

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

Gordon Room, Town Hall, Worthing

22 January 2019

Councillor Lionel Harman (Chairman)

Adur District Council:

Councillor George Barton
Councillor Kevin Boram
Councillor David Balfe
Councillor Paul Graysmark
Councillor Andrew McGregor
Councillor Paul Mansfield
Councillor Barry Mear
*Councillor Peter Metcalfe

Worthing Borough Council:

Councillor Nigel Morgan
Councillor Mike Barrett
Councillor Louise Murphy
Councillor Jane Sim
Councillor Bryan Turner
Councillor Steve Waight
Councillor Steve Wills

*Absent

JGC/046/18-19 Substitute Members

There were no substitute Members.

JGC/047/18-19 Declarations of Interest

Councillors Bryan Turner, Steve Waight, Kevin Boram and George Barton all declared personal interests as Members of West Sussex County Council.

Councillors Louise Murphy and Steve Wills declared personal interests as Board Members of Worthing Homes.

JGC/048/18-19 Minutes

The minutes of the Joint Governance Committee meeting held on the 25 September 2018, were agreed as a correct record.

JGC/049/18-19 Public Question Time

There were no questions from the public.

JGC/050/18-19 Items Raised Under Urgency Provisions

There were no urgent items raised.

JGC/051/18-19 External Audit Plans for Adur and Worthing Councils

Before the Committee were the External Audit Plans for Adur and Worthing Councils from the External Auditor, copies of which had been circulated to all Members and are attached to the signed copy of these Minutes as item 6.

Mr King from Ernst & Young LSP presented each of the External Auditor planning reports highlighting the audit risks and areas of focus for both Adur and Worthing Councils:-

1. Misstatements due to fraud or error
2. Risk of fraud in revenue recognition - inappropriate capitalisation of revenue expenditure
3. Risk of fraud in revenue recognition - inappropriate change in minimum revenue provision
4. Pension Liability Valuation
5. Valuation of Land and Buildings
6. New accounting standards

In addition, Mr King outlined the value for money conclusions, the timeline for completion of the audit cycles in 2018/19 and the fee proposals. It was noted that fees had been reduced by 28% from 2017/18 to 2018/19.

The Committee discussed the value for money risks outlined in the reports and their significance along with the minimum revenue provision approach in 2017/18. Officers advised that there had been changes to the MRP in order to comply with statutory guidance.

Consideration was also given to the capitalised spend levels and appropriate monitoring.

Resolved

That the Joint Governance Committee considered and noted the contents of the reports.

JGC/052/18-19 LGA Finance Peer Review and Improvement Action Plan

Before the Committee was a report by the Director for Digital & Resources, copies of which had been circulated to all Members and copies are attached to the signed copy of these Minutes as Item 7.

The report informed the Joint Governance Committee that earlier in the year, the Councils commissioned a Peer Review from the Local Government Association. The aim of the review was to assess the Councils' performance across five key areas:

- 1. Financial leadership:** Does the authority have plans for its long-term financial sustainability which were owned by its councillors and officer leaders?
- 2. Financial strategy, planning and forecasting:** Does the authority understand its short and long-term financial prospects?
- 3. Decision-making:** Are key decisions taken in the understanding of the financial implications, risks and options?
- 4. Financial outcomes:** Are financial results (including those of the Council's capital investments and transformation projects) monitored and acted upon so as to realise the authority's intentions?
- 5. Partnership & innovation:** Is finance at the cutting edge of what the authority is working to achieve, working with partners and seeking innovative approaches?

Attached to the report as Appendix 1, was the full report of the LGA Peer Review team.

Officers informed the Committee that in response to the outcome of the peer review, an action plan had been developed and was attached at Appendix 2. The action plan focussed on the recommendations relating specifically to finance.

During consideration of the item, Members discussed the level of reserves held by both Adur and Worthing Councils and how this compared with other Councils. Officers advised that with limited New Homes Bonus and by protecting frontline services, the Councils ability to maintain larger reserves had been limited. It was noted that inflation provision would help to boost reserves in the future.

A Member asked how the Councils were going to bolster their reserves. Officers advised the Committee of two separate measures the Councils were undertaking:-

1. The creation of a corporate inflation provision; and
2. A direct measure to manage the risk against commerciality when the Councils were budgeting to make an annual contribution to a specific reserve and manage the risks of the Councils commercial agenda.

It was suggested that the Councils should investigate the business case for merging the two Councils, as this had been raised a number of times during the LGA Peer Review process. Officers advised that 2019/20 would present a real challenge in terms of meeting the financial challenges of 2020/21. The Council would need to carefully consider how resources were allocated for business case development.

It was proposed and seconded that Officers be tasked with investigating the business case for merging the two Councils.

The Committee debated the proposal, including the differences in Council Tax (Band D) levied by the two Councils and the difficulties associated with equalising. Following a vote by way of a show of hands, the proposal was not supported.

Resolved

The Joint Governance Committee considered and approved the action plan detailed at Appendix 2.

JGC/053/18-19 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 sought to update the Committee regarding:-

- the current performance of the Internal Audit Section;
- summary information on the key issues raised in final audit reports issued since the last report to the Committee;
- the current status on the implementation of agreed audit recommendations;
- an update on progress on actions arising from the ADC Leaseholder Charges audit.

Members welcomed the outcome of the fraud investigations, as outlined in the report. Officers advised that the Councils were participating in a national fraud initiative and targeting investigations in specific areas.

The Committee discussed the status of recommendations and the importance of tracking outstanding recommendations until implementation. Officers advised that priority 1 and priority 2 recommendations should be implemented and that they were being tracked until implementation. It was noted that only 2 recommendations from 2016/17 were outstanding and agreed that outstanding priority 1 recommendations would be highlighted in future reports.

Resolved

That the Joint Governance Committee noted the contents of this report.

JGC/054/18-19 Mid Year Review of Treasury Management 2018-19, Adur District Council and Worthing Borough Council

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 9.

The report asked Members to note the Treasury Management mid-year performance for Adur and Worthing Councils at the 30 September 2018, as required by regulations issued under the Local Government Act 2003.

It was noted that the report had already been to the Joint Strategic Committee in December 2018 where the amendment of the Treasury Management Strategy Statement and the Annual Investment Strategy to remove the minimum sovereign credit rating requirement from investment in UK institutions had been approved. The Committee noted that in the unlikely event that the UK's sovereign rating was downgraded, the Councils must still be able to invest in UK banks and building societies.

Resolved

The Joint Governance Committee noted the contents of the report.

JGC/055/18-19 Joint Treasury Management Strategy Statement and Annual Investment Strategy 2019/20 to 2021/22, Adur District Council and Worthing Borough Council

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 also attached to the signed copy of these Minutes as Item 10.

The report asked Members to approve and adopt the contents of the Treasury Management Strategy Statement and Annual Investment Strategy for 2019/20 to 2021/22 for Adur and Worthing Councils, as required by regulations issued under the Local Government Act 2003.

A Member sought clarification regarding the £300k VRP overpayment that Worthing Borough Council had made. Officers informed the Committee that the level of receipts had been higher than expected and therefore a reduced level of borrowing was required.

Resolved

The Joint Governance Committee noted the contents of the report (including the Prudential Indicators and Limits, and MRP Statements) for 2019/20 to 2021/22.

JGC/056/18-19 Risks & Opportunities Update

Before the Committee was a report by the Director for Digital & 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 provided the regular updates on the management of the Councils' risks and opportunities.

The Committee noted that the assessment score for Financial Services had increased since the last report due to the uncertainty over West Sussex County Council spending plans and implications for Adur & Worthing Council budgets.

The new risks / opportunities added since the last report were also highlighted.

Resolved

That the Joint Governance Committee:-

- noted the progress made in regards to managing risks and opportunities;
- agreed to receive a further progress report in March 2019.

JGC/057/18-19 Adur and Worthing Scheme of Delegations to Officers

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 12.

The report sought to update Members of the Joint Governance Committee with recent amendments made to the Councils' Scheme of Delegations to Officers in Part 4 of the Constitution, and asked Members to note those amendments.

Members considered the report and welcomed the use of tracked changes to illustrate where changes had been made.

Resolved

The Joint Governance Committee noted the content of the report and the Monitoring Officers recent exercise of delegations in respect of amendments to the Adur District Council and Worthing Borough Council Joint Scheme of Delegations to Officers.

The meeting was declared closed by the Chairman at 8.15pm, having commenced at 6.30pm.

Chairman