

AUDIT COMMITTEE

MINUTES OF THE MEETING HELD ON: 21 November 2021

ATTENDING

Councillors:

Councillor Chapman (Chairman)

Councillor Elliot

Councillor Birnie

Councillor Symington

Councillor Mahmood

ClIr Tindall

Outside Representatives:

DBC Officers:

Nigel Howcutt Assistant Director (Finance & Resources)

Fiona Jump Group Manager (Financial Services)

Matt Rawdon Group Manager (People & Performance)

M Sells, Member Support Officer

TIAA

Philip Lazenby

The Meeting commenced at. 19:30

No.	AGENDA ITEM
1	<p>APOLOGIES FOR ABSENCE</p> <p>Apologies for absence were submitted on behalf of ClIr Silwal and ClIr Townsend.</p> <p>ClIr Tindall was Substituting.</p>
2	<p>MINUTES OF THE PREVIOUS MEETING</p> <p>ClIr Birnie queried the minutes from the previous meeting, as some points were not clear. ClIr Birnie stated that with regards to page 7, paragraph 9, he queried whether the Council was in control of infrastructure financing, where large items could not be financed through S.106 or CIL. DBC was obliged to enter into a bidding process with the government. The</p>

	<p>point Cllr Birnie made was whether this posed a risk to the Council, as it could lead to large developments being approved where they did not have conditions for large items of interest. There was no mitigation for such an important risk.</p> <p>Cllr Birnie also observed that page 8 of the minutes referred to Cllr Townsend saying a planning document was missing and that Internal Audit had offered to present the committee with the document. Cllr Birnie stated that this was the responsibility of the external auditors, where the planning risk assessment procedure report had not been provided due to a failure within the auditor’s planning procedure. Nigel Howcutt thanked Cllr Birnie for the clarification and stated that he would chase up and rectify this. Cllr Birnie reiterated that this was a failing of the external auditors and not a criticism of the officers.</p> <p>The Chair proposed that the minutes and actions of the previous meeting be approved subject to the above changes, which was agreed.</p>
3	<p>DECLARATIONS OF INTEREST</p> <p>There were no Declarations of Interest.</p>
4	<p>PUBLIC PARTICIPATION</p> <p>There was no public Participation.</p>
5	<p>INTERNAL AUDIT</p> <p>The Chair invited Philip Lazenby to provide an update on internal audits, as shown on p12 to 46 of the meeting pack.</p> <p>Philip Lazenby presented his update, noting that there was a document from the previous meeting that was carried over to be discussed today. One audit report had been completed since the previous audit committee, for Customer Services, which have provided substantial assurance. Philip Lazenby noted that the audit executive summary could be found on p17 of the pack, adding that the report contained 1 important and 2 routine recommendations, which had been accepted by management.</p> <p>Philip noted there had been good progress against the plan on p20. Both the draft reports had gone final since the report was produced, meaning there would be a larger number of reports to review at the next meeting.</p> <p>Philip stated there would be an in-depth review of recommendations this month and added 18 had been completed in the year to date. They remained in the document until an in-depth review could be carried out.</p> <p>Philip turned to the absence management report, which was deferred from the previous meeting. This involved detailed testing against absence and sickness management, including whether line management and procedures were effective, and items were being recorded appropriately. There were 4 recommendations and 2 operational issues, all of which had agreement from management and assurance had been given that they had been implemented in full.</p>

Philip explained a sample of 10 sickness episodes showed that 2 return to work interviews had not been conducted or recorded. 5 long-term sicknesses were also checked, of which 2 were not completed in accordance with expectations, 1 because an escalation was running in parallel and the second where procedures hadn't been adhered to. Matt Rawdon stated that the actions had been undertaken and he was happy to answer questions.

Cllr Birnie noted item 5, p13 talked about the attendance of committee members during the lockdown. Cllr Birnie stated it was curious to see that engagement from attendees, presumably the members, had dropped by 9% and asked how this was calculated. Philip replied it was based on a self-scoring system with engagement rated between 1 and 10, with a sample of 120 respondents.

Cllr Birnie asked what the point of the measurement was. Philip replied that some audit committees had changed how they operate as a response to COVID. Previously, audit committees when held in person were frequently all-day meetings. In the last year, audit committees were more focused as documents were circulated before the meeting for attendees to provide questions in advance.

Cllr Tindall noted that on p20, 2 items had been deferred which he felt were important, namely business continuity (deferred to Q3) and corporate health and safety (to Q4) with internal pressures given as the reason, he enquired what these pressures were. Nigel Howcutt replied that the pressures were due to the pandemic, with frequent government announcements causing major review work each time, putting too much pressure on staff. Business continuity was deferred due to leave and absence, as the council comes out of COVID, the processes had to be reviewed. It was logical to delay this to later in the year.

Cllr Tindall noted the 2 return to work interviews missed and added that he accepted that DBC was in exceptional circumstances and it was difficult to perform at 100%. He trusted that attention was being given to this item as it was important to continue to look after the welfare of staff. Matt Rawdon agreed and added that interviews were chased after 7 days. Their importance was recognised.

Cllr Chapman noted that on p17, some staff had not received relevant training for their roles and asked how this was progressing. M.Rawdon replied that it took up to 12 months for a customer services representative to be fully trained. It was a key goal to ensure that training was undertaken quickly but there was a balance in terms of the management time requirement. He assured Cllr Chapman that it was a priority for his management team.

Cllr Birnie stated that he was surprised that in 1 or 2 instances training had not been completed within 2 years, which seemed a very long time. M.Rawdon replied that there was a balance to be struck, as taking staff away from queries and customer contact had an impact on KPIs, He agreed 2 years for training was a long time and he would investigate this. It had been a difficult time as face-to-face training had not been possible.

Cllr Chapman noted the Sickness Absence policy was dated August 2018 and was overdue for its biannual review. M.Rawdon replied it was delayed due to other priorities, but the review had now been completed and took the auditor's recommendations into account.

The Chair thanked the officers for their report.

STRATEGIC RISK REGISTER QUARTER 2 21/22

Nigel Howcutt presented an update, noting that the scores had not changed quarter on quarter, with no inherent risks greater than 9. Risks, on the whole, had not changed significantly. N.Howcutt observed there were risks around DBC being unable to recruit and retain the staff they needed.

A key issue in the last quarter related to the retention of HGV drivers. This was quickly responded to with the introduction of a retention bonus of £5,000 to reduce the number of leavers. 8 drivers wanted to leave, and 2 had been convinced to stay through the retention bonus. Additionally, a driver left and returned to DBC as the condition of the DBC fleet was superior. N.Howcutt felt the retention scheme would help in the medium term.

N.Howcutt noted that the other change quarter on quarter related to the cyber-attack risk, with public sector recertification taking place later this month. It was hoped that gaining recertification would give the members confidence.

Cllr Birnie noted that there were also 2 staff being trained as HGV drivers and praised Craig for his work. N.Howcutt noted that DBC had trained drivers for many years, but COVID had impacted their ability to do this but hoped this would be less of an issue going forward.

Cllr Chapman asked whether there was any issue securing agency drivers to cover for the shortage of HGV drivers. N.Howcutt confirmed that this was not an issue, but costs were significantly higher than in the past.

Cllr Birnie restated his concerns that there was no method to mitigate the problems DBC faced with large infrastructure items and going to the LEP. Often, they had to go to the central government and engage in a bidding war to cover the infrastructure items. He felt this could radically impact development plans. N.Howcutt agreed that this was a valid point. The infrastructure and delivery plan for the next 30 years was required. The funds would be secured through a mixture of sources, including HCC, the government, the Department of Transport and the LEP. N.Howcutt felt DBC had a good history of working in partnerships such as these, He agreed there was a risk here being at the control of the government.

Cllr Birnie agreed and added the other item related to this was the response to the climate emergency. There were huge problems with the housing stock and little or no provision from the government to supply the necessary to upgrade the housing stock. Cllr Birnie felt this should be in the risk register. N.Howcutt agreed and added they were in the middle of trying to understand the government's response in light of the announcements in the Autumn Statement. Local authorities collectively required £64bn to enable net-zero by 2030.

Cllr Mahmood asked for clarity on the HGV retention scheme. N.Howcutt explained that all HGV drivers would receive a retention bonus of £5,000, which had to be returned if they left within 12 months. He noted drivers were receiving offers above this from competing employers. Where drivers leave and return, they receive the retention bonus on completion of probation.

Cllr Symington returned to the climate emergency and noted it was not mentioned in the risk register. She asked whether this should be reviewed in light of COP26, and added there were other areas facing staffing shortages, including Legal, and felt it was important to

recognise that this was a wider issue. Thirdly, Cllr Symington noted a section in the risk register about not being able to deliver on housing, She felt this needed updating as it referred to 2019 and commented that she had seen 2 appeals from developers be successful as there was no local plan. Cllr Symington asked what the risk was of this.

In reply, N.Howcutt stated that there was an agenda to achieve carbon neutrality by 2030. The action plan had been discussed in the recent Scrutiny meeting. When the register is next reviewed at the end of the year, climate change will be discussed. There was an overall aim to support good housing and to debate the strategic risks involved. He felt the climate emergency would be prominent and1 noted that DBC accounted for just 1% of emissions in the Dacorum area.

On retention, N.Howcutt stated that Q2 KPIs were analysed, including retention and recruitment. Exit interviews were undertaken and fed back into the recruitment and retention strategy. Within the market, it appeared that good resources were highly sought after at the moment.

Lastly, N.Howcutt advised there was a risk of having a local plan that was ineffective versus having a local plan that allowed developers to challenge the position. The local plan was due to be finalised next year, but a decision was made to extend the time to maximise the use of brownfield sites in the best interests of Dacorum.

Cllr Birnie noted that developers have tried to bring in additional sites as DBC did not have a 5-year land supply, He felt the worst issue recently was an appeal that was lost on that basis. A developer had asked for 28 units, which was turned down. A revised plan of 15 was similarly turned down. The developer appealed the original decision, which was upheld. He felt it was likely that green belt land could be lost due to the lack of a 5-year plan.

Cllr Symington added that a second appeal had been lost in her ward for the same reason, where 102 care homes were approved instead of the 40 shown in the master plan. Cllr Birnie added that this could not be solved immediately because they were operating under the previous outdated plan. He felt the new plan would come later than next year.

Cllr Tindall noted the references to graduates in the report and asked whether apprentices were being considered for any roles, such as in Clean Safe and Green and other areas at the depot and parks. He felt that young people had had a tough time because of COVID and suggested continuing the apprentice programme would give them opportunities for jobs. N.Howcutt replied that the apprentice scheme was growing, with a new apprentice starting in the payroll team recently. He added that both apprentices and graduates add value to the organisation.

Cllr Tindall returned to climate change and risk and noted the corporate team was looking at the whole issue to have a specific climate change risk register. He felt this was the right way to go. N.Howcutt replied that the climate change action plan was to be presented to Cabinet in 13 days, which would outline the medium and long-term aspirations. This would include a risk register and updated progress monitoring.

Cllr Symington returned to her previous point, noting that p58 required updating as it was written before Summer 2019, She asked which committee saw the annual reporting. N.Howcutt replied that there was a statutory requirement to publish the information

	annually, and it was presented at the most recent Cabinet meeting. NH added there was an overriding policy for what funds could be spent out, which he offered to send out.
9	WORK PROGRAMME The work programme was reviewed and agreed
	There being no further business the meeting ended at 21:15