

BRIGHTON & HOVE CITY COUNCIL

AUDIT & STANDARDS COMMITTEE

4.00pm 19 NOVEMBER 2013

COUNCIL CHAMBER, HOVE TOWN HALL

MINUTES

Present: Councillors Hamilton (Chair), Deane, Hyde, Lepper, Smith, Summers, Sykes and Wealls

Independent Persons & Co-opted Members: Dr David Horne and Dr Lel Meleyal

PART ONE

39. PROCEDURAL BUSINESS

39a Declarations of substitutes

39.1 Councillor Hyde was present in substitution for Councillor Ann Norman.

39b Declarations of interests

39.2 There were none

39c Exclusion of the press and public

39.3 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.

39.4 **RESOLVED** - That the public are excluded from the meeting from items listed on Part 2 of the agenda.

40. MINUTES

40.1 **RESOLVED** – That the Chair be authorised to sign the minutes of the meeting held on 24 September 2013 as a correct record.

41. CHAIR'S COMMUNICATIONS

41.1 On Friday 29 November 2013, between 10.00 am and 12.00pm, the Chair would be discussing the effectiveness of the Committee, and any Member of the Committee was invited to attend and contribute.

42. PUBLIC INVOLVEMENT

42.1 There were none.

43. MEMBER INVOLVEMENT

43.1 There were none.

44. COMPLAINTS UPDATE - NOVEMBER 2013

44.1 The Committee considered a report of the Head of Law & Monitoring Officer in relation to the Complaints Update; the paper sought to provide the regular update to the Committee in relation to allegations about Member conduct, and also contained a summary of information about the number of complaints received in relation to services provided by the Council. As a new addition the report also contained summary information about the number of complaints received about services the Council provided.

44.2 Following a query from Councillor Wealls, the Standards & Complaints Manager explained that quarterly reporting was undertaken to give a picture of the corporate spread of complaints and how the number related to individual directorates. The Executive Leadership Team (ELT) received progress reporting, and some complaints could be better understood when properly contextualised. It had also been considered good practice to now bring this information to the Committee as part of the monitoring work it already undertook.

44.3 It was confirmed for Councillor Deane that the information in relation to the complaints could be interrogated further to identify where they sat at individual team level, and, in relation to complaints about Members, it was confirmed that any which related to potential criminal activities would sit outside of the Code of Conduct and be dealt with by other appropriate legislation.

44.4 In discussion about comparative information in was explained to Dr Horne that this type of information was not easily available; however, Officers had tried to undertake some of their own benchmarking and believed that the service was comparatively efficient and streamlined – in particular given its corporate nature.

44.5 Members welcomed this reporting, and noted it was very useful.

44.6 **RESOLVED** – That the Committee note the report.

45. THE NEW STANDARDS REGIME - ONE YEAR ON

- 45.1 The Committee considered a report in relation to the first year of the new Standards regime for the local authority. The report sought to review the operation of the Council's Code of Conduct and standards arrangements since their adoption in 2012, and to consider recent guidance from Central Government.
- 45.2 It was confirmed for Councillor Wealls that in relation to disclosable pecuniary interests the regulations specifically referenced the nominal value of assets, rather than the material value.
- 45.3 The Committee discussed sanctions that could be imposed by a Standards Panel and it was clarified that the formal decision to remove a Member from a Committee would still sit with the appropriate Group leader and the Panel could only make recommendations.
- 45.4 **RESOLVED** – That the Committee note the report and the new Department of Communities and Local Government (DCLG) Guidance on interests and agree that no further changes are required to the Council's Code of Conduct for Members at this stage.

46. PRESENTATION - THE ROLE OF THE NAFN (NATIONAL ANTI FRAUD NETWORK)

- 46.1 The Committee received a presentation from Jeremy Frost, Intelligence Manager for the National Anti-fraud Network (NAFN) in relation to: the work of the organisation; the services it provided, the benefits for the Council and some example cases.
- 46.2 In discussion relating to the Department of Work & Pensions single fraud investigation service being introduced alongside welfare reform changes it was explained that this was not necessarily direct competition for the NAFN, but there was concern in some local authorities and from the Local Government Association (LGA) about how this was being implemented, and the potential to take away from the work the network already undertook.
- 46.3 The Chair thanked Mr Frost for attending and giving the presentation.

47. INTERNAL AUDIT PROGRESS REPORT

- 47.1 The Committee considered a report of the Executive Director of Finance & Resources in relation to the Internal Audit Progress Report 2013/14. The report sought to inform the Committee of the progress made against the Internal Audit Plan 2013/14 – including the outcomes of specific audit reviews completed and the tracking of the implementation of recommendations. The report also included information on the work undertaken by the Corporate Fraud Team.
- 47.2 It was clarified for Councillor Hamilton that 'year to date' related to period from the last report at the previous Committee to the production of the current report.
- 47.3 Prompted by Councillor Sykes the Committee discussed changes to the audit plan during each financial year, and it was explained that this was expected as consultation was continuous with services across the organisation. It was important Officers make

informed decisions about which audits they would leave out, and it was felt declaring them as 'removed' was more transparent than using the term 'delayed'. In relation to slippage for the rest of the year it was explained, in response to Dr Horne, that there were ongoing staffing issues in the team; however, a temporary appointment and appointment to a lower graded post should ease this.

47.4 Councillor Deane asked about the recovery of overpayments, and it was explained that the recovery rates were often quite low and repayments were restricted by legislation to instalments. Councillor Summers had specific questions in relation to non-fraudulent overpayments and it was agreed that this information could be provided outside of the meeting.

47.5 **RESOLVED** – That the Committee note the progress made in delivering the Annual Internal Audit Plan 2013/14.

48. ERNST & YOUNG: ANNUAL AUDIT LETTER 2012/13

48.1 The Committee considered a report of the External Auditors, Ernst & Young, in relation to the 2012/13 Annual Audit Letter. The report sought to communicate the key issues arising from the work undertaken on the 2012/13 annual audit. The detailed findings had already been reported to the Committee at the 24 September 2013 meeting; the matters reported in the letter were the most significant for the Council.

48.2 The Committee discussed projected under-spending in the budget, and the role this played in the budget setting process. It was explained that when the Council was setting the budget for the forward year it had to take account of performance against the current year's budget, and, if underspent, this could lead to one off resources being available for the forward budget. It was noted that the underspend for 2012/13 had been approximately £100k more than had been projected by the outturn position as the full budget position could not be realised until after the budget for the forward year had been set. Where there had been some confusion in relation the wording of this in the Annual Audit Letter, appended to the report, it was agreed that this would be amended.

48.3 **RESOLVED** – That the Committee consider the letter and ask any questions as necessary.

49. ERNST & YOUNG - AUDIT PROGRESS REPORT AND SECTOR UPDATE

49.1 The Committee considered a report of the External Auditors, Ernst & Young, in relation to the Audit Progress Report and Sector Update. The report asked the Committee to consider the audit progress, and attached information on the most recent sector briefing.

49.2 Councillor Hamilton welcomed the report and noted it was very useful.

49.3 **RESOLVED** – That the Committee consider the report and ask any questions as necessary.

50. TARGETED BUDGET MANAGEMENT (TBM 5)

- 50.1 The Committee considered a report of the Executive Director of Finance & Resources in relation to the Targeted Budget Management (TBM) Provisional Outturn 2013/14. Targeted Budget Monitoring (TBM) reports were a key component of the Council's overall performance monitoring and control framework. TBM reports were periodically presented to Policy & Resources Committee and were subsequently provided to the next available Audit & Standards Committee for information and consideration in the context of the Committee's oversight role in respect of financial governance and risk management. The TBM report set out the provisional outturn position on the Council's revenue and capital budgets for the financial year 2013/14.
- 50.2 In response to Councillor Sykes it was confirmed that in relation to the ring-fenced transfer of Public Health funds, provision has not been made in the 2014/15 budget process for certain additional prescription costs and services as this was still being challenged nationally. It was also noted that there would a further update on this in the next TBM report and the figure was not included in the current overspend figure.
- 50.3 **RESOLVED** – That the Committee note the report to the Policy & Resources Committee on July 2013 and the subsequent recommendations and resolution.

51. STRATEGIC RISK REGISTER REVIEW - OCTOBER 2013

- 51.1 The Committee considered a report of the Executive Director of Finance & Resources in relation to the Strategic Risk Register Review (October 2013). The report noted that the Committee has a role in reviewing the Strategic Risk Register, which had recently been updated by the Executive Leadership Team. Some detail was also confirmed in relation to the level of risk
- 51.2 An update was provided, in response to Councillor Sykes, that the Council's application to join the public service network had been approved; however, there was work ongoing to implement further security measures. It was noted that a general ICT update was due to be issued to all Members in the next few days.
- 51.3 The Committee went on to discuss the strategic risk 'maintaining the seafront as an asset to the city' – which had been brought for discussion at the previous meeting, and it was confirmed that the work to set up a scrutiny panel was being progressed. In response to points raised by both Councillors Lepper and Smith it was explained that the whole area raised a number of very complex issues that the scrutiny panel would need to consider; as well as looking at investment strategy options.
- 51.4 **RESOLVED:**
- (i) That the Committee notes the revised Strategic Risk Register.
 - (ii) That the Committee notes the Risk Management Action Plans contained in the Strategic Risk Assessment Report October 2013.

52. STRATEGIC RISK MAP FOCUS: SR 4 ECONOMIC RESILIENCE AND SUSTAINABLE ECONOMIC GROWTH, AND SR8 BECOMING A MORE SUSTAINABLE CITY

- 52.1 The Committee considered a report of the Executive Director of Finance & Resources in relation to the Strategic Risk MAP Focus: SR4 Economic Resilience and Sustainable Economic Growth; and SR8 Becoming a more sustainable city. The Committee had a role to monitor the effectiveness of risk management and internal control by oversight of the Strategic Register and a Risk Management Action Plan for each risk which is owned by a member of the Executive Leadership Team. The Committee had agreed to focus on two strategic risks at each meeting so that over the course of a year all the MAPs receives attention. The Risk Owners responsible for both would be the Executive Director of Environment, Development & Housing, Geoff Raw.
- 52.2 The Executive Director of Environment, Development & Housing introduced SR4 Economic Resilience and Sustainable Economic Growth, and highlighted that the Economic Strategy had been refreshed earlier in the year, and been approved at Committee level. The document had been jointly produced with Brighton & Hove Economic Partnership. Work was ongoing with Lewes District Council, Worthing Borough Council, Adur District Council, Mid Sussex District Council, East Sussex County Council, West Sussex County Council, and the local enterprise partnership in relation to the City Deal to create the Greater Brighton economic area, and a positive response had been received at a meeting with Central Government. It was envisaged that this kind of collaborative working would continue regardless of the outcome of the bid; as well as ongoing work with big city employers such as the two universities on key sites such as Circus Street and Preston Barracks. Areas such as the tourist economy and key growth sectors were continuing to receive attention, and there were efforts to form links between the smaller local based digital media businesses and the large 'tech' London based companies – recently Google had dedicated a member of staff to do this. The other growth industry related to the environment sector. The economic picture for the city remained positive as unemployment rates were falling, and the work force in the city remained highly qualified. It was important to ensure graduates were equipped with job skills and that work continued to improve graduate job opportunities reducing displacement of job opportunities for people with fewer qualifications.
- 52.3 In response to Councillor Summers it was clarified that a report on Preston Barracks was due to the next Policy & Resources in December 2013, and the City Deal bid had been submitted for the response from Central Government which was expected in the near future. It was also noted that all the partner authorities and bodies were fully committed to the City Deal, and this had been through all of their formal decision making avenues.
- 52.4 In response to queries in relation to flood defence it was noted that this formed part of the City Deal in Newhaven and Shoreham.
- 52.5 The Executive Director of Environment, Development & Housing introduced SR8 Becoming a More sustainable City, and highlighted that this was a significant challenge for the city. There were, however, environmental mitigations in place. The One Planet Living approach had been approved at Full Council, and there was commitment from the One Planet Board to ensure commitments were followed through and delivered. Work

was being undertaken with the Environment Agency, and the living wage was being introduced in conjunction with the Chamber of Commerce; there was also interest from the environmental industries in working with the local authority, and these had been promoted through two Eco-Technology shows. Work was continuing with the bus providers who had recently introduced 60 new hybrid fuel buses. It was also noted that Southern Water were rolling out metering across the city and projects, such as replacing street columns with more energy efficient lighting, was ongoing. The city's housing stock remained one of the significant issues in relation to carbon emissions. A report was due to go to the Policy & Resources Committee about energy companies making more investment available to improve the energy performance of homes. This was being undertaken with West Sussex County Council. Close to 100% of the council house stock now complied with Decent Homes standards, and photovoltaic panels were being installed on a number of buildings in the city.

- 52.6 In a discussion about the Green Deal it was explained that uptake nationally had been modest. Officers had been working with the Coast to Capital LEP to make Green Deal more viable through more affordable loan financing. It was also noted that the Green Deal contract with Carillion was designed to create supply chain opportunity for local businesses.
- 52.7 In relation to food waste it was noted that many local authorities were reviewing their recycling schemes. Officers are keeping food waste options under review and it was recognised that this is a significant opportunity for commercial food waste recycling in the city. Any solution would need to be financially viable and work was being undertaken with neighbouring authorities, notably East Sussex County Council. However, recycling schemes are affected by the market fluctuations in prices of recycled materials.
- 52.8 **RESOLVED** - That the Committee, having considered the Strategic Risk MAPs and the Risk Owners' response, the Committee make any recommendations it considers appropriate to the relevant Council body.

53. ITEMS REFERRED FOR COUNCIL

- 53.1 There were none.

54. PART TWO MINUTES

- 54.1 At 35.9 it was noted that the name of the Councillor was missing and should be amended to reflect that Councillor 'Hamilton' had made the point.
- 54.2 **RESOLVED** – That, with the above addition, the Chair be authorised to sign the minutes of the meeting held on 24 September as a correct record.

55. PART TWO PROCEEDINGS

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

The meeting concluded at 6.30pm

Signed

Chair

Dated this

day of