

CORPORATE AFFAIRS AND AUDIT COMMITTEE

A meeting of the Corporate Affairs and Audit Committee was held on Thursday 28 April 2022.

- PRESENT:** Councillors B Hubbard (Chair), J Platt (Vice-Chair), C Hobson, D Rooney and C Wright
- ALSO IN ATTENDANCE:** D Coupe (Executive Member for Adult Health and Public Protection and Digital inclusion), P Jeffrey (Internal Auditor) (Veritau) and M Thomas (Internal Auditor) (Veritau)
- OFFICERS:** C Benjamin, D Johnson, S Lightwing, A Pain, S Reynolds, Stuart, J Weston and I Wright
- APOLOGIES FOR ABSENCE:** were submitted on behalf of Councillors T Higgins and T Mawston

21/58 **WELCOME AND EVACUATION PROCEDURE**

The Chair welcomed all present and read out the Building Evacuation Procedure.

21/59 **DECLARATIONS OF INTEREST**

There were no declarations of interest received at this point in the meeting.

21/60 **MINUTES - CORPORATE AFFAIRS AND AUDIT COMMITTEE**

The minutes of the Corporate Affairs meetings held on 31 March and 6 April 2022 were submitted and approved as a correct record.

The Monitoring Officer confirmed that in relation to Minute No 21/54, points 3 and 4 of the resolution had not yet been actioned.

21/61 **DRAFT ANNUAL INTERNAL AUDIT WORK PROGRAMME FOR 2022/2023**

A report of the Head of Internal Audit, Veritau, was presented to seek Members' approval for the planned programme of internal audit and counter fraud work to be undertaken in 2022/2023.

Appendix 1 to the submitted report set out proposed internal audit work for 2022/23. The planned work was based on an initial assessment of risk undertaken. The identification of risks included in the assessment had been informed in a number of ways. This included review of the organisational risk management processes, sector-wide risk information, understanding the Council's strategies and objectives, other known risk areas (for example areas of concern highlighted by management), the results of recent audit work and other changes in Council services and systems.

The proposed areas of coverage had been subject to consultation with the Corporate Affairs and Audit Committee and Directorate Management Teams.

In order to meet professional aims and objectives, good practice for internal audit required the adoption of flexible planning processes. This helped to ensure that internal audit work undertaken during the year was adapted on an ongoing basis to reflect changing and emerging risks within the Council.

Therefore, as in previous years, the programme was a high-level document with an allocation of days for key areas of assurance. The detailed audits to be included within these areas would be agreed with officers in the coming months. The programme was also flexible and would be updated as the Council's priorities or risks changed during the year. The Director of Finance reminded Committee Members that it was in their gift to suggest other areas that required audit throughout the year. It was confirmed that as yet, no priority order had been determined for the proposed audits.

Auditors would regularly discuss the scope and timings of work with officers and management to help ensure that assurance was provided in the right areas and at the right time. Further meetings would be held throughout the year to plan and confirm the scope and timings of audit work. Regular updates would be presented to the Corporate Affairs and Audit Committee on the coverage, scope and findings of Veritau's work.

The total days allocated to internal audit assurance in 2022/23 were 555.

Proposed areas of counter fraud work in 2022/23 were set out in Appendix 2 to the submitted report. No estimate of time was made for each area as this would depend on the levels of suspected fraud reported to the team. The priorities for the work programme were set annually in the Council's Counter Fraud Strategy Action Plan and annual Fraud Risk Assessment. The total days allocated to counter fraud work in 2022/23 were 150.

AGREED as follows that:

1. The report was received and noted.
2. The planned programme of internal audit and counter fraud work to be undertaken in 2022/2023 was approved.

21/62

ELECTIONS BILL

A report of the Returning Officer and Electoral Registration Officer was presented to inform the Corporate Affairs and Audit Committee of proposed changes to the electoral system that may be introduced as part of the Elections Bill that was currently being considered by Parliament. The report also identified possible implications for the voting public, candidates and electoral administrators.

On Monday 5 July 2021, the UK Government introduced the Elections Bill to the House of Commons. The bill introduced new legislation that proposed changes to the UK electoral system. The legislation, entitled the Elections Bill, contained measures that affected:

- Elections and the way we vote.
- Campaigning and the rules on campaign spending and funding.
- Parliamentary oversight of the Electoral Commission.

Changes in the Bill would apply to UK Parliamentary Elections, Police and Crime Commissioner Elections in England and Wales, and all Local Elections in England including Mayoral elections and the Tees Valley Mayor Elections.

The Bill sought to improve the security, accessibility and transparency of elections and campaigning. The changes will need to be well planned, with implementation phased, and properly funded, to ensure that electoral administrators, and others involved in running elections, can implement the measures as intended. The Bill was currently at committee stage in the House of Commons and was expected to receive Royal Assent in May 2022.

The changes proposed to the following areas were detailed in the submitted report:

- Voter Identification.
- Absent Vote Applications.
- Proxy Vote Applications.
- Changes to the rights of EU Citizens to vote.
- Voter Accessibility.
- Preventing Undue Influence.
- Overseas Voting.
- Changes to Mayoral and PCC Voting System.

One of the key implications for Local Authorities with small resources was the Voter Identification proposals. If a voter did not have identification they could apply for a voter card from Government in advance of an Election, or a temporary card from the Local Authority up until 5.00 pm on the evening prior to an election. This could potentially cause pressure on the current Electoral Team of four staff. It was highlighted that Middlesbrough had a large student population and some might use this as a way to get free identification, not solely as a means to vote, and this could apply to other residents as well.

Political parties and campaigners would be banned from handling postal votes. Constituents would have to return postal votes themselves rather than relying on the above groups to do that on their behalf. This measure was to improve security and prevent allegations of fraud and misuse of postal votes.

Another major change impacting on Middlesbrough would be a different voting system for the Mayor and Police and Crime Commissioner. Previously Supplementary Voting had been used for both types of election, however this would be changed to the First Past The Post system. Whilst this would make election planning and counting simpler for Officers, there would be implications for candidates and the likelihood of getting elected.

It had not yet been identified how Local Authorities would be funded to implement the new legislation. Whilst there had been some discussion regarding using the Government's Levelling Up Fund, this had not been confirmed.

From a planning perspective an Election Project Management Board was in place to consider the issues and would start to meet regular from May 2022 in advance of the next planned elections. Other implications that would be considered would be the impact on Polling Stations of voters waiting to have their Identification checked and additional training for Polling Station staff. Regional and National Groups would also be meeting and information and ideas would be fed back to Local Authorities to share ideas and ensure consistency.

It was suggested that as well as national campaigns, there needed to be local awareness raising to make sure people were registered to vote.

National and Regional Briefing materials had been prepared for Elected Members and once further guidance was issued, presentations to Councillors would be organised.

The Chair commented that the Mayor and Executive should be made aware of the potential need for additional funding to implement the changes.

AGREED that the information provided was received and noted.

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UPDATE - COUNCIL'S DECISION MAKING PROCESS

A joint report of the Executive Member for Environment, Finance and Governance and Director of Legal and Governance Services was presented to provide Members with an update in relation to the Council's decision making process.

The Corporate Affairs and Audit Committee previously requested information in relation to:

- Details of current policies/guidance in place in respect of the Decision Making Process.
- Information on the number of member delegated decisions and their type (key/non key).
- Information on the number of officer delegated decisions taken.
- Information on the activities of the governance team (communications, training/ awareness raising).

Detailed information was provided in the submitted report in respect of each item.

Appendices A to D to the submitted report contained details of Officer and Executive Delegated Decisions, a list of training and briefing sessions and a list of decisions taken by the Gold Command Group during the period 1 January 2021 to 31 December 2021.

Members noted that there had been no Call-Ins of Executive Decisions during that period.

The Monitoring Officer confirmed that a number of joint training sessions, facilitated by the Local Government Association, had been held between the current Executive Members and the Leadership and Management Team.

AGREED that the information provided was received and noted.

ESTATES STRATEGY - ASSETS DISPOSAL UPDATE

A joint report of the Executive Member for Environment, Finance and Governance and Director of Finance was presented to provide Members with an update on the implementation of the Council's Estates Strategy, report on asset disposals during the financial year 2021/2022 and update standing Asset Disposal Policy.

In accordance with the standing Asset Disposal Policy operated by the Council during the financial year 2021/2022, any proposed disposals or transactions with a value over £150,000 were considered and decided by Executive Committee. According to value, any proposed transactions below that threshold were decided by either the Director of Finance, or by the Valuation and Estates Manager. During the same period, the Director of Finance and the Valuation and Estates Manager had met on a monthly basis, in order to monitor the progress with and implementation of the Council's Estates Strategy.

The power to dispose of assets at an undervalue has not been utilised during the financial year 2021/2022. Should the Council take any decisions to dispose of its assets under these powers, it would be reported in subsequent disposal updates.

Asset disposals approved in the financial year 2021/2022 were provided at paragraph 11 of the submitted report and further detail in respect of the individual asset disposal transactions recorded as having legally completed and reached financial close was set out in Appendix 1.

The variance in value between a number of the Capital Receipts and Valuations set out within Paragraph 11 and Appendix 1 had been 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 classified surplus highway land within its Estate Portfolio.

In order to mitigate the financial and business planning implications of such variance, the Council adopted a structured cyclical approach to the revaluation of its assets in order to better understand, monitor and adjust the value of 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 during the financial year 2021/22 in order to ensure compliance.

On 13 April 2021, Executive approved the release of 3% of the value of any asset disposed of above market value as a financial contribution to be made available for the benefit of the Ward in which the subject asset was based.

Policy was amended to reflect this change, and as a result a process was introduced which determined that once the 3% community benefit contribution was triggered, the respective Ward Councillors in which the subject asset was based, would be invited to submit their proposals to the Director of Finance and the Executive Member for Finance and Governance would then consider, and agree, the Ward expenditure.

Since inception, two disposals had triggered this process, namely the disposal of Middlesbrough Warehousing in North Ormesby and Nunthorpe Grange Farmhouse.

The Asset Disposal Policy was not explicit in regard to the works that the 3% contribution could be spent on within the designated Wards, however there was an assumption that this would be works that the local authority would progress/carry out. In the case of North Ormesby, the community benefit contribution assisted a third party organisation that provided significant community support.

Initially, the 3% community benefit contribution was intended to support the delivery of the following types of enhancements within local community areas, although this list was illustrative and not exhaustive:

- Enhanced physical environment – physical decoration, planters, resurfacing and play equipment.
- Expanded community facilities – additional street furniture, litter bins and dog waste

- bins.
- Improved security measures – additional lighting & security equipment.

It was suggested that further guidance should be developed in relation to how the 3% community benefit would operate and what checks and balances would be put in place.

Should the original intention to contribute to such local enhancements be progressed, the Asset Disposal Policy attached at Appendix 2 would need to be further amended to reflect this. Suggested wording for inclusion within the policy would be:

- In the eventuality that an asset achieved a price in excess of the projected market value, 3% of the capital receipt will be made available for local community use for the Ward in which the asset was located.
- The funding would be retained by the Finance Directorate, only direct local authority, or expenditure procured by the local authority in line with procurement rules would be spent within Wards and agreement for use will be determined by the Director of Finance in consultation with the Executive Member, Finance and Governance and Ward Member(s) in which asset was situated.

In the event of the expenditure being deemed a key decision then the expenditure would be determined by Executive in line with normal decision making procedures.

AGREED as follows that the:

1. Information provided was received and noted.
2. Continued implementation of the Council's Estates Strategy and progress with the disposal of assets during financial year 2021/2022 was noted.
3. Corporate Affairs and Audit Committee recommended to Executive that the Asset Disposal Policy was amended to ensure that the 3% community benefit contribution was directed to benefits whereby expenditure was limited to local authority direct or procured provision only.

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

The Chair noted that this was the last scheduled meeting of the Committee in the current Committee Year. The Statement of Accounts for 2020/2021 were not yet available for approval and it was anticipated that it would be June or July before they would be brought to Committee. The Chair thanked all present for their contributions to the Committee during the past year.