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## AUDIT AND MEMBER STANDARDS COMMITTEE

**2 FEBRUARY 2023**

**PRESENT:**

Councillors Spruce (Chair), Ho (Vice-Chair), Cross, Norman, Robertson, Silvester-Hall and M Wilcox

Officers in Attendance: Laura Brentnall, Christie Tims, Will Stevenson, Anthony Thomas, Andrew Wood

Also Present: Councillor Rob Strachan (Cabinet Member for Finance and Commissioning)

**32 APOLOGIES FOR ABSENCE**

Apologies were received from Councillor Grange and Councillor White.

**33 DECLARATIONS OF INTEREST**

There were no declarations of interest.

**34 MINUTES OF THE PREVIOUS MEETING**

The minutes of the meeting held on 30 November 2022, previously circulated, were taken as read and approved as a correct record.

**35 TREASURY MANAGEMENT STATEMENT AND PRUDENTIAL INDICATORS**

Mr Anthony Thomas (Assistant Director Finance & Commissioning) presented the report to the committee. He confirmed that there were no significant changes of approach compared to the report approved for 2022/23. However, Mr Thomas highlighted that the report does not include the impact of upcoming Community Infrastructure Levy (CIL) allocations and work on the leisure centre. These impacts will be reviewed at an upcoming Overview & Scrutiny committee. The spending in question is recommended to be funded by reserves, Section 106 and windfall from the finance settlement. As a result, this does not increase the borrowing requirement set out. It was noted that the version of this report taken to council on February 28th will pick up any amendments that need to be made to prudential indicators and Treasury Management Statement. The committee were asked if they wished to raise anything in the report before it goes to Cabinet on February 14th.

Members enquired whether it would be worthwhile using existing investments to clear the projected external borrowing. Mr Thomas noted that in context to current interest rates, the rate on the loan is relatively low and more was earned on investment income than currently lost through debt interest.

Regarding the Municipal Bonds Agency, it was clarified that Arlingclose are currently not advising to use the agency in lieu of externally borrowing from other sources such as the Public Works Loans Board (PWLB).

Mr Thomas stated that external environment factors such as the war in Ukraine and current economic situation, all raised the level of risk. The strategy has been to try and increase the level of reserves in response to this. However, it was noted that the risk appetite in cabinet and among members appears to have increased - reflected by the approval to use earmarked

reserves for place shaping and the leisure centre for example. Mr Thomas confirmed the council is at the lower end of most of the CIPFA resilience index indicators, and these strong foundations mean the council can deal with slightly more risk in the circumstances.

Members were informed that the housing loans set out in appendix E of the report, were the remains from a partnership arrangement with Birmingham City Council that ended several years ago.

**RESOLVED:** Members considered the Treasury Management Strategy Statement and highlighted any changes or recommendations to Cabinet in relation to:

2.1 The Capital Strategy and Capital Programme, outlined in APPENDICES A & B.

2.2 The Minimum Revenue Provision Statement for 2023/24, at APPENDIX C, which set out the Council's policy of using the asset life method for making prudent provision for debt redemption.

2.3 Treasury Management Strategy Statement for 2023/24 APPENDIX D.

2.4 The Investment Strategy Report (APPENDIX E) where no changes were recommended for 2023/24.

2.5 The Capital and Treasury Prudential Indicators for 2022-27 in the financial implications section.

2.6 The Authorised Limit Prudential Indicator shown within the financial implications section.

## **36 INTERNAL AUDIT PROGRESS REPORT**

The report was presented to the committee by Andrew Wood (Audit Manager) who confirmed that 45% of the audit plan had been completed against a profile completion of 85%. Mr Wood confirmed these details have been shared with leadership team. The arrangements with BDO and E-Tec services have been reviewed and the contract with E-Tec extended. The NHS framework agreement with BDO into 2023/2024 is currently being reviewed. Mr Wood outlined the outstanding high priority recommendations, noting that out of 8 outstanding recommendations, 2 relating to IT system security are not overdue. He confirmed significant progress has been made on GDPR recommendations.

Mr Wood stated he was confident completion of the plan would be achieved, confirming BDO will put significant resources in to complete their planned audits. He also reassured members that audit priority profiles were kept in regular review and was happy to include extra details regarding customer satisfaction ratings.

In response to questions on GDPR, Mr Wood confirmed that GDPR compliance was previously part of an outsourced arrangement, whereas the council now has an internal GDPR officer to assist with questions and queries.

**RESOLVED:** Members noted Internal Audit's Quarterly Progress Report, including results for the quarter to 31 December 2022.

## **37 RISK MANAGEMENT UPDATE**

Andrew Wood presented the Risk Management Update to the committee. It was confirmed that the Strategic Risk (SR) Register was last reviewed on January 18th by Leadership Team. All changes since the November 2022 Audit & Member Standards Committee are highlighted within the report. SR 1, relating to pressures on finance has been reduced from 9 to 3

following confirmation of the financial settlement 2023/24 and principles being set for 2024/25. SR 2, relating to resilience of teams, has been lowered from 6 to 3 due to the ongoing resilience framework and business continuity arrangements. SR 7, relating to the threat to IT systems, remains a high priority SR for the committee. Horizon scanning additions include pEPR implications around systems for recycling packaging and compensatory affects; the implications of an increase in fuel duties from 1 April 2023; planning application fees; LATCO review of governance arrangements and structures; arrangements for legislative changes following Brexit and blanket withdrawal in December 2023.

Members commended the work undertaken to ensure there were no strategic risks in the red zone and praised officers on this. Members were assured that SR 1 relates mainly to external environment factors and has previously been heightened by 1-year financial settlements, the Covid-19 pandemic and ongoing economic situation.

Members asked if the impact of rising interest rates and the potential effect that may have on levels of homelessness has been considered. Mr Thomas confirmed that a cost of living allowance has been built into the budget in order to potentially mitigate the impact of this over the next 2 years. In addition, he noted the council tax support fund announced by central government alongside local council tax support schemes.

Mr Wood confirmed that he has the full support of the Chief Executive and Leadership Team, including regular full and frank conversations concerning the strategic risks.

**RESOLVED:** Members noted the risk management update and received assurance on actions taking place to manage the Council's most significant risks.

## **38 GDPR/DATA PROTECTION POLICY UPDATE**

Laura Brentnall (Compliance and Data Protection Officer) presented the GDPR/Data Protection Update to the committee. She confirmed that this would create a strong foundation on which the council will build a system of best practice. The impact of the Local Elections 2023 on officer resources between February and June was highlighted to members. It was confirmed the project plan would start by examining HR and work outwards from that point, before finally coming to committee for review. She assured members that there is a fundamental shift in dynamic within the council about how to perceive GDPR and data protection. Anyone who has not completed GDPR and cyber security training by April 1st, 2023 will be frozen out of system until they undertake training on site. Those on maternity or long-term sick will be subject to extenuating circumstances. GDPR training will form part of the induction process for new starters, with an escalation if they have not completed the training after 2 weeks.

Members praised Laura Brentnall for the work undertaken on this and reiterated their appreciation of quarterly reports on the matter until the action plan is completed.

**RESOLVED:** The committee note the updates to the action plan.

## **39 TAXI LICENSING UPDATE**

Christie Tims (Assistant Director of Operations, Regulation and Enforcement) presented the Taxi Licensing Update to the committee. The update was brought forward following concerns raised by members at the November 2022 meeting regarding the presence of non-LDC registered taxis operating in the district. Ms Tims confirmed this as legal and normal practice, on the condition that the vehicles concerned are booked from their licenced operating areas. Only hackney carriages licenced by LDC can stand on the city taxi ranks. It was noted that all drivers go through roughly the same licensing process, with the main difference being that other authorities allow the use of older vehicles, up to 11 and a half years. More than 90% of

drivers operating in the district are not Lichfield or Burntwood residents, instead travelling into the district to carry out their work.

Members were informed that awareness and poster campaigns are being planned this year, informing the public to use the appropriate liveried taxis; book through a reputable private hire company; check the price to be charged, and other such information. Ms Tims also highlighted the Safer Streets Campaign to be discussed at the Community Safety Partnership the following week. A policy consultation being put to the Regulatory & Licensing committee will be developed into a robust policy, designed to encourage sustainable taxi operations in the current environment.

Members queried if electric vehicles could be encouraged through the policy.

Ms Tims confirmed the recruitment of a new Regulation & Enforcement Manager from March 1st who would be tasked with forming partnerships and engaging with operators to create a sustainable business model.

Members were informed that residents are encouraged to report unlicensed taxis at taxi ranks to [Lichfield.gov.uk](http://Lichfield.gov.uk) and was happy to discuss further marshalling work that could be undertaken by community groups. Members commended the work of the Late Night Listeners who operate near the city centre taxi rank and suggested engagement with them and potentially the RMT.

**RESOLVED:** Members noted the taxi licensing update.

#### **40 WORK PROGRAMME**

The Committee were informed of the intention to bring the following two items forward from the April 19th meeting to the March 23<sup>rd</sup> meeting:

- Internal Audit Plan, Charter & Protocol 2023/24
- Review of the Effectiveness of the Audit & Member Standards Committee

In addition, an Internal Audit Item on 'Public Sector Internal Audit Standards and External Quality Assessment' would also be brought to the March meeting.

(The Meeting closed at 7.25 pm)

CHAIR