

## AUDIT AND STANDARDS COMMITTEE

28 February 2024

Minutes of the Audit and Standards Committee meeting held at the Town Hall, Bexhill-on-Sea on Wednesday 28 February 2024 at 6:30pm.

Committee Members present: Councillors B.J. Drayson (Chair), A.E. Biggs, P.J. Gray, A.P. Hayward and R.B. Thomas.

Committee Members present remotely: Councillors J. Barnes (MBE) (Vice-Chair), Mrs V. Cook (ex-officio) (in part) and C. Pearce.

Other Members present remotely: Councillor J. Stanger.

Parish/Town Council Representatives: Councillors Wendy Miers (Part A Only).

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

Advisory Officers present: Chief Executive, Interim Deputy Chief Executive, Digital and Customer Services Manager (in part), Head of Housing and Regeneration (in part) and Democratic Services Manager.

Also present: Darren Wells and Raymund Daganio (Grant Thornton) (in part) and 11 members of the public via the live broadcast.

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### AS23/47. **MINUTES**

The Chair was authorised to sign the Minutes of the meeting of the Audit and Standards Committee held on 4 December 2023 as a correct record of the proceedings.

### AS23/48. **APOLOGIES**

An apology for absence was received from Mr Patrick Farmer, Audit Independent Person.

### AS23/49. **DISCLOSURE OF INTERESTS AND DISPENSATIONS**

Declarations of interest were made by Councillors in the Minutes as indicated below:

Thomas      Agenda Item 7 – Other Registerable Interest as Chair of the Rother DC Housing Company.

There were no dispensations noted.

## **PART A – STANDARDS REPORTS**

### **PART II – DECISIONS TAKEN UNDER DELEGATED POWERS**

#### **AS23/50. LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN COMPLAINTS MONITORING**

Members considered the report of the Head of Digital and Customer Services that set out details of the 10 complaints made to the Local Government and Social Care Ombudsman (LGSCO) which had been determined since the Committee's last meeting. All related to planning, two were upheld (Council's actions were at fault), two were not upheld (no fault found in the Council's actions) and six were not investigated.

Learning outcomes as a result of the LGSCO complaints included: not to delay complaint investigation until a planning decision was made; implementation of improved escalations to managers and senior managers if a complaint investigation was significantly overdue; and ensuring all matters of a complaint were responded to. Complaints that related to planning were mostly due to residents being unhappy with a development / developer rather than the actions of the Council. It was requested and agreed that information on complaints that related to planning enforcement be made available to the Planning Enforcement Task and Finish Group that was due to be established soon.

For the period 24 May 2023 to 12 February 2024, Rother had received 134 non-ombudsman complaints. Of these, 83 were non-complaints and treated as service requests, 17 were resolved at the initial stage, 24 were a Stage 1 complaint and 10 were a Stage 2 complaint. It was noted that whilst this number seemed high, it covered an extended period of time due to not reporting in December as usual. Service requests were issues which could be put right to the satisfaction of the resident, usually resolved by a telephone call, and therefore not escalated to a formal stage.

It was noted that LGSCO was updating their guidance and policy on how to differentiate between a complaint and a service request, and it was noted that the Council's policy already reflected the new guidance that would come into effect in 2026, as well as shorter response times for Stage 1 and Stage 2 complaints, which would be more of a challenge.

There had been a total of 42 Stage 1 complaints, of which 17 were resolved at the initial stage, two were upheld, 17 were not upheld, five were partially upheld and one was escalated straight to Stage 2.

A total of 10 complaints were Stage 2 complaints (responded to formally by Head of Service), of which none were upheld, five were not upheld and five were partially upheld.

Complaints provided the Council with an opportunity to learn and improve processes and procedures to enable continuous improvement in the services provided to residents.

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

AS23/51. **DEBATE NOT HATE: ENDING ABUSE IN PUBLIC LIFE FOR COUNCILLORS**

Members received the report of the Interim Monitoring Officer which considered the Local Government Association's (LGA) publication on how councils could better support Councillors to prevent and handle abuse in July 2023, which included principles for councils to consider, top tips and good practice case studies (Appendix A to the report). It was noted that unfortunately there had been an increase of abuse in public life at all levels of democracy – it was not just a local level issue.

The report highlighted the key findings and recommendations of the LGA report and what steps Rother District Council had already put in place to ensure that Councillors felt supported when dealing with abuse in public life.

The LGA's report identified three key challenges to supporting Councillors, namely, Councillors felt vulnerable to abuse and ill-equipped or supported to handle abuse, harassment, and intimidation, a lack of clear process around reporting instances of abuse, harassment and intimidation to the Council and uneven engagement and response from the police to abuse and harassment of Councillors. As a result, three recommendations had been made to central Government, regulators and police forces across England to consider, as detailed in the report.

The LGA's five principles for support agencies were also detailed in the report, with commentary under each on the actions already undertaken by the Council that worked towards achieving the principles, which included: zero-tolerance approach to abuse; clarity of process and responsibility; relationships with local police; tailored risk assessments; and prioritise Councillor wellbeing. With regard to the reporting of such incidents, it was confirmed that Members should notify the Council's Monitoring Officer of all such incidents and this formalised approach would be advised to all Members.

All Rother District Councillors had access to the Council's Employee Assistance Programme via the BeSupported Website, which provided Councillors and their immediate family with information, resources and options to address a wide range of issues both at home and at work including counselling.

The Chief Executive was pleased with the level of support that was offered to Councillors and would ensure that the Member Development Task Group regularly reviewed the support available. It was noted that Parish and Town Councils (P&TC) were able to contact the Police if they had safety concerns and could raise issues with the Council's Monitoring Officer for further advice, if necessary, as well as contacting their associations of local councils for support and advice.

It was considered that Members required good advice and support around potential for abuse through the increased use of social media and emerging artificial intelligence, which was a source of a number of code of conduct complaints.

Members were appreciative of the initiatives that Rother had put in place to support Councillors, however some were cautious about limiting freedom of speech and neutralising political debate; it was considered that positive messages about expected rules of engagement should be encouraged, rather than concentrating on the zero tolerance approach. Some Members voiced concern at the conduct of fellow Members at Council meetings, and it was agreed that that these type of incidences were best handled by the Chair at the time and further Chair training, particularly at P&TC level was needed.

**RESOLVED:** That:

- 1) the Council's actions to date to support Councillors in preventing and handling abuse in public life be noted;
- 2) the procedure for the reporting of incidents of abuse be formalised and Councillors be provided links to all relevant recorded training sessions, Local Government Association's guidance and other sources of support on a regular basis;
- 3) the Member Development Task Group be reminded to regularly review the support available; and
- 4) the findings of the Local Government Association's report be noted.

## **PART B – AUDIT REPORTS**

### **PART I – RECOMMENDATIONS TO COUNCIL**

#### **AS23/52. AMENDMENT TO THE CONSTITUTION - FUNCTION OF THE LICENSING AND GENERAL PURPOSES COMMITTEE**

Members received the report of the Chief Executive that presented a necessary amendment to the Constitution for approval and adoption concerning the functions of the Licensing and General Purposes (L&GP) Committee.

In November 2023, the Department for Transport published Taxi and Private Hire Vehicle Licensing Best Practice Guidance for licensing authorities in England. The guidance confirmed that, unlike most licensing functions, the setting of fares that hackney carriages licensed by the authority could charge was an executive function and should therefore be determined by Cabinet and not the L&GP Committee.

The L&GP Committee had undertaken this function since the introduction of the Cabinet system in 2001, as an optional (local choice function) at that time. However, following confirmation within the published guidelines that this was an executive function, Members of

the Committee were happy to recommend the removal of this function from the L&GP Committee.

**RECOMMENDED:** That the functions of the Licensing and General Purposes Committee at Part 3 of the Constitution be amended by the removal of the setting of the Hackney Carriage Fares.

AS23/53. **AMENDMENT TO THE CONSTITUTION - PROCUREMENT AND VIREMENT THRESHOLDS**

Members received the report of the Interim Deputy Chief Executive that presented two proposed amendments to the Constitution concerning the procurement thresholds and the virement limits, which would improve the efficiency and speed of decision making.

Officers considered that the current thresholds were too low and should be raised to both increase the speed at which contracts could be secured and commenced and reduce the administrative burden required in terms of quotation and tender exercises for what were comparatively low contract values. These changes would also reduce the need for procurement exemptions which also added to the administrative burden. In addition, the changes would bring the Council's thresholds into line with the local government reporting requirements for Contracts Finder, the central Government procurement portal.

It was also recommended to introduce the ability for the Chief Executive Officer, in consultation with the Leader of the Council, to be given authority to sign off concession and construction contracts under £200,000.

Following the end of the BREXIT Transition Period, the EU procurement regulations were amended to address deficiencies arising from the UK's withdrawal from the EU. The current thresholds applicable to local authorities were outlined in the report (due to be updated from January 2024) and now included VAT whereas previously they did not.

New updated legislation was expected to be brought into force during the current calendar year and the Procurement Hub was looking to provide a further, more detailed update to the Procurement Procedure Rules in the autumn. It was therefore recommended that delegated authority was granted to the Deputy Chief Executive (Section 151) in consultation with the Cabinet Portfolio Holder for Finance and Governance to ensure that any further changes to reflect the recommendations could be progressed.

The proposed changes to the Council's budget virement limits effectively doubled the current limits and would provide officers with additional flexibility in terms of operational budget decisions without having the need to revert to Committee. The changes related to virements which were movements within the agreed budget and reserve policy framework and would not allow officers to make changes

outside of the framework. The proposed changes to 4-6 Financial Procedure Rules (B3 – B6) were listed in the report for Members' consideration and had been discussed with a number of key stakeholders.

Members were happy to recommend the proposed changes as outlined in the report as this would result in significant efficiency savings for officers.

**RECOMMENDED:** That:

- 1) the procurement thresholds as outlined within paragraphs 6 and 7 of the report be approved;
- 2) delegated authority is provided to the Deputy Chief Executive (Section 151) in consultation with the Cabinet Portfolio Holder for Finance and Governance to ensure that any further changes to reflect the recommendations made in (1) above can be progressed; and
- 3) the virement thresholds as outlined within paragraph 15 of the report be approved.

## **PART II – DECISIONS TAKEN UNDER DELEGATED POWERS**

### **AS23/54. REPORT OF THE EXTERNAL AUDITORS, GRANT THORNTON - AUDIT FINDINGS REPORT 2022/23**

Members were updated on the External Auditors' Audit Findings for the Council for the year ending 31 March 2023. The report summarised the key issues arising from the work that had been carried out by Grant Thornton (GT) during the year in the areas of Financial Statements, Value for Money and Independence and Ethics.

The report, seen previously by the Committee, highlighted the five outstanding matters, namely: remaining procedures on collection fund and housing benefits; procedures on net pension asset; final review of audit file; receipt of management representation letter; and review of the final set of financial statements. GT's work was largely now complete and there were no matters of which they were aware that would require modification of their audit opinion.

GT concluded that the outstanding information to be published within the financial statements was consistent with their knowledge of the Council and the financial statements they had audited. GT was satisfied that the Council had in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources.

It was noted that out of the seven issues identified by GT in the audit of the Council's 2021/22 financial statements, four remained outstanding, however, given that the audit was only finalised in December 2023, this was not unexpected. Members were pleased to note that new governance arrangements had been put in place to improve the

management, monitoring and reporting of the overall capital programme. In 2024-25 two dedicated capital accountants would be employed to make sure that improved procedures around the capital programme and its governance were fully implemented.

The Chair thanked GT and the Council's finance team for completing the 2022/23 audit in a timely fashion, compared to the national position, where many audits were several years behind.

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

(Councillor Thomas declared an Other Registerable 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).

#### AS23/55. **REVISED STATEMENT OF ACCOUNTS 2022/23**

Members had previously received and considered in detail the draft Statement of Accounts for 2022/23 at the meeting on the 2 October 2023. The Council's external auditors, Grant Thornton (GT), had not commenced their audit at that time, so the Committee was unable to approve the accounts.

GT had now largely completed their work on the 2022/23 accounts and their Audit Findings Report was shown elsewhere on the agenda; this set the final issues arising from the audit.

Members were requested to give final approval of the Statement of Accounts for 2022/23, subject to the completion of work and opinion of the external auditor. Members were also requested to consider granting delegated authority to the Chief Finance Officer (Section 151 Officer), in consultation with the Chair of the Audit and Standards Committee, to make minor non-consequential changes to the Statements following final completion of the audit.

It was confirmed that following the additional accounting entries required of local authorities, the statement recorded an overall surplus of £16.204m which related to future pension fund liabilities and was not actual money that the Council could use. It was requested that financial reports be written in plain English in the future, wherever possible, to make them easier for all to understand.

The Balance Sheet showed that, overall, the financial position of the Authority still remained sound with an adequate amount of reserves in place to meet short term needs. However, the impact of high inflation on operational costs and the worsening economic climate had added to the previous financial pressures of the COVID-19 pandemic and the level of Usable Reserves continued to go down in the year despite efforts to minimise it. The next Medium Term Financial Plan needed to address that through a robust and ambitious plan of achievable savings to stop the trend, reduce the reliance on reserve balances to support the revenue budget and, in time, replenish these reserves.

Members of the Committee were happy to approve the recommendations detailed in the report.

**RESOLVED:** That:

- 1) the Council's revised 2022/23 Statement of Accounts be approved; and
- 2) delegated authority be granted to the Section 151 Officer, in consultation with the Chair of the Audit and Standards Committee, to make minor non-consequential changes to the Statements.

AS23/56. **HOMES ENGLAND 2023/24 COMPLIANCE AUDIT PROGRAMME**

Members received the report of the Head of Housing and Regeneration which provided the outcome from the Homes England (HE) Compliance Audit of the Rough Sleeping Accommodation Programme (RSAP). The RSAP was delivered by HE in collaboration with the Department of Levelling Up Housing and Communities (DLUHC) in support of the Government's wider objectives to end rough sleeping.

The Council was successful in its bid to the RSAP 2022 and was awarded £391,050 of match funding used to purchase four properties and provide supported accommodation to former rough sleepers. The Council was also awarded funding of up to £30,000 to support residents in their homes.

The purpose of the Compliance Audit report was to confirm that grant recipients had met HE's funding conditions and contractual requirements and had properly exercised their responsibilities as set out in the Capital Funding Guide. The Council achieved a green rating with no breaches identified and further details were provided in Appendix A to the report.

Members of the Audit and Standards Committee were happy to note the report which would enable the Compliance Audit Lead to acknowledge the report with HE and thanked the Head of Housing and Regeneration and his Team for their work in this area and the positive audit result.

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

AS23/57. **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.

The Committee would consider a proposal at a future meeting to separate the two functions of the Committee to two stand-alone Committees, namely a Standards Committee which was likely to meet twice per year and an Audit Committee which was likely to meet six



times per year. It was likely that this would be in the new civic year, given the time constraints and any thoughts on this proposal were requested to be sent to the Democratic Services Manager or the Chair of the Committee.

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

**CHAIR**

The meeting closed at 7:50pm

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## AUDIT AND STANDARDS COMMITTEE

<b>WORK PROGRAMME 2023 – 2024</b>	
<b>DATE OF COMMITTEE</b>	<b>SUBJECT</b>
<b>28 February 2024</b>	<p><b>Part A – Standards Reports</b></p> <ul style="list-style-type: none"> <li>• Local Government and Social Care Ombudsman Complaints Monitoring</li> <li>• Debate Not Hate: Ending Abuse in Public Life for Councillors</li> </ul> <p><b>Part B – Audit Reports</b></p> <ul style="list-style-type: none"> <li>• Grant Thornton – Audit Findings Report 2022/23</li> <li>• Revised Statement of Accounts 2022/23</li> <li>• Amendment to the Constitution - Function of the Licensing and General Purposes Committee</li> <li>• Amendment to the Constitution - Procurement and Virement Thresholds</li> <li>• Homes England 2023/24 Compliance Audit Programme</li> </ul>
<b>Monday 25 March 2024</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 – Audit Progress Report and Sector Update</li> <li>• Grant Thornton – Annual Audit Report 2022/23</li> <li>• Grant Thornton - External Audit Plan 2023/24</li> <li>• Internal Audit Report to 31 December 2023</li> <li>• Internal Audit Plan 2024/25</li> <li>• Review of Internal Audit 2023/24</li> <li>• Treasury Management Update</li> <li>• Annual Report from the Rother DC Housing Company Shareholders Representative Group</li> </ul>
<b>WORK PROGRAMME 2024 – 2025</b>	
<b>Monday 17 June 2024</b>	<p><b>Part A – Standards Reports</b></p> <ul style="list-style-type: none"> <li>• Local Government and Social Care Ombudsman Complaints Monitoring</li> <li>• Code of Conduct Complaints Monitoring and other Standards Matters</li> <li>• Draft Annual Report to Council – Ethical Standards Matters</li> </ul> <p><b>Part B – Audit Reports</b></p> <ul style="list-style-type: none"> <li>• Internal Audit – Annual Report and Opinion 2023/24</li> <li>• 2023/24 Statement of Accounts – Audit Planning Risk Assessment</li> <li>• Risk Management Update</li> <li>• Self-Assessment Annual Review</li> </ul>

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