog. The service standard was to respond to complaints within 15 working days, and the report indicated that this was mainly achieved but some finance and planning responses took longer due to their complex nature.

Councillor Hallett also brought to members attention a note by the Chief Executive who wanted to inform members that the finance complaints were almost always related to revenues and benefits operated by Capita, and the review of Capita's performance was dealt with by the Five Council's Partnership Joint Committee.

The committee was also informed about the interim results for 2022/23, which showed that complaints about finance had increased, mainly due to council tax reduction scheme, and work was underway to reduce the backlog; but that the housing and environment complaints had returned to normal levels.

Finally, Councillor Hallett discussed the role of the Local Government Ombudsman, who was a key part of the complaints process, fulfilling a formal independent statutory function, and was a service that the council was actively seeking to promote to complainants.

Members then asked about finance complaints and how they could be reduced. The customer services manager responded, saying that these complaints were mainly around benefits and council tax which had experienced an increase in customer contact related to a number of energy rebate and grant schemes, and that there were times where Capita struggled to deal with that increase. The head of finance also spoke to this increase noting that the Capita team dealt with that increase as well as the business and household grants which had strict government deadlines, all of which would have understandably affected their ability to deal with their ordinary work. However, he believed that in the second half of the year the backlog was reducing, and the councils were seeing less stage two complaints than in the first half of the year. In terms of Capita's performance, members also noted that

they had their own standards from which they need to meet, or face a financial penalty, but that this was beyond the scope of the complaints' report.

Members then asked about the reason behind the similar volume of complaints at stage two and those going to the Local Government Ombudsman. The customer services manager and team leader responded by clarifying that complainants can only go to the Ombudsman if they had been through the council's stage one and stage two complaints process and that it was the complainant's choice as to whether they seek an independent review through the Ombudsman.

Overall, members commented that they were happy with the level of complaints given the difficulties over the past year and also were satisfied that the majority of the complaints were being address at stage one. The committee thanked both the council team and Capita for their work in dealing with the numerous government grant schemes that they have had to administer. Finally, members were encouraged to make officers aware of complaints from residents as this helped the councils to understand what the residents were experiencing in order for them to be addressed and monitored.

**RESOLVED:** to note the formal complaints received in 2021-22 and performance in responding to complaints against timescales set out in the council's corporate Complaints Policy and Procedure.

## 59 Work Programme

The committee noted the committee's work programme and the democratic services officer informed the committee about the items that were schedule to come to the next committee meeting on 28 March 2023.

**RESOLVED:** to note the work programme.

The meeting closed at 9.04 pm

Chair

Date

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