

THE LONDON BOROUGH OF CAMDEN

At a meeting of the **AUDIT AND CORPORATE GOVERNANCE COMMITTEE** held on **WEDNESDAY, 8TH NOVEMBER, 2023** at 6.30 pm in Committee Room 2, Town Hall, Judd Street, London WC1H 9JE

MEMBERS OF THE COMMITTEE PRESENT

Councillors Sagal Abdi-Wali (Chair), Matt Cooper (Vice-Chair), Camron Aref-Adib, Judy Dixey, Gio Spinella and Nanouche Umeadi, and Fehintola Akinlose and Alan Layton (Independent Members)

MEMBERS OF THE COMMITTEE ABSENT

Councillors Nasim Ali, Richard Cotton and Samata Khatoon

The minutes should be read in conjunction with the agenda for the meeting. They are subject to approval and signature at the next meeting of the Audit and Corporate Governance Committee and any corrections approved at that meeting will be recorded in those minutes.

MINUTES

1. APOLOGIES

Apologies for absence were received from Councillors Ali, Cotton and Khatoon.

2. DECLARATIONS BY MEMBERS OF STATUTORY DISCLOSABLE PECUNIARY INTERESTS, COMPULSORY REGISTERABLE NON-PECUNIARY INTERESTS AND VOLUNTARY REGISTERABLE NON-PECUNIARY INTERESTS IN MATTERS ON THIS AGENDA

There were no declarations of interest.

3. ANNOUNCEMENTS (IF ANY)

Broadcasting of the meeting

The Chair announced that the meeting was being broadcast live by the Council to the internet and could be viewed on the website for twelve months after the meeting. After that time, webcasts were archived and could be made available on request. Those who were seated in the meeting room or participating via Teams were deemed to be consenting to having their contributions recorded and broadcast and to the use of those sound recordings and images for webcasting and/or training purposes.

4. DEPUTATIONS (IF ANY)

There were no deputations.

5. NOTIFICATION OF ANY ITEMS OF BUSINESS THAT THE CHAIR DECIDES TO TAKE AS URGENT

There was no notification of urgent business.

6. MINUTES

RESOLVED –

THAT the minutes of the meeting held on 21st September 2023 be approved and signed as a correct record.

7. INTERNAL AUDIT INTERIM REPORT 2023-24

Consideration was given to a report of the Executive Director Corporate Services.

In response to a question about why valuations of property, plant and equipment were still showing as having made only moderate progress, the Director of Finance explained the scale of the task and remarked that as a result of this it was expected to take some time to fully address the issues identified by the Internal Audit. That said, considerable improvement had already taken place and he was confident that progress would continue.

A Member enquired about the frequency of the Tenant Management Organisation (TMO) audits and officers responded that the aim was to audit each TMO at least once every four years, and they tended to need quite a high level of support in order to complete the follow up actions. To that end, officers in Internal Audit liaised with them between the original audit and the follow up, and were also linking up with the housing officers who carried out the TMO monitoring visits in order to support the TMOs.

In response to a query about the busy schedule for Quarter 4, the Head of Internal Audit, Investigations and Risk Management remarked that, on the core plan, almost all of the work was already scoped and agreed. The follows up were also all planned and resourced, although if implementation was not complete these might require the work to continue into next year.

RESOLVED –

THAT the report be noted.

8. PRINCIPAL RISK REPORT 2023

Consideration was given to a report of the Executive Director Corporate Services.

In response to a question about the likelihood of the Council having to issue a Section 114 notice at some point, the Executive Director Corporate Services commented that local government was facing significant financial challenges as government funding had failed to keep up with both demand on services and inflation. However, Camden had historically lived within its means and had a good record of delivering planned savings. It had also taken a different approach to some other authorities in regard to pursuing commercial activities and so had a different risk profile to those authorities that had issued Section 114 notices.

In response to a question about the de-escalation of the health and social care integration risk, officers commented that this risk now met the threshold within the risk management framework to be managed at directorate level. Integration itself no longer presented a significant risk, and the risk now came from pressures within the health system, and how this impacted on Council services and the health and wellbeing of residents. Nevertheless, assurance was continuing to be delivered in this area and the risk remained on the audit plan.

A Member asked if there was any information on why an increasing number of recruits were leaving the Council within 12 months. The Executive Director responded that there was an increasingly challenging recruitment market and the attractiveness of the public sector was an issue. Labour market expectations were changing in respect of matters like work-life balance, and officers were working to identify ways to make working for the Council more appealing. He would come back to Members of the Committee with more detail on this issue.

ACTION BY: Executive Director Corporate Services

In relation to potential topics for future deep dives, a Member remarked that the risks relating to safeguarding children were concerning and she would like to see a deep dive on this topic. Another Member felt that the financial resilience of the Housing Revenue Account (HRA) merited another look, although the Chair remarked that this had been considered at the last deep-dive session. Pressures in the health system was also suggested as a possible topic. The Chair then proposed Safeguarding Children and Pressures within the Health System as the deep dives for the April meeting, with an intention to revisit the HRA in the future.

RESOLVED –

- (i) THAT the Council's principal risks and actions being taken to mitigate risks be noted; and
- (ii) THAT risk deep dives be brought to the April 2024 meeting of the Committee on Safeguarding Children and on Pressures within the Health System.

ACTION BY: Director of Children's Prevention, Family Health and Safeguarding/Director of Health and Wellbeing

9. RISK DEEP DIVE - ENERGY PROCUREMENT

Consideration was given to a report of the Executive Director Supporting Communities.

In response to questions, the Head of Sustainability, Air Quality and Energy commented that procuring energy via LASER did give a better price than the retail market, and lots of other London boroughs, as well as other public sector organisations, procured their energy via LASER. There were other organisations in the market, but not all offered a fully managed contract, and LASER had worked well for Camden over a long period of time.

In relation to a question about what the Council was doing to improve the energy efficiency of Council homes, the Head of Sustainability, Air Quality and Energy remarked that there was only a limited amount of funding available but there was a programme of improvements underway, and the least energy efficient homes were being targeted first. The Council was well placed to undertake further work if and when additional funding became available, and there was a pilot scheme taking place at Henderson Court to trial new technology which provided communal solar panels which would allow the power generated to be split between the homes on site. If this was successful, it would present opportunities to do this elsewhere in Camden.

RESOLVED –

THAT the report be noted.

10. RISK DEEP DIVE - HS2 AND EUSTON

Consideration was given to a report of the Executive Director Supporting Communities.

A Member commented on the significant impact that HS2 works was having on the health and wellbeing of people living near the sites. The Head of HS2 Programme Delivery remarked that officers would be submitting feedback from residents on the wellbeing impacts to the Public Accounts Committee.

RESOLVED –

THAT the report be noted.

11. ANNUAL REWARD AND TERMS AND CONDITIONS UPDATE

Consideration was given to a report of the Director of People and Inclusion.

The Reward and HRMI Manager reported that, since the publication of the agenda, the 2023/24 pay award had been agreed and would be implemented shortly. The minimum earnings guarantee in Camden was £28,193 and the London Living Wage had gone up by 10%. Three staff events were taking place to provide support and advice to help staff through the cost of living crisis.

In response to a question about the vacancy rate in London and in Camden, the Reward and HRMI Manager undertook to provide this information in writing.

ACTION BY: Reward and HRMI Manager

A Member remarked that she was proud of Camden's fair pay policy and its transparency about rates of pay.

In response to questions about the ethnicity pay gap, the Reward and HRMI Manager commented that the mean performance related pay ethnicity pay gap was down from 26.7% to 18.6% and the median gap was down from 27.5% to 16.6%. A copy of the report detailing this had been emailed to all members. Unfortunately London Councils did not collate ethnicity pay gap information as not all London boroughs published it, and so it was not possible to know how Camden ranked within London.

RESOLVED –

THAT the report be noted.

12. INDICATIVE EXTERNAL AUDIT STRATEGY 2021-22

Consideration was given to a report of the Executive Director Corporate Services.

Suresh Patel of Mazars, the Council's external auditors, reported that the 2019/20 accounts were expected to be signed off very soon, shortly to be followed by the 2020/21 accounts. The progress of the 2021/22 accounts would be impacted by the government timetable which was expected to be published shortly and which would be followed by discussions between Mazars and the Council.

In response to questions about the accounts payable and receivables listings, Mr Patel confirmed that it was expected that this would be more straightforward for 2021/22 and that his team would be undertaking testing on the debtor and creditor balance at yearend. The Financial Reporting Manager added that officers were currently reviewing and tightening up the balance sheet to help the testing process to be as smooth as possible.

RESOLVED –

THAT the indicative audit strategy from Mazars for the audit of the 2021/22 Council and Pension Fund Accounts be noted.

13. TREASURY MANAGEMENT REPORT

Consideration was given to a report of the Executive Director Corporate Services.

The Head of Treasury and Financial Services reported that there was an error in Table 1 of Appendix 5 of the report, which should indicate an HRA Capital Financing Requirement of £610m and a Total Capital Financing Requirement of £733m.

In response to a question about when external borrowing might be triggered, the Head of Treasury and Financial Services commented that the Council had considerable reserves. Officers held regular meetings with LINK, its investment advisers, to review how the balance sheet was moving, and to consider all the factors at play, such as how long debt rates were likely to be higher than investment rates and how much the Council's Capital Financing Requirement was likely to be in the medium term. The analysis was that internal borrowing remained the sensible option in the medium term and that cash was not forecast to run out.

RESOLVED –

THAT the report be noted.

14. PROPOSED CHANGES TO THE PENSION COMMITTEE TERMS OF REFERENCE

Consideration was given to a report of the Borough Solicitor and a reference from the Pension Committee.

In response to a question regarding how environmental, social and governance issues were identified, the Head of Treasury and Financial Services remarked that the Local Authority Pension Fund Forum (LAPFF), of which Camden was a member, were experts in identifying these issues and highlighting them to local authorities.

RESOLVED –

- (i) THAT Council be recommended to approve the proposed changes to the Terms of Reference of the Pension Committee, as set out in paragraphs 2.1.5 and 2.1.6 of the report; and
- (ii) THAT Council be recommended to authorise the Borough Solicitor to amend the Constitution to give affect to the proposed changes.

15. REVIEW OF POLLING DISTRICTS AND POLLING PLACES 2023

Consideration was given to a report of the Borough Solicitor.

The Elections Manager reported that since publication of the report eight additional responses to the consultation had been received but these had not requested any further changes to the proposals.

With regards to the concerns expressed about the polling place for residents of Juniper Crescent, the Elections Manager commented that the situation would be kept under review and, if necessary, changes could be made to the arrangements under the Chief Executive's delegated powers.

RESOLVED –

THAT the Council be recommended to:-

- (i) Note the comments received as part of the consultation and the recommendations from the Returning Officer included at Appendix A of the report;
- (ii) Adopt the arrangements for polling districts and places as detailed in the report and Appendix B;
- (iii) Authorise the Electoral Registration Officer to take the necessary measures as soon as possible to give effect to parliamentary constituency changes, ensuring that the register reflects be confirmed that the polling districts for each ward should be defined as the polling place for the purpose of the location of polling stations in the Borough for the next five years;
- (iv) Note that any further changes in venue within a polling district will be agreed by the Chief Executive in consultation with ward members for that district.

16. WORK AND TRAINING PLAN AND ACTION TRACKER

Consideration was given to a report of the Borough Solicitor.

RESOLVED –

- (i) THAT the work plan for the remainder of 2023/24, as set out at Appendix A of the report, be noted
- (ii) THAT the training sessions that took place for members of the Committee in 2022/23 be noted;

- (iii) THAT the action tracker for actions arising from the previous meeting, as per Appendix C of the report, be noted.

17. ANY OTHER BUSINESS THAT THE CHAIR CONSIDERS URGENT

There was no urgent business.

The meeting ended at 8.01pm.

CHAIR

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MINUTES END