

AUDIT AND GOVERNANCE COMMITTEE

**MEETING HELD AT THE TOWN HALL, BOOTLE
ON 22 JUNE 2022**

PRESENT: Councillor Robinson (in the Chair)
Councillor Roche (Vice-Chair)

Councillors Burns, Dowd, John Joseph Kelly,
McGinnity, Shaw and Sir Ron Watson

5. APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor Cluskey.

6. DECLARATIONS OF INTEREST

No declarations of any disclosable pecuniary interests or personal interests were received.

7. MINUTES

RESOLVED:

That the minutes of the meeting of the Audit and Governance Committee held on 25 May 2022, be confirmed as a correct record.

8. CONSTITUTIONAL AMENDMENT – CABINET AGENDAS

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which outlined a request by Councillor Sir Ron Watson that the Constitution to be amended to (i) remove the power of the Leader of the Council to veto formal requests by elected members for items to be included on the Cabinet agenda; (ii) remove the discretion of the Leader to limit the number of such items to be considered per Cabinet meeting, as set out in Chapter 5 paragraph 82 of the Constitution; and (iii) that a criteria for submission be established which would enable elected members to have items placed on the Cabinet agenda provided they fulfil the requirements set out in the criteria.

The report recommended that

- (1) Council be requested to give approval for:

- (i) Chapter 5, paragraph 82 of the Constitution to be amended to remove the power of the Leader to refuse a request from any elected member for an item to be placed on the agenda for the next available meeting of the Cabinet and to remove the discretion of the Leader to limit the number of such items to be considered per Cabinet meeting; and
 - (ii) the establishment of a criteria for submission to enable elected members to have items placed on the Cabinet agenda provided they fulfil the requirements set out in the criteria; and
- (2) subject to approval of (1) above, the Executive Director of Corporate Resources and Customer Services be requested to submit a further report setting out the proposed required criteria for approval of elected member submission of items on Cabinet agendas.

Following long debate, the Chair officiated a vote and declared that the **recommendations** set out in the report be **not approved** by **6 votes against** the recommendations and **2 votes for** the recommendations.

RESOLVED: That

- (1) the recommendations be not approved; and
- (2) in accordance with Rule 96 of the Council and Committee Procedure Rules of the Constitution, it be noted that Councillor Sir Ron Watson voted against the resolution set out in (1) above.

9. CONSTITUTION AMENDMENTS

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which recommended updates to the Council's Constitution.

The Chief Legal and Democratic Officer & Monitoring Officer presented the report requesting that the Overview and Scrutiny Protocol attached as Appendix A to the report, endorsed by Cabinet on 3 December 2020, be included in Chapter 6 of the Constitution; that a review of the Protocol for the Relationship Between Members and Officers (Appendix B) had been undertaken and required approval for inclusion in the Constitution; and a review of the Constitution had highlighted an inconsistency as outlined in paragraph 4 of the report.

Members of the Committee asked questions/commented on the following matters:

Appendix A – Executive /Scrutiny Protocol

1. **Functions of Overview and Scrutiny.** A request was made for the Executive / Scrutiny Protocol to be amended to include a recommendation that Chairs of Overview and Scrutiny Committees should not be Members of the majority political group; also, that to facilitate effective scrutiny, any restricted papers provided to Cabinet should also be made available to members of Overview and Scrutiny Committees.

Appendix B - Protocol for the Relationship Between Members and Officers

2. **Public Relations and Press Releases** – a request was made for elected Members to be given 48 hours advance notice of press releases except where immediate response is required.
3. **Use of Council Resources** – It was indicated that the community role of Councillors often involved requests for help by residents in matters that were not the direct responsibility of the Council and requested that a paragraph providing clarification on this be included in the Member/Officer Protocol.

RESOLVED: That

- (1) the suggested amendments to the Executive / Scrutiny Protocol and the Protocol for the Relationship Between Members and Officers outlined in 1. and 3. above, be not approved;
- (2) Council be requested to give approval for:
 - (i) the Executive / Scrutiny Protocol at Appendix A to be included in the Constitution;
 - (ii) the revised Protocol for Relationships Between Members and Officers at Appendix B;
 - (iii) paragraph 26 of Chapter 5 of the Constitution to be deleted;
- (3) the Head of Strategic Support be requested to submit a report to next meeting on how the Council issues and notifies elected Members of press releases; and
- (4) in accordance with Rule 96 of the Council and Committee Procedure Rules of the Constitution, it be noted that Councillor Sir Ron Watson voted and dissented against the resolution set out in (1) above.

10. ANNUAL REPORT AND OPINION OF THE CHIEF INTERNAL AUDITOR

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services summarising the work of internal audit during 2021/22 and providing the Chief Internal Auditor's opinion on the overall control environment operating within the Council during the year.

The Chief Internal Auditor presented the report, indicating that this report was a key requirement of the Public Sector Internal Audit Standards. The report outlined that the opinion for the 2021/22 financial year was adequate with adequate prospects for improvement.

Questions and issues were raised on the following matters: Cherry House Children's Home – request for a financial update; Staff Sickness absence levels; Member Development – clarification on designation of 'mandatory' courses; Commercial Development - Sandway Homes – lack of transparency and issues around governance arrangements; and delivery of the Audit Plan.

RESOLVED: That

- (1) the work of internal audit during 2021/2022 and the overall opinion on the control environment of the Council during that period be noted; and
- (2) the Executive Director of Corporate Resources and Customer Services be requested to provide a report to next meeting outlining the governance arrangements relating to the Council's wholly owned companies.

11. TREASURY MANAGEMENT POSITION TO MAY 2022

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which provided a review of the Treasury Management activities undertaken to 31 May 2022.

This was the first ongoing quarterly monitoring report provided to Audit and Governance Committee, whose role it was to carry out scrutiny of treasury management policies and practices.

RESOLVED: That

- (1) the Treasury Management update to 31 May 2022 be noted; and
- (2) the effects of the decisions taken in pursuit of the Treasury Management Strategy and the implications of changes resulting from regulatory, economic and market factors affecting the Council's treasury management activities be noted.

12. ASSURANCE FRAMEWORK

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services on a proposed Sefton Assurance Framework. A copy of the proposed framework was attached as an appendix to the report.

The Chief Internal Auditor presented the report indicating that the Assurance Framework provided a structured means of identifying and mapping the main sources of assurance in an organisation and co-ordinating them to best effect to help ensure that the Council's Strategic Objectives were achieved.

A question was raised about two national climate change emergency reports provided to the House of Commons regarding the Climate Change Act objectives for 2050.

RESOLVED: That

- (1) the proposed Assurance Framework for the Council be approved; and
- (2) an update on Sefton's proposed response to the Government's Climate Change emergency reports and objectives for 2050 be provided to Committee members.

13. CORPORATE RISK MANAGEMENT

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which provided an update on the Corporate Risk Register.

The Chief Internal Auditor presented the report indicating that the ownership of the content of the Corporate Risk Register lay with the Strategic Leadership Board and that since the last meeting there had been two new risks in respect of Cost of Living and the ability to recruit to the current workforce structures added to the CRR and following the Children's Services inspection by Ofsted, the four children's risks had been comprehensively reviewed and updated. No risks had been de-escalated from the Corporate Risk Register to the Service Risk Registers.

The risks had been re-scored in accordance with the revised assessment guidance included in the Corporate Risk Management handbook which had been approved by the Committee in December 2020. The updating of the Corporate Risk Handbook due to be completed in June 2022 would now take place in September 2022 following the risk appetite work.

The Chief Internal Auditor indicated that although there had been substantial work undertaken over the past six years to embed risk management across the Council, further work was needed to be done to

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ensure that it was consistently and effectively embedded. Meetings had been held with Officers and Members to develop the Council's Risk Appetite and it was proposed that the formal draft definition of the Council risk appetite would be drafted in June and refined before being provided to the Audit and Governance Committee in September 2022.

The Committee received a briefing by the Executive Director of Corporate Resources and Customer Services on '**Inflation Risk Facing the Council**' and the measures in place to mitigate the risk.

Questions / issues were raised on the following risks set out in the report:

Risk	Issue / Question raised
Gaps in Understanding Community Needs	Availability of the 2021 census results and request for the identification of Wards with low census response rates.
Financial Sustainability Beyond 2022/2023	Varied financial considerations, all of which could be considered to have a detrimental impact on council taxpayers. To what extent can these be financially quantified, issue by issue, and an overall financial figure provided?
Historic Records	Request for assessment of the capital value of buildings no longer required / assessment of the Council's art collection.
Inadequate capability to prepare for and respond effectively to a major incident affecting the Council or occurring in Sefton as per the Council's responsibilities under the Civil Contingencies Act 2004	Humanitarian volunteers - What proposals to involve others with specialist experience (e.g. retired police officers, ambulance service, armed forces).
Market failure of Social Care Provision across Adult and Children's	It would be helpful if a time frame could be identified particularly bearing in mind the recent Ofsted Report.
Significant impact on Service Delivery for Planning and Sefton LA	Have Sefton MP's been collectively or individually asked to press this point at national level?
Failure to meet the targets set out in the Council's declared climate	Bidding for external funding. Have we been able to identify as indicated the sources of such funding, the amounts that are likely to

emergency	be available and the extent to which Sefton will be able to meet the individual criteria that are bound to exist?
Dedicated Schools Grant High needs funding for SEND is inadequate to meet requirements	This shows a projected overspend of £3.9m for 2020/2021 moving the overall figure up to £12.3m. This has shown as being held on the Council balance sheet but that the DfE do not expect the general fund to cover accumulated deficits. However, this is still shown as a significant financial risk to the Council and further clarification on both the sums and the accounting mechanisms would be helpful.
Failure to mitigate impacts of Covid-19, EU Exit, winter austerity on the Sefton economy	Is there any further specific information concerning EU exit, i.e., details of programmes, continuing funding arrangements and any other aspects which appear relevant?

RESOLVED: That

- (1) the contents of the Corporate Risk Register, particularly the nature of the major risks facing the Council and the controls and planned action in place to mitigate these risks be noted;
- (2) the Executive Director of Corporate Resources and Customer Service be thanked for his informative presentation on the risks to the Council associated with inflation and the measures in place to mitigate those risks; and
- (3) responses to the issues raised not provided at the meeting would be provided to Members in due course.

14. FINANCIAL MANAGEMENT CODE

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which reported that the Chartered Institute of Public Finance and Accountancy (CIPFA) had issued a Financial Management (FM) Code which aimed to ensure a high standard of financial management in local authorities.

The report indicated that an assessment of the Council's current compliance with the code together with an action plan for improvement had been reported to Audit and Governance in March 2021.

The Service Manager – Finance presented the report and indicated that many areas of good practice in financial management were highlighted within the compliance assessment and the purpose of the report was to provide an update on progress in implementing the action plan for further improvements and also to identify additional actions to further improve compliance.

RESOLVED: That

- (1) the progress in implementing the actions which have been carried out to further improve both compliance with the Code and financial management across the authority be noted; and
- (2) the additional actions identified to further improve compliance be noted.

15. RISK AND AUDIT SERVICE PERFORMANCE

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services providing details of the performance and key activities of the Risk and Audit Service for the period 7 March 2022 to 6 June 2022.

The Chief Internal Auditor presented the report.

A question was raised about renewal of the Council's insurance policy factoring in Sefton New Directions, Sandway Homes and Sefton Hospitality.

RESOLVED: That

- (1) the progress in the delivery of the 2021 to 2022 Internal Audit Plans and the activity undertaken for the period 7 March 2022 to 6 June 2022 be noted; and
- (2) the contributions made by the Health and Safety, Insurance, Assurance and Risk and Resilience teams in managing the Council's key risks be noted.