

CORPORATE AFFAIRS AND AUDIT COMMITTEE

A meeting of the Corporate Affairs and Audit Committee was held on 6 February 2020.

PRESENT:	Councillors Rathmell, (Chair), Higgins, J Hobson, Hubbard, Mawston and D Rooney
PRESENT AS OBSERVERS:	Councillors Cooper and McTigue J Cain, BBC Local Democracy Reporter
PRESENT BY INVITATION:	Councillor C Hobson, Executive Member Finance and Governance
ALSO IN ATTENDANCE:	M Rutter and N Wright, Ernst Young (EY) P Jeffrey, R Smith and M Thomas, Veritau
OFFICERS:	J Armstrong, C Benjamin, M Brearley, J Bromiley, N Finnegan, S Lightwing, S Reynolds, J Shiel, P Stephens

APOLOGIES FOR ABSENCE were submitted on behalf of Councillor S Walker.

DECLARATIONS OF INTERESTS

There were no Declarations of Interest at this point in the meeting.

1 WELCOME AND EVACUATION PROCEDURE

The Chair welcomed all present to the meeting and read out the Fire Evacuation Procedure.

NOTED**2 MINUTES - CORPORATE AFFAIRS AND AUDIT COMMITTEE - 19 DECEMBER 2019**

The minutes of the meeting of the Corporate Affairs and Audit Committee held on 19 December 2019 were taken as read and approved as a correct record.

3 ESTATES STRATEGY - ASSET DISPOSALS UPDATE

A report was presented to update the Corporate Affairs and Audit Committee on the implementation of the Council's Estates Strategy and progress with the disposal of assets during financial year 2019/2020.

The disposal of Local Authority assets was governed by the General Disposal Consent (2003) under the Local Government Act 1972. This consent gave Councils the power to dispose of assets for market value, or less than market value for the promotion of economic, social or environmental well-being.

The power to dispose of assets at an undervalue had not been utilised in the financial year 2019/2020. Should the Council take any decisions to dispose of its assets under these powers, it would be reported in subsequent updates. During the financial year 2019/2020, thirteen disposals were agreed. Details of the individual transactions were set out in Appendix 1 to the submitted report.

The variance in value between a number of the Capital Receipts and Valuations set out within Appendix 1 was caused by a number of factors, including the strict financial approach adopted by the Council in respect to abnormal cost deductions being different to that adopted by Buyers, fluctuation in market values, the occurrence of unplanned windfall disposal opportunities and the accounting basis under which the Council classifies surplus highway land within its Estate Portfolio.

In response to comments made by the Council's External Auditors in previous years, further work to satisfactorily embed the Asset Disposal Policy was carried out in the financial year 2019/2020 in order to ensure compliance. In addition to the renewal of the standing Asset

Disposal Policy and the production of a new Asset Acquisition Policy, the Council had further invested in its Valuation and Estates Team, completed the transfer of its records to an integrated cloud based data storage system and was currently in the process of reviewing the performance of its income producing Commercial Estate.

AGREED that the information provided was received and noted.

4 **SUSPENSION OF COUNCIL PROCEDURE RULE NO 5 - ORDER OF BUSINESS**

ORDERED that, in accordance with Council Procedure Rule No 5, the Panel agreed to vary the order of business to deal with the agenda items in the following order: agenda item 7, 8, 6, 9, 10, 11, 12, 13, 14 and 15.

5 **ANNUAL REVIEW OF THE LOCAL CODE OF CORPORATE GOVERNANCE**

A report of the Strategic Director of Finance, Governance and Support, was presented to report the outcome of the annual review of the local Code of Corporate Governance.

The local Code of Corporate Governance set the framework against which compliance with corporate governance best practice was assessed on a systematic basis. Regular reviews of the Code were necessary to ensure that the Council was assessing its governance arrangements against best industry practice as described by CIPFA relevant codes of practice. There had been no changes to the relevant CIPFA codes of practice since the current local Code of Corporate Governance was adopted in Council 2017.

It was recommended that the Committee agreed no changes to the local Code of Corporate Governance were required as a result of this annual review because there had been no further change to the CIPFA Solace guidance: Delivering Good Governance (2016), which was used to inform the current Code.

AGREED as follows that:

1. the information provided was received and noted.
2. no changes were made to Middlesbrough Council's current local Code of Corporate Governance, as adopted in 2017.

6 **HEALTH AND SAFETY ANNUAL ASSURANCE REPORT**

A report of the Director of Environment and Commercial Services was presented to provide the Corporate Affairs and Audit Committee with an annual review of the corporate approach to the management of health and safety within the Council and details of a proposed action plan.

Health and safety management was the collective responsibility of all Elected Members and Officers of the Council. The Health and Safety Manager provided Members with details of progress against the 2019/2020 Health and Safety Action Plan, as outlined in the submitted report. The 2020/2021 Health and Safety Action Plan was also included in the submitted report.

The Health and Safety Unit was now up to full complement and work was continuing on developing team members in their new generic roles. Each advisor had continued to learn new skills relating to fire safety and would begin to expand upon their training delivery skills in the year ahead.

The new online Middlesbrough Incident Management System (MIMS) was now live and had been well received. A new procedure was available on the intranet and training would be rolled out to support management in conducting detailed incident investigations in order to improve safety standards and prevent accidents. The Health and Safety Manager confirmed that statistical information was available now from MIMS and also that training was in the process of being rolled out to managers.

Next year the Health and Safety Unit would build upon this success and focus more on improving the ownership of health and safety across the Council, concentrating on premises and individual service areas by providing bespoke health and safety plans, training and ongoing support to relevant managers.

It was confirmed that a separate report on staff wellbeing would be presented to a future meeting of the Corporate Affairs and Audit Committee.

AGREED as follows that:

1. The outcome of the Health and Safety Annual Review was received and noted.
2. The proposed Health and Safety Action Plan for 2020/2021 was endorsed by the Committee.

7 **UPDATE - COUNCIL'S DECISION MAKING PROCESS**

A report of the Director of Legal and Governance was presented to provide the Committee with an update in relation to the Council's decision making process.

The Council's decision making process was currently subject to an audit. The outcome of the audit would be reported to a future meeting of the Corporate Affairs and Audit Committee.

Following the previous audit, a number of improvements had been made to the decision making process. The Officer Delegated Decision Form had been amended and a copy of the revised form was attached at Appendix A to the submitted report. A Decision Making Masterclass had been developed and the E-Learning Module on Decision Making would be reviewed.

Details of Officer Delegated Decisions taking during the period 1 January to 31 December 2019 was attached at Appendix B to the submitted report, with details of Executive decisions taking during the same period attached at Appendix C.

In relation to Appendix C, it was highlighted that the first item referred to Marton-in-Cleveland Neighbourhood Plan Area and Forum. It was noted by the Committee that this should read "Marton West" Neighbourhood Plan Area and Forum.

A report on outstanding Executive decisions was emailed to the Leadership Management Team (LMT) on a monthly basis, to assist the monitoring process. This provided LMT with details of Executive decisions that had not yet been implemented. The report detailed the actual date for completion and whether action required to implement the decision was on target for completion or not.

Since 1 January 2019 there had been 86 Executive decisions and in the corresponding period, the Council received 4 requests for call-in.

AGREED that the information provided was received and noted.

8 **INTERNAL AUDIT UPDATE**

Phil Jefferies, Richard Smith and Max Thomas from Veritau were introduced and welcomed to the Committee.

On 1 January 2020, Middlesbrough Council transferred its internal audit function to a new shared service company (Veritau Tees Valley Limited), of which it is a shareholder. Veritau was established in 2009 and was a local authority shared service, currently owned by eight Councils. Veritau provided a range of assurance services including internal audit, information governance, management and related governance services.

Veritau's current priorities were to complete Middlesbrough's current Internal Audit Plan 2019/2020 and prepare the Internal Audit Plan for 2020/2021.

It was highlighted that Phil Jefferies would be Middlesbrough's key liaison contact.

NOTED

9 **INTERNAL AUDIT REPORT**

A report from the Chief Executive of Veritau, the new Internal Audit Service, was presented to seek Members' views on areas for inclusion within the 2020/2021 Internal Audit Plan, as well as to approve the revised Internal Audit Charter.

For the remainder of the current financial year, Veritau would focus on the delivery of outstanding priority audit work in the previously agreed Internal Audit Plan for 2019/2020. Arrangements around the provision of the service needed to be updated, for example by agreeing a new Audit Charter. Veritau was also in the process of drafting the Internal Audit Plan for 2020/2021.

A copy of the proposed new Internal Audit Charter was attached at Appendix 1 to the submitted report. The overall content of the Internal Audit Charter was similar to the existing Charter and reflected PSIAS requirements. The Charter also set out key elements of the relationships between Internal Audit and the Chief Finance Officer, and the Corporate Affairs and Audit Committee.

The draft Internal Audit Plan for 2020/2021 would be presented to the Corporate Affairs and Audit Committee on 5 March 2020 for final approval. Details of the risk areas to consider for audit in 2020/2021 were set out at paragraph 14 of the submitted report.

Members were invited to submit items for inclusion in the Internal Audit Plan 2020/2021 to Veritau within the next three weeks.

AGREED as follows that:

1. the Internal Audit Charter, as attached at Appendix 1 to the submitted report, was approved.
2. arrangements for the preparation of the 2020/2021 Internal Audit Plan were noted.

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STAFF TURNOVER

The Head of Human Resources gave a presentation in relation to staff turnover at Middlesbrough Council. The presentation included information about:

- The Exit Process - which had been refreshed and relaunched in March 2019.
- The percentage turnover during the last three years and details of reasons for leaving.
- Exit Data - compiled from completed exit questionnaires.
- Steps taken by the Council to try and retain staff.

The Head of Human Resources commented that some level of turnover was good as it enabled new people with fresh experience to join the organisation. It was also noted however that if there were service areas where the turnover was particularly high, additional work could be carried out.

AGREED as follows that:

1. the information provided was received and noted.
2. the Head of Human Resources would provide a breakdown of the turnover and reasons for leaving, by service area, to be presented to a future meeting of the Committee.

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ANNUAL REPORT OF THE SENIOR RISK INFORMATION OWNER (SIRO) - PART A

The Annual Report of the Senior Information Risk Owner (SIRO) was presented to advise the Corporate Affairs and Audit Committee of arrangements in place to ensure proper governance of information within the Council, progress made within the 2019 calendar year, risk and issues arising and priorities for the next twelve months.

The last Annual Report to Committee set out eight key priorities to reduce information risk for the 2019 calendar year and beyond. Good progress was made on these priorities during the year, and these were summarised in Appendix 1, attached to the submitted report. Fourteen remaining or resulting actions would be completed during 2020 as part of the Council's overall Information Strategy Delivery Plan.

In July 2019, the ICO was invited to undertake an audit of the Council's data protection arrangements, looking specifically at three cross-cutting domains:

- governance and accountability.
- security of personal data.
- requests for personal data and data portability.

The Executive Summary of the ICO's report on the audit was attached at Appendix 2 to the submitted report. The audit rated the Council as providing a reasonable level of assurance that the Council's arrangements were delivering data protection compliance across all three domains. This was the second highest level of assurance.

Six recommendations were made by the ICO to reduce the Council's risk of non-compliance - 4 with urgent priority, 37 high and 19 medium. The main areas of improvement identified by the ICO related to physical access control, subject access requests, email security, and enhancing the role and accountability of senior managers on data protection matters. These, and the majority of recommendations made, were already known to the Council and reflected in its information risk register and Information Strategy Delivery Plan.

The Council had responded to the ICO with proposed actions to address its recommendations, and these had been accepted by the ICO as effective controls for the risks identified. However, the actions were not put in place the ICO could potentially take enforcement action. The ICO would undertake a desktop follow-up audit in 6 to 12 months' time.

Good progress had been made with the Information Strategy, and the CCTV Code of Practice and Information Security Policies would be reviewed in 2020. The ICO Audit made a number of recommendations relating to communications, training and monitoring. Once these recommendations were implemented, the Council would relaunch the framework to managers and employees.

Whilst there had been an increase in the number of data protection incidents during 2019, the severity had reduced and fewer incident were reported to the ICO. A breakdown of the incidents was included at paragraph 43 of the submitted report.

The number of information requests received by the Council continued to increase at around 10% per annum, and growth was now being drive by the Data Protection Act 2018, particular Subject Access Requests (SARs), with the increase in Freedom of Information Act (FOIA) and Environmental Information Regulation (EIR) requests relatively static in 2019. A new post had been created to deal with historic SARs.

There were no concerns in relation to the management of Regulation of Investigatory Powers Act (RIPA) and this had reduced annually since 2015. The use of CCTV across different directorates had increased and work would be undertaken during 2020 to ensure that a consistent corporate approach to demonstrate compliance was maintained.

The Council continued to take steps to enhance information governance and minimise information risk across the organisation. The revised short-form version of the Council's information Risk Register was attached at Appendix 3 to the submitted report.

Key priorities for 2020 to address the issues and risks outlined in the report were listed in the report, along with a list of key messages that would be communicated to staff and asset owners in order to ensure improved information risk management.

The Chair emphasised the importance of the Committee having access to the full ICO report, (which was strictly confidential), and expressed the view that it would be good practice for the Committee to receive regular updates on the areas of risk highlighted in the SIRO report that related to Children's Services. The updates would provide factual information to demonstrate that the governance risk was reducing.

AGREED as follows that:

1. The report was received and noted.
2. An update on progress on the areas of risk highlighted in the SIRO report that related to Children's Services would be provided to the Committee every two months.

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ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, MAY BE CONSIDERED

Constitution - Voting on the Budget

The Director of Legal and Governance informed Members that at a meeting of the Constitution

and Members' Development Committee held on Tuesday 4 February 2020, revised wording on Voting on the Budget was agreed and recommended to Corporate Affairs and Audit Committee for approval. The amendment was necessary to correct the wording that was currently contained in the Council Procedure Rules to bring it in line with the Policy Framework and Standing Orders.

AGREED that the current wording in paragraph 104 of Middlesbrough Council's Constitution was amended to read as follows:

"Majority

104. Unless Statute or this Constitution provides otherwise, any matter will be decided by a simple majority of those members present and voting at the time the question was put. In respect of the approval of the Council's annual budget, Council can either adopt the budget (at which point the process stops), or it can object to it (both votes on a simple majority basis);

If the Council objects to the budget, it must go back to the Mayor and Executive for reconsideration;

The Mayor and Executive must reconsider the budget, and may choose to resubmit it:

- in its original form (with reasons why the Mayor and Executive disagree with the objection); or
- in an amended form;

Council must then consider the proposed budget (in whatever form it takes) and may either: adopt the budget as resubmitted (simple majority vote); or as further amended (two thirds majority)."

13 **EXCLUSION OF PRESS AND PUBLIC**

ORDERED that the press and public be excluded from the meeting for the following items on the grounds that, if present, there would be disclosure to them of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 and that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

14 **ANNUAL REPORT OF THE SENIOR RISK INFORMATION OWNER (SIRO) - PART B**

The Data Protection Officer gave a presentation in relation to the outcomes of the recent audit undertaken by the Information Commissioner's Office (ICO).

AGREED that the information provided was received and noted.