



Minutes of the meeting of the **Corporate Governance & Audit Committee** held in Committee Rooms, East Pallant House on Monday 18 July 2022 at 2.00 pm

**Members Present:** Mr F Hobbs (Chairman), Mr J Brown (Vice-Chairman), Mr A Dignum, Mr T Johnson, Dr K O'Kelly, Mr D Palmer and Mr P Wilding

**Members not present:** Miss H Barrie

**In attendance by invitation:**

**Officers present:** Mr E Baker-Moore (Democratic Services Officer), Mr N Bennett (Divisional Manager for Democratic Services), Mr M Catlow (Group Accountant (Technical and Exchequer)), Mr K Gillett (Valuation and Estates Manager), Mr S James (Principal Auditor), Mr J Todd (Corporate Investigations Officer) and Mr J Ward (Director of Corporate Services)

152 **Chairman's Announcements**

Apologies had been received from Cllr Barrie.

153 **Approval of Minutes**

RESOLVED

The minutes of the special meeting held on 6 June 2022 were agreed as a correct record.

154 **Urgent items**

There were no urgent items.

155 **Declarations of Interest**

There were no declarations of interest.

156 **Public Question Time**

There were no public questions.

157 **2021/2022 Treasury Management outturn report**

The Chairman invited Mr Catlow to present the report.

Mr Catlow introduced Kevin Gillett, Valuations and Estates Manager.

Mr Catlow noted that COVID funding schemes handled by the Council have meant that Investment balances had remained abnormally high at £111.4 million, and he expects the majority of this money to be settled this year.

Referring to page 8 of the report he informed Members that CDC maintained a balanced allocation of external investment types, highlighting that we have made a further £3 million investment in multi-asset funds on 1 April which is not shown in this report meaning current external investments total £37 million.

Mr Catlow highlighted that dividend returns had remained good at just below 4% noting that the markets had shown greater resilience post COVID than expected.

He went on to explain that with projected rises in interest rates in September and December the Council will see an increase on investment returns against the budget and as such will comfortably exceed the income budget for the year.

Mr Catlow offered his apologies to the Committee relating to Counterparty limits which were briefly exceeded by £1million.

He finished by drawing Members' attention to the statutory override arrangements which are due to expire on 31 March 2023 and encouraged the Council to present its case as part of the consultation to be carried out by the Department of Levelling Up, Housing and Communities.

Mr Catlow then invited Mr Gillett to set out Appendix D of the report.

Mr Gillett explained the investment portfolio has remained relatively consistent over the last 12 months, with a slight fall in rental income.

Due to the relatively small size of the investment portfolio, an increase in arrears and void levels can be particularly susceptible to change. He also highlighted that the total fair value has identified a moderate increase from last year.

The Chairman invited Members to ask any questions.

Cllr Wilding thanked officers for a well-prepared report, and, referencing the Property Fund in Appendix A, asked whether the Council has recovered all its value.

Mr Catlow clarified that the figure of £11,106,001 refers to all time value meaning the assets have shown a total value increase of £1,106,000.

Members asked for other clarifications which Mr Catlow provided, and they echoed their thanks to Mr Catlow and his team for a good report and congratulated them on the results.

The Chairman offered his thanks to the Officers for presenting the report.

After guidance from Mr Bennett and Mr Catlow the following resolution was agreed:

**RESOLVED**

That the Committee recommends to Cabinet that it recommends an update to the Constitution relating to the Council's financial regulations to include reference to Investment Management Practices required by the updated CIPFA Prudential Code.

**158 Annual Health and Safety Report 2022**

The Chairman invited Mr Bennett to present the report in Mr Townsend's place. Mr Bennett expressed his gratitude for the opportunity to present the report.

Mr Bennett confirmed for Members that Business Continuity Plans are all up to date, there is a 6-month rolling review process and they are stored on both CDC servers and the external Resilience Direct secure server meaning that information is always accessible. He further noted that CDC's duplicate server based at CCS is in its final stages of testing and once commissioned will significantly improve the Council's ability to recover information quickly in the event of a loss of IT.

Referencing RIDDOR (Reporting of Injuries Diseases and Dangerous Occurrences Regulations), Mr Bennett noted that CDC have had 5 such incidents this year, 4 of which were over 7-day incidents where the physical nature of the work results in operatives taking more than 7 days to recover before being fit and able to return to work. One was a specified injury, referred to in the report as a 'major injury', of HAVS which was picked up early as a result of the good level of health surveillance at CCS. The Committee were informed this was identified in the first stage and a personal risk assessment is in place to prevent the condition worsening.

Other accident types are consistent with national statistics and are not cause for concern.

Dangers to operatives working on the highway continues to be an area of concern. This is closely monitored and where CCTV captures the vehicle registration details of third parties, it is reported to Sussex Police Operation Crackdown. CDC continues to train and maintain staff awareness of the dangers of working on the highway. In addition to the risks to litter picking operatives, Mr Townsend continues to receive reports of drivers of third-party vehicles who drive their vehicle across the pavement, where operatives are working, to get past the waste/recycling collection lorries.

Mr Bennett indicated he would do his best to answer any questions on behalf of Mr Townsend and the Chairman invited Members to comment.

Cllr Johnson commented that the Committee highlight as a positive the decline in Verbal Abuse and Threats and Violence & Aggression year on year to 2022.

Cllr O'Kelly commended the Council for the early identification of the case relating to HAVS.

The Chairman asked Mr Ward to comment on the impact of COVID on the number of staff absence days.

Mr Ward said that a report would be brought back to the Committee on staff absence levels in general, which would include COVID absences. He informed the Committee that to date in the current financial year 84 days have been lost due to COVID related absence and reiterated a full report would be brought before the Committee.

RESOLVED:

The Committee considered and noted the Council's arrangements in place for monitoring and controlling the risks associated with health and safety and business continuity matters

## 159 **Fraud Prevention Report 2021/2022**

The Chairman invited Mr Todd to present the report.

The report demonstrates the work undertaken by the Corporate Investigations team to detect fraud against the Council and in doing so protecting the public purse. It details work carried out in the last year, which has resulted in estimated savings of £475,000, and highlights proposed work for the coming year. Mr Todd emphasised that the report shows the Council are committed to tackling fraud.

The Chairman thanked Mr Todd and invited Members to ask any questions.

Cllr O'Kelly asked if more resources were needed. Mr Todd explained that all necessary tasks are completed, and the team have sufficient resources.

Cllr Dignum asked if additional resources would be needed following legislation going through Parliament allowing Councils to charge for second homes.

Mr Todd explained this would be under review after the legislation is published. Mr Ward confirmed reviews of resources would be undertaken when the new legislation has been passed.

Cllr Dignum highlighted that a potential £6.5 million could be gained through taxation on second homes.

The Chairman thanked Mr Todd and his team for their hard work and encouraged Mr Todd to make a professional assessment on whether more resources were needed.

RESOLVED:

1. The Committee considered the report and the corporate approach to fighting fraud to ensure that they fulfil their stewardship role and protect the public purse
2. The Committee noted that the Council will actively pursue potential frauds identified through ongoing investigations by the Corporate Investigations Team (CIT).

**160 Progress Report - Audit Plan for 2021/22 and for 2022/23**

The Chairman invited Mr James to present the report.

Mr James explained that since the last Committee the Audit Section has completed five audit reports and one succession planning position statement. All five audit reports have been given assurance rating and so are considered low risk.

He updated Members on the plan, explaining that the department has been without a senior auditor since March of this year and his intention is to bring a report to the Committee in October taking account of the days that are missing.

Cllr Palmer asked why the hiring of an auditor is proving problematic. Mr Ward explained that the post is part of a broader restructuring within the finance team which is now close to completion and as such advertisements for the position will be published shortly. Mr James confirmed that the role should be advertised in September or October, with the position expected to be filled this calendar year

RESOLVED:

The Committee noted performance against the audit plans for 2021/22 and 2022/23.

**161 2022 Constitution Update Report**

The Chairman invited Mr Bennett to give the report.

Mr Bennett explained that these are minor changes made to the constitution under his powers as Monitoring Officer. He highlighted the changes noted in the report and asked the Committee for questions.

Cllr Johnson expressed his thanks to Mr Bennett for the work he undertakes as Monitoring Officer.

RESOLVED:

The Committee noted the changes to the Constitution carried out in 2021-2022.

## 162 **Risk Management Update**

The Chairman invited Mr Ward to present the report in place of Mrs Belenger.

Mr Ward explained to the Committee that Officers were present and available to answer questions on climate change and the local plan progress.

He highlighted a slight change to the report in the updated Risk Management Policy and Risk Management Strategy document which now incorporates a Risk Appetites Statement which was developed to help articulate the level of risk Councillors are willing to tolerate in delivery of the Council's Corporate Plan objectives.

He also noted that reports relating to changes on the Risk Register will now be reported half-yearly rather than quarterly.

The Chairman invited Members to comment and ask any questions.

Cllr O'Kelly queried whether the removal of COVID-19 from the register had been premature.

Mr Ward explained that this had been subject to considerable debate by the Strategic Risk Group and it was decided that this would now be monitored by Mr Townsend as a Business Continuity Risk rather than via the Strategic Risk Register.

Members also questioned what level of risk the Council is taking by not following the County scheme in relation to Electric Charge points within the Council's property portfolio.

Mr Bennett agreed a strategic view of issues around Electric Charge points is required, but such discussions should be held in Part 2 within the Environment Panel rather than here within a public meeting.

The Chairman agreed that whilst this is not the arena to attempt to solve policy matters, commentary might be added relating to Electric Charge points within the Risk Register.

There was considerable discussion relating to the positioning and details of the Climate Emergency within the Risk Register. The discussion centred around the somewhat contradictory direction of travel the Council faces in responding to national policy regarding the Local Plan and the Climate Emergency, the possibility of legal challenges to the Council particularly regarding Wildlife Corridors and whether the Climate Emergency should sit higher than as a moderate risk on the Register.

Mr Bennett explained that legal implications are considered as part of all reports and confirmed that a unfortunately a great deal of Council work is subject to competing pressures. He assured the Committee that the legal team works with all colleagues to try and balance these risks and that the wider legal context is considered.

Mr Day confirmed that the Environment Act introduced an enhanced bio-diversity duty and also that in terms of the Local Plan the Council has to follow the National Policy Planning framework, but that there is no legal obligation to have a Wildlife Corridors policy.

The Chairman reminded the Committee that the report relates to the Risk Register and feels the level of risk is fairly reflected. He asked Mrs Smith however, whether she felt the Climate Emergency should be considered higher than a 'Moderate' risk. Mrs Smith explained that the level of risk to the Council as an organisation is largely outside of CDC control and dependent on partners and is satisfied therefore with where this sits on the Risk Register.

The Chairman thanked Officers for their contributions and with show of hands the recommendations were unanimously carried.

#### RESOLVED

1. The Committee approved the changes to the Council's Risk Management Policy & Strategy as recommended by the Strategic Risk Group
2. The Committee noted the updated Strategic Risk Register and the internal controls in place, plus any associated action plans to manage those risks.

#### 163 **Late items**

There were no late Items.

#### 164 **Exclusion of the Press and Public**

Cllr Hobbs proposed the Part II resolution in relation to Appendix 2b of Item 11 and agenda item 14. This was seconded by Cllr Brown.

In a vote the following resolution was agreed:

**That in respect of Appendix 2b of Item 11 and Agenda Item 14 that the public including the press should be excluded from the meeting on the grounds of exemption in Schedule 12A to the Local Government Act 1972 namely paragraph 3 (information relating to the financial or business affairs of any particular person (including the authority holding that information)) and because in all the circumstances of the case, the public interest in maintaining the exemption of that information outweighs the public interest in disclosing the information.**

#### 165 **Report on potential liabilities of the Council**

The Chairman invited Mr Bennett to present his report.

The Chairman thanked Mr Bennett and the Committee unanimously agreed the recommendation.

RESOLVED

The Committee considered the report and noted the potential liabilities of the Council.

The meeting ended at 3.27 pm

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CHAIRMAN

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Date: