

**BRIGHTON & HOVE CITY COUNCIL**

**AUDIT & STANDARDS COMMITTEE**

**4.00pm 21 JUNE 2016**

**THE RONUK HALL, PORTSLADE TOWN HALL**

**MINUTES**

**Present:** Councillors A Norman (Chair) Chapman, Cobb, Druitt, Littman, Morris, Robins (Group Spokesperson) Taylor and Diane Bushell (Independent Member)

**PART ONE**

**1 PROCEDURAL BUSINESS**

**1a Declarations of substitutes**

1.1 Councillor Littman was present as substitute for Councillor Sykes.

**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 public not be excluded from the meeting.

**2 MINUTES**

2.1 **RESOLVED** – That the minutes of the previous meeting held on 8 March 2016 be approved and signed as the correct record.

**3 CHAIR'S COMMUNICATIONS**

3.1 The Chair welcomed David Kuenssberg to his first meeting of the committee following his recent appointment as Executive Director of Finance & Resources.

**4 CALL OVER**

4.1 The following items on the agenda were reserved for discussion:

- Item 7: Unaudited Statement of Accounts 2015/16
- Item 8: Internal Audit and Corporate Fraud Annual Report 2015-16
- Item 9: Residents Car Parking Permits
- Item 10: Human Resources & Organisational Development Annual Report
- Item 11: Self-Assessment Review of Audit & Standards Committee
- Item 12: Organisational Learning Review
- Item 13: Annual Governance Statement 2015/16
- Item 14: Strategic Risk Register Review April 2016
- Item 15: Strategic Risk Focus: SR2 Financial Outlook; SR25 Organisational Capacity as a Result of Change and SR26 Council's Relationship with its Citizens
- Item 16: Ernst & Young Annual Certification Fees
- Item 17: Audit Recommendation Follow Up- Verbal Update
- Item 18: Counter Fraud Strategy and Framework
- Item 20: Cash Collection- Company Administration Update
- Item 21: Treasury Management Policy Statement 2016/17
- Item 22: Targeted Budget Management (TBM) Provisional Outturn 2015/16

4.2 The Democratic Services Officer confirmed that the items listed above had been reserved for discussion and that the following reports on the agenda with the recommendations therein had been approved and adopted:

- Item 19: Standards Update

## **5 PUBLIC INVOLVEMENT**

5.1 No items from the public were received.

## **6 MEMBER INVOLVEMENT**

6.1 No items from Members were received.

## **7 UNAUDITED STATEMENT OF ACCOUNTS 2015/16**

7.1 The Committee considered a report of the Executive Director of Finance & Resources in relation to the 2015/16 Statement of Accounts. Under the Accounts and Audit Regulations 2015, the Council's Statement of Accounts were to be approved by the Chief Finance Officer by 30 June and following the audit process are to be approved by Members by 30 September each year. The report presented the unaudited Statement of Accounts for 2015/16 for information purposes only. Copies of the Statement of Accounts were made available to Members of the Committee - at this stage the accounts had not been audited by the external auditor. It was expected that the external auditor would present an Audit Results Report to the September meeting of the Committee on the conclusion of the audit of the 2015/16 financial statements. An accompanying Officer report would be presented to that meeting, to enable Members to consider and approve the statement of accounts

7.2 **RESOLVED-** That the Audit & Standards Committee note the accounts for 2015/16 and note that these are subject to audit and public inspection.

**8 INTERNAL AUDIT AND CORPORATE FRAUD ANNUAL REPORT 2015-16**

- 8.1 The Committee considered a report of the Executive Director, Finance & Resources that provided the Head of Internal Audit's opinion on the council's control environment, a summary of the results of audit work for the year and an assessment of the effectiveness of internal audit against the UK Public Sector Internal Audit Standards.
- 8.2 Councillor Littman enquired as to any recent developments in relation to overpayments identified by the council in respect of housing repairs carried out by its contractor Mears Ltd.
- 8.3 The Head of Internal Audit clarified that the matter had recently been the subject of a report to the Housing & New Homes Committee and that report detailed that overpayments made in the most recent 18 month period had been fully recovered. Investigations into possible overpayments potentially made before that period were continuing but that task would be more difficult. The Internal Audit team were continuing to look at capital spending as a whole.
- 8.4 Councillor Taylor noted that contract management had been given limited assurance and asked if this matter should be the subject of further review by the Committee. Referring to page 23 of the agenda, Councillor Taylor noted that one 'no assurance' report had been given and asked if further details of that could be provided.
- 8.5 The Head of Internal Audit answered that a specific Members training session on contract management could be arranged. The Head of Internal stated that he did would provide details of the no assurance report to Councillor Taylor after the meeting.
- 8.6 The Executive Director, Finance & Resources stated that work was underway on improvements to the council's contract management process and a separate session could be set up should Members wish.
- 8.7 Diane Bushell asked how the Annual Governance statement addressed the risks detailed in the report.
- 8.8 The Head of Internal Audit stated that work was ongoing to address improvements to contract management procedures and he was aware this was seen as a key area for the Finance team. With regard to ICT, there was awareness on their behalf of the high risk areas and he was assured that action was being taken to address these.
- 8.9 Councillor Robins stated that it was his understanding that contract management would be scrutinised by the Procurement Advisory Board and the committee needed to be careful not to duplicate their work. Councillor Robins noted that the report detailed that 26 council properties had been recovered that had been rented by ineligible tenants and enquired as to whether this was indicative of social housing fraud in the city.
- 8.10 The Head of Internal stated that it was difficult to quantify precise levels of social housing fraud as it was unclear how many cases went undetected. The Internal Audit & Corporate Fraud team had extrapolated data from similar local authorities that indicated the rate would be higher than the current number and he expected that there would be

an increase in the number of cases in the short-term due to the focus on the matter by the Housing and Audit services.

- 8.11 Councillor Morris stated that he had concerns regarding the confidence placed in the council's Whistleblowing Policy and asked if an outside body should be appointed to oversee the process and handle reports.
- 8.12 The Executive Lead Officer, Strategy, Governance & Law stated that whistleblowing could be reported to any statutory agency. In terms of the council's policy, confidentiality was a fundamental aspect of the Whistleblowing framework and anonymity would always be respected. Over the past 12 months, incidents of Whistleblowing reporting had increased by 22 compared to the previous year and any evidence of criminality would necessitate the involvement of Sussex Police.
- 8.13 **RESOLVED-**
- 1) That the Committee considers the internal audit annual report including the head of internal audit's:
    - opinion on the council's control environment
    - summary of the results of audit work for the year
    - self-assessment of the effectiveness of internal audit against the UK Public Sector Internal Audit Standards.
  - 2) That the Committee notes:
    - the council's current arrangements for three areas of partial compliance against UK Public Sector Internal Standards
    - the proposals to further strengthen the council's internal audit function
  - 3) That the Committee considers the implications for the Annual Governance Statement.

## **9 RESIDENTS CAR PARKING PERMITS**

- 9.1 The Committee considered a report of the Executive Director, Finance & Resources that summarised the results of 2015/16 audit work into residents parking permits. Internal Audit had used data from the council tax system to identify potential fraudulent applications. The investigation related to a potential risk identified in the council's arrangements for preventing and detecting fraudulent applications in a review of residents parking permits conducted in 2014/15.
- 9.2 Councillor Taylor asked if there was any other method to recover fraudulent permits other than via amnesty.
- 9.3 The Head of Internal stated that any parking permits fraudulently obtained would be returned on the date of renewal due to the new controls put into place.
- 9.4 Councillor Druitt stated that residents had reported to him that there was ongoing misuse of permits in car free developments.
- 9.5 The Head of Internal requested that Councillor Druitt send him details of any incidents so they could be investigated.

**9.6 RESOLVED-**

- 1) That the Audit & Standards Committee notes that:
  - based on extrapolation up to 700 residents parking permits may be held by individuals who are not entitled to them
  - control improvements have been agreed with the service that should both prevent and identify fraudulent applications and significantly reduce the associated fraud risk to the council.

**10 HUMAN RESOURCES & ORGANISATIONAL DEVELOPMENT ANNUAL REPORT**

- 10.1 The Committee considered a report of the Executive Director, Finance & Resources that provided an annual report of activity, assurance and business plan priorities from the Human Resources & Organisational Development (HROD) and Health & Safety Service.
- 10.2 Diane Bushell stated her concern for the report findings and the challenge it represented for HROD. Levels of sick days and staff turnover had increased, as had reports of bullying and harassment. Diane stated that significant change was required and request assurance that the resource to do so would be available.
- 10.3 The Executive Director, Finance & Resource agreed that levels of staff turnover were concerning. A contributory factor to that had been ongoing budget pressures and there had been a net reduction in staff of 305 in 2014/15. The Executive Director, Finance & Resources added that there was a clear trend that frontline services had high rate of absenteeism and issues relating to staff sickness often arose from other factors such as increases in service pressures. Resources would be targeted in this area and one initiative agreed would be for a mandatory return to work interview to be held within one day. The authority had undergone a number of service re-designs and it was important to undertake a lessons learned exercise each time that occurred to inform the next. The Executive Director, Finance & Resources provided assurance that senior management were aware of the specific problems and efforts were already underway to resolve these and progress and outcomes would be regularly reported to the committee.
- 10.4 Councillor Taylor stated that this was a big issue for the authority and he welcomed the assurance of regular updates. Councillor Taylor added that an increase in sickness levels was a backward step for the authority and it was essential to find the reasons behind that rise. Councillor Taylor asked how Brighton & Hove City Council compared with its statistical and geographical neighbours on levels of staff sickness and if a financial cost in terms of productivity was known.
- 10.5 The Chief Executive clarified that it was estimated that approximately £1m was lost in productivity to staff sickness. The authority was currently above its statistical neighbours for overall levels of staff sickness and he believed the high levels could be seen as a management issue as well as one of cultural and transitional change. Return to work interviews were of high importance because not only was it a way to help staff with any medical issues, it was also a demonstration that the council as an employer took an interest in staff wellbeing. The Chief Executive supplemented that some sickness issues related to manual labour issues and there would be renewed focus on providing the right training for those staff and regular health and safety checks. The Chief Executive

explained that whilst a range of initiatives to address the issues highlighted were underway, there was no quick fix.

- 10.6 Councillor Littman stated that he was aware that the Head of Human Resources had made significant changes to established workplace cultures and he was disappointed to hear there had been a backward step in this area. Councillor Littman added that staff turnover should instead be categorised as staff losses and he would welcome investigation as to whether the reduction in employees was related to an increase in staff sickness.
- 10.7 The Executive Director, Finance & Resources stated that whilst there was no robust analysis of staff turnover and its relation to staff sickness, it could be assumed that an overall decrease in staff numbers would have an impact. Where service redesigns were implemented, measures were put in place to ensure that they would be as robust and efficient as possible and senior managers were given guidance on how to ensure that. The Executive Director, Finance & Resources added that the annual Staff Survey had specific Health & Safety Authority stress indicator questions and the survey results could be focussed down to individual service levels.
- 10.8 Councillor Druitt stated that at a time of diminishing resources, a reduction in staff and increased service pressures; it was unsurprising that there had been an increase in staff sickness, particularly relating to stress. Councillor Druitt stated that maintaining and improving staff morale was key and possible methods to reverse the current trend should be the promotion of personal development skills and focussing resources to help staff and their expectations.
- 10.9 The Executive Director, Finance & Resources stated that there was a significant budget available for learning development activities and new elements to this would be rolled out soon. There was a widespread excitement about developments and progress in the city and that could perhaps be harnessed to link to the work of the council.
- 10.10 The Chief Executive stated that the council had a broad and varied workforce and it was important that staff fully understood their role and had the correct tools and skills to undertake their work. The Chief Executive stated that he had received anecdotal feedback that Brighton & Hove City Council was an interesting and challenging place to work which was something that could work in the authorities favour and promoted.
- 10.11 The Executive Lead, Strategy, Governance & Law clarified that managers conducted PDP's with staff twice per year and there were specific questions regarding personal development and training. Furthermore, Executive Lead, Strategy, Governance & Law stated that he was an example of staff development having personally progressed through the organisation.
- 10.12 Councillor Robins stated his concern that diminishing staff numbers may be a contributing factor to increases in staff sickness as workload pressures may mean staff attending work during sickness leading to worsening, long-term issues.
- 10.13 Councillor Cobb stated that improvements in technology should cover any staff losses in ICT.

10.14 The Executive Director, Finance & Resources stated that the council were examining ways to improve its digital technology which was being delivered through the Customer First in a Digital Age programme.

10.15 **RESOLVED-**

- 1) That the Committee note the annual reports of activity, assurance and business plan priorities from the Human Resources & Organisational Development (HROD) and Health & Safety Service.
- 2) That the Committee notes the relevance of these reports and their contribution to the council's annual governance statement

**11 SELF-ASSESSMENT REVIEW OF AUDIT & STANDARDS COMMITTEE**

11.1 The Committee considered a report of the Executive Director, Finance & Resources that summarised the Audit & Standards self-assessment of its effectiveness. The review was carried out by Members with support from the Head of Internal Audit and Ernst & Young and was based on a comparison with the Chartered Institute of Chartered Accountants (CIPFA) good practice principles.

11.2 The Chief Executive stated that ELT believed the Committee to be very important during a time of significant change and its role in preserving the reputational image of the council.

11.3 **RESOLVED-** That the Committee recommends that the actions set out in paragraph 4.2 should be used to draw up a detailed action plan to develop further the effectiveness of the Audit & Standards Committee.

**12 ORGANISATIONAL LEARNING REVIEW**

12.1 The Committee considered a report of the Executive Lead Officer, Strategy, Governance & Law that provided an update on progress on implementing the recommendations of the Organisational Learning Review which was reported to the committee in November 2015.

12.2 Diane Bushell welcomed the report that had a series of detailed measures. Diane requested assurance that the resources would be available for the training and investment in HR set out in the report and that the actions would be implemented.

12.3 The Executive Lead, Strategy, Governance & Law clarified that funding was available and he had received assurance from the Head of HR that implementation of the recommendations was possible.

12.4 **RESOLVED-** That Members note the progress on the action points arising from the Organisational Learning Review as set out in the Appendix to the report.

**13 ANNUAL GOVERNANCE STATEMENT 2015/16**

- 13.1 The Committee considered a report of the Executive Director, Finance & Resources that presented the draft Annual Governance Statement for 2015/16 following completion of the annual review of the council's governance arrangements, including its systems of internal control.
- 13.2 Diane Bushell noted her concern that contract management was not a part of the strategic risk process. Diane stated that page 140 noted that improving contract management was hindered by limited resources and asked whether there was commitment to improve this area. Diane also noted her concern regarding 'uncertain' risk ratings and whether that meant there were not effective controls in identifying risk.
- 13.3 The Executive Director, Finance & Resources stated that a review would be conducted as to whether contract management should be a strategic risk. The Executive Director, Finance & Resources explained that historically, contract management had been a duty of senior managers and did not have a dedicated post. A case would shortly be made for the appointment of dedicated contract managers with the expected savings used as the resource. The Executive Director, Finance & Resources added that the recently established Procurement Advisory Board would assist in monitoring and holding officers to account.
- 13.4 The Risk Management Lead explained that where strategic risks were given 'uncertain' ratings, this meant that they were a priority to the council and monitored as such but some of the actions were dictated by outside bodies such as central government or developments that the council had no control over hence the risk was uncertain.
- 13.5 **RESOLVED-** That the Audit & Standards Committee approve the draft Annual Governance Statement (attached as Appendix 1) subject to any comments or amendments as they consider appropriate.

#### **14 STRATEGIC RISK REGISTER REVIEW APRIL 2016**

- 14.1 The Committee considered a report of the Executive Director, Finance & Resources which informed Members that the Committee had a role to monitor the effectiveness of risk management and internal control. This included oversight of the Strategic Risk Register which was set by the Executive Leadership Team (ELT). The report included recent updates by ELT made on 20 April 2016.
- 14.2 Councillor Druitt noted that SR2: Financial Outlook for the Council currently had a risk rating of red but effectiveness of the controls were deemed adequate. Councillor Druitt asked for further information about the different categorisations.
- 14.3 The Executive Director, Finance & Resources explained that whilst he was confident of ensuring a balanced budget and controls were effective, a red rating was deemed necessary due to unknowns regarding government policy and wider uncertainties.
- 14.4 The Chair asked for further information as to why SR18: Sustainable ICT and Digital Modernisation had a red risk rating.



- 14.5 The Risk Management Lead explained that the issue was looked at specifically by ELT and following that discussion and directorate feedback, a red categorisation had been assigned.
- 14.6 Councillor Taylor asked that where risk actions were close to the deadline but progress was such that it was not expected to meet that deadline, if comments could be included from the relevant officers as to the reasons why that was the case.
- 14.7 Councillor Littman asked if any discussions were due or were planned with community organisations in relation to SR2: Financial Outlook of the Council and SR25: Organisational Capacity as a Result of Change as both discussed an increase in working with communities.
- 14.8 The Executive Director, Finance & Resources stated that discussion were taking place with communities in the relevant service areas. The Assistant Director, Finance added that there was extensive publicity and public input into the annual budget setting process. This was not specific engagement but it did raise awareness of the financial outlook of the council and levels of spending in service areas.
- 14.9 **RESOLVED-** That the Audit & Standards Committee notes the Strategic Risk Register Report May 2016.
- 15 STRATEGIC RISK FOCUS: SR2 FINANCIAL OUTLOOK; SR25 ORGANISATIONAL CAPACITY AS A RESULT OF CHANGE AND SR26 COUNCIL'S RELATIONSHIP WITH CITIZENS**
- 15.1 The Executive Director, Finance & Resources as the Risk Action Owner for SR2: Financial Outlook, SR25 Organisational Capacity as a Result of Change and SR26: Council's Relationship with its Citizens provided a verbal update on all three Risks.
- 15.2 Councillor Taylor noted that there was a trend during the financial year of initial overspend followed by strict controls to set a balanced budget at year end. Councillor Taylor asked what measures could be undertaken to minimise this fluctuation.
- 15.3 The Executive Director, Finance & Resources stated that a Section 151 Officer had to be confident that the budget projections were accurate. The nature of the services provided by the council meant that were complexities relating to unexpected demand that would not be possible to forecast. The Executive Director, Finance & Resources added that budget overspends were tightly monitored and assessed in order to establish more effective controls.
- 15.4 **RESOLVED-** That Members note the information provided in the Strategic Risk Assessment Report s in Appendix 1 (Strategic Risk Register Report).
- 16 ERNST & YOUNG: ANNUAL CERTIFICATION FEES AND AUDIT RECOMMENDATION FOLLOW UP - VERBAL UPDATE**
- 16.1 The Committee considered a report of Ernst & Young that provided the Audit Fee Letter 2016/17 confirming the audit work and associated fee proposed for the 2016/17 financial year set by Public Sector Audit Appointments Ltd (PSAA) and agreed by the Executive

Director, Finance & Resources. Furthermore, a verbal update was given on the progress the council has made against the external audit recommendations made in previous years.

- 16.2 Councillor Taylor asked if a competitive tendering exercise was undertaken for the appointment of external auditors.
- 16.3 Paul King clarified that the current arrangement was for external auditors to be appointed by the PSAA but under the new arrangements to commence from 2018/19, the council would be able to appoint its own auditors.
- 16.4 **RESOLVED-** That the Committee note the Audit Fee for 2016/17 and the progress on recommendations made by the Council.

## 17 COUNTER FRAUD STRATEGY AND FRAMEWORK

- 17.1 The Committee considered a report of the Executive Director, Finance & Resources that set out the council's counter fraud strategy and framework which detailed its approach to countering fraud and policies and procedures that set out the responsibilities of its Members, officers, contractors, partners and the public on how to report concerns.
- 17.2 Councillor Taylor asked if there was a method by which the public could be kept informed of complaints they made.
- 17.3 The Head of Internal Audit stated that this was an area that could be looked at.
- 17.4 **RESOLVED-**
- 1) That the Audit & Standards Committee approves the counter fraud policy and framework (appendix 1)
  - 2) That the Audit & Standards Committee notes the arrangements put in place for members, officers and citizens to report fraud.

## 18 STANDARDS UPDATE

- 18.1 **RESOLVED-** That Members note the report.

## 19 CASH COLLECTION - COMPANY ADMINISTRATION UPDATE

- 19.1 The Committee considered a report of the Executive Director, Finance & Resources that provided an update following the publication of the Joint Administrators latest progress report regarding the company administration process for Coin Co. International (CCI).
- 19.2 Councillor Druitt stated that he did believe that the issue was one of fraudulent activity as it appeared clear that the money due to the council was used for a purpose that it should not have been used for. Councillor Druitt asked if the council had reported any CCI director for wrongdoing and if there were options to take private action to recover its loss. Furthermore, Councillor Druitt asked who the secure creditors were.

- 19.3 The Assistant Director- Finance replied that whilst the CCI banking arrangements and performance were not satisfactory, the council had no evidence that they were acting fraudulently and was able to reconcile all collections and payments to and from CCI. The Assistant Director clarified that there had been an investigation by the National Crime Agency (NCA) in relation to suspected criminal activity but that no further action was to be taken as there was no evidence to suggest fraudulent behaviour. The Assistant Director stated that there was no basis for the council to report any CCI staff or directors and there had been constant communication between the council and CCI, and site visits by officers following termination of the contract in August 2014. The Assistant Director supplemented that the company administration process currently underway was a highly legal process directed by the courts and unless the council had specific evidence of fraudulent activity then it would not be possible to undertake legal action. The Assistant Director explained that a secured creditor would be a person or organisation with a secured debt such as a mortgage and where realisable assets were recovered by the Joint Administrators; secured creditors losses would always be met first.
- 19.4 Councillor Druitt queried the response as he understood CCI had continued trading as insolvent which was a criminal offence.
- 19.5 The Executive Lead Officer, Strategy, Governance & Law stated that the civil powers available to the council would also be available to the Joint Administrators and provided assurance that the council had taken every action it possibly could to recover the money owed. The Insolvency Agency, a Department for Business, Innovation & Skills sponsored executive agency had made enquiries into the actions of CCI that would perhaps relate to the offence of trading as insolvent.
- 19.6 Councillor Robins stated that it was a credit to the council that the issue had been reported and dealt with in public that would help the image of transparency of the council.
- 19.7 Councillor Cobb enquired as to the amounts owed to other companies.
- 19.8 The Assistant Director, Finance stated that that information about all of CCI's creditors was publically available and detailed hundreds of creditors worldwide to a total of approximately £10m.
- 19.9 Diane Bushell stated that she understood that the Canadian authorities had taken insolvency action against CCI in 2010 and asked if the council was aware of the action and what monitoring arrangements were in place or could be put into place so that it was aware of such actions in the future.
- 19.10 The Executive Director, Finance & Resources replied that he did not have information in relation to that specific issue to hand and would investigate the matter and report back to the committee after the meeting. The Executive Director, Finance & Resources stated that companies were monitored by credit rating agencies and he hoped those agencies would have taken any insolvency action into account.
- 19.11 **RESOLVED-** That the Audit & Standards Committee note the report.

**20 TREASURY MANAGEMENT POLICY STATEMENT 2016/17**

- 20.1 The Committee considered a report of the Executive Director, Finance & Resources that provided the Treasury Management Policy Statement 2016/17 report and an extract of proceedings of the Policy & Resources Committee held on 17 March 2016 from which the report had been referred.
- 20.2 Councillor Morris noted that the fund performance had decreased in 2015/16 compared to previous years.
- 20.3 The Assistant Director, Finance clarified that the performance of the cash manager fund was still performing relatively well and had exceeded its 2015/16 benchmark but had tailed off slightly compared to previous years. As the report noted, options were being explored for future cash managements.
- 20.4 **RESOLVED-** That the Committee note the report.

**21 TARGETTED BUDGET MANAGEMENT (TBM) PROVISIONAL OUTTURN 2015/16**

- 21.1 The Committee considered a report of the Executive Director, Finance & Resources that provided the Targetted Budget Management (TBM) Provisional Outturn 2015/16 report together with an extract of proceedings of the Policy & Resources Committee held on 17 March 2016 from which the report had been referred.
- 21.2 Councillor Taylor noted that £1.9m of identified savings had not been achieved in 2015/16 and asked what more could be done to track and monitor savings made. Furthermore, Councillor Taylor noted that the council had increased its year-end provision for backdated business rates appeals to £500,000 and asked if the appeals process would be an ongoing issue for the authority.
- 21.3 The Executive Director, Finance & Resources stated that savings were tracked robustly and the full savings package had not been realised due to a range of factors. As savings became more complex and challenging to deliver, there would be a certain element of savings that may be unachievable or delayed for which risk provisions were identified when setting the budget. In relation to business rates, the Executive Director, Finance & Resources stated that this was a fluid issue with some element of uncertainty relating to central government policy.
- 21.4 Councillor Druitt stated that as the council moved to 100% retention of business rates, the reliance upon that income would be much higher and asked if the council had a clear plan on how to attract larger companies to the city.
- 21.5 The Executive Director, Finance & Resources clarified that there were several areas of uncertainty relating to business rates including the issue of equalisation which was of strategic importance nationwide. The Council had a very active economic development function and being part of the Greater Brighton region was of huge benefit in terms of attracting economic investment to the city.
- 21.6 **RESOLVED-** That the Committee note the report.

**22 ITEMS REFERRED FOR COUNCIL**

22.1 No items were referred to Full Council for information.

The meeting concluded at 7.30pm

Signed

Chair

Dated this

day of