



Minutes of the meeting of the **Corporate Governance & Audit Committee** held Virtually on Monday 19 October 2020 at 2.00 pm

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

Members not present:

In attendance by invitation:

Officers present: Mr N Bennett (Divisional Manager for Democratic Services), Mr M Catlow (Group Accountant (Technical and Exchequer)), Mr S Davies (Planning Obligations Monitoring and Implementation Officer), Mrs F Delahunty (Divisional Manager for Customer Services and Land Charges), Mrs K Dower (Principal Planning Officer (Infrastructure Planning)) and Ms K Standing (Divisional Manager, Revenues, Benefits and Customer Services)

29 **Chairman's Announcements**

There were no Chairman's announcements.

30 **Approval of Minutes**

RESOLVED

That the minutes of the meeting held on 1 September 2020 be agreed as a correct record.

31 **Urgent items**

There were no late items.

32 **Declarations of Interest**

There were no declarations of interest.

33 **Public Question Time**

There were no public questions.

34 **2020-2021 Treasury Management half-yearly update**

Mr Catlow presented this mid-year review of treasury management activity and performance. An updated appendix B: Treasury Management - Benchmarking Indicators had been circulated to the Committee following receipt of the September 2020 benchmarking data.

In particular he drew attention to paragraph 7 of the report that detailed the Council's estimates for income 2020/21 and the possibility of negative interest rates. He provided further information about how the Council intended to manage these developments, which could have an impact on the remainder of the financial year and next year's Treasury Management Strategy due to the economic uncertainty caused by the Covid 19 pandemic and potential outcomes of Brexit trade negotiations.

Mr Catlow responded to members' questions and comments. With regard to a suggestion that consideration should be given to investing in Environmental Social and Governance (ESG) investments, this issue has not been covered within the present CIPFA investing framework. The framework was clear that consideration should be given to security then liquidity before yield and it was not clear how ESG investments fitted in to this framework. However, the wider financial community recognised that ESG was likely to be a strong way forward. He had specifically asked Arlingclose Ltd to address this matter at the Treasury Management member workshop on 3 December 2020, not just to look at ESG aspects of external investments but what ESG factors the Council could take into account within the Council's investments with banks and building societies to try to bring both sides together.

A member questioned why Arlingclose Ltd had recommended investment in UK equities due to the risks involved, as most investors took a more cautious approach by spreading their investment over a number of foreign markets. It was suggested that this matter should be taken up with Arlingclose at the member workshop.

It was agreed that members would receive a wider understanding of the impact negative interest rates could have on the Council's finances at the member workshop.

The Committee thanked Mr Catlow for his report.

RECOMMENDED

That the Committee has considered the Treasury activity summarised in this report and provides its comments to Cabinet.

35 Progress Report - 2019/20 Audit Plan & Audit Plan 2020/2021

The Committee considered this report attached to the agenda.

Mr James introduced the audit reports. Since the previous meeting two audits (Corporate Debt Recovery Audit and Credit Card Usage) had been undertaken, both of which had received limited assurance and one follow up (S106 & CIL reconciliations), which was now complete as all outstanding matters had been addressed.

In response to member's disappointment with the progress of the Corporate Debt Recovery Audit, Mr James explained that Ms Standing was in attendance to explain the current position and how this matter would be addressed.

Mrs Belenger provided some assurance to the Committee on the outstanding matters following the introduction of a new Corporate Debt Recovery policy in March of this year. It was disappointing that some working practices were not following the implementation of the new Policy that made responsibilities clear. However, the audit, new Policy and the Covid 19 pandemic had delayed some progress. A workshop had been held for all Divisional Managers so that they were aware of the new Policy and their responsibilities and she had again raised the matter with Divisional Managers at a recent Corporate Management Team meeting. It should be noted that at the beginning of the pandemic the Government had told council's to cease recovery action for the collection of debts.

Mr James confirmed that internal audit would undertake a follow up after six months.

Ms Standing provided details of the improvements made, which she hoped gave the Committee assurances that progress was being made. She explained the debt collection process and the stage in the process where the Team became involved. Due to the pandemic and the Government requirement to cease recovery action until 1 August 2020, the creation of a new Team had been delayed, but had since been put in place on 1 August 2020. Departments were now clear now on their responsibilities and of each stage of the process. It was only since 1 September 2020 that the Council had been able to issue Council Tax payment reminders. She confirmed that all exceptions in the audit report had been implemented.

The Chairman commented that the general direction of travel appeared to be improving but more progress had been expected. It was agreed that Ms Standing would provide a position statement to the Committee in three months to demonstrate that progress was being made, in respect of the Corporate Debt Recovery audit.

RESOLVED

That the performance against the 2019/20 audit plan, and also the audit plan for 2020/21 be noted.

36 S106 Annual Exceptions Report

Mr Davies presented the report and was joined by Mrs Dower. He explained that his report did not include contributions monitored for the South Downs National Park Authority as our monitoring ended at the point the trigger for payment was reached. Thereafter the SDNPA invoiced, collected and monitored the spending of the monies. However, under the amended CIL regulations they were now required to produce an Infrastructure funding statement that would set out all the CIL and Section 106 contributions they received, including those for the Chichester District. Our Infrastructure Funding Statement was expected to be published late November/early December 2020 and once published members would be advised. At the same time members would be provided with a link to the National Park

Authority's Infrastructure Funding Statement, which has recently been published on their website. Future reports would also include this link.

The committee made the following comments and received answers to questions as follows:

- Land East of Barton Way, Clappers Lane, Earnley – A question was asked concerning the A27's contribution in view of delays to a scheme of improvements to this road was there flexibility to use the money to fund walking and cycling initiatives instead? Officers advised that the obligation was for junction improvements and only if the definition included walking and cycling provision could this be done. Members asked how much money had been collected or secured towards the A27 junction improvement mitigation scheme and Mrs Dower undertook to provide a summary for members. The Committee welcomed the future inclusion of the South Downs National Park information, which would give greater transparency to the process.

RESOLVED

1. That the contents of this report concerning section 106 agreements nearing their expenditure date (as set out in Appendix 1) be noted; and
2. That the contents of the Infrastructure Funding Statement for year ended 31 March 2020 (as shown at Appendix 2) be noted.

37 Complaints, Freedom of Information requests and Data Protection Analysis 2019-20

(Mr Johnson joined the meeting during this item)

Mrs Delahunty introduced this item. Mr Bennett was also in attendance.

Officers responded to members questions and comments as follows:

- A member expressed concern about the amount of time officers had to spend replying to Freedom of Information requests, in particular from the media and for commercial reasons, as it was felt that this process could be abused. Mrs Delahunty provided details of the source of freedom of information requests, which officers had started collating from October 2020. These included requests from the public (53%), commercial (30%), media (10%), other (4%) "What Do They Know?" (3%). This information would be included future reports to the Committee. Mr Bennett referred to the work that had taken place to put additional information on the Council's website so that FOI requests could be directed to the website for details of the information required, which would reduce officer time in dealing with such requests.
- The reasons for the number of complaints that the Development Management Service received was queried, although it was noted that this Service also received a high number of compliments. Had steps been taken to improve the public's understanding of processes, particularly concerning planning enforcement. Mrs Delahunty replied that this was the Council's largest service. However, since the previous year Development Management complaints had reduced. Most of the complaints concerned procedures and enforcement. Mr Bennett added that the planning process was very transparent and in some

respects the more open processes were, could result in more complaints. As the Council's Data Protection Officer he had held meetings with the Service to look at ways that officers could engage positively with the process and to learn lessons.

The Committee were very satisfied with the results of the analysis for 2019-2020 and expressed their thanks to the officers for all the work that had gone in to preparing the report.

RESOLVED

That the contents of the report be noted.

38 Budget TFG - Appointment of three members of the committee

(Mr Brown joined the meeting during this item)

Mrs Belenger presented the Terms of Reference and the scoping of this proposed review.

It was proposed and seconded that Miss Barrie, Mr Brown and Mr Hobbs be appointed to the Task and Finish Group. On being put to a vote the proposal was carried.

RESOLVED

- 1) That the terms of reference for the budget Task and Finish Group be approved; and
- 2) That Miss Barrie, Mr Brown and Mr Hobbs be appointed to the Budget Task and Finish Group 2020.

(Mr Palmer left the meeting during the discussion of this item and did not return)

39 Risk Management Update

Mrs Belenger outlined the report and reminded the Committee of the exempt element of the report at Appendix 2(b) on pages 177 to 179.

The Strategic Risk Group had met to review the Council's latest strategic risk registers and although the Group did not make any changes to the risk scores, a detailed discussion had taken place on the risk register, which was a live document and, therefore, could be amended at any point during the year. The Group had accepted the risks as being well managed by officers, taking into account the controls in place and any mitigation. Especially in light of the response to the Covid 19 pandemic as the Council was able respond to its impact, able to deliver its services and improve its business continuity solutions.

The committee made the following comments and received answers to questions as follows:

- Queried if there was a need to increase the no deal Brexit likelihood, in light of the Government's recent announcement and concern was raised that businesses

might not be ready in time if this did happen? Mrs Belenger replied that officers were working on updating the Council's response in relation to the likelihood of a no deal Brexit, which included the continuation of its supply chain and the expected response in relation to food standards etc. The Council was assisting local businesses by signposting them to government information to enable them to prepare for this possibility.

- Concern was expressed with regard to the challenges the Council faced for the Local Plan and Southern Gateway, although internal controls were in place they were high risk.
- A comment was made of the possibility of future physiological effects on society because of the impact of home working due to the Covid 19 pandemic, which might not suit everyone. It was suggested that officers should look at the impacts, which might not be apparent immediately, and be open to adding this matter as a risk. Mrs Belenger noted the comment for future reference.
- Queried what homelessness support was in place, to deal with the effects of mortgage holidays coming to an end, tenant evictions recommencing and unemployment rising. Mrs Belenger advised that the Council's project at Freelands Close, Chichester would assist the Council to meet its statutory homeless provision requirements in the future, plus there are various new financial support mechanisms, such as the Government hardship grants. This risk was on the Council's radar, being included on the relevant services' risk registers and could be escalated at any time to the Strategic Risk Register.
- Concern was raised that officers might not have the capacity to deal with environmental protection matters or progress the actions in the Climate Change Action Plan, as other pieces of work may have priority as a result of the pandemic. In noting this concern, the Chairman asked Mrs Belenger to consider if there were other areas that the Council should give consideration to. A member questioned that although the broad risk register included climate change, the climate change emergency was not specifically stated. Mrs Belenger replied that all major projects had their own risk register. She undertook to see if there was a need to expand the risk registers to include the climate change emergency in reporting to members and whether or not it would be appropriate for it to have its own risk register.

RESOLVED

1. That the minor changes to the Council's Risk Management Policy & Strategy recommended by the Strategic Risk Group be approved;
2. That the updated Strategic Risk Register and the internal controls in place, plus any associated action plans to manage those risks, and raises any issues or concerns be noted.
3. That the Programme Boards Risk Registers have ceased as a result of a change in the Council's action plans as set out in the Recovery Plan reported to Council in July be noted.

40 Exclusion of the Press and Public

RESOLVED

That the public and press be excluded from agenda Item 13 on the grounds that it is likely that there would be in respect of that item a disclosure to the public of 'exempt information' of the description specified in Paragraph 3 (information relating to the financial or business affairs of any particular person (including the authority holding that information)) and Paragraph 5 (Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings) 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) of Part I of Schedule 12A to the *Local Government Act 1972* 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 that information.

41 **Approval of Exempt Minutes**

RESOLVED

That the exempt minutes of the meeting held on 1 September 2020 be agreed as a correct record.

42 **Late items**

There were no late items.

The meeting ended at 4.00 pm

CHAIRMAN

Date: