

**MINUTES OF THE AUDIT COMMITTEE MEETING
HELD AT 6PM, ON
28 NOVEMBER 2022
COUNCIL CHAMBER, TOWN HALL, PETERBOROUGH**

Committee Members Present: Councillors Imtiaz Ali (Vice-Chair), Haseeb, Perkins, Shaz Nawaz, Jackie Allen and Sandford

Co-Opted Members: Chris Brooks (Chair), Mike Langhorn and Stuart Green

Officers Present: Patricia Phillipson, Deputy S151 Officer
Ben Stevenson, Data Protection Officer/Head of Information Governance
Carole Coe, Commercial Finance Manager
Sian Warren, Financial Accounting and Control Manager
Belinda Evans, Complaint Manager
Julie Taylor, Group Auditor
Louise Cooke, Group Auditor
Dan Kalley, Senior Democratic Services Officer
Rochelle Tapping, Director of Legal and Governance and Monitoring Officer

Also Present: Councillor Andy Coles, Cabinet Member for Finance and Corporate Governance.
Dan Cooke, EY Senior Manager
Janet Dawson, EY Associate Partner

41. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Rangzeb.

42. DECLARATIONS OF INTEREST

Chris Brooks, Independent Co-opted Member and Chair declared that he had taken up a consultancy position at a Peterborough firm but that this had no direct impact on his role as Chair of the committee.

43. MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 17 OCTOBER 2022

The minutes of the meeting held on 17 October 2022 were agreed as a true and accurate record.

44. ACTIONS AND MATTERS ARISING

The Senior Democratic Services Officer confirmed that the actions log had been updated to show completed actions at the bottom of the log. There was one outstanding action in

relation to complaints which had now been closed as there was no written information to pass on at this stage to advance the action.

The Chair of the committee commented that a brief outline of the work carried out by the committee had been included in the Improvement Panel's latest report that was being presented to Full Council on 7 December. Members welcomed an interim report and stated that it was important that the role of the Audit Committee was promoted.

45. USE OF REGULATORY INVESTIGATORY POWERS ACT 2000 (RIPA)

The Audit Committee received a report in relation to the use of Regulatory Investigatory Powers Act 2000

The purpose of the report was to provide Members with an overview of the following items:

- an understanding of RIPA which enables them to have effective oversight of the use of said powers
- a report detailing the usage of the powers
- the feedback from the last inspection by the Investigatory Powers Commissioner's Office (IPCO) in February 2021

The report was introduced by the Data Protection Officer/Head of Information Governance. The report was produced to give the committee an overview of the policy and what it covered. The powers had not been used for some time, in order to use the power a number of steps needed to be put in place including get agreement from the Magistrates Court. The new Monitoring Officer had identified some changes that needed to be made to the policy. Members were informed that using overt cameras had proved more effective than using covert methods. If there were any policy changes that needed to be made these would be brought back to committee.

The Audit Committee debated the report and in summary, key points raised and responses to questions included:

- Members were pleased to see that the powers had not been used for a long time and that this was only ever used as a last resort. If the powers were ever needed they would have to be signed off as final approval by a Magistrate, this was to ensure the use of these powers was proportionate.
- The last inspection before 2021 took place in 2018 and the open issue had been closed at this point. Members were informed that the usual practice was to receive a letter from the inspector setting out what needed to be done before the issue could be closed, the Council then had a month to ensure these actions were carried out. If there were any future inspections these would be reported to the Audit Committee.
- The policy presented to members was the current up to date policy. The date for review had been changed in line with the policy at Cambridgeshire County Council as this was a shared policy. The policy was however being updated as there were changes happening across both authorities and there was a possibility that the two authorities would have their own policy moving forward. It was likely that changes would be brought back to committee towards the beginning of 2023.

The Audit Committee considered the report and **RESOLVED** (Unanimous) to receive, comment and note the report on the authority's process, application and use of powers within the Regulation of Investigatory Powers Act 2000 (RIPA)

46. ANNUAL REPORT OF CORPORATE COMPLAINTS 2021/22

The Audit Committee received a report on the Corporate Complaints for 2021/22.

The purpose of the report was to outline to members how the Council ensured action was taken when customers express dissatisfaction about the delivery of any of our services. Complaints were also an important factor to aid in the identification of service improvements. Failing to take customer concerns seriously would impact the reputation of the Council and Scrutiny of the complaints process and performance on complaint handling across the Authority helps to identify areas for further scrutiny.

The report was introduced by the Complaint Manager, this was the first time the annual corporate complaints report had been presented to Audit Committee. The report had not been presented to any committee in the past two years due to the pandemic. From next year the Chief executive has asked for the report to detail all complaints reported to the Council, including statutory complaints which had previously been presented to the Scrutiny Committees focusing on adults and children. It was still proposed for this information to go to these committee's once it had been to Audit Committee.

Going forward the report was to include the cost of compensation and cost from investigations was included. This had been compiled for the year in question and could be circulated. There had also been a request for more detailed analysis of Aragon complaints which would be factored in going forward.

In terms of complaints, these had returned to pre-pandemic levels, 25% of all complaints were resolved informally, officers were looking at encouraging teams to try and resolve more cases informally. Resolution at stage 1 (local stage) was high at around 95%. The uphold rate in terms of complaints was around 50%, this included full and partial upheld complaints. The ombudsman had provided feedback for the year 2021/22 and this included doing well in terms of complaints upheld by the ombudsman, which was 40%, this was lower than the average for unitary authorities. In addition, the Council had complied with 100% of the recommendations that had come from the ombudsman. One area that needed improvement was for suitable remedies to be dealt with before going to the ombudsman and that any cases that did go were dealt with more promptly.

The Audit Committee debated the report and in summary, key points raised and responses to questions included:

- With regards to compensation levels awarded as a result of complaints the committee could receive data showing how much compensation had been awarded over a number of years. A briefing note could be circulated to members showing this data and it could be included in future reports going forward.
- In terms of the year 2021/22, there were three complaints processes. Firstly, in terms of corporate complaints there was one payment out of £1400 on a special educational needs case. In terms of children's services there were two cases, one had a payment out of £100 and another case that paid out £550. There were no compensation payments in adults' services.
- Although the payments were quite low for that year there are generally higher levels of pay-outs especially within the children's services area and those case around special educational needs.
- Officers did try and report the language coming in from customers, this would be how the officers capture the complaint, this would depend on how the customer had raised the complaint with the Council. This would be looked at by the investigator who looked at the complaint.
- Members were informed that at the first stage a team manager would review the complaint, depending on the customers response the complaint could be escalated up to more senior managers. If there were any allegations of bullying this would

still follow the normal routes and be investigated in the first instance by a team manager, if there was found to be bullying or using inappropriate language this would then be taken through the disciplinary process. In terms of training this would be more around making sure officers know the processes and procedures, rather than around anti-bullying as this was something all staff members should be following. These were all matters for HR to investigate with regards to bullying.

- In terms of waste management and complaints as these were originally managed by large established companies they already had robust complaints procedures in place. When this was taken back in house by Aragon the processes were not as robust and this meant that some of the details were not coming through especially over whether the complaint was justified or not. In terms of getting better data there was a client management team that was looking after this. A request could be made to try and get better data from Aragon. Members requested to try and see if more detailed information could be provided as this should be a part of the contract.
- Most of the complaints received for Aragon were around bins, this was a common call to the call centre and colleagues were having to deal with these complaints on a regular basis. These needed to follow the complaints procedure set out by Aragon, however if it did not it would often come back in house to the Council to review. There were meetings between the Council and Aragon to try and resolve common issues that people were complaining about and improve the service going forward. A request had been made recently to ensure that a member of the complaints team was in meetings between the Council and Aragon to prevent complaints going round in a loop.
- There was no single definition of what a complaint was, this was subjective depending on the language the customer used, how often something happened or what the customer wanted doing about a situation. The team were good at identifying simple requests against those that were more serious and needed escalating. There were different codes on the logging system that highlighted to Aragon the type of complaint that had come through. Most of these came through an online form.
- The only external partner organisation that had their own complaints process was Aragon. Both Serco and Highways used the Councils complaints procedure. A final determination was made by the Council if there were still issues surrounding the response to a complaint.
- With regards to Appendix C, it was encouraging to see some service areas improving in terms of their service to customers.
- In terms of compliments for staff the Council had a staff employee of the month award in place and compliments in general were logged to highlight excellent work undertaken by staff at the Council.
- The Council had no council housing stock unlike some other authorities, however there were housing associations that were prominent in the City. Housing Enforcement could accept a referral if there was an issue with a Housing Association or Landlord. It was important to note that the matter would not be handled in the same way as a complaint against the Council. The Housing Enforcement team could determine if a Housing Association should be prosecuted or enforced against following a referral from a resident, but this would follow the enforcement process.
- Some members raised a suggestion that if the Council were to contract with an external organisation that also provided private sector services that information should be gathered over the level of complaints that organisation received from their work in the private sector.
- The report highlighted those service areas that received the highest level of complaints. There were only limited amounts of complaints received on some of the other external organisations such as Serco and NPS (Norfolk Property Services). The Housing Association websites had a section which outlined their complaints procedures.

- The committee still had some concerns over complaints coming through external organisations and it was important that the procurement team took those issues into account when awarding contracts.

The Audit Committee considered the report and **RESOLVED** (Unanimous) to

1. Note the changes to the complaints process required following a recommendation from the Local Government & Social Care Ombudsman. – contained within Appendix B.
2. Review the report and recommend areas for future scrutiny, including comparing previous years levels of compensation awarded as well as looking at external organisations complaints when looking at awarding contracts.

ACTIONS:

1. Complaint Manager to compile briefing note for members comparing compensation awarded for complaints in previous years - Belinda Evans – January 2023.
2. Committee to see more detail on Aragon's complaints including complaint outcomes (justified/not justified) and which services the complaints are for. - Aragon/James Collingridge – March/April 2023
3. Complaint Manager to discuss with procurement how they can ensure that when any new contracts for the delivery of services are tendered complaints management is always being determined before the contract is awarded - Belinda Evans – January/March 2023

47. INTERNAL AUDIT – MID-YEAR PROGRESS REPORT

6.55pm - At this point of the meeting Cllr Shaz Nawaz left the meeting

The Audit Committee received a report in relation to the Internal Audit mid-year progress report.

The purpose of the report was to provide an overall opinion on the soundness of the control environment in place to minimise risk to the council. It was based on the findings of the completed internal audits from the Annual Audit Plan 2022 / 2023 as at 30 September 2022.

The report was introduced by the Group Auditor. Members were informed of some of the highlights for the committee, this plan had been approved by the committee in March 2022. At the time the audit plan was put in place a member of the team was on secondment within the covid hub and this was explicitly outlined in the plan and took account of the work that the team were hoping to achieve for the year. If the resource of the team were put back at 5.6 full time equivalents (FTE) then some of those areas under the line for work to be carried out would most likely be completed. The audit plan was fluid and considered the need to carry out audits that may arise during the year, this would potentially push some proposed audits out of the plan. The staffing levels of the audit team was set at 4.6 FTE. Members were informed that the officer working in the hub did not return to the team and that a senior auditor had sadly passed away recently which left the team under resourced and had a significant impact on the work that had been planned. The two roles had been out to advert, however these were difficult positions to fill. There was work being undertaken to see if it was possible to get short term resources in place until permanent appointments can be made. The Chief Internal Auditor would be looking at options to see what could be done.

The report appendices outlined some of the work that the team had carried out. There has been more work than originally planned with regards to government grants and new requests for work. The team were reviewing its approach to incorporating assurance from other sources as well as Internal Audit work when providing an Audit Opinion to the

committee. It was important to note that training has been done around climate change to enable the team to develop its approach to auditing this area.

The Audit Committee debated the report and in summary, key points raised and responses to questions included:

- Officers needed to think about what assurances the committee were receiving, this would help the committee assist officers in making sure they were able to help the Council in the longer term.
- There were a number of services contracted out to the Cambridgeshire and Peterborough Combined Authority. This included around £3.5 for transport services. Members of the Combined Authority's Scrutiny Committee agreed to ask if any refunds went back to the Combined Authority or back to Peterborough City Council.
- Officers were looking at different ways of ensuring climate change was at the forefront of the Council's agenda even though some of this work had dropped below the line of work that was being undertaken by the internal audit team.
- Some members stated that the report explained why work had not been done, however it was concerning that not enough resources had been given to the internal audit team to carry out enough coverage of audits. There needed to be a clear message given to senior officers that a higher coverage of areas was required in order for the Audit Committee to fully review those areas that may be of concern.

The Audit Committee considered the report and **RESOLVED** (Unanimous) to note the Mid-Year Progress Report which includes progress of the Internal Audit plan for 2022 / 2023

ACTIONS

1. Officers to review the overall resources of the Internal Audit team to ensure assurances could be given to the Audit Committee – Steve Crabtree/Cecilie Booth – January/March 2023.
2. Councillor Imtiaz Ali as representative on the Combined Authority Audit Committee to explore if funding/grants for transport that affected Peterborough was refunded to PCC or the Combined Authority – Councillor Imtiaz Ali.

48. TREASURY MANAGEMENT MID YEAR UPDATE

The Audit Committee received a report in relation to the Treasury Management Strategy and the half-year update.

The report was introduced by the Deputy S151 Officer who commented that the report would be presented to Full Council on 7 December for approval.

The Audit Committee debated the report and in summary, key points raised and responses to questions included:

- Members commented that the style of the report was helpful in enabling the committee to see what limits and levels were in operation and whether the Council were within those set out.
- The average duration of borrowing as set out was around 25 years, there was an asset portfolio which was a capital financing requirement which had a duration of 70 years. There was some surprise over this gap and it was important to understand what the Council's exposure was to such a large gap in terms of refinancing.

- Officers were going through all the debt at the current time to see if it was possible to refinance some of the borrowing. There was 40,000m that needed to be refinanced before the end of the fiscal year. Officers were looking at whether this was to be done with internal borrowing or going out to the market. One of issues was around the higher rates that were currently in place. There was an option to refinance with short term borrowing, however this would have an impact on investment borrowing. It was acknowledged that the debt was over 25 years and there was a need to flatten this out and make it longer in duration.
- It was concerning that this difference was so large, the policy did not state that the liabilities should match the debt, however it seemed that the mismatch between the two was larger than what the Council should be comfortable with. Going forward the Council needed to think of the level of mismatch it was comfortable with and what were the potential exposures from such a mismatch. This current level left a sizeable portion of the debt open to being refinances and if this were to be done in a time with higher interest rates this could be costly. There was a need to look at the strategy and what the level of mismatch could be and were the Council would like to be. Officers needed to look at what level of mismatch were the Council comfortable with, whether this was in terms of total duration or the proportion of debt that would need to be refinanced on an on-going basis and looking at what the risk and exposure was to the Council.
- One of the issues that distorted the figures was around schools that converted to academies, the Council lost the asset but kept a hold of the debts.
- There was an expectation that during a period when interest rates were low that the Council would look to refinance loans. Although this was an option it would cost more in revenue and premiums in the short term.

The Audit Committee considered the report and **RESOLVED** (Unanimous) to

1. Review the Treasury Management Strategy Statement (TMSS) Mid-year position and performance against the Prudential Indicators.
2. Review and recommend for consideration to Full Council approval to add additional non-specified investments detailed within Appendix C (Property Funds, Bond Funds and other pooled funds) to the Treasury Management Strategy.

ACTIONS:

1. Officers to quantify the risks around financing and the life of assets. This would enable the Council to have in its sight the risks around the gap in the lifetime of debts versus assets. - Patricia Phillipson/Sian Warren – March 2023

49. AUDIT COMMITTEE START TIME 2023/24

The Audit Committee received a report in relation to the start time for the Audit Committee for the municipal year 2023/24

The report was introduced by the Senior Democratic Services Officer who explained that the committee could choose their start time and that this would be recommended to Full Council at a later date when the meeting schedule was agreed.

The Audit Committee considered the report and **RESOLVED** (Unanimous) to recommended to Full Council its start time for the Municipal Year 2023/24 as 6pm.

50. APPROVED WRITE-OFFS EXCEEDING £10,000

The Audit Committee resolved to note that there was no debt write-off exceeding £10,000.

51. DECISIONS MADE BY THE SHAREHOLDER CABINET COMMITTEE

The Audit Committee received a report in relation to decisions made by the Shareholder Cabinet Committee.

The Audit Committee considered the report and **RESOLVED** (Unanimous) to note the decisions made by the Shareholder Cabinet Committee.

52. **WORK PROGRAMME**

The Audit Committee received the report with the committee's work programme for the year 2022/23.

The purpose of the report was to allow the committee to add/remove any items from the work programme for the year ahead.

The report was introduced by the Senior Democratic Services Officer. The work programme had been updated to reflect a rolling programme of work.

The Audit Committee debated the report and in summary, key points raised and responses to questions included:

- Officers would go back to Procurement to ensure they presented to the Committee in March an update on the areas of concern raised by the committee at its meeting in October.

The Audit Committee considered the report and **RESOLVED** (Unanimous) to note the work programme.

ACTIONS:

1. Officers to work with Procurement to ensure an update report was presented to committee for March taking on board comments by the committee made at the previous meeting. Dan Kalley/Procurement for March 2023.

53. **EXCLUSION OF THE PUBLIC AND PRESS**

The Audit Committee **RESOLVED** (Unanimous) that the press and public be excluded from the meeting on Item 14 on the grounds that the item contains exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, because it contains "information relating to the financial or Business affairs of any particular person (including the authority holding that information)" and that it would not be in the public interest for this information to be disclosed.

54. **FRC'S REPORT AND UPDATE FROM EXTERNAL AUDITORS**

The Audit Committee received a report in relation to an update from Financial Reporting Council (FRC) and the External Auditors.

The Audit Committee considered the report and **RESOLVED** (Unanimous) to

1. Receive and note the Exempt Financial Reporting Council's (FRC) report of their Review of Ernst & Young LLP's (EY) audit of Peterborough City Council's financial statements for the year ended 31 March 2020
2. Receive a verbal update by EY of the current situations of Peterborough City Council external audits for 2020/21, 2021/22 and the forthcoming 2022/23 approach

Chair 6pm – 7.50pm