

## AUDIT AND STANDARDS COMMITTEE

9 December 2019

Minutes of the Audit and Standards Committee meeting held at the Council Chamber, Town Hall, Bexhill-on-Sea on Monday 9 December 2019 at 6.30pm.

Committee Members present: Councillors K.P. Dixon (Chairman), J. Barnes, Mrs M.L. Barnes, A.K. Jeeawon, Mrs E.M. Kirby-Green, L.M. Langlands and H.L. Timpe.

Other Members present: Councillors P.J. Gray, C.A. Madeley, D.B. Oliver and S.M. Prochak.

Parish/Town Council Representatives: Councillor Mrs W.M. Miers (Part A Only).

Independent Person: Mrs S. Fellows (Part A Only) and Mrs J. Gray (Part A Only).

Advisory Officers present: Executive Director (MJ), Executive Director (TL), Assistant Director Resources, Head of Service Housing and Community, Neighbourhood Services Manager, Audit Manager, Monitoring Officer (in part) and Democratic Services Officer.

Also Present: 1 member of the public and 1 member of the press.

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### AS19/28. **MINUTES**

The Chairman was authorised to sign the minutes of the meeting of the Audit and Standards Committee held on 23 September 2019 as a correct record of the proceedings.

### AS19/29. **APOLOGIES FOR ABSENCE**

Apologies for absence had been received from District Councillor Rev H.J. Norton, Parish Councillor D. Smedley and the Customer Services Manager.

### AS19/30. **EXCLUSION OF PRESS AND PUBLIC**

**RESOLVED:** That the press and public be excluded whilst matters containing exempt information, as prescribed by Part 1 of Schedule 12A of the Local Government Act 1972, as amended and relating to Minute AS19/40 was under consideration. The report submitted in connection with this item and which contained information exempt from publication by virtue of Part 1 of Schedule 12A to the Act shall remain confidential if and so long as, in all the circumstances of each case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

**PART A      STANDARDS REPORTS**

**PART I      RECOMMENDATIONS TO COUNCIL**

**AS19/31.      INDEPENDENT PERSON APPOINTMENT**

At the last meeting, the Committee was advised of the need to appoint an Independent Person (IP) following the resignation of one of the Council's three IPs.

The Committee agreed that the Chairman of the Committee and an Executive Director together with the Monitoring Officer comprised a panel to interview the suitable applicants and make a recommendation to the Audit and Standards Committee and then on to full Council on 16 December 2019.

At the closing date (18 October), eight applications had been received and four candidates were shortlisted for interview, held on 30 October and 5 November 2019. The expectations of the role in terms of regular attendance at meetings and contributions to committee discussions on standards matters were explained to each applicant at interview.

The calibre of the applicants was high and the Panel was confident to recommend that Mrs Rose Durban be appointed to serve as one of the Council's Independent Persons and for her name to be put forward for approval by the full Council on Monday 16 December.

The Chairman welcomed Mrs Durban to the meeting and Members requested that they receive a brief biography from Mrs Durban, which would be forthcoming.

**RECOMMENDED:** That Mrs Rose Durban be appointed as an Independent Person in accordance with Chapter 7, Section 28 of the Localism Act 2011, for a term of four years commencing from 17 December 2019.

**PART II      DECISIONS TAKEN UNDER DELEGATED POWERS**

**AS19/32.      OMBUDSMAN COMPLAINTS MONITORING**

Members considered the report of the Executive Director that set out details of 11 complaints made to the Local Government Ombudsman (LGO) covering the period 1 June to 14 November 2019. The Head of Service Housing and Community reported that of the 11 complaints detailed, two were upheld, one was not upheld, six were not investigated, one had been withdrawn and one was awaiting the final decision. In both cases where the complaint had been upheld, the recommendations from the Ombudsman had been carried out and actions taken to avoid similar occurrences.

Previously the Committee asked for details in relation to non-ombudsman complaints made to the authority for the same period. There were 116 complaints made by residents from 1 June 2019 to 14 November 2019. Of these, 77 were non-complaints, 21 were resolved

at the initial stage, one was a stage one complaint, one was a stage two complaint and 16 were awaiting determination/under investigation.

It was noted that the LGO recorded the number of complaints per 10,000 individuals; the result for Rother District Council was below the average for local authorities. Members were pleased to note that the new complaints procedure had resulted in an increase in the number of complaints being resolved in their early stages.

**RESOLVED:** That the report be noted.

AS19/33.

### **CODE OF CONDUCT COMPLAINTS MONITORING AND OTHER STANDARDS MATTERS**

The Committee received the routine report of the Monitoring Officer (MO) which advised that seven valid Code of Conduct complaints had been made against two Parish Councillors and four District Councillors since the last meeting. In accordance with the wishes of the Committee, as none of the complaints had resulted in an investigation and a finding of fault, they were presented anonymously. The view of the Council's Independent Persons had been sought and concurred with the Monitoring Officer's proposed action in each case; details of each case had been provided at Appendix 1 to the report.

In case C19-01, whilst the Subject Member ultimately agreed to the proposed recommended local resolution there was an unnecessary delay of some nine working days, which caused additional administrative work in contacting the Subject Member on more than one occasion and involving their Group Leader.

It was therefore recommended that Subject Members are given five working days to respond to any request from the MO; failure to do so would result in a subsequent report to the Audit and Standards Committee, whether or not the local resolution was agreed to. This requirement could be added to the Arrangements for Dealing with Member Complaints and the MO Protocol procedural documents, which was within the powers of the Audit and Standards Committee to make amendments thereto.

Five non-valid complaints had also been received during this time, against three District Councillors and two Parish Councillors. On four occasions (three District / one Parish) the conduct which gave rise to the complaints was carried out in Councillors' private lives (the Code only applies when conducting the business of the authority) and the other related to the actions of the Parish Council as a whole and not an individual Parish Councillor.

An anonymous complaint had also been received from a "Mrs Taxpayer" against a District Councillor, which was not entertained in accordance with procedures. There were no outstanding complaints at the current time.

Within the Committee's functions and delegations was a duty to promote and maintain high standards of conduct by Members of the

Council and a number of standards matters had taken place since the Committee's last meeting in this respect.

A training session on ethics and probity had taken place on Thursday 25 July; the training was delivered by Hoey Ainscough Associates Ltd. The event had received mixed reviews and it was suggested that the training could have been delivered in-house. The advantage of receiving training from external consultants who dealt with standards matters across the country was the ability to provide numerous case studies and talk about real cases without the fear of talking about local cases; if this training was delivered in-house, this ability would be lost.

It was recommended that the requirement to complete a declaration of interest form each time a Member made a declaration at meetings ceased from January 2020, as there was no formal requirement for this form to be completed. The cessation of this process would provide a cost saving in terms of reduction on paper usage and staff administrative time both pre and post meetings. Members would need to ensure therefore that declarations were clearly stated at meetings as there would be no paper form as a back-up.

Interests declared at all meetings were recorded and included within the Minutes and the new committee management software system provided a search facility that allowed a member of the public to search the declarations of interests made by each individual Member.

At the request of Battle Town Council on Tuesday 16 July the MO provided an information session to Members of Battle Town Council on their Code of Conduct, declarations of interest and the Member Complaints process; this was well received.

As reported at the last meeting, following the influx of new Members to the Town and Parish Councils across the district, the MO advised that there remained one or two outstanding registers of interests for newly elected or co-opted Members which were actively being pursued.

**RESOLVED:** That:

- 1) the report be noted;
- 2) the Arrangements for Dealing with Member Complaints and the Monitoring Officer Protocol be amended to include the requirement for Subject Members to respond to suggested local resolution requests within five working days; and
- 3) the requirement for Members to complete a declaration of interest form for each declaration cease from January 2020.

AS19/34.

**THE COMMITTEE ON STANDARDS IN PUBLIC LIFE'S REVIEW OF LOCAL GOVERNMENT ETHICAL STANDARDS - BEST PRACTICE RECOMMENDATIONS**

At the June 2019 meeting the Audit and Standards Committee received a report on the Committee on Standards in Public Life's (CSPL)

Review of Local Government Ethical Standards and gave consideration to the resulting recommendations. It was noted that a detailed report would be presented to the December meeting following an officer assessment of the Council's current performance against the best practice recommendations that had also resulted from the CSPL's review.

To date, the Government had not yet responded to the CSPL's report, however Hoey Ainscough Associates Ltd had been appointed by the Local Government Association to draw up a new national model Code of Conduct to be launched at their July 2020 conference. A formal consultation with all councils was to follow on a proposed draft in the spring, after initial consultations with representative bodies such as Lawyers in Local Government, Association of Democratic Services Officers etc.

Officer assessment against the best practice recommendations was attached at Appendix A to the report and Members were pleased to note that 10 out of 15 best practice recommendations were already processes and procedures operated by the Council.

The Monitoring Officer outlined the proposed actions to be undertaken to meet the remaining five best practice recommendations and confirmed that further reports would be made to the Committee if and when the Government brought forward any changes to legislation as a result.

Members felt that the current threshold for registering a gift or hospitality at £50 was too high. It was agreed that this would be looked at when considering the new model code in the New Year and whether any interim changes to the Council's Code of Conduct were required in the meantime.

**RESOLVED:** That the assessment of the Council's current practice and proposed actions against the best practice recommendations be noted and the following actions be approved:

Best practice 3 – the Council awaits the outcome of the Government's response to the CSPL recommendation that there be a new non-mandatory new model code of conduct before carrying out another review.

Best practice 5 – Members be reminded of the need to review their registered gifts and hospitality quarterly.

Best practice 6 – the Monitoring Officer carries out a review of other local authority public interest tests to see whether the Council's current documentation can be improved.

Best practice 9 – to be adhered to as and when required.

Best practice 11 – should a complaint be received from a Parish Clerk concerning the conduct of a Parish / Town Councillor, it will be

recommended that the complaint be lodged by the Chairman of the Parish / Town Council.

AS19/35. **PARISH AND TOWN COUNCIL REPRESENTATION**

Members received the report of the Monitoring Officer, advising the replacement of Councillor Alan Stainsby who resigned as Parish / Town Council representative on 30 September 2019.

The Chairman paid tribute to Mr Stainsby who had served on the Committee since 2007 and thanked him for his long service, on behalf of the Committee.

At the Rother Association of Local Council meeting held on 23 October 2019, Councillor David Smedley, Icklesham Parish Council, was appointed to the current vacancy created by Mr Stainsby's resignation.

The Chairman welcomed Councillor Smedley in his absence to the Committee.

**RESOLVED:** That the revised make-up of the Committee be noted and the newly appointed Parish and Town Council representative, Councillor David Smedley, be welcomed to the Committee.

**PART B AUDIT REPORTS**

**PART II DECISIONS TAKEN UNDER DELEGATED POWERS**

AS19/36. **REPORT OF THE EXTERNAL AUDITORS - ANNUAL AUDIT LETTER**

The Chairman welcomed Darren Wells from Grant Thornton to the meeting who proceeded to summarise the External Auditors' Annual Audit Letter for the year ended 31 March 2019. The External Auditors' Annual Audit Letter 2018/19 summarised the key issues arising from the work that had been carried out by Grant Thornton in the areas of Financial Statements and Use of Resources.

Financial Statements – Grant Thornton issued an unqualified opinion on the Council's financial statements on 9 September 2019. The Council's accounts were prepared to a high standard. The only material adjustments related to pension assets and liabilities, which were amended to reflect final figures provided by the Council's actuary after the draft accounts had been prepared.

Use of Resources – Grant Thornton were satisfied that in all significant respects, the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2019.

Grant Thornton had not identified any matters which required them to exercise their additional statutory powers. One risk was considered in the issue of Value for Money, but was found to be sufficiently mitigated.

Grant Thornton also carried out works to certify the Council's Housing Benefit subsidy claim on behalf of the Department for Work and Pensions. The results would be reported at the next meeting of the Audit and Standards Committee.

The fees charged for services were detailed at the end of the letter. Due to the requirement for additional work to be carried out over and above that originally envisaged in the audit plan, there was a proposed fee variation which was subject to approval by the Public Sector Audit Appointments.

Mr Wells advised that the issues which had resulted in the late completion of the Council's audit were being addressed.

In summary, Grant Thornton assured Members that the finances of the Council were being well managed by a well-run team and the Council's staff were thanked for the assistance and co-operation provided to the auditors.

**RESOLVED:** That the report be noted.

AS19/37. **INTERNAL AUDIT REPORT TO 30 SEPTEMBER 2019**

The Audit Manager led Members through the internal audit report to 30 September 2019 that gave details of audit matters and any emerging issues, not only in relation to audit but risk management and corporate governance. It was advised that, owing to a combination of audit overruns and other circumstances beyond the Council's control, overall progress on the 2019/20 Audit Plan was slightly behind target at present, meaning that some of the planned audits would not be carried out during the current financial year. The annual Governance Audits were, however, well underway and the Internal Audit Team was making good progress.

The report gave details of the three audits completed in the quarter (HMO Licensing, Joint Waste Contract and Car Park Income), two of which had been given good or substantial assurance on the overall governance arrangements. However, the third report (Car Park Income) only provided limited assurance owing to the issues found with the operation of the Western Car Park, Camber. The precise nature of the audit findings were the subject of a separate confidential report elsewhere on the agenda.

It was noted that the Joint Waste Contract audit was based on the outgoing contract with Kier; the Biffa contract would be covered later in the year.

Work on four other audits (Housing Allocations, Property Investment, Community Infrastructure Levy (CIL) and Software Licensing) was at an advanced stage as at 30 September 2019.

All recommendations issued to date in the current financial year had been implemented. It was noted that progress on the older year recommendations had been quite slow this quarter with a total of 13

recommendations still outstanding. All cases where there had been no movement in the past six months had therefore been brought to the attention of the Executive Directors for further action.

At the previous meeting, the Committee expressed concern that three recommendations from 2017/18 were still outstanding and they requested a progress update at the next meeting. Progress was being made to address all issues, although none had so far been resolved. The implementation of the two Data Protection recommendations had been delayed due to the previous Data Protection Officer leaving the authority. The writing of the Document Retention Policy had become a larger piece of work than had initially been anticipated, but privacy notices had been placed on the website. Data Protection training would be rolled out to all staff and Members in the New Year.

Migration of the email exchange server was now complete so the off-site disaster recovery exercise could now be run.

**RESOLVED:** That the Internal Audit report to 30 September 2019 be noted.

AS19/38. **TREASURY MANAGEMENT UPDATE**

Cabinet had approved the Council's 2019/20 Investment Strategy in February of this year; this required regular reports to be presented to the Committee on the Council's treasury management activities. Investment activity was also reported to Members through the monthly Members' Bulletin. The report had been prepared in compliance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017).

The report provided an update on a number of areas as follows:

- The Council made the most of its investments through the use of call and deposit accounts with the major financial UK institutions. In addition to this, the Council had invested £5m in the Churches, Charities, Local Authorities' (CCLA) Property Investment Fund and £3m in the HERMES Property Investment Fund.
- The Council held £32,083,554 of investments at 30 November 2019. There was £12,045m of borrowing at 31 July 2019 and the Capital Financing requirement was £16.7m.
- The total income from financial investments was estimated at £492,000 with an average rate of return on investments of 1.89%. This was slightly below the annual budget of £512,000.
- During 2019/20, the Council had maintained an under-borrowed position, meaning that the need for borrowing, (the Capital Financing Requirement), was not fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were low and minimising counterparty risk on placing investments also needed to be considered.

- The total spend and funding of the Capital Programme for 2019/20 was summarised in the report, the total funding being £17.9m.
- The Council continued to invest in the economic regeneration of Rother through its Property Investment Strategy (PIS). The budget for rental income from all investment properties was £1,939,000; the latest estimated outturn for 2019/20 was £1,531,200 a shortfall of £408,550. This equated to a 6.6% gross return on the value of all properties including those purchased under the PIS.
- New guidance on non-treasury investments had been published by CIPFA, which was currently being reviewed. A report would be brought back to the Audit and Standards Committee.

The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties. The investment environment for treasury activities remained very difficult with absolute returns continuing to be very low. The diversification into Property Funds had increased the net overall return but did come with a greater degree of capital risk than other investments and was less liquid. The Council's PIS planned to generate returns in excess of 2% (net of borrowing costs), which was greater than predicted for treasury investments. Members requested details of the Council's investment properties; these would be included in a future report.

**RESOLVED:** That the report be noted.

AS19/39. **WORK PROGRAMME**

Consideration was given to the Work Programme which contained details of the reports to be considered by the Audit and Standards Committee meetings until July 2020.

The following additions to the Work Programme were noted:

- Appointment of an Independent Person (Audit & Financial) to the Audit and Standards Committee – Monday 23 March 2020.

**RESOLVED:** That the Work Programme, attached at Appendix A, be agreed as amended.

AS19/40. **WESTERN CAR PARK, CAMBER (PARAGRAPH 3)**

Consideration was given to the confidential report of the Executive Director that considered the internal audit review of the Car Park Income and in particular, the Western Car Park at Camber.

An Automatic Number Plate Recognition system had been introduced at the car park to ease traffic congestion at peak periods and a 19 month contract had been awarded to Smart Parking from the commencement of the 2018 season. This contract had ended in October 2019 and the car park had been returned to winter season operations.

Further options were being considered for the management of the car park for the commencement of the 2020 season and a review of best practice elsewhere being undertaken.

**RESOLVED:** That the report be noted.

(This matter was considered exempt from publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)

CHAIRMAN

The meeting closed at 8.15 pm

## AUDIT AND STANDARDS COMMITTEE

<b>WORK PROGRAMME 2019 - 2020</b>	
<b>DATE OF COMMITTEE</b>	<b>SUBJECT</b>
<b>Monday 23 March 2020</b>	<p><b>Part A – Standards Reports (none scheduled)</b></p> <p><b>Part B – Audit Reports</b></p> <ul style="list-style-type: none"> <li>• Grant Thornton – Grant Claim Certification for the year ended 31 March 2019</li> <li>• Grant Thornton – Audit Plan 2019-20</li> <li>• Internal Audit Report to 31 December 2019</li> <li>• Internal Audit Plan 2020-21</li> <li>• Review of Internal Audit 2019-20</li> <li>• Treasury Management Report</li> <li>• Accounting Policies 2019/20</li> <li>• Annual Risk Management Update</li> <li>• Appointment of an Independent Person (Audit &amp; Financial) to the Audit and Standards Committee</li> </ul>
<b>WORK PROGRAMME 2020 – 2021</b>	
<b>Monday 22 June 2020</b>	<p><b>Part A – Standards Reports</b></p> <ul style="list-style-type: none"> <li>• Code of Conduct Complaints Monitoring</li> <li>• Ombudsman Complaints Monitoring</li> </ul> <p><b>Part B – Audit Reports</b></p> <ul style="list-style-type: none"> <li>• Internal Audit Report to 31 March 2020</li> <li>• Treasury Management Report – 2019/20 Outturn</li> </ul>
<b>Wednesday 29 July 2020</b>	<p><b>Part A – Standards Reports (none scheduled)</b></p> <p><b>Part B – Audit Reports</b></p> <ul style="list-style-type: none"> <li>• Grant Thornton – Annual Governance Report 2019/20</li> <li>• Statement of Accounts 2019/20</li> <li>• Treasury Management Report</li> </ul>
<b>ITEMS FOR CONSIDERATION</b>	

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