

Audit and Governance Committee

Monday 23 September 2019

PRESENT:

Councillor Parker-Delaz-Ajete, in the Chair.
Councillors Carson, Kelly, P Smith, Stevens.

Co-opted Representatives: Mr Clarke, Mr Stewart and Mr Shipperley.

Also in attendance: Sian Millard (Oversight and Governance Manager), Andrew Hardingham (Service Director for Finance), Brenda Davis (Audit Manager), Julie Hosking (Corporate Risk Advisor), Lisa Evans (Principal Technical Accountant), Helen Foote (Finance Business Partner), Geri Daly (Grant Thornton), Helen Cocks (Customer Liaison Manager), Clare Cotter (Head of Health, Safety and Wellbeing Assurance), Kim Brown (Service Director for Human Resources and Organisational Development), Paul Barnard (Service Director for Strategic Planning and Infrastructure), Peter Ford (Head of Development Management), Linda Torney (Assistant Head of Legal Services) and Jamie Sheldon (Democratic Advisor).

The meeting started at 15:00 and finished at 17:00.

Note: At a future meeting, the committee will consider the accuracy of these draft minutes, so they may be subject to change. Please check the minutes of that meeting to confirm whether these minutes have been amended.

34. **Declarations of Interest**

There were no declarations of interest made by Members in accordance with the code of conduct.

35. **Minutes**

The Committee agreed the minutes of the meeting held on 22 July 2019.

36. **Chair's Urgent Business**

The Chair thanked Mr Richard Clarke on behalf of the Committee for his 16 years as an Independent Member on the Committee and wished him well for the future.

The Chair welcomed Mr Ian Shipperley to the Audit and Governance Committee following his recent appointment by Council as Independent Member.

Asked the Audit and Governance Committee if they would discuss Heart of South West terms of reference at the Audit and Governance Sub Group before 18 November 2019 City Council.

The Audit and Governance Committee agreed the approach.

37. **Internal Audit Progress Report 2019/20**

Brenda Davis (Audit Manager) presented the Internal Audit Progress Report 2019/20 to the Committee.

The report provided Members of the Audit and Governance Committee with a position statement on the audit work carried out since April 2019. Based on work performed to date during 2019/20 together with previous years' audit, reasonable assurance was provided on the adequacy and effectiveness of the authority's internal control environment.

Following on from health and safety self-assessments, Devon Audit Partnership was providing support to the corporate Health, Safety & Wellbeing Team by undertaking system reviews within service areas to ensure compliance with Health & Safety Standards; including the management of the control of exposure to vibration.

Work was in progress to evaluate the adequacy and effectiveness of policy and procedures in respect of Gifts and Hospitality. To establish the level of understanding of existing arrangements questionnaires were developed for Members and staff; more than 500 responses had been received.

The Audit and Governance Committee noted the report.

38. **Strategic Risk and Opportunity Register**

Julie Hosking (Corporate Risk Advisor) presented the Strategic Risk and Opportunity Register to the Committee.

The report provided a summary of the latest formal monitoring exercise completed for the Strategic Risk and Opportunity Register for the period March 2019 to August 2019. It also provided the revised Strategic Risk and Opportunity Register showing the current status of each risk and the movement in risk score compared with the previous monitoring period. Overall, as a result of the review, the total number of risks now reported on the Register had decreased from 16 to 15.

The current red risks being reported were -

Red Risk SF2 – Delivering Council services within the envelope of the resources provided in 2019/20-2021/22 Medium Term Financial Plan (MTFP). Risk to services of not delivering within reduced budgets and to delivery of the Plymouth Plan from reduced revenue and funding of the Capital Programme.

Red Risk SF3 - Being unable to deliver Council services within the envelope of the resources provided in 2019/20

Red Risk SEPS1 – Reduction in the quality of education provision negatively affecting level of pupil attainment

Red Risk SCYPF2 – Projected in-year overspend in Children's Social Care caused by unprecedented demand and level of support needed to keep young people safe, such as specialist residential care placements with high levels of staffing

The following risk was reduced –

Green Risk SSPII – Cladding issues on buildings in Plymouth above 18m that have the potential to contain, or have been identified as containing aluminium composite material (ACM) cladding that has a risk of combustion.

The Audit and Governance Committee approved the Strategic Risk and Opportunity Register.

39. **Risk and Opportunity Management Annual Report**

Julie Hosking (Corporate Risk Advisor) presented the Risk and Opportunity Management Annual Report to the Committee.

The report summarised the work carried out during 2018/19 to develop the council's approach to risk and opportunity management and covered the following areas:

- Risk and Opportunity Management Strategy
- Corporate and Operational Risk Management Groups
- Integrated Assurance
- Risk Management Fund
- Focus for 2019/2020

The Audit and Governance Committee -

1. Discussed and noted the Risk and Opportunity Management Annual Report.
2. Approved the Risk and Opportunity Management Strategy 2019-21.

40. **Integrated Commissioning - Finance Assurance Review Group - Annual Report 2018/19 including ASW Audit Programme for CCG**

Helen Foote (Finance Business Partner) and Lisa Evans (Principal Technical Accountant) presented this report to the Committee.

Under the terms of reference for the Integrated Commissioning Finance and Assurance Review Group (FARG), the Chair prepared an Annual Report and an Effectiveness Review on the activities of the FARG which was completed in the spring of each year. This report detailed the work undertaken during the financial year, the successes and risks and looked into the coming year to highlight key tasks. This formal report was presented to FARG for approval and onward distribution to Plymouth City Council's Federated Directorates Strategic Planning Commissioning Group meeting, the CCG Board and Plymouth City Council's Audit and Governance Committee.

On an Integrated Fund of £61.1m both the CCG and PCC each recorded an over spend against their budget share, resulting in the risk share on the Plymouth Integrated Fund of £0.157m payable from Plymouth City Council.

It was highlighted that during the year that both organisations were coming under considerable financial pressure, from the Children's Directorate within PCC and Acute sector plus contingency costs within the CCG.

Members questioned –

- Whether there were any penalties for recording an over spend against their respective budget shares on the Integrated Fund?
- Whether the CCG carry forward overspend into the next financial year?
- Whether the hospital being on red alert was impacting performance of other specialities?

The Audit and Governance Committee noted the report and endorse the next steps.

41. **Grant Thornton - Audit update (To follow)**

Geri Daly (Grant Thornton) presented this item to the Committee.

The Audit Findings Report presented the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management.

The auditors were responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The audit approach was based on a thorough understanding of the Council's business and was risk based, and in particular included:

- An evaluation of the Council's internal controls environment, including its IT systems and controls;
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

The audit plan had not been altered or changed since it was communicated to the Committee on 11 March 2019, except as follows:

- an additional Value For Money Conclusion risk was identified during their fieldwork regarding the Council's acquisition of investment properties outside Plymouth
- a revision to the revenue risk rebuttal;

- Grant Thornton had undertaken detailed, further work, in relation to the recent McCloud high court ruling which had an impact upon the pension fund liability;
- additional work had been undertaken on the Council's opening balances, recognising that Plymouth City Council was a new audit for Grant Thornton.

Subject to satisfactory clearance of all outstanding items and work the financial statements, Grant Thornton anticipated issuing an unqualified audit opinion as detailed in Appendix D of the report.

Grant Thornton were in the process of using their own valuation expert to review the arrangements for the Tamar Bridge and so work in this area was not yet complete. It was recommended however, that a detailed technical revaluation of the Tamar Bridge takes place in 2019/20 by a specialist or expert. The Auditors also recommended that management enhanced the estimation uncertainty disclosure to ensure the bridge's current estimated value and clear to the reader.

Audit and Governance Committee noted the contents of the GTUK draft Audit Findings Report attached as Appendix A of the report.

42. **Analysis of Local Government and Social Care Ombudsman Annual Report 2018/19**

Helen Cocks (Customer Liaison Manager) presented this item to the Committee.

Every year the Local Government and Social Care Ombudsman (LGSCO) sent each council an annual review letter which outlined the Ombudsman's position in relation to complaints monitoring.

The publication of the 2018/19 annual report provided an opportunity to review and discuss complaints that have been received about Plymouth during the period 1 April 2018 to 31 March 2019.

The briefing provided analysis of the LGSCO annual review data and presented an annual summary for Plymouth comparing our local statistics with the relative benchmarks. It also highlighted the lessons learned, how individual teams and services have responded to LGSCO complaints and what the Council had done differently following LGSCO intervention.

After investigation, the LGSCO upheld 18 complaints of the 107 complaints they had made decisions about in relation to Plymouth City Council.

Members discussed –

the process was for signing off each complaint and whether there was a single individual who did this? . It was explained that the central team oversees all complaints at a high-level and each service area is responsible for responding to, and therefore signing off, each complaint.

The Audit and Governance Committee –

1. approved the recommendations set out in paragraph 2.3 of the report.
 - Monitor performance against Service Standards

- Provide guidance and training for staff undertaking investigations (Stage 1 and Stage 2)
- Review, approve and communicate the Acceptable Behaviour Policy.

2. noted the progress made to date and approved the proposals set out in paragraph 2.4 of this Report.

- Monitor performance against Service Standards
- Provide guidance and training for staff undertaking investigations (Stage 1 and Stage 2)
- Review, approve and communicate the Acceptable Behaviour Policy.

43. **Health and Safety Annual Report**

Claire Cotter (Head of Health, Safety and Wellbeing Assurance) and Kim Brown (Service Director for Human Resources and Organisational Development) presented this item to the Committee.

The Health, Safety and Wellbeing Annual report for 2018-19 was presented to the Audit and Governance Committee as an important aspect of the Health, Safety and Wellbeing governance arrangements for the Council. The report identified the actions that had been taken in 2018-19 to improve our management arrangements for health, safety and wellbeing and what Plymouth City Council was planning to do in 2019-20.

The report included insights into the incidents and accidents which had occurred compared to previous years.

Statistical data showed that overall there had been an increase in the number of incidents reported from an accident and incident rate of 189 to 243 per 1,000 employees (rounded) with a particular increase in incidents of violence and aggression towards staff (39 to 56 per 1,000 employees) Caution should be exercised in concluding that more incidents are actually happening, rather than there continues to be a focus on embedding a positive reporting and learning culture.

Local steps were taken to investigate incidents at the appropriate level and to review risk assessments to ensure suitable and sufficient controls were in place. Near miss reporting was gradually improving, although more could be done to promote this. We would expect that our Business Plan for 2019-20 would have a positive effect on raising awareness further and encouraging people to report.

There was a continued upward trend of Reporting of Injuries, Diseases and Dangerous Occurrences Regulations reportable incidents from four in 2015-16 to twenty six in 2018-19. In part this was due to the work on vibration and employees coming forward with diagnosis of Hand Arm Vibration Syndrome or Carpel Tunnel. There had also been a spike in over seven day absences attributed to a work related incident.

For the first time Plymouth City Council had been able to report lost time incidents, which also showed an increasing trend – work was ongoing to understand the data and was informing local actions in respect of addressing root causes.

The report provided detail about the top five incident types which were:

1. Unintentional violence
2. Verbal Violence
3. Road Traffic Accidents
4. Other
5. Slips trips and falls

In the light of the Health and Safety Executive Improvement Notice served in December 2017, Gleeds Ltd was commissioned to undertake an external review of The Council's Health, Safety and Wellbeing management arrangements. The overall purpose was to provide assurance in regards to our compliance with the Health and Safety at Work Act etc. 1974 and Management of Health and Safety at Work Regulations 1999 with four specific areas of focus:

- The Strategic framework for Health, Safety and Wellbeing
- Street Services
- Schools
- Safety Representatives engagement

The Reviewer was complimentary about the attitudes and approach of the people he met and the evidence he found

Members questioned –

If the level of engagement with the Trade Unions on the hand-arm vibration issues and their level of satisfaction with the actions undertaken. It was confirmed that the union representatives had been fully involved in discussions and had raised no concerns about the work undertaken.

The rise in RIDDOR rates and what were the causes for this. This was due to the work on vibration and employees coming forward with diagnosis of Hand Arm Vibration Syndrome or Carpel Tunnel. There had also been a spike in over seven day absences attributed to a work related incidents.

What was being done to reduce the high level of sickness rates in departments such as Street Services? In 2018-19 we estimated that 28% of our staff would have received a flu vaccination. This included Staff who worked in our Street Services Teams who attended an on-site clinic for vaccination.

The Audit and Governance Committee noted the report.

44. **Planning Committee ToR's and Code of Good Practice**

Paul Barnard (Service Director for Strategic Planning and Infrastructure) and Peter Ford (Head of Development Management) presented this item to the Committee.

Asked Members for approval to amend the Terms of Reference and Code of Good Practice for Planning Committee as outlined in Appendix 1 and 2 of the report and to incorporate these changes into the Council's Constitution.

The Planning Committee Terms of Reference and Code of Good Practice formed part of the Council's Constitution and were reviewed on a regular basis. The last review was agreed at the Constitutional Review Group on 20 April 2017.

A review had taken place of the current Terms of Reference and Code of Practice having assessed the operation of the Planning Committee over the years since the code was last updated, considering any changes in legislation, drawing lessons from experience, and undertaking benchmarking and other analysis to suggest further modernisation and improvements to how it operated.

The proposed new Planning Committee Terms of Reference and Code of Good Practice, including tracked changes, were outlined in appendix 1 and 2 of the report.

Members discussed –

- Councillor Kelly raised concerns regarding the change to the call-in procedure from 57 councillors being able refer planning items to the Committee, this power will now be given only to a ward councillor whose boundary the application falls in or an adjacent ward Councillor, when the Chair chooses to use his / her discretion;
- Concerns were raised about transparency and accountability to the public by limiting the way Councillors who could call in an item;
- How the new arrangement whereby the Planning Committee could request a presentation by the applicant to the Planning Committee prior to the formal Planning Committee meeting would work and whether this would be minuted;
- Queries were raised regarding 3.4 Section 4 that had been updated to ensure that references to disclosable pecuniary interests and private interests properly reflect the legal definitions and the consistency in language used.

By means of recorded vote, the Audit and Governance Committee –

Agreed to recommend to Council the changes to the Planning Committee Terms of Reference as outlined at Appendix 1

For – 3 (Councillor Smith, Councillor Stevens and Councillor Parker Delaz – Ajete)

Against – 2 (Councillor Kelly and Councillor Carson)

Abstentions – 0

Approved the changes to the Code of Good Practice for Planning Committee as outlined in Appendix 2 of this report.

For – 3 (Councillor Smith, Councillor Stevens and Councillor Parker Delaz – Ajete)

Against – 0

Abstentions – 2 (Councillor Kelly and Councillor Carson)

45. **Contract Awards**

Linda Torney (Assistant Head of Legal Services) presented this item to the Committee.

The Committee was asked to consider the approach that should be adopted in relation to disclosure of the available budget when tendering for services and make recommendations to Cabinet about this.

The Audit and Governance Committee agreed the following recommendation –

(iii) To make decisions about whether to disclose the available budget on a project by project basis taking into account the commercial factors that apply.

The Committee was also asked to consider the approach that should be adopted in relation to the award of tenders in future in light of the issues highlighted in the report and make recommendations to Cabinet about this.

The Audit and Governance Committee agreed the following recommendation –

(ii) To have a general approach to announce the name of the successful tenderer at Cabinet in all cases apart from those where an existing tenderer has put in a tender for a follow on contract.

46. **Review of Outside Bodies**

Sian Millard (Oversight and Governance Manager) presented this item to the Committee.

Plymouth City Council currently appointed representative members to 53 outside bodies. Outside bodies are organisations which are independent from the council, but had an impact on our services or help us to fulfil our responsibilities.

Following the Annual General Meeting of Council in May 2019 it was agreed that a review of the current list of outside bodies was required.

This paper required agreement of the principles for appointments to outside bodies, prior to undertaking a full review on the basis of those agreed principles.

Processes and procedures for ensuring effective updating and management of membership of outside bodies going forward would also be revised and strengthened.

The Audit and Governance committee approved the principles for appointments to outside bodies as follows:

a. Appointments to outside bodies are confirmed at the Annual General Meeting of Council each year, with the exception of appointments of Cabinet members to outside bodies which are confirmed by the Leader.

b. Responsibilities of councillors on outside bodies will depend on the type of body in which a member is involved. These appointments create obligations on the council and individual councillors, particularly where a councillor is asked to be a member or director of an outside

body. Therefore consideration needs to be given to ensure these obligations are proportionate to the relationship between the Council and that outside body.

c. Appointments should be made based on the insight/connection that the appointee can bring, for instance some outside bodies are more relevant to councillors of specific Wards. Consideration should be given as to whether a link or specific interest exists between the appointee and the outside body.

d. There should be a memorandum of understanding between the outside body and the appointed representative so that each is aware of and understands their role and obligations. This could include a letter of appointment, provision of insurance cover, expectations as to attendance at meetings etc.

e. Where appropriate, outside bodies should be asked to provide suitable insurance cover for those appointed when acting on behalf of that organisation. This is particularly important where the councillor will be a director or trustee with statutory responsibilities and/or whether they may be taking financial or employment decisions on behalf of the outside body.

f. Members appointed to outside bodies should receive sufficient support from officers to ensure they have the information they need to maximise their contribution to these organisations.

g. Members on outside bodies should provide regular feedback to officers/Council as appropriate and for larger outside bodies and those of strategic importance, this may be by way of an annual or biannual report to a meeting of Full Council.

h. Consideration should be given as to whether an elected member is the most appropriate appointment or whether a Council officer could fulfil the role, especially where outside bodies do not have decision making powers.

i. Where councillors are invited to join an outside body, consideration should be given as to whether undertaking an alternative role as a 'friend' to the body could be more appropriate. This allows support for the outside body and its causes without legal responsibility. An outside body could also opt to appoint a 'Council Representative' to act as a liaison and point of contact for the body, without necessarily requiring full attendance at Board meetings.

2. Audit and Governance Committee establish a cross-party working group to review the current list of outside bodies, to include membership requirements, Terms of Reference, strategic fit, omissions and monitoring of membership requirements of outside bodies, in line with the principles as set out above.