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Minutes of the meeting of the **Corporate Governance & Audit Committee** held in the Committee Rooms, East Pallant House on Monday 30 October 2023 at 2.00 pm

Members Present: Mr R Bates (Chairman), Mr T O'Kelly (Vice-Chairman), Mr J Brown, Mr M Chilton, Ms M Corfield, Mr F Hobbs and Mr T Johnson

Members not present: Mr I Ballantyne

In attendance by invitation:

Officers present: Mr A Alempour (Democratic Services Officer), Mrs H Belenger (Divisional Manager for Financial Services), Mr S Davies (Planning Obligations Monitoring and Implementation Officer), Mr S James (Principal Auditor), Mr P Jobson (Revenues and Debt Recovery Manager), Ms K Standing (Divisional Manager, Revenues, Benefits and Housing), Mr J Ward (Director of Corporate Services) and Williams-Dorn (Customer Services Centre Manager)

20 **Chairman's Announcements**

Apologies for absence were received from Councillor Iain Ballantyne.

21 **Approval of Minutes**

The minutes of the meeting held on 17 July 2023 were agreed as a correct record.

22 **Urgent items**

There were none for consideration.

23 **Declarations of Interest**

There were no declarations of interest.

24 **Public Question Time**

No public questions have been received.

25 **S106 and CIL Annual Monitoring Report**

Mr Davis and Mrs Dower introduced the report and advised that it covers the CDC local plan area, excluding the South Downs National Park.

Mr Davis explained that the report provides details of income that has flowed to mitigate the impact of development and the projects on which it has been spent. Furthermore, the infrastructure funding statement is a statutory document, but it has been enhanced to include further information and additional details. Mr Davis added that we have not had to return any S106 monies.

Councillor Brown asked whether any indication as to whether we would need to return any monies in the new year or near future. Mr Davis advised that there are projects and procedures in place to ensure that all monies are correctly allocated.

Councillor Hobbs highlighted that the Council does not receive formal reports from South Downs National Park and queried what options are available to improve communication between the two organisations, and if there are any associated risks.

Mr Ward stated that the South Downs National Park is the authority responsible for the collection of S106 payments for their area. Mrs Dower added that the South Downs National Park have their own local plan and CIL programme in place. Mrs Dower explained that they have uploaded their monitoring data onto their website for review. This was accepted however, it was emphasised that it would be beneficial to have the Council representative to South Down Park brief the Council.

Mr Ward advised that the South Down Park is an independent body, and whilst the Council can certainly contact the South Down Park to ask for further information, they are not obliged to provide any information or to attend. The best option would be for officers to contact the park authority, asking them if they would be prepared to attend Council to present information.

Members agreed that they will review and discuss the most effective way of keeping contact with South Down Park. Councillor Brown also highlighted the possibility of Council members visiting South Down Park to raise any queries members may have.

RESOLVED:

The Committee-noted:

1. The income and expenditure between 1 April 2022 and 31 March 2023 in respect of S106 contributions and from CIL;
2. The contents of the Infrastructure Funding Statement as set out in Appendix 1;
3. The information on S106 agreements within 2 years of the expenditure target date as set out in Appendix 2;
4. The details of non-financial S106 obligations set out in Appendix 3.

26 Budget Review TFG Terms of Reference

Mrs Belenger introduced the report and confirmed that the Group should be referred to as the Annual Budget Scrutiny Group. Three members from this committee and from the Overview & Scrutiny Committee have been invited to attend a briefing to

give a detailed explanation of the proposed 2024-25 budget. The report provides an overview of the five year model, the resources statement and the spending plans for the 2024-25 financial year.

RESOLVED:

The following three members were nominated and elected as representatives on the Budget Scrutiny Group

- Chairman Richard Bates
- Councillor Maureen Corfield
- Councillor Iain Ballantyne

27 2023-2024 Treasury Management half-yearly update

Mrs Belenger introduced the report and advised that this outlines the treasury management activity for the first half of the 2023-24 financial year.

Members discussed the volatility in the market and the impact this has had on the funds listed within the external pooled funds portfolio.

RESOLVED:

1. That the Committee considered the Treasury activity summarised in this report and will provide comments to Cabinet as necessary.

28 CDC Auditors Annual Report

Mrs Gates introduced the report and advised that the purpose of the report is to complete the auditor's work for the 2021-22 statutory accounts, including the commentary regarding the value for money arrangements set out by the Council.

Councillor Chilton enquired as to whether the 2022-23 audit could be carried out earlier in the year.

Mrs Gates advised that local government audits are in the process of being reformed by the government. Communications were sent out in July 2023, setting out the objectives for the 23/24 tax year. Mrs Gates advised that the Council has not yet received further guidance from the government, but they are expecting the government to confirm backstop dates. Once these dates are confirmed, it will be easier to plan audit progress.

RESOLVED:

1. The Committee considered and noted the report and its appendices.

29 Progress Report – Audit Plan 2023/2024

Mr James introduced the report and updated the Committee on how the various audits are progressing.

The Chairman asked what type of tenancy agreement Westward House has in place.

Ms Standing confirmed that they have a licensed agreement.

The Chairman enquired as to if this licensed agreement is extended as required by clients or whether this is a fixed term tenancy.

Ms Standing confirmed that the tenancy can be extended, as and when the client requires a longer duration.

Councillor Brown asked whether the areas of concern is being addressed. Mr James advised that they have been working closely with the people from Westward House to implement these recommendations.

Ms Standing explained that rent accounting and record keeping are the two main areas which require attention and advised that the team is improving in these areas, as reflected by their recent audit. Ms Standing also noted that the team does not currently have the correct IT support in place. As the technical support provided improves, this will improve the overall quality of work.

RESOLVED:

1. The Committee noted the performance against the audit plan for 2023/24 audit plan.

30 Complaints FOI and DP CAGC 2022_23

Mrs Williams presented the report and advised that this includes all formal complaints, freedom of information requests and data protection requests. Mrs Williams outlined the responsibilities and roles of the Customer Service team.

Furthermore, Mrs Williams advised that Chichester Council had only received 1 upheld complaint by the Ombudsmen. This result is the second-best record within West Sussex. In addition to this, the department has received positive feedback in relation to the service provided.

Councillor Johnson asked why development managers receive more complaints statistically.

Mrs Williams advised that generally, development managers tend to receive more complaints due to the nature of the service. For example, if a planning application has been refused, this can result in a complaint being filed by the applicant, even though the relevant manager has been compliant with the procedural guidelines in place.

Councillor Hobbs asked whether the Council is responding to these requests in a timely manner and whether these requests in are expected to increase in future.

Mr Bennett advised that there was a significant rise in requests during the pandemic, however these have reduced since then. Furthermore, the feedback that the Customer Service department has received is generally more positive than negative. The department is currently well resourced and well maintained.

Councillor O'Kelly asked whether waiting times on the phones are monitored and how many people cut off their calls because they're waiting too long.

Mrs Williams advised that their system now features a call back feature. Once a call has lasted a certain period of time, there will be an option to request a call back. The customer can then put the phone down and remain in the queue. Customer Service operatives then receive the call back request. This is one recent improvement made by the team and is a feature that is being actively used by customers.

The Chairman drew attention to the Freedom of Information Requests by Source appendix on Page 126 and asked whether we could confirm if these requests are legitimate.

Mr Bennett advised that the majority of these requests are legitimate, however there are some requests that are being made due to unsuccessful applications.

The Chairman asked whether it would be possible to filter out these types of applications and how long it would take to remove these applications.

Mr Bennett advised it can take several hours a week, however it's difficult to establish if it's a legitimate request until it has been analysed. There are some improvements being implemented to record previous information provided, however this issue may always be present to some degree.

Councillor Brown asked whether there are any ways of dealing with these requests using filtering techniques, technology or possibly AI.

Mrs Williams advised that there are certainly procedures that can be put in place, such as messaging. However, we do need to be careful when implementing these tools, as some of them can create more customer anxiety as opposed to making the process easier.

Councillor Hobbs discussed the potential of implementing new technology to ensure that the Council's processes and procedures are as efficient as possible.

RESOLVED:

1. The Committee noted the contents of this report.

31 **Debt Recovery Update and Write Off report 2022-23**

Mr Jobson introduced the report and discussed the trends and themes that the report has identified.

Councillor Chilton requested that future reports show the movement in the bad debt provision, to give members a better understanding as how the situation has progressed.

Mr Ward advised that the finance team calculate the bad debt provision every year, this data can then be compared with other yearly reports to make the comparison.

Councillor Hobbs asked the extent to which the cost-of-living crisis is having an impact.

Mr Jobson advised that the impact is significant, especially with regards to discounts being applied. The Council's 'Supporting You' team are incredibly busy and are constantly engaged with residents. Mr Jobson emphasised the importance of working with individuals on a case-by-case basis, such as those who are self-

employed or those who may not have a regular income. Furthermore, where the majority of these individuals are late payers, it's the Councils responsibility to accommodate constituents and to ensure that these payments are made in an amicable way.

Members noted that this diplomatic approach has been very efficient in ensuring that these taxes are paid, and promotes better co-operation with the local community.

RESOLVED:

1. The Committee-noted and commented on this report, together with the Write Off Report shown in Appendix 1 of this report.

32 Strategic Risk Management Update

Mr James introduced the report and gave an overview of the contents included.

Mr James confirmed that there is one correction to the report. With regards to risk CR1448, this was listed as increasing from 4 to 6. However, this should be listed as increasing from 2 (possible) to 3 (probable).

Furthermore, Mr James advised that risk CRR196 (Managing Selsey's Aging Sea Defences) has been added to the risk register. All other strategic risk scores have remained unchanged since they were last reviewed.

Following on from Strategic Risk Group Meeting, information regarding changes to waste collection including food waste will be included in future reports.

Councillor Chilton suggested that the Committee notes that a new risk has emerged regarding the waste reforms and proposed a vote to include this on the next register of risks. This was seconded by Councillor Hobbs.

RESOLVED:

The Committee-noted:

1. The update to the Strategic Risk Register, reflecting any comments or amendments by the Strategic Risk Group;
2. The inclusion of the new Strategic Risk CRR 196 – Managing Selsey's Aging Sea Defences.

The Committee agreed:

3. To include information regarding the new waste reforms on future strategic risk register updates.

33 Financial Strategy & Plan 2024-25

Mrs Belenger introduced the report and provided an overview of the Executive Summary.

Mrs Belenger advised that the strategy considers the current forecast of the 5 year model, incorporating the inflationary cost pressures, service demand changes in the year and any items that will be ongoing over the medium term.

Councillor Brown asked for clarification on how the £4 million reserve was settled and whether this was a percentage of the budget.

Mrs Belenger explained that benchmarking exercises were conducted in 2020, this should be approximately 10% of the budget requirement for gross revenue expenditure.

Councillor Hobbs noted that on page 33 of the report, there is reference to **Visit Chichester (The Great Sussex Way Funding)** and advised that the legal entity is known as The Great Sussex Way. Members agreed that this should be listed as The Great Sussex Way (Visit Chichester).

Councillor Hobbs enquired as to whether there are there any income opportunities that the Council have identified that will be able to generate a surplus, whilst contributing towards the local community.

Mr Ward advised that other committees are reviewing this, such as the Budget Review Group. Since the 2008 banking crisis, the Council have conducted several efficiency reviews. These reviews demonstrate that the Council have performed well in delivering efficiency savings.

Mr Ward stated that whilst the Council has used most of its current options to generate income, there will be additional opportunities in the future, as potentially indicated by the Governments announcements regarding waste reform. Mr Ward highlighted that this report reflects the assumption that Council tax will be increased by the maximum permissible amount and that fees and charges will grow alongside inflation. The Council is also reviewing their current procedures to ensure that income generation is as efficient as possible, in addition to searching for new projects.

Mrs Belenger pointed out that page 21 of the report outlines some of the potential opportunities that the Council will continue to monitor.

RESOLVED:

The Committee-considered the report and recommends to Cabinet:

1. That the key financial principles and actions which underpin the financial management of the Council, and the Financial Strategy set out in Appendix 1 Annex A to the Agenda report;
3. That the Council maintains a minimum level of reserves of £4m for general purposes;
4. That the earmarked Revenue Budget Support Reserve of £8m is returned to the Council's General Fund Reserve.

The Committee has also:

5. Noted the updated 5 year Financial Model in appendix 2 (Part 2) and the Resources Statement in appendix 3 to the Agenda.

34 **Late items**

No late items.

35 **Exclusion of the Press and Public**

There was no requirement to exclude the press or public.

The meeting ended at 3.48 pm

CHAIRMAN

Date: