



Rutland County Council

Catmose Oakham Rutland LE15 6HP.

Telephone 01572 722577 Email governance@rutland.gov.uk

Minutes of the **MEETING of the AUDIT AND RISK COMMITTEE** held in the Catmose on Tuesday, 29th January, 2019 at 7.00 pm

PRESENT: Miss G Waller
Ms R Burkitt
Mrs J Fox
Mr I Arnold
Mr G Conde

OFFICERS PRESENT: Miss Rachel Ashley-Caunt
Miss Sue Bingham
Mr Saverio Della Rocca
Mr Andrew Merry
Mr N Tomlinson
Mrs Natasha Taylor
Head of Internal Audit
Business Support Manager
Director for Resources
Finance Manager - Technical
Senior Highways Manager
Governance Manager

IN ATTENDANCE: Mr G Brown
Mr P Harvey
Mr J Gregory
Deputy Leader and Portfolio Holder for Planning, Environment, Property and Finance
Grant Thornton
Grant Thornton

389 APOLOGIES FOR ABSENCE

Apologies were received from Mr Lammie and Mr Lowe.

390 MINUTES

The minutes of the Audit and Risk Committee held on 30 October 2018 were confirmed and signed by the Chairman.

391 MATTERS ARISING

Mr Brown (Deputy Leader and Portfolio Holder for Planning, Environment, Property and Finance) provided the following update on Shared Ownership following discussion at the last meeting:

Since the Committee last met, I have followed up the question raised over the management of Affordable Housing with the previous Strategic Director, Steve Ingram and his staff.

On 13th November I met with Alison Morgan and Mandy Gee (shared with SKDC) to ascertain the current position.

I was satisfied from that meeting that the Social Rented Housing was in good hands and that there were clear procedures to ensure that the Council's Housing Policy was being implemented. You will have received an email yesterday from Cllr Walters about the status of the Social Rented Housing

However, this was not the case with the Shared Ownership Housing for a number of reasons not least due to a long term illness of a member of staff.

I asked for a proposal to be prepared to deal with this issue and this involve the following:-

The best solution is for every affordable home to be placed onto a single database and monitored by identified staff who will have responsibility for maintaining its accuracy.

This database would include all existing (social rent/affordable rent/intermediate rent/shared equity/shared ownership) although the first priority would be the Shared Ownership Homes. All the new tenures now available under the banner of 'affordable housing' in the NPPF (Affordable Private Rent/ Starter Homes/ Discounted Market Sales Housing/Rent to Buy) would also be included.

All these tenures are classed as 'affordable housing' but each tenure is unique in some form, including all the affordable rented. Also 'alms house would need to be included as well as they are a form of affordable housing.

The database will identify the affordable property by its location, its size, any special features (disabled provisions), its tenure, the affordable housing provider (council, registered provider, private landlord) and any special or local lettings/sales requirements/conditions attached and how the affordable housing was provided (S.106, council site, registered provider site, charity etc).

New affordable housing provided through one of the above routes would be added to the database when completed and occupied. The database to be updated at least annually by contacting the owner to update the details held, (rent to buy, that the property was now being purchased and from what date, shared ownership that the owner/occupier had 'staircased' affordable housing demolished/sold/redeveloped as no longer economically viable for the owner. The records can then be changed/updated.

The registered providers are legally bound by their own governance, Homes England and the Legal profession on the sale/resale of shared ownership properties and I am assured that all requirements (cascades to whom the properties can be sold and in what order) are being complied with. I would however suggest, that to monitor the sales more closely that the 'nomination agreement' includes a paragraph on notification of sales/resales, confirming the purchasers name and address and why they were successful in their purchase, if there is two or more potential qualifying purchasers for a property, the registered provider will need to discuss with RCC to decide on the successful purchaser). Any shared information will need to be covered

by data protection between the registered provider and RCC, no third party may be privileged with this information (parish council, neighbours etc).

Third parties may make enquiries with the registered provider/council about ingoing tenants/purchasers etc. but will not be provided with information without the tenants/purchaser express permission in writing. The only information that RCC or the registered provider, private landlord may give is to confirm that the correct procedures had been complied with. If the enquirer is still not satisfied that the correct procedures have been followed RCC will investigate.

In the event that private landlords provide affordable housing, then there will be a process in place for nominations to be made to the landlord and an interview organised with the prospective tenant, the landlord and the council.

With the new tenures, there will be greater responsibility for monitoring sales and resales (eg. Discounted market sales - sold to purchaser at 80% open market value in perpetuity - therefore on resale the 80% OMV will need to be approved, along with any local connection/age/family size/income criteria attached. These requirements will form part of the Deeds for the property but will still require monitoring by RCC. The new tenures will require more stringent monitoring than social rented and shared ownership where there is a registered provider involved.

With regards to S.106's and affordable housing, Development Management department have agreed to provide detail on affordable housing from the S.106 agreements.

I have not had the opportunity of discussing this in detail with our newly appointed Deputy Strategic Director of Places, Rob Harbour as he only started a couple of weeks ago. It will be followed up at our Portfolio Holder Briefings.

Miss Waller (Chairman) thanked Mr Brown for the update. Miss Waller added that where land was provided by the Parish it would be beneficial to have the future involvement of the Parish, with regards to sale/resale of affordable homes, written into the agreement with the provider.

Miss Waller requested that Affordable Housing be added to the internal audit plan for 2019/20.

392 DECLARATIONS OF INTEREST

There were no declarations of interest in respect of items on the agenda.

393 PETITIONS, DEPUTATIONS AND QUESTIONS

There were no petitions, deputations or questions from members of the public.

394 QUESTIONS FROM MEMBERS

There were no questions from members.

395 NOTICES OF MOTION

There were no notices of motion received from members.

396 EXTERNAL AUDITORS PLANNING 2018/19

Report No. 21/2019 was received from the Strategic Director for Resources, the purpose of which was to outline the approach to the external audit for 2018/19.

Mr Gregory, Engagement Lead at Grant Thornton, introduced the report and provided a summary of the scope of the audit as detailed in page 9 of the agenda pack.

During discussion the following points were noted:

- i. There was some discrepancy in the “clearly trivial” figure within the report, the Auditors confirmed that the correct figure was £62.5k;
- ii. Audit fees were detailed at page 17 of the agenda pack, these had been significantly reduced through the tendering process. There was a separate fee for the Housing Benefit (Subsidy) Assurance Process which was not part of the Public Sector Audit Appointments (PSAA) regime; and
- iii. The Chairman, Miss Waller, acknowledged the work that RCC Officers do in order to comply with internal and external audit requirements.

RESOLVED

The Committee **NOTED** the audit plan from the external auditors, Grant Thornton LLP.

397 PROJECT FRAMEWORK - GOVERNANCE AND RISK MANAGEMENT

Report No. 32/2019 was received from the Strategic Director for Resources, the purpose of which was to seek approval for changes made to the Project Management Guidance.

Mr Della Rocca, Strategic Director for Resources, introduced the report and explained that the purpose of the guidance was to ensure that high risk projects had the correct governance in place at the initial stages.

During discussion the following points were noted:

- i. The guidance was did not require Council approval, however, the Committee may include it in the Annual Report in order to advise Council of the review of the re-draft that had taken place;
- ii. Mr Arnold requested clarification on whether the revised guidance would have had any impact on the way the Memorandum of Understanding (MoU) for the St Georges Barracks Projects had been approved. Mr Brown confirmed that there had been a governance structure in place in the form of the St Georges Project Board, which had been in place at the time of agreeing the MoU;
- iii. Miss Waller requested that a requirement for Cabinet to receive training in relation to the project guidance be added to the process outlined in section 2.3 of the report;
- iv. Miss Waller also requested that the wording in the “Risk & Project Evaluation Criteria” for the low risk of impact in service delivery, be amended as impact on “up to 10 officers” could in fact amount to a whole service;
- v. Miss Waller requested that the weighting of x3 for Project Delivery Risk be reviewed to ensure it was sufficiently high; and

- vi. Miss Waller felt that there should be full minutes, not just a minute log, for Very High Risk Projects, this was important for transparency and public trust.

RESOLVED

The Committee **APPROVED** the update to the project guidance in respect of “very high risk” projects subject the comments noted above.

398 INTERNAL AUDIT PLANNING

Report No. 19/2019 was received from the Head of Internal Audit, the purpose of which was to advise members on the process being followed to develop the Internal Audit Plan for 2019/20 and the initial areas proposed for inclusion in the plan, subject to risk assessment and prioritisation. Members were also invited to highlight any areas where they required assistance from the Internal Audit Team during the next financial year.

During discussion the following points were noted:

- i. Mr Conde requested that the Aids and Adaptations Audit should include retrieval and return of equipment in the scope;
- ii. Miss Waller highlighted that some residents had been experiencing issues with the “FixmyStreet” platform, particularly in relation to communication of outcomes and actions where the issue reported was in relation to a service which did not use FixMyStreet. Mr Tomlinson, Senior Highways Manager, confirmed that there had been some implementation problems with FixMyStreet, these problems were now being rectified with the help of IT. Once the improvements had been made, drop in sessions would be arranged for members and Parish Councils in order to communicate the enhanced service. Mr Brown suggested that an Audit Review following implementation of the improvements would be useful to evidence that the process was now working efficiently;
- iii. The revised customer service standards referred to in relation to the customer services audit, had been drafted but not yet launched; and
- iv. Members requested that a process be put in place so that when officers left the authority an Out of Office response was applied to the Outlook account.

RESOLVED

- 1) The Committee **NOTED** the process being followed to develop the risk based Audit Plan for 2019/20.
- 2) The Committee **NOTED** the initial areas highlighted for potential coverage in the Internal Audit Plan 2019/20 and suggested additional areas for the Internal Audit team to look at during the year ahead.

399 INTERNAL AUDIT UPDATE

Report No. 20/2019 was received from the Head of Internal Audit, the purpose of which was to update members on the progress made in delivering the 2018/19 Annual Audit Plan and outcomes from audit assignments completed since the last committee meeting.

Miss R Ashley-Caunt, Head of Internal Audit, introduced the report and provided a brief summary of the work that had been completed since the last report.

During discussion the following points were noted:

- i. In relation to Performance, Miss Ashley-Caunt explained that she managed audit plans across six councils and that the majority of financial systems related work for Rutland, had to be completed towards the end of the year;
- ii. Mr Brown updated the Committee on the overdue Bond for the Waste Management Contract. A parent company guarantee had been offered but it was for an insufficient amount and as such had been rejected. Mr Brown would keep the Committee updated on any further developments;
- iii. Miss Waller explained that she had requested the Internal Audit Reports on the King Centre and Winter Maintenance (Appendices F and G) to come before the Committee for discussion. Miss Waller felt that the King Centre report demonstrated that there had been learning taken forward from the concerns that the Committee had expressed in relation to the Oakham Enterprise Park audit. The King Centre was a good report which evidenced that comments had been taken forward and improvements made. Miss Waller thought it would be sensible for the Commercial Lettings Policy, referred to in the report, to go to Cabinet for approval;
- iv. In relation to the Winter Maintenance Audit Report (Appendix G), Miss Waller had some concerns regarding the risk assessment process as identified in the report;
- v. Mr Tomlinson, Senior Highways Manager, explained that the audit had been carried out prior to the implementation of the new Winter Service Policy which had been agreed by Cabinet in October 2018. He explained that actions had been completed and evidence had been provided to the Audit Team but it would be resent as it had not been received. The approved treatment routes for precautionary salting in Rutland were significantly higher than neighbouring Counties. Precautionary salting was carried out for frost as well as snow;
- vi. Ms Burkitt highlighted the increase in accidents on footpaths in Uppingham Market Place during last year's heavy snow. Mr Tomlinson assured that primary footways were treated. There had also been a new Snow Warden Scheme implemented through Parish Councils, in order for volunteers to assist with treatment of pavements in times of very bad weather. Unfortunately the take up had been disappointing;
- vii. Miss Waller suggested that the Parish Council Forum would be a good place to increase the profile of the Snow Warden Scheme; and
- viii. Mr Tomlinson confirmed that operators must cover the set route, but could cover additional areas weather and time permitting.

RESOLVED

The Committee **NOTED** the Internal Audit update report (Appendix A of Report No. 20/2019).

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Mr N Tomlinson left the meeting and did not return.

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Report No. 13/2019 was received by the Strategic Director for Resources, the purpose of which was to inform the Committee of the emerging changes that will have an impact on the production of the Statement of Accounts for 2018/19 and how the Council is planning on meeting the new requirements.

RESOLVED

The Committee **NOTED** the contents of the report including the changes that impact the Statement of Accounts for 2018/19.

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Mr J Gregory and Mr P Harvey left the meeting and did not return.

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401 REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) POLICY

Report No. 2/2019 was received from the Strategic Director for Resources, the purpose of which was to present an updates Regulation of Investigation Power Act 2000 (RIPA) Policy for comment prior to Cabinet approval on 19 February 2019.

During discussion the following points were noted:

- i. Miss S Bingham, Business Support Manager, confirmed that no surveillance is carried out until authorisation is obtained from the Magistrates Court. Miss Waller requested that the wording at section 7.6 of the report be revised to clarify this;
- ii. There is no requirement for a “recruiter” for Local Authorities; and
- iii. Once the report had been approved at Cabinet, appropriate training would be provided to the Senior Management Team and other relevant officers.

RESOLVED

The Committee **NOTED** the Regulation of Investigation Power Act 2000 (RIPA) Policy (Appendix A of Report No. 2/2019).

402 STRATEGIC RISK REGISTER

Report No. 31/2019 was received from the Strategic Director for Resources, the purpose of which was to present the Strategic Risk Register to the Committee and provide assurance that strategic risks were being adequately managed.

Mr Della Rocca, Strategic Director for Resources, introduced the report and advised members that the Risk Register had been updated to incorporate comments and feedback from Members at the previous meeting. Two risks had been added, in relation to Electoral turnover and Brexit. Mr Della Rocca also confirmed that the Council had been notified that it was to receive additional funding to assist with Brexit.

During discussion the following points were noted:

- i. Mr Della Rocca confirmed that the new model of delivery for SEND would be developed under Mark Andrews, Strategic Director for People. The challenge was delivery within budget constraints, but work was ongoing in this area;

- ii. Miss Waller highlighted that any mitigation in relation to public perceptions should include engagement as well as information;
- iii. "On boarding" was used to explain the process of equipping people to do their jobs properly through training, information and resources; and
- iv. Specific Member Training and Induction Programme would be discussed at the next Growth, Infrastructure and Resources Scrutiny Panel, where members would be invited to feedback on proposals. The report would be circulated to all members to ensure that all views were invited in order to feed into the development of a comprehensive training and induction plan which was fit for purpose and in line with Member expectations.

RESOLVED

The Committee **NOTED** the content of the Risk Register and the actions underway to address the risks.

403 COMPLAINTS UPDATE

Report No. 17/2019 was received from the Strategic Director for Resources, the purpose of which was to provide additional information requested following the Annual Compliments, Comments and Complaints report presented to Committee on 30 October 2018.

During discussion the following points were noted:

- i. Members requested information on the number of complaints against Councillors. Mr Della Rocca would take this away to look at how these complaints could be reported;
- ii. As discussed earlier in relation to FixMyStreet, the way in which issues were reported to Highways and subsequent information on resolution and closure of the case was being looked at. These cases should be monitored to ensure they are dealt with and do not turn in to complaints at a later date; and
- iii. Mr Della Rocca confirmed that the Customer Service Standards were being revised and relaunched to promote behaviours which improve service standards and reduce complaints.

RESOLVED

The Committee **NOTED** the update following the Annual Compliments, Comments and Complaints report presented to the Committee on 30 October 2018.

404 ANY OTHER URGENT BUSINESS

There were no items of urgent business.

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The Chairman declared the meeting closed at 8.55 pm.

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