



Leicester
City Council

Minutes of the Meeting of the
AUDIT AND RISK COMMITTEE

Held: WEDNESDAY, 16 MARCH 2022 at 5:30 pm

P R E S E N T:

Councillor Kaur Saini (Chair)

Councillor Ali

Councillor O'Donnell

Councillor Joshi

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38. APOLOGIES FOR ABSENCE

Apologies were received from Councillor Pantling.

39. DECLARATIONS OF INTEREST

Members were asked to declare any interests they might have had in the business to be discussed.

There were no declarations of interest made.

40. MINUTES OF THE PREVIOUS MEETING

RESOLVED:

That the minutes of the meeting held on 24 November 2021 be confirmed as a correct record.

**41. EXTERNAL AUDITOR'S ANNUAL REPORT ON LEICESTER CITY COUNCIL
2020-21**

The External Auditor submitted a report to the Audit and Risk Committee. Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), External Auditors were required to consider whether the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, and the Auditors reported in more detail on the Authority's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Grant Patterson, External Auditor, presented the report which was the first

brought under the new value for money arrangements:

- It was noted that there had been delays in completing audits nationally and locally.
- The report identified five potential recommendations which management have accepted. It was noted this was not unusual for a large and complex Council. However, there was no significant weaknesses identified.
- It was recognised that the review had not identified any significant weaknesses in the Authority's VFM arrangements as a result of responding to the COVID-19 pandemic.
- It was noted the Redmond Review had recommended that going forward this report should go to Full Council. Moving forward it was expected that legislation would be made to support the recommendation.

The Chair noted that the improvements required were minor and achievable by the Council. The Chair thanked the External Auditor and the Finance Team and noted the report.

RESOLVED:

1. That the Audit and Risk Committee note the report.

42. EXTERNAL AUDITOR'S REPORT: LEICESTER CITY COUNCIL PROGRESS REPORT AND INDICATIVE AUDIT RISKS, YEAR ENDING 31 MARCH 2022

The External Auditor submitted a report to the Audit and Risk Committee, which provided an overview of the indicative planned scope and timing of the statutory audit of Leicester City Council for those charged with governance.

Nicola Coombe, External Auditor, presented the report, and gave the following information:

- It was noted it was an iterative document. It was reported there were two areas of presumed significant risk under ISA [UK] 240: revenue recognition may be misstated due the improper recognition of revenue; the risk of management over-ride of controls was present in all entities.
- Under the presumed risks were the valuation of land and buildings, and valuation of net defined pension liability, both of which required significant estimate in the financial statements, had a number of assumptions and were susceptible to changes.
- To inform the external auditor's planning of audit works, a number of enquiries had been made and a series of questions posed to management across different themes, such as, fraud, laws and regulations, going concern, related parties and accounting estimates.
- Under Value for Money 2021/22, a planning assessment had not yet been undertaken, however, follow up on risks of significant weakness reported as part of the 2020/21 review was anticipated. These were:
 - Financial sustainability – consideration should be given to more formal, explicit monitoring, at a Member level, of the extent to which proposed savings are realised.
 - Governance – it was recommended that the Council undertake a

skills and knowledge assessment of the Audit and Risk Committee and consider if the appointment of an independent member would add value.

- Economy, efficiency and effectiveness – in its refresh of the Economic Recovery Plan, the Council should consider adding quantifiable indicators to its aims and objectives along with an analysis setting out its starting position, from which improvement could be measured.
- Other certification work undertaken was noted. Under Teachers Pension Return and end of year certificate a minor exception was noted in the work which was amended accordingly. It was further noted under the pooling of Housing Capital Receipts that no exceptions were identified.
- With regards to the Housing Benefit assurance process, as in prior years work had resulted in a qualification letter, the summary of which was included in the report.

External Auditors noted that the Council put in a lot of work to assist external auditors to which officers were thanked.

A Member asked with regards to the provision of bad debts and business rates, how had the Council applied mechanisms to ensure all the bad debts were considered appropriately and given the economic situation how had the Council applied its rules and regulations to ensure business rates had been taken into full consideration. In response the Head of Finance noted that bad debt provision was reviewed annually, and that Housing Benefit was looked at separately to business rates, each being given advice and with historical information available on what percentage of bad debt had been written off in the past. The Head of Finance informed the meeting that a report would be taken to OSC that showed the level of debts and how much had been written off over a period of time but would also be shared with Members of the Audit and Risk Committee.

Grant Patterson informed the meeting that guidance was still awaited from Government on whole of government accounts which was not expected until June / July 2022, which was awaited before the 2020/21 audit could be formally closed.

The Chair noted the report.

RESOLVED:

That:

1. The Audit and Risk Committee note the report.
2. It was noted that the 2020/21 audit had not been formally closed as guidance on whole of government accounts was awaited from Government.
3. The Head of Finance would circulate to Members of the Audit and Risk Committee the latest Income Collection report that had gone to OSC.

43. REGULATION OF INVESTIGATORY POWERS ACT 2000, BI-ANNUAL PERFORMANCE REPORT JULY 2021 - DECEMBER 2021

The City Barrister and Head of Standards submitted a report to the Audit and Risk Committee which advised on the performance of the Council in authorising Regulatory Investigation Powers Act (RIPA) applications from 1st July 2021 to 31st December 2021.

Colin Sharpe, Deputy Director of Finance presented the bi-annual report to Members and noted that no RIPA applications had been made for the period.

The Chair noted the report.

RESOLVED:

1. That the Audit and Risk Committee note the contents of the report.

44. RISK MANAGEMENT AND BUSINESS CONTINUITY STRATEGY AND POLICIES 2022

The Director of Delivery, Communications and Political Governance submitted a report to the Audit and Risk Committee which presented the Risk Management and Business Continuity Policy Statement and Strategies which provided an effective framework for Leicester City Council to manage and respond to key risks facing its services and support the delivery of its Business Plan.

Sonal Devani, Manager (Risk Management) presented the report. Members noted the following:

- The Risk Management Strategy and Policy 2022, and the Business Continuity Policy and Strategy 2022 provided an effective framework for managing risk, setting out the Council's attitude to risk, the approach to be adopted to manage the challenges and opportunities facing officers.
- It was noted training was mandatory for staff expected to complete a risk assessment and this was being promoted across the organisation.
- The Business Continuity Policy Statement and Strategy set out the Council's attitude, perception and approach towards implementing business continuity practices.
- The former Corporate Business Continuity Plan had been combined with the Major Incident Plan to form the LCC's Incident Response Plan.
- The Business Continuity Planning service had also been offered to schools, including developing and testing of a schools' Business Continuity Plan.

The Chair noted the report.

RESOLVED:

1. That the Audit and Risk Committee note the contents of the report.

45. FINANCIAL UPDATE REPORT

The Deputy Director of Finance submitted a report to the Audit and Risk Committee which provides an update on key changes currently affecting the Council, and which may have an impact on the work of the Committee. The report also asked for support from Members of the Committee on the proposed change to the Constitution for the appointment of an Independent Member to Audit and Risk Committee (subject to Full Council approval).

Ben Matthews, Senior Accountant (Capital and Projects) presented the report. It was noted that:

- External Audit recommendations were brought to the meeting of Audit and Risk Committee in September 2021. The report provided an update on progress in relation to the Council's asset valuation process and impact on the Council's accounts. It was confirmed Finance and Estates and Building Services had created a plan to rectify the issues.
- It was noted the Council followed the financial management code introduced by the Chartered Institute of Public Finance and Accountancy (CIPFA), which set out a number of standards that the Council had to demonstrate compliance with.
- It was noted in the CIPFA audit committee guide that good practice showed that co-opting an independent member could be beneficial to the Audit and Risk Committee, which was also a recommendation in the Redmond Review and External Audit Annual Audit Report. Any amendment to the Constitution would have to be made at Full Council. Benefits of having an independent member were noted, including additional knowledge and expertise, independence and continuity of committee membership through the electoral cycle. The Head of Finance was working with the Council's Monitoring Officer, and was in the process of writing a job description and criteria for the independent member which would be advertised. Information would be brought to the Audit and Risk Committee in the new Municipal Year.

The Chair thanked officers and noted the recommendations in the report.

RESOLVED:

That:

1. The contents of the report be noted.
2. The Audit and Risk Committee support the change to the Constitution for the appointment of an Independent Member to Audit and Risk Committee. Information would be brought back to the Audit and Risk Committee in the new Municipal Year, and the change would be subject to Full Council approval.

46. ANNUAL REVIEW OF THE COUNCIL'S LOCAL CODE OF CORPORATE GOVERNANCE

The Deputy Director of Finance, and City Barrister & Head of Standards submitted a report to the Audit and Risk Committee for approval of updates to

the assurance and corporate governance processes at Leicester City Council and to approve the Local Code of Corporate Governance.

Amy Oliver, Head of Finance, presented the annual report, which provided an overview of corporate governance processes, pledges and informed how the Council was run. It was noted there had been no significant changes from the previous year.

The Chair noted the document had been clearly highlighted and very clear to understand. The Chair noted the recommendation in the report.

RESOLVED:

1. That the Audit and Risk Committee approve the Local Code of Corporate Governance.

47. CORPORATE COMPLAINTS (NON-STATUTORY) 2020/21

The Deputy Director of Finance submitted a report to the Audit and Risk Committee, which provided an update on the corporate non-statutory complaints in 2020/21, and for Members to note improvements, comment upon the Council's actions from the lessons learned and planned future changes.

Nilkesh Patel, Service Improvement Manager, presented the report, noting that:

- Investigation of new complaints had been paused due to limited service as resources had been focussed on emergency contact during the pandemic. The complaints service had since resumed full operations.
- Fewer complaints had been received during 2020/2021 (671) compared to 2019/2020 (1,328).
- Of the complaints received, 422 (63%) had been triaged to the appropriate service area, whilst 249 were investigated, a reduction of 32% compared to the previous year.
- There were various reasons for complaints, with Housing services receiving the largest amount at 46%. Revenues and Customer Support received 28% of all complaints.
- The lower numbers of complaints could have been due to the pause in Housing Repairs service having only dealt with emergency repairs during the pandemic period.
- Service improvements had driven down complaints, for example, services were being proactive in adhering to the triage / complaint prevention process, by finding resolution at an early stage, and by meeting with services to try and improve ongoing development to reduce complaints.
- There were some operational risks should complaint volumes increase through an unforeseen circumstance or staffing resources.
- There was a new Housing Ombudsman Complaints Handling Code which required the authority to introduce a new two-stage complaints process, which had had an impact, increasing the number of complaints.
- If there appeared to be a trend of particular complaint, a meeting would be arranged with service directors, and an analysis of an area undertaken. Findings would be recorded and monitored for improvement following

ombudsman recommendations.

That Chair asked that a report be brought to a future meeting of Audit and Risk to see if complaints figures had improved with the new system and better analysis.

Members raised points with officers and the following information was provided:

- An issue that had been raised by member of the public was the length of time it took for customer services to answer a phone call, sometimes hanging up after a while. It was also asked if there were plans to open the Customer Services reception fully for people who wanted to talk to someone in person now that the pandemic restrictions had been lifted. Officers noted that the call answering times were a problem, but it was explained that Customer Services staff had been diverted onto other things such as Covid grants, and track and trace service. It was also noted that the Housing repairs services had recommenced in Autumn 2021, which had generated many thousands of calls.
- The Customer Services centre had been open for six months, opening by appointment on Tuesday and Thursday of each week. It was reported that demand for the pool of appointments had not been filled, but would be kept under review as pandemic restrictions were lifted.
- A comment was made about orange bags from Biffa not being delivered. The Service Improvement Manager would report the issue back to Waste Management.
- Members noted that there used to be customer service hubs at various places around the city, and that constituents without smart phones were being digitally excluded. In response, it was reported that the hubs had merged over time with other services to best manage resources, for example, many services could now be accessed in libraries. The Deputy Director of Finance stated he would circulate to Members information on what services people could access at different locations.

The Chair noted the report and comments made by Members.

RESOLVED:

That:

1. The report be noted.
2. Officers note the comments made by Members
3. A report be brought to a future meeting of Audit and Risk to see if complaints figures had improved with the new system and better analysis.
4. The Service Improvement Manager report to Waste Management the issue over non-delivery of requested orange bags.
5. The Deputy Director of Finance to circulate to Members information on the different services that could be accessed at various locations around the city.

48. LOCAL GOVERNMENT & SOCIAL CARE OMBUDSMAN AND HOUSING OMBUDSMAN COMPLAINTS 2020/21

The Deputy Director of Finance submitted a report to the Audit and Risk Committee which provided an update on the complaints made to the Local Government and Social Care Ombudsman (LGSCO) and the Housing Ombudsman in 2020-21 regarding Leicester City Council.

Nilkesh Patel, Service Improvement Manager presented the report, and drew Members' attention to the following information:

- The LGSCO annual complaints were summarised. It was noted that complaints from previous years were rolled over, though there were significantly less complaints than the previous year.
- The LGSCO progressed 68 of the 75 complaints to investigation stage, 13 of which were upheld.
- Remedies for complaints could be something as simple as an apology.
- The LGSCO recognised some complaints could not be remedied during the pandemic.
- On the advice, recommendation and feedback from the Ombudsman of number of detailed service improvements were made (as outlined in Appendix 7 to the report).
- The uphold rate for complaints for Leicester was comparable to the national average.
- The Housing Ombudsman investigated complaints about the provision or management of social housing, but records were not published. From the Council's own records 16 complaints were received by the Ombudsman, with four upheld, resulting in compensation to tenants of up to £400 and staff training.
- With regards to future changes, it was the responsibility of each service area to ensure improvements were put in place.

The Chair recorded that the report was very informative and interesting to read and looked forward to an update at a future meeting.

RESOLVED:

That:

1. The report be noted, including actions for future change.

49. PROGRESS AGAINST INTERNAL AUDIT PLANS

The Head of Internal Audit Service (HoIAS) submitted a report to the Audit and Risk Committee which provided a routine update on progress against the internal audit plan as required within its Terms of Reference, containing activity undertaken, summaries of key findings, issues of concern and action in hand.

Bharat Mistry (Leicestershire County Council Internal Audit Service) presented the report for the Committee to note, and highlighted the following points for Members:

- The report covered audit progress against the Plan 2021/22, resources used, and a brief reference to the 2022/23 Plan.
- Appendix 1 provided a rolling picture of audits completed, not yet started or cancelled.
- 476 days had been delivered against the Plan, and Internal Audit were working towards 650 days by the end of the financial year.
- Factors for the shortfall were highlighted, which included a combination of Covid-related illness and accumulation of leave which needed to be taken by officers.
- Internal Audit had also had a short-term gap in resources but had since held recruitment sessions for various posts, and would continue to give sufficient coverage.
- The ongoing Covid situation continued to cause pressures, and a number of grant audits had been postponed to the next financial year.
- Appendix 2 in the report provided a position statement on high importance recommendations, which overall was generally good and audit had managed to close two recommendations. As a reminder to the Committee, it was noted that any outstanding recommendations would continue to be followed up.
- The same approach would be made in compiling the 2022-23 Internal Audit Plan, with continued good engagement with managers and teams. The Plan was currently being reviewed and would be brought to the next Audit and Risk Committee.

The Chair thanked the officer and noted the recommendation in the report.

RESOLVED:

1. That the report be noted.

50. ANY OTHER URGENT BUSINESS

- The Chair thanked Members and Officers for the support she had received as Chair over the past Municipal Year, which was reciprocated by Members and Officers present.

There being no other items of business, the meeting closed at 6.50pm.

