

**Minutes of a Meeting of the
Joint Governance Committee of
Adur District and Worthing Borough Councils**

Queen Elizabeth II Room, Shoreham Centre, Shoreham-by-Sea

Tuesday 26 September 2017

Councillor George Barton (Chairman)

Adur District Council:

Councillor Kevin Boram
*Councillor Carol Albury
*Councillor Ann Bridges
Councillor Jim Funnell
*Councillor Paul Graysmark
Councillor Barry Mear
Councillor Geoff Patmore

Worthing Borough Council:

Councillor Elizabeth Sparkes
Councillor Lionel Harman
Councillor Paul Baker
Councillor Callum Buxton
Councillor Jane Sims
Councillor Bryan Turner
Councillor Steve Wills
Councillor Mark Withers

*Absent

JGC/015/17-18 Substitute Members

Councillor Robin Monk substituted for Councillor Paul Graysmark.

JGC/016/17-18 Declarations of Interest

Councillor Bryan Turner declared an interest in Item 7 as he is a member of West Sussex County Council.

JGC/017/17-18 Minutes

The minutes of the Joint Governance Committee meeting held on the 27 July 2017, were agreed as a correct record.

JGC/018/17-18 Public Question Time

There were no questions from the public.

JGC/019/17-18 Items Raised Under Urgency Provisions

There were no urgent items raised.

JGC/020/17-18 Statement of Accounts 2016/17 for Adur District Council and Worthing Borough Council

Before the Committee was a report from the Director for Digital & Resources, copies of which had been circulated to all Members and a copy is attached to the signed copy of these Minutes as item 6.

The report identified that the audits of Adur District and Worthing Borough Council's 2016/17 Statements of Accounts were now complete. The External Auditor's Report to those Charged with Governance (ISA 260), contained the External Auditor's recommendations and the "Key Message" section of the report summarised the findings arising from their audit.

At the time of going to print, there were no qualification issues to report. The 2016/17 financial statements had been adjusted in respect of the External Auditor's findings as at 14 September 2017.

The report sought approval of the two sets of amended Statements of Accounts for the financial year ended 31 March 2017 and the signing of the letters of representation which were attached at appendix 1.

A Member requested clarification regarding the figures for the successful Local Growth Fund (LGF) bids and the Government announced funding to help deliver the infrastructure and investment necessary to unlock development at the A27 adjacent to New Monks Farm and Shoreham Airport and asked whether the total figure was £69m. Officers advised that the £69m figure stated was in fact funding from the Highways Agency for proposed junction improvements to the A27. It was agreed that Officers would clarify the figures in writing following the meeting.

A Member asked questions regarding the liability of the pension fund for Worthing and the Joint Committee, as it appeared to have grown by 10% over the past year and whether all Adur and Worthing Council staff were members of the West Sussex County Council Pension Fund. Officers advised Committee that the most recent report from the pension fund stated that it was well funded and was getting very close to being 100% funded. For the purpose of the accounts, a valuation was drawn at a particular time (31 March) and that value was very sensitive to things like the discount rate. This could make it swing quite significantly from one year to the next. Members also noted that all staff were entitled to join the pension scheme but could choose to opt out.

Resolved,

The Joint Governance Committee:-

- approved the amended Adur District Council and Worthing Borough Council Statements of Accounts for the financial year ended the 31 March, 2017; and
- agreed the letters of representation at Appendix 1 and that they be signed by the Joint Chairmen of the Joint Governance Committee.

**JGC/021/17-18 Adur District Council and Worthing Borough
Council Audit Results Reports**

Before the Committee were reports from the External Auditors, copies of which had been circulated to all Members and copies are also attached to the signed copy of these Minutes as Item 7.

The Committee was informed that the auditors had now completed their audit work and confirmed that there were no further matters to report. The auditor would be issuing an unqualified opinion for Adur District Council's financial statements for 2016/17. The auditor was also expecting to issue an unqualified conclusion in relation to Adur District Council's arrangements for securing economy efficiency and effectiveness in its use of resources.

It was noted that the areas of audit focus were outlined in Section 2 of the report and included:-

- the risk of Management Override of Control - this is a standard risk that is included in all audit plans and there were no risks or issues identified;
- Accounting for Property, Plant and Equipment; and
- Pension Valuation and Disclosures.

Members were advised of two corrected differences over £54k which had been identified:-

- an adjustment to the Exit Packages disclosure; and
- the treatment of the repayment for Right to Buy sale proceeds withheld towards the cost of new council dwellings had been incorrectly recorded.

and that there were no uncorrected differences to report.

The Committee was informed that the report for Worthing Borough Council followed the same format and that a number of the points raised regarding the Adur report, were also applicable for Worthing.

The audit work had now been completed and there were no further matters to report. The auditor would therefore be issuing an unqualified opinion for Worthing Borough Council's financial statements for 2016/17. The auditor was also expecting to issue an unqualified conclusion in relation to Worthing Borough Council's arrangements for securing economy efficiency and effectiveness in its use of resources.

Resolved,

The Joint Governance Committee noted the contents of the reports.

JGC/022/17-18 Internal Audit Progress Report

Before the Committee was a report by the Acting Head of Internal Audit, copies of which had been circulated to all Members and copies are attached to the signed copy of these Minutes as Item 8.

The report updated the Committee on the performance of the Internal Audit Section and provided a summary of the key issues raised in final audit reports issued since the last report to this Committee; the current status on the implementation of agreed audit recommendations; and on fraud work conducted at the Councils.

Members were informed that eight audits had been finalised since the last report to Committee, with all of them receiving 'satisfactory' assurances. In addition, following a request from a member of the Committee, Internal Audit had also conducted an 'ADC Taxi Licensing Fact Find' which had resulted in a 'no opinion given' outcome with twenty five recommendations raised.

Resolved,

The Joint Governance Committee noted the contents of the report.

JGC/023/17-18 Corporate Fire Safety

Before the Committee was a report by the Director for Communities, copies of which had been circulated to all Members and copies are attached to the signed copy of these Minutes as Item 9.

The report provided an update in respect of improvements to Corporate Fire Safety which included all corporate buildings, plus Adur Homes. In addition, the report outlined the ongoing work, being delivered by officers, to support private sector landlords, agents and residents, following the tragic events at Grenfell Tower.

In May 2017, Mazars issued their final internal audit report to Worthing Borough and Adur District Councils, titled Fire Risk Management. The auditor found "satisfactory assurance" after a thorough and lengthy audit but raised ten recommendations, nine at priority level 2 and one at level 3. The report set out how officers had addressed those recommendations.

It was also noted that the five notices of deficiencies, raised by the West Sussex Fire and Rescue Service (WSFRS) between 2011 and 2015, had all been lifted following the effective demonstration of new fire safety management procedures and the completion of some building improvement works. In addition, a programme of Fire Risk Assessments (FRA) was also underway.

Members commended Officers for the work undertaken since Grenfell whilst acknowledging that there was still a significant amount of work to be done.

Resolved,

The Joint Governance Committee:-

- noted the progress made in delivering improved and compliant management of fire safety across both the Adur District and Worthing Boroughs' property portfolios, which has included addressing the audit report of May 2017;
- noted the ongoing programme of fire safety improvements across the Adur Homes estate; and
- noted the work of the Private Sector Housing Team and the Building Control Partnership in delivering improved Fire Safety within the private sector.

JGC/024/17-18 Annual Treasury Management Report 2016/17

Before the Committee was a report by the Director for Digital and Resources, copies of which had been circulated to all Members and copies are attached to the signed copy of these Minutes as Item 10.

The report asked Members to note the Treasury Management performance for Adur and Worthing Councils for 2016/17 as required by regulations issued under the Local Government Act 2003.

The report also asked Members to note that Worthing Borough Council was in breach of its counterparty limit with Lloyds Bank from 1st to 4th September 2017 (over a weekend). The Councils' Treasury Management Strategy Statement permitted a maximum balance of £4m with Lloyds, but £5,807,500 was received after 3pm on 1st September in respect of the sale of the Aquarena site. £3m was transferred to another bank used for liquidity, but it was too late in the day to transfer the balance to the money market funds. There was no loss of Council funds due to the breach, but it was necessary to report the issue to Members.

A Member asked a question regarding investment returns and the assumptions that would be made next year. Officers advised that the forecast rise in interest rates hadn't materialised and that the latest forecasts expected rates to be flat for the next couple of years. It was also noted that due to Worthing's relatively low investment balance, a higher proportion of funds needed to be kept liquid to cover operating expenditure.

The Committee was informed that the Councils, in accordance with legislation, made a provision from revenue to enable the repayment of borrowing that had been undertaken to fund the capital programme. This provision was known as the Minimum Revenue Provision (MRP) and was charged to the General Fund Revenue Account each year. It was noted in 2016/17, Adur District Council had provided £889k in the General Fund and that a voluntary amount of £1.717m had been set aside for the HRA. During the same time period, Worthing Borough Council provided £977k in the revenue accounts.

Resolved,

That the Joint Governance Committee:-

- noted the contents of the report but did not refer any comments or suggestions to the Joint Strategic Committee meeting on the 10 October 2017;
- noted the temporary breach of the Lloyds Bank counterparty limit.

JGC/025/17-18 Corporate Fraud Policy and Strategy Statement

Before the Committee was a report by the Director for Digital and Resources, copies of which had been circulated to all Members and copies are attached to the signed copy of these Minutes as Item 11.

The report sought approval of a counter fraud policy attached to the report at Appendix A.

The Committee noted that the Councils were committed to protecting public funds to which they have been entrusted. The minimisation of losses due to fraud and corruption was essential for ensuring resources were used for their intended purpose and the Councils would not tolerate fraud, bribery, corruption or abuse of position for personal gain.

The approval of the draft policy and strategy statement would ensure that one of the internal audit recommendations arising from the recent Counter Fraud Service Review was addressed.

A Member asked how vulnerable the Councils were to fraud. Officers advised the Committee that there were risks associated with both benefit payments and council tax support payments. It was noted that £400k of discounts had been removed last year. There were also risks associated with tenancy fraud and right to buy acquisitions.

Resolved,

That the Joint Governance Committee approved the Adur and Worthing Councils Counter Fraud Policy and Strategy Statement as set out in Appendix A of the report.

JGC/026/17-18 Complaints Monitoring (including LGO Annual monitoring report)

Before the Committee was a report by the Director for Digital and Resources, copies of which had been circulated to all Members and copies are attached to the signed copy of these Minutes as Item 12.

The report considered the Annual Review letters of the Local Government Ombudsman (LGO) relating to Adur District Council and Worthing Borough Council for the year ended 31 March 2017.

Further analysis was provided on other complaints which the LGO had received as part of the new reporting year 2017/18 as well as those decisions that were outstanding from the previous year and previous reports to the Committee.

At the request of the Committee, the report also included details of compliments received by the Councils for the Quarter 1 period 2017/18.

Resolved,

That the Joint Governance Committee noted the contents of the report and agreed to receive a further analysis report of the Local Government Ombudsman complaints in March 2018.

JGC/027/17-18 The Councils' Surveillance Powers, Policy and Procedures

Before the Committee was a report by the Solicitor to the Councils & Monitoring Officer, copies of which had been circulated to all Members and copies are attached to the signed copy of these Minutes as Item 13.

The Committee was asked to agree a revised joint Surveillance Policy and Procedure to ensure compliance with the Regulation of Investigatory Powers Act 2000 and to note the Councils' use of those powers.

Resolved,

That the Joint Governance Committee agreed the revised Surveillance Policy and Procedure, as set out in Appendix 1, with immediate effect and noted the Councils' use of their powers under the Regulation of Investigatory Powers Act 2000 as set out in paragraph 2.9 of the report.

** At 7.34pm, Councillors Paul Baker, Callum Buxton, Bryan Turner and Mark Withers left the meeting prior to the consideration of Item 14, in accordance with the Joint Committee Agreement.*

JGC/028/17-18 Joint Independent Remuneration Panel Report on the Scheme of Members Allowances for Adur District Council

Before the Committee was a report by the Monitoring Officer, copies of which had been circulated to all Members and copies are attached to the signed copy of these Minutes as Item 14.

The Committee received a report from the Joint Independent Remuneration Panel (JIRP) on Members allowances for Adur District Council ("The Council"), for the municipal year 2018/19. The report recommended that the Council (via this Joint Committee) consider two options for uplifting Members Allowances, as detailed in the report.

The Committee was informed that Barbara Nye had retired from the Joint Independent Remuneration Panel. The Chairman wished to place on record the Committee's thanks for Barbara's work on the Panel.

The Committee was advised that over the past couple of years, the JIRP had been seeking to bring Member Allowances in Adur, in-line with those paid in Worthing. Two proposals had been put forward for the Committee's consideration with the JIRP recommending the adoption of Option 2.

The JIRP Chairman, informed the Committee that the Basic Allowance paid to Members of Adur District Council was one of the lowest on the local area. The adoption of option 2 would increase the basic allowance to £4.5k.

It was stated that Adur Councillors had not supported increases to their basic allowance for a considerable period of time, which had led to a discrepancy in the level of basic allowance paid in comparison with colleagues in Worthing. It was suggested that Councillors in Adur should receive a similar basic allowance to that paid by Worthing Borough Council and that such an increase would also help to encourage more young people to stand as Councillors.

A Member sought clarification regarding the increases in budget outlined in paragraphs 5.1 and 5.2 in the report. Officers agreed to check the figures again and report back after the meeting.

Another Member expressed sympathy for the staff in Adur and Worthing Councils who had been restricted by a 1% pay cap for a number of years. Therefore, it was suggested that Option 1 would be more appropriate at this time.

Resolved,

That the Joint Governance Committee considered the report and recommended the adoption of Option 2 to Adur District Council, for the municipal year 2018/19.

The meeting was declared closed by the Chairman at 7.47pm, having commenced at 6.30pm.

Chairman