

AUDIT AND STANDARDS COMMITTEE

22 March 2021

Minutes of the Audit and Standards Committee meeting held remotely on Monday 22 March 2021 at 6:30pm.

Committee Members present: Councillors A.K. Jeeawon (Chairman), J. Barnes, Mrs M.L. Barnes, K.M. Harmer, Mrs E.M. Kirby-Green (in part), C.A. Madeley, Rev H.J. Norton and R.B. Thomas (in part).

Independent Person: Mrs Rose Durban and Mrs Jan Gray (Part A Only).

Parish Representatives: Councillor Mrs Wendy Miers (Part A Only).

Other Members present: Councillors K.P. Dixon, D.J. Drayson (in part), L.M. Langlands and D.B. Oliver.

Advisory Officers in attendance: Chief Executive (in part), Assistant Director Resources, Audit Manager, Finance Manager, Economic Development Manager, Monitoring Officer (in part), IT Manager and Democratic Services Officer.

Also Present: Trevor Greenlee and Darren Wells (in part) – Grant Thornton UK LLP and 18 members of the public, via the YouTube live broadcast.

AS20/41. **MINUTES**

The Chairman was authorised to sign the Minutes, at a later date, of the meeting of the Audit and Standards Committee held on 7 December 2020 as a correct record of the proceedings.

AS20/42. **APOLOGIES FOR ABSENCE**

An apology for absence was received from Susan Fellows – Independent Person.

AS20/43. **DISCLOSURE OF INTERESTS**

There were no declarations of interest made.

PART A – STANDARDS REPORTS

PART I – RECOMMENDATIONS TO COUNCIL

AS20/44. **CODE OF CONDUCT**

Since the last meeting, the Local Government Association's (LGA) new model Code of Conduct (CoC) had been released, following a

consultation exercise to which this Council had responded. However, it was recommended at this stage to retain the Council's existing CoC to maintain consistency across the Districts and Boroughs and this was a view shared by the majority of Monitoring Officers across East Sussex.

Whilst the model CoC was clearer and more user-friendly this alone was not considered enough to justify a recommendation for change by neighbouring East Sussex authorities who felt that it was best at this stage to wait for a model CoC that contained changes of real substance. It was also considered prudent to wait until the Government had responded to the Committee on Standards in Public Life's (CSPL) review into ethical standards and recommendations which might result in further legislative change and meaningful sanctions.

A common CoC was welcome for the dual-hatted Members and this was particularly pertinent in light of the East Sussex County Council (ESCC) elections taking place in May this year and the likelihood of a number of dual-hatted Members being elected.

Should Members agree to retain the Council's existing CoC, a number of minor differences had been identified and it was recommended to update the Council's CoC to bring it into line with that of ESCC, which were highlighted within the report. The Council's position with regard to the CoC would be reviewed when the Government's response to the CSPL's recommendations were known.

The Committee was fully supportive of the recommendations proposed and agreed that an aligned CoC with ESCC and other local authorities would be extremely helpful, particularly for dual-hatted Members.

RECOMMENDED: That:

- 1) in order to maintain consistency across the East Sussex authorities the Council's existing Code of Conduct be retained at the current time and amended to bring it in line with East Sussex County Council's version as set out at Appendix A; and
- 2) this Council's position and Code of Conduct be reviewed when the Government's response to the Committee on Standards in Public Life's recommendations is known.

AS20/45.

INDEPENDENT PERSON RECRUITMENT

At the last meeting, the Committee was advised of the need to appoint an Independent Person (IP) following the expiry of the Term of Office of two of the Council's three IPs in July 2021. The process to be undertaken was agreed and the Committee recommended that one appointment be made.

The Committee agreed that the Chairman of the Committee, the Chief Executive 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 17 May 2021.

At the closing date (29 January 2021), nine applications had been received and four candidates were shortlisted for interview, held on 18 February 2021. 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 standard of the applicants was very good and the Panel was confident to recommend that Mr Robert Brown be appointed to serve as one of the Council's IPs and for his name to be put forward for approval by full Council on Monday 17 May 2021.

RECOMMENDED: That Robert Brown 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 10 July 2021.

PART B – AUDIT REPORTS

PART I – RECOMMENDATIONS TO COUNCIL

AS20/46. RISK MANAGEMENT UPDATE

Members considered the update report that covered major issues in risk management during 2020/21. Risk referred to the uncertainty that surrounded future events and outcomes and it was essential that the Council had a strong approach to risk management, particularly with the current environment, a global pandemic and ongoing substantial financial pressures.

2020/21 was dominated with the impact of the COVID-19 pandemic in terms of the Council's operations and finances supporting the community and business. At the September meeting, several risks were identified, two of which required further work, namely sustainably meeting a long-term crisis e.g. expand the Council's business continuity plans and supply chains and contractor resilience e.g. to provide on-going long-term financial support. Despite the national lockdowns, the Council was able to maintain services however this might not be achievable once restrictions were lifted. It was not known whether further Government funding would be forthcoming to support the Council.

The Corporate Risk Register (CRR) had been updated to reflect the most recent review by the Corporate Management Team (CMT). At present the CRR indicated the likelihood of a further pandemic remaining at its highest level. With the advances in medical science and the measures undertaken by the Council to ensure full home working, it was felt that the impact on service delivery going forward had been mitigated to a significant extent. Further risks added to the CRR were failure to comply with legislation and delivery of the Corporate Plan.

The Council maintained a Risk Management Policy (RMP) as detailed at Appendix B to the report which set out the responsibilities of Members, CMT and Heads of Service. This was backed up by the Risk Management Framework which was underpinned by service and project based risk registers. The RMP had been updated to reflect the current officer structure of the Council. It was suggested that between June 2021 and September 2022, the Audit and Standards Committee reviewed each service risk register, as ongoing financial pressures on the Council increased risks which would have to be actively managed by both officers and Members.

RECOMMENDED: That the amended Risk Management Policy at Appendix B to the report be adopted.

AND

RESOLVED: That the:

- 1) Council's Corporate Risk Register at Appendix A to the report be noted; and
- 2) Heads of Service be invited to future meetings to review their service risk registers as follows:
 - June 2021 – Environmental Services, Licensing and Community Safety
 - September 2021 – Acquisitions, Transformation and Regeneration
 - December 2021 – Neighbourhood Services
 - March 2022 – Resources and Corporate Core
 - September 2022 – Strategy and Planning

AS20/47. **AUDIT INDEPENDENT PERSON RECRUITMENT**

In June 2020, at the recommendation of the Committee, it was agreed that an Audit Independent Person (AIP) be appointed to the Audit and Standards Committee (A&SC). The AIP would be a non-elected member of the public with some experience in audit, a non-voting member of the Committee and present in an advisory / consultative manner only.

Members agreed that the Chairman of the A&SC, the Assistant Director Resources together with the Audit Manager comprised a panel to interview the suitable applicants and make a recommendation to the A&SC and then on to full Council on 17 May 2021.

At the closing date (29 January 2021), three applications had been received and two candidates were interviewed on 18 February 2021, via MS Teams. The expectations of the role in terms of regular attendance at meetings and contributions to committee discussions were explained to each applicant at interview.

The calibre of the applicants was high and the Panel was confident to recommend that Mr Patrick Farmer be appointed to serve for an initial period of two years with the option of extending this for a further two years as the Council's AIP and for his name to be put forward for approval by full Council on Monday 17 May 2021.

RECOMMENDED: That Patrick Farmer be appointed as the Council's Audit Independent Person, for an initial term of two years (extendable for a further two years) with effect from 18 May 2021.

PART II – DECISIONS TAKEN UNDER DELEGATED POWERS

AS20/48. REPORT OF THE EXTERNAL AUDITORS, GRANT THORNTON - AUDIT PROGRESS REPORT AND SECTOR UPDATE

Darren Wells / Trevor Greenlee from Grant Thornton led Members through the report of the External Auditor on the progress in delivering their responsibilities to the Council, in addition to a summary of emerging national issues and developments relevant to the Council.

The following points were highlighted for Members' attention:

- since the last meeting two further Council properties had been valued incorrectly which were considered material and therefore adjustments had been made to the 2019/20 accounts;
- work on the Council's 2019/20 housing benefit subsidy claim was completed in January 2021 which amounted to £18.6m; there were no outcomes and no claim amendments were required;
- it was confirmed that detailed planning for the 2020/21 audit would commence after completion of 2019/20 financial statements;
- the pandemic would impact on the timing of Grant Thornton's work for the 2020/21 audit, with some detailed work being performed at year end rather than as part of interim audit procedures;
- Grant Thornton would be delivering technical workshops for local government accounts departments; an invitation had been extended to the Council's finance team; and
- on 1 April 2020, the National Audit Office introduced a new Code of Practice with a revised approach to the audit of Value for Money. There were three major changes namely new criteria, increased extensive reporting and replacement of the qualified / unqualified approach to conclusions.

RESOLVED: That the report be noted.

AS20/49. ICT CONTINUITY PLAN PRESENTATION

The IT Manager delivered a presentation on the Council's ICT Continuity Plan and the following salient points were noted:

- Member and Staff Support: Efficiencies were made by implementing and bolstering existing technologies including self-

help. Training was fundamental to drive down costs and free-up existing resources.

- Security was ICT's primary focus and the following initiatives were key, namely cyber essentials plus, completion of regular penetration tests, Microsoft active directory migration maintained in-line with industry standards, logging, policies aligned with Government and industry best working practices and architecture.
- Dynamic IT: The following activities had been established to ensure technology consolidation, so that staff could access IT from anywhere (zero trust networking) and resilience. Work had been carried out on the server room migration, network expansion, firewall redesign, cloud strategy and integrated telephony.
- Server Room Migration: Cost saving drivers were consolidating into one physical room with an eventual move offsite in readiness for Town Hall renovation, uninterruptible renewable and generator power supply, air conditioning and fire suppression.
- Future investment would consist of underpinning future infrastructure changes required to adapt to the significant changes in working practice post COVID, business grade internet connectivity for homeworkers was being considered, and allow the Council to realise Cloud Strategy.
- In order to keep the Council in-line with current industry standards, it had been necessary to complete the following activities regarding redesigning the firewall e.g. consolidation of firewalls, saving renewal costs, removal of walled garden and complexity, simplifying and cost savings.
- Benefits of moving to a Cloud Strategy were money savings, working smarter and collaborating across the Council and with customers, providing better robust user experience as vendors continually fixed issues and improved their products, as well as offering real time monitoring, access to marketplace security tools, avoiding inflexible network specification, as well as being locked into long-term contracts.
- Benefits of using an integrated telephony system included reduced costs, better contact centre integration which would fully utilise Microsoft Teams licencing with telephone lines.
- Strongly recognised the need for usable and useful policy documentation and the Council's insurance company was assisting with the completion of outstanding policies which were scheduled to be completed in September 2021.

Members had the opportunity to ask questions and the following was noted:

- Concern was aired regarding irregular broadband connectivity issues, particularly within the rural areas of the District. Members were reassured that if viable the introduction of business grade broadband would assist with alleviating connectivity issues, however this could not be completely guaranteed.
- It was clarified that the Council was already using the Cloud platforms e.g. email (hybrid approach) etc. Four back-up systems across the Council; all systems and data would be recoverable either from the Cloud (includes Cloud back-up on and off site) or physical off-line back-ups.

- Reassurance was given that the computer network was secure and robust measures had been implemented to protect the organisation from cyber threats / attacks.
- As a result of the COVID-19 pandemic, significant changes had been implemented within IT namely the ability for staff to work from home etc. Measures had been implemented to ensure that the environment was safe and secure and that bespoke departmental packages were functional / deliverable across the authority.
- Once Government restrictions were eased, Members were encouraged to contact the IT department for a personalised tour of the Council's ICT systems.

Members thanked the IT department for their professionalism and assistance in delivering a smooth transition to the new way of working.

RESOLVED: That the presentation be noted.

AS20/50. **INTERNAL AUDIT REPORT TO 31 DECEMBER 2020**

The Audit Manager led Members through the internal audit report to 31 December 2020 that gave details of audit matters and any emerging issues, not only in relation to audit but risk management and corporate governance.

Four audits were completed in Quarter 3 (Joint Waste Contract – Central Admin (Part 2), Main Accounting, Treasury Management and Creditors, all of which had been given good or substantial assurance on the overall governance arrangements. Other activity during the quarter included co-ordination of the National Fraud Initiative data uploads, review of U4BW/ERP user access, counter fraud work / whistleblowing referrals, assisting with Business Support Grants and providing audit advice.

Appendix B to the report summarised the current position regarding the implementation of audit recommendations and showed that progress remained slow. A total of 13 old recommendations, including five long-standing recommendations, still required implementation. The Chief Executive, in conjunction with the Heads of Service would be actively monitoring progress to ensure these matters were resolved.

The Audit Manager advised that few recommendations were made in the first six months of 2020/21. This reflected the fact that of the seven audits issued, most were limited in scope because of the COVID-19 pandemic. All current year recommendations made up to 30 September 2020 had already been implemented.

RESOLVED: That the Internal Audit report to 31 December 2020 be noted.

AS20/51. **INTERNAL AUDIT PLAN 2021/22**

Consideration was given to the report of the Audit Manager on the Internal Audit Plan for 2021/22 (IAP). The Standards required that the

Audit Manager communicated the IAP and resource requirements, including significant interim changes, to senior management and the Audit and Standards Committee (A&SC) for review and approval.

The IAP set out the work programme for Internal Audit activity for 2021/22 and was attached at Appendix C to the report. Also attached at Appendices A and B respectively was the assurance map and assessment methodology, the results of which were used to inform the preparation of the IAP, with at least one audit planned in each of the medium risk areas. The IAP represented the third year of operation of a three-year Strategic Audit Plan approved in March 2019. Due to the COVID-19 pandemic there was a backlog of audits to be completed. At present there were insufficient resources to complete all internal audit work within the coming year therefore they would be rescheduled to take place in 2022/23 and beyond. Members would be kept abreast of developments.

The IAP had been compiled by the Audit Manager in accordance with the Internal Audit Charter 2020 and was supported by the Corporate Management Team (CMT). The IAP allowed for 534 days of audit work on 23 separate audit reviews / consultancy activities. A significant portion of the Plan was devoted to Governance Audit work, owing to the importance of the assurance these audits provided.

The resources of the Strategic Audit Plan (2020/21) were shown in Appendix D to the report, which demonstrated that it would be possible to meet the total resource requirement of the amended plan with existing staff resources.

Progress against the IAP would be monitored by the Audit Manager and reported to the A&SC once a quarter. The content of the IAP would also be kept under review by the Audit Manager in liaison with the CMT, and adjusted if required, to ensure that it continued to reflect the Council's needs and priorities.

The IAP needed to provide sufficient coverage to meet the Council's statutory duty. The three-year Strategic Audit Plan and annual IAP aimed to meet this requirement by optimising the effectiveness of Internal Audit so as to contribute to the achievement of sound governance. Despite being modified in light of the COVID-19 pandemic, the IAP still provided good coverage of a broad range of activities.

RESOLVED: That the Internal Audit Plan for 2021/22 be approved.

AS20/52. **REVIEW OF INTERNAL AUDIT 2020/21**

The Public Sector Internal Audit Standards (PSIAS) required the Council to conduct periodic self-assessments of the effectiveness of Internal Audit. The Council's Audit Manager considered it beneficial for this review to be carried out annually and for Members to review the findings prior to 31 March of the financial year to which it related, as approval ahead of the preparation of the Annual Governance

Statement allowed documentation to place reliance on the effectiveness of Internal Audit.

The Public Sector Internal Audit Standards (the Standards) aimed to achieve consistent industry standards for Internal Audit and included a Quality Assurance and Improvement Programme which stipulated the need for both internal and external assessments.

The Audit Manager carried out an annual self-assessment review of the Internal Audit function using a comprehensive checklist; the results of the review for 2020/21 had been summarised and were appended to the report for Members' consideration. Members were able to see a full copy of the compliance report on request. It was noted that no areas of material non-compliance with the Standards had been found.

Members were reminded that an external peer review had been completed in 2017/18 and the results were reported to the Audit and Standards Committee on 26 June 2017. No significant issues were found and the Assessment Team concluded that the Council's internal audit service conformed to the PSIAS and general good practice for the profession.

The results of the assessment and peer review demonstrated that the Council's Internal Audit Service continued to achieve a good level of compliance with the Standards and none of the areas of partial compliance were significant in nature.

RESOLVED: That the Review of Internal Audit 2020/21 be approved.

AS20/53. **TREASURY MANAGEMENT UPDATE**

Cabinet had approved the Council's 2020/21 Investment Strategy on 10 February 2020; this required regular reports to be presented to the Audit and Standards 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.

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

- The Council continued to hold investments in call accounts with major financial UK institutions and also held investments totalling £8m in Property Funds (PF).
- The Council held £41.272m of treasury investments as at 31 December 2020. There was £11.869m of borrowing and the Capital Financing Requirement (CFR) was estimated to be £22.944m by 31 March 2021.
- The total income from investments was forecast at £340,000 which was £38,000 higher than the previous forecast. The largest investment returns were from property funds averaging between 3.86% and 4.20%. Market values had been adversely impacted by the COVID-19 pandemic however current values identified a

modest recovery of £75,236 since the Quarter 2 report; the future overall economic situation remained uncertain.

- As at 31 December 2020, the Council held £33.3m in its General Account (GA) which included Government funding for individuals and businesses in response to the pandemic; it was anticipated that any unspent funding would have to be returned. GA funds would also need to be kept available for other large payments such as Council Tax and Business Rates payments. In December 2020, £10m of £33.3m had been transferred to other counter parties in various interest yielding call-accounts with interest rates ranging from between 0.05 to 0.12% (small investment return, reduced the risk of holding all money with one organisation).
- In 2020/21, the Capital Programme included new borrowing of £7.316m.
- As at 31 December 2020, the Council had borrowed £11,869,117.
- Due to the increase in forecast interest income and grants received, net financing costs as a proportion of the net revenue stream had reduced from 3.57% to 0.84%.
- The Council continued to maintain an under-borrowed position, which meant the CFR was not fully funded by loan debt but managed by using reserves and balances. As returns remained low, this was a prudent strategy that also minimised the counterparty risk associated with placing investments.
- The Council had not made any further property purchases within the reported period, however negotiations were continuing with several parties and acquisitions were anticipated over the next few months. The budget for rental income from all investment properties was £1,919,840; the latest estimated outturn for 2020/21 was £1,794,840 a shortfall of £125,000. This equated to a 6.49% gross return and after allowing for borrowing costs the expected return on the Council's Property Investment Strategy (PIS) properties was 2.70%. Retaining and investing in property, in the long-term would generate income to support the Council's financial position and strengthen regeneration of the district.
- Success of the vaccination roll-out programme had buoyed the markets and economic forecasts were now more optimistic. The Government had announced further support packages including extending business rate relief and stamp duty to June 2021 and the furlough scheme to September 2021. The UK's first Infrastructure Bank would also be established to support regional economic growth. Income tax thresholds would be frozen until April 2026 and Bank of England base rate remained unchanged at 0.10%.

The investment activity conformed to the approved strategy, and the Council had no liquidity difficulties. The investment environment for treasury activities remained difficult with absolute returns continuing to be very low. The diversification into PFs had increased the overall return but did come with a greater degree of capital risk than other investments and was less liquid. The Council's PIS was expected to generate net returns of 2.7% however the risks associated with the long-term commitment to repay borrowing and the operational management of properties would remain.

RESOLVED: That the report be noted.

AS20/54. **ACCOUNTING POLICIES 2020/21**

Members received the report of the Finance Manager which presented the accounting policies that would be used in the preparation of 2020/21 Statement of Accounts and summarised the changes from 2019/20 introduced as a result of amendments to the Code of Practice (CoP) on Local Authority Accounting 2020/21 or as part of the Council's annual review process. The report also explained the requirement to include notes on the critical judgements used in the production of the Statement of Accounts which had been presented alongside the accounting policies in line with best practice. The Council's External Auditors, Grant Thornton UK LLP had been consulted.

The Council's accounting policies were the specific principles, conventions, rules and practices that were applied in the production and presentation of the annual Statement of Accounts. These policies had to be disclosed as a note to the annual accounts; a copy of the policies was attached at Appendix A to the report.

The CoP on Local Authority Accounting for 2020/21 had been reviewed which resulted in no significant changes compared to the previous year. However some minor wording and presentation amendments had been made to the Council's policies to align them with disclosure requirements. In addition, the section on interests in companies had been updated to reflect the Council's interest in Alliance Homes (Rother) Limited.

In line with the International Financial Reporting Standards and the CoP, judgements that management had made in the process of applying the Council's accounting policies that had the most significant effect on the amounts recognised in the financial statements, were shown at Appendix B to the report.

RESOLVED: That the Council's proposed accounting policies be approved and adopted in completing the 2020/21 Statement of Accounts and the critical judgements be noted.

AS20/55. **WORK PROGRAMME**

Consideration was given to the Work Programme which contained details of the reports to be considered by the Audit and Standards Committee for the 2021/22 municipal year.

Two provisional additional dates had been added to the Work Programme for November 2021 and January 2022 to present the Annual Governance Report 2020/21 and Statement of Accounts 2020/21 in case Grant Thornton was unable to meet agreed deadlines.

RESOLVED: That the Work Programme, attached at Appendix B, be approved.

CHAIRMAN

The meeting closed at 8.11 pm.

AUDIT AND STANDARDS COMMITTEE

WORK PROGRAMME 2021 – 2022	
DATE OF COMMITTEE	SUBJECT
Monday 21 June 2021	<p>Part A – Standards Reports</p> <ul style="list-style-type: none"> • Code of Conduct Complaints Monitoring • Ombudsman Complaints Monitoring • Public Interest Test <p>Part B – Audit Reports</p> <ul style="list-style-type: none"> • Internal Audit Report to 31 March 2021 • Treasury Management Report – 2020/21 Outturn
Wednesday 28 July 2021	<p>Part A – Standards Reports (none scheduled)</p> <p>Part B – Audit Reports</p> <ul style="list-style-type: none"> • Grant Thornton – Annual Governance Report 2020/21 • Statement of Accounts 2020/21 • Treasury Management Report
Monday 27 September 2021	<p>Part A – Standards Reports (none scheduled)</p> <p>Part B – Audit Reports</p> <ul style="list-style-type: none"> • Internal Audit Report to 30 June 2021 • Internal Audit Plan Update • Treasury Management Report • Risk Management Update – TBC
Xx November 2021 (provisional date if required)	<p>Part A – Standards Reports (none scheduled)</p> <p>Part B – Audit Reports</p> <ul style="list-style-type: none"> • Grant Thornton – Annual Governance Report 2020/21 • Statement of Accounts 2020/21
Monday 6 December 2021	<p>Part A – Standards Reports</p> <ul style="list-style-type: none"> • Code of Conduct Complaints Monitoring • Local Government Ombudsman Complaints Monitoring and Annual Review 2020-2021 <p>Part B – Audit Reports</p> <ul style="list-style-type: none"> • Grant Thornton – Annual Audit Letter 2020-21 • Internal Audit Report to 30 September 2021 • Internal Audit Plan Update

	<ul style="list-style-type: none"> • Risk Management Update - TBC • Treasury Management Report
<p>Xx January 2021 (provisional date if required)</p>	<p>Part A – Standards Reports (none scheduled)</p> <p>Part B – Audit Reports</p> <ul style="list-style-type: none"> • Grant Thornton – Annual Governance Report 2020/21 • Statement of Accounts 2020/21
<p>Monday 21 March 2022</p>	<p>Part A – Standards Reports (none scheduled)</p> <p>Part B – Audit Reports</p> <ul style="list-style-type: none"> • Grant Thornton – Audit Progress Report and Sector Update • Grant Thornton – External Audit Plan 2021-22 • Internal Audit Report to 31 December 2021 • Internal Audit Plan 2022-23 • Review of Internal Audit 2021-22 • Annual Governance Statement • Annual Property Investment Update • Treasury Management Update • Accounting Policies 2021-22 • Annual Risk Management Update



CODE OF CONDUCT FOR MEMBERS

The Code of Conduct, adopted by Rother District Council on 17 May 2021~~8 July 2019~~ is set out below. It is made under Chapter 7 of the Localism Act 2011. It includes, as standing orders made under Chapter 7 of that Act and Schedule 12 of the Local Government Act 1972, provisions which require Members to leave meetings in appropriate circumstances, while matters in which they have a personal and prejudicial or disclosable pecuniary interest are being considered.

PART 1

GENERAL PROVISIONS

Introduction and Interpretation

1. (1) The Code applies to **you** as a Member of the authority, when acting in that capacity.
- (2) This Code is based upon seven principles fundamental to public service which are set out in Appendix 1. You should have regard to these principles they will help you to comply with the Code.
- (3) If you need guidance on any matter under this Code you should seek it from the authority's Monitoring Officer or your own legal advisor – but it is entirely your responsibility to comply with the provisions of this Code.
- (4) It is a criminal offence to fail to notify the authority's Monitoring Officer of a disclosable pecuniary interest, to take part in discussions or votes at meetings, or to take a decision where you have a disclosable pecuniary interest, without reasonable excuse. It is also an offence to knowingly or recklessly provide false or misleading information to the authority's Monitoring Officer.
- (5) Any written allegation received by the authority that you have failed to comply with this Code will be dealt with by the authority under the arrangements which it has adopted for such purposes. If it is found that you have failed to comply with the Code, the authority has the right to have regard to this failure in deciding;
 - (a) whether to take action in relation to you; and
 - (b) what action to take.
- (6) Councillors should not seek to misuse the standards process, for example, by making trivial or malicious allegations against another councillor for the purposes of political gain.

(7) In this Code –

“authority” means Rother District Council

“Code” means this Code of Conduct

“co-opted member” means a person who is not a member of the authority but who –

- (a) is a member of any committee or sub-committee of the authority, or
- (b) is a member of, and represents the authority on, any joint committee or joint sub-committee of the authority.

and who is entitled to vote on any questions to be decided at any meetings of that committee or sub-committee.

“meeting” means any meeting of

- (a) the authority;
- (b) the executive of the authority;
- (c) any of the authority’s or its executive’s committees, sub-committees, joint committees, joint sub-committees, or area committees;

“member” includes a co-opted member.

“register of members’ interest” means the authorities’ register of members’ pecuniary and other interests established and maintained by the authority’s Monitoring Officer under section 29 of the Localism Act 2011.

Scope

2. (1) Subject to sub-paragraphs (2) and (3), you must comply with the Code whenever you –

- (a) conduct the business of your authority (which, in this Code, includes the business of the office to which you are elected or appointed); or
- (b) act, claim to act or give the impression you are acting as a representative of your authority.

and references to your official capacity are construed accordingly.

(2) this Code does not have effect in relation to your conduct other than where it is in your official capacity.

(3) Where you act as a representative of your authority –

- (a) on another relevant authority, you must, when acting for that other authority, comply with that other authority’s code of conduct; or

- (b) on any other body, you must, when acting for that other body, comply with your authority's code of conduct, except and insofar as it conflicts with any other lawful obligations to which that other body may be subject.

General Obligations

- 3. (1) You must treat others with respect.
 - (2) You must not –
 - (a) do anything which may cause your authority to breach any of its equality duties (in particular set out in the Equality Act 2010);
 - (b) bully or harass any person; bullying may be characterised as: offensive, intimidating, malicious or insulting behaviour, an abuse or misuse of power through means that undermine, humiliate, denigrate or injure the recipient. Harassment may be characterised as unwanted conduct which has the purpose or effect of violating an individual's dignity or creating an intimidating, hostile, degrading, humiliating or offensive environment for an individual;
 - (c) intimidate or attempt to intimidate any person who is or is likely to be –
 - (i) a complainant;
 - (ii) a witness, or
 - (iii) involved in the administration of any investigation or proceedings, in relation to an allegation that a Member (including yourself) has failed to comply with his or her authority's code of conduct; or
 - (d) do anything which compromises or is likely to compromise the impartiality of those who work for, or on behalf of, your authority.
- 4. You must not –
 - (a) disclose information given to you in confidence by anyone, or information acquired by you which you believe, or ought reasonably to be aware, is of a confidential nature, except where –
 - (i) you have the consent of the person authorised to give it;
 - (ii) you are required by law to do so;
 - (iii) the disclosure is made to a third party for the purpose of obtaining professional advice provided that the third party agrees not to disclose the information to any other person; or
 - (iv) the disclosure is –

- (a) reasonable and in the public interest; and
 - (b) made in good faith and in compliance with the reasonable requirements of the authority; or
 - (b) prevent another person from gaining access to information to which that person is entitled by law.
5. You must not conduct yourself in a manner which could reasonably be regarded as bringing your office or authority into disrepute.
6. You –
- (1) must not use or attempt to use your position as a Member improperly to confer on or secure for yourself or any other person, an advantage or disadvantage;
 - (2) must, when using or authorising the use by others of the resources of your authority –
 - (a) act in accordance with your authority’s reasonable requirements;
 - (b) ensure that such resources are not used improperly for political purposes (including party political purposes);
 - (3) must have regard to any applicable Local Authority Code of Publicity made under the Local Government Act 1986; and
 - (4) must comply with any request regarding the provision of information in relation to a complaint alleging a breach of the Code of Conduct and must comply with any formal standards investigation.
7. (1) When reaching decisions on any matters you must have regard to any relevant advice provided to you by –
- (a) your authority’s Chief Finance Officer; or
 - (b) your authority’s Monitoring Officer,
- where that officer is acting pursuant to his or her statutory duties.
- (2) You must give reasons for all decisions in accordance with any statutory requirements and any reasonable additional requirements imposed by your authority.

PART 2

INTERESTS

Personal Interests

8. (1) The interests described in paragraphs 8(3) are your personal interests and the interests in paragraph 8(5) are your pecuniary interests which are disclosable pecuniary interests as defined by section 30 of the Localism Act 2011.

- (2) If you fail to observe Parts 2 and 3 of the Code in relation to your personal interests-
- (a) the authority may deal with the matter as mentioned in paragraph 1(5).
 - (b) if the failure is related to a disclosable pecuniary interest, you may also become subject to criminal proceedings as mentioned in paragraph 1(4).
- (3) You have a personal interest in any business of your authority where either –
- (a) it relates to or is likely to affect –
 - (i) any body of which you are a member or in the position of general control or management and to which you are appointed or nominated by the authority;
 - (ii) any body –
 - (a) exercising functions of a public nature;
 - (b) directed to charitable purposes; or
 - (c) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union),

of which you are a member or are in a position of general control or management;

~~(iii) any employment or business carried on by you;~~

~~(iv) any person or body who employs or has appointed you;~~

~~(v) any person or body, other than a relevant authority who has made a payment to you in respect of your election or any expenses incurred by you in carrying out your duties;~~

~~(vi) any person or body who has a place of business or land in your authority's area, and in whom you have a beneficial interest in a class of securities of that person or body that exceeds the nominal value of £25,000 or one hundredth of the total issued share capital (whichever is the lower);~~

~~(vii) any contract for goods, services or works made between your authority and you or a firm in which you are a partner, a company of which you are a remunerated director, or a person or body of a description specified in paragraph (vi);~~

(viii) the interest of any person from whom you have received a gift or hospitality with an estimated value of at least £50;

~~(ix) any land in your authority's area in which you have a beneficial interest;~~

~~(x) any land where the landlord is your authority and you are, or a firm in which you are a partner, a company of which you are a remunerated director, or a person or body of the description specified in paragraph (vi) is, the tenant;~~

(b) a decision in relation to that business might reasonably be regarded as affecting your well-being or financial position or the well-being or financial position of a relevant person to a greater extent than the majority of (in the case of authorities with electoral divisions or wards) other council tax payers, ratepayers or inhabitants of the electoral division or ward, as the case may be, affected by the decision;

(4) In sub-paragraph 8(3)(b), a relevant person is –

(a) a member of your family or a [close] friend; or

(b) any person or body who employs or has appointed such persons, any firm in which they are a partner, or any company of which they are directors;

(c) any person or body in whom such persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or

(d) any body of a type described in sub-paragraph (3)(a)(i) or (ii).

(5) Subject to sub-paragraphs (6) and (7), you have a personal interest which is also a disclosable pecuniary interest as defined by section 30 of the Localism Act 2011 in any business of your authority which concerns any of the following for (i) you or (ii) your partner-

Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by you in carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992(1).
Contracts	Any contract which is made between you (or a body in which you have a beneficial interest) and the relevant authority—

	(a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land	Any beneficial interest in land which is within the area of the relevant authority.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.
Corporate tenancies	Any tenancy where (to your knowledge)— (a) the landlord is the relevant authority; and (b) the tenant is a body in which you have a beneficial interest.
Securities	Any beneficial interest in securities of a body where— (a) that body (to your knowledge) has a place of business or land in the area of the relevant authority; and (b) either— (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the I have a beneficial interest exceeds one hundredth of the total issued share capital of the class.

These descriptions on interests are subject to the following definitions:

'body in which the relevant person has a beneficial interest' means a firm in which the relevant person is a partner or a body corporate of which the relevant person is a director, or in the securities of which the relevant person has a beneficial interest;

'director' includes a member of the committee of management of an industrial and provident society;

'land' includes an easement, servitude, interest or right in or over land which does not carry with it a right for the relevant person (alone or jointly with another) to occupy the land or to receive income;

'M' means the person M referred to in section 30 of the Localism Act 2011;

'member' includes a co-opted member;

'relevant authority' means the authority of which M is a member;

'relevant period' means the period of 12 months ending with the day on which M gives a notification for the purposes of section 30(1) of the Localism Act 2011;

'relevant person' means M or any other person referred to in section 30(3)(b) of the Localism Act 2011;

'securities' means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

- (6) In sub-paragraph (5), your partner means –
- (a) your spouse or civil partner,
 - (b) a person with whom you are living as husband or wife, or
 - (c) a person with whom you are living as if you were civil partners,
- (7) In sub-paragraph (5), any interest which your partner may have is only treated as your interest if you are aware that your partner has the interest.

Disclosure of Personal Interests (See also Part 3)

9. (1) Subject to sub-paragraphs (2) to (6), where you have a personal interest in any business of your authority and you attend a meeting of your authority at which any matter relating to the business is considered, you must disclose to that meeting the existence and nature of that interest at the commencement of that consideration, or when the interest becomes apparent.
- (2) If the personal interest is entered on the authority's register there is no requirement for you to disclose the interest to that meeting, but you should do so if you wish a disclosure to be recorded in the minutes of the meeting.
- (3) Sub-paragraph (1) only applies where you are aware or ought reasonably to be aware of the existence of the personal interest.
- (4) Where you have a personal interest but, by virtue of paragraph 14, sensitive information relating to it is not registered in your authority's register of members' interests, you must indicate to the meeting that you have a personal interest and, if also applicable, that it is a disclosable pecuniary interest, but need not disclose the sensitive information to the meeting.
- (5) Subject to paragraph 12(1)(b), where you have a personal interest in any business of your authority and you have made an executive decision on any matter in relation to that business, you must ensure that any written statement of that decision records the existence and nature of that interest.

- (6) In this paragraph, “executive decision” is to be construed in accordance with any regulations made by the Secretary of State under section 22 of the Local Government Act 2000.

Prejudicial Interest Generally

- 10.** (1) Subject to sub-paragraph (2), where you have a personal interest in any business of your authority you also have a prejudicial interest in that business where either –
- (a) the interest is a disclosable pecuniary interest as described in paragraph 8(5), or
 - (b) the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice your judgement of the public interest.
- (2) For the purposes of sub-paragraph (1)(b), you do not have a prejudicial interest in any business of the authority where that business –
- (a) does not affect your financial position or the financial position of a person or body described in paragraph 8;
 - (b) does not relate to the determining of any approval, consent, licence, permission or registration in relation to you or any person or body described in paragraph 8; or
 - (c) relates to the functions of your authority in respect of –
 - (i) housing, where you are a tenant of your authority provided that those functions do not relate particularly to your tenancy or lease;
 - (ii) school meals or school transport and travelling expenses, where you are a parent or guardian of a child in full time education, or are a parent governor of a school, unless it relates particularly to the school which the child attends;
 - (iii) statutory sick pay under Part XI of the Social Security Contributions and Benefits Act 1992, where you are in receipt of, or are entitled to the receipt of, such pay;
 - (iv) an allowance, payment or indemnity given to members;
 - (v) any ceremonial honour given to members; and
 - (vi) setting Council Tax or a precept under the Local Government Finance Act 1992.

Interests arising in relation to Overview and Scrutiny Committees

- 11.** You also have a personal interest in any business before an Overview and Scrutiny Committee of your authority (or of a sub-committee of such a committee) where –

- (a) that business relates to a decision made (whether implemented or not) or action taken by your authority's executive or another of your authority's committees, sub-committees, joint committees or joint sub-committees; and
- (b) at the time the decision was made or action was taken, you were a Member of the executive, committee, sub-committee, joint committee or joint sub-committee mentioned in paragraph (a) and you were present when that decision was made or action was taken.

Effect of Prejudicial and Pecuniary Interests on Participation

- 12.** (1) Subject to sub-paragraph (2) and (3), where you have a prejudicial and disclosable pecuniary in any matter in relation to the business of your authority –
- (a) you must not participate, or participate further, in any discussion of the matter at any meeting, or participate in any vote, or further vote, taken on the matter at the meeting and must withdraw from the room or chamber where the meeting considering the matter is being held –
 - (i) in a case where sub-paragraph (2) applies, immediately after making representations, answering questions or giving evidence;
 - (ii) in any other case, whenever it becomes apparent that the matter is being considered at that meeting;

unless you have obtained a dispensation from your authority's Monitoring Officer or Standards Committee;
 - (b) you must not exercise executive functions in relation to that matter; and
 - (c) you must not seek improperly to influence a decision about that matter.
- (2) Where you have a prejudicial interest in any business of your authority which is not a disclosable pecuniary interest as described in paragraph 8(5), you may attend a meeting (including a meeting of the Overview and Scrutiny Committee of your authority or of a sub-committee of such a committee) but only for the purpose of making representations, answering questions or giving evidence relating to the business, provided that the public are also allowed to attend the meeting for the same purpose, whether under a statutory right or otherwise.
- (3) Where you can have a prejudicial interest which is not a disclosable pecuniary interest as described in paragraph 8(5), arising solely from membership of any body described in 8(3)(a)(i) or 8(3)(a)(ii)(a) then you do not have to withdraw from the room or chamber and may make representations to the committee but may not participate in the vote.

PART 3

REGISTRATION OF INTERESTS

Registration of Members' Interests

13. (1) Subject to paragraph 14, you must, within 28 days of-
- (a) this Code being adopted by the authority; or
 - (b) your election or appointment to office (where that is later), register in the Register of Members' Interests details of –
 - (i) your personal interests where they fall within a category mentioned in paragraph 8(3)(a) and
 - (ii) your personal interests which are also disclosable pecuniary interests where they fall within a category mentioned in paragraph 8(5)
- by providing written notification to your authority's Monitoring Officer.
- (2) Subject to paragraph 14, you must, within 28 days of becoming aware of any new personal interest falling within sub-paragraphs (1)(i) or (1)(ii) or any change to any personal interest registered under sub-paragraphs (1)(i) or (1)(ii), register details of that new personal interest or change by providing written notification to your authority's Monitoring Officer.

Sensitive Information

14. (1) Where you consider that the information relating to any of your personal interests is sensitive information, and your authority's Monitoring Officer agrees, the Monitoring Officer shall not include details of the interest on any copies of the Register of Members' Interests which are made available for inspection or any published version of the register, but may include a statement that you have an interest, the details of which are withheld under this paragraph.
- (2) You must, within 28 days of becoming aware of any change of circumstances which means that information excluded under paragraph (1) is no longer sensitive information, notify your authority's Monitoring Officer asking that the information be included in the Register of Members' Interests.
- (3) In this Code, "sensitive information" means information, the details of which, if disclosed, could lead to you or a person connected with you being subject to violence or intimidation.

Dispensations

15. (1) The Monitoring Officer may, on a written request made to the Monitoring Officer of the authority by a Member, grant a dispensation relieving the Member from either or both of the restrictions in paragraph 12(1)(a) (restrictions on participating in discussions and in voting), in cases described in the dispensation.

- (2) A dispensation may be granted only if, after having had regard to all relevant circumstances, the Monitoring Officer –
 - (a) considers that without the dispensation the number of persons prohibited by paragraph 12 from participating in any particular business would be so great a proportion of the body transacting the business as to impede the transaction of the business;
 - (b) considers that without the dispensation the representation of different political groups on the body transacting any particular business would be so upset as to alter the likely outcome of any vote relating to the business;
 - (c) considers that granting the dispensation is in the interests of persons living in the authority's area;
 - (d) if it is an authority to which Part 1A of the Local Government Act 2000 applies and is operating executive arrangements, considers that without the dispensation each Member of the authority's executive would be prohibited by paragraph 12 from participating in any particular business to be transacted by the authority's executive; or
 - (e) considers that it is otherwise appropriate to grant a dispensation.
- (3) A dispensation must specify the period for which it has effect, and the period specified may not exceed four years.
- (4) Paragraph 12 does not apply in relation to anything done for the purpose of deciding whether to grant a dispensation under this paragraph.

The 7 Principles of Public Life

The principles of public life apply to anyone who works as a public office-holder. This includes all those who are elected or appointed to public office, nationally and locally, and all people appointed to work in the civil service, local government, the police, courts and probation services, NDPBs, and in the health, education, social and care services. All public office-holders are both servants of the public and stewards of public resources. The principles also have application to all those in other sectors delivering public services.

Selflessness

1. Holders of public office should act solely in terms of the public interest.

Integrity

2. Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

Objectivity

3. Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

Accountability

4. Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

Openness

5. Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for doing so.

Honesty

6. Holders of public office should be truthful.

Leadership

7. Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

This page is intentionally left blank