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RUSHMOOR BOROUGH COUNCIL

CORPORATE GOVERNANCE, AUDIT AND STANDARDS COMMITTEE

*at the Council Offices, Farnborough on
Wednesday, 25th September, 2024 at 7.00 pm*

To:

Cllr A.H. Crawford (Chairman)
Cllr Bill O'Donovan (Vice-Chairman)

Cllr A. Adeola
Cllr Gaynor Austin
Cllr C.W. Card
Cllr Rhian Jones
Cllr M.J. Roberts
Cllr M.D. Smith
Cllr Sarah Spall
Cllr P.G. Taylor
Cllr Jacqui Vosper

Non-Voting Member:

Mr. Tom Davies – Independent Member (Audit)

Standing Deputies:

Cllr Leola Card, Cllr Lisa Greenway, Cllr Julie Hall, Cllr S.J. Masterson, Cllr T.W. Mitchell, Cllr M.J Tennant

Enquiries regarding this agenda should be referred to the Committee Administrator,
Lucy Bingham, Democratic Services, Tel. (01252 398128) or email
lucy.bingham@rushmoor.gov.uk.

A G E N D A

1. **MINUTES – (Pages 1 - 8)**

To confirm the Minutes of the Meeting held on 31st July, 2024 (copy attached).

2. **ANNUAL OMBUDSMAN COMPLAINT REVIEW LETTER 2024 – (Pages 9 - 14)**

To receive the Monitoring Officer's Report No. CS240911 (copy attached), which summarises the outcome and findings of the Annual Review Letter 2023/24 from the Local Government & Social Care Ombudsman

3. **ANNUAL STATEMENT OF ACCOUNTS/EXTERNAL AUDIT OPINION - UPDATE –**

The Executive Head of Finance to provide an update to the Committee including proposals for the 'backstop' arrangements for the accounts prior to 2023/24.

4. **INTERNAL AUDIT - AUDIT UPDATE – (Pages 15 - 20)**

To receive the Audit Manager's Report No. AUD2407 (copy attached) which provides an update on the 2024/25 Audit Plan.

5. **UPDATE ON GOVERNANCE ACTIONS - CIPFA REPORT AND LGA CORPORATE PEER CHALLENGE –**

The Committee to receive a verbal update on the actions planned to address the governance issues raised in the CIPFA Financial Resilience Review Report and LGA Corporate Peer Challenge feedback report.

6. **CORPORATE POLICY AND GUIDANCE ON SURVEILLANCE AND THE USE OF THE REGULATION OF INVESTIGATORY POWERS ACT 2000 – (Pages 21 - 24)**

To consider the Corporate Manager – Legal Services' Report No. LEG2402 (copy attached) updating the Committee on the Council's surveillance activities within and outside the scope of the Regulation of Investigatory Powers (RIPA) Act 2000.

PUBLIC PARTICIPATION AT MEETINGS

Members of the public may ask to speak at the meeting on any of the items on the agenda by writing to the Committee Administrator at the Council Offices, Farnborough by 5.00 pm two working days prior to the meeting.

CORPORATE GOVERNANCE, AUDIT AND STANDARDS COMMITTEE

Meeting held on Wednesday, 31st July, 2024 at the Council Offices, Farnborough at 7.00 pm.

Voting Members

Cllr Bill O'Donovan (in the Chair)

Cllr A. Adeola
Cllr Gaynor Austin
Cllr Rhian Jones
Cllr M.J. Roberts
Cllr M.D. Smith
Cllr Sarah Spall
Cllr P.G. Taylor
Cllr Jacqui Vosper
*Cllr Lisa Greenway
*Cllr Craig Card

Apologies for absence were submitted on behalf of Cllr A.H. Crawford.

*Cllr Lisa Greenway attended the meeting as a Standing Deputy.

*Cllr Craig Card joined the meeting remotely and was therefore unable to vote.

5. MINUTES

The minutes of the meeting held on 23rd May 2024 were agreed and signed as a correct record of the proceedings, subject to an amendment to Minute No. 2 in respect of the Annual Governance Statement 2023/25 to include that the Executive Head of Finance had stated at the meeting that the Council was not bankrupt.

6. INTERNAL AUDIT - ANNUAL AUDIT OPINION 2023/24

The Committee considered the Audit Manager's Report No. AUD2406 which set out the Internal Audit Manager's independent annual audit opinion for 2023/24 on the adequacy and effectiveness of the Council's framework of governance, risk management and internal control. With reference to Appendix 1 of the Report, the Committee noted that assurance levels had been provided for each of these areas in order to provide a clear assessment:

- **Internal Control** – It was noted that, in the opinion of the Audit Manager, the internal control environment for the Council was reasonable. Whilst a reasonable assurance had been provided it was noted that this was on the lower level of this assurance bracket, therefore, improvements were required so that this downward trend did not continue – particularly around the financial systems where work was currently being undertaken.

During discussion on Internal Control, the Committee highlighted concerns in respect of audits carried out in 2023/24 where an assessment had been given of a limited assurance level in respect of cyber security within the supply chain and procurement cards.

The Audit Manager confirmed that where weaknesses had been identified through internal audit review, plans and actions had been discussed and developed with managers to address improvements needed.

- **Risk Management** – It was noted that, in the opinion of the Audit Manager, risk management for the Council was reasonable. Whilst a reasonable assurance had been provided the process required improvement and focus to ensure that it was an effective management tool rather than just process driven. The Committee noted that a risk appetite statement had not been defined and agreed with Members, resulting in a lack of clarity against the level of risk that would be deemed as acceptable by the Council, therefore, risks were categorised based upon individual perceptions and not calibrated against the Council’s adopted appetite.

On risk management, the Committee indicated support for the development of a risk appetite statement for the Council to support decision making.

- **Governance** - It was noted that, in the opinion of the Audit Manager, governance for the Council was reasonable. Governance issues were addressed through the corporate governance group, and it had been acknowledged that work needed to be done to improve the governance arrangements within the Council. In this way, the Corporate Governance Group had undertaken a review of the seven characteristics of good governance to assist this work and outcomes had started to be implemented, in particular around consistency and clarity of reports to the Cabinet and Council.

During discussion on governance, the Committee discussed whether a Working Group should be established to review and consider how governance arrangements within the Council’s decision-making structure were working, including the effectiveness of scrutiny, assessing how governance worked previously and how it was proposed to work going forward. In response, Mr Harrison, Executive Director, advised that the recommendations from the recent Peer Review and CIPFA reports, had proposed a review of governance arrangements and that a formal response and action plan was being developed in response to the CIPFA and Peer report recommendations. It was noted that this would establish and agree how a review should be taken forward and the Committee would play an integral part in that process.

RESOLVED That:

- (1) the Cabinet be recommended to develop a risk appetite statement for the Council to support risk management, planning and decision-making within the organisation (*proposed to be considered by informal Cabinet*)

- (2) further details in respect of those audits carried out in 2023/24 assessed as having limited assurance including cyber security within the supply chain, procurement cards and Rushmoor Homes Limited be reported in the next audit update report. Relevant Service Managers to be invited to report to the committee in the future as needed.
- (3) the Audit Opinion given for governance, risk management and internal control for 2023/24 be noted, and
- (4) the self-assessment exercise against the PSIAS and the improvement areas be noted.

7. ANNUAL STATEMENT OF ACCOUNTS UPDATE/EXTERNAL AUDIT PROVISIONAL AUDIT PLANNING REPORT

The Chairman welcomed Simon Mathers and Kalthiemah Abrahams of Ernst & Young (EY), who joined the meeting remotely via Microsoft Teams.

The Council's Executive Head of Finance, Peter Vickers, advised that following the publication of the Statement of Accounts for 2023/24 on 31st May, 2024, Ernst & Young had prepared a provisional audit planning report for the Committee (copy circulated with the agenda) to provide a basis for the Committee to review its proposed audit approach and scope for the 2023/24 audit. This was in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements.

Mr Mathers reported on the delays in audits being carried out on councils' Annual Statements of Accounts. It was noted that following the General Election in July 2024, the new Government had agreed that the previous leadership's legislation to address the delays would be passed. This would result in all accounts for the Council between 2020/21 and 2022/23 being completed through the process of a disclaimer by 13th December, 2024 and the 2023/24 accounts would be audited, in the proposed way as set out in the plan, by 28 February, 2025.

Mr Mathers, advised on the plan and the risks identified within it that could impact the financial statement audit. The identified risks were key as they helped direct EY's audit process and included risks around fraud, valuation of investment properties, Pension Liability Valuation and, new for 2024/25 inherent risks relating to, IFRS 16 and going concern disclosure. Also noted in the report were the levels set for planning and performance materiality and the audit difference threshold.

Mr Mathers advised that EY were currently in the process of concluding the final elements of the planning work and were selecting the samples that would be needed for detailed testing in October through to mid-December. It was expected that EY would be in a position to report on the outcomes from the audit by the end of December, 2024.

During discussions, queries were raised relating to the levels set on materiality, property and land valuations, the timetable of the audit process to fit with the setting of the budget due in February 2025, and staffing levels to deal with the demand and work within the timescales. The importance of timely responses to audit requests was emphasised to meet the timescales.

RESOLVED: That the proposed audit approach and scope for the 2023/24 audit, as set out in Ernst Young's Provisional Audit Planning Report circulated with the agenda be endorsed.

8. **TREASURY MANAGEMENT AND NON-TREASURY INVESTMENT OPERATIONS 2023/24**

The Committee received the Executive Head of Finance Report No. FIN2409, which set out the main activities of the Treasury Management and Non-Treasury Investment Operations for the full financial year 2023/24 and reported on compliance with Prudential Indicators. The appendices in the report set out the Treasury Management Operations, Borrowing and Investments, as well as Non-Treasury Investment, Prudential Indicators, the list of borrowing counterparties and market commentary from the Council's treasury management advisors Arlingclose.

The Committee noted that all treasury activity had been conducted within the approved Treasury Management Practices, with the exception of the Interest Rate exposure measure. During 2023/24 there had been an unprecedented number of Bank of England base rate increases and while borrowing had remained within the approved limits, interest costs had increased significantly. It was noted that majority of the borrowing was short term and would remain so until interest rates reduced. The rates were predicted, by the financial markets, to reduce circa 4% by the end of the calendar year 2025. The Council's revenue budget had capacity to pay approximately £3million interest on its borrowing, but costs of interest above this would be funded by the Council's reserves.

The Committee noted the position on the Council's pooled funds, which were valued at less than the initial sum invested, and the planned mitigation which was to hold these funds into the future to avoid the crystallisation of the capital loss.

The key risks to the Council's delivery of successful treasury and non-treasury investment options were noted. These included:

- Inflation levels
- Bank of England base rates for quarters two and three
- Delivery of the Capital Programme

During discussion, the Committee asked that the next monitoring report include further details on the percentage interest rates and dates of maturity for the debt counterparties as set out in Appendix D.

RESOLVED: That the Executive Head of Finance Report No. FIN2409 on the Treasury Management and non-Treasury Investment Operations for the full financial year 2023/24, including the position on compliance on Treasury Management Practices and the key risks as set out in para 5.1 of the Report, be noted.

9. **TREASURY MANAGEMENT AND NON-TREASURY INVESTMENT OPERATIONS 2024/25 - QUARTER 1**

The Committee received the Executive Head of Finance Report No. FIN2410 which set out the activities of the Treasury Management and non-Treasury Investment Operations for quarter one in the financial year 2024/25 and reported on compliance with Prudential Indicators.

The Committee noted that all treasury activity was compliant and had been conducted within the approved Treasury Management Practices.

The Committee also noted the position on the pooled funds, where funds were currently valued below the value of the initial sums invested. Notification had been received by the Council that the UBS pooled fund, in which the Council had an investment of £5million, would be closed from September 2024. It was proposed that the UBS fund would be redeemed once the quarterly dividend had been paid, and the funds used to make a reduction on some of the Council's debt.

RESOLVED: That

- (1) the Executive Head of Finance Report No. FIN2410 in relation to the treasury management and non-treasury investment operations carried out during 2024/25 be noted; and
- (2) the position on the pooled funds held in the UBS Multi Asset Income fund and the CCLA Local Authorities Property Fund as detailed in paragraphs 4.1 – 4.7 be noted.

10. **FREEDOM OF INFORMATION - ANNUAL UPDATE REPORT 2024**

The Committee received the Corporate Manager – Legal Services Report No. LEG2403 which set out information about Freedom of Information (FOI) requests received by the Council, and performance on responses to FOIs. It was noted that performance had been steadily improving and that further work was planned to progress this further. A new Microsoft Lists system had been launched to improve resilience and increase oversight by senior management, and regular monitoring was in place.

In response to a question, it was confirmed that good use was made of the Council's website to publish information which was frequently the subject of FOI requests. During discussion, it was proposed that an additional mid-year update be reported to the Committee to review the effects of further planned improvements, including an update on the implications of data protection on FOI requests by businesses.

RESOLVED: That officers:

- (1) Continue their work on reducing the number of overdue FOIs within the system in 2024 towards the 90% turnaround time, as per the ICO target;
- (2) Continue to raise FOI awareness and knowledge across employees through regular training and guidance; and
- (3) Publish as much information proactively to reduce the number of FOI requests.

11. APPOINTMENTS

The Committee was advised that the Council had been invited to appoint a councillor representative to the Citizens' Advice Rushmoor Board of Trustees in an observer capacity following a recent vacancy and review of the role.

The usual process had been taken to seek nominations and following a vote, it was **AGREED** that Cllr Bill O'Donovan be appointed as a Member of the Citizens' Advice Rushmoor Board for the remainder of the 2024/25 Municipal Year.

12. EXCLUSION OF THE PUBLIC

RESOLVED: That the public be excluded from the meeting during the discussion of the undermentioned item to avoid the disclosure of exempt information within the paragraph of Schedule 12A to the Local Government Act 1972 indicated against such item:

Minute No.	Para. No.	Category
12	1	Information relating to an individual

THE FOLLOWING ITEM WAS CONSIDERED IN THE ABSENCE OF THE PUBLIC

13. APPOINTMENT OF HONORARY ALDERMEN

The Committee considered the Corporate Manager – Democracy Report No. DEM2405, which set out proposals for the appointment of Honorary Alderman of the Borough.

It was noted that the provisions for the appointment of Honorary Aldermen were contained in the Local Government Act, 1972 and that the criteria adopted by the Council had been circulated to Committee members. The criteria included that former councillors were required to have not less than 16 years' service with the Council or its constituent authorities and should normally be a resident of the Borough. If the proposals were supported by the Committee, then arrangements

would be made for an Extraordinary Meeting of the Council to be held later in the Municipal Year to enable the honour to be bestowed.

The Committee considered the report and was of the unanimous opinion that Mrs. D.B. Bedford should be appointed as Honorary Alderman of the Borough in recognition of her eminent and long service to the Borough.

RESOLVED: That the Council, at an Extraordinary Meeting arranged for this purpose, be asked to appoint Mrs. D.B. Bedford as Honorary Alderman of the Borough in recognition of her eminent and long service to the Council and Borough.

The meeting closed at 9.15 pm.

CLLR BILL O'DONOVAN
VICE-CHAIRMAN

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**CORPORATE GOVERNANCE, AUDIT
AND STANDARDS COMMITTEE****MONITORING OFFICER****25th September 2024****REPORT NO. CS240911****ANNUAL OMBUDSMAN COMPLAINT REVIEW LETTER 2024
(LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN)**

The Council receives an annual summary from the Local Government and Social Care Ombudsman (LGSCO). This reviews how many complaints have been received by the Ombudsman, following an original investigation that will have been conducted under the Council's own Complaint's Policy. This year's review period covered 1 April 2023 to 31 March 2024.

The LGSCO feel that the information provided by them can give an organisation intelligence, insight and enable transformation. It can indicate problems in specific areas of service delivery. It also provides perspective of an organisation's culture and ability to learn, providing information to assist with governance, audit, risk and scrutiny functions.

In February, following a period of consultation, they launched the Complaint Handling Code for councils, setting out a clear process for responding to complaints effectively and fairly. It is aligned with the Code issued to housing authorities and landlords by the Housing Ombudsman Service. They expect councils to carefully consider the Code when developing procedures and will begin considering it as part of their processes from April 2026 at the earliest.

1. Purpose:

To update the Committee on the response and outcome of the annual review letter (copy attached).

2. Findings:

The LGSCO investigated 3 complaints.

The LGSCO will look to assess a complaint against maladministration and service failure. The word 'fault' refers to the way in which an organisation makes decisions, not the outcome of a decision.

Of the 3 complaints received:

- 2 - Were not upheld (no fault found during investigations, on the part of the Council)
- 1 - was upheld (a degree of fault found)

The case upheld was in reference to a tenant, privately renting, complaining that there were hazards in his living condition, linked to condensation and mould initially.

The LGSCO found the Council had:

- Carried out 2 inspections
- Provided advice
- Assessed the complaints
- Found category two hazard
- Took informal action, in line with the law
- Received statements and evidence to determine which statement felt appropriate to rely on

No fault found in the Council's assessment and actions

Where fault was found:

- The lack of specific explanation by the Council in the email they sent in December, which caused uncertainty for Mr X
 - Explanation of category two hazard
 - Decision to take informal action rather than formal
 - What would happen if the Landlord did not carry out repairs
 - Explain why some issues were acted on and some were not

The LGSCO set out actions that the Council will need to complete:

- Apologise to Mr X for any uncertainty caused
- Consider drafting a specific policy outlining the process for assessing the condition of residential buildings and enforcing standards. This should be in line with the Housing Act 2004 and the Housing Health and Safety Rating system guidance, including guidance on how to record decisions of the category of hazard identified, the decision to take formal or informal action and keeping tenants informed.
- The Council should provide the LGSCO with evidence it has complied with the above actions

Outcome: All actions completed

3. Recommendation and Conclusion

It is recommended that the Committee note the Annual Review Letter, and that the Council continues to manage any complaints through the current complaints processes. The Council to continue to make use of the LGSCO's review letter to monitor and review the effectiveness of its complaints policy and responses – informing the implementation of any changes as required.

Ian Harrison
Executive Director, Deputy Chief Executive and Monitoring Officer

Contact: marybeth.quaintmere@rushmoor.gov.uk
Service Manger – Customer Services and Facilities

17 July 2024

By email

Mr Shackley
Chief Executive
Rushmoor Borough Council

Dear Mr Shackley

Annual Review letter 2023-24

I write to you with your annual summary of complaint statistics from the Local Government and Social Care Ombudsman for the year ending 31 March 2024. The information offers valuable insight about your organisation's approach to complaints, and I know you will consider it as part of your corporate governance processes. As such, I have sought to share this letter with the Leader of your Council and Chair of the appropriate Scrutiny Committee, to ensure effective ownership and oversight of complaint outcomes, which offer valuable opportunities to learn and improve. In addition, this year, we have encouraged Monitoring Officers to register to receive the letter directly, supporting their role to report the decisions we uphold to their council.

For most of the reporting year, Paul Najsarek steered the organisation during his tenure as interim Ombudsman, and I was delighted to take up the role of Ombudsman in February 2024. I look forward to working with you and colleagues across the local government sector to ensure we continue to harness the value of individual complaints and drive and promote systemic change and improvement across the local government landscape.

While I know this ambition will align with your own, I am aware of the difficult financial circumstances and service demands that make continuous improvement a challenging focus for the sector. However, we will continue to hold organisations to account through our investigations and recommend proportionate actions to remedy injustice. Despite the challenges, I have great confidence that you recognise the valuable contribution and insight complaints, and their swift resolution, offer to improve services for the public.

Complaint statistics

Our statistics focus on three key areas that help to assess your organisation's commitment to putting things right when they go wrong:

Complaints upheld - We uphold complaints when we find fault in an organisation's actions, including where the organisation accepted fault before we investigated. We include the total number of investigations completed to provide important context for the statistic. This year, we also provide the number of upheld complaints per 100,000 population.

Compliance with recommendations - We recommend ways for organisations to put things right when faults have caused injustice and monitor their compliance with our recommendations. Failure to comply is rare and a compliance rate below 100% is a cause for concern.

Satisfactory remedy provided by the authority - In these cases, the organisation upheld the complaint and we agreed with how it offered to put things right. We encourage the early resolution of complaints and give credit to organisations that accept fault and find appropriate ways to put things right.

Finally, we compare the three key annual statistics for your organisation with similar authorities to provide an average marker of performance. We do this for County Councils, District Councils, Metropolitan Boroughs, Unitary Councils, and London Boroughs.

Your annual data, and a copy of this letter, will be uploaded to our interactive map, [Your council's performance](#), on 24 July 2024. This useful tool places all our data and information about councils in one place. You can find the detail of the decisions we have made about your Council, read the public reports we have issued, and view the service improvements your Council has agreed to make as a result of our investigations, as well as previous annual review letters.

Supporting complaint and service improvement

In February, following a period of consultation, we launched the [Complaint Handling Code](#) for councils, setting out a clear process for responding to complaints effectively and fairly. It is aligned with the Code issued to housing authorities and landlords by the Housing Ombudsman Service and we encourage you to adopt the Code without undue delay. Twenty councils have volunteered to take part in an implementation pilot over the next two years that will develop further guidance and best practice.

The Code is issued to councils under our powers to provide guidance about good administrative practice. We expect councils to carefully consider the Code when developing policies and procedures and will begin considering it as part of our processes from April 2026 at the earliest.

The Code is considered good practice for all organisations we investigate (except where there are statutory complaint handling processes in place), and we may decide to issue it as guidance to other organisations in future.

Our successful complaint handling training programme continues to develop with new modules in Adult Social Care and Children's Services complaint handling available soon. All our courses include practical interactive workshops that help participants develop their complaint handling skills. We delivered 126 online workshops during the year, reaching more than 1,700 people. To find out more visit www.lgo.org.uk/training or get in touch at training@lgo.org.uk.

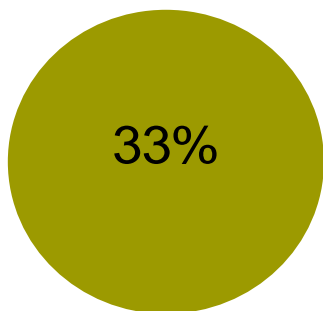
Returning to the theme of continuous improvement, we recognise the importance of reflecting on our own performance. With that in mind I encourage you to share your view of our organisation via this survey: <https://www.smartsurvey.co.uk/s/ombudsman/>. Your responses will help us to assess our impact and improve our offer to you. We want to gather a range of views and welcome multiple responses from organisations, so please do share the link with relevant colleagues.

Yours sincerely,



Amerdeep Somal
Local Government and Social Care Ombudsman
Chair, Commission for Local Administration in England

Complaints upheld



33% of complaints we investigated were upheld.

This compares to an average of **63%** in similar organisations.

1
upheld decision

This is 1 upheld decision per 100,000 residents.

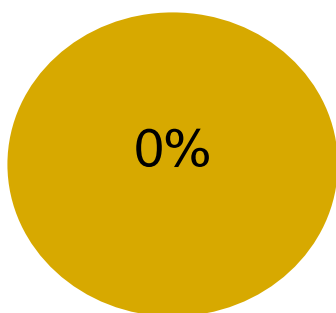
The average for authorities of this type is 1.2 upheld decisions per 100,000 residents.

Statistics are based on a total of **3** investigations for the period between 1 April 2023 to 31 March 2024

Compliance with Ombudsman recommendations

No recommendations were due for compliance in this period

Satisfactory remedy provided by the organisation



In **0%** of upheld cases we found the organisation had provided a satisfactory remedy before the complaint reached the Ombudsman.

This compares to an average of **21%** in similar organisations.

0
satisfactory remedy decisions

Statistics are based on a total of **1** upheld decision for the period between 1 April 2023 to 31 March 2024

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25th SEPTEMBER 2024

INTERNAL AUDIT – AUDIT UPDATE

SUMMARY:

This report describes:

- An update on the audits finalised since the last update report to Committee in May 2024 for the 2023/24 audit plan.
- An update on the progress towards the 2024/25 audit plan.

RECOMMENDATION:

Members are requested to:

- i. Note the audit work completed.
- ii. Note the progress to date towards the 2024/25 audit plan.

1 Introduction

1.1 This report is to provide Members with:

- An overview of the work finalised for the 2023/24 audit plan;
- A progress update on the 2024/25 Audit Plan; and
- A schedule of work to be delivered in Q3.

2 Audit Work Completed

2.1 The Southern Internal Audit Partnership (SIAP) are assisting the Council with the delivery of the annual audit plan for 24/25. A proposal will be brought forward in order to provide a permanent audit capacity, via SIAP under a local authority collaboration agreement, which will be brought to the November Council, and this Committee will be consulted.

2.2 The table below provides an overview of the assurance opinion, given to the completed audits since the last update in May 2024:

Audit Title	Assurance Opinion	Recommendations by Priority		
		High	Medium	Low
2023/24 Internal Audit Plan				
CIPFA Financial Management Code	Limited	2	0	0
Related Parties	Reasonable	1	3	0
Payroll	Reasonable	2	5	3
Parking	Reasonable	0	4	5

Cost Reduction Efficiencies Programme (CREP)	No opinion given due to the passage of time	0	0	0
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2.3 Below is a summary of the key findings from the audits.

CIPFA Financial Management Code

A CIPFA Financial Management Self-Assessment was not completed within the required timeframe. Details of completion were noted within the 2022/23 Annual Governance Statement. But no evidence to support this was sighted.

The newly appointed Financial Service Manager is undertaking the Self-Assessment however, this had not been completed at the time of audit.

Areas of improvement or current lack of evidence are evident under all 6 principles of the CIPFA Financial Management Code. One recommendation has been raised to cover all areas highlighted as requiring action.

Related Parties

Financial assistance is provided by Rushmoor Borough Council to related parties in the form of rent relief, rate relief, parking permits and direct grant funding. This audit focuses on direct funding awarded to Rushmoor Voluntary Services, Rushmoor Citizen's Advice and the Basingstoke Canal Management Committee (BCMC) and rate relief granted to Places for People Leisure Ltd and the British Heart Foundation shops in the borough. Review of the process for awarding financial assistance and compliance with terms and conditions of formal agreements identified the following weaknesses:

BCMC

- Breach of the terms of BCMC Memorandum of Agreement (MOA).
- Failure to retain formal notification of unilateral changes to terms.
- Failure to identify recent version of MOA – last version 2015.

Due to the assistance to BCMC no longer continuing best practice recommendations have been made regarding the weaknesses identified to ensure that lessons can be learnt.

CA and RVS

- Inaccuracies in Rushmoor Borough Council's published financial information relating to grants issued.
- Annual review & evaluation of outcomes from the financial assistance provided is not formally evaluated and reported to demonstrate if in line with the reason for the Council providing the assistance.
- Sanctions available to both parties insufficient to provide leverage.

Payroll

The Council's payroll processes show strong assurance levels, ensuring accurate and timely processing of officer pay and correct handling of deductions and contributions. Segregation of duties is also effectively maintained. However, there's room for improvement in other areas, such as strengthening controls and management checks, including formalising procedural guidance for resilience and continuity. Enhancements are needed in reviewing exception reports to ensure all discrepancies are properly identified, investigated, and addressed.

The Council's management and monitoring of overtime payments raise significant concerns, which has reduced the overall level of assurance to Reasonable. Currently, minimal controls are in place to assess and control the business need for overtime, leading to the need for substantial improvements.

Parking

Several good working practices were observed, such as timely implementation of internal management actions by the Parking Services Manager, existence of procedural guidance, effective cash reconciliation processes, timely response to PCN enquiries, and segregation of duties.

However, areas of improvement were identified, around the formalisation of some processes, and the processing of PCNs.

Cost Reduction Efficiencies Programme (CREP)

The purpose of this audit was to enable the organisation to have assurance that the methodology adopted for the CREP savings programme was effective, structured, efficient and had appropriate governance arrangements in place, to inform future learning. The terms of reference were agreed by the Executive Director to review the following aspects:

- Cost reduction and efficiency identification.
- Evaluation and approval.
- Delivery elements for the Savings & Transformation Programme (STP).
- Reporting and monitoring.
- Governance arrangements

Strengths

- Overall budget savings were achieved.
- CREP (and subsequently OBB) has had a positive impact on reducing the Council's deficit.
- Clear objectives were set out in the proposal documentation along with setting out comprehensive governance arrangement.

Weaknesses

The key finding is it has been difficult to evidence the delineation of savings from specific proposals within the CREP from wider budgetary management.

The audit has identified lessons learnt in devising and matrix managing a savings programme across a wide range of disparate services that could be of future benefit in the current financial situation the Council is facing.

Due to timing this audit has primarily focused on the CREP methodology, which has subsequently been followed by the Savings Transformation Programme (STP) and Outcomes Based Budgeting (OBB) saving programmes. The lessons to be learnt resulting from the CREP process has not been tested by Audit to provide assurance of the degree to which these have been adopted and implemented in these subsequent programmes. However, it is key that these lessons are reflected in subsequent initiatives.

3 Progress towards the Audit Plan

3.1 The table below provides a summary of progress to date (17/09/24):

2023/24 audit plan progress

Audit/ Audit follow up status	Number of reviews	%
Finalised	11	69
Draft report	3	19
In progress	0	0
Audits removed	2	12
	16	100
Audits to be started	0	0
Total	16	100

2024/25 audit plan progress

Audit/ Audit follow up status	Number of reviews	%
Finalised	0	0
Draft report	1	8
In progress	4	31
Audits removed	0	0
	5	39
Audits to be started	8	61
Total	13	100

4. Expected Deliverables for Q3 2024/25

4.1 The work expected to be delivered in quarter 3 is detailed within the table below. These audits can be subject to change due to the evolving auditing environment. Updates on these will be provide at the next committee meeting:

Service	Audit/ follow up/descriptor
ELT	Rushmoor Homes Limited - Review the processes in place for RBC involvement with RHL including the process for drawing down funding. (23/24)

Service	Audit/ follow up/descriptor
Regenerations/ Property & Growth	Capital Programme – Meads - A review of the acquisition of the Meads. (23/24)
ACE	Homes for Ukraine fund - A review of the processes for the Homes for Ukraine funding. (23/24)
Property & Growth	Building Control – A review of the implementation of the new building control requirements.
Operations	Disabled Facilities Grants – To review the DFG process.
Operations	Princes Hall – To review the financial processes in place.
Finance	Effectiveness of financial rules and processes & compliance with financial regulations - To review the effectiveness of processes in place and compliance.

5. Recommendation

- 5.1 Members are requested to note the information provided within the report in relation to the progress of Audit work to date towards the 2023/24 audit plan, and the expected deliverables for Q4.

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HEAD OF SERVICE: Peter Vickers, Executive Head of Financial Services and S151 Officer

References:

Internal Audit – Audit Plan 2024/25, presented to the Committee on 20 March 2024.
[Agenda for Corporate Governance, Audit and Standards Committee on Wednesday, 20th March, 2024, 7.00 pm - Rushmoor Borough Council](#)

Internal Audit – Audit Plan 2023/24, presented to the Committee on 27 March 2023.
[Agenda for Corporate Governance, Audit and Standards Committee on Monday, 27th March, 2023, 7.00 pm - Rushmoor Borough Council](#)

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**CORPORATE GOVERNANCE, AUDIT
AND STANDARDS COMMITTEE****CORPORATE MANAGER –
LEGAL SERVICES**

25th September 2024

REPORT NO. LEG24/02

**CORPORATE POLICY AND GUIDANCE ON SURVEILLANCE AND THE USE OF
THE REGULATION OF INVESTIGATORY POWERS ACT 2000****SUMMARY AND RECOMMENDATION:****SUMMARY:**

To update Members of the Council's surveillance activities within and outside the scope of the Regulation of Investigatory Powers Act 2000 (RIPA). Members should be regularly updated of any RIPA activity.

RECOMMENDATION: For Members of the Corporate Governance, Audit and Standards Committee to note the contents of this report.

1. INTRODUCTION

- 1.1 Most of the surveillance carried out by the Council will be done overtly, there is nothing secretive about it. In many cases, officers will be going about Council business openly.
- 1.2 The Council's corporate policy on the use of covert techniques under RIPA should be reviewed on a regular basis. The powers under RIPA are used infrequently, if at all some years.
- 1.3 The Investigatory Powers Commissioner's Office (IPCO) reviews Rushmoor Borough Council's policies and procedures relating to RIPA on a regular basis.
- 1.4 Most of the surveillance undertaken by the Council is outside of RIPA, for example, for planning enforcement purposes or under Licensing legislation. The IPCO have made clear in their guidance that robust processes and procedures need to be in place for any surveillance carried, whether under the RIPA provisions or under separate legislation.
- 1.5 CCTV surveillance across the Borough is carried out by Runnymede Borough Council, on behalf of Rushmoor Borough Council, with the appropriate General Data Protection Regulation (GDPR) and contractual arrangements in place. The CCTV surveillance is outside of RIPA.

2. BACKGROUND

- 2.1 Council officers who carry out investigations as part of their duties sometimes need to consider using covert techniques, i.e., techniques that leave the subject of the investigation unaware that they are being observed or investigated.
- 2.2 RIPA provides a framework within which such techniques may be used. All RIPA authorisations must now be approved by the Magistrates' Court before any surveillance can take place.
- 2.3 It should be noted that surveillance outside of RIPA will be undertaken and it is important that this is lawful and takes account of human rights legislation.
- 2.4 Only trained and authorised Council officers may authorise and undertake covert surveillance, all of which is subject to detailed scrutiny by the Investigatory Powers Commissioner's Office (IPCO).
- 2.5 In February 2023, training was provided to staff who are involved in surveillance activities. In Spring 2023, the authorising officers and the RIPA co-ordinator (Corporate Manager – Legal Services) attended a detailed training session. Refresher training will be offered in Spring 2025.

3. UPDATE

- 3.1 There have been no requests for RIPA authorisation via Legal Services, since the last report on 1 June 2023. Confidential legal advice has been provided relating to one or two Licensing matters, however no formal RIPA authorisation was required.
- 3.2 In May 2023, the Council completed a self-assessment of its RIPA activities at the request of the Investigatory Powers Commissioner's Office (IPCO).
- 3.3 On 26 June 2023, the IPCO confirmed that it was content with the Council's RIPA policies and related governance in place and requested that the Council continue with: ongoing training and awareness raising; internal compliance monitoring by Service Managers within their service areas; and the retention, review and destruction of any product obtained through the use of covert powers.
- 3.4 A further inspection by the IPCO is not expected until 2026.
- 3.5 An internal procedure note on Rushmoor Borough Council's internet and social media research/investigations procedure has been drafted to assist officers, for internal purposes only. The use of online open-source internet and social media research techniques can be an effective method of obtaining information to assist the Council, with its regulatory and enforcement functions.

- 3.6 Any social media research/investigations must be in line with the overarching RIPA policy and comply with Human Rights legislation and the General Data Protection Regulations (GDPR).
- 3.7 Training for staff on the social media/investigations procedure note and carrying out the appropriate risk assessments, will be offered towards the end of 2024.

4. LEGAL IMPLICATIONS

- 4.1 A review of the Council's policy on the use of surveillance and use of powers under the Regulation of Investigatory Powers Act 2000 is required to ensure that it complies with any changes in the law, the most recent guidance, and considers any recommendations made on inspection.

5. FINANCIAL AND RESOURCE IMPLICATIONS

- 5.1 There are no additional financial implications as a result of these changes. There is a continuing requirement to ensure that refresher training is provided to officers at regular intervals.

6. EQUALITIES IMPACT IMPLICATIONS

- 6.1 No equalities issues arise, however before undertaking any covert surveillance an equalities impact assessment should be undertaken.

7. SUMMARY

- 7.1 No covert surveillance has been undertaken by the Council this year.
- 7.2 The Council's RIPA policy and procedure remains up-to-date and complies with current guidance.
- 7.3 In June 2023, the Investigatory Powers Commissioner's Office confirmed that it was content with the Council's policies and RIPA activities.

RECOMMENDATION: That the Corporate Governance, Audit and Standards Committee NOTE the contents of this report.

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