

## CORPORATE OVERVIEW & SCRUTINY PANEL

MONDAY, 18 NOVEMBER 2019

PRESENT: Councillors Phil Haseler, Lynne Jones, Julian Sharpe, Chris Targowski (Chair) and Simon Werner

Also in attendance: Councillors Wisdom Da Costa, David Hilton & Samantha Rayner, and Jonathan Gooding, Aron Kleiman and David McConnell (Deloitte)

Officers: Mark Beeley, Elaine Browne, David Cook, Nikki Craig, Terry Neaves, Karen Shepherd, Ruth Watkins and Sarah Orme

### APOLOGIES FOR ABSENCE

Apologies for absence were received from Duncan Sharkey and Councillor Walters, Councillor Haseler attended as a substitute.

### DECLARATIONS OF INTEREST

There were no declarations of interest.

### MINUTES

**RESOLVED UNANIMOUSLY; That the minutes of the meeting held on 22<sup>nd</sup> October 2019 were approved as a true and accurate record.**

### ANNUAL GOVERNANCE STATEMENT

**RESOLVED UNANIMOUSLY; That the order of business as detailed in the agenda be varied. It was agreed that Item 6 – Annual Governance Statement would be the first item to be considered.**

Elaine Browne, Head of Law, explained to the Panel that the document was a legal requirement that RBWM had to produce. It ensured that the correct mechanisms were in place and looked for where improvements could be made. A total of 11 had been identified, with 2 being carried across from the previous year. At a previous Panel meeting, it was agreed that updates would be part of the Work Programme so that Members would be aware of the progress being made. Elaine Browne said that the document was different to the one seen by the Panel before, as it had some significant changes with some new areas identified.

Councillor Jones said that she had brought up some of the areas for improvement at previous Panel meetings but little had been done to follow up on these concerns. She pointed to the highways contracting task and finish group which had yet to start. The Chairman said that it would be discussed as part of the Work Programme towards the end of the meeting.

Councillor Sharpe believed that RBWM needed to look at IT security as a particular focus and ensure that it was robust and secure against any threats. He suggested it be added to the list of items that the Panel would be updated on.

The Chairman asked if there would be any Member overview of the new statutory officer group and was informed that if any issues were raised by the group they could be brought to the appropriate O&S Panel.

Councillor Jones asked about what assurances would be in place regarding changes to financial monitoring. Councillor Hilton, the Lead Member for Finance, said this would be included in the next financial update along with updates on overspends in Adult and Children's services.

Councillor Jones commented that the Annual Governance Statement was much better than previous years, particularly the Action Plan which would allow progress to be tracked.

**RESOLVED UNANIMOUSLY; That the Corporate O&S Panel noted the report and;**

- i) Considered the draft 2018/19 AGS and identified any specific matters which should be brought to the attention of Council or Cabinet; and**
- ii) Recommended the 2018/19 AGS to the Leader of the Council and Managing Director for signature and publication with the Council's Statement of Accounts.**

### FINAL STATEMENT OF ACCOUNTS

Terry Neaves, Interim S151 officer, introduced the report that set out RBWM's Audited Statement of Accounts for 2018/19 along with the External Auditors report on their audit, the ISA260.

The Panel were informed that the work was not entirely complete, with work still being done on the Berkshire Pension Fund but RBWM was in the same position as every Berkshire local authority. He explained that it had to be considered whether the accounts reflected the true position of RBWM and that the work of the auditors needed to make sure that it was a fair representation. Most of the issues the auditors had identified had been corrected, but some small things had not been corrected because they did not change the overall picture. Terry Neaves passed on his thanks to Ruth Watkins and her finance team, as well as the auditors who were present at the meeting; Jonathan Gooding, Aron Kleiman and David McConnell.

Jonathan Gooding, Deloitte, informed members that the audit was nearly complete and they did not anticipate anything else to come up. They had only made adjustments that were large, with two material adjustments being identified in the Pension Fund. It was noted materially the Pension Fund was set at over £21.5 million whilst for the council it was £6 million.

Aron Kleiman, also from Deloitte, explained that they had highlighted areas which had been updated since the July 2019 Panel meeting. Valuation of property assets had now been completed and he explained that Deloitte had their own property experts who had analysed the value of the assets at RBWM. After corrections were made, the value was not misstated. However, there were improvements that could be made going forward. The Depreciated Replacement Cost method of valuation only applied to assets rarely sold or traded, for example schools. Only one item, Riverside Primary, was valued in 2018/19 and findings discovered that the valuation should reflect Modern Equivalent Asset considerations and that valuations should be on an 'Instant build' basis.

In terms of Pensions, there were no further adjustments. They had identified significant risks in the conclusion but were satisfied that the appropriate arrangements were in place.

Councillor Jones queried the historical outstanding debt and asked what impact it had. She was informed that this was not a material adjustment so the accounts could be signed and that finance were reviewing this debt.

The Chairman asked when a report would be expected to come back to the Panel. Terry Neaves said that it would be by the end of the financial year, around March.

Councillor Jones commented that weaknesses picked out by the auditors on budget monitoring, the Capital programme and the Medium Term Financial Plan had been raised at previous O&S meetings. She believed that the Panel needed to improve and that more was needed to be done to ensure that comments and concerns were passed on to Cabinet.

Councillor Rayner, Deputy Leader of the Council, told Councillor Jones that they were currently in the process of creating a Member survey to gain feedback on scrutiny and address some of the issues that she had just raised. Terry Neaves explained that the AGS showed that issues needed to be addressed, they wanted to make financial assessments stable and ensure that things were more transparent moving forward.

Councillor Sharpe agreed that it was important to be more transparent but said that the council was in a situation where the information was historical. He asked if the methodology was different to what had been done in the past.

Jonathan Gooding explained that he could not comment on previous audits and how they were conducted, but for Deloitte quality was the number one priority. They had been challenging in their methodology and approach, which is why the audit process had taken longer than expected.

The Chairman asked if all Berkshire authorities received the same Berkshire Pension Fund report. Jonathan Gooding explained that it was slightly different because RBWM was the administering authority of the Berkshire Pension Fund and therefore it formed part of the RBWM statement of accounts, whereas for the other authorities it did not.

Councillor Werner questioned the CIPFA findings into finance and the auditor's report, particularly where it was reported that Members had been disrupting the process and circumventing the framework. In response, Terry Neaves said that while the CIPFA report had already been considered by the Panel, the final report was still in draft. The final report would be brought to the Panel once it had been completed.

David McConnell gave Members an overview of the Pension Report which was part of the audit. He explained that there were no issues of note to report and that they had reviewed accounting estimates for any manipulation or bias that could result in material misstatements. The valuation of the longevity edge was regarded as a significant risk, with the fund holding a liability of £63.5 million. However, the morality tables were not in line with those used in the current valuation of the overall Fund's liability. Using the updated morality table resulted in an adjustment of £40.3 million.

Talking about the valuation of the private equity portfolio, David McConnell said that it was difficult to provide information in a timely manner but the recommendation was that the fund was comfortable.

Councillor Da Costa commented that a higher level of training for Berkshire Pension Fund Panel Members was needed.

Councillor Jones followed up on this by asking what should Members of the Panel be challenging. Terry Neaves said that one of the key requirements was that the accounts were audited effectively.

**RESOLVED UNANIMOUSLY; That the Overview and Scrutiny Panel notes the report and;**

- i) Approves the audited accounts and authorises the Chairman to sign them subject to there being an unqualified judgement on the Pension Fund and no material changes to the accounts.**

## EXTERNAL AUDIT IAS260

Discussed as part of the audited accounts.

## GDPR COMPLIANCE PROGRESS REPORT

Karen Shepherd, Head of Governance, introduced the report that provided an update on the council's GDPR compliance.

The Panel were informed that Members had requested an update and progress report on GDPR compliance at a previous meeting, when the Panel had originally discussed the Annual Governance Statement. Included in the update was an extract of the Action Plan detailing actions to mitigate concerns, including ensuring that all staff were trained in GDPR compliance.

The council's induction programme for new employees includes mandatory training on data protection while all staff were required to undertake annual refresher training. This ensured that over 90% of staff were fully trained at all times. The Data Protection Officer (DPO) regularly liaised with members of the Corporate Leadership Team to keep them informed about data breaches that had occurred, mitigation actions and lessons learned. Suzanne Martin undertook training in July 2019 and recently became a certified Data Protection practitioner, being appointed Deputy Data Protection Officer in September 2019.

To date, over 100 privacy notices had been published to the RBWM website and work was ongoing to encourage members to create their own privacy notices for the website. As of 7<sup>th</sup> November 2019, 17 councillors had completed their privacy notices.

Councillor Jones asked if there was any training in GDPR compliance for Members. Karen Shepherd explained that while there was no mandatory training, new Members had been offered sessions in data protection after they were elected in May 2019 and there was also online training available.

The Chairman commented that officers had made it very easy for Members to complete their privacy notices and that it was important for residents to be able to see them. This was agreed by Councillor Haseler, who said that Members needed to be reminded to get theirs done.

Councillor Sharpe asked for clarification on the time taken to report a data breach, as in the Data Protection Act it says that breaches should be reported within 24 hours. Karen Shepherd said that only breaches of a certain level needed to be reported; the council complied with this requirement.

The Chairman queried about the arrangements for data protection support with the boroughs schools, and asked if the council had the resources to act as their DPO. He was informed that the DPO's services were currently charged at £95 an hour but this would be changed to a flat fee service. This would allow for better monitoring and encourage schools to use the DPO when needed.

**RESOLVED UNANIMOUSLY; That the Corporate Overview and Scrutiny Panel notes both actions already taken and those planned to further improve GDPR compliance across the council.**

## REVIEW OF CONTRACTING PROCESS

The Chairman explained that the above titled item was for the Panel's information only.

Councillor Jones asked why RBWM did not put lower contracts on contract finder, and explained that it did not put anything on under £50,000. This was too high for smaller businesses.

Elaine Browne said that the minimum was £10,000 on contract finder.

WORK PROGRAMME

The Chairman told the Panel that the Task and Finish group on highways contract outsourcing had not yet commenced due to other commitments. However, he would take responsibility to get the group started.

The meeting, which began at 6.00 pm, finished at 7.58 pm

CHAIRMAN.....

DATE.....