



ADUR & WORTHING  
COUNCILS

22 July 2020

**Joint Governance Committee**

<b>Date:</b>	<b>30 July 2020</b>
<b>Time:</b>	<b>6.30 pm</b>
<b>Venue:</b>	<b>Remote Meeting</b>

**Committee Membership:**

**Adur District Council:** Councillors; Kevin Boram (Adur Chairman), George Barton (Adur Vice-Chairman), Paul Mansfield, Ann Bridges, Brian Coomber, Debs Stainforth, Catherine Arnold and Liz Haywood

**Worthing Borough Council:** Councillors; Roy Barraclough (Worthing Chairman), Tim Wills (Worthing Vice-Chairman), Louise Murphy, Mike Barrett, Steve Waight, Steve Wills, Rebecca Cooper and Hazel Thorpe

**Agenda**

**Part A**

**1. Substitute Members**

Any substitute members should declare their substitution.

**2. Declarations of Interest**

Members and officers must declare any disclosable pecuniary interests in relation to any business on the agenda. Declarations should also be made at any stage such an interest becomes apparent during the meeting.

If in doubt contact the Legal or Democratic Services representative for this meeting.

### **3. Minutes**

To approve the minutes of the Joint Governance Committee meeting held on 28 May 2020, copies of which have been previously circulated.

### **4. Public Question Time**

Questions must be submitted to Democratic Services by **midday on Tuesday 28 July 2020** via the following email address [democratic.services@adur-worthing.gov.uk](mailto:democratic.services@adur-worthing.gov.uk)

*(Note: Public Question Time will last for a maximum of 30 minutes)*

### **5. Items raised under Urgency Provisions**

To consider any items the Chairman of the meeting considers to be urgent.

### **6. Internal Audit Progress Report (Pages 1 - 32)**

To consider a report from the Acting Head of Internal Audit, copies attached as item 6.

### **7. Annual Treasury Management Report 2019-20 for Adur District Council & Worthing Borough Council (Pages 33 - 56)**

To consider a report by the Director for Digital & Resources, copy attached as item 7.

### **8. Worthing Borough Council Petition Scheme (Pages 57 - 62)**

To consider a report by the Monitoring Officer, copy attached as item 8.

### **9. Local Government Association Model Member Code of Conduct Consultation (Pages 63 - 82)**

To consider a report by the Monitoring Officer, copy attached as item 9.

### **10. Parish Councils: Codes of Conduct (Pages 83 - 106)**

To consider a report by the Monitoring Officer, copy attached as item 10.

### **11. Joint Governance Committee Appointments: Parish Councillors (Pages 107 - 112)**

To consider a report by the Monitoring Officer, copy attached as item 11.

## 12. Exclusion of the Press and Public

In the opinion of the Proper Officer the press and public should be excluded from the meeting for consideration of item 13. Therefore the meeting is asked to consider passing the following resolution:

'that under Section 100A(4) of the Local Government Act 1972, the public and press be excluded from the meeting from the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in the paragraph of Part 1 of Schedule 12A to the Act indicated against the item'

## Part B Exempt Reports - Not for Publication

### 13. Annual Review of Complaints about Member Conduct - 2019/20 (Pages 113 - 122)

To consider an exempt report by the Monitoring Officer, copy attached as item 13.

#### Recording of this meeting

The Council will be live streaming the meeting, including public question time. A recording will be available on the Council's website as soon as practicable after the meeting. The Council will not be recording any discussions in Part B of the agenda (where the press and public have been excluded).

For Democratic Services enquiries relating to this meeting please contact:	For Legal Services enquiries relating to this meeting please contact:
Neil Terry Democratic Services Lead 01903 221073 neil.terry@adur-worthing.gov.uk	Susan Sale Solicitor to the Councils 01903 221119 susan.sale@adur-worthing.gov.uk

**Duration of the Meeting:** Four hours after the commencement of the meeting the Chairperson will adjourn the meeting to consider if it wishes to continue. A vote will be taken and a simple majority in favour will be necessary for the meeting to continue.

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## ADUR & WORTHING COUNCILS

Joint Governance Committee

30 July 2020

Agenda Item 6

Key Decision: No

Ward(s) Affected: N/A

### INTERNAL AUDIT PROGRESS REPORT REPORT BY THE ACTING HEAD OF INTERNAL AUDIT

#### Executive Summary

#### 1. Purpose

This report seeks to update Members of this Committee with:

- 1.1 The current performance of the Internal Audit Section.
- 1.2 Summary information on the key issues raised in final audit reports issued since our last report to the Committee.
- 1.3 The current status on the implementation of agreed audit recommendations.
- 1.4 An update on Priority 1 recommendations outstanding past the agreed implementation dates.

#### 2. Recommendations

##### 2.1 Recommendation One

That the Committee note the contents of this report.

#### 3. Context

##### 3.1 Background

Each quarter, a report is produced for the Joint Governance Committee (Committee) which details the Internal Audit Section's performance against the current Annual Internal Audit Plan and summarises the results of audit work carried out. Internal Audit Services to the Council's, including the role of the Head of Internal Audit is outsourced to Mazars LLP.

## 4. Issues for Consideration

### 4.1 Covid-19

As reported within our progress report to the last Committee on 28 May 2020, the Internal Audit function has continued to operate since the Covid-19 lockdown on 23 March 2020, but the progression of audit work has been impacted. Work on the residual 2019/20 audit audits has recently resumed and work on 2020/21 audits commenced during July 2020.

The UK Public Sector Internal Audit Standards Advisory Board (IASAB) has produced guidance entitled “Conformance with the PSIAS during the coronavirus pandemic” which we are aware of and complying with. The guidance states that “The Mission of Internal Audit is ‘To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight’. In the current circumstances internal auditors will be fulfilling their Mission in different ways than usual. However the critical point is that they should still fulfil that Mission. Ideally, this will provide enough assurance to support audit opinions, and for the Governance Statement”. The key steps suggested from this guidance are those detailed below and we have indicated, where necessary, how we have met the requirement:

<b>Step</b>	<b>Internal Audit Actions</b>
1. Advise the audit committee and other key stakeholders in the governance process of the changes to the audit plan and operations of the internal audit team. A lengthy report is not required but the committee should be made aware. Brief but regular updates should be provided as the situation develops.	Discussions were held with the Chief Finance Officer (CFO) on audit operations and the 20/21 Audit Plan was revised to ensure adequate coverage of key risk areas and to include audits of governance and other arrangements put in place during the pandemic.  Revised plan was considered by JGC on 28 <sup>th</sup> May 2020. Updates will be provided in ongoing reporting to JGC.
2. Maintain regular and constructive communications with external audit. This will help external audit understand how delivery of assurance is being progressed and provide information on changes in the organisation’s system of governance and control	Communication with External Audit is maintained by the CFO and when required by Internal Audit (IA) staff.
3. Where internal audit staff are reassigned to undertake advisory or consultancy work rather than assurance engagements then they should be made aware of the standards relating to consulting activities, if they are not already familiar with them	N/A
4. Where internal audit staff are diverted into operational roles it should be made clear that for the duration that the staff are not operating as internal auditors. When staff return to their internal audit role, a review can be undertaken to see if any steps are necessary to address impairment to independence and objectivity	N/A

Step	Internal Audit Actions
5. Keep clear records of the changes to roles and plans. These will help key stakeholders understand the revised arrangements and will help resolve any conflicts of interest later.	N/A for changes to roles Records of plan changes are retained.
6. Remember the Mission of Internal Audit and act in accordance with it. When the immediate crisis is over the head of internal audit should be able to demonstrate how the operation of internal audit has helped fulfilment of the Mission	The revised Audit Plan remains risk-based and includes providing assurance on new systems and processes, and the governance arrangements during the pandemic.  IA is currently assisting in the Department for Business, Energy and Industrial Strategy (BEIS) Risk Assessment required in respect of the Covid-19 business support grants paid.  Where requested, IA has also provided guidance, such as on stock control for the Food Depot, where new systems and processes have been developed in response to the pandemic.
7. At all times Internal Auditors should comply with Government advice, and that of their organisation, regarding health and safety during the coronavirus pandemic	IA staff have, and continue to work from home.

#### 4.2 Internal Audit Performance - 2019/20 and 2020/21

As previously reported to the Committee, the Covid-19 pandemic has had an impact on completion of 2019/20 and 2020/21 audit plans. At 30 June 2020, 391.63 (86.5%) of the planned 2019/20 days had been delivered. Attached as **Appendix 1** is a summary of the current status of audits in the plan.

As detailed in 4.1 above, work on audits contained in the 2020/21 audit plan has only recently started. The current status of the 2020/21 audits is attached as **Appendix 2**.

Internal Audit attends monthly meetings with the CFO and is in regular contact with her in respect of progress against the plan.

### 4.3 Final Audit Reports

Internal Audit's assurance opinions accord with an assessment of the controls in place and the level of compliance with these controls. During the course of an audit, a large number of controls will be examined for adequacy and compliance. The assurance level given is the best indicator of the system's control adequacy. The assurance levels and their associated explanations are:

<b>Full Assurance</b>	There is a sound system of control designed to achieve the system objectives and the controls are being consistently applied.
<b>Satisfactory Assurance</b>	there is a basically sound system, there are weaknesses that put some of the system objectives at risk, and/or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
<b>Limited Assurance</b>	Weaknesses in the system of controls are such as to put the system objectives at risk, and/or the level of non-compliance puts the system objectives at risk.
<b>No Assurance</b>	Control is generally weak, leaving the system open to significant error or abuse, and/or significant non-compliance with basic controls leaves the system open to error or abuse.

Recommendations made in audit reports are categorised according to the level of priority as follows:

<b>Priority 1</b>	Major issues for the attention of senior management and the Audit Committee.
<b>Priority 2</b>	Other recommendations for local management action.
<b>Priority 3</b>	Minor matters.

Since our report to the Committee in May 2020, three reports from the 2019/20 plan have been finalised. One was given a Satisfactory Assurance opinion (Asbestos Management) and two were given a Limited Assurance opinion (Building Maintenance Compliance (corporate buildings) and Network Architecture and Resilience). Four P1 recommendations were raised within these reports, (all being within the Building Maintenance limited assurance audit).

A summary of the final reports issued since our last report to this Committee, including the key issues raised, is attached as **Appendix 3**. Details of the Priority 1 and Priority 2 recommendations raised within these reports have also been circulated to Members prior to the meeting in a separate briefing note.



#### 4.4 Follow up of Audit Recommendations

In accordance with the Council's Follow-Up Protocol, we have continued following-up the status of implementation of recommendations contained in final audit reports.

Follow-up is undertaken to ensure that all recommendations raised have been successfully implemented according to the action plans agreed with the service managers. The Follow-up Protocol requires implementation of 80% of all Priority 2 and 3 recommendations and 100% of priority 1 recommendations.

The current performance in relation to these targets for the last three years is shown in the tables below:

**Status of recommendations 2017/18**

	Total Due	Imp	%	Carried Over (Not Impl'd)	%	Overdue	%	Overdue & No Response	%	Total % NOT Impl'd	Not Due	Total
P1	37	33	89.2%	0	0%	4	10.8%	0	0%	10.8%	0	37
P2	86	66	76.7%	6	7%	14	16.3%	0	0%	23.3%	0	86
P3	26	21	80.8%	2	7.7%	3	11.5%	0	0%	19.2%	1	27
Other	1	0	0%	0	0%	1	100%	0	0%	100%	0	1
<b>Total</b>	<b>150</b>	<b>120</b>	<b>80%</b>	<b>8</b>	<b>5.3%</b>	<b>22</b>	<b>14.7%</b>	<b>0</b>	<b>0%</b>	<b>20%</b>	<b>1</b>	<b>151</b>

**Status of recommendations 2018/19**

	Total Due	Imp	%	Carried Over (Not Impl'd)	%	Overdue	%	Overdue & No Response	%	Total % NOT Impl'd	Not Due	Total
P1	16	8	50%	0	0%	5	31.2%	3	18.8%	50%	2	18
P2	91	73	80.2%	0	0%	13	14.3%	5	5.5%	19.8%	25	116
P3	34	30	88.2%	0	0%	4	11.8%	0	0%	11.8%	8	42
<b>Total</b>	<b>141</b>	<b>111</b>	<b>78.7%</b>	<b>0</b>	<b>0%</b>	<b>22</b>	<b>15.6%</b>	<b>8</b>	<b>5.7%</b>	<b>21.3%</b>	<b>35</b>	<b>176</b>

## Status of recommendations 2019/20

	Total Due	Imp	%	Carried Over (Not Impl'd)	%	Overdue	%	Overdue & No Response	%	Total % NOT Impl'd	FU Not Due	Total
P1	4	3	75%	0	0%	0	0%	1	25%	25%	5	9
P2	32	23	71.9%	0	0%	3	9.4%	6	18.7%	28.1%	20	52
P3	5	5	100%	0	0%	0	0%	0	0%	0%	6	11
Total	41	31	75.6%	0	0%	3	7.3%	7	17.1%	24.4%	31	72

Attached as **Appendices 4, 5 & 6**, are tables which summarise the outstanding recommendations made in final audit reports from audits contained in the 2017/18, 2018/19 and 2019/20 Audit Plans. The shaded boxes indicate where changes have occurred since our last report.

We are also continuing to follow up on 11 recommendations (all Priority 2) which remain outstanding from audits contained in the 2016/17 Audit Plan.

We have also highlighted in **Appendix 7** those Priority 1 recommendations which remain outstanding after the agreed implementation dates.

There are 13 outstanding Priority 1 recommendations detailed within this report which is the same as that reported to the Committee on 28 May 2020.

## 5. Engagement and Communication

5.1 Internal Audit attends monthly meetings with the CFO on progress against the plan. Issues arising and potential plan changes are discussed both at these meetings and whenever necessary. This has included specific discussions in relation to the Covid-19 situation and impact on Internal Audit work.

## 6 Financial Implications

6.1 There are no financial implications arising from this report.

## 7. Legal Implications

7.1 There are no legal matters arising as a result of this report.

## Background Papers

None

## Officer Contact Details:

Dave Phillips, Acting Head of Internal Audit (Mazars LLP)

Town Hall, Worthing

Tel: 01903 221255

[dave.phillips@mazars.co.uk](mailto:dave.phillips@mazars.co.uk)

## **Sustainability & Risk Assessment**

### **1. Economic**

1.1 Matter considered and no issues identified.

### **2. Social**

#### **2.1 Social Value**

Matter considered and no issues identified.

#### **2.2 Equality Issues**

Matter considered and no issues identified.

#### **2.3 Community Safety Issues (Section 17)**

Matter considered and no issues identified.

#### **2.4 Human Rights Issues**

Matter considered and no issues identified.

### **3. Environmental**

Matter considered and no issues identified.

### **4. Governance**

The report does not seek to meet any particular Council priority.



	Audit	Field Work complete	Draft Issued	Final Issued	Assurance level	1	2	3	Total	P1 issues
4	Management of the Commercial Property Portfolio	WIP								
4	Tenancy Management	WIP								
4	General Ledger	WIP								
4	Exchequer (Creditors & Debtors)	WIP								
4	Risk Management	Y	Y	Y	Satisfactory	0	4	0	4	No P1 recs.
4	Business Continuity	P								
4	Contract audit - Concrete Repairs - Grafton Car Park	Y	UR							
4	Procurement & Contract Management Housing	WIP								
4	Management of Capital Programme	Y	UR							
4	Network Architecture and Resilience	Y	Y	Y	Limited	0	4	3	7	No P1 recs.

**Key:**

WIP – Work in progress

P – Audit has been planned and a start date agreed



	Audit	Field Work complete	Draft Issued	Final Issued	Assurance level	1	2	3	Total	P1 issues
4	Network Infrastructure security									
4	Condition Surveys contract - vertical audit									

**Key issues from finalised audits****Appendix 3**

<b>Audit (Plan Year)</b>	<b>Assurance Level &amp; Number of Issues</b>	<b>Summary of key issues raised</b>
Asbestos Management (19/20)	<b>Satisfactory</b>  (Three Priority 2 and One Priority 3 recommendations)	No Priority 1 recommendations raised.
Network Architecture & Resilience (19/20)	<b>Limited</b>  (Four Priority 2 and Three Priority 3 recommendations)	No Priority 1 recommendations raised.
Building Maintenance Compliance (corporate buildings) (19/20)	<b>Limited</b>  (Four Priority 1 and five Priority 2 recommendations)	The Priority 1 recommendations raised were in respect of: <ul style="list-style-type: none"><li>- The need for gas and electrical safety policies;</li><li>- Defining and documenting specific roles and responsibilities;</li><li>- Holding regular contract monitoring meetings with all contractors; and</li><li>- Ensuring rectifications required from inspections are actioned in a timely manner.</li></ul>



Status of outstanding audit recommendations 2017/18

APPENDIX 4

	Joint Audit	Final Report Date	Assurance level	Total No of Recs	Number of agreed recs completed	1	2	3	Other	% of recs completed	Number of recs outstanding	1	2	3	Other	% of recs outstanding	Comments
<b>Director for Communities</b>																	
<b>Housing</b>																	
Rent Collection and Collection of Arrears	ADC	Jan-18	Satisfactory	2	1	0	1	0	0	50%	1	0	0	1	0	50%	Update provided confirmed rec is in progress & Capita have been engaged to undertake the work - deadline revised to 31/3/20 - further update requested on 9/7/20
Leaseholder Charges	ADC	Mar-18	No	39	30	11	16	3	0	77%	9	4	5	0	0	23%	Updates provided through the Audit App confirmed completion of recs with 9 still outstanding and deadlines revised to 30/9/20
Gas Safety Inspections	ADC	Jul-18	Limited	16	14	3	11	0	0	88%	2	0	2	0	0	13%	Update provided through App confirmed 2 outstanding recs still in progress deadlines had been revised to 30/6/20.
<b>Director of Digital &amp; Resources</b>																	
<b>Finance</b>																	
Compliance with IR35 - Tax legislation	*	Feb-19	Limited	6	2	1	1	0	0	33%	4	0	3	1	0	67%	Plans made to implement recs were impacted by Copvid-19 deadlines have been revised to 31/10/20.
<b>Computer Audits</b>																	
Mats - Application Audit	*	Oct-19	Satisfactory	6							6	0	4	2	0	100%	Two P2 recs were overdue and the deadlines have been revised - three further recs are now overdue - request for update sent 9/7/20. Remaining recommendation will be followed up through Audit App when due
Review of Technology Strategy	*	Apr-18	No opinion given	1							1	0	0	0	1	100%	deadline was extended to Mar 20 - update requested on 9/7/20.
											23	4	14	4	1		



	Joint Audit	Final Report Date	Assurance level	Total No of Recs	Number of agreed recs completed	1	2	3	Other	% of recs completed	Number of recs outstanding	1	2	3	Other	Percentage of recs outstanding	Comments
<b>Director for Communities</b>																	
<b>Adur Worthing Contract Services</b>																	
Waste Management	*	Mar-19	Satisfactory	7	6	0	4	2	0	86%	1	0	0	1	0	14%	Update provided through App has confirmed deadline for o/s changed to 3/8/20.
<b>Environment</b>																	
Bereavement Services	*	Nov-18	Satisfactory	4	2	1	1	0	0	50%	2	0	2	0	0	50%	Implementation date for the 2 outstanding recs has been revised further follow up when due.
<b>Housing</b>																	
Building Services - Stocks & Stores	ADC	Oct-19	Limited	8							8	3	5	0	0	100%	Update confirmed that the whole set up of the stores service is under review - deadline for the 7 o/s recs has therefore been revised to 30/9/20.
Housing Repairs - Matsoft processes	ADC	Mar-20	Limited	30	3	1	2	0	0	10%	27	4	18	5	0	90%	3 recommendations are now overdue - update requested 10/7/20
<b>Wellbeing</b>																	
Air & Water Quality	*	Mar-19	Satisfactory	4	3	0	3	0	0	75%	1	0	1	0	0	25%	The recommendation owner has confirmed Covid-19 has impacted on implementation - revised deadline of 31/12/20 set
<b>Director of Digital &amp; Resources</b>																	
<b>Customer &amp; Digital Services</b>																	
Risk Management	*	May-19	Satisfactory	7	6	0	5	1	0	86%	1	0	1	0	0	14%	One rec due by 31/12/19 was confirmed as still outstanding in 19/20 audit but no revised deadline has been set - update requested 9/7/20
Compliance with the Freedom of Information Act	*	Mar-19	Limited	9	8	1	7	0	0	89%	1	1	0	0	0	11%	Update provided through App confirmed 3 further recs completed - deadline revised for remaining one.
<b>Legal</b>																	
Corporate Governance	*	Mar-19	Satisfactory	9	4	0	3	1	0	44%	5	1	1	3	0	56%	Deadline has been revised for o/s P1 to 31/8/20, update for 4 o/s recs requested 10/7/20.
<b>Director for Economy</b>																	
<b>Place &amp; Investment</b>																	
Asset Management	*	Mar-20	Limited	4							4	1	3	0	0	100%	3 recs due at 31 Mar 20 no update provided yet - updated requested 10/7/20
<b>Planning &amp; Development</b>																	
Development Management	*	Feb-19	Satisfactory	7	5	0	5	0	0	71%	2	0	2	0	0	29%	update requested 10/7/20 re o/s 2 recs
<b>Computer Audits</b>																	
Data Centre Access Procedure	*	Jul-19	Limited	11	8	1	7	0	0	73%	3	0	3	0	0	27%	Update provided through App confirmed deadlines extended for 2/3 recs now overdue - no update yet provided for remaining o/s rec
Content Management (Website- Internet)	*	May-20	Limited	9							9	0	6	3	0	100%	Recs to be followed up through Audit App when due
<b>Cross Service Audits</b>																	
Energy Management	*	Aug-19	Satisfactory	3	2	0	1	1	0	67%	1	0	1	0	0	33%	Deadline for o/s rec revised to 31/12/20.
											65	10	43	12	0		

Status of outstanding audit recommendations 2019/20

APPENDIX 6

	Joint Audit	Final Report Date	Assurance level	Total No of Recs	Number of agreed recs completed	1	2	3	Other	% of recs completed	Number of recs outstanding	1	2	3	Other	% of recs outstanding	Comments
<b>Director for Communities</b>																	
<b>Housing</b>																	
Rent in Advance	*	Mar-20	Limited	11							11	1	9	1	0	100%	8 recs now overdue - update requested 10/7/20. Remainder will be followed up through the App when due - 1 P2 due at end of Mar but no update yet <b>COMPLETE</b>
Allocations	*	Dec-19	Satisfactory	2	2	0	1	1	0	100%							
<b>Director of Digital &amp; Resources</b>																	
<b>Revenues &amp; Benefits</b>																	
Revenues & Benefits	*	Feb-20	Satisfactory	1							1	0	0	1	0	100%	Rec will be followed up through the App when due
<b>Financial Services</b>																	
Budget Development	*	Oct-19	Satisfactory	1							1	0	1	0		100%	review of App confirmed rec still not implemented - no update yet.
<b>Customer &amp; Digital Services</b>																	
Risk Management	*	Apr-20	Satisfactory	4							4	0	4	0	0	100%	Rec will be followed up through the App when due
<b>Legal Services</b>																	
Decision Making	*	Sep-19	Satisfactory	1							1	0	1	0		100%	Rec was due on 31/10/19 - update requested 10/7/20.
<b>Human Resources</b>																	
Data input & accuracy	*	Feb-20	Limited	10	10	1	8	1	0	100%							<b>COMPLETE</b>
Apprenticeships	*	Apr-20	Satisfactory	5	3	0	3	0	0	60%	2	0	2	0	0	40%	Recs will be followed up through the App when due
<b>Business &amp; Technical Services</b>																	
Asbestos Management (non Housing)	*	Jul-20	Satisfactory	1							1	0	1	0	0	100%	Rec will be followed up through App when due
Business Continuity	*																
Building Maintenance Compliance (non Housing)	*	Jul-20	Limited	9							9	4	5	0	0	100%	Rec will be followed up through App when due
<b>Director for Economy</b>																	
<b>Planning &amp; Development</b>																	
Planning Enforcement	*	Jan-20	Limited	9	6	0	6	0	0	67%	3	0	2	1	0	33%	Recs will be followed up through the App when due
<b>COMPUTER AUDITS</b>																	
Network Architecture and Resilience	*	Jun-20	Limited	7							7	0	4	3	0	100%	Recs will be followed up through the App when due
GDPR Compliance	*	Apr-20	Limited	6	5	2	3	0	0	83%	1	1	0	0	0	17%	Rec will be followed up through the App when due
											41	6	29	6	0		

**Leaseholder Service Charges (2017-18 Final Report issued March 2018)**

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
<p><b>3.1</b> The Council should document a Leasehold Management Policy, which outlines the legislative framework (and timescales) within which it is required to operate for the various leasehold functions and services that it provides.</p> <p>The policy should:</p> <ul style="list-style-type: none"> <li>• Outline any local policy decisions in respect of the management of leaseholders, recovery of charges etc. and detail how these requirements will be achieved;</li> <li>• Clearly state how the Council will deal with major repair costs, including outlining the statutory processes that have to be completed and the timescales to ensure the recovery of costs (e.g. invoice or issue S20B notice within 18 months of cost being incurred; and</li> <li>• State at what level the cost of repairs will be pursued (e.g. minor costs above the £250 legislative rate may not be cost effective for the Council to pursue where there are only a few leaseholders, but if there were several then the costs and effort would be worth it).</li> </ul> <p>Once documented, the Policy should be approved by the relevant senior management, member and committee.</p>	<p>There is currently no approved documented policy for Leasehold Management.</p> <p>Where an up to date documented and approved policy does not exist, there is a risk that the Council's objectives and/or responsibilities are not known and may not therefore be achieved.</p>	<p>An overarching policy will be developed. This will be supported by a set of detailed policies and procedures. Work has already begun on identifying those that are required and this will be used as an action plan to ensure all required actions are completed.</p> <p>Deadline - 30<sup>th</sup> September 2018</p>	<p>Update provided by Interim Leasehold Manager confirmed that a policy was drafted but that the process of consultation and approval needed to be agreed and then completed.</p> <p>Update provided by Housing Operations Manager on 4<sup>th</sup> March 2020 confirmed:-</p> <p>The Repairs policy has been rejected on the grounds of a lack of consultation. A clearer consultation strategy will be needed as part of the process of approving this policy. The aim will be to define this in March 2020. The policy may not be approved therefore until after the local election in May 2020. The target for this needs to be revised to May/June 2020.</p> <p>Updated provided by Interim Leasehold Manager on 3<sup>rd</sup> April 2020 confirmed:-</p> <p>Policy drafted. Consultation vehicle or forum for leaseholders needs to be set up in line with AH resident engagement strategy. Not practical to progress during Covid situation. Deadline extended.</p>	<p>31<sup>st</sup> July 2020</p>

18 Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
<p><b>3.25</b> A complete revamp of how major works are invoiced is required in order to ensure that works are accurately billed in line with costs incurred, lease requirements and the requirements of Section 20B of the Landlord &amp; Tenant Act 1985.</p> <p>Furthermore clarification should be sought from the relevant experts as to how VAT should be dealt with in respect of recharging leaseholders the cost of major works.</p>	<p>The Landlord and Tenant Act 1985 details specific requirements for invoicing. Accuracy of invoicing also assists the Council recover all sums expended.</p> <p>From our review of the major works monitoring spreadsheet, we noted that in many instances, invoicing did not occur until final figures have been received from Technical Services regardless of when the works were completed or when costs were incurred.</p> <p>From our testing on the invoicing for five major works we identified:</p> <p>- 1 (85-89 Buci Crescent - Porch) where we found no evidence to confirm that the completed works have been invoiced to the leaseholder or that a Section 20B notice had been served. The contractor's invoice for these works (valued at £3,729.60) was dated 31/1/2015 so under the Section 20B the 18 month rule may no longer be recoverable.</p> <p>These works were consulted on and there is evidence of such within the N drive and I@W however after the 2<sup>nd</sup> stage consultation we found no further evidence to support how the works progressed or whether a Section 20B notice was issued. We have noted that these works were generated through the HMS order and monitored by ADC Maintenance Officers rather than</p>	<p>A complete overhaul of the major works invoicing process will be undertaken in line with the development of new processes. Training will then be provided and the Leaseholder Handbook and website information will be updated accordingly.</p> <p>The Government Guidelines on VAT and residential service charges will be considered and complied with during the invoicing process.</p> <p>Deadline - 31<sup>st</sup> March 2019</p>	<p>Update provided by Interim Leasehold Manager confirmed that this recommendation is being considered as part of the wider review in Adur Homes for the planning, management and delivery of the capital programme.</p> <p>Update provide by Housing Operations Manager on 4<sup>th</sup> March 2020 confirmed:-</p> <p>As an additional update an appointment to the role of Programme manager is due in March 2020 which will facilitate this action. The date for completing needs to be pushed back at least a quarter to 30<sup>th</sup> June 2020.</p> <p>Update provided on 29<sup>th</sup> June 2020 confirmed work has started and the implementation deadline extended to 30<sup>th</sup> September 2020 as completion is linked to other recommendations including those detailed below.</p>	<p>30<sup>th</sup> September 2020</p>

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
	<p>through Technical Services.</p> <ul style="list-style-type: none"> <li>- For 2/4 works (387 Brighton Road – wall ties and 14-18 Lisher Road - replacement of metal railings, balustrades &amp; external decorations), we were unable to locate a copy of the invoice sent to the leaseholder to confirm whether the invoice specifically detailed the actual costs incurred (as required by Section 20B).</li> <li>- For the other 2 works (Grange Court – fire safety and 72-78 Buci Crescent – soil stack) the invoices contain no detail of the actual costs incurred.</li> <li>- 1 (Fire Safety works - Grange Court/Sea House/Locks Court) where the final account figure of £102,811.95 (used to calculate the invoices sent to the leaseholders) does not equate to the sum of the invoices paid to the contractor for these works (£136,067.94).</li> <li>- 1 (72-78 Buci Crescent - Soil Stack) where the tender value was £1,328 yet the final invoice value claimed was £2,096. There is no final account for these works as they were raised as an order through HMS so were managed by a Maintenance Officer. However, the original estimated cost to each leaseholder was £365.20 with the final invoice figure being £371.25. This small increase does not seem to equate to the £768 increase in overall cost of the works.</li> </ul>			

20 Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
	<p>We have also noted during testing that the contracted works attracted VAT yet VAT is not included in any recharge made to leaseholders.</p> <p>Where accurate and detailed invoicing does not occur, there is an increased risk that the Council is failing to meet legislative requirements, that leaseholder challenge may occur and that financial loss will result.</p>			
<p><b>3.32</b> The Council's Policy in respect of options available to leaseholders for payment of major works should be reviewed, approved by ADC Executive and then consistently applied.</p>	<p>On 15 June 2010, the ADC Cabinet decided the payment option arrangements for leaseholders, this includes the provision of ten year loans. Furthermore, on 13 July 2010 the ADC Cabinet decided additional deferred payment arrangements for works costing more than £5,000 in any financial year.</p> <p>We have not identified any other reports/decisions which revise the decisions taken by the ADC Cabinet in June/July 2010 therefore these decisions would appear to be the most recent and therefore constitute the current policy.</p> <p>These policy decisions are not, however accurately reflected in the current Leaseholders Handbook which states "If you are not able to pay for the cost of major works in full at the time of invoicing, then we offer an interest free loan up to five years depending on the size of the bill and individual circumstances. In this case you will pay</p>	<p>The arrangements will be reviewed with Finance and Legal.</p> <p>Deadline - 31<sup>st</sup> March 2019</p>	<p>As above.</p> <p>Update provide by Housing Operations Manager on 4<sup>th</sup> March 2020 confirmed:-</p> <p>The Leasehold Manager is drafting options for payment for leaseholders. Once this is completed sign off by Finance will be needed. Finance has been consulted as part of the process of drawing up these options.</p> <p>Update provided on 29<sup>th</sup> June 2020 confirmed this recommendation is being processed in line with other recommendations and the deadline has been revised.</p>	<p>30<sup>th</sup> September 2020</p>



Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
	<p>in monthly instalments by either direct debit or payment card".</p> <p>The policy decisions were also not detailed correctly in the Paying for Major Works information that was sent to leaseholders in March 2017 with their invoices. The differences being:</p> <ul style="list-style-type: none"> <li>• The interest added column on the Paying for Major works information states 5.4% for all works costing more than £500 yet this is not what is detailed in the decision by Cabinet.</li> <li>• The Cabinet decision in June 2010 states that "for loans exceeding £1,500, a Land Registry charge would be taken out" the Land Registry requirement on the Paying for Major Works information states N/A for works costing £1,500-£5,000.</li> <li>• The Cabinet decision in July 2010 states the administration fee for deferred payments as £100 yet the Paying for Major Work information states £90.</li> </ul> <p>Our walkthrough of a loan arranged in 2015 has shown that he was advised that the charges added to the loan for £10,998 would be 4.4% interest (reviewed annually), £50 admin fee, £40 Land Registry fee and £295 legal costs. This contradicts the Cabinet's decision which states an administration fee of £90 and a Land Registry fee of £50. Furthermore, the reports to the ADC Cabinet in 2010 made no mention of</p>			

22 Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
	<p>legal costs (nor did the information sent to leaseholders in 2017). The amounts actually invoiced to this leaseholder were £1209.59 interest (so no annual review), £295 legal costs and £40 Land Registry fee (so no admin fee and incorrect LR fee).</p> <p>We have further confirmed that as a result of invoices sent in February 2017, one leaseholder requested to pay their major works costs (£3,072.49) over a period of 24 months. The email sent to this leaseholder confirms that no interest has been added and that monthly standing order payments should be arranged by the leaseholder. The policy requires DD payments and there is no mention of admin or Land Registry costs that the policy requires and no evidence can be seen on HMS/I@W to confirm that costs have been invoiced.</p> <p>Where approved policies are not known or accurately and consistently applied, there is an increased risk that loans are incorrectly arranged or that incorrect fees are charged. This may result in financial loss to the Council.</p>			
<p><b>3.33</b> Once the Major Works Payment Policy has been decided the Council should review how implementing payment loans/arrangements will for major works will be achieved.</p> <p>An agreed process, which reflects policy requirements should be effected to ensure that any future</p>	<p>Proper arrangements are required to ensure that the Council effects payment arrangements correctly and in line with any policy and legal requirements.</p> <p>We found some procedures and forms (including a Service Charge Loan Application Form) on the N Drive and</p>	<p>This will be reviewed with Finance and Legal.</p> <p>Deadline - 31<sup>st</sup> March 2019</p>	<p>As above.</p>	<p>30<sup>th</sup> September 2020</p>

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
<p>loans/arrangements are correctly actioned. Legal Services and Finance should be involved in any discussions to ensure that all legal and financial requirements are met.</p> <p>The agreed process should be formalised in a documented procedure which details the forms that need to be completed, by whom and when and how supporting information/documentation should be retained.</p>	<p>emails between the Finance and Leasehold teams going back several years. Our examination of this information suggests that the information provided by the leaseholder on the loan application form would seem to be the primary source for calculation of affordability.</p> <p>Any payment arrangements were effected by Finance until April 2016, when the arrangements transferred to the Adur Homes Leasehold Team.</p> <p>We were advised by the Leasehold Officers that they are very unsure regarding the procedures to be followed, whether they are up-to-date, lines of responsibility etc. They also had queries regarding:</p> <ul style="list-style-type: none"> <li>• how instalments and interest would be applied to Owner Accounts;</li> <li>• monitoring;</li> <li>• how the Council would legally stand in recovering any arrears of interest etc. if charges were not made against properties; and</li> <li>• their ability to calculate interest on loans and setting-up loan/instalment agreements with interest;</li> </ul> <p>We have noted elsewhere in the audit inconsistencies with arranging loan agreements and lack of supporting information which would suggest that current arrangements are not effective.</p> <p>Where a defined process for effecting payment arrangements does not exist,</p>			

24 Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
	there is an increased risk that arrangements are not correctly made or that legal requirements are not satisfied and this may impact on the Council's ability to recover all relevant costs leading to possible financial loss.			

**Compliance with the Freedom of Information Act 2018/19 (Final report issued in March 2019)**

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
<p><b>3.10</b> All FOI requests should be responded to within 20 working days in accordance to the statutory requirements.</p>	<p>The FOI Act requires that FOI requests are replied to within 20 working days.</p> <p>Tests on the sample of ten FOI requests identified three cases where the responses were made after the 20 working day requirement. We also identified a further two cases which did not appear to have been responded to.</p> <p>Where FOI requests are not responded to within twenty working days, there is an increased risk of customer dissatisfaction leading to complaints and investigation by the Information Commissioner. The Councils' reputation will be damaged and they may be fined due to non-compliance.</p>	<p>The SIGO has already taken steps to address this. Any FOI that goes over the deadline becomes the responsibility of the Head of Service. Notifications are also sent to Directors where deadlines are at risk of being missed. Responsibility is escalated as early as possible. Compliance has improved but further work needs to be done. The FOI workshops and online training mentioned above should also highlight the need to respond</p> <p>Deadline - 31<sup>st</sup> May 2019</p>	<p>Update provided by Head of Customer &amp; Digital Services on 9<sup>th</sup> August 2019 confirmed that performance on FOI responses had improved significantly since the audit and is being reported to CLT but the SIGO position had been vacant since July 2019 but a new officer was starting in October 2019 who will continue to progress the good work completed so far.</p> <p>Update provided by SIGO on 28<sup>th</sup> February 2020 confirmed that "Ongoing issues. Deadline moved to June 2020, because of the ETA for new policies (May 2020), the introduction of the Information Governance Service Plan 20/21 (OLG on 30<sup>th</sup> March 2020) and subsequent development</p>	<p>30<sup>th</sup> September 2020</p>

			<p>and embedding of compliance standards for Services.</p> <p>Workshop on FOI/EIR for SIOs was held on 24<sup>th</sup> February 2020 and importance of deadlines reiterated.</p> <p>Also, monthly case studies are now published in the staff newsletter that also reiterate the importance of compliance”.</p> <p>Update provided by SIGO on 29<sup>th</sup> June 2020 confirmed “Ongoing issue. To be raised at CLT meeting on 30<sup>th</sup> June 2020 as major issue. It was previously raised at Services’ DMTs, in regular comms with Heads of Services and Service Information Officers, and in the InfoGov Annual Report 2019/2020. The Services are provided with a list of DP/InfoGov Standards (with definitions and legal bases) that are expected of them and with checklists to help with compliance. Deadline updated to reflect the deadline for action (September 2020) identified by SIRO at the TIB meeting on 10<sup>th</sup> June 2020”.</p>	
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Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
<p>3.8 Mandatory training in respect of governance (such as ethics and risk management) should be provided to all staff when they start at the Councils, as a refresher on a tri-annual basis and when any legislative changes occur.</p> <p>The Monitoring Officer should consult with Human Resources (HR) through the People Working Group or by other means in order to highlight issues and gaps in officer awareness, and identify satisfactory means by which relevant staff could have these areas matched to their training plans.</p>	<p>There is currently no mandatory governance training provided to staff and there is no longer centralised induction training provided where such issues may be raised.</p> <p>Whilst we noted that HR are currently in the process of reviewing training provision, including at time of induction, through the People Working Group, the group did not that time have any representation from Legal/Democratic Services.</p> <p>During the audit we noted a number of areas in which officers expressed reservations about wider staff awareness of core governance requirements including:</p> <ul style="list-style-type: none"> <li>• The need to register and publish notice of key and exempt decisions at least 28 days in advance; and</li> <li>• The need to inform the Monitoring Officer of any sub-delegations of duty.</li> </ul> <p>Where officers are unfamiliar with governance requirements, there is a risk that constitutional and/or statutory responsibilities will not be met which could result in unlawful or mismanaged decisions and actions.</p>	<p>Governance and Decision Making Training has been offered on 3 separate occasions to all Senior Managers, Heads of Service &amp; Directors during the last 6 months. This included training about key and exempt decisions.</p> <p>Training on Scheme of Delegations to Officers is being undertaken on a one to one basis with each Head of Service and their managers and there is a rolling programme being undertaken to review all sub delegations and publish the register of sub- delegations. It is anticipated this will be completed by December 2019.</p> <p>Training on ethics should be completed by line managers at induction time with reference to the Officer Code of Conduct and Protocol for Relationships which form part of the constitution and are available to all staff on the website.</p> <p>Deadline - 31<sup>st</sup> December 2019</p>	<p>Update provide by Monitoring Officer on 24<sup>th</sup> February 2020 confirmed that “induction training is being developed. It is anticipated that this will cover ethics, officer code of conduct, risk management, officer scheme of delegations, committee structure, decision making and key and decisions, exempt information and access to information.</p> <p>It is anticipated that a cycle of the training being delivered every 6 months to new starters will commence this summer”.</p> <p>Deadline has been revised to allow for first cycle of training to be conducted.</p>	<p>31<sup>st</sup> August 2020</p>

**Building Services – Stocks & Stores 2018/19 (Final Issued October 2019)**

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
<p>3.2 Adur Homes should develop a policy that defines, amongst others:</p> <ul style="list-style-type: none"> <li>- How Building Services will procure materials (i.e. through the use of one contracted supplier and/or the use of local suppliers);</li> <li>- The quality standards expected when purchasing materials;</li> <li>- Levels of stock to be held;</li> <li>- Considerations to be made when purchasing (i.e. whether purchasing more costly LED lights will reduce Operative and overhead costs in the long term);</li> <li>- Any specific brands to be prioritised when purchasing,</li> </ul> <p>considering any historic use of these and the lower cost and time implications in replacing these; and</p> <ul style="list-style-type: none"> <li>- When and/or how the Service will stock vans (i.e. Operatives are only given the supplies to do each job and/or there will be a minimum stock level of certain types of incidentals such as nails, screws or other materials that they keep on each van).</li> </ul> <p>Where standards are established, they should be documented and reviewed on an annual basis. Management should then monitor to ensure that standards are met.</p>	<p>Maintaining a Policy on how equipment and materials are procured, standards required and van stocking etc. will assist management ensure that materials and equipment is purchased and used in line with both service and Council objectives (such as the Sustainable Procurement Strategy).</p> <p>We confirmed that at present, Building Services do not have any contract arrangement with a particular supplier for the provision of materials and equipment. Furthermore, there is no documented policy in place defining how the Service will procure its materials, standards required, stock levels, or how it will stock its vans.</p> <p>Where there is no written policy in place determining how materials are purchased etc, there is an increased risk that irregular and/or inadequate purchasing/stocking occurs leading to poor value for money, non-compliance with Council objectives, inefficiencies and possible financial loss.</p>	<p>The proposed direction of travel is to outsource the management of stocks and stores and a suitable point in the future.</p> <p>The need to create some interim policy/procedure or guidance is accepted so that the stocks and stores can be managed in the interim in order to improve our scrutiny and compliance.</p> <p>Deadline - 31<sup>st</sup> March 2020</p>	<p>Update provided on the 7<sup>th</sup> July 2020 by the Housing Operations Manager confirmed "There have been a few decisions made about this matter both within Adur Homes and with a wider procurement group. An in principle decision has been made to outsource the bulk of our stores purchasing in a potential 3 - 5 year contract.</p> <p>The two decisions remaining will be:</p> <ul style="list-style-type: none"> <li>• How we run down our existing stock and manage risk</li> <li>• The level of threshold stores that we will retain' somewhere between £3K - £10k.</li> </ul> <p>We are significantly adrift of audit timelines at present. The main cause of this has been the delay in appointment of the new Repairs Modernisation Manager post and the impact of Covid".</p>	<p>30<sup>th</sup> September 2020</p>

<p>3.3 <sup>28</sup> The Building Services Team should ensure value for money is sought when purchasing materials.</p>	<p>The Council's Contract Standing Orders requires that where purchases are less than £25,000, it is best practice for a minimum of two written quotes to be obtained.</p> <p>In the absence of a Building Services Procurement Policy or any contract arrangement, we tested 10 recent purchases of materials and noted that, in all cases:</p> <ul style="list-style-type: none"> <li>- The value of the purchase was under £1,000; and</li> <li>- There was no evidence to support value for money was sought in the forms of quotes being obtained.</li> </ul> <p>Where quotes are not obtained, there is a risk that Contract Standing Order requirements are not being complied with and that the Council is not achieving value for money.</p>	<p>Agreed - The proposed direction of travel is to outsource the management of stocks and stores and a suitable point in the future. In the interim the intention is to improve our scrutiny and compliance.</p>	<p>As above</p>	<p>30<sup>th</sup> September 2020</p>
<p>3.5 The stock control spreadsheet should be kept up to date in order that it accurately reflects the current physical existence of materials in both the main storage and operatives' vans.</p>	<p>Maintaining up to date records assists management in ensuring the accuracy of its' stock levels and provides for effective stock management to be implemented.</p> <p>At the time of the audit, the Building Services Team was revamping its stock control processes. We were informed that an exercise was being undertaken to ensure clear and accurate records are being maintained by the Team in respect of stock type and quantity.</p> <p>Where up to date and accurate stock records are not maintained, there is an increased risk of loss or misappropriation of stock, which would result in a direct</p>	<p>Building Services have done some work to revamp processes. Housing Operations Manager to check what the improvements have been insofar as they may resolve some of the action points in the audit report.</p> <p>Deadline - 31<sup>st</sup> December 2019</p>	<p>A check has been made and confirmation given as at 4<sup>th</sup> March 2020 that the stores stock sheet is up to date. There is an outstanding need to address the issue of the full stock on each vehicle. An aim will be to complete this by end of April 2020 at the latest.</p> <p>Update provided by Housing Operations Manager on 7<sup>th</sup> July 2020 – as above.</p>	<p>30<sup>th</sup> September 2020</p>



	financial loss for the Council			
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### Asset Management – (Final Issued March 2020)

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
<p>An Asset Management Plan should be produced and approved by the relevant senior management &amp; Member group of the Councils</p>	<p>An Asset Management Plan helps the Councils ensure that corporate assets are used and maintained in an effective and economic manner.</p> <p>It was established that Adur and Worthing Councils do not have an up-to-date Asset Management Plan. The lack of an Asset Management Plan has been identified as a weakness, and tenders were obtained for the production of a corporate asset strategy in May 2019. However, no work in this area has been carried out to date.</p> <p>The absence of an Asset Management Plan has been identified previous audit reports going back to 2011/12.</p> <p>Where the Councils do not have a comprehensive and up-to date Asset Management Plan, there is a risk that assets may not be effectively managed.</p>	<p>Agreed, an Asset Management Strategy has been drafted and is being presented to Joint Strategic Committee for approval in March.</p> <p>Deadline - 31<sup>st</sup> March 2020</p>	<p>No update yet provided.</p>	<p>None set yet.</p>

## Housing Repairs (Mats Processes) – (Final Issued March 2020)

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
<p>3.10 Management should review and "Mark as Complete" all jobs sitting in the "Ready for Invoicing" queue, which are over a month old.</p> <p>A process should then be effected whereby queued jobs are reviewed on a monthly basis in order to ensure jobs are completed within the system and paid for in a timely manner</p>	<p>Completed jobs sit in a queue within the Mats system until they are marked as complete by a manager and once this stage is complete invoicing can then occur.</p> <p>Observation of the Repairs Admin queue noted 395 jobs requiring management to "Mark as Complete". Whilst many were recent jobs, we noted that the oldest job (1610613) in this queue was completed on 16 July 2018.</p> <p>When the revised draft report was issued in August 2019 the number of jobs in this queue had risen to 865 (as at 31<sup>st</sup> July 2019).</p> <p>Where completed works are not signed off for invoicing in a timely manner, there is a risk that the Council is not meeting its requirements for paying for goods and service. This may lead to compliant/dispute and reputation loss. There is also the risk of budgetary impact where costs are not paid within the correct financial period.</p>	<p>Agreed, for Building Services this will be Rob Cook but there is a backlog at present due to the Building Services Manager vacancy.</p> <p>The addition of the 4<sup>th</sup> MO will assist in addressing this issue going forward.</p> <p>In order to clear the backlog a Repairs Administrator has being recruited on an 8 week contract which starts on 9<sup>th</sup> March 2020.</p> <p>Deadline - 30<sup>th</sup> June 2020</p>	<p>No update yet provided.</p>	<p>None set yet.</p>
<p>3.19 Digital should be requested to investigate why the Mats Repairs system is not recording user details when actions are occurring/ notes are added to the system.</p>	<p>Assigning user details to actions and notes ensures that the system has an effective Audit trail.</p> <p>From our testing, we noted three Repair Projects (RP2754939, RP2672759&amp; RP5094277) where the Notes are stated as having been added by [System] rather than a specific user.</p> <p>From further testing we also noted:-</p> <p>Six Repair Projects (RP1933403, RP3011363, RP3350663,</p>	<p>This issue will be raised with Digital and if it cannot be resolved as part of "business as usual" updates, it will need to be included within the requirements for Stage 2 development of the system.</p> <p>Deadline - 30<sup>th</sup> June 2020</p>	<p>No update yet provided</p>	<p>None set yet.</p>

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
	<p>RP3725361, RP4394937 &amp; RP5340799) where the Events log did not record who the repair was created and approved by.</p> <p>Two Repair Projects (RP2189901 &amp; RP1905453) where the operative details were not shown for pre-inspections.</p> <p>Four Repair Projects (RP2279009, RP2613985, RP3308357 &amp; RP4520841) were the details of who created the job were blank and for project RP4520841 the details of who approved the job are blank.</p> <p>Clarification sought from the Contract Compliance Manager suggested that this appears to be a system bug.</p> <p>Where user details are not assigned to actions, or reported as such, there is a risk that the system's audit trail is ineffective.</p>			

### Rent in Advance/Rent Deposit Scheme – (Final Issued March 2020)

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
<p>3.3 Every form used in the Rent in Advance/Rent Deposit (RiA/RD) process which is used to collect the personal data of the client (and/or their family members) needs to be reviewed and a relevant privacy notice added.</p> <p>Furthermore, where personal data is collected and recorded within forms and the Councils are relying on a client's consent to process the information then the relevant consent(s) need to be obtained.</p>	<p>The Data Protection Act (DPA) 2018 and General Data Protection Regulation (GDPR) contain specific requirements that the Councils must comply with when collecting and processing a client's personal data, including obtaining consent and providing privacy notices.</p> <p>From our examination of the 'In Principle Financial Assistance Approval' and 'Vulnerability &amp; Suitability' forms we noted that neither contain any details about consent or a privacy notice.</p>	<p>These forms are part of the homelessness prevention process and are therefore covered by the consents given when a homelessness application is made. The Homeless application form also includes the link to the Councils privacy notice which specifically relates to homelessness related processes.</p> <p><b>Audit Comment</b> – Advice sought from the Councils SIGO has</p>	<p>No update yet provided.</p>	<p>None set yet.</p>

32 Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
<p>The Housing Needs Manager should liaise with the Councils' Senior Information Governance Officer (SIGO) in order to effect this.</p>	<p>As some of the information required to be provided in the 'Vulnerability &amp; Suitability' form can relate to disabilities or illnesses, the personal information being provided is considered sensitive personal data and is therefore subject to more rigorous requirements under the DPA 2018. Furthermore, as sensitive personal information relating to any other residents in the same dwelling as the client is also being requested, separate privacy notices for these other residents will also be required.</p> <p>Where the required consent and privacy notices are not contained on forms, the Council is in breach of the DPA 2018 and GDPR and should the ICO investigate this the Council may face significant fines.</p>	<p>confirmed a privacy notice link is required on all forms which are used to collect personal data and that depending on the process, consent information may also be required. Therefore we recommend that the SIGO is contacted in order to review the process and confirm whether consents are required within these forms.</p> <p>Housing Needs Manager – Agreed</p> <p>Deadline – 30<sup>th</sup> June 2020</p>		



ADUR & WORTHING  
COUNCILS

Joint Governance Committee  
30 July 2020  
Agenda Item 7

Joint Strategic Committee  
8 September 2020  
Agenda Item XX

Key Decision : No  
Ward(s) Affected: All

## ANNUAL TREASURY MANAGEMENT REPORT 2019-20 FOR ADUR DISTRICT COUNCIL AND WORTHING BOROUGH COUNCIL

### REPORT BY THE DIRECTOR FOR DIGITAL AND RESOURCES

#### EXECUTIVE SUMMARY

#### 1. PURPOSE

- 1.1 This report asks Members to note the Treasury Management performance for Adur and Worthing Councils for 2019/20 as required by regulations issued under the Local Government Act 2003.
- 1.2 Members are asked to note the breach of money market fund investment limits for 1 day on July 1st 2020 (section 13.1).

#### 2. RECOMMENDATIONS

##### 2.1 Recommendation One

The Joint Governance Committee is recommended to note the annual report, including the breach of the money market fund investment limits and to refer any comments or suggestions to the next meeting of the Joint Strategic Committee on 8th September 2020.

##### 2.2 Recommendation Two

The Joint Strategic Committee is recommended to note the annual report and the breach of the money market fund investment limits.

#### 3. CONTEXT

##### 3.1 Treasury Management is:

“The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control

of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.

- 3.2 This report details the treasury management activities and portfolio positions for the 2019/20 financial year for Adur District Council and Worthing Borough Council.
- 3.3 This is the last of three treasury management reports that the Councils are required to consider during the financial year:
- Before the beginning of the financial year, the first report, the Treasury Management Strategy and Annual Investment Strategy, seeks approval for the Councils’ approach to the management of investments and the borrowing of funds for the forthcoming year. This report details how the council will manage risk in it’s treasury activities.
  - This followed by a mid year review of performance against the approved strategies.
  - At the year end, there is an annual report which confirms actual performance for the year.
- 3.4 There is a clear regulatory environment governing the Council’s investment and treasury activities. The Local Government Act 2003 requires that the Council complies with the Prudential Code for Capital Finance (2017). This is a framework established to support local strategic planning, local asset management planning and proper option appraisal. The objectives of the Prudential Code are to ensure, within this clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable. As part of the Prudential Code, indicators are established to ensure that the Council has approved limits on both capital expenditure plans and associated borrowing activity.
- 3.5 The presentation of this Annual Report enables the Council to meet its statutory obligations as detailed under regulations issued under the Local Government Act 2003. These regulations require that the Councils review the treasury management activities, the prudential indicators and the treasury indicators for 2019/20.
- 3.6 This report also ensures that the Councils meet the requirements of both the Treasury Management Code of Practice (The Code) and the Prudential Code for Capital Finance in Local Authorities (the Prudential Code), both of which are issued by The Chartered Institute of Public Finance and Accountancy (CIPFA) and recommend best practice in capital investment and treasury management activities.
- 3.7 The Councils’ Treasury Management Strategy and Annual Investment Strategy place the security of investments as foremost in considering all treasury management dealing. By so doing it contributes towards the Councils’ priorities set out in Platforms for our Places.

#### **4. ISSUES FOR CONSIDERATION**

- 4.1 For 2019/20 the minimum reporting requirements specified within the treasury management policy was that the Councils should receive the following:

**The Annual Treasury Management Strategy Statement (TMSS)** in advance of the financial year – this was submitted to the meeting of Adur Council on 20th February 2019 and to Worthing Council on 18th February 2019.

**A mid-year treasury update report** – a joint in-house operations report for both Councils was submitted to the meeting of JGC on the 26th November 2019 and JSC on 3rd December 2019.

**An annual review** (this report) - to be submitted by 30th September after the year end, which compares the actual activity with the planned strategy.

- 4.2 The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is important in that respect, as it provides details of the outturn position for treasury management activities and highlights compliance with the Councils' policies previously approved by members.
- 4.3 The Annual Report also confirms that the Councils have complied with the requirement under the Code to give scrutiny to all of the above treasury management reports by the Joint Governance Committee and the Joint Strategic Committee before they were reported to the full Councils.
- 4.4 Member training on treasury management issues was conducted on 13th June 2019 by the Councils' treasury advisors, Link Asset Services, in order to support members' scrutiny role.

## **5. The Councils' Capital Expenditure and Financing**

- 5.1 The Councils undertake capital expenditure on long-term assets (land, buildings, vehicles, software and equipment). These activities may either be:
  - financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Councils' borrowing need; or
  - if insufficient financing is available, or a decision is taken not to apply these resources, then capital expenditure will give rise to a borrowing need.
- 5.2 The actual capital expenditure forms one of the required prudential indicators, because the Councils must ensure that capital expenditure is affordable, approved and monitored. The tables below show the actual capital expenditure and how this was financed. The full explanation of the expenditure and the variances between the budgets and actual expenditure can be found in the Capital Monitoring Reports, but the most significant items are detailed below. There have been some delays in delivery of the capital programme due to the Covid 19 virus.

<b>Adur District Council Total</b>	2018/19 Actual	2019/20 Original Budget	2019/20 Current Budget	2019/20 Actual
<b>Capital expenditure £m</b>	<b>39.566</b>	<b>29.952</b>	<b>71.972</b>	<b>60.270</b>
Financed in year £m	<b>4.919</b>	<b>9.658</b>	<b>18.486</b>	<b>16.502</b>
<b>Borrowing for capital expenditure £m</b>	<b>34.647</b>	<b>20.294</b>	<b>53.486</b>	<b>43.768</b>

The following table shows the General Fund share of the figures in the table above

<b>Adur District Council General Fund</b>	2018/19 Actual	2019/20 Original Budget	2019/20 Current Budget	2019/20 Actual
<b>Capital expenditure £m</b>	<b>36.573</b>	<b>21.532</b>	<b>65.891</b>	<b>56.411</b>
Financed in year £m	<b>1.926</b>	<b>3.608</b>	<b>12.567</b>	<b>12.834</b>
<b>Borrowing for capital expenditure £m</b>	<b>34.647</b>	<b>17.924</b>	<b>53.324</b>	<b>43.577</b>

The following table shows the HRA share of the figures in the table above

<b>Adur District Council HRA</b>	2018/19 Actual	2019/20 Original Budget	2019/20 Current Budget	2019/20 Actual
<b>Capital expenditure £m</b>	<b>2.993</b>	<b>8.420</b>	<b>6.081</b>	<b>3.859</b>
Financed in year £m	<b>2.993</b>	<b>6.050</b>	<b>5.919</b>	<b>3.668</b>
<b>Borrowing for capital expenditure £m</b>	<b>0.000</b>	<b>2.370</b>	<b>0.162</b>	<b>0.191</b>



For Adur, the difference between the original budget and the current budget is largely due to:

- the increase in the total budget of the Strategic Property Investment Fund from £75m to £125m. This £25m increase in Adur’s budget was approved by Adur Council on the 25th April 2019;
- new grant funded expenditure such as the £6.75m to Southern Housing in respect of Free Wharf Housing Development in Shoreham from Housing Infrastructure Funding and £3.35m for the relocation of the Sussex Yacht Club funded by the LEP;
- re-profiling of £5.93m of capital budget from 2018/19.

The difference between the current budget and the actual spend is largely due to:

- re-profiling of £10.748m of the 2019/20 budget into 2020/21, of which £6.5m is in respect of the Strategic Property Investment Fund and £2.2m relates to the Adur Homes Capital Investment Programme;
- an underspend of £0.954m

<b>Worthing Borough Council</b>	2018/19 Actual	2019/20 Budget	2019/20 Current Budget	2019/20 Actual
<b>Capital expenditure £m</b>	<b>38.273</b>	<b>24.584</b>	<b>66.390</b>	<b>64.486</b>
Financed in year £m	<b>6.749</b>	<b>4.603</b>	<b>3.231</b>	<b>6.020</b>
<b>Borrowing for capital expenditure £m</b>	<b>31.524</b>	<b>19.981</b>	<b>63.159</b>	<b>58.466</b>

For Worthing, the most significant differences between the original budget and the current budget are:

- the increase in the total budget of the Strategic Property Investment Fund from £75m to £125m. This £25m increase in Worthing’s budget was approved by Worthing Council on the 23rd April 2019;
- an approved £5m loan to GB Met College to support local education;
- re-profiled capital budget of £4.5m from 2018/19 into 2019/20;
- increased budgets eg £3m in respect of Decoy Farm and £1.5m for the Ultrafast Fibre Network.

The difference between the current budget and the actual spend is due to:

- re-profiling of £1.6m of the 2019/20 budget into 2020/21, partly due to delays caused by Covid 19;
- an underspend of £0.3m

## 6. THE COUNCILS' OVERALL BORROWING NEED

- 6.1 Some of the Councils' capital expenditure is funded immediately by, for example, capital grants, capital receipts from the sale of assets, or from contributions from the revenue budget (capital funded by revenue as approved by statute). Capital expenditure that is not funded by any of these means is described as "the underlying need to borrow" and is known as the Capital Financing Requirement (CFR). The Councils decide whether or not to borrow these amounts externally, or alternatively to use cash that would otherwise be invested (internal borrowing). The Councils make these decisions based on a number of factors, including the prevailing interest rates for borrowing compared to those for investing, the likelihood of a capital receipt in the near future or a forecast of additional capital grants.

**Gross borrowing and the CFR** - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Councils should ensure that their gross external borrowing does not, except in the short term, exceed the total of the Capital Financing Requirement in the preceding year (2018/19), plus the estimates of any additional capital financing requirement for the current (2019/20) and next two financial years. This essentially means that the Councils are not borrowing to support revenue expenditure. This indicator allows the Councils some flexibility to borrow in advance of immediate capital needs to take advantage of, say, low interest rates.

The difference between the CFR and the gross borrowing position is termed under or over borrowing. If a Council is under borrowed, it is using some of its internal cash that could otherwise be invested. It can therefore choose to borrow externally up to the CFR so as to take advantage of favourable interest rates. If a Council is over borrowed, it needs to ensure that this position is remedied over a two year period. The Councils have complied with this prudential indicator.

The tables below highlight the Councils' gross borrowing positions against the CFRs.

This table shows the total CFR and borrowing for Adur District Council and the two following tables show the separate figures for the General Fund and the HRA.

<b>Adur District Council Total</b>	31 March 2019 Actual	31 March 2020 Strategy	31 March 2020 Actual
CFR General Fund £m	<b>123.250</b>	<b>164.777</b>	<b>167.018</b>
Gross borrowing position £m	<b>116.167</b>	<b>158.735</b>	<b>161.802</b>
Under/(over)funding of CFR £m	<b>7.083</b>	<b>6.042</b>	<b>5.216</b>

<b>Adur District Council General Fund</b>	31 March 2019 Actual	31 March 2020 Strategy	31 March 2020 Actual
CFR General Fund £m	<b>63.147</b>	<b>102.304</b>	<b>106.724</b>
Gross borrowing position £m	<b>57.999</b>	<b>98.197</b>	<b>103.350</b>
Under/(over)funding of CFR £m	<b>5.148</b>	<b>4.107</b>	<b>3.374</b>

<b>Adur District Council HRA</b>	31 March 2019 Actual	31 March 2020 Strategy	31 March 2020 Actual
CFR HRA £m	<b>60.103</b>	<b>62.473</b>	<b>60.294</b>
Gross borrowing position £m	<b>58.168</b>	<b>60.538</b>	<b>58.452</b>
Under/(over)funding of CFR £m	<b>1.935</b>	<b>1.935</b>	<b>1.842</b>

As at 31 March 2020, for Adur District Council, the HRA was under borrowed by £1.842m. The General Fund was under borrowed by £5.696m based on long term debt, but it also had temporary borrowing of £2.322m. Under borrowing results from the use of internal resources to fund capital expenditure, which reduces the amount of interest payable on external borrowing. Interest rates on investments are currently very low in comparison to the rates charged on borrowed sums, so this is a cost-effective strategy reducing the overall net cost of borrowing. The difference between the budgets and the actual CFR figures is due to re-profiling of the Capital budgets as detailed in section 5.2 above.

<b>Worthing Borough Council</b>	31 March 2019 Actual	31 March 2020 Strategy	31 March 2020 Actual
CFR General Fund £m	<b>70.674</b>	<b>116.394</b>	<b>129.140</b>
Gross borrowing position £m	<b>67.250</b>	<b>113.280</b>	<b>128.071</b>
Under/(over)funding of CFR £m	<b>3.424</b>	<b>3.114</b>	<b>1.069</b>

Worthing Borough Council was under-borrowed based on long term debt by £3.069m at 31 March 2020, but it also held temporary borrowing of £2m.

6.2 The **authorised limit** is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Councils do not have the power to borrow above this level. The Councils did not breach the authorised limits during the year.

The **operational boundary** is the expected borrowing position of the Councils during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limits not being breached.

The authorised limits and operational boundaries for both Councils were increased by £25m each during the year to accommodate the increase in the Commercial Property Investment Fund. Worthing’s authorised limit and operational boundary were also increased by £5m to accommodate the approved loan to GB Met College and the College was added to the approved investments list. These amendments were approved by the Councils at meetings on 25th April 2019 (Adur) and 23rd April 2019 (Worthing) and 23rd July 2019 (Worthing - GB Met loan).

**Actual financing costs as a proportion of net revenue stream** - this indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs net of investment income), against the net revenue stream. The costs incurred through capital expenditure are the interest payable on money borrowed and the Minimum Revenue Provision (see section 12), which is a statutory annual revenue charge to reduce the indebtedness of a Council, based on the amount of unfunded capital expenditure.

Investment income and other income generated from the capital assets purchased or created through the capital programme are deducted from these costs. The net figure is then compared to the Councils’ net revenue stream - the income received from grants and taxation as shown in the Statement of Accounts. Consequently if only the costs of the capital programme increase, so will the proportion of financing cost to net revenue stream. If only the net revenue stream increases, then the proportion will reduce. Usually there will be a combination of both factors.

MRP (see 12.1) is not payable on the cost of properties in the year of purchase. Both Councils bought several commercial properties in 2019/20 and benefited from the rental income, but did not need to account for MRP. Therefore the financing costs are lower in 2019/20 than they will be in future years in relation to those properties.

<b>Adur District Council</b>	<b>2019/20</b>
Authorised limit	<b>£196.000m</b>
Maximum gross borrowing position during the year	<b>£164.383m</b>
Operational boundary	<b>£192.000m</b>
Commercial properties financing as a proportion of net revenue stream	<b>(15.10)%</b>
Other GF financing costs as a proportion of net revenue stream	<b>12.20%</b>
HRA Financing costs as a proportion of net revenue stream	<b>20.12%</b>

All the figures for the financing as a proportion of net revenue stream are lower than the original forecasts, in part because the approved increase in property investment in 2019/20 increased the amount of the net revenue stream, through the receipt of additional rental income. In addition:

- the forecast for Adur's commercial property financing costs as a proportion of net revenue stream was (10.41)% - the negative figure meaning that the income would exceed the financing costs. The actual figure of (15.10)% was better as explained above;
- the Other General Fund financing cost proportion is lower than the forecast of 21.15% due to re-profiling of the capital programme, the availability of loans at lower interest rates than forecast and the new income from Focus House;
- the HRA figure is lower than the forecast of 25.49% due to the re-profiling of the capital programme.

<b>Worthing Borough Council</b>	<b>2019/20</b>
Authorised limit	<b>£156.000m</b>
Maximum gross borrowing position during the year	<b>£128.616m</b>
Operational boundary	<b>£151.000m</b>
Commercial properties financing as a proportion of net revenue stream	<b>(10.42)%</b>
Other GF financing costs as a proportion of net revenue stream	<b>6.91%</b>

As with Adur, the figures for the financing as a proportion of net revenue stream are lower than the original forecasts, in part because the approved increase in property investment in 2019/20 increased the amount of the net revenue stream, through the additional rental income. In addition:

- the forecast for Worthing's commercial property financing as a proportion of net revenue stream was (4.20)% - the negative figure meaning that the income would exceed the financing costs. The actual figure of (10.42)% was better as explained above.
- the Other General Fund financing cost proportion is lower than the forecast of 10.66% due to re-profiling of the capital programme and the availability of loans at lower interest rates than forecast.

## 7. TREASURY POSITION AS AT 31 MARCH 2020

7.1 Adur District Council's position at the beginning and end of the year is shown below (nb PWLB refers to the Public Works Loan Board - an arm of the government).

	Principal at 31.03.20 £m	Average Rate of Return	Average Life in Years	Principal at 31.03.19 £m	Average Rate of Return	Average Life in Years
<b><u>Debt Portfolio</u></b>						
PWLB (Public Works Loan Board)	(141.540)	2.65%	17.86	(98.227)	2.9%	20.0
Other Borrowing	(20.262)	4.62%	41.45	(17.940)	5.2%	47.0
<b>Total Debt</b>	<b>(161.802)</b>			<b>(116.167)</b>		
<b>CFR</b>	<b>167.018</b>			<b>123.250</b>		
<b>(Over)/under borrowing</b>	<b>5.216</b>			<b>7.083</b>		
<b><u>Investments</u></b>						
Bonds	0.029	n/a	n/a	0.055	n/a	n/a
Property Fund	2.728	4.05%	n/a	0.983	4.37%	n/a
Long Term	0.000	n/a	n/a	0.000	n/a	n/a
Short Term	10.665	0.85%	< 1 year	9.514	0.97%	< 1 year
<b>TOTAL INVESTMENTS</b>	<b>13.422</b>			<b>10.552</b>		
<b>NET DEBT</b>	<b>(148.380)</b>			<b>(105.615)</b>		

The maturity structure of debt table that follows demonstrates that procedures are in place to prevent the maturity of too much debt in a single period, when only high interest rates may be available for refinancing the debt, if required.

Adur District Council Maturity Structure of Debt	31 March 2020 actual	2019/20 original limits	31 March 2019 actual
under 12 months	7%	20%	6%
12 months and within 24 months	5%	25%	5%
24 months and within 5 years	13%	40%	14%
5 years and within 10 years	24%	50%	19%
10 years and within 20 years	31%	60%	27%
20 years and within 30 years	2%	60%	4%
Over 30 years	18%	45%	25%

7.2 Worthing Borough Council's position at the beginning and end of the year was as follows:-

	Principal at 31.03.20 £m	Average Rate of Return	Average Life in Years	Principal at 31.03.19 £m	Average Rate of Return	Average Life in Years
<b>Debt Portfolio</b>						
PWLB	(111.071)	1.94%	14.68	(61.222)	1.87%	11.31
Other Borrowing	(17.000)	1.41%	1.34	(6.028)	1.21%	0.81
<b>TOTAL BORROWING</b>	<b>(128.071)</b>			<b>(67.250)</b>		
<b>CFR</b>	<b>129.140</b>			<b>70.674</b>		
<b>(Over)/under borrowing</b>	<b>1.069</b>			<b>3.424</b>		
<b>Investments</b>						
Bonds	0.050	n/a	n/a	0.075	n/a	n/a
Property Fund	1.364	4.05%	n/a	0.491	4.37%	n/a
Long Term	-	-	-	-	-	-
Short Term	8.900	0.66%	< 1 year	9.200	0.86%	< 1 year
<b>TOTAL INVESTMENTS</b>	<b>10.314</b>			<b>9.766</b>		
<b>NET DEBT</b>	<b>(117.757)</b>			<b>(57.484)</b>		

The maturity structure of debt table that follows demonstrates that procedures are in place to prevent the maturity of too much debt in a single period, when only high interest rates may be available for refinancing the debt, if required.

Worthing Borough Council Maturity Structure of Debt	31 March 2020 actual	2019/20 original limits	31 March 2019 actual
under 12 months	9%	45%	16%
12 months and within 24 months	15%	75%	12%
24 months and within 5 years	11%	75%	24%
5 years and within 10 years	33%	75%	31%
10 years and within 20 years	21%	75%	17%
Over 20 years	11%	75%	0%

### 7.3 Investments held by Adur District Council at 31 March 2020:

Counterparty	Issue Date	Maturity Date	Principal	Current Interest Rate	Long Term Rating
Goldman Sachs Int Bank	17/04/2019	17/04/2020	£1,000,000	1.08%	A
Goldman Sachs Int Bank	25/04/2019	27/04/2020	£1,000,000	1.07%	A
Lloyds Bank	15/04/2019	15/04/2020	£1,000,000	1.25%	A+
Lloyds Bank	01/05/2019	01/05/2020	£1,000,000	1.25%	A+
Santander	27/09/2019	05/10/2020	£1,000,000	1.00%	A
Santander	02/10/2019	05/10/2020	£1,000,000	1.00%	A
Coventry BS	13/06/2019	12/06/2020	£1,000,000	1.00%	A-
Invesco MMF	01/04/2019	n/a	£2,455,000	variable	AAA
Federated MMF	01/04/2019	n/a	£1,200,000	variable	AAA
Handelsbanken	16/07/2018	n/a	£10,000	0.50%	AA-
CCLA Local Auth Property Fund	25/04/2017	n/a	£2,727,484	variable	n/a
Boom Credit Union & War Bond	06/03/2015	n/a	£29,630	n/a	n/a
<b>TOTAL</b>			<b>£13,422,114</b>		

#### Non-treasury investments

Adur District Council has approved a strategy to invest in commercial properties. Full details can be found in the Capital Strategy and Commercial Property Investment Strategy. It also holds shares in Boom Credit Union for policy purposes.

### 7.4 Investments held by Worthing Borough Council at 31 March 2020:

Counterparty	Issue Date	Maturity Date	Principal	Current Interest Rate	Long Term Rating
Lloyds Bank	08/05/2019	08/05/2020	£1,000,000	1.25%	A+
Lloyds Bank	19/06/2019	19/06/2020	£1,000,000	1.25%	A+
Merthyr Tydfil Council	29/01/2020	06/04/2020	£1,500,000	0.75%	n/a
Federated MMF	01/04/2019	n/a	£2,445,000	variable	AAA
Invesco MMF	01/04/2019	n/a	£1,515,000	variable	AAA
CCLA MMF	01/04/2019	n/a	£1,440,000	variable	AAA
CCLA Local Auth Property Fund	25/04/2017	n/a	£1,363,744	variable	n/a
Boom Credit Union	06/03/2015	n/a	£50,000	n/a	n/a
<b>TOTAL</b>			<b>£10,313,744</b>		



## Non-treasury investments

Worthing Borough Council has made two loans of £5m each to Worthing Homes to support the building of homes. The Council receives £70k per annum net in interest over and above the cost to the Council of borrowing the £10m from the Public Works Loan Board. The loans are fully secured on property.

A loan of £5m was made to GB Met College in January 2020 to support local education. The Council will receive £100k in 2020/21 net in interest over and above the cost to the Council of borrowing the £5m from the Public Works Loan Board. This amount will reduce in future years because the loan is repayable by equal instalments of principal. The loan is fully secured on property.

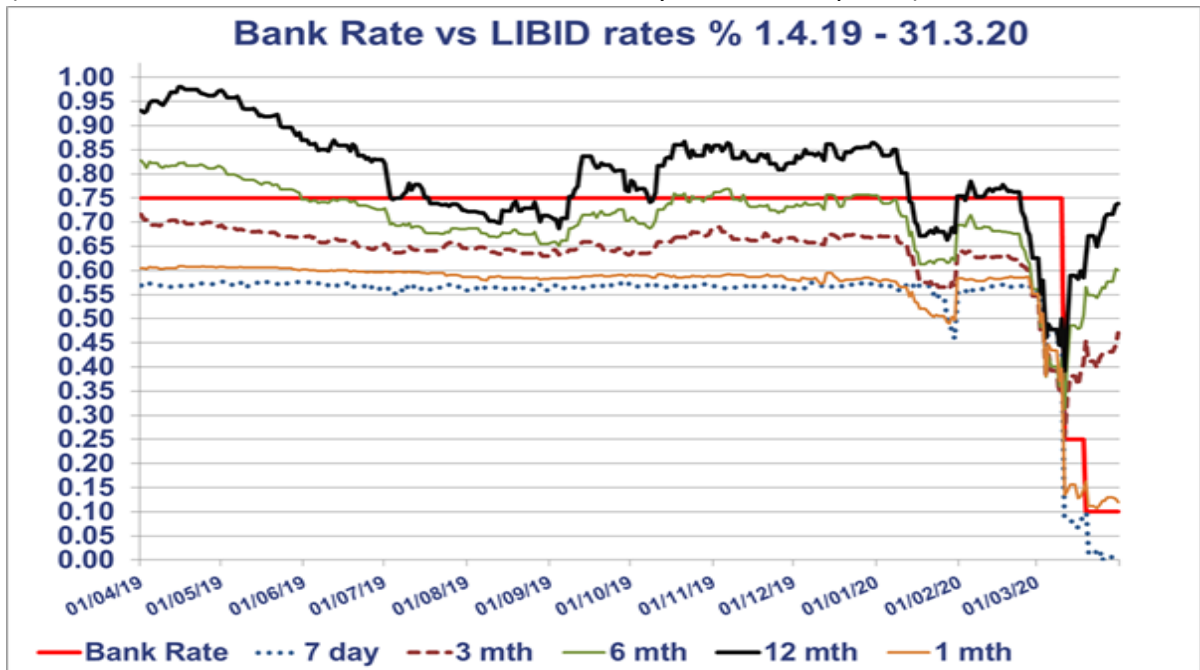
Worthing BC has approved a strategy to invest in commercial properties. Details can be found in the Capital Strategy and Commercial Property Investment Strategy. Worthing also holds shares in Boom Credit Union for policy purposes.

## 8. THE STRATEGY FOR 2019/20

Some of the information and tables in the following paragraphs are supplied by the Councils' treasury advisors, Link Asset Services and consist of detailed economic and market information which informed the Councils treasury management decisions throughout the year.

### Investment strategy and control of interest rate risk

(LIBID - London Interbank Bid Rate - the rate bid by banks on deposits)



Investment returns remained low during 2019/20. The expectation for interest rates within the treasury management strategy for 2019/20 was that Bank Rate would stay at 0.75% during 2019/20 as it was not expected that the MPC would be able to deliver on an increase in Bank Rate until the Brexit issue was finally settled. However, there was an expectation that Bank Rate would rise after that issue was settled, but would only rise to 1.0% during 2020.

Rising concerns over the possibility that the UK could leave the EU at the end of October 2019 caused longer term investment rates to be on a falling trend for most of April to September. They then rose after the end of October deadline was rejected by the Commons but fell back again in January before recovering again after the 31 January departure of the UK from the EU.

When the coronavirus outbreak hit the UK in February/March, rates initially plunged but then rose sharply back up again due to a shortage of liquidity in financial markets. As longer term rates were significantly higher than shorter term rates during the year, value was therefore sought by placing longer term investments where cash balances were sufficient to allow this.

While the Council has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the financial crisis. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.

Investment balances have been kept to a minimum through the agreed strategy of using reserves and balances to support internal borrowing, rather than borrowing externally from the financial markets. External borrowing would have incurred an additional cost, due to the differential between borrowing and investment rates as illustrated in the charts shown above and below. Such an approach has also provided benefits in terms of reducing the counterparty risk exposure, by having fewer investments placed in the financial markets.

## **9. BORROWING STRATEGY AND CONTROL OF INTEREST RATE RISK**

- 9.1 During 2019/20, the Councils maintained an under-borrowed position. This meant that the capital borrowing requirements (the Capital Financing Requirement), was not fully funded with loan debt, as cash supporting the Councils' reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were low in relation to the cost of borrowing and minimising counterparty risk on placing investments also needed to be considered.

A cost of carry remained during the year on any new long-term borrowing that was not immediately used to finance capital expenditure, as it would have caused a temporary increase in cash balances; this would have incurred a revenue cost – the difference between (higher) borrowing costs and (lower) investment returns.

The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this was kept under review to avoid incurring higher borrowing costs in the future when this authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.

9.2 Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. The Chief Financial Officer therefore monitored interest rates in financial markets and adopted a pragmatic strategy based upon the following principles to manage interest rate risks

- if it had been felt that there was a significant risk of a sharp FALL in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings would have been postponed, and potential rescheduling from fixed rate funding into short term borrowing would have been considered.
- if it had been felt that there was a significant risk of a much sharper RISE in long and short term rates than initially expected, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position would have been re-appraised. Most likely, fixed rate funding would have been drawn whilst interest rates were lower than they were projected to be in the next few years.

9.3 Interest rate forecasts expected only gradual rises in medium and longer term fixed borrowing rates during 2019/20 and the two subsequent financial years. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period.

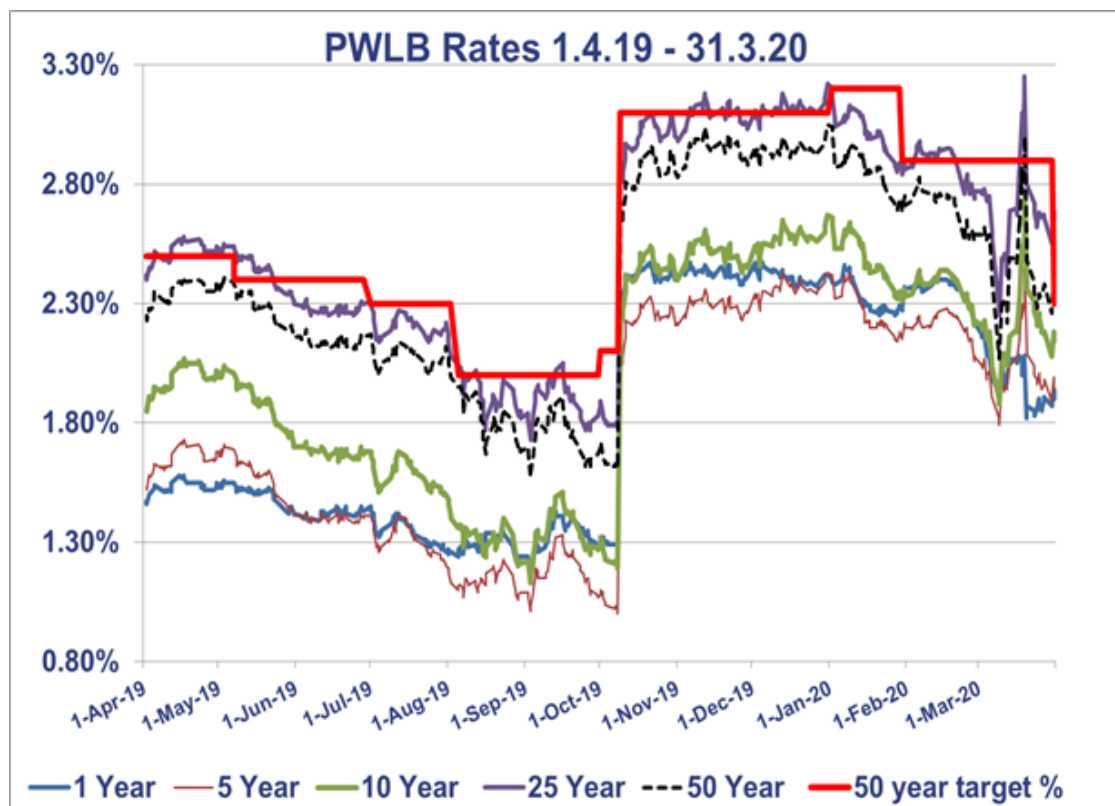
Link Asset Services Interest Rate View 5.8.19											
	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.25
3 Month LIBID	0.70	0.70	0.70	0.70	0.80	0.90	1.00	1.00	1.00	1.10	1.20
6 Month LIBID	0.80	0.80	0.80	0.80	0.90	1.00	1.10	1.10	1.20	1.30	1.40
12 Month LIBID	1.00	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.40	1.50	1.60
5yr PWLB Rate	1.20	1.30	1.50	1.60	1.70	1.70	1.80	1.90	2.00	2.00	2.10
10yr PWLB Rate	1.50	1.60	1.80	1.90	2.00	2.00	2.10	2.20	2.30	2.30	2.40
25yr PWLB Rate	2.10	2.30	2.40	2.50	2.60	2.70	2.70	2.80	2.90	3.00	3.00
50yr PWLB Rate	2.00	2.20	2.30	2.40	2.50	2.60	2.60	2.70	2.80	2.90	2.90

PWLB rates are based on, and are determined by, gilt (UK Government bonds) yields through H.M.Treasury determining a specified margin to add to gilt yields. There was much speculation during the second half of 2019 that bond markets were in a bubble which was driving bond prices up and yields down to historically very low levels. The context for that was heightened expectations that the US could have been heading for a recession in 2020, and a general background of a downturn in world economic growth, especially due to fears around the impact of the trade war between the US and China, together with inflation generally at low levels in most countries and expected to remain subdued; these conditions were conducive to very low bond yields.

While inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on

consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last 30 years.

We have therefore seen, over the last year, many bond yields up to 10 years in the Eurozone turn negative. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities.



Gilt yields were on a generally falling trend during the last year up until the coronavirus crisis hit western economies. Since then, gilt yields have fallen sharply to unprecedented lows as investors have panicked in selling shares in anticipation of impending recessions in western economies, and moved cash into safe haven assets i.e. government bonds.

However, major western central banks also started quantitative easing purchases of government bonds which will act to maintain downward pressure on government bond yields at a time when there is going to be a huge and quick expansion of government expenditure financed by issuing government bonds; (this would normally cause bond yields to rise). At the close of the day on 31 March, all gilt yields from 1 to 5 years were between 0.12 – 0.20% while even 25-year yields were at only 0.83%.

However, HM Treasury has imposed two changes in the margins over gilt yields for PWLB rates in 2019-20 without any prior warning; the first on 9 October 2019, added an additional 1% margin over gilts to all PWLB rates. That increase was then partially reversed for some forms of borrowing on 11 March 2020 (including borrowing for the HRA), at the same time as the Government announced in the Budget a programme of increased spending on infrastructure expenditure.

It also announced that there would be a consultation with local authorities on possibly further amending these margins; this ends on 4 June. It is clear that the Treasury intends to put a stop to local authorities borrowing money from the PWLB to purchase commercial property if the aim is solely to generate an income stream.

Following the changes on 11 March 2020 in margins over gilt yields, the current situation is as follows: -

- PWLB Standard Rate is gilt plus 200 basis points (G+200bps)
- PWLB Certainty Rate is gilt plus 180 basis points (G+180bps)
- PWLB HRA Standard Rate is gilt plus 100 basis points (G+100bps)
- PWLB HRA Certainty Rate is gilt plus 80bps (G+80bps)
- Local Infrastructure Rate is gilt plus 60bps (G+60bps)

There is likely to be little upward movement in PWLB rates over the next two years as it will take national economies a prolonged period to recover all the momentum they will lose in the sharp recession that will be caused during the coronavirus shut down period. Inflation is also likely to be very low during this period and could even turn negative in some major western economies during 2020-21.

## 10. BORROWING OUTTURN

10.1 No debt was rescheduled during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

10.2 The following fixed interest rate loans were taken during the year:

### Adur District Council

Lender	Principal	Purpose of Loan	Interest Rate	Maturity
PWLB	£6m	Commercial Property purchase	1.82%	04/04/2037
PWLB	£1m	HRA refinancing	2.17%	10/06/2059
PWLB	£1m	Office Block Construction	1.65%	26/06/2029
PWLB	£8m	Commercial property purchase	1.48%	25/07/2028
PWLB	£8m	Commercial property purchase	1.88%	01/08/2034

PWLB	£1m	Office Block Construction	1.88%	16/08/2039
PWLB	£1m	HRA refinancing	1.74%	05/09/2069
PWLB	£2m	Refinancing	0.99%	06/04/2030
PWLB	£21.35m	Commercial property purchase	2.50%	19/12/2035
Vale of Glamorgan	£2m	Refinancing	0.90%	27/04/2020

### Worthing Borough Council

Lender	Principal	Purpose of Loan	Interest Rate	Maturity
PWLB	£13m	Commercial property purchase	2.44%	25/04/2059
PWLB	£1m	Refinancing	2.17%	10/06/2059
PWLB	£1m	Refinancing	1.65%	26/06/2029
PWLB	£1m	Refinancing	1.88%	16/08/2039
PWLB	£1m	Refinancing	1.74%	05/09/2069
PWLB	£4m	Commercial property purchase	1.30%	12/09/2028
PWLB	£4m	Commercial property purchase	1.36%	12/09/2029
PWLB	£4m	Commercial property purchase	1.42%	12/09/2030
PWLB	£1.5m	Commercial property purchase	1.48%	12/09/2031
PWLB	£3.53m	Commercial property purchase	1.58%	20/09/2032
PWLB	£3.53m	Commercial property purchase	1.63%	19/09/2033
PWLB	£2m	Refinancing	0.00%	08/04/2030
PWLB	£5.69m	Commercial property purchase	2.39%	10/12/2026
PWLB	£5.69m	Commercial property purchase	2.44%	10/12/2027
PWLB	£5m	GB Met College loan	2.60%	09/01/2040
Vale of White Horse	£3m	Refinancing	1.30%	18/11/2021
Vale of Glam	£2m	Refinancing	0.90%	27/04/2020
Stevenage	£5m	Commercial property purchase	1.50%	06/12/2021
West Yorks Combined	£5m	Refinancing	1.40%	28/02/2022

10.3 As shown above, the Councils have borrowed to fund the purchase of commercial properties. Members are reminded that in choosing to invest in Commercial Property, the Councils do not fully comply with the Prudential Code. This is allowable provided that the Councils have an Investment Strategy that explains:

- Why the local authority has decided not to have regard to this Guidance or to the Prudential Code in this instance; and
- The local authority's policies in investing the money borrowed, including management of the risks, for example, of not achieving the desired profit or an increase in borrowing costs.

The requirement is met through the publication of a Commercial Property Investment Strategy which sets out the Councils' approach to developing and managing the commercial property portfolio including how the associated risks will be managed. [Strategic Property Investment Fund 2020 and the Annual Commercial Property Investment Strategy 2020/21 Report by the Director fo](#)

#### 10.4 **Borrowing in advance of need**

The Councils have not borrowed more than, or in advance of their needs, purely in order to profit from the investment of the extra sums borrowed.

### 11. **INVESTMENT OUTTURN**

#### 11.1 **Investment Policy**

The Councils' investment policy is governed by MHCLG investment guidance, which has been implemented in the annual investment strategy. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc.).

The investment activity during the year conformed to the approved strategy, and the Councils had no liquidity difficulties.

#### 11.2 **Resources**

The Councils' cash balances comprise revenue and capital resources and cash flow monies. The Councils' core cash resources comprised as follows:

## Adur District Council

Balance Sheet Resources (£m)	31 March 2020	31 March 2019
General Fund Balances	(1,239)	156
HRA Balances	(6,362)	(5,081)
Earmarked reserves	(3,257)	(3,476)
Provisions	(600)	(802)
Usable capital receipts & grants	(5,552)	(9,012)
<b>Total</b>	<b>(17,010)</b>	<b>(18,215)</b>

## Worthing Borough Council

Balance Sheet Resources (£m)	31 March 2020	31 March 2019
Balances	(1,359)	(83)
Earmarked reserves	(3,525)	(3,954)
Provisions	(185)	(772)
Usable capital receipts & grants	(5,432)	(7,205)
<b>Total</b>	<b>(10,501)</b>	<b>(12,014)</b>

### 11.3 Investments held by the Councils

Both Councils recorded a shortfall on investment income against budget, partly due to the use of “internal borrowing” - instead of borrowing externally to fund the capital programme, funds that could otherwise have been invested externally were used for capital expenditure. This approach was used due to the higher rates payable on borrowing compared to investing and resulted in an underspend on interest payable. The investment rates achievable in the market during the year were also lower than the original forecast.

Details of the income earned are shown below. A comparable performance indicator is the average 6 month London Interbank Bid Rate (the rate bid by banks on deposits), which was 0.70%.

#### **Adur District Council:**

Adur District Council maintained an average balance of £11.978m of internally managed funds, which earned an average rate of return of 0.94%. This excludes the



£3m investment in the Local Authorities' Property Fund, which returned an average of 4.05%, amounting to income of £115k.

The treasury investment returns included in the reported income of Adur Council for 2019/20, excluding the Local Authorities' Property Fund investment, amounted to £161k, which under-achieved the budget by £19.5k, due to the reasons explained above.

### **Worthing Borough Council:**

Worthing Borough Council maintained an average balance of £10.432m of internally managed funds, which earned an average rate of return of 0.89%. Those figures exclude:

- the £10m loan to Worthing Homes, which earned 0.70% above the rate at which the funds were borrowed from the PWLB, amounting to £70k;

- the £5m loan to GB Met College, which earned 2.00% above the rate at which the funds were borrowed from the PWLB. As the loan only commenced in January, the net amount earned by the Council was £23k

- the investment in the Local Authorities' Property Fund, which earned an average of 4.05%, amounting to over £57k.

The Treasury investment returns included in the reported income of the Council for 2019/20 amounted to £93,322, excluding the investments specified above, just over £6k under budget, due to the reasons explained above.

## **12. MINIMUM REVENUE PROVISIONS (MRP) FOR REPAYMENT OF DEBT**

12.1 The Councils, in accordance with legislation, make a provision from revenue to enable the repayment of borrowing that has been undertaken to fund the capital programme. This provision is known as the Minimum Revenue Provision (MRP) and is charged to the General Fund Revenue Account each year. The Councils are also permitted to make a Voluntary Revenue Provision (VRP) which is additional to the MRP and can be used to reduce the MRP in future years.

12.2 For 2019/20 an amount of £1.341m of MRP and £50k of VRP has been provided in the Adur District Council General Fund. The VRP total balance at 31 March 2020 was £50k. No voluntary amount has been set aside for the HRA.

12.3 For 2019/20 an amount of £1.267m of MRP and a net £190k of VRP has been provided in the Worthing Borough Council revenue accounts. The VRP total balance at 31 March 2020 was £490k.

### 13. CURRENT PERIOD TREASURY MATTERS

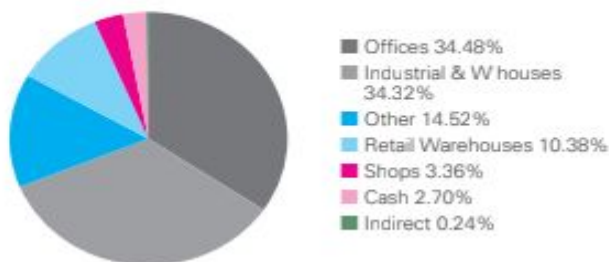
13.1 Due to the Covid-19 virus, the government made substantial payments to both Councils to distribute as Business Grants to local businesses. On April 1st 2020 Adur District Council received £17.64m and Worthing Borough Council received £26.13m. Additional funding was also received to provide relief to the local community, support the additional costs that the Councils are incurring, and to compensate for the loss of income.

The Councils have been very successful in distributing the funds to support local businesses, However it was not possible to accept the grant funding and also adhere to the counterparty investment limits whilst managing these short term funds. Consequently the Chief Executive used his urgency powers to approve changes to the investment limits for three months (April - June), which was approved by JSC on the 9th June 2020. The approval ended on the 30th June, but unfortunately the counterparty limits were still exceeded on the 1st July. All counterparty limits were met on the 2nd July and subsequently and there was no loss to either Council.

13.2 The Covid-19 virus has not affected the fixed term deposits already held by the Councils. However the rates on money market funds and new fixed term deposits are now much lower than in February and are continuing to drop. This will affect our ability to meet the 2020/21 treasury income budgets. This does also mean that new borrowing will also be at a lower rate and so overall we expect to be on target for the budgets for net treasury management costs. The Councils do not invest in stocks and shares so are not exposed to these market fluctuations.

The investments in the Local Authorities' Property Fund have reduced in value by 5.7% between February and June, however, as explained below, this will not impact on the General Fund in the short term due to the Council's statutory position. The dividend payments are still holding up well and the June dividend was 85% of the March one. The Fund is widely diversified in terms of its investment sectors and is actively managed.

**Asset allocation at 31 December 19**



13.3 Following the consultation undertaken by the Ministry of Housing, Communities and Local Government, (MHCLG), on IFRS9, the Government has introduced a mandatory statutory override for local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds. This will be effective from 1 April 2018. The statutory override applies for five years from this date. Local authorities are required to disclose the net impact of the unrealised fair value movements in a separate unusable reserve throughout the duration of the override in order for the Government to keep the override under review and to maintain a form

of transparency. This applies to Adur and Worthing Councils in respect of the investments in the Local Authorities' Property Fund.

#### **14. ENGAGEMENT AND COMMUNICATION**

- 14.1 The Adur and Worthing Councils' treasury management team provides treasury services to Mid Sussex District Council through a shared services arrangement (SSA). The SSA is provided under a Service Level Agreement that was renewed from 18th October 2019, and which defines the respective roles of the client and provider authorities for a period of three years.
- 14.2 Information and advice is supplied throughout the year by Link Asset Services Ltd, the professional consultants for the Councils' shared treasury management service.

#### **15. FINANCIAL IMPLICATIONS**

This report has no quantifiable additional financial implications to those outlined above. Interest payable and interest receivable arising from treasury management operations, and annual revenue provisions for repayment of debt, form part of the revenue budget.

#### **16. LEGAL IMPLICATIONS**

The presentation of the Annual Report is required by regulations issued under the Local Government Act 2003 to review the treasury management activities, the actual prudential indicators and the treasury related indicators for 2019/20.

#### **Background Papers**

Joint Treasury Management Strategy Statement and Annual Investment Strategy Report 2019/20 to 2021/22 – Joint Governance Committee 22 January 2019, Joint Strategic Committee, 31 January 2019

Joint Half-Year In-House Treasury Management Operations Report 1 April – 30 September 2019 for Adur District Council and Worthing Borough Council – Joint Governance Committee, 26 November 2019 and Joint Strategic Committee, 3 December 2019

Link Asset Services Annual Report Template 2019/20

CIPFA Code of Practice on Treasury Management and CIPFA Code for Capital Finance in Local Authorities

#### **Officer Contact Details:-**

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## **SUSTAINABILITY & RISK ASSESSMENT**

### **1. ECONOMIC**

The treasury management function ensures that the Councils have sufficient liquidity to finance their day to day operations. Borrowing is arranged as required to fund the capital programmes. Available funds are invested according to the specified criteria to ensure security of the funds, liquidity and, after these considerations, to maximise the rate of return.

### **2. SOCIAL**

#### **2.1 Social Value**

Matter considered and no issues identified.

#### **2.2 Equality Issues**

Matter considered and no issues identified.

#### **2.3 Community Safety Issues (Section 17)**

Matter considered and no issues identified.

#### **2.4 Human Rights Issues**

Matter considered and no issues identified.

### **3. ENVIRONMENTAL**

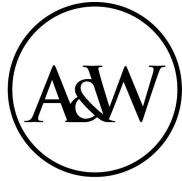
Matter considered and no issues identified.

### **4. GOVERNANCE**

4.1 The Councils' Treasury Management Strategy and Annual Investment Strategy place the security of investments as foremost in considering all treasury management dealing. By so doing it contributes towards the Councils' priorities contained in Platforms for our Places.

4.2 The operation of the treasury management function is as approved by the Councils' Treasury Management Strategy and Annual Investment Strategy 2018/19 - 2020/21, submitted and approved before the commencement of the 2018/19 financial year.

4.3 In the current economic climate the security of investments is paramount, the management of which includes regular monitoring of the credit ratings and other incidental information relating to credit-worthiness of the Councils' investment counterparties.



ADUR & WORTHING  
COUNCILS

Joint Governance Committee  
30 July 2020  
Agenda Item 8

Ward(s) Affected: All

## **Worthing Borough Council Petition Scheme**

### **Report by the Monitoring Officer**

#### **Executive Summary**

##### **1. Purpose**

1.1 At the Annual Meeting of Worthing Borough Council on 26th May 2020, a resolution was made by the Council referring the Petition Scheme to the Joint Governance Committee for consideration.

1.2 This report asks Members to consider the Worthing Borough Council Petition Scheme and recommend any amendments to full Council for adoption into the Constitution.

##### **2. Recommendations**

2.1 The Joint Governance Committee is recommended to review the provisions of the Worthing Borough Council Petition Scheme and make any recommendations to Worthing Borough Council for adopting an amended version into the Council's Constitution.

### **3.0 Context**

- 3.1 At the Worthing Borough Council Annual meeting on 26th May 2020, the Council considered an item on amendments to the Constitution, primarily made to facilitate remote attendance at Council meetings.
- 3.2 One of the documents amended by the Council was the Worthing Borough Council Petition Scheme. The Monitoring Officer had made minor amendments to the Scheme on 12th May 2020 to enable the Petition Organiser to join a Council meeting remotely by electronic means to present their petition should they wish to do so, or alternatively to enable their representations to be read out on their behalf.
- 3.3 The amended Petition Scheme of 12th May 2020 was endorsed by the Council and formally adopted into the Worthing Borough Council Constitution.
- 3.4 However, the Council made a further resolution, set out at paragraph 4.0 below, which requires consideration by the Joint Governance Committee.

### **4.0 Issues for consideration**

At the Annual meeting of Worthing Borough Council on 26th May 2020, a further resolution was made, following a proposal to amend the substantive motion, by Cllr Silman. The Council agreed, the following:

*That the Council agreed to refer the following proposed amendment to the Borough Council of Worthing Petition Scheme, clause 6(2), to the Joint Governance Committee for consideration:- Lines 9 to 12 of the Petition Scheme, clause 6(2), be amended to read as follows: The Petition Organiser will be given five minutes to read the petition at the meeting and make any representations, 'before Members discuss the petition', in accordance with Council's Standing Orders as contained in Part 4 of the Constitution. At the end of the discussion and before any proposition is voted on, the Petition Organiser will be given 3 minutes (maximum) to make a closing statement.*

#### **4.1 Current provisions of Paragraph 6.2 of the Petition Scheme**

Paragraph 6.2 of the Petition Scheme currently states the following:

*Qualifying petitions are defined in this scheme as petitions containing 1,000 or more names, postal addresses and signatures (other than when in electronic*

*form) of people who live, work or study in the Borough of Worthing and support the petition.*

*On receipt of a qualifying petition, where time permits, the petition will be debated by the Full Council, at their next Ordinary Meeting, provided that the petition is received by the Monitoring Officer 15 clear working days prior to that meeting, or otherwise at the next available Ordinary Council Meeting. The Petition Organiser will be given five minutes to read the petition at the meeting and make any representations and the petition will then be discussed by Councillors in accordance with the Council's Standing Orders as contained in Part 4 of this Constitution. The Council will decide, by way of a motion being proposed, seconded and voted upon, how to respond to the petition at this meeting.*

*If the petition relates to action currently being progressed by the Council and the petition will trigger a debate at Full Council, as it is accepted by the Monitoring Officer and is a qualifying petition, then the action will be suspended pending the debate, unless in relation to statutory, contractual or other legal situations where a suspension would, in the view of the Monitoring Officer, prejudice the Council's position.*

*Where a petition is accepted by the Monitoring Officer and is a qualifying petition but time does not permit a debate at Full Council, for example because an action that is the subject of the petition will occur prior to the next meeting of the Full Council, the petition will be referred by the Monitoring Officer to the appropriate decision-maker, Executive or relevant Committee or Joint Committee. Once a decision is made, the decision-maker will notify the Petition Organiser in writing of the response with reasons for the decision within 5 working days.*

#### 4.2 Proposed amendments to paragraph 6.2 of the Petition Scheme

It is proposed that, to incorporate the proposals of the Council, paragraph 6.2 of the Petition Scheme be amended as follows:

*Qualifying petitions are defined in this scheme as petitions containing 1,000 or more names, postal addresses and signatures (other than when in electronic form) of people who live, work or study in the Borough of Worthing and support the petition.*

*On receipt of a qualifying petition, where time permits, the petition will be debated by the Full Council, at their next Ordinary Meeting, provided that the petition is received by the Monitoring Officer 15 clear working days prior to*

*that meeting, or otherwise at the next available Ordinary Council Meeting. The Petition Organiser will be given five minutes to read the petition at the meeting and make any representations and the petition will then be discussed by Councillors in accordance with the Council's Standing Orders as contained in Part 4 of this Constitution. **Following the debate by Councillors, the Petition Organiser will be given a further opportunity to address the Council and shall have a maximum of 3 minutes to make a closing statement.** The Council will then decide, by way of a motion being proposed, seconded and voted upon, how to respond to the petition at this meeting.*

*If the petition relates to action currently being progressed by the Council and the petition will trigger a debate at Full Council, as it is accepted by the Monitoring Officer and is a qualifying petition, then the action will be suspended pending the debate, unless in relation to statutory, contractual or other legal situations where a suspension would, in the view of the Monitoring Officer, prejudice the Council's position.*

*Where a petition is accepted by the Monitoring Officer and is a qualifying petition but time does not permit a debate at Full Council, for example because an action that is the subject of the petition will occur prior to the next meeting of the Full Council, the petition will be referred by the Monitoring Officer to the appropriate decision-maker, Executive or relevant Committee or Joint Committee. Once a decision is made, the decision-maker will notify the Petition Organiser in writing of the response with reasons for the decision within 5 working days.*

## **5.0 Financial Implications**

5.1 There are no financial implications arising from this report.

## **6.0 Legal Implications**

6.1 A requirement for a Local Authority to have a Petition Scheme was introduced in the Local Democracy, Economic Construction and Development Act 2009. Although the legislation has since been repealed and there is no longer any statutory requirement for the Council to have a Petition Scheme, it is recommended as good practice that they do, to promote and encourage public participation in the democratic process.

6.2 Both Adur District Council and Worthing Borough Council have a Petition Scheme which can be found in Part 5 of each Council's Constitution.



## **Background Papers**

- Worthing Borough Council Constitution
- Minutes of Worthing Borough Council Meeting 26th May 2020

## **Officer Contact Details:-**

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## **Sustainability & Risk Assessment**

### **1. Economic**

Matter considered and no issues identified

### **2. Social**

#### **2.1 Social Value**

Matter considered and no issues identified

#### **2.2 Equality Issues**

Matter considered and no issues identified

#### **2.3 Community Safety Issues (Section 17)**

Matter considered and no issues identified

#### **2.4 Human Rights Issues**

Matter considered and no issues identified

### **3. Environmental**

Matter considered and no issues identified

### **4. Governance**

The Council has a Petition Scheme which has been formally adopted as part of the Council's Constitution. All Petitions submitted to the Council should be determined in accordance with the Published Scheme.



ADUR & WORTHING  
COUNCILS

Joint Governance Committee  
30 July 2020  
Agenda Item 9

Ward(s) Affected: All

## Local Government Association Model Member Code of Conduct Consultation

### Report by the Monitoring Officer

#### Executive Summary

#### 1. Purpose

- 1.1. The Local Government Association has produced a draft Model Code of Conduct for Members and is seeking comments by way of consultation from Members, Officers and stakeholders.
- 1.2. This report is to advise Members of the Joint Governance Committee, who have standards and conduct matters within their remit, of the Model Code and invite them to respond to the consultation process should they wish to do so.

#### 2. Recommendations

The Joint Governance Committee is :

- 2.1. Recommended to note the contents of the report and the draft Model Code of Conduct; and
- 2.2. Invited to respond to the LGA by way of consultation.

### 3. Context

- 3.1. In January 2019 the Committee on Standards in Public Life published their report making recommendations on standards and ethics matters within Local Government. A report has previously been considered by this Committee dealing with their findings and recommendations.
- 3.2. As a result of their work, the Local Government Association has undertaken a review and produced a draft Model Member Code of Conduct. The draft Code is attached at Appendix 1 to this report for Members' consideration.
- 3.3. The LGA says "*The Local Government Association is providing this Model Member Code of Conduct for consultation as part of its work on supporting the sector to continue to aspire to high standards of leadership and performance.*"
- 3.4. *The role of the Councillor in all tiers of local government is a vital part of our country's system of democracy. In voting for a local councillor, the public is imbuing that person and position with their trust. As such, it is important that as councillors we can be held accountable and all adopt the behaviours and responsibilities associated with the role. The conduct of an individual councillor affects the reputation of all councillors. We want to continue to attract individuals from a range of backgrounds and circumstances who understand the responsibility they take on and are motivated to make a positive difference to their local communities."*
- 3.5. "*The Model Code is designed to aid members in all tiers of local government model the behaviours and high standards that anyone would expect from a person holding public office. Equally, it articulates behaviour which falls below the standards that would be expected of Council members. It is designed to help set a framework for public and councillor interaction, emphasising the importance of civility and that councillors should be protected from bullying, intimidation and abuse."*
- 3.6. The LGA Model Code has been developed in collaboration with the sector and is now out for consultation. Consultation is open until 17th August 2020. The consultation addresses key areas that the LGA would like a view on to help finalise the Code. The consultation is aimed at Councillors and Officers from all tiers of Local Government.

3.7. The Localism Act 2011 provides that all Councils must have a Code of Conduct and that it must support the Nolan principles. The LGA Model Code will be offered as a template document for Councils to use if they wish to adopt it, either in part or in whole. Adur & Worthing will need to consider the Code, once finalised, and determine whether they wish to amend their current Codes and adopt the Model one. Once finalised therefore the Model Code will be brought before the Joint Governance Committee again, for them to consider the final version and make recommendations to each full Council in respect of its adoption or otherwise.

#### **4. Issues for consideration**

4.1. The Code sets out some specific obligations which are the minimum requirements of Member conduct:

- The Model Code has focussed less on treating others with respect and more now on treating others with civility and respecting the roles that others play. Civility means politeness and courtesy in behaviour, speech and the written word. This would therefore enable a Councillor to express opinions and challenge or criticise in a civil manner, but not to subject others to personal attack, nor to be rude or offensive.
- The Model Code introduces a provision relating to behaviour that is bullying or harassment and prevents offensive, intimidating, malicious or insulting behaviour, or an abuse or misuse of power that undermines, humiliates or denigrates the recipient.
- There is a provision upholding Officers' need to be politically neutral and preventing Councillors from compromising the impartiality of anyone who works for the Councils. This provides that Councillors should not try to force Officers to act differently, change their advice, or alter their work, if doing so would prejudice their professional integrity.
- Provisions surrounding non disclosure of confidential information are maintained in the Model Code, and principles of transparency are upheld.
- There is a provision relating to not bringing your role or your Council into disrepute, which would include behaviour that is considered dishonest and/or deceitful.

- The Model Code prevents Councillors using or attempting to use their position improperly to confer either advantage or disadvantage on themselves, or another.
- The Model Code includes provision for not misusing Council resources and the guidance provides that such resources are provided to help a Councillor carry out that role rather than to benefit them personally.
- The need to declare interests remains in the Model Code and indeed those listed at Table 1 replicate the disclosable pecuniary interests provided for in statute. It remains a criminal offence to fail to register or declare a disclosable pecuniary interest.
- Gifts and Hospitality is also included in the Model Code and the suggestion is that no significant gifts or hospitality from those seeking to do business with the Council should be accepted, and that any gifts or hospitality with an estimated value of at least £25 should be registered.

## **5. Engagement and Communication**

- 5.1. To facilitate consultation the Local Government Association has produced an online consultation questionnaire aimed at both Councillors and Officers. It can be found on the Local Government Association website:  
<https://www.local.gov.uk/code-conduct-consultation-2020>. Alternatively they welcome comments by email to [ModelCode@local.gov.uk](mailto:ModelCode@local.gov.uk).
- 5.2. Members of the Joint Governance Committee are invited to complete the online consultation questionnaire with the LGA. The consultation period ends on 17th August 2020.

## **6. Financial Implications**

- 6.1. There are no financial implications arising from this report,

## **7. Legal Implications**

- 7.1. Section 27 of the Localism Act provides that every Local Authority must have a Code of Conduct, which should be adopted by the Authority and must be published. It further provides that every Local Authority must

have appointed at least one Independent Person and that they must make arrangements for dealing with complaints that Members have breached the Code of Conduct.

### **Background Papers**

Adur District Council Code of Conduct

Worthing Borough Council Code of Conduct

Adur & Worthing Standards Procedure Rules

Terms of Reference for the Joint Governance Committee

Report of the Committee on Standards in Public Life on Local Government Ethical Standards

Report to the Joint Governance Committee dated 26th November 2019: Standards in Public Life

### **Officer Contact Details:-**

Susan Sale

Solicitor to the Council & Monitoring Officer

01903 221119

[susan.sale@adur-worthing.gov.uk](mailto:susan.sale@adur-worthing.gov.uk)

## **Sustainability & Risk Assessment**

### **1. Economic**

Matter considered and no issues identified.

### **2. Social**

#### **2.1 Social Value**

Having strong arrangements around Member conduct increases public confidence in the democratic process.

#### **2.2 Equality Issues**

Matter considered and no issues identified.

#### **2.3 Community Safety Issues (Section 17)**

Matter considered and no issues identified.

#### **2.4 Human Rights Issues**

Matter considered and no issues identified.

### **3. Environmental**

Matter considered and no issues identified.

### **4. Governance**

Failure to uphold high standards of conduct and ethics amongst Members and/or to fail to deal with allegations of misconduct can lead to reputational damage and a lack of confidence in the democratic process.



# Local Government Association Model Member Code of Conduct

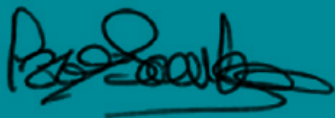
# Introduction

The Local Government Association (LGA) is providing this Model Member Code of Conduct as part of its work on supporting the sector to continue to aspire to high standards of leadership and performance.

The role of councillor in all tiers of local government is a vital part of our country's system of democracy. In voting for a local councillor, the public is imbuing that person and position with their trust. As such, it is important that as councillors we can be held accountable and all adopt the behaviours and responsibilities associated with the role. The conduct of an individual councillor affects the reputation of all councillors. We want the role of councillor to be one that people aspire to and want to participate with. We want to continue to attract individuals from a range of backgrounds and circumstances who understand the responsibility they take on and are motivated to make a positive difference to their local communities.

All councils are required to have a local Member Code of Conduct. This Model Member Code of Conduct has been developed in consultation with the sector and is offered as a template for councils to adopt in whole and/or with local amendments. The LGA will undertake an annual review of the Code to ensure it continues to be fit-for-purpose, particularly with respect to advances in technology, social media and any relevant changes in legislation. The LGA can also offer support, training and mediation to councils and councillors on the application of the Code, whilst the National Association of Local Councils (NALC) and the county associations of local councils can offer advice and support to town and parish councils.

As a councillor we all represent local residents, work to develop better services and deliver local change. The public have high expectations of us and entrust us to represent everyone (in our ward/town/parish), taking decisions fairly, openly, transparently and with civility. Councillors should also be treated with civility by members of the public, other councillors and council employees. Members have both individual and collective responsibility to maintain these standards, support expected behaviour and challenge behaviour which falls below expectations. This Code, therefore, has been designed to protect our democratic role, encourage good conduct and safeguard the public's trust in local government.



**Councillor Izzi Seccombe OBE**  
Leader, LGA Conservative Group



**Councillor Nick Forbes CBE**  
Leader, LGA Labour Group



**Councillor Howard Sykes MBE**  
Leader, LGA Liberal Democrats Group



**Councillor Marianne Overton MBE**  
Leader, LGA independent Group

## Purpose

The purpose of this Code of Conduct is to assist councillors in modelling the behaviour that is expected of them, to provide a personal check and balance, and to set out the type of conduct against which appropriate action may be taken. It is also to protect yourself, the public, fellow councillors, council officers and the reputation of local government. It sets out the conduct expected of all members and a minimum set of obligations relating to conduct. The overarching aim is to create and maintain public confidence in the role of member and local government.

## Application of the Code

The Code of Conduct applies to you when you are acting [or claiming or giving the impression that you are acting]<sup>1</sup> in [public or in]<sup>2</sup> your capacity as a member or representative of your council, although you are expected to uphold high standards of conduct and show leadership at all times. The Code applies to all forms of member communication and interaction, including written, verbal, non-verbal, electronic and via social media, [including where you could be deemed to be representing your council or if there are potential implications for the council's reputation.] Model conduct and expectations is for guidance only, whereas the specific obligations set out instances where action will be taken.

## The seven principles of public life

Everyone in public office at all levels – ministers, civil servants, members, council officers – all who serve the public or deliver public services should uphold the seven principles of public life. This Code has been developed in line with these seven principles of public life, which are set out in appendix A.

## Model member conduct

In accordance with the public trust placed in me, on all occasions I will:

- act with integrity and honesty
- act lawfully
- treat all persons with civility; and
- lead by example and act in a way that secures public confidence in the office of councillor

In undertaking my role, I will:

- impartially exercise my responsibilities in the interests of the local community
- not improperly seek to confer an advantage, or disadvantage, on any person
- avoid conflicts of interest
- exercise reasonable care and diligence; and
- ensure that public resources are used prudently and in the public interest

## Specific obligations of general conduct

This section sets out the minimum requirements of member conduct. Guidance is included to help explain the reasons for the obligations and how they should be followed. These obligations must be observed in all situations where you act [or claim or give the impression that you are acting] as a councillor [or in public], including representing your council on official business and when using social media.

**As a councillor I commit to:**

## Civility

- 1. Treating other councillors and members of the public with civility.**
- 2. Treating council employees, employees and representatives of partner organisations and those volunteering for the councils with civility and respecting the role that they play.**

Civility means politeness and courtesy in behaviour, speech, and in the written word. Debate and having different views are all part of a healthy democracy. As a councillor you can express, challenge, criticise and disagree with views, ideas, opinions and policies in a civil manner. You should not subject individuals, groups of people or organisations to unreasonable or excessive personal attack.

In your contact with the public you should treat them courteously. Rude and offensive behaviour lowers the public's expectations and confidence in its elected representatives.

In return you have a right to expect courtesy from the public. If members of the public are being abusive, threatening or intimidatory you are entitled to close down any conversation in person or online, refer them to the council, any social media provider or if necessary, the police. This also applies to members, where action could then be taken under the Member Code of Conduct.

## Bullying and harassment

- 3. Not bullying or harassing any person.**

Bullying may be characterised as offensive, intimidating, malicious or insulting behaviour, an abuse or misuse of power through means that undermine, humiliate, denigrate or injure the recipient. The bullying might be a regular pattern of behaviour or a one-off incident, happen face-to-face, on social media, in emails or phone calls, happen in the workplace or at work social events and not always be obvious or noticed by others.

The Equality Act 2010 defines harassment as 'unwanted conduct related to a relevant protected characteristic, which has the purpose or effect of violating an individual's dignity or creating an intimidating, hostile, degrading, humiliating or offensive environment for that individual'. The relevant protected characteristics are age, disability, gender reassignment, race, religion or belief, sex, and sexual orientation.

## Impartiality of officers of the council

- 4. Not compromising, or attempting to compromise, the impartiality of anyone who works for, or on behalf of, the council.**

Officers work for the council as a whole and must be politically neutral (unless they are political assistants). They should not be coerced or persuaded to act in a way that would undermine their neutrality. Although you can question officers in order to understand, for example, their reasons for proposing to act in a particular way, or the content of a report that they have written, you must not try and force them to act differently, change their advice, or alter the content of that report, if doing so would prejudice their professional integrity.

## Confidentiality and access to information

- 5. Not disclosing information given to me in confidence or disclosing information acquired by me which I believe is of a confidential nature, unless I have received the consent of a person authorised to give it or I am required by law to do so.**
- 6. Not preventing anyone getting information that they are entitled to by law.**

Local authorities must work openly and transparently, and their proceedings and

printed materials are open to the public except in certain circumstances. You should work on this basis but there will be times when it is required by law that discussions, documents and other information relating to or held by the council are treated in a confidential manner. Examples include personal data relating to individuals or information relating to ongoing negotiations.

## Disrepute

### **7. Not bringing my role or council into disrepute.**

Behaviour that is considered dishonest and/or deceitful can bring your council into disrepute. As a member you have been entrusted to make decisions on behalf of your community and your actions and behaviour are subject to greater scrutiny than that of ordinary members of the public. You should be aware that your actions might have an adverse impact on other councillors and/or your council.

## Your position

### **8. Not using, or attempting to use, my position improperly to the advantage or disadvantage of myself or anyone else.**

Your position as a member of the council provides you with certain opportunities, responsibilities and privileges. However, you should not take advantage of these opportunities to further private interests.

## Use of council resources and facilities

### **9. Not misusing council resources.**

You may be provided with resources and facilities by the council to assist you in carrying out your duties as a councillor. Examples include office support, stationery and equipment such as phones, and computers and transport. These are given

to you to help you carry out your role as a councillor more effectively and not to benefit you personally.

## Interests

### **10. Registering and declaring my interests.**

You need to register your interests so that the public, council employees and fellow members know which of your interests might give rise to a conflict of interest. The register is a document that can be consulted when (or before) an issue arises, and so allows others to know what interests you have, and whether they might give rise to a possible conflict of interest. The register also protects you. You are responsible for deciding whether or not you should declare an interest in a meeting, but it can be helpful for you to know early on if others think that a potential conflict might arise.

It is also important that the public know about any interest that might have to be declared by you or other members, so that decision making is seen by the public as open and honest. This helps to ensure that public confidence in the integrity of local governance is maintained. Discuss the registering and declaration of interests with your Monitoring Officer/Town or Parish Clerk and more detail is set out in appendix B.

## Gifts and hospitality

### **11. Not accepting significant gifts or hospitality from persons seeking to acquire, develop or do business with the council or from persons who may apply to the council for any permission, licence or other significant advantage.**

### **12. Registering with the monitoring officer any gift or hospitality with an estimated value of at least £25 within 28 days of its receipt.**

You should exercise caution in accepting any gifts or hospitality which are (or which you reasonably believe to be) offered to you

because you are a member. However, you do not need to register gifts and hospitality which are not related to your role as a member, such as Christmas gifts from your friends and family, or gifts which you do not accept. However, you may wish to notify your monitoring officer of any significant gifts you are offered but refuse which you think may have been offered to influence you.

Note – items in square brackets [x] refer to recommendations made by the Committee on Standards in Public Life and may be part of a future Government consultation. This includes possible future sanctions and appeals processes.

## Breaches of the Code of Conduct

Most councillors conduct themselves appropriately and in accordance with these standards. Members have both individual and collective responsibility to maintain these standards, support expected behaviour and challenge behaviour which falls below expectations.

Section 27 of the Localism Act 2011 requires relevant authorities to promote and maintain high standards of conduct by members and co-opted members of the authority. Each local authority must publish a code of conduct, and it must cover the registration of pecuniary interests, the role of an 'independent person', and sanctions to be imposed on any councillors who breach the Code.

The 2011 Act also requires local authorities to have mechanisms in place to investigate allegations that a member has not complied with the Code of Conduct, and arrangements under which decisions on allegation may be made.

Failure to comply with the requirements to register or declare disclosable pecuniary interests is a criminal offence. Taking part in a meeting or voting, when prevented from doing so by a conflict caused by disclosable pecuniary interests, is also a criminal offence.

Political parties may have its own internal standards and resolution procedures in addition to the Member Code of Conduct that members should be aware of.

# Example

## LGA guidance and recommendations

### Internal resolution procedure

Councils must have in place an internal resolution procedure to address conduct that is in breach of the Member Code of Conduct. The internal resolution process should make it clear how allegations of breaches of the Code of Conduct are to be handled, including the role of an Independent Person, the appeals process and can also include a local standards committee. The internal resolution procedure should be proportionate, allow for members to appeal allegations and decisions, and allow for an escalating scale of intervention. The procedure should be voted on by the council as a whole.

In the case of a non-criminal breach of the Code, the following escalating approach can be undertaken.

If the breach is confirmed and of a serious nature, action can be automatically escalated.

1. an informal discussion with the monitoring officer or appropriate senior officer
2. an informal opportunity to speak with the affected party/ies
3. a written apology
4. mediation
5. peer support
6. requirement to attend relevant training
7. where of a serious nature, a bar on chairing advisory or special committees for up to two months
8. where of a serious nature, a bar on attending committees for up to two months.

Where serious misconduct affects an employee, a member may be barred from contact with that individual; or if it relates to a specific responsibility of the council, barred from participating in decisions or information relating to that responsibility.

## Endnotes

1. CSPL recommend that “Section 27(2) of the Localism Act 2011 should be amended to state that a local authority’s code of conduct applies to a member when they claim to act, or give the impression they are acting, in their capacity as a member or as a representative of the local authority”.
2. CSPL recommend that “councillors should be presumed to be acting in an official capacity in their public conduct, including statements on publicly accessible social media. Section 27(2) of the Localism Act 2011 should be amended to permit local authorities to presume so when deciding upon code of conduct breaches.”
3. Subject to footnotes 1 and 2 above
4. See CSPL website for further details [www.gov.uk/government/news/the-principles-of-public-life-25-years](http://www.gov.uk/government/news/the-principles-of-public-life-25-years)
5. ACAS’s definition of bullying



# Appendices

## Code Appendix A

The principles are :

### **Selflessness**

Holders of public office should act solely in terms of the public interest.

### **Integrity**

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

### **Objectivity**

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

### **Accountability**

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

### **Openness**

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

### **Honesty**

Holders of public office should be truthful.

### **Leadership**

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

## Code Appendix B

### **Registering interests**

1. Within 28 days of this Code of Conduct being adopted by the council or your election or appointment to office (where that is later) you must register with the Monitoring Officer the interests which fall within the categories set out in Table 1 (Disclosable Pecuniary Interests) and Table 2 (Other Registerable Interests).
2. You must ensure that your register of interests is kept up-to-date and within 28 days of becoming aware of any new interest in Table 1 or 2, or of any change to a registered interest, notify the Monitoring Officer.

### **Declaring interests**

3. Where a matter arises at a meeting which directly relates to an interest in Table 1, you must declare the interest, not participate in any discussion or vote on the matter and must not remain in the room unless granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.
4. Where a matter arises at a meeting which directly relates to an interest in Table 2, you must declare the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.

5. Where a matter arises at a meeting which directly relates to your financial interest or well-being (and is not a Disclosable Pecuniary Interest) or a financial interest or well-being of a relative or close associate, you must declare the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.
6. Where a matter arises at a meeting which affects –
  - a. your own financial interest or well-being;
  - b. a financial interest or well-being of a friend, relative, close associate; or
  - c. a body covered by table 1 below

you must disclose the interest.

7. Where the matter affects the financial interest or well-being to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest you must declare the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.

**Table 1: Disclosable Pecuniary Interests**

Subject	Description
<b>Employment, office, trade, profession or vocation</b>	Any employment, office, trade, profession or vocation carried on for profit or gain.  [Any unpaid directorship.]
<b>Sponsorship</b>	Any payment or provision of any other financial benefit (other than from the council) made to the councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a councillor, or towards his/her election expenses.  This includes any payment or financial benefit from a trade union within the meaning of the <b>Trade Union and Labour Relations (Consolidation) Act 1992</b> .
<b>Contracts</b>	Any contract made between the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners (or a firm in which such person is a partner, or an incorporated body of which such person is a director* or a body that such person has a beneficial interest in the securities of*) and the council —  (a) under which goods or services are to be provided or works are to be executed; and  (b) which has not been fully discharged.
<b>Land and Property</b>	Any beneficial interest in land which is within the area of the council.  ‘Land’ excludes an easement, servitude, interest or right in or over land which does not give the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners (alone or jointly with another) a right to occupy or to receive income.
<b>Licences</b>	Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer.
<b>Corporate tenancies</b>	Any tenancy where (to the councillor’s knowledge)—  (a) the landlord is the council; and  (b) the tenant is a body that the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners is a partner of or a director* of or has a beneficial interest in the securities* of.
<b>Securities</b>	Any beneficial interest in securities* of a body where—  (a) that body (to the councillor’s knowledge) has a place of business or land in the area of the council; and  (b) either—  (i) the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or  (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

\*'director' includes a member of the committee of management of an industrial and provident society.

\*'securities' means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

**Table 2: Other Registerable Interests**

Any Body of which you are a member or in a position of general control or management and to which you are appointed or nominated by the council;	
Any Body—	(a) exercising functions of a public nature;
	(b) directed to charitable purposes; or
	(c) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)
of which you are a member or in a position of general control or management.	





**Local Government Association**

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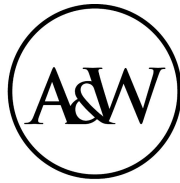
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We consider requests on an individual basis.



ADUR & WORTHING  
COUNCILS

Joint Governance Committee  
30 July 2020  
Agenda Item 10

Ward(s) Affected: Cokeham,  
Peveler, Churchill, Manor, Mash  
Barn and Widewater

## Parish Councils: Codes of Conduct

### Report by the Monitoring Officer

#### Executive Summary

#### 1. Purpose

1.1 Adur District Council, and by virtue of joint working arrangements, Worthing Borough Council, have responsibility for considering complaints made about the conduct of Parish Councillors, when acting in that capacity.

1.2 As part of this function the Joint Governance Committee, through their Chairmen, have requested the opportunity to review the Sompting Parish Council Code of Conduct and the Lancing Parish Council Code of Conduct

#### 2. Recommendations

Members of the Joint Governance Committee are asked to:

2.1 consider the Sompting Parish Council Code of Conduct and make any comments to the Parish Council via the Clerk, and

2.2 consider the Lancing Parish Council Code of Conduct and make any comments to the Parish Council via the Clerk.

### **3.0 Context**

- 3.1 Section 27 of Localism Act 2011 provides that every Local Authority must promote and maintain high standards of conduct by Members of the Authority. In discharging that duty, every Local Authority must adopt a code dealing with the conduct that is expected of Members of the Authority when they are acting in that capacity.
- 3.2 Section 27(3) provides that in respect of a Parish Council they may adopt the code adopted by the principal authority. However, there is no obligation upon them to do so.
- 3.3. Section 28 provides that a code must be adopted that, when viewed as whole, is consistent with the following principles, which are more commonly known as the Nolan principles:-
- Selflessness
  - Integrity
  - Objectivity
  - Accountability
  - Openness
  - Honesty
  - Leadership
- 3.4 The legislation further provides that a Local Authority, other than a Parish Council, must have in place arrangements under which allegations can be investigated and arrangements under which decisions on allegations can be made. A District Council must also have arrangements in place for dealing with allegations that a Parish Councillor, in their area, has failed to comply with that Parish's code of conduct.
- 3.5 Section 28(13) provides that the function of adopting, revising or replacing a code of conduct may be discharged only by that Authority.

### **4.0 Issues for consideration**

- 4.1 Adur District is the relevant Principal Authority for both the Parish Council of Sompting and the Parish Council of Lancing. Adur District Council has formally adopted a Code of Conduct which forms part of its Constitution and is published on the Council's website. Both Parish Councils in the area have chosen to adopt their own Codes, as they are at liberty to do.



4.2 Adur District Council is responsible for dealing with complaints that a Sompting Parish Councillor or Lancing Parish Councillor has breached the relevant Parish Code of Conduct. Such arrangements are contained within the Adur District Council Standards Procedure Rules which have been formally adopted by the Councils.

4.3 The Adur District Council Constitution provides in the terms of reference for the Joint Governance Committee that a representative from each Parish will be a co-opted Member of the Joint Governance Committee when it is considering Parish matters. The Council has recently been advised that Sompting Parish Councillor Caroline Baxter will be the co-opted Member from Sompting Parish Council and Lancing Parish Councillor Ann Bridges will be co-opted from Lancing Parish Council. Both co-opted Parish Councillors are invited to attend this meeting of the Joint Governance Committee when the Parish Codes of Conduct are to be considered.

#### 4.4 Sompting Parish Council

4.4.1 Sompting Parish Council adopted a Code of Conduct on 13th May 2020. A copy is attached at Appendix 1 to this report.

4.4.2 It can be seen at paragraph 1.3 that the Code is based on the 'Nolan principles' and these are set out at paragraph 2 of the Code. The Sompting Parish Council would therefore appear to comply with the requirements of the Localism Act 2011.

#### 4.5 Lancing Parish Council

4.5.1 Lancing Parish Council has also adopted a Code of Conduct and it is attached as Appendix 2 of this report.

4.5.2 It can be seen that paragraph 2 of the Code sets out the Nolan principles and that Members are committed to behaving in a manner consistent with those principles. It would therefore appear that the Lancing Parish Council also complies with the requirements of the Localism Act 2011.

### **5.0 Engagement and Communication**

5.1 Communication has taken place with the Clerks to the Parish Councils, the co-opted Members of the Parish Councils and the Joint Chairpersons of the Joint Governance Committee.

## **6.0 Financial Implications**

6.1 There are no financial implications arising from this report.

## **7.0 Legal Implications**

7.1 Legal implications are set out in the body of the report.

## **Background Papers**

- Adur District Council Constitution
- Adur District Council Standards Procedure Rules
- Sompting Parish Council Code of Conduct
- Lancing Parish Council Code of Conduct

## **Officer Contact Details:-**

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Solicitor to the Council & Monitoring Officer

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## **Sustainability & Risk Assessment**

### **1. Economic**

Matter considered and no issues identified

### **2. Social**

#### **2.1 Social Value**

The Localism Act places an obligation on Members to uphold high standards of conduct and ethics and having a code of conduct increases public confidence from our communities in their elected politicians.

#### **2.2 Equality Issues**

Matter considered and no issues identified

#### **2.3 Community Safety Issues (Section 17)**

Matter considered and no issues identified

#### **2.4 Human Rights Issues**

The Localism Act and procedures surrounding allegations of breaches of the Code of Conduct uphold the right to freedom of speech encompassed in the Human Rights Act

### **3. Environmental**

Matter considered and no issues identified

### **4. Governance**

The Code of Conduct forms part of the governance measures surrounding the Parish Council and ensures that good, robust and transparent governance measures are in place.





**SOMPTING**  
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**PARISH COUNCIL**

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# SOMPTING PARISH COUNCIL

## MEMBERS' CODE OF CONDUCT 2020-21

Agreed by Sompting Parish Council  
13<sup>th</sup> May 2020

**Sompting Parish Council's mission:** " To help foster a Sompting community which gives people a reason to be proud and engaged with the area we all live in"

## SOMPTING PARISH COUNCIL

### CODE OF CONDUCT FOR MEMBERS

#### 1.0 INTRODUCTION

- 1.1 This Code applies to every Member of Sompting Parish Council when that Member acts in their role as a Member. It is each Member's responsibility to comply with the provisions of this Code.
- 1.2 Each Member is a representative of Sompting Parish Council and the public will view that Member as such, and therefore, a Member's actions impact upon the Council as a whole and its reputation; a Member's actions can have both positive and negative impacts on the Councils.
- 1.3 This Code of Conduct is based upon the 'Nolan Principles - The Seven Principles of Public Life', which are set out at paragraph 2.0, and also encompasses the legislative framework of the Localism Act 2011, where provision is made by the Secretary of State for criminal sanctions to apply in certain circumstances.

#### 2.0 THE NOLAN PRINCIPLES: SEVEN PRINCIPLES OF PUBLIC LIFE

- 2.1 **Selflessness:** Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or their friends.
- 2.2 **Integrity:** Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.
- 2.3 **Objectivity:** In carrying out public business, including making public appointments, awarding contracts or recommending individuals for rewards and benefits, holders of public office should make choices on merit.
- 2.4 **Accountability:** Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.
- 2.5 **Openness:** Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands it.
- 2.6 **Honesty:** Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

2.7 **Leadership:** Holders of public office should promote and support these principles by leadership and example.

### 3.0 INTERPRETATION

In this Code -

3.1 'Meeting' means any meeting of:

- The Full Council;
- Any Committee, Sub-Committee of the Council; Working Group and
- Any other meeting involving Members and/or Officers and/or the public,

whether or not the press and public are excluded from the meeting in question by virtue of a resolution of Members.

3.2 'Member' includes a Co-opted Member (voting and non-voting), an Elected Member and an appointed Member.

### 4.0 SCOPE AND GENERAL OBLIGATIONS

#### 4.1 Scope

4.1.1 This Code applies to all Members of Sompting Parish Council.

4.1.2 It is each individual Member's responsibility to comply with the provisions of this Code.

4.1.3 The Code applies whenever a Member:

- Conducts the business of Sompting Parish Council; or
- Acts, claims to act, or gives the impression they are acting, as a representative of Sompting Parish Council, or in their official capacity as a Member of Sompting Parish Council.

4.1.4 Where a Member acts as a representative of Sompting Parish Council:

- on any other body, they must, when acting for that other body, comply with Sompting Parish Council's Code of Conduct, except and insofar as it conflicts with any other lawful obligations to which that other body may be subject.

#### 4.2 General Obligations

4.2.1 When acting as a Member of Sompting Parish Council a Member must:

- (a) Treat others with respect;
- (b) Not conduct themselves in a manner which is contrary to the Council's

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duty to promote and maintain high standards of conduct of Members;

- (c) Ensure that they are aware of and comply with the requirements that the Bribery Act 2010 places on a Member and on the Council as a whole;
- (d) Not disclose the information given to them in confidence by anyone, or information acquired by them which they believe, or ought reasonably to be aware, is of a confidential nature, except where:
  - (i) they have the consent of a person authorised to give it;
  - (ii) they are required by law to do so;
  - (iii) the disclosure is made to a third party for the purpose of obtaining professional legal advice provided that the third party agrees not to disclose the information to any other person; or
  - (iv) the disclosure is:
    - (aa) reasonable and in the public interest; and
    - (bb) made in good faith and in compliance with the reasonable requirements of the Council; and
    - (cc) they have consulted the Monitoring Officer prior to its release;
- (e) Not prevent another person from gaining access to information to which that person is entitled by law;
- (f) Not conduct themselves in a manner which is contrary to the Council's duty under the equalities legislation.

4.2.2 When using, or authorising the use by others, of the resources of Sompting Parish Council, a Member must:

- (a) Act in accordance with the Council's reasonable requirements, procedures, policy and Constitution, including the requirements of the Council's Internet and Email Policy;
- (b) Make sure that such resources are not used improperly for political purposes (including party political purposes); and
- (c) Have regard to any applicable Local Authority Code of Publicity made under the Local Government Act 1986, and the Protocol on the PreElection period.

## **5.0 DISCLOSABLE PECUNIARY INTERESTS UNDER THE LOCALISM ACT 2011**

Disclosable Pecuniary Interests (DPI's) and their application are governed by the Localism Act 2011.

### **5.1 Notification of Disclosable Pecuniary Interests**

5.1.1 Within 28 days of becoming a Member, each Member must notify the Monitoring Officer of any disclosable pecuniary interests they may have.



5.1.2 A 'disclosable pecuniary interest' is an interest of a Member or their partner (which means spouse or civil partner, a person with whom they are living as husband or wife or a person with whom they are living as if they are civil partners) within the description at Appendix 1 of this Code of Conduct.

## 5.2 Register of Interests

5.2.1 Any interests notified to the Monitoring Officer will be included in the Register of Interests. A copy of the Register will be available for public inspection and will be published on the Councils' website.

## 5.3 Sensitive Interests

5.3.1 Where a Member considers that disclosure of the details of a disclosable pecuniary interest on a copy of the Register made available for inspection and published, could lead to them, or a person connected with them, being subject to violence or intimidation, then copies of the Register that are available for inspection and any published version of the Register will exclude details of the interest, but state that the Member has a disclosable pecuniary interest, the details of which are withheld under Section 32(2) of the Localism Act 2011.

## 5.4 Non-Participation in Case of Disclosable Pecuniary Interest

5.4.1 If a Member is present at a meeting of Sompting Parish Council or any Committee or Sub-Committee of the Council and has a disclosable pecuniary interest in any matter to be considered or being considered at the meeting:

- (a) That Member may not participate in any discussion of the matter at the meeting; and
- (b) That Member may not participate in any vote taken on the matter at the meeting; and
- (c) If the interest is not registered, the Member must disclose the interest in the meeting; and
- (d) If the interest is not registered and is not the subject of a pending notification, the Member must notify the Monitoring Officer of the interest within 28 days of the meeting.

5.4.2 In addition, the Member is required to leave the room where the meeting is held while any discussion or voting takes place.

5.4.3 Where a Member has a disclosable pecuniary interest in any business of the Council, they may attend that meeting but only for the purpose of making representations, answering questions or giving evidence relating to the business, provided that the public are also allowed to attend the meeting for the same purpose, whether under a statutory right or otherwise, and the Member leaves the room where the meeting is held immediately after making representations, answering questions or giving evidence, prior to any debate, discussion or vote on the matter.

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## **5.5 Dispensations**

5.5.1 The Proper Officer may grant a Member a dispensation, but only in limited circumstances, to enable them to participate and vote on a matter in which they have a disclosable pecuniary interest.

## **5.6 Offences**

5.6.1 It is a criminal offence to:

- (a) Fail to notify the Monitoring Officer of any disclosable pecuniary interests within 28 days of a Member's election;
- (b) Fail to disclose a disclosable pecuniary interest at a meeting if it is not on the register;
- (c) Fail to notify the Monitoring Officer within 28 days of a disclosable pecuniary interest that is not on the Register that they have disclosed to a meeting;
- (d) Participate in any discussion or vote on a matter in which a Member has a disclosable pecuniary interest;
- (e) As a Member discharging a function acting alone, and having a disclosable pecuniary interest in such a matter, failing to notify the Monitoring Officer within 28 days of the interest; and
- (f) Knowingly or recklessly providing information that is false or misleading in notifying the Monitoring Officer of a disclosable pecuniary interest or in disclosing such interest to a meeting.

5.6.2 The criminal penalties available to a court are to impose a fine not exceeding level 5 on the standard scale (£5,000) and disqualification from being a Councillor for up to 5 years.

## **6.0 OTHER INTERESTS: PERSONAL AND PECUNIARY**

### **6.1 Notification of Other Interests**

6.1.1 In addition to the disclosable pecuniary interests notifiable under the Localism Act 2011 as set out in Paragraph 5 above, a Member must, within 28 days of:

- (a) this Code being adopted by or applied to your Council; or
- (b) that Member's election or appointment to office (where that is later),

notify the Monitoring Officer in writing of the details of their other personal and pecuniary interests where they fall within the following descriptions, for inclusion in the Register of Interests.

6.1.2 A Member must, within 28 days of becoming aware of any new interest or change of any interest, notify the Monitoring Officer of the details of that new interest or change.

## 6.2 Personal Interests

6.2.1 A Member has a personal interest in any business of the Council where that business:

- (a) relates to, or is likely to affect, any body of which they are a Member or in a position of general control or management and to which they are appointed or nominated by the Council;
- (b) relates to, or is likely to affect, any body:
  - (i) exercising functions of a public nature;
  - (ii) directed to charitable purposes; or
  - (iii) one of whose principle purposes includes the influence of public opinion or policy (including any political party or trade union) of which they are a member or in a position of general control or management.

6.2.2 A Member also has a personal interest in any business of the Council where a decision in relation to that business might reasonably be regarded as affecting their wellbeing or financial position or the wellbeing or financial position of a relevant person to a greater extent than the majority of other council tax payers, rate payers or inhabitants of the Ward affected by the decision.

6.2.3 A relevant person is:

- (a) A member of their family or any person with whom they have a close association; or
- (b) Any person or body who employs or has appointed such persons defined in paragraph 6.2.3(a) above, any firm in which such persons are a partner, or any company of which they are directors;
- (c) Any person or body in whom such persons defined in paragraph 6.2.3(a) above, have a beneficial interest in a class of securities exceeding the nominal value of £25,000 or 1% of the total of that class of securities.

## 6.3 Pecuniary Interests

6.3.1 Where a Member has a personal interest in any business of your Council, they also have a pecuniary interest in that business where the interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest and where that business:

- (a) affects the Member's financial position or the financial position of a person or body described in paragraph 6.2.2 above; or

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- (b) relates to the determining of any approval, consent, licence, permission or registration in relation to them or any person or body described in paragraph 6.2.2 above.

#### **6.4 Disclosure and Non-Participation**

- 6.4.1 Where a Member has a personal interest described in paragraph 6.2 above, which relates to themselves, in any business of the Council and where they are aware or ought reasonably to be aware of the existence of the personal interest and they attend a meeting of the Council at which the business is considered, they must disclose to that meeting the existence and nature of that interest at the commencement of that consideration, or when the interest becomes apparent.
- 6.4.2 Where a Member has a personal interest in any business of their Authority which relates to or is likely to affect a relevant person as described in paragraph 6.2.2, they need only disclose to the meeting the existence and nature of that interest when they address the meeting on that business.
- 6.4.3 Where a Member has a personal interest, but by virtue of paragraph 6.6, sensitive information relating to it is not registered in their Council's Register of Members' Interests, they must indicate to the meeting that they have a personal interest, but need not disclose the sensitive information to the meeting.
- 6.4.4 Where a Member has a personal interest in any business of their Council and they have made an Executive Decision in relation to that business, they must ensure that any written statement of that decision records the existence and nature of that interest.
- 6.4.5 Subject to paragraphs 6.4.7 and 6.4.8 below, where a Member has a pecuniary interest in any business of the Council:
  - (a) they may not participate in any discussion of the matter at the meeting;
  - (b) they may not participate in any vote taken on the matter at the meeting;
  - (c) if the interest is not registered, they must disclose the interest at the meeting; and
  - (d) if the interest is not registered and is not the subject of a pending notification, they must notify the Monitoring Officer of the interest within 28 days.
- 6.4.6 In addition, they are to leave the room where the meeting is held while any discussion or voting takes place.
- 6.4.7 Where a Member has a pecuniary interest in any business of the Authority, they may attend a meeting, but only for the purpose of making representations, answering questions or giving evidence relating to the business, provided that the public are also allowed to attend the meeting for the same purpose, whether under statutory right or otherwise, and they leave the room where the meeting is held immediately after making representations, answering questions and/or giving evidence.

6.4.8 Subject to a Member disclosing the interests at the meeting, they may attend a meeting and vote on a matter where they have a pecuniary interest that relates to the functions of the Council in respect of:

- (a) Housing, where they are a tenant of your Council, provided that those functions do not relate particularly to their tenancy or lease;
- (b) Statutory sick pay under Part XI of the Social Security Contributions and Benefits Act 1992, where they are in receipt of, or are entitled to, the receipt of such pay;
- (c) An allowance, payment or indemnity given to Members;
- (d) Any ceremonial honour given to Members; and
- (e) Setting Council Tax or a precept under the Local Government Finance Act 1972.

## **6.5 Register of Interests**

6.5.1 Any other interests notified to the Monitoring Officer will be included in the Register of Interests. A copy of the Register will be available for public inspection and will be published on the Council's website.

## **6.6 Sensitive Interests**

6.6.1 Where a Member considers that disclosure of the details of a personal or disclosable pecuniary interest on a copy of the Register made available for inspection and published, could lead to them, or a person connected with them, being subject to violence or intimidation, then copies of the Register that are available for inspection and any published version of the Register will exclude details of the interest, but state that the Member has a personal or disclosable pecuniary interest, the details of which are withheld under Section 32(2) of the Localism Act 2011.

## **6.7 Predetermination or Bias**

6.8.1 Where a Member has been involved in campaigning in their political role on an issue which does not impact on their personal and/or professional life, they should not be prohibited from participating in a decision in their political role as a Member. However, they must not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

6.8.2 When making a decision, a Member should consider the matter with an open mind and on the facts before the meeting at which the decision is to be taken.

## **6.9 Compliance with Constitution, Rules, Standards and Guidance**

6.9.1 Failure to comply with the requirements of the Council's rules, protocols, corporate standards or guidance issued to them shall be deemed to be a breach of this Code.

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## **7.0 REGISTRATION OF GIFTS AND HOSPITALITY**

- 7.1 To preserve public confidence, Members are strongly encouraged not to accept any gifts from customers or contractors. It may constitute a serious criminal offence for a Member to corruptly receive or give any gift, loan, fee, reward or advantage for doing, or not doing, anything, or showing favour or disfavour to any person, in their official capacity.
- 7.2 If a Member does accept any gift, of any value, they must comply with the Council's requirements to register or declare interests. If a Member does accept any hospitality, or other benefit, by virtue of being a Member, they must comply with the Council's requirements to register such hospitality, regardless of value. Any such gift or hospitality received must be registered within 28 days of receipt. Such declaration and registration should be made to the Clerk for inclusion in the register held by the Clerk.
- 7.3 It is good practice for a Member to declare any offers of gifts, hospitality or other benefit, received, even if not accepted.

Agreed by Full Council 13<sup>th</sup> May 2020

To be reviewed May 2021

## Disclosable Pecuniary Interests under the Localism Act 2011

Interests	Description
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	Any payment or provision of any other financial benefit (other than from the relevant Council) made or provided within the relevant period in respect of any expenses incurred by M in carrying out duties as a Member, or towards the election expenses of M. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant Council: <ul style="list-style-type: none"> <li>(a) Under which goods or services are to be provided or works are to be executed; and</li> <li>(b) Which has not been fully discharged.</li> </ul>
Land	Any beneficial interest in land which is within the area of the relevant Council.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant Council for a month or longer.
Corporate tenancies	Any tenancy where (to M's knowledge): <ul style="list-style-type: none"> <li>(a) The landlord is the relevant Council; and</li> <li>(b) The tenant is a body in which the relevant person has a beneficial interest.</li> </ul>
Securities	Any beneficial interest in securities of a body where: <ul style="list-style-type: none"> <li>(a) That body (to M's knowledge) has a place of business or land in the area of the relevant Council; and</li> <li>(b) Either:</li> </ul>

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	<p>(i) The total nominal value of the securities exceeds £25,000 or 100<sup>th</sup> of the total issued share capital of that body; or</p> <p>(ii) If the share capital of that body is of more</p>
	<p>than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds 100<sup>th</sup> of the total issue share capital of that class.</p>

These descriptions on interests are subject to the following definitions:

- (a) 'Body in which the relevant person has a beneficial interest': means a firm in which the relevant person is a partner or a body corporate of which the relevant person is a director, or in the securities of which the relevant person has a beneficial interest;
- (b) 'Director': includes a member of the committee of management of an industrial and provident society;
- (c) 'Land': includes an easement, servitude, interest or right in or over land which does not carry with it a right for the relevant person (alone or jointly with another) to occupy the land or to receive income;
- (d) 'M': means the Member;
- (e) 'Member': includes a Co-opted Member;
- (f) 'Relevant Council': means the Council of which M is a Member;
- (g) 'Relevant Period': means the period of 12 months ending with the day on which M gives a notification for the purposes of Section 30(1) of the Localism Act 2011;
- (h) 'Relevant Person': means M or any other person referred to in Section 30(3)(b) of the Localism Act 2011; and
- (i) 'Securities': means shares, debentures, debenture stock, loans, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a Building Society.

Agreed by Sompting Parish Council  
9<sup>th</sup> May 2018





## Lancing Parish Council

### Code of Conduct

Document Control		
Version Number	V1	
Adopted on	22-11-2017	Item 41.1
Review Date	2018	

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## **1.0 INTRODUCTION**

- 1.1 As a Member of Lancing Parish Council, Members have a responsibility to represent the community and work constructively with our staff and partner organisations to secure better social, economic and environmental outcomes for all.
- 1.2 This document provides an explanation as to the expectation of Members in relation to the seven principles of public life and the registration and disclosure of interests.
- 1.3 The registration and disclosure of interests are set out Appendix 1.
- 1.4 The Monitoring Officer for Lancing Parish Council is Adur District Council's Monitoring Officer.

## **2.0 THE SEVEN PRINCIPLES OF PUBLIC LIFE**

In accordance with the Localism Act 2011, when acting in this capacity, Members are committed to behaving in a manner that is consistent with the following principles to achieve best value for our residents and maintain public confidence in this Council;

### **2.1 Selflessness**

Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their families or their friends.

### **2.2 Integrity**

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

### **2.3 Objectivity**

In carrying out public business, including making public appointments, awarding contracts or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

### **2.4 Accountability**

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

### **2.5 Openness**

Holders of public office should be as open as possible about all the decisions and action they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands;

### **2.6 Honesty**

Holders of public office have a duty to declare any private interest relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest; and

### **2.7 Leadership**

Holders of public office should promote and support these principles by leadership and example.

### **3.0 DISCLOSABLE PECUNIARY INTERESTS**

- 3.1 Subject to points 3.2 and 3.3, a Member that has a Disclosable Pecuniary Interest in any business of Lancing Parish Council (as defined by Section 30 of the Localism Act 2011) in relation to the Member and their partner where it relates to or is likely to affect any of the matters within the descriptions set out in the relevant Authority's (Disclosable Pecuniary Interests) Regulations 2012 SI 2012/1464, namely:
- a) Employment, office, trade, profession or vocation;
  - b) Sponsorship;
  - c) Contract;
  - d) Land;
  - e) Licences;
  - f) Corporate tenancies;
  - g) Securities.
- 3.2 In sub-paragraph (1) above, partner means:
- a) A Member's spouse or civil partner;
  - b) A person with whom a Member is living as husband and wife; or
  - c) A person with whom a Member is living as if you were civil partners.
- 3.3 In sub-paragraph (2), any interest which a Member's partner may have is only treated as their interest if they are aware that their partner has the interest.
- 3.4 It is a criminal offence, for a Member, without reasonable excuse:
- a) To fail to notify the Monitoring Officer of a Disclosable Pecuniary Interest (as defined in point 3.1 of this Code);
  - b) To fail to disclose such an interest at a meeting (where it is not registered or notified);
  - c) To fail to notify the Monitoring Officer of such an interest that is not on the register that you have disclosed at a meeting;
  - d) To take part in discussions or votes at meetings in respect of such an interest; or
  - e) To take a decision where you have a Disclosable Pecuniary Interest.
- 3.5 It is also an offence for a Member to knowingly or recklessly provide false or misleading information to the Monitoring Officer in relation to Disclosable Pecuniary Interests.

### **4.0 DISCLOSURE OF DISCLOSABLE PECUNIARY INTERESTS**

- 4.1 Subject to point 4.2, where a Member has a Disclosable Pecuniary Interest in any business of the Council and they attend a meeting of Lancing Parish Council or one of its Committees or Sub-Committees, at which the business is considered, they must disclose at that meeting the existence and nature of that interest at the commencement of that consideration or when the interest becomes apparent.
- 4.2 Where a Member has a Disclosable Pecuniary Interest in any business of Lancing Parish Council, they need only disclose to the meeting the existence and nature of the interest if the interest is not already registered on their Register of Members Interests.
- 4.3 If the Disclosable Pecuniary Interest is not already on the Member's or co-opted member's Register of Members Interests or the subject of a pending notification to the Monitoring Officer and is disclosed to the meeting, the Member or co-opted member must notify the Monitoring Officer of the interest, in writing, within 28 days of disclosure to the meeting.

- 4.4 Where a Member and the Monitoring Officer considered that disclosure of the details of the Disclosable Pecuniary Interests could lead to the Member, or a person connected with the them, being subject to violence or intimidation, copies of the Register that are made available for inspection and any published version of the Register, would exclude details of the interests, but the Register will state that the Member has a Disclosable Pecuniary Interest, the details of which are withheld under Section 32(2) of the Localism Act 2011.

## **5.0 EFFECTS OF DISCLOSABLE PECUNIARY INTERESTS ON PARTICIPATION**

Where the Member has a Disclosable Pecuniary Interest in any business of Lancing Parish Council, unless they have received a dispensation from the Monitoring Officer or Adur District Council's Standards Committee, they must:

- a) Not participate or participate further in any discussions of the matter at a meeting; or
- b) Not participate in any vote or further vote taken on the matter at the meeting; and
- c) Withdraw from the room or chamber where the meeting considering the matter is being held.

## **6.0 THE CONDUCT OF MEMBERS**

Members of Lancing Parish Council will, in particular, address the statutory principles of the Code of Conduct by:

- a) Championing the needs of residents - the whole community and in a special way, their constituents, including those who did not vote for them, and putting their interests first;
- b) Dealing with representations or enquiries from residents, members of our communities and visitors fairly, appropriately and impartially;
- c) Not allowing other pressures, including the financial interests of the Member or co-opted member or others connected to them, to deter them from pursuing constituents' casework, interests of the Parish, or the good governance of the Council in a proper manner;
- d) Exercising independent judgment and not compromising their position by placing themselves under obligations to outside individuals or organisations who might seek to influence the way they perform their duties as a Member/Co-opted Member of Lancing Parish Council.
- e) Listening to the interests of all parties, including relevant advice from statutory and other professional officers, taking all relevant information into consideration, remaining objective and making decisions on merit;
- f) Being accountable for their decisions and co-operating when scrutinised internally and externally, including by local residents;
- g) Contributing to making Lancing Parish Council's decision-making processes as open and transparent as possible to enable residents to understand the reasoning behind those decisions and to be informed when holding them and other Members to account, but restricting access to information when the wider public interest or the law requires it;
- h) Behaving in accordance with all their legal obligations, alongside any requirements contained within Lancing Parish Council's policies, protocols and procedures, including on the use of their resources;
- i) Valuing their colleagues and staff and engaging with them in an appropriate manner and one that underpins the mutual respect between them that is essential to good local government;
- j) Always treating people with respect, including the organisations and public I engage with and those they work alongside; and
- k) Providing leadership through behaving in accordance with these principles and championing the interests of the community with other organisations, as well as within this authority.

## **8.0 FAILURE TO COMPLY**

Any written allegations received by the Council that a Member has failed to comply with this Code will be dealt with by the Council as outlined in the Council's Standing Order. If it is found that a Member has failed to comply with the Code, the Council has the right to have regard to this failure in deciding:

- a) Whether to take action; and
- b) What action to take in relation to the allegation.

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ADUR & WORTHING  
COUNCILS

Joint Governance Committee  
30 July 2020  
Agenda Item 11

Ward(s) Affected: Cokeham, Peveler,  
Churchill, Manor, Mash Barn & Widewater

## **Joint Governance Committee Appointments: Parish Councillors**

### **Report by the Monitoring Officer**

#### **Executive Summary**

##### **1. Purpose**

1.1 This report advises Members of the Joint Governance Committee of the nominations from Lancing Parish Council and Sompting Parish Council for Parish representatives to be appointed to the Joint Governance Committee as co-opted Members in accordance with the Constitution.

##### **2. Recommendations**

Members of the Joint Governance Committee are asked to:

2.1 note the nomination from Lancing Parish Council of the appointment of Cllr Ann Bridges as a Co-Opted Member of the Joint Governance Committee for 20/21 and recommend the appointment to Adur District Council and Worthing Borough Council;

2.2 note the nomination from Sompting Parish Council of the appointment of Cllr Caroline Baxter as a Co-opted Member of the

Joint Governance Committee for 20/21 and recommend the appointment to Adur District Council and Worthing Borough Council.

### **3. Background**

- 3.1 The Joint Governance Committee is a Committee of the Council governed by the Joint Committee Agreement between Adur District Council and Worthing Borough Council. It is established by section 101(5) of the Local Government Act 1972.
- 3.2 Within the terms of reference of the Joint Governance Committee are
- Standards, ethics and probity;
  - Audit and accounts activity; and
  - The constitutional framework
- 3.3 The Joint Governance Committee consists of:
- 16 Elected Members (8 from Adur District Council and 8 from Worthing Borough Council);
  - Up to 3 Independent Persons co-opted onto the Committee;
  - One Member of Lancing Parish Council co-opted when considering Parish Council matters; and
  - One Member of Sompting Parish Council co-opted when considering Parish Council matters.
- 3.4 The role of the Parish Councillors on the Joint Governance Committee is two fold. Firstly, their role is to advise the full Committee, when it is considering Parish matters. Secondly, their role is to advise the Committee (or its Sub-Committee) when hearing and determining an allegation that a Parish Councillor has breached their Parish Council Code of Conduct. In respect of the second aspect of their role, if a Lancing Parish Councillor is the Subject Member of a standards complaint being heard by a Sub Committee, a Sompting Parish Councillor will be invited to sit on the Sub Committee that hears and determines the allegation; and vice versa.
- 3.5 Both Parish Councillors appointed to the Joint Governance Committee will be non-voting co-opted Members of the Committee, acting in an advisory capacity to the Committee or its Sub Committee.



- 3.6 Parish Councillors are nominated by the Parish for the appointment, which is considered by the Joint Governance Committee. Should the Joint Governance Committee support their appointment, they will be invited to make appropriate recommendations to each full Council. The appointments must be made by Adur District Council and Worthing Borough Council.

#### **4. Issues for Consideration**

- 4.1 Lancing Parish Council have nominated Parish Councillor Ann Bridges to be appointed the Lancing Parish Councillor co-opted Member of the Adur and Worthing Joint Governance Committee.
- 4.2 Sompting Parish Council have nominated Parish Councillor Caroline Baxter to be appointed the Sompting Parish Councillor co-opted Member of the Adur and Worthing Joint Governance Committee.

#### **5. Engagement and Communication**

- 5.1 Consultation has taken place with both Lancing Parish Council and Sompting Parish Council.

#### **6. Financial Implications**

- 6.1 There are no financial implications arising from this report.

#### **7. Legal implications**

- 7.1 Paragraph 5.12 of Part 3 of the Constitution sets out the terms of reference for the Joint Governance Committee and states that “The Joint Committee shall also co-opt one Member of Lancing Parish Council and one Member of Sompting Parish Council to advise the Committee on Parish matters when considering such matters”.
- 7.2 The Council’s Standards Procedure Rules in Part 4 of the Constitution set out the arrangements adopted by the Councils when dealing with allegations regarding a breach of the Code of Conduct and states at paragraph 2.7 “Parish Representative means a Parish Councillor appointed by the Council to advise the Joint Governance Committee and its Sub-Committee in relation to cases involving Parish Councillors”.

- 7.3 The Joint Governance Committee is established in accordance with section 101 Local Government Act 1972 and is governed by the Joint Committee Agreement in Part 9 of the Constitution.
- 7.4 Standards matters for both Councils are governed by the Standards Procedure Rules adopted by both Councils which comply with sections 26-37 of the Localism Act 2011.

### **Background Papers**

- Worthing Borough Council Constitution
- Adur District Council Constitution
- Localism Act 2011

### **Officer Contact Details:-**

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## **Sustainability & Risk Assessment**

### **1. Economic**

- Matter considered and no issues identified

### **2. Social**

#### **2.1 Social Value**

- Matter considered and no issues identified

#### **2.2 Equality Issues**

- Matter considered and no issues identified.

#### **2.3 Community Safety Issues (Section 17)**

- Matter considered and no issues identified

#### **2.4 Human Rights Issues**

Matter considered and no issues identified

### **3. Environmental**

- Matter considered and no issues identified

### **4. Governance**

- These appointments are in accordance with the Constitutions, adopted to uphold high and robust standards of governance throughout the Councils.

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By virtue of paragraph(s) 1 of Part 1 of Schedule 12A of the Local Government Act 1972.

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