

# SCOTTISH BORDERS COUNCIL AUDIT COMMITTEE

MINUTES of Meeting of the AUDIT COMMITTEE held in the Council Chamber, Council Headquarters, Newtown St. Boswells and via Microsoft Teams on Monday, 25 September 2023 at 10.00 am

- Present:- Councillors E. Thornton-Nicol (Chair), J. Anderson, J. Cox, M. Douglas, J. PatonDay, E. Robson, S. Scott, F. Sinclair, Mr S. Whalley and Mr P. Whitfield
- Apologies:- Councillors P. Brown and N. Richards
- In Attendance:- Chief Executive, Chief Officer Audit and Risk, Director – Corporate Governance, Director – Finance and Procurement, Director – Resilient Communities, Mr J. Boyd and Ms S. Harold (Audit Scotland) and Democratic Services Officer (D. Hall ).

## 1. **MINUTE**

There had been circulated copies of the Minute of the Meeting held on 27 June 2023.

## **DECISION**

**AGREED to approve the Minute for signature by the Chair.**

## 2. **AUDIT COMMITTEE ACTION TRACKER**

- 2.1 There had been circulated copies of the Audit Committee Action Tracker which was presented by the Chief Officer Audit and Risk, Ms Jill Stacey.
- 2.2 With reference to paragraph 6 of the Minute of 22 November 2021 the Chief Officer Audit and Risk confirmed that work related to the Internal Audit Action was ongoing and that the Action would remain on the tracker.
- 2.3 With reference to paragraph 3 of the Minute of 13 March 2023, Ms Stacey confirmed that the Director Risk Management Presentation Action remained ongoing, with the Director-Infrastructure and Environment due to present to the Committee in March 2024.
- 2.4 With reference to paragraph 4 of the Minute of 10 May 2023, relating to Progress on LDS Financial Management, Ms Stacey highlighted that she had circulated the link to the relevant Integration Joint Board papers on Modern.Gov to the Committee and confirmed that the appropriate papers were included there for information.
- 2.5 With reference to paragraph 6 of the Minute of 10 May 2023, Ms Stacey confirmed that the Integrity Group would conduct the counter fraud maturity assessment during 2023/24 and report outcomes to the Audit Committee in May 2024.
- 2.6 With reference to paragraph 7 of the Minute of 27 June 2023, it was confirmed that a briefing note on the Aegon Monthly Income Unit Trust had been circulated to Audit Committee members by email on 29 August 2023. The Chair highlighted that the Council had full oversight of the Common Good Funds and Trusts, and that governance arrangements in place were strong and robust. Whilst the Aegon Investment Fund had delivered poor returns in the years following Covid-19, that was reflective of market conditions worldwide, and did not reflect on the governance arrangements of the Funds and Trusts. The Chair was confident that the action in the tracker had been completed and should be removed from the tracker. In response to a question regarding whether there had been a breach of investment rules via the Aegon Investment Fund, the Director

– Corporate Governance, Ms Nuala McKinlay, explained that the briefing note referred to in the Action Tracker had been asked to consider the risks associated with placing all Fund and Trust investments in one single fund. Ms McKinlay advised that if there was an alleged breach of investment rules then the Committee should be notified in advance to allow officers to investigate, and an appropriate item included on the agenda of a meeting to discuss the matter. Mr Whalley confirmed that he had requested that an item be placed on the agenda. The Chief Executive explained that the Council had an agreed policy in place to manage the Common Good Funds and Trusts with Aegon Investment Management. The Council received regular reports in terms of the performance of investments and monitoring reports were presented to Sub-Committees. Aegon had provided returns since inception in line with the objectives set by the Council, with regular income provided to Funds. Members were regularly briefed on the performance of the Fund and if there were concerns then the arrangements could be reviewed. Mr Whalley explained that the specific breach of rules he was referring to related to the investment strategy, which set out that between 0% and 30% of investments should be held in bonds. Currently Aegon held 51% of the Fund in bonds. The Chief Executive explained that the asset allocation strategy acted as a guideline, and that due to the nature of investments and markets there would be variations to the concentration of asset type held. The Chair confirmed that she was content that action in the tracker had been completed. In response to a question regarding PSN accreditation, the Chief Executive provided assurance that accreditation was in place in full for the Council.

## **DECISION**

**NOTED the update.**

### **3. DIRECTOR RISK MANAGEMENT PRESENTATION**

- 3.1 The Chair introduced the Director – Resilient Communities to give a presentation on corporate risks in the Resilient Communities service. The Director – Resilient Communities provided an overview of the various services for which she was responsible. Copies of the presentation had been circulated by email to the Committee. Economic Development was led by Sam Smith and focused on economic improvement and regeneration. Work relating to the two growth deals that the Council was signed up to was ongoing and considerable. Customer Advice & Support Services were focused on front facing customer service arrangements across a range of communication channels. The Business Administration and Support team were engaged with work across the Council supporting its effective operation. Communities and Partnerships were involved with work related to the Community Empowerment Act as well as supporting communities achieve their aspirations and ambitions. Accessing appropriate grant funding and supporting placemaking were other important elements of that team’s work. Mrs Craig highlighted that sport, leisure, and cultural facilities across the region were delivered through the strategic partnership with LiveBorders.
- 3.2 The Director – Resilient Communities explained that she was responsible for two corporate risks managed on behalf of the Council Management Team. The first risk was Community Planning Partnership, particularly that if there was not effective partnership working then it would not be possible to deliver on agreed strategies or realise objectives and outcomes. The risk was longstanding, and considerable work had gone into delivering improvements through internal controls and improving partnership work. A new Community Planning Partnership had been developed following the fundamental changes brought about by the Covid-19 pandemic. Mrs Craig presented the range of internal controls which were in place and highlighted that they ranged from fully effective to not effective. The implementation of the long-term Plan was the sole item listed as not effective, however that would be updated as a clearer picture became apparent over time. Two linked actions remained outstanding; however, progress was being made to ensure that they were completed. The second risk managed on behalf of the CMT Risk Register was Stakeholder Engagement, and how the Council engaged with its primary stakeholders. Mrs Craig highlighted that the risk had been managed for a considerable period of time, and provided assurance that work was ongoing to reduce risk. A

Community Engagement strategy was being developed and was expected to be presented to Council for adoption prior to the end of the year. Work on the development of the Locality Model had been paused whilst the Chief Executive pursued work related to the proposed Future Operating Model. The range of internal controls ranged from fully effective to not effective.

- 3.3 The Director presented the Service Risk Registers and explained that her presentation would focus primarily on the risks which had been scored as red on the red, amber, green rating. The majority of risks had been scored as amber. Mrs Craig highlighted that the risk level of path inspections and countryside bridge inspections had increased and confirmed that an assessment was being undertaken to assess whether the Council had sufficient staffing capacity to undertake the required work. External options would also be explored. Two risks under Customer Advice & Support Services had been scored as red: insufficient resources and online services. Mrs Craig explained that there had been significant turnover in staff within this service, particularly in those managing the telephony channels. There had been a negative impact on performance as a result of the staff turnover, however weekly meetings regarding the issue had taken place and a newly recruited cohort of staff were in the process of undergoing training. The delivery of online services had also been affected by capacity and staffing issues. The Council was in the process of developing a proactive plan to accelerate the work to deliver an improvement in its online services and it was anticipated that progress would be made over time. Mrs Craig confirmed that in line with the agreed Joint Strategic Review between SBC and Live Borders that was underway, officers were identifying and discussing related threats and opportunities and were establishing the best ways in which to capture those as part of the Council's Risk Management process.
- 3.4 In response to a question regarding how risk management arrangements operated associated with services delivered in partnership with third parties, Mrs Craig explained that as part of the procurement process regular meetings were held to assess risk and where significant issues were identified they would be brought into the risk register. Regarding training for managers on how to manage risk, it was highlighted that significant training was offered to all managers, in particular new managers. All Directors within the Council had the capability to check whether managers in their service had completed the appropriate level of training. The Corporate Risk Officer, Ms Emily Elder, confirmed that there was a risk management process guide which would be signposted to new managers. Quarterly risk management reports were also being cascaded to risk owners across the Council. In response to a question regarding the effectiveness of controls in the context of stakeholder engagement, Mrs Craig acknowledged that a lot of the controls were listed as partially effective and confirmed that it remained a priority to deliver effective engagement which the communities of the Scottish Borders felt invested in. Mrs Craig confirmed that a report on the outcome of the Community Conversation sessions would be produced, and the feedback presented to Council. In response to a question regarding work to improve the strategic relationship with LiveBorders, Mrs Craig provided assurance that part of the ongoing review concerned governance arrangements and refreshing the partnership agreement in place. The Chief Officer – Audit and Risk confirmed that as part of the wider service provision agreements in place that risk management services were also provided to Live Borders, the IJB and Pension Fund. In response to a question regarding the Regional Development Strategy being categorised as amber, Mrs Craig undertook to assess whether the register needed to be updated to properly reflect current risk. Regarding the ability of the public to contact Council officers via telephone, Mrs Craig acknowledged that due to staffing issues there had been performance problems and highlighted that through the effective use of technology it would be possible to deliver improvements in the area.

## **DECISION**

**NOTED the presentation.**

## **4. INTERNAL AUDIT WORK TO 30 JULY 2023**

- 4.1 With reference to paragraph 6 of the Minute of the meeting held on 10 May 2023, there had been circulated copies of a report by the Chief Officer Audit and Risk which provided details of the recent work carried out by Internal Audit and the recommended audit actions agreed by Management to improve internal controls and governance arrangements. The work Internal Audit had carried out in the period from 1 April to 31 July 2023 associated with the delivery of the approved Internal Audit Annual Plan 2023/24 was detailed in this report. A total of 6 final Internal Audit reports had been issued. There were 8 recommendations made associated with 5 of the reports (0 High-rated; 3 Medium-rated; 5 Low-rated). An Executive Summary of the final Internal Audit assurance reports issued, including audit objective, findings, good practice, recommendations (where appropriate) and the Chief Officer Audit and Risk's independent and objective opinion on the adequacy of the control environment and governance arrangements within each audit area, was shown in Appendix 1 to the report. The SBC Internal Audit function conformed to the professional standards as set out in Public Sector Internal Audit Standards (PSIAS) (2017) including the production of this report to communicate the results of the reviews. The Chief Officer Audit and Risk presented the report and highlighted that minor tweaks had been made to the internal audit plan as a result of adopting an agile way of working. Ms Stacey outlined that following the retirement of the Council's Principal Internal Auditor, Ms Sue Holmes, the recruitment process for a replacement had been undertaken. An offer had been made to the preferred candidate, with a start date of 20 November identified. The Internal Audit Team would be fully staffed following that appointment. Ms Stacey confirmed that standard practice had been followed in respect of internal audit items, with relevant officers expected to use the IDEAGEN system to update progress. The internal audit team would follow up to ensure that progress had been made and evidence was required. With regard to the Looked after Children audit work, Ms Stacey confirmed that the recommendation had been rated as low due to the substantial level of assurance provided and the ongoing work being undertaken by Council Management Team. The Council was aware of the high-risk nature of this service area and was taking steps to ensure that the risk was appropriately managed. Ms Stacey undertook to include the Corporate risk rating (Red, Amber or Green) that identified the overall risk associated with each audit area. In response to a question regarding line managers ensuring that staff were completing mandatory training on which there were two separate Internal Audit recommendations, Ms Stacey explained that more action needed to be taken by Managers to ensure that staff completed Health and Safety training (medium-rated), but there was a recognition that staff completing updated training modules on Complaints would take time following the implementation of new policies and procedures (low-rated). The Chair expressed her thanks for the work undertaken by the Internal Audit Team.

## **DECISION**

**(a) NOTED:**

- (i) the Executive Summaries of the final Internal Audit assurance reports issued in the period from 1 April to 31 July 2023 associated with the delivery of the approved Internal Audit Annual Plan 2023/24;**
- (ii) the Internal Audit Consultancy and Other Work carried out in accordance with the approved Internal Audit Charter**

**(b) AGREED:**

- (i) to acknowledge the assurance provided on internal controls and governance arrangements in place for the areas covered by this Internal Audit work; and**
- (ii) approve the minor amendments to the Internal Audit Annual Plan 2023/24, as set out in the report.**

## **5. AUDIT SCOTLAND FRAUD AND IRREGULARITY REPORT 2022/23**

With reference to paragraph 6 of the Minute of the meeting held on 12 September 2022, there had been circulated copies of a report by the Chief Officer Audit and Risk which made the Committee aware of a recently published counter fraud report by Audit Scotland and the Management Actions required in response for improvement and assurance purposes. Having robust fraud prevention and investigation arrangements in place contributed to safeguarding the Council's financial resources, for delivery of services, as part of protecting the public purse. A focus on prevention and detection and promotion of a counter fraud culture across the Council to improve its resilience to fraud, taking account of reducing resources, were associated with the Counter Fraud Strategy 2021-2024 that was approved by Council in December 2021. The purpose of the Integrity Group was to improve the Council's resilience to fraud, theft, corruption, and crime. One way it could achieve that was self-assessing the Council's arrangements against best practice and agreeing any appropriate actions to continuously improve the arrangements in place. The report referred to a national fraud report recently published by Audit Scotland, which set out recommendations for public sector organisations. Part of the Audit Committee's role was to oversee the framework of internal financial control including the assessment of fraud risks and to monitor counter fraud strategy, actions, and resources. The Chief Officer Audit and Risk presented the report and highlighted that the members of the Integrity Group had been made aware when the National Fraud and Irregularity report had been published. In response to a question regarding the confidence that frauds were being detected, Ms Stephanie Harold explained that the guidance outlined that frauds over £5k needed to be reported to Audit Scotland, however working with the Police and through the use of correct working practices, lower levels of fraud would be detected. Ms Stacey highlighted that the Scottish Local Authority Investigators Group were very active and shared a lot of information and insight into fraud trends and anti-fraud work. Frauds above £5k were reported in line with the proper mechanisms, and where other frauds were detected, they would be reported through normal procedures. The Chair highlighted that all the Council had a responsibility to tackle fraud.

## **DECISION**

### **AGREED to:**

- (a) acknowledge the Audit Scotland Fraud and Irregularity Report 2022/23 published in recent months;**
- (b) endorses the tasks being undertaken by the Integrity Group, associated with the recently published counter fraud report by Audit Scotland, as set out in Action Plan in paragraph 4.6 of this report; and**
- (c) request that the Integrity Group report back to the Audit Committee on its findings and proposed further actions arising from these tasks.**

## **6. ANNUAL TREASURY MANAGEMENT REPORT 2022/23**

With reference to paragraphs 9 of the Minute of the meeting of Scottish Borders Council held on 22 February 2022 and paragraph 11 of the meeting of Scottish Borders Council held on 15 December 2022, there had been circulated copies of a report by the Director – Finance and Procurement which presented the annual treasury management activities undertaken during the 2022/23 financial year. The CIPFA Code of Practice on Treasury Management in the Public Services (the Code) required an annual report on treasury management to be submitted to Council following the end of each financial year. The report highlighted the Council's treasury activity undertaken in the year ended 31 March 2023 and the performance of the Treasury function. Appendix 1 to the report was the annual report of treasury management activities for 2022/23 and contained an analysis of performance against targets set in relation to Prudential and Treasury Management Indicators. The performance comparisons reported were based on the revised indicators agreed as part of the mid-year report approved on 12 December 2022. The Appendix showed the Council's borrowing requirement to fund the capital investment undertaken

during 2022/23, how much the council actually borrowed against the sums budgeted and the level of external debt within approved limits. During the year the Council had again, where possible, deferred borrowing using surplus cash rather than undertaking new borrowing. Treasury management activity for the year had been undertaken in compliance with approved policy and the Code. The Council remained under-borrowed against its Capital Financing Requirement (CFR) at 31 March 2023. The Director – Finance and Procurement presented the report and in response to a question regarding surplus capital confirmed that interest was earned on cash held.

## **DECISION**

### **AGREED to:-**

- (a) note that treasury management activity in the year to 31 March 2023 was carried out in compliance with the approved Treasury Management Strategy and Policy as detailed in the report and in Appendix 1 to the report; and**
- \* (b) recommend the report to Council for approval.**

## **7. EXTERNAL AUDIT ANNUAL AUDIT REPORTS 2022/23**

7.1 There had been circulated copies of the Scottish Borders Council Pension Fund 2022-2023 Annual Audit Report, Audit Scotland Scottish Borders Council annual report and associated covering letters. The report summarised the findings from the 2022/23 annual audit of the Scottish Borders Council. The key messages of the report included that Audit Scotland's audit opinion on the annual accounts of Scottish Borders Council and its group were unmodified, which meant that the financial statements and related reports were free from material misstatements. Adjustments had been made to the annual accounts as a result of the audit process. The Council continued to balance its budget each year and operated within budget in 2022/23. Whilst facing significant financial challenges through inflationary pressures on pay and non-pay costs as well as demand on services, the Council continued to demonstrate sound financial management maintaining reserves in line with the long-term Revenue Financial Strategy. There were appropriate and effective budget setting, financial management and monitoring arrangements in place. Medium and longer-term financial plans reflected the Council's strategic priorities and outcomes. The Council plan outlined the Council's vision for 2033 and elected members had shaped that vision. The Council had elements of an effective performance framework but needed to ensure it could measure its performance against clearer outcome-based targets for the next ten years. A Best Value Assurance Report on Scottish Borders Council was published in October 2019, containing seven improvement recommendations. The Council had concluded these had been addressed. Governance arrangements were appropriate and operated effectively. There was effective scrutiny, challenge and informed decision making. There was strong partnership working to meet the health and social care challenges facing the Scottish Borders. The Council failed to comply with the statutory requirement for their significant trading operation, SBc Contracts to break even.

7.2 Mr Boyd presented the Scottish Borders Council 2022/23 Annual Audit Report and explained that overall materiality threshold for the annual audit was set with reference to gross expenditure, with the figure set at £250k. There had been no material misstatements identified in relation to the valuation of land or buildings. It was highlighted that the Council had one significant trading operation, SBc Contracts, and that under the Local Government in Scotland Act 2003 the operation was obligated to break even over a rolling three-year period. SBc Contracts had reported an operating surplus of £1.299 million in 2022/23. However, following technical accounting adjustments for IAS 19 Employee Benefits (including pensions), the final position was a deficit for 2022/23 of £75,000 for external works and a three-year cumulative deficit of £0.331 million. Mr Boyd explained that this did not represent a material misstatement but did require work to change the recharging process in place. Regarding the Pension ceiling asset, the unaudited accounts recognised the Council's share of the pension scheme assets and liabilities in accordance with IAS 19. During the course of the audit, management had

engaged with the actuary to provide an actuarial valuation of the asset ceiling in accordance with IFRIC 14. The information was not received during the course of the audit; however, the audit team had reviewed the actuarial assumptions and were satisfied that it was appropriate. Mr Boyd highlighted that a judicial review had concluded that all Council assets built on Common Good land could not be considered as owned separately from the land they stood on and were therefore Common Good assets. The Council had a number of operational assets which were on Common Good land, and it had been recommended that a formal agreement between the Council and Common Good funds was put in place for the use of the assets. The issue was not unique to Scottish Borders Council. It was highlighted that good financial management arrangements were in place, and that the Council operated within its budget for the year. The Council continued to balance its budget each year and the level of reserves was in line with the long-term Revenue Financial Strategy. There were appropriate and effective budget setting, financial management and monitoring arrangements in place. Mr Boyd outlined that vision, leadership, and governance as well as best value had formed part of the wider thematic review of the audit. Governance arrangements were appropriate and operated effectively and there was effective scrutiny and informed decision making. The key aspects of the agreed action plan were presented, and Mr Boyd confirmed that management had agreed to the actions.

- 7.3 In response to a question regarding how progress against the agreed actions would be reported, the Director – Finance and Procurement explained that an operational action plan on how to deliver the outcomes would be drawn up and could be shared with the Committee. Individual actions would have a responsible officer. Regarding the Council's under-borrowed position, Mrs Douglas explained that the Council set aside part of its revenue budget to pay back loans each year. Revenue reports and balances were reported quarterly, with a view to adding to the treasury reserve over two years. It was confirmed that underspend from previous years would be used to smooth peaks and troughs in costs associated with borrowing. Mrs Douglas confirmed that on the advice of treasury advisors the Council had sought to borrow on the short term throughout 2022/23 due to the high rate of interest. In response to a question regarding comments received at the Pension Fund Committee meeting regarding the annual accounts, Mrs Douglas explained that there had been recognition that whilst the Fund's assets had reduced in value in 2022/23 there had also been a decrease in the liabilities of the fund by a greater amount. That was expected to result in a better funded position. The triennial valuation by the actuary would confirm the Fund's funding position as at 31 March 2024. In response to a question regarding the operating deficit of SBc Contracts, Mr Boyd explained that due to the IAS19 pension liability and internal recharges the entity was deemed an internal service. Mrs Douglas explained that the work of Audit Scotland had concluded that when SBc Contracts staff were carrying out work on behalf of SBC, there was an obligation for SBC to recognise that they worked for the Council. The Chief Executive confirmed that the deficit referred to in the report was a combination of accounting adjustments for pension and holiday pay not taken. In response to a question regarding Mr Boyd's outlook, Mr Boyd outlined that all Local Authorities faced different, unique challenges. Financial challenges were common to all Local Authorities across Scotland. Scottish Borders Council appeared to be operating with an understanding of their environment and how they needed to change and use technology to ensure that it was sustainable and could continue to deliver services. In response to a question regarding the funding position of the Pension Fund, the Chief Executive confirmed that whilst the value of assets had fallen, the overall liabilities of the Fund had fallen by a greater degree. Discussions would take place with the Actuary regarding the level of funding position to maintain following the completion of the valuation. In response to a question regarding the recommendation to put in place formal agreements governing the use of Common Good assets, Mrs Douglas confirmed that the focus of such agreements would be the use of buildings. The Director – Corporate Governance highlighted that a school building in Peebles was located on Common Good owned land, and that school therefore belonged to the Common Good as a matter of law. Municipal use of the building would continue, and a full agreement would be put place. Mrs McKinlay explained that

there was not expected to be a financial benefit to the Common Good Funds of the formal agreements. The Director highlighted that whilst Common Good Funds are separate legal bodies to the Council, the Council met operational costs and did not charge for the administration of the Funds. In response to a question regarding changes made to the management commentary of the statutory external audit process, Mrs Douglas explained that no material changes had been made. Minor alterations had been undertaken, largely to improve comprehensibility. Mr Boyd confirmed that in respect of management commentary the audit was compliant with the requirements of the code. In response to a question regarding updates on action plan actions, Mrs Douglas undertook to provide updates as they became available. The Chair highlighted that in regard to the Best Value action agreed in December 2019 in response to the Best Value Assurance Report, a further best value report had been circulated with the annual audit report. Mrs Douglas confirmed that an action plan formed part of the new report. The Chair confirmed that she was happy for the previous actions related to best value to be marked as complete, with the new plan to supersede that.

#### **DECISION**

- (a) NOTED the Annual Reports from the Council's External Auditors prior to Council approval; and**
- (b) AGREED to request updates from the Director – Finance and Procurement on progress against the agreed actions in the Action Plans from within the SBC 2022/23 Annual Audit Report and the Best Value thematic report.**

#### **8. ANNUAL REPORT AND ACCOUNTS**

With reference to paragraph 7 of the Minute of the meeting held on 27 June 2023 there had been circulated copies of a report by the Director – Finance and Procurement which presented copies of the Council's audited Annual Accounts for 2022/23. The audit appointment of Audit Scotland for Scottish Borders Council (SBC) accounts included the requirement to provide an auditor's report for the Council. 2022/23 represented the first year of new Audit Scotland team undertaking the External Audit of the Council's Annual Accounts with the process now completed. Audit Scotland had prepared both the Annual Audit Report and a Best Value thematic report and had provided an unqualified independent audit opinion. The Annual Audit Report summarised Audit Scotland's conclusions, including an unqualified audit opinion. Audit Scotland concurred with management's accounting treatment and judgements; and Audit Scotland concluded positively in respect of financial management, financial sustainability, vision, leadership and governance and use of resources to improve outcomes. Audit Scotland identified the following recommendations across 3 reports. Four recommendations for improvement requiring action were identified along with two follow-ups to prior year recommendations within the Scottish Borders Council annual report. Six recommendations for improvement requiring action were identified in the Scottish Borders Council Best Value thematic review. Four recommendations for improvement requiring action were identified along with one follow-up to prior year recommendation for the Scottish Borders Council Pension Fund. All recommendations had been accepted by management and will be enacted within the agreed timescales. As required under the Local Authority Accounts (Scotland) Regulations 2014, the audited Annual Accounts for Scottish Borders Council, SBC Pension Fund, Bridge Homes LLP, Lowood Tweedbank Ltd and SB Inspires LLP were being presented to the Audit Committee prior to signature. It should be noted that, as approved by Council on the 30 March 2023, SBC Common Good Funds were removed from the Scottish Charity Register on 31st March 2023. Following that deregistration, annual accounts had not been prepared, audited, or submitted to OSCR. The Common Good funds had instead been consolidated within the Council's statutory accounts. Trusts did not have the same annual accounts statutory deadline as the Council and Pension Fund. In addition, the trusts were presented to Council members in their role as Trustees rather than as full Council. That would be done for 2022/23 via correspondence. Audit Scotland would provide a letter to Councillors as trustees at the completion of the audit, in advance of the reporting deadline of 31 December 2023. Bridge Homes LLP,



Lowood Tweedbank Ltd and SB Inspires accounts had been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime. For financial year 2022/23 the companies were entitled to exemption under section 477 of the Companies Act 2006 which meant their accounts did not require to be audited. The Director – Finance and Procurement presented the report and responded to Members questions. Regarding the submission of the accounts of SB Inspires to Companies House, the Chief Executive explained that the accounts had been submitted by the deadline, however due to a technical recording issue Companies House had refused to accept them. The Director confirmed that SBC had evidenced that the accounts had been submitted by the deadline. Mrs Douglas outlined that an issue regarding the location of a specific statutory paragraph within the accounts had also been resolved. The Chief Executive acknowledged ongoing frustrations related to the inability to submit LLP accounts online. In response to a question regarding RAAC concrete, it was confirmed that no RAAC had been identified within the Council's estate, and that fact would be highlighted when the report was presented to Council.

#### **DECISION**

**\* AGREED to recommend the following accounts for officer signature and Council approval:**

**(i) the Scottish Borders Council's audited Annual Accounts for the year to 31 March 2022;**

**(ii) the Scottish Borders Council's Pension Fund audited Annual Accounts for the year to 31 March 2022;**

**(iii) the Scottish Borders Council Common Good Funds (Charity SC031538) audited Annual Accounts for the year to 31 March 2022;**

**(iv) the SBC Welfare Trust (Charity SC044765) audited Annual Accounts for the year to 31 March 2022; (v) the SBC Education Trust (Charity SC044762) audited Annual Accounts for the year to 31 March 2022;**

**(vi) the SBC Community Enhancement Trust (Charity SC044764) audited Annual Accounts for the year to 31 March 2022;**

**(vii) the SBC Ormiston Trust for Institute (Charity SC019162) audited Annual Accounts for the year to 31 March 2022;**

**(viii) the Scottish Borders Council Charitable Trusts (Charity SC043896) audited Annual Accounts for the year to 31 March 2022;**

**(ix) the Bridge Homes LLP audited Annual Accounts for the year to 31 March 2022; and**

**(x) Lowood Tweedbank Ltd Annual Accounts for the year to 31 March 2022.**

#### **9. URGENT BUSINESS**

Under Section 50B(4)(b) of the Local Government (Scotland) Act 1973, the Chair was of the opinion that the item dealt with in the following paragraph should be considered at the meeting as a matter of urgency, in view of the need to make to keep Members informed.

#### **10. EQUAL PAY CLAIMS**

The Chair explained that a specific question had been raised regarding potential financial risk that Scottish Borders Council could face comparable to that faced by Birmingham City Council because of costs associated with settling equal pay claims. The Chair confirmed that Scottish Borders Council had no outstanding or current equal pay claims. The grading system used for determining pay scales had given equal weight to roles and there

was no distinction between male and female in comparable roles as had happened in Birmingham.

*The meeting concluded at 1.00 pm.*