

AUDIT AND STANDARDS COMMITTEE

4 December 2023

Minutes of the Audit and Standards Committee meeting held at the Council Chamber, Town Hall, Bexhill-on-Sea on Monday 4 December 2023 at 6:30pm.

Committee Members present: Councillors B.J. Drayson (Chair), J. Barnes (MBE) (Vice-Chair), A.E. Biggs, P.J. Gray, S.B. McGurk, C. Pearce and R.B. Thomas.

Committee Members present remotely: Councillors Mrs V. Cook (ex-officio) (in part).

Other Members present: Councillors B.J. Coupar (in part), D.B. Oliver and H.L. Timpe (in part).

Other Members present remotely: Councillors T.M. Killeen (MBE) (in part) and C.R. Maynard (in part).

Audit Independent Person: Mr Patrick Farmer.

Independent Persons: Robert Brown (Part A Only) and Mrs Rose Durban (Part A Only).

Advisory Officers in attendance: Chief Executive, Interim Deputy Chief Executive, Director - Place and Climate Change, Interim Monitoring Officer (in part), Head of Service Housing and Regeneration (in part), Audit Manager (in part), Senior Auditor (in part), Housing Development Officer (in part) and Democratic Services Officer.

Also Present: Darren Wells and Raymund Daganio (Grant Thornton) (in part) and 19 members of the public via the live broadcast.

AS23/34. **MINUTES**

The Chair was authorised to sign the Minutes of the meeting of the Audit and Standards Committee held on 2 October 2023 as a correct record of the proceedings.

AS23/35. **APOLOGIES FOR ABSENCE**

There were no apologies for absence.

AS23/36. **DISCLOSURE OF INTERESTS**

Barnes Agenda Item 14 - Personal Interest as former Vice-Chair of Rother DC Housing Company.

Biggs Agenda Item 6 – Personal Interest as a former Northiam Parish Councillor.

- Coupar Agenda Item 14 – Personal Interest as a Director of Rother DC Housing Company.
- Drayson Agenda Item 14 – Personal Interest as a former Director of Rother DC Housing Company.
- Thomas Agenda Item 14 – Personal Interest as Chair of Rother DC Housing Company.

AS23/37. **EXCLUSION OF PRESS AND PUBLIC (EXEMPT INFORMATION)**

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 Minutes AS23/40 & AS23/41 were under consideration. The appendix submitted in connection with AS23/40 and report in connection with AS23/41 which contain 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 the 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

AS23/38. **DISPENSATION POLICY**

Following the adoption of a new Code of Conduct (CoC) in May 2023, a Dispensation Policy (DP) was required as the provisions for granting dispensations were not included within the new CoC. At present, the Monitoring Officer was able to grant councillors or co-opted councillors a dispensation from the restriction on speaking and/or voting at a formal Council meeting, if that person had a Disclosable Pecuniary Interest (DPI).

The proposed DP was detailed at Appendix 1 to the report, which included an additional clause that stipulated that no Member would be granted a dispensation to speak to and/or vote on any regulatory matter in which they had a DPI e.g. their own planning / licensing application etc.

Members were fully supportive of the proposed DP and recommended that it be formally approved and adopted and incorporated into the Council's Constitution at Part 5, Codes and Protocols. Members also recommended that the wording 'and details of any dispensations obtained' be added to the Disclosure of Interests item on all Council Agendas.

RECOMMENDED: That:

- 1) the proposed Dispensation Policy be approved and adopted and incorporated into the Council's Constitution at Part 5, Codes and Protocols; and
- 2) the wording 'and details of any dispensations obtained' be added to the Disclosure of Interests item on all Council Agendas.

PART II – DECISIONS TAKEN UNDER DELEGATED POWERS

AS23/39. ROTHER DISTRICT COUNCIL OWNED ACCOMMODATION COMPLAINTS AND TENANT SATISFACTION REPORT

Consideration was given to the report of the Head of Housing and Regeneration which presented the findings of the Council's owned accommodation complaints and tenant satisfaction measures. From 2020, the Council was a Registered Provider (RP) for housing. As an RP, the Council was required to follow the Housing Ombudsman's complaint handling code. The Council currently owned 36 properties, which would increase to 50 by the end of March 2024.

Tenants were asked to provide feedback on their tenancy via Exit and Satisfaction Surveys. The Exit Survey had achieved a response rate of 64% with 100% of tenants stating that they were satisfied with the property, felt that they were treated fairly, with respect, listened to and updated. A copy of the Tenant Exit Survey was detailed at Appendix A to the report, which had been developed in-line with government guidelines. Improvements would be made to the survey e.g. simplified and translated into other languages, where appropriate and required.

Members were pleased to note that no complaints had been received and tenant satisfaction was good.

RESOLVED: That the report be noted.

AS23/40. CODE OF CONDUCT COMPLAINTS MONITORING AND OTHER STANDARDS MATTERS

The Committee received the regular report of the Interim Monitoring Officer (MO) which set out details of the complaints received and concluded, and other standards related matters arising since the Committee's last meeting at which standards matters were discussed (June 2023).

Since June 2023, a new Interim MO was appointed, and 11 Code of Conduct (CoC) complaints had been made against six District Councillors and eight Parish or Town Councillors. Seven were dismissed (C23-01, C23-02, C23-03, C23-06, C23-10, C23-12 and C23-14), three were other local resolutions which involved training, mediation and an offer of a facilitated meeting which was declined by the complainant (C23-04, C23-05, C23-08 and C23-09). The Council's Independent Persons were consulted on each case and either or both concurred with the proposed action. Details of each case were provided at Appendix 1 to the report.

During this time two non-valid complaints had been received, one against a District Councillor and one against a Parish Councillor.

During 2022/23 as numerous complaints had originated from Northiam Parish Council (NPC), Rother District Council (RDC) had commissioned external consultants to work with NPC to identify issues and make recommendations. A copy of the consultant's full report was attached at Appendix 2 to the report. A total of 41 recommendations had been made to NPC including a recommendation that NPC provided a progress report to RDC after six and 12 months. An Action Plan, setting out progress was received in November 2023 from NPC, which was circulated as a confidential Appendix 3 to the report. Should improvements not be realised over the 12-month period, it was recommended that RDC considered a full review of the viability of NPC continuing. It was noted that since May 2023, five complaints against Northiam Parish Councillors had been submitted by three members of the public, two of whom were previous NPC Parish Councillors.

Following the appointment of the new Interim MO and comments received via the Members' Exit Questionnaire, it was considered opportune to review the Council's arrangements / protocols and procedures for dealing with Member complaints. Suggested improvements would be reported at a future meeting.

Following the elections in May, a hybrid training session on the CoC for all Rother District Councillors was held on 3 July 2023, at which 23 Members attended. Differing Roles of Members and Officers and Equalities, Diversity and Inclusion training sessions had also been delivered.

RESOLVED: That the report be noted.

(Appendix 3 to this matter was considered exempt from publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended).

(Councillor Biggs declared a Personal Interest in this matter as a former Northiam Parish Councillor and in accordance with the Members' Code of Conduct remained in the meeting during the consideration thereof).

AS23/41. **DISCONTINUANCE OF COMPLAINTS**

Consideration was given to the confidential report of the Interim Monitoring Officer (MO) regarding discontinuance of complaints. The report gave details of the outcome of complaints C22-10 and C22-10B and recommended a review of the complaints handling process in line with the latest developments and legislation.

The Chief Executive recognised the importance of having a legally qualified MO in place to ensure that the highest standards were applied when dealing with complaints. To this end, a legally qualified Interim MO had been appointed. Members recommended and agreed that in

future, those appointed to the role of Monitoring Officer be legally qualified.

Members agreed that the Council's complaint handling process be reviewed by the Interim MO and although Members had received some training on the Code of Conduct, they would benefit from further training on all aspects of the Code, including interests and standards of behaviour.

RESOLVED: That:

- 1) the Interim Monitoring Officer reviews the Code of Conduct complaint handling process in line with the latest developments and legislation;
- 2) further training be provided for officers and Members on the Code of Conduct, including interests, standards of behaviour and the process in relation to receiving and assessing complaints under the Code of Conduct to ensure that the interests of natural justice were adhered to; and
- 3) in future, those appointed to the role of Monitoring Officer be legally qualified.

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

PART B – AUDIT REPORTS

PART II – DECISIONS TAKEN UNDER DELEGATED POWERS

AS23/42. REPORT OF THE EXTERNAL AUDITORS, GRANT THORNTON - ANNUAL REPORT 2022/23

Consideration was given to the External Auditor's Annual Audit Report 2022/23. Grant Thornton was required under the National Audit Office Code of Audit Practice to satisfy themselves that the Council had made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The report gave details of the Council's overall arrangements, as well as improvement recommendations. There were three categories covered, namely Financial Sustainability; Governance; and Improving Economy, Efficiency and Effectiveness.

No significant weaknesses in all arrangements had been identified, however some best practice method recommendations were proposed to ensure financial sustainability, governance effectiveness and improvements to underperformance. Overall, the Council's financial arrangements remained appropriate and were fit for purpose.

Members were given the opportunity to ask questions and the following points were noted during the discussions:

- Grant Thornton had been prompted to consider in more detail the Blackfriars Housing Project reporting procedures after several Member questions had been raised at meetings of the Audit and Standards Committee. Grant Thornton noted improvements in reporting during 2022/23 with a reports to Cabinet in both July and November with preceding Members' Briefings for both;
- Members felt that more credit should have been given for the capital investment made in the 36 properties acquired to date, due to increase to 50 by the end of March 2024, to address homelessness. This had resulted in the Council being in a more robust position and deserved better recognition;
- it was prudent to assess the robustness of savings made and the ongoing delivery of planned savings;
- Improvement Recommendation 3 which included to consider more frequent reporting and monitoring of the capital programme to allow better scrutiny, was welcomed by Members;
- officers accepted that outstanding audit recommendations required more focus and would be incorporated into the Council's 'Fit for the Future' programme;
- a full and detailed review of the Capital Programme was currently underway and would be reported to Cabinet in due course; and
- the Council's Risk Register was a dynamic tool and reviewed regularly by the statutory officer group.

Members were happy to endorse Grant Thornton's recommendations and requested that they be acted upon and reported back to the Audit and Standards Committee and Cabinet, with priority given to the Blackfriars Housing Project and the Capital Programme recommendations.

RESOLVED: That:

- 1) the report be noted;
- 2) Grant Thornton's recommendations be endorsed and acted upon; and
- 3) update reports on the recommendations be taken to the Audit and Standards Committee and Cabinet, with priority given to the Blackfriars Housing Project and the Capital Programme recommendations.

AS23/43. **REPORT OF THE EXTERNAL AUDITORS, GRANT THORNTON - AUDIT FINDINGS FOR ROTHER DISTRICT COUNCIL 2021/22**

Members were updated on the External Auditors' Audit Findings for the Council for the year ending 31 March 2022. The report summarised the key issues arising from the work that had been carried out by Grant Thornton during the year in the areas of Financial Statements, Value for Money and Independence and Ethics.

The report, seen previously by the Committee, highlighted two areas that had been updated since with regards to the valuation of property, plant and equipment and the pension fund triennial valuation. Grant

Thornton's work was now complete and there were no matters of which they were aware that would require modification of their audit opinion.

Grant Thornton concluded that the Council had in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources.

RESOLVED: That the report be noted.

AS23/44. **STATEMENT OF ACCOUNTS 2021/22**

The Accounts and Audit Regulations 2003 required the Council's accounts to be approved every year by the Council or its delegated Committee. Members had previously received the draft Statement of Accounts for 2022/23 at the meeting on the 26 September 2022.

The draft accounts included a Narrative Report on the Council's financial performance during 2021/22 and the Annual Governance Statement, which had been approved by the Committee at its meeting on 27 July 2022. The Council's external auditors, Grant Thornton, had not commenced their audit at that time so the Committee was unable to approve the accounts.

A further report was considered by the Committee at its meeting on 20 March 2023 alongside the external audit report from Grant Thornton who, at that time, had completed most of their fieldwork. There were however a couple of outstanding issues which had yet to be resolved at the time of that report.

While the officer report did agree a delegation to approve any further changes, it had been necessary for the external auditors to bring back a final report for 2021/22 (elsewhere on the agenda) and on that basis final Committee approval for the sign off of the 2021/22 accounts was sought.

Grant Thornton had now completed their fieldwork on the 2021/22 accounts; their Audit Findings Report was shown elsewhere on the agenda and set the final issues arising from the audit.

Members were requested to give final approval of the Statement of Accounts for 2021/22, subject to the opinion of the external auditor.

RESOLVED: That the Council's 2021/22 Statement of Accounts be approved.

AS23/45. **INTERNAL AUDIT REPORT TO 30 SEPTEMBER 2023**

The Audit Manager led Members through the internal audit report to 30 September 2023 that gave details of audit matters and any emerging issues, not only in relation to audit but risk management and corporate governance. Progress on the 2023/24 Audit Plan was currently behind schedule which was attributed to complex projects and audit overruns. The Licensing audit would be postponed, and coverage might have to be reduced on other audits to ensure they were still deliverable.

Two audit reports were issued in the quarter. A third report (Housing Company Governance [HCG]) was completed in September 2023, but not issued until October 2023. All three reports received negative assurance ratings, with ICT Asset Management providing limited assurance, and both Blackfriars Spine Road Project and HCG received minimal assurance. An overview of the findings arising from each was given in the Executive Summaries in Appendix A to the report.

Appendix B to the report updated Members on progress made on implementing the audit recommendations reported at previous meetings. There were currently 15 recommendations, five of which had been previously reported and a further 10 cases were made in 2022/23 and carried over. Progress had been made in most cases. Only four recommendations had been made up to 30 June 2023, half of which had been resolved and the rest were work in progress.

Five audits were scheduled to take place from January to March 2024, these included Creditors; ICT Governance; Treasury Management; Payroll; and Debtors.

Progress on outstanding audit recommendations continued to be monitored.

Members were given the opportunity to ask questions and the following points were noted during the discussions:

- the outstanding audit recommendation concerning Procurement was still with Legal Services;
- work following the ICT Asset Management Audit had progressed to reinstate robust practices and the backlog was continuing to be addressed;
- regular reporting on the Blackfriars Spine Road project was now taking place;
- an action plan detailing amended milestones to complete the Spine Road works and the final drawdown date of funds by March 2024 had now been sent to Homes England and was working its way through the legal process;
- reports had been taken to Cabinet in July and November 2023 and a Member Briefing given detailing the overspend on the Blackfriars Spine Road project once its true extent was clear;
- controls were now being put in place to ensure improved working with the Procurement Hub, procurement training for officers and improved monitoring and reporting procedures;
- Baily Garner LLP, the original employer's agent on the Spine Road project, had been awarded a contract under a framework agreement with the South East Consortium. This conformed with both Council and EU procurement rules, so there was no need for a competitive tendering exercise;
- the Loan Agreement and Working Capital Agreement to the Housing Company were progressing with the legal teams and the interest on loans would be backdated;
- the Housing Company had been at a disadvantage with their initial project being a site that had been stalled for many years and would

- be looking at other opportunities going forward, such as partnerships with other builders;
- the newly formed Housing Development Strategy Task and Finish Group would be considering how to bring forward stalled sites;
 - Members thanked Councillor Thomas for his work as Chair of the Housing Company; and
 - Members thanked the Audit Manager and Senior Auditor for their work on the audits.

RESOLVED: That the Internal Audit report to 30 September 2023 be noted.

(When it first became apparent, Councillors Barnes and Drayson each declared a Personal Interest in this matter as the former Vice-Chair and a Director respectively of the Rother DC Housing Company and in accordance with the Members' Code of Conduct remained in the meeting during the consideration thereof).

(Councillor Coupar declared a Personal Interest in this matter as a Rother DC Housing Company Director but had already left the meeting when this item was considered).

(Councillor Thomas declared a Personal Interest in this matter as Chair of the Rother DC Housing Company and in accordance with the Members' Code of Conduct remained in the meeting during the consideration thereof).

AS23/46. **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 2023/24 and 2024/25 municipal years.

It was confirmed that the additional meeting in February 2024 had been arranged for Wednesday 28 February.

The Chair would consider where an update on the Blackfriars Infrastructure would be best placed within the Work Programme and also the first of the Capital Programme Review reports.

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

CHAIR

The meeting closed at 9:27pm

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AUDIT AND STANDARDS COMMITTEE

WORK PROGRAMME 2023 – 2024	
DATE OF COMMITTEE	SUBJECT
28 February 2024	<p>Part A – Standards Reports</p> <ul style="list-style-type: none"> Local Government and Social Care Ombudsman Complaints Monitoring Debate Not Hate: Ending Abuse in Public Life for Councillors <p>Part B – Audit Reports</p> <ul style="list-style-type: none"> Grant Thornton – Audit Findings Report 2022/23
Monday 25 March 2024	<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 – Annual Audit Report 2022/23 External Auditor - External Audit Plan 2023/24 Internal Audit Report to 31 December 2023 Internal Audit Plan 2024/25 Review of Internal Audit 2023/24 Risk Management Update Property Investment Strategy Update Treasury Management Update Self-Assessment Annual Review Annual Report from the Rother DC Housing Company Shareholders Representative Group
WORK PROGRAMME 2024 – 2025	
Monday 17 June 2024	<p>Part A – Standards Reports</p> <ul style="list-style-type: none"> Local Government and Social Care Ombudsman Complaints Monitoring Code of Conduct Complaints Monitoring and other Standards Matters Draft Annual Report to Council – Ethical Standards Matters <p>Part B – Audit Reports</p> <ul style="list-style-type: none"> Internal Audit – Annual Report and Opinion 2023/24 2023/24 Statement of Accounts – Audit Planning Risk Assessment
Wednesday 24 July 2024	<p>Part A – Standards Reports (none scheduled)</p> <p>Part B – Audit Reports</p> <ul style="list-style-type: none"> Audit and Standards Committee Annual Report Statement of Accounts 2023/24

	<ul style="list-style-type: none"> • Annual Governance Statement 2023/24 • Treasury Management Update – 2023/24 Outturn • Treasury Management Update
<p style="text-align: center;">Monday 30 September 2024</p>	<p>Part A – Standards Reports (none scheduled)</p> <p>Part B – Audit Reports</p> <ul style="list-style-type: none"> • External Auditor – Audit Progress Report and Sector Update • Internal Audit Report to 30 June 2024 • Treasury Management Update • Risk Management Update
<p style="text-align: center;">Monday 2 December 2024</p>	<p>Part A – Standards Reports</p> <ul style="list-style-type: none"> • Local Government and Social Care Ombudsman Complaints Monitoring • Code of Conduct Complaints Monitoring and other Standards Matters • Self-Assessment of Rother District Council Owned/Leased Accommodation Complaints Handling <p>Part B – Audit Reports</p> <ul style="list-style-type: none"> • External Auditor – Audit Findings Report 2023/24 • Internal Audit Report to 30 September 2024
<p style="text-align: center;">Monday 24 March 2025</p>	<p>Part A – Standards Reports (none scheduled)</p> <p>Part B – Audit Reports</p> <ul style="list-style-type: none"> • External Auditor – Audit Progress Report and Sector Update • External Auditor – Annual Audit Report 2023/24 • External Auditor - External Audit Plan 2024/25 • Internal Audit Report to 31 December 2024 • Internal Audit Plan 2025/26 • Review of Internal Audit 2024/25 • Risk Management Update • Property Investment Strategy Update • Treasury Management Update • Self-Assessment and Annual Review • Annual Report from the Rother DC Housing Company Shareholders Representative Group