

Minutes of Audit and Risk Assurance Committee

**Tuesday 15 November 2022 at 6.00pm
In the Council Chamber at Sandwell Council House**

- Present:** Councillor Preece (Chair);
Councillors Anandou, Choudhry, Hinchliff and Khatun.
Mr Ager (Independent Member) and Mr Hussain
(Independent Member)
- Officers:** Peter Farrow (Audit Services Manager); Gillian Douglas
(Director of Housing); Rebecca Maher (Assistant Director of
Finance); Kate Ashley (Strategic Lead – Service
Improvement); Lee Constable (Strategic Lead – Strategic
Assets and Land); Tony McGovern (Director of Regeneration
and Growth); Alexander Goddard (Democratic Services
Officer); Anthony Lloyd (Democratic Services Officer).

54/22 **Apologies for Absence**

An apology as was received from Councillor Luke Giles.

55/22 **Declarations of Interest**

There were no declarations of interest.



56/22 Minutes

Resolved that the minutes of the previous meeting held on 29 September 2022 be confirmed as a correct record.

57/22 Urgent Business

There was no urgent business for discussion.

58/22 Council Improvement Plan Update

The Committee received an update on both the Council's progress against the Improvement Plan and an update on the Risk Register for the Council's Improvement Plan.

Council Improvement Plan

The Improvement Plan incorporated all recommendations from the Grant Thornton Governance Review, the LGA (Local Government Association) Corporate Peer Challenge and the CIPFA (Chartered Institute of Public Finance and Accountancy) Financial Management Review, as well as the Statutory Directions from the Secretary of State for Levelling Up, Housing and Communities.

There were six themes within the improvement plan; four were RAG (Red, Amber Green) rated Green, one was rated Amber and one was rated Red. Specific attention was drawn to the Strategic Direction theme; this theme was RAG rated red due to two particular high-risk areas.

The first area was slippage against the adoption of LGA guidance in relation to the Equality, Diversity and Inclusion agenda. Progress continued to be made and a consultant had been employed to assist further. It was noted that there was also slippage against the commercial strategy strand within this theme. A new "customer journey" work stream had been incorporated into the improvement plan.



The second theme of concern was the partnerships and relationships strand. This area had experienced medium slippage and was therefore RAG rated Amber. Progress had been made across all workstreams, but specific slippage had occurred around timescales regarding the contract review with Sandwell Children's Trust. Contract and KPI discussions were on-going with a provisional end date of April.

Updates against recommendations, that were raised by the Grant Thornton Review specifically for Audit and Risk Assurance Committee, were presented:

- Member learning and development plans had been created and programmed for regular reviews.
- Finance and Audit training sessions had already taken place with further training sessions scheduled soon.
- Succession planning was in place for aspiring members; work was also underway to produce specialised independent development plans.
- Cabinet forward plans were now incorporated into Audit and Scrutiny Boards and Agenda planning meetings were in place.

It was highlighted that the Improvement Plan was intended to be a "live document" in order to enable officers to change and update the plan in response to the changing environment and priorities of the Council. Descriptions and timescales had been amended across the plan in the hope of eventually reducing the number of strands so that work-strands from the Improvement Plan could be incorporated into the Corporate Improvement Plan.

The following point were confirmed in response to questions from members:-

- Some plans were overlapping due to common goals.
- In relation to organisation goals, timescales would be updated and/or extended when incorporated into the Corporate plan.
- Customer engagement sessions were wide reaching to all staff members.



- No concerns were highlighted regarding the scheduled report to government in December.
- Members would be provided with a copy of the member development check-list, if required.

Improvement Plan Risk Register

An update against the Improvement Plan Risk Register was provided to the Committee. In relation to the 12 risks, three were RAG rated Green, eight were rated amber and one was rated Red.

Improvements were made against IP6 (Investment and Financial Resources). This risk measured the Council's ability to ensure that the Council had sufficient resources to deliver the improvement plan. This risk had improved from Red to Amber due to the regular monitoring around use of resources. An interim assistant director had also been employed. Future actions included the recruitment of a corporate performance management team; several offers of employment had been made to start building this team.

IP10 (Performance Management Framework and Data Quality) remained red however, data had now been identified and the embedding process was underway. The resident survey and budget consultation was underway.

Members noted the updates and thanked officers for their attendance and hard work.

Resolved that the Improvement Plan Update and Risk Register be noted.

59/22

Internal Audit Progress Report

Progress was identified against the delivery of the 2023/23 Internal Audit Plan up to September 2022.

Each audit review that had been completed was listed, and set against the number of green, amber or red recommendations, and the level of assurance assigned to each review. Further narrative on each of the completed reviews was also provided later in the report.



It was reported that Riverside rents had consecutively seen an increase in arrears over the last several years. Recommendations were provided to Riverside to review their options on how to best pursue those arrears. A governance review within the Housing Directorate had also been carried out. It was considered that more defined terms of reference be created to better highlight the purpose of each team, however, good progress had been made overall.

Regarding the limited assurance report on the disabled facilities grant, a potential data breach had been discovered which had been referred to the information management unit for further investigation. The policies and procedures in place for administering the grant were in need of a refresh to ensure that best practice was being adhered to following the recent move of the service from Adults to Housing. A backlog of outstanding payments to contractors had been identified due to the delay in the receipt of invoices from contractors. Recommendations were made to contact the contractors to improve billing times.

Variations with the Council's cash handling processes had been identified across the Council and work was underway so that a more uniform approach could be adopted.

Resolved that the Internal Audit Progress Report be noted.

60/22 Internal Audit Charter

The Audit Services Manager sought approval of the Internal Audit Charter. It was noted that no changes had been made since the last Charter.

The Audit Charter set out how Audit, which was a statutory requirement, would operate against a set of pre-determined standards, along with their core principles and responsibilities.



The Committee noted the update and thanked officers for their attendance.

Resolved that the Internal Audit Charter is approved.

61/22 **Corporate Risk Management Strategy**

Approval of the Corporate Risk Management Strategy, following a recent review and refresh, was sought.

It was highlighted that the new strategy referenced the work of the Corporate Transformation Board and Improvement Plan as well as including extra focus on the impact of safeguarding and the risk of injury to personnel. Additionally, the previous “3 lines of defence” model had been replaced with the “3 lines model”. Following questions from members, clarification was provided on the intricate differences between the 2 models. It was considered that the clarification of details on second line roles could be included, where appropriate in future reports.

Resolved that the Corporate Risk Management Strategy is approved.

62/22 **Directorate Risk Register - Housing**

An update was received from the Director of Housing regarding the Directorate Risk Register for Housing.

Risks on the Housing Risk Register linked, where appropriate, to those found on the Strategic Risk Register. The Housing Directorate was responsible for over 27,000 homes with a further 1,000 homes being under private finance initiatives. The Directorate was also responsible for preventing and reducing homelessness as well as providing temporary accommodation.

In total, 11 risks had been identified and were monitored through the directorate risk register by the register. It was identified that of these 11 risks, two were RAG rated Green, seven were rated Amber and 2 were rated Red.



The first Red risk was “disrepair”. Nationally, many authorities were facing difficulties with damp and mould in their properties. In Sandwell, there were currently 250 cases of reported disrepair submissions from tenants. Claims had increased nationally, and work was underway to inspect properties to assess if remedial action was needed. In some cases, there was a need to offer compensation to tenants.

The second Red risk identified was the on-going impact of inflation on the cost of construction and supplies. Many contractors working on behalf of the Council were facing additional costs due to inflation, significantly raising costs. There were also difficulties in supply-chains and some contractors had withdrawn from contracts entirely.

In response to questions, officers confirmed that Sandwell would support greater oversight and regulation on exempt accommodation after recommendations were provided by the Parliamentary Select Committee. Housing, alongside the Revenues and Benefits service, were reviewing if the higher rate housing benefit was justified.

Members sought clarification on what actions were taken to reduce the homelessness risk and what could be done to reduce it further.

In total, 98 households were currently in temporary accommodation, this included 200 children. On occasion, Sandwell Council had exceeded the 6-week maximum bed and breakfast accommodation rule and work was underway to prevent this going forward. One solution that was investigated was to ensure that more in-house accommodation was available; the opening of Manifoldia Grange was highlighted as a positive step in further minimising the use of bed and breakfast accommodation.

Resolved that the Directorate Risk Register - Housing be noted.



63/22 **Cabinet Forward Plan**

The Forward Plan was presented for information and to allow the Committee an opportunity to contribute to any items or raise any issues with the Executive.

64/22 **Work Programme**

The Committee noted the work programme for 2022/23.

65/22 **Exclusion of the Public and Press**

Resolved that the public and press be excluded from the rest of the meeting to avoid the possible disclosure of exempt information under Schedule 12A to the Local Government Act, 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006, relating to the financial and business affairs of any person, including the authority holding that information.

66/22 **ICT incident Report**

The Audit and Risk Assurance Committee, at its meeting on 29 October 2022, requested an update on a significant ICT incident that occurred during the Summer.

Due to an accidental release of the main server room fire gas suppression system and subsequent building fabric damage, council ICT systems were severely impacted upon resulting in a loss of connectivity across the whole council for certain ICT system applications. ICT resilience plans were instigated which helped mitigate continued loss of connectivity across the council leaving only certain applications requiring further work to bring back on line.

As a result, a detailed action plan and working group had been created to prevent similar events happening in the future. The



following proposed/completed actions were presented to the Committee:-

- Additional details would be included in on-site induction for external contractors accessing the building.
- Representatives from the relevant service area will be required to be present for the duration of the works.
- Regular checks of all gases panels would be undertaken.
- ICT would carry out a range of checks on a regular basis.
- The Gas suppression system panel had been replaced for a new updated panel and the card access reader had been relocated.
- Redundant equipment had been removed to avoid confusion.
- Plans had been made to move the Council's system to the Cloud.

In response to questions from Members, it was confirmed that there were other buildings within the Council's portfolio that had similar systems in place; these systems would also be reviewed. An external contractor had been contacted to review the room layout and provide details on the best possible layout.

Meeting ended at 7.31p.m

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