

**BRIGHTON & HOVE CITY COUNCIL**

**AUDIT & STANDARDS COMMITTEE**

**4.00pm 29 JUNE 2021**

**COUNCIL CHAMBER, HOVE TOWN HALL**

**MINUTES**

**Present:** Councillors Yates (Chair) Hugh-Jones (Group Spokesperson) and Meadows (Group Spokesperson)

**Independent Members present:** Helen Aston

**PART ONE**

**1 PROCEDURAL BUSINESS**

**1a Declarations of substitutes**

1.1 There were none.

**1b Declarations of interests**

1.2 There were none

**1c Exclusion of the press and public**

1.3 In accordance with Section 100A of the Local Government Act 1972 ("the Act"), the Committee considered whether the public should be excluded from the meeting during consideration of any item of business on the grounds that it is likely in view of the business to be transacted or the nature of the proceedings, that if members of the public were present during it, there would be disclosure to them of confidential information as defined in Section 100A (3) of the Act.

1.4 **RESOLVED** - That the press and public not be excluded.

**2 MINUTES**

2.1 **RESOLVED** – That the minutes of the previous meeting held on 26 March 2021 be approved and signed as the correct record.

**3 CHAIR'S COMMUNICATIONS**

- 3.1 The Chair paid credit to Jackie Algar, the Risk Management Lead who would be leaving the Council after many years of service. The Chair highlighted Jackie's role in expertly advising Members and the Executive Leadership Team on matters relating to risk.

#### **4 CALL OVER**

- 4.1 All items on the agenda were reserved for discussion.

#### **5 PUBLIC INVOLVEMENT**

- 5.1 No items were received from members of the public.

#### **6 MEMBER INVOLVEMENT**

##### **(C) MEMBERS LETTERS**

##### **(1) Freedom of Information Requests**

- 6.1 The Committee considered a Letter from Councillor Meadows requesting a report detailing key statistics relating to Freedom of Information requests and that report to propose resolutions to any issues uncovered.

- 6.2 The Chair provided the following response:

"In this year's KPI's that will be reported to P&R committee there is a new performance indicator on FOI compliance. The first time this will be reported to committee is in December. In addition, there have been other requests for councillor briefings on FOI performance, including one from the cross party KPI member working group. This means a briefing will be presented in the near future to our Information Governance Board, and subsequently to all councillors.

There are some changes being considered in the team structure that will improve FOI performance, and it may be more useful for these changes to be implemented, for the planned all councillor briefing to take place, and then for a report to be brought to A&S's later in the year. This sequence of events will provide more information on the future direction of travel, how performance is being improved and also will be easier to manage from a workload point of view. We've got Item 14 on the agenda which is to consider items for future meetings so we can pick up our response to this Letter there".

- 6.3 **RESOLVED-** That the Committee note the Letter.

#### **7 STRATEGIC RISK FOCUS: SR2, SR20 AND SR37**

- 7.1 The Committee considered a report of the Executive Lead Officer, Strategy, Governance & Law that provided detail on the actions taken and future actions to manage each strategic risk.

- 7.2 In response to a question from Councillor Meadows, it was confirmed that there was additional funding put into contract management in the 2020/21 budget however, due to the pandemic and complications in allocating the funding that was predicated on making savings, this allocation was moved to the 2021/22 budget. Further, the forecast

underspend would not mean that funding would be required to be returned to central government as the funding had been allocated correctly.

**SR2- The Council is not financially viable**

- 7.3 In response to a questions from Councillor Hugh-Jones, it was confirmed that the 2020 Spending Review covered one year and whilst it was hoped that the 2021 Spending Review would be multi-year, that was currently unclear. On unachieved savings, these will have either been replaced with mitigating savings or a plan would be in place to achieve those savings if they were still believed achievable. Further, discharged to assess funding applied to the first six weeks of care for the relevant individual and it was expected that would be reduced I the autumn to four weeks. The intending outcome of the scheme was ensuring people were discharged on their onward care to an appropriate setting and evidence suggested that target was being met.

**SR20- Failure to achieve Health and Social Care outcomes due to organisational and resource pressures on the Clinical Commissioning Group (CCG) and Brighton & Hove City Council (BHCC);**

- 7.4 In response to questions from Councillor Hugh-Jones, it was explained that officers were comfortable on the effective of the controls on place due to the good engagement on governance arrangements and there was good ongoing collaboration between agencies. In relation to the radical changes to health and social care integration, the issue would be in undertaken challenging circumstances however, there was unprecedented appetite and opportunity for integration and a greater focus and appreciate of the role of social care. In addition, central government had made a very clear commitment to a long-term solution for adult social care and the details of that was expected before the end of the year.

**SR37- Not effectively responding to and recovering from COVID-19 in Brighton and Hove including building resilience for future pandemics.**

- 7.5 In reply to a question from Councillor Hugh-Jones, it was clarified that a new agency had been tasked with the national approach to future pandemics but was not yet established.

7.6 **RESOLVED-** That the Audit & Standards Committee:

- 1) Note the SRR detailed within Table 1 of this report.
- 2) Note Appendix 1 the CAMMS Risk report with details of the SRs and actions taken ('Existing Controls') and actions planned
- 3) Note Appendix 2 which provides:
  - i. a guide on the risk management process;
  - ii. guidance on how Members might want to ask questions of Risk Owners, or officers connected to the strategic risks; and
  - iii. details of opportunities for Members, or any staff, to raise issues on Strategic Risks at various points and levels.

**8 INTERNAL AUDIT ANNUAL REPORT AND OPINION 2020/21**

- 8.1 The Committee considered a report of the Acting Chief Finance Officer that provided opinion on the adequacy of Brighton & Hove City Council's control environment as a contribution to the proper, economic, efficient, and effective use of resources. The report covered the audit work completed in the year from 1 April 2020 to 31 March 2021 in accordance with the Internal Audit Strategy for 2020/21. The report also included a summary of the results of internal audit work for the year along with a narrative summary of those audits finalised since the last progress report to the Committee in March 2021.
- 8.2 In response to a question from the Chair, it was clarified that the report on temporary accommodation that would be received at the next meeting would focus on the financial administration, processes and controls on debt recovery for that service as well as bad debt provision.
- 8.3 In response to questions from Councillor High-Jones, it was clarified that the incident of fraud referenced, the individual resigned and had paid back the entire sum they benefitted. The incident had been detected quickly and stricter controls were now in place to minimise this risk. In reference to the cases of housing tenancy fraud, none of the cases referenced had been taken to prosecution. On contract management, this was an area where work would be increasing over the next year and public conveniences was a good representation of some of the challenges faced in maintaining effective contract management although the issue had been detected quickly. It was confirmed that an issue had been identified with an overreliance on the assurances on health and safety and insurance checks from the previous housing repairs contractor and this would be something that was part of the re-procurement of contracts for the in-house service.
- 8.4 In response to a question from Councillor Meadows, it was clarified that any decision to change how a service operated came with financial risk and Internal Audit had flagged that risk for the in-house housing repairs service, but it was very difficult to quantify, particularly due to the significant pressures facing the service due to the pandemic. Follow up work would be conducted to provide assurance.

**8.5 RESOLVED-**

- 1) That the Committee note that, whilst no assurance can ever be absolute, based on the internal audit work completed in the year, reasonable assurance has been provided on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control for the year ended 31 March 2021.
- 2) That the Committee note the assurances and improvement actions detailed on audits finalised since the last progress report to this Committee in March 2021.

**9 DRAFT ANNUAL GOVERNANCE STATEMENT 2020-21**

- 9.1 The Committee considered a report of the Executive Lead Officer, Strategy, Governance & Law. The Annual Governance Statement (AGS) is a requirement of Local Authorities to report publicly on the extent to which they comply with their own Code of Corporate Governance ('the Local Code').

**9.2 RESOLVED-**

- 1) That the Audit & Standards Committee formally approve the Annual Governance Statement 2020 – 21 at Appendix 1 having regard to the findings of the annual review so that the AGS may be signed by the City Council's Leader and the Chief Executive before publication alongside the City Council's Accounts.

**10 EXTERNAL AUDIT PLAN FOR 2021/22**

- 10.1. The Committee considered a report of External Audit that set out the External Audit Plan for 2021-22 and identified risks and issues that are expected to impact on the audit including: consideration of materiality; arrangements for reviewing Value for Money; the anticipated audit fees and assurance regarding independence and ethical considerations.
- 10.2. In response to a query from the Chair, the External Auditor explained that the new standard was developed in order to put in place controls for developing estimates and was recognition that the use of estimates had risen significantly in the public and private sector in recent years.
- 10.3. In response to questions from Councillor Hugh-Jones, the External Auditor explained that the Royal Institute of Chartered Surveyors (RICS) did recognise that the pandemic had caused difficulty to give robust valuations and in recognition of that, all valuers had stated there was a material uncertainty with their valuations. That would not be the case this year as it was the view of the RICS that the property market had recovered from the uncertainty. That would also remove some of the uncertainty relating to valuations and pension funds. Furthermore, it was clarified that the vast part of the increase in fees related to changes to value for money work as detailed on page 144 of the agenda and was subject to agreement by the Public Sector Audit Appointments.
- 10.4. In response to a query from Councillor Meadows, the External Auditor explained that for some grants, the Council was the agent, and the test of material grant revenues was to ensure that those grants were not reflected in the financial statements as income.
- 10.5. **RESOLVED-** That the Audit and Standards Committee:
  - 1) Considers and notifies the external auditor as to whether or not there are any other matters which may impact on the planned audit.
  - 2) Note the External Audit Plan 2020/21

**11 REVIEW OF THE CODE OF CONDUCT FOR MEMBERS**

- 11.1 The Committee considered a report of the Executive Lead, Strategy, Governance & Law that updated this Committee on the work of the cross party Member Working Group appointed to review the Council's Code of Conduct for Members and related arrangements, and to sought Committee approval to Full Council for revised versions of the Code of Conduct for Members and the other key documents indicated below.

11.2 The following Officer correction was made to the recommendations as shown in bold italics and where struckthrough:

**2.1 That the Audit & Standards Committee** recommends to Full Council that it formally approve a revised Code of Conduct for Members as outlined in para 4.1 and attached here as Appendix 1.

**2.2 That the Audit & Standards Committee ~~review and approve the documents appended to this Report~~ as Appendices 2 & 3, which incorporate:**

- ~~• The Code of Conduct for Members~~
- Guidance on Correspondence
- The Procedure for Dealing with Allegations of Misconduct by Members

11.3 In response to requests from Members for Standards training, the Senior Lawyer clarified that scheduling efforts were underway to find a suitable date as well as a refresher session that alerted Members to the proposed changes.

11.4 In response to queries from Members, the Executive Lead Officer, Strategy Lead Officer clarified that, subject to approval, the revised Code of Conduct for Members would be submitted to Full Council for approval. Further, Full Council would be notified in the event a Standards Panel found a substantial breach of the Code of Conduct by Members.

11.5 The Executive Lead Officer noted that that the number of Member complaints over the past two years was significantly more than could be managed by the Authority and part of the revisions to the Code of Conduct were designed to enable officers in liaison with the Independent Persons to resolve complaints and early and as quickly as possible.

#### 11.6 **RESOLVED TO RECOMMEND:**

1) That the Audit & Standards Committee recommends to Full Council that it formally approve a revised Code of Conduct for Members as outlined in para 4.1 and attached here as Appendix 1.

#### **RESOLVED:**

2) That the Audit & Standards Committee approve the documents appended to this Report as Appendices 2 & 3, which incorporate:

- Guidance on Correspondence
- The Procedure for Dealing with Allegations of Misconduct by Members

## 12 **STANDARDS UPDATE**

12.1 The Committee considered a report of the Executive Lead Officer, Strategy, Governance & Law that updated the Committee on progress in the determination of complaints that Members have breached the Code of Conduct for Members since the last Update report.

12.2 Helen Aston stated that the range and number of complaints highlighted the importance of comprehensive training for Members.

12.3 The Chair agreed adding that the failure of Members to engage with training or to make training available at a time that suited Members was something that needed addressing.

**12.4 RESOLVED-**

1) That the Audit & Standards Committee note the information provided in this Report on those member complaints which have either been progressed or concluded since the last quarterly report, or which remain outstanding.

**13 ITEMS REFERRED FOR COUNCIL**

13.1 No items were referred to Full Council for information.

**14 ITEMS FOR THE NEXT MEETING**

14.1 It was agreed to receive a report on Freedom of Information performance as well as how people were or could be better informed about the other ways to contact the council to minimise overuse of the FOI process.

**15 PART TWO MINUTES (EXEMPT CATEGORY 5)**

15.1 **RESOLVED** – That the Part Two minutes of the previous meeting be approved as the correct record.

**16 PART TWO PROCEEDINGS**

16.1 **RESOLVED** – That the Part 2 Items remain exempt from disclosure from the press and public.

The meeting concluded at 6.18pm