

Audit and Standards Committee

Meeting held 9 March 2023

**PRESENT:** Councillors Colin Ross (Chair), Tom Hunt (Deputy Chair), Simon Clement-Jones, Ben Curran, Garry Weatherall and Alison Howard (Independent Co-opted Member)

**1. APOLOGIES FOR ABSENCE**

1.1 An apology for absence was received from Councillors Angela Argenzio and Kevin Oxley.

**2. EXCLUSION OF THE PRESS AND PUBLIC**

2.1 No items were identified where resolutions may be moved to exclude the press and public.

**3. DECLARATIONS OF INTEREST**

3.1 There were no declarations of interest.

**4. PUBLIC QUESTIONS AND PETITIONS**

4.1 The Committee received Public Questions from three members of public, prior to the meeting. One member of the public was in attendance to raise her questions. The Chair (Councillor Colin Ross) mentioned that all the questions were on the same topic therefore a response to all questions would be provided at the meeting and all the public questions will be included in these minutes.

**4.2 Annette Taberner**

1. Is this Committee satisfied that the Chief Executive, along with the Leader of the Council had done an adequate job in responding to the Street Trees Inquiry report. They've said they've changed the culture, although they haven't acknowledged the change to committees or ending of the strong leader model. There was enormous amounts of effort by local people to collect signatures, making the Council have a referendum and then to win the referendum to change the way this council operates. Therefore, is the Committee satisfied with who they appoint to represent the Council in the media.

2. Disappointed that this Committee which oversees risk assessments, high standards and the codes of conduct, along with external auditors, had not been able to identify the issues referred to in the report. Therefore, why hasn't this Committee been able to identify those issues.

3. Why hasn't this Committee organised an urgent meeting to receive that report and respond to it. When is Full Council going to address it and when is the Council going to start taking action on these issues.

#### 4.3 **Ruth Hubbard**

In light of the publication of the Street Trees Inquiry Report:

1. When will the Committee be examining and discussing the Street Tree Inquiry Report given its pivotal role in upholding and maintaining standards of conduct, and the clear and comprehensive failure of these during the years of the street tree crisis as documented in the Report?

2. Will the Committee immediately be drawing the Report to the attention of the auditors Ernst and Young given their statutory duties in investigating and publishing Public Interest Reports and the very serious situation the report documents?

3. In November 2020 at full council (on zoom) there was what I and many others regarded as a clear (and horrible) bullying incident perpetrated on a public petitioner by the then Leader [*name of former Councillor redacted*] (in her last but one meeting). In fact I do not see how anyone could describe it as anything but a clear bullying incident. This was witnessed by all who were there and immediately directly challenged on zoom by two subsequent public questioners, including me.

Over the following months at various council meetings I (and also [*name of public questioner redacted*]) pursued the question of what, if any, action had been taken following the meeting, The answer appeared to be nothing. Eventually, in March 2021 at full council I appeared to be being told by the then Leader [*name of former Councillor redacted*] that I could submit a complaint, if I wanted to. This was despite the incident having been in plain sight, witnessed by all, and I had already, immediately and directly at the time, voiced my complaint. No one in Council took any action at all.

At about the same time, in Feb 2021, this Committee discussed a new Councillor Code of Conduct and passed this on to full council for ratification. (Finally) in a written answer to me at the end of June 2021 [*name of Councillor redacted*] admitted that the November 2020 meeting was "not our finest hour" and also that, in discussing the new Code of Conduct this Committee had not discussed councillor conduct towards citizens nor this specific bullying incident - no one had raised it.

In light of the Inquiry Report, the apparent failure of this Committee throughout the street tree crisis years to fulfil its role to maintain

standards, but also at other times (as above), why should members of the public have any confidence at all in this Committee to do this work, let alone play its required pivotal role? Where is the evidence that there has been any cultural or other shifts at all in its approach to citizens who challenge, or attempt to hold the council to account, when councillors and this committee have, over many years, not even been able to mention let alone discuss these serious issues, in plain sight?

If senior councillors directly involved in the street trees crisis do not resign, and if other councillors do not act - as they could - to enforce basic standards, does this not mean the council 'standards' regime is utterly toothless? None one of our elected members should command the confidence of the public should they, if they cannot routinely and demonstrably uphold basic standards in public life outside and before narrow political calculation?

#### 4.4 **Jon Johnson**

In light of the publication of the Lowcock Report this week, it is apparent that *[name of Councillor redacted]* and *[name of Councillor redacted]* are both clearly identified as having been responsible for many of the failings identified therein. As Councillors are mandated to comply with the Nolan principles, and the conduct identified has clearly breached those principles, how can *[name of Councillor redacted]* and *[name of Councillor redacted]* positions still be tenable on the council? Sheffield City Council's Mission Statement says that 'openness and honesty are important to us'. To give any credence to this, both *[name of Councillor redacted]* and *[name of Councillor redacted]* should resign immediately, or the entire mission statement of the council is meaningless. If these two are to remain in post, please make a statement on behalf of the council as to how these two situations can be mutually exclusive.

1. Councillors such as *[name of Councillor redacted]* and *[name of Councillor redacted]* are still in role and were at the very core of the issues the report highlights. They have confirmed that they will not resign - why have they not been fired or made subject to disciplinary action?
2. It is evident in the report that the public were wilfully and repeatedly misled. Why have all councillors involved in this (extending beyond *[name of Councillor redacted]* and *[name of Councillor redacted]*, and to include those who have retired or moved to the Commons) not been recommended for investigation into whether their conduct amounts to misconduct in public office?
3. Will the Audit and Standards Committee refer itself for disciplinary action considering the absolute failure of oversight it provided throughout this fiasco?

In response to all the public questions, The Chair mentioned there were a misunderstanding of the role of the Audit &

Standards Committee, the Committee did not institute proceedings against individual Members or members of the public. The role of the Audit and Standards Sub-Committee was to determine the outcomes of complaints therefore it would be inappropriate for this Committee to institute proceedings.

The Chair mentioned he was in a different political party to the Leader of the Council, and that he protested with many others throughout the tree dispute, therefore he empathised with the questioner on this matter.

The Council received the report on Monday 6 March 2023 and were considering how to respond to it. You'll have seen the interviews and statements conducted by the Chief Executive and Leader of the Council earlier in the week therefore the Council needed some time to consider this and also how this Committee and auditors may look at lessons learned for the future. The Council recognised there will be legitimate questions from members of the public and Elected Members therefore we needed to allow sufficient time for them to be adequately answered. This was likely to take place after the local elections as this was an issue that will cause for political debate and the Council was about to enter their pre-election period.

What was clear is there had been some serious errors of judgement and the Council had apologies for that. There would be further personal apologies made in due course. Since these events, there had been significant changes in leadership at the Council along with a change in the Councils behaviours and objectives. Although it will take some time to be the Council we want to be, changes had already been put in place to avoid making this mistake again in the future.

(NOTE: In accordance with Council Procedure Rule 26 this urgent Item of business was considered on the recommendation of the Chair, on the basis that the Council wished to allow public questions on the report of high public interest in respect of the Street Tree Inquiry report, published on 6 March 2023).

## **5. MINUTES OF PREVIOUS MEETING**

- 5.1 The minutes of the meetings held on 16 February, 2023 were agreed as an accurate record.

## **6. STATEMENT OF ACCOUNTS (AUDITED)**

- 6.1 The Committee received a report of the Director of Finance and Commercial Services which communicated any relevant matters arising from the external audit of the 2021/22 Statement of Accounts

- 6.2 The Director of Finance and Commercial Services, Tony Kirkham explained that the Council had been working with external audit to identify issues raised as part of their audit. Responses to that audit could be found in the report along with a final set of accounts which were recommended to the Committee to approve.
- 6.3 Claire Sharratt explained that these accounts close the cycle of the 2021/22 year and report in full the Council's position for that year. The accounts have been subject to external audit which were now almost concluded and recommended to the Committee for approval. Once approval is given, the Chair of the Committee, along with the Section 151 Officer will sign the accounts and the letter of representation.
- 6.4 Claire Sharratt gave thanks to everyone involved in the complete process of dealing with the Council's accounts.
- 6.5 Ruth Matheson explained that the unaudited Statement of Accounts were presented to the Committee in July 2022. Since then, 4 main areas had changed in the report which was presented at the meeting. These were: -
- Highways PFI refinance gain – The Department for Transport (DfT) share was presented as deferred revenue. As the DfT's share was effectively their grant funding in advance, an audit adjustment was agreed to amend the balance sheet from 100% deferred revenue, to instead show 50% deferred revenue and 50% grant received in advance.
  - Highways Infrastructure Assets - How these assets are accounted for is an ongoing sector-wide issue. As an interim measure, Government issued a statutory instrument with temporary provisions, alongside additional Code guidance from CIPFA. As a result, we have been able to write off £138.7m under the statutory instrument. The value of Infrastructure assets in the draft accounts was £773.5m and has now reduced to £634.8m.
  - Dwellings Housing Price Index - This adjustment reflects the movement in the index from the unaudited accounts last May, to the most recent HPI figures for 21/22 in February - the difference, a downwards movement of £20.4m in the value of assets has been adjusted in the accounts (£1,545.2m down to £1,524.8m).
  - Council Tax Prepayments - In the unaudited accounts, Council Tax prepayments were incorrectly netted off against debtors, and instead should be recognised as a creditor. An adjustment of £3.9m was made to increase debtors and to increase creditors to correct the presentation.
- 6.6 Following the report, there was no questions or comments from the Committee.

- 6.7 The Chair gave his thanks to all the Officers involved in this piece of work.
- 6.8 **RESOLVED:** That the Committee (1) approves the Statement of Accounts for 2021/22 as set out in the appendix, subject to the finalisation of the audit requiring no further changes; (2) notes in accordance with The Accounts and Audit Regulations 2015, the Chair of the Audit and Standards Committee will sign the Statement of Accounts for 2021/22 on conclusion of the audit by Ernst & Young LLP (EY); and (3) notes the Letter of Management Representations to be submitted to the External Auditor is on the basis set out in the report and this will be signed by the Director of Finance and Commercial Services and the Chair of Audit and Standards Committee.

## 7. **REPORT OF THOSE CHARGED WITH GOVERNANCE (ISA 260)**

- 7.1 The Committee received a report from the Council's external auditor, Ernst & Young.
- 7.2 Hayley Clark explained that Members had seen the majority of the report as part of a report which was presented at the last meeting therefore, they did not intend to go through the report in detail. As mentioned at the previous item, external audit was still working on closing some final areas of the accounts and that a status update had been given on those areas.
- 7.3 Hayley Clark referred to an issue discussed at the last meeting, where the triennial issue could impact on the timeline. She mentioned that CIPFA (Chartered Institute of Public Finance and Accountancy) were producing guidance on this although she was yet to receive it. Therefore, she would monitor of this was to have any impact on signing off on the accounts.
- 7.4 Dan Spiller explained that he would update Members on the errors which were not included in the previous report presented at the previous meeting. These were: -
- Fraud Risk (page 9) – Calculation error which led to figure going over reporting threshold.
  - Fraud Risk (page 10 & 11) – Calculation error due to double counting income/expenditure figures.

It was mentioned that these were not of significant impact.

- 7.5 Dan Spiller explained that the work carried out in relation to Infrastructure Assets was outlined at page 12 and 13 of the report.
- 7.6 Page 14 and 15 of the report gave further detail of the reporting external audit's specialists had given in relation to PPE (Property, Plant and

Equipment). It was mentioned that the main risk identified in this section related to the valuation of car parks. This issue related to the yield (6.25%) used by the Council's valuation team being too strong for a valuation predicted on trading profit. External Audit expected a yield in the region of 11% to 12% for Council run/managed car parks.

- 7.7 Page 26 set out the audit differences between the Council and External Auditors and the adjustments that had been made by management. Page 27 identified the differences that had not been adjusted by management therefore Dan Spiller asked the Committee if they were comfortable with those areas identified.
- 7.8 It was mentioned that page 37 onwards in the report highlighted the control recommendations by external audit. The Committee were directed to the two red rating audits mentioned in this section.
- 7.9 Members of the Committee asked questions and following responses were provided: -
- 7.10 Dan Spiller explained that on page 27 of the report, the second column identified how services were really impacted. He added that none of the areas identified were of significant impact.
- 7.11 Hayley Clark mentioned there could always be lessons learnt when auditing the Council's accounts year on year and that external audit carried out a briefing after the closure of an audit to discuss lessons learnt. This also gave external audit the opportunity to look at how they can audit the Council better going forward. She explained that although the Council had gone through changes, the Council always had an historic well run Finance team which helped the process. It was reported in the Value for Money section of the report that external audit had not identified any areas of significant weakness although due to the recent changes in the council system, she recommended that the Council closely monitor how this change could impact on the Council's budgets, especially as budgets constraints are forever increasing.
- 7.12 The Chair thanked the Council's external auditors Ernst & Young for their audit on the Council's accounts.
- 7.13 **RESOLVED:** That (1) the committee noted the content of the report; and (2) gave approval to the Director of Finance and Commercial Services, in consultation with the Chair, to sign off the final version of Statement of Accounts and Letter of Representation.

## **8. WHISTLEBLOWING POLICY REVIEW**

- 8.1 The Committee received a report from the Interim Director of Legal and Governance which updated the Committee on the review of the Council's Whistleblowing Policy and application.

- 8.2 The Head of HR, Elyse Senior-Wadsworth explained that Whistleblowing policies were important in order to give employees within an organisation safe passage and security when making disclosures.
- 8.3 It was explained that the current policy 'See It Say It' had been in place since 2018 and the last time that policy was brought to this Committee, one recommendation was to review it which had now been carried out.
- 8.4 The Head of HR informed the Committee that under the current policy, there was an average of 1 complaint per year. With only 1 progressing to the investigation stage within the last 3 years. One reason could be that the Council has a good recourse measures in place for people to raise concerns. Although, the Council was seeing an increase in complaints raised generally and that people were reluctant to raise formal complaints therefore not seeing complaints through the whistleblowing procedure was something we should be curious about and investigate.
- 8.5 The Head of HR mentioned how the procedure was communicated and how people understand and use it, were the most important aspect to look at. She added that the HR service along with Corporate Leadership team were doing some work on performance and accountability in April 2023 therefore, there was a natural opportunity to look at this further.
- 8.6 It was stated that there are contact advisors within the Council who's role were to give advice to anyone who may have a complaint. Although, the number of contact advisors had decreased therefore, work needed to be done to train employees to become contact advisors and discharge that responsibility well.
- 8.7 Members of the Committee asked questions and following responses were provided: -
- 8.8 The Head of HR confirmed there would be consultation with the Officer Trade Unions and agreed this was an important aspect to review. She added that Trade Unions are good at challenging officers and policies in order to ensure they read clearly to their members. It was stated that an piece of engagement had recently began to review how the policy could target the minority groups within the organisation.
- 8.9 **RESOLVED:** That the Committee agree for HR to (1) benchmark with core cities on numbers and nature of Whistleblowing complaints; (2) rewrite of policy but no substantive changes, launch with communication in April; and (3) local communication to highlight local delivery context.

## 9. WORK PROGRAMME

- 9.1 The Committee considered a report of the Director of Legal and



Governance that outlined the work programme for the remainder of the municipal year. Members were asked to identify any further items for inclusion.

9.2 **RESOLVED:** That the work programme be noted.

## **10. DATES OF FUTURE MEETINGS**

10.1 It was noted that the next meeting of the Committee would be held on 13 April, 2023.

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