

BOURNEMOUTH, CHRISTCHURCH AND POOLE COUNCIL
AUDIT AND GOVERNANCE COMMITTEE

Minutes of the Meeting held on 17 October 2024 at 6.00 pm

Present:-

Cllr M Andrews – Chair

Cllr E Connolly – Vice-Chair

Present: Cllr S Armstrong, Cllr J Beesley, Cllr M Phipps, Cllr M Tarling,
Cllr T Trent (In place of Cllr C Weight) and Lindy Jansen-VanVuuren

Present virtually: Samantha Acton

Also in attendance: Cllr M Cox

35. Apologies

Apologies were received from Cllr V Slade and Cllr C Weight.

36. Substitute Members

Notification was received that Cllr T Trent was substituting for Cllr C Weight for this meeting.

37. Declarations of Interests

Cllr M Tarling reported that a close family member was an employee of BCP Council in the event of any committee discussion on payroll.

38. Confirmation of Minutes

The minutes of the meeting held on 5 September 2024 were considered.

The Chair provided the following update in relation to clause 31 of the minutes, which indicated that the answer provided to Mr McKinstry's public question at the meeting on 25 July 2024 was being reconsidered and any clarification would be provided to the Committee at its meeting on 17 October 2024:

“At the 25 July Audit and Governance committee meeting a public question by Mr McKinstry was raised. The second part to the question was as follows:

Can you also confirm the start and end dates for which management accounts were forwarded by FuturePlaces to the Council, including dates of any hiatuses. These accounts were meant to be forwarded monthly under 3.1.1 of the shareholder's agreement, but as the external auditor notes at

page 50 of tonight's reports pack (25th July), the company was acting in breach of that agreement.

The response at the meeting given was as follows: *We were unable to ascertain specifics in regard to the management accounts question as all staff involved in the process have since left the council and company."*

As Chair, I would like to offer an updated response and clarify the details of the previous one. The earlier response was based on the fact that the finance officers responsible for preparing and reviewing the management accounts for Future Places Limited - both from the company and the council - had since left their roles. After a comprehensive review of email records, no evidence was found to confirm that the management accounts were sent monthly to any council employee while Future Places Limited was operational. However, records of the monthly management accounts produced by Future Places Limited during the time of operation are retained."

RESOLVED that the minutes of the meeting held on 5 September 2024 be confirmed as an accurate record to be signed by the Chair.

Voting: For – 5, Against – 0, Abstain – 2

39. Public Issues

There were no public questions or petitions. The following public statement was submitted by Mr Alex McKinstry in relation to Agenda item 8 – Risk Management:

"Leaks of exempt information should be added to the Council's risk register. There are several examples which I won't dilate upon due to purdah, but perhaps the most notorious instance was the leak to the Echo concerning Wessex Fields for an article on 29 April. Not only did this relate to live commercial negotiations; it also threatened reputational damage to the Council through misrepresentation. The Echo stated, entirely wrongly, that Wessex Fields was being sold at a £4,000,000 undervalue, and by the time that allegation had been removed from its online edition, it had been repeated on several websites and would even be repeated in Parliament. The risk is compounded by its intractability. Such leaks breach Part 4.1 of the Councillors' Code of Conduct, yet we know that several councillors are acting in contempt of the Code, and I find this deplorable."

40. Local Audit in England - Backlog Update

The Chief Financial Officer presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'A' to these Minutes in the Minute Book.

The report provided an update on the action taken to tackle the local audit backlog in England by the Ministry of Housing, Communities & Local Government, as set out in letters dated 30 July and 20 September 2024

(Appendix A and B of the report). As a result of legislation effecting these proposals, the main points to note were the respective backstop date deadlines of 13 December 2024 for local authority audits up to 2022/23 and 28 February 2025 for 2023/24.

Peter Barber for Grant Thornton, the External Auditor, confirmed the proposed approach for applying the backstop to BCP Council's accounts as detailed in his letter of 7 October 2024 (Appendix C). The key outputs in relation to the 2022/23 accounts together with an update on the progress for 2023/24 would be reported to the next meeting on 28 November ahead of the December backstop date. The Committee agreed to move its 16 January 2025 meeting to a later date in the month (provisionally 27 January) to meet the optimum timescale recommended by the External Auditor to fit in with the February 2025 backstop date.

Committee members sought assurance on the potential impact of the backstop arrangements on future audits. Mr Barber explained the main issues involved for the recovery period from 2023/24 onwards, including the impact of issuing a disclaimer. It was noted that work on the audit for 2023/24 was well progressed and that the Committee received regular updates. It was noted that difficulties could arise should any backstop arrangements need to be applied for future years. Members noted that the audit backlog was a national issue with some other councils in a worse position than BCP.

Assurance was also sought that the delay caused by the failure of Deloitte, Dorset Pension Fund's previous auditor, to issue an IAS19 letter of assurance, would not be repeated. The External Auditor reported that he was confident that the letter of assurance pursued would be provided in a timely manner. It was noted that Grant Thornton had now taken on the accounts of Dorset Council and Pension Fund. The Chief Financial Officer confirmed that he had made a formal complaint to Deloitte regarding the impact of the delay and was pursuing a response.

Members were assured that work to provide the information required to meet the backstop deadlines was being met within internal resources.

RESOLVED that the Committee notes the action taken to tackle the local audit backlog in England by the Ministry of Housing, Communities & Local Government as detailed in Appendix A and further updated in Appendix B.

41. Treasury Management Monitoring update for Quarter 2 2024/25

The Assistant Chief Financial Officer (CFO) presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'B' to these Minutes in the Minute Book.

The report provided an update on the Quarter Two position for 2024/25 in relation to treasury management activities. It included a summary of the current economic climate, an overview of the estimated performance of the

treasury function, an update on the borrowing strategy, investments and compliance with prudential indicators. The Assistant CFO explained that the forecasted overspend of £2.4m was due to higher temporary borrowing required to manage the Council's overall cash position. He highlighted that a new restructure loan would result in the saving of interest on a cash basis of £19.2 million.

The CFO and Assistant CFO responded to questions about the potential impact of the Chancellor's national budget due on 30 October 2024. It was agreed to include a section on the national budget in the next quarterly report. Members also asked about the impact of the Dedicated Schools Grant (DSG). As reported to Council on 15 October it was noted that expenditure within the high needs budget continued to exceed the government grant made available as part of the DSG, with the total funding forecast now £44.5m more than the grant. This had a significant impact on cashflow forecast. Other considerations were noted, including that interest rates had not reduced at the rate expected.

In response to questions around investment performance and ethical considerations, the Assistant CFO explained the robust approach taken in assessing and managing risk in relation to investments. This was set out in the Investment Strategy which formed part of the Treasury Management Strategy considered by full Council as part of its annual budget setting. He outlined the process which the Council was required to follow when considering investments, including ethical investing. In all cases the Council had to adopt the principles of security, liquidity and yield.

RESOLVED that the Committee notes the reported activity of the Treasury Management function for April to September 2024.

42. Risk Management - Corporate Risk Register Update

The Risk and Insurance Manager presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'C' to these Minutes in the Minute Book.

The report provided an update on the position of the Council's Corporate Risk Register for Quarter 2, 2024/25. Material changes in risk during this period were outlined in paragraphs 10 to 13 of the report, with two main updates provided. One new risk had been added, listed as 'CR26: Risks associated with the availability of Generative Artificial Intelligence (GenAI)'. 'CR08: Risk of failing to run a fair and open election/referendum' had been removed but would continue to be considered at Director level. As requested by the Committee, the report provided further information on measures to mitigate the risk around retention and recruitment within CR15. In addition, the Director of Marketing, Communications and Policy provided further information in relation to CR16 in her role as risk owner.

As a result of questions and comments on the report, the following actions were noted for future response:

- The Risk and Insurance Manager agreed to liaise with the Monitoring Officer to provide a response on how risks associated with the disclosure of confidential/exempt information by councillors should be managed. It was suggested that this could be expanded to include risks associated with staff confidentiality settlement agreements and industrial tribunals.
- CR26 - It was agreed to provide an update in the next report on the progression of the Gen AI Strategy. The Monitoring Officer confirmed that councillors training on Gen AI would be picked up when the Standards Committee reviewed the councillors training programme.
- CR23 – As a reflection of the worsening position of the DSG, more detailed narrative was requested in the next report. In response to questions on how much the Council could control the market, it was agreed that the Risk and Insurance Manager liaise with the Director of Children to ensure the risk reflects what can/cannot be done and whether feasible to include this in any further Government lobbying.
- The Head of Audit and Management Assurance agreed to seek views of the Chair and Vice Chair on whether the current requirement to note the Risk Management Policy on an annual basis should be changed. The Risk and Insurance Manager agreed to confirm the timescales involved for the new policy, framework and strategy.
- CR18 – The Risk and Insurance Manager agreed to feedback to the risk owner the negative experiences in using customer interfaces which councillors and their residents continued to experience, as described by committee members. It was agreed to arrange a meeting between the Director of IT and Programmes and a sample group of councillors so that they could demonstrate the frustrations experienced, particularly in using the Council's website.

In response to a point raised about risks associated with asset sales, it was noted that the forthcoming 'deep dive' presentation to the committee on governance surrounding the disposal of Council land and property would provide an opportunity to consider this further.

RESOLVED that the Committee notes the update provided in the report relating to corporate risks.

43. Health & Safety and Fire Safety annual update

The Health and Safety Manager and Fire Safety Service Manager presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'D' to these Minutes in the Minute Book.

Health and safety and fire safety governance arrangements continued to be embedded and were working effectively. The governance framework set out in paragraph 3 of the report included the Health and Safety and Fire Safety Board and other groups which were meeting at the agreed frequency with generally good attendance. The Health and Safety Manager reported that despite resource issues the team was successfully managing

reactive work. Although proactive work was slower, a review of inspection documents had resulted in an increased focus on higher risk. It was noted that the cautionary contact system had now been successfully amalgamated. The Committee was updated on the number and nature of statutory (RIDOR) accident reports for this period compared to previous years.

The Fire Safety Manager reported on service delivery and legislative updates during this period. Key developments included the incorporation of BCP Homes fire safety support functions and the corporate fire safety team under a single management structure with effect from 1 September 2024. The Council was committed to the recommendations in the Grenfell Phase 2 report following its release. The Committee was also advised of ongoing instruction and training and work to review policies and procedures as required.

In response to a question about Martyn's Law, the Committee was advised that the Council had set up a working group, led by Commercial Operations, to review the progress of this legislation and action as required. A Committee member sought assurance that service areas were staffed to the appropriate level and not under financial constraints in view of the budget process. The Head of Audit and Management Assurance confirmed that one FTE health and safety advisor had been deleted as part of 2024/25 budget savings. It was noted that the post had already been vacant for much of 2023/24 and that when the saving was agreed it was in the knowledge that it would result in the team being less proactive and more reactive in its work. The Fire Safety Manager confirmed that he was reviewing any gaps in resources and budget pressures. He would be happy to update the Committee further and respond to any subsequent questions as requested.

RESOLVED that:

- (a) the Committee notes the continued progress in implementing the Health and Safety and Fire Safety governance arrangements and the operational updates;**
- (b) Health & Safety and Fire Safety ongoing governance arrangements updates continue to be reported annually to the Audit and Governance Committee**

44. Emergency Planning & Business Continuity annual update

The Emergency Planning and Resilience Manager presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'E' to these Minutes in the Minute Book.

The report provided an update on the statutory emergency planning and business continuity arrangements in place across BCP Council and related activity during the period from November 2023 to October 2024. It was noted that activity had been more reactive than proactive due to two long term vacancies. These posts had recently been filled, enabling work

previously delayed to be progressed. The Emergency Planning and Resilience Manager outlined the key focus of activities since November 2023, including the human aspects area of work, a two day multi agency live exercise based on coastal flooding and building community resilience across the BCP Council area. Nationally there had been considerable scrutiny of emergency planning and response through the publication of two public inquiries reports in relation to the Covid inquiry and Grenfell.

Committee members asked what steps were in place to contact local councillors when incidents occurred. Members were assured that communicating with councillors formed part of the tactical response and that work was ongoing with Democratic Services to ensure there was an updated contact list. Members discussed the role of councillors at all tiers of local government in acting as a conduit of information for their residents and for alerting local social media groups.

Officers responded to questions on a number of issues, including:

- The key partners who formed the membership of the Dorset Local Resilience Forum.
- It was confirmed that there was no local facility to replicate the Government's national emergency text alerts. There were separate legislative requirements for certain facilities, e.g. oil and nuclear
- It was confirmed that the cyber response plan had been tested and was subject to ongoing development. Business continuity impact assessments were reviewed regularly.
- There had been no significant disruptions requiring the involvement of business continuity in a corporate response during this period.

RESOLVED that:

- (a) the Committee notes the emergency planning and business continuity activity that has taken place during the monitoring period;**
- (b) the Committee notes the issues there have been within the Emergency Planning Team and more widely regarding resource and the impact this has had on service delivery and the potential impact for response;**
- (c) the Committee notes the current resilience position locally and nationally and the implications of this with regard to future expectations of local authorities and their level of preparedness.**

45. Internal Audit - 2nd Quarter, 2024/25, Audit Plan Update

The Head of Audit and Management Assurance presented a report setting out the progress made on delivery of the 2024/25 Audit Plan for July to September 2024 inclusive, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'F' to these Minutes in the Minute Book.

The report provided details of the fourteen audit assignments which had been finalised including the key issues involved for the three partial audit assurances. Committee members were advised that in future a copy of these audit reports would be available for them on the date of agenda publication to enable questions on specific details to be raised in advance. The Head of Audit and Management Assurance referred to the total additional council tax yield of £552,847 which had resulted since October 2023 from the Single Person Discount pilot project. He also drew attention to the successful inspection of the Council's compliance with the Regulation of Investigatory Powers Act 2000 (RIPA). There were five 'High' priority audit recommendations which had not been fully implemented by the original target date. While reasons from respective services had been provided and revised target dates agreed, the Committee was able to call any of these in for further explanation.

The Head of Audit and Management Assurance responded to questions on a number of issues, including:

- The emerging risk of budget deficits for the three schools audited in this period. It was confirmed that some maintained school reserves were increasing but not for the three.
- For the Single Person Discount pilot project there was a tendency to be slow to update the Council on a change in circumstances. The Council was able to pick up discrepancies through data matching. Of the yield to date, around £300k was ongoing and £250k backdated.
- The implementation date of March 2025 for the Housing Assets Health & Safety Compliance Follow Up. It was noted that this was a realistic date taking into account the type of work required and that service managers were responsible for ensuring temporary resolutions were satisfactory.

Members discussed whether to call in for further explanation the BCP Homes Governance Review recommendation, the original target date being 1 January 2024. The Head of Audit and Management Assurance reported that he was optimistic that the revised target date of 31 December 2024 would be met but should this not be achieved was not he would recommend in his next report that the Committee call this in along with any other recommendation not meeting its revised target date.

RESOLVED that:

- (a) the Committee notes progress made and issues arising on the delivery of the 2024/25 Internal Audit Plan.**
- (b) The Committee notes the explanations provided in relation to the High Priority Recommendations highlighted in Appendix 2 of the report, having discussed the follow up action should revised target dates not be met.**

46. Annual Report of Internal Audit Counter Fraud Work and Whistleblowing Referrals 2023/24

The Head of Audit and Management Assurance presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'G' to these Minutes in the Minute Book.

The report detailed the counter fraud work carried out by Internal Audit during 2023/24 to provide assurance on the Council's response to combating fraud and corruption. Internal Audit had investigated all allegations of suspected fraud or financial irregularity in a proportionate manner. The report also referred to corporate counter fraud work, the annual publication of data in accordance with Local Government Transparency Code and an annual assessment in accordance with Counter Fraud Best Practice.

Four formal whistleblowing referrals were received and investigated during the financial year 2023/24. All cases were resolved in line with the Council's Whistleblowing Policy. A summary of the nature and outcome of each referral was provided in an exempt appendix to the report. The Head of Audit and Management Assurance was asked about public tip offs and explained that there was a fraud reporting mechanism on the Council's website which gave an option to remain anonymous. It was further explained that anonymous tip offs are inherently more difficult to investigate, principally as further explanations or details cannot be sought.

The Chair thanked the Head of Audit and Management Assurance and his team for their work in this area and for providing such a comprehensive report.

RESOLVED that:

- (a) the Committee notes the counter fraud work & investigations carried out by Internal Audit during 2023/24;**
- (b) the Committee notes the whistleblowing referrals received during 2023/24.**

47. Forward Plan - Refresh for the 2024/25 municipal year

The Head of Audit and Management Assurance presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'H' to these Minutes in the Minute Book.

The report set out at Appendix A the list of reports to be considered by the Audit & Governance Committee at meetings during the 2024/25 municipal year in order to enable it to fulfil its terms of reference. As discussed earlier during the meeting, the non core date on 28 November 2024 would now include a report from the external auditor and the 16 January 2025 meeting would be moved, to a provisional date of 27 January 2025.

RESOLVED that the Committee approves the Forward Plan set out at Appendix A of the report as updated.

The meeting ended at 8.40 pm

CHAIR