

**BRIGHTON & HOVE CITY COUNCIL**

**AUDIT & STANDARDS COMMITTEE**

**4.00pm 21 JULY 2020**

**VIRTUAL MEETING- SKYPE**

**MINUTES**

**Present:** Councillors Littman (Chair) Hamilton (Group Spokesperson), Bagaen (Group Spokesperson), Heley, Hill, Hugh-Jones and Peltzer Dunn

**Independent Members present:** Dr David Horne and 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 10 March 2020 be approved and signed as the correct record.

**3 CHAIR'S COMMUNICATIONS**

3.1 The Chair provided the following communications:

“Hello and welcome everybody to the first meeting of Audit & Standards Committee for the new municipal year. I’m delighted to welcome back those members, both Councillors and Independent Persons, who join us ago this year, and I’d particularly like to welcome all the new Committee members. I’d like to thank all those Officers who were involved in providing an excellent induction session for these new members. I think it was a triumph and should provide new members with enough knowledge and understanding of our remit and procedures to allow them to get involved straight away”.

#### **4 CALL OVER**

4.1 All items on the agenda were reserved for discussion.

#### **5 PUBLIC INVOLVEMENT**

5.1 There were none.

#### **6 MEMBER INVOLVEMENT**

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

##### **(i) BAi360 Audit**

6.1 The Committee considered a Letter from Councillor Bagaen that requested an audit, full review and assessment of all professional reports and council documents relating to the business case and business case model for the i360 attraction preceding the granting of planning permission and subsequent construction and operation of the i360 be carried out.

6.2 The Chair provided the following response:

Thank you Councillor Bagaen. While I absolutely understand the motive for your bringing this matter to us here, in the context of the i360’s failure to make its loan repayments, I’m afraid that it is my opinion, and the opinion of officers, that this is not the appropriate arena for such an investigation. You’ve asked for over 15 years-worth of reports and other documents to be found, studied, and reported back upon. I’m afraid that this is absolutely not a job for the Council’s internal audit service. I’d like to pass over to our Chief Internal Auditor at this point, to give a broader explanation.

6.3 The Chief Internal Auditor highlighted serviced pressures placed on Internal Audit and that under professional standards, the audit function should prioritise work based on risk levels and this issue could not be prioritised above the audit plan activity.

6.4 The Chair added:

“So, as you can see, although this letter may be entirely valid, it doesn’t really belong here. If I may make a suggestion, I propose you represent the letter, or a similar one, to Policy & Resources Committee, since, should they be willing, they may be able to commit to the considerable expenditure which would be involved in hiring external consultants to undertake the task you’ve outlined here”.

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

## 7 STRATEGIC RISK FOCUS

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.

### **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) & SR37 Not effectively responding to COVID-19 in Brighton and Hove**

7.2 In response to the questions raised, the Executive Director, Health & Adult Social Care clarified the process for Care Act easements relating to home care as directed by central government and that these had not been required in Brighton & Hove and provided an update on reconciliation processes and how processes had been tightened and that would return to normal following the height of the Covid 19 pandemic.

### **SR2 The Council is not financially sustainable**

7.3 In response to the questions raised by Members, the Acting Director, Finance & Resources explained that parking was a significant part of the council's budget strategy in recent times and there would be challenge in re-aligning strategies should a car free city centre be introduced. The Acting Director, Finance & Resources stated that he was aware that there was a review of the council's senior management structure relating to the current vacancies, but he was not certain of the timelines for that process. Further, the Acting Director, Finance & Resources explained that the council would need to use its reserves in any pandemic recovery scenario but that could be managed and would not mean it would become insolvent.

7.4 **RESOLVED-** That the Committee note Appendix 1 the full CAMMS Risk report which gives full details for SR37, SR20 and SR2.

## 8 INTERNAL AUDIT ANNUAL REPORT AND OPINION 2019/20

8.1 The Committee considered a report of the Acting Director Finance & Resources that set out the Chief Internal Auditor's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control for the year-ended 31 March 2020.

8.2 Dr Horne stated that the committee should be mindful of the successful implementation of audit recommendations in the current circumstances.

8.3 Councillor Hill asked if there were any Internal Audit concerns relating to Cityclean.

8.4 The Audit Manager stated that the report detailed a summary of some of the difficulties that had occurred in the service and the control response. Most of the control actions had been completed and Internal Audit would shortly be following up on whether those outstanding actions had been completed with the results reported to a future meeting.

- 8.5 Councillor Hamilton asked if the agency payments included schools and whether both of the high priority actions had been completed.
- 8.6 The Audit Manager clarified that the agency payments detailed excluded schools and that an update on the high priority actions would be reported back to the committee members after the meeting.
- 8.7 Councillor Hamilton asked if there had been any financial impact relating to the high priority actions.
- 8.8 The Audit Manager stated that whilst significant control weaknesses had been found, no financial loss had occurred.
- 8.9 Helen Aston noted that there was an overall audit opinion of reasonable assurance and asked if the expected trajectory of that opinion going forward was upwards or downwards.
- 8.10 The Audit Manager replied that it was a difficult question to answer as the pandemic would raise significant challenges in some areas of the council that would have an impact. Furthermore, the number of partial assurances had remained stable from the previous financial year and there was now good opportunity to benchmark through the Orbis Partnership.
- 8.11 Councillor Hugh-Jones asked whether there was an understanding of the issues behind direct payments being assigned minimal assurance and whether steps toward improvement were being made. Further, Councillor Hugh-Jones asked if correct controls had been put in place for housing rent collections and adult social care debt collections and expressed concern relating to the issues reported on Cityclean.
- 8.12 In response to the questions, the Audit Manager stated that adult social debt collections were some way off target which was found mainly to be down to poor performance rather than a lack of controls. The audit on direct payments had only recently been completed and the high priority actions assigned had a due date of 30 September 2020, so this area was perhaps not as bad as appeared. The Audit Manager stated that he would provide a written update on housing rent collections as the information was not available to hand.
- 8.13 **RESOLVED-**
- 1) That the Committee note that reasonable assurance has been given on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control for the year ended 31 March 2020.
  - 2) That the Committee note the assurances and improvement actions detailed on audits finalised since the last progress report to this Committee in March 2020.

## 9 DRAFT ANNUAL GOVERNANCE STATEMENT 2019-20

- 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 In response to questions raised, the Risk Management Lead explained that CIPHA guidance stated that there should be clear maps to strategic risks, and none could be identified for Good Governance Principle G however, this would be raised with the senior management team. Cell systems would be taken into account depending upon how they could be merged into workstreams and the work of Directorates and this would be taken forward as part of next year's AGS. The Senior Lawyer clarified that a challenge to where a decision had been made but not implemented or dealt with, this could be addressed via a Members Letter to the relevant committee. The Risk Manager further clarified that the Executive Director, Economy, Environment & Culture had been assigned as the lead officer for the Covid Recovery Program as this matter predominately dealt with the city economy.
- 9.3 **RESOLVED-** That the Committee:
- 1) Review the attached draft AGS and make recommendations to further strengthen governance to the Leader of the City Council and the Chief Executive.
  - 2) Note that the Leader of the City Council and the Chief Executive will be asked to confirm their agreement to the AGS by signing a hard copy of Appendix 1 which will be stored securely.
  - 3) Note that the AGS once signed by the Leader of the City Council and Chief Executive will be published alongside the council's Annual Accounts on the Council's website.

## **10 EXTERNAL AUDIT PLAN ADDENDUM FOR COVID-19 RISK 2019/20**

- 10.1 **RESOLVED-** That the Audit & Standards Committee note the updated External Audit Plan at Appendix 1.

## **11 REVIEW OF GUIDANCE ON SOCIAL MEDIA AND MEMBER CORRESPONDENCE**

- 11.1 The Committee considered a report of the Executive Lead Officer, Strategy, Governance & Law that sought approval for the revised draft Guidance on Correspondence and the Use of Social Media for Members.
- 11.2 Councillor Hill noted that she recalled indicative timeframes set out for Members to respond to correspondence but that did not appear in the current or proposed guidance in the report.
- 11.3 The Senior Lawyer confirmed that indicative timeframes had been set out in previous versions of the guidance however, it was felt that approach was out-moded and a new approach was felt needed to shift discretion onto Members according to their circumstances

- 11.4 Councillor Bagaeen noted that concerns had been raised by his Group who had found the revisions either unnecessary or insufficient and therefore, he would not be supporting the report recommendations.
- 11.5 The Chair welcomed the report and the updates had improved the guidance and brought it up to date with modern methods of correspondence from residents.
- 11.6 **RESOLVED-** That the Committee review the Guidance attached as Appendix 1 and consider approving it formally as a means of assisting members in remaining with the Code of Conduct.

## 12 STANDARDS UPDATE

- 12.1 The Committee considered a report of the Head of Law & Monitoring Officer that provided an update on Member related complaints.
- 12.2 Councillor Bagaeen asked if complaints O and P would be addressed by the changes to the Guidance on Member Correspondence just agreed by the committee.
- 12.3 The Senior Lawyer confirmed that complaints O and P would be reviewed under the rules as they stood at the time they were received however, a common sense approach would be applied.
- 12.4 The Chair noted that due to timetable changes, the meeting would be the final one attended by Dr Horne. The Chair commended Dr Horne and the invaluable contribution he had made to the committee. The Committee members echoed this tribute and paid thanks to Dr Horne.
- 12.5 **RESOLVED-** That the Committee note the information provided in this Report on Member complaints and on standards-related matters.

## 13 ITEMS REFERRED FOR COUNCIL

- 65.1 No items were referred to Full Council for information.

## 14 ITEMS FOR THE NEXT MEETING

- 14.1 There were none.

The meeting concluded at 6.50pm