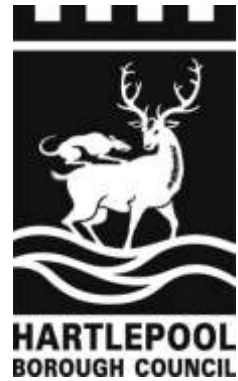


# **AUDIT AND GOVERNANCE COMMITTEE**

## **AGENDA**



**Thursday 24 October 2019**

**at 2.00 pm**

**in the Council Chamber,  
Civic Centre, Hartlepool**

**MEMBERS:** AUDIT AND GOVERNANCE COMMITTEE

Councillors Black, Hall, Hamilton, Harrison, James, Loynes and Ward.

Standards Co-opted Independent Member: Ms Clare Wilson.

Standards Co-opted Parish Council Representatives: Parish Councillor John Littlefair (Hart) and Parish Councillor Alan O'Brien (Greatham).

Local Police Representative: Superintendent Alison Jackson.

**1. APOLOGIES FOR ABSENCE**

**2. TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS**

**3. MINUTES**

- 3.1 To confirm the minutes of the meeting held on 5 September 2019
- 3.2 To confirm the minutes of the meeting held on 3 October 2019 (to follow).

**4. AUDIT ITEMS**

None.

**5. STANDARDS ITEMS**

- 5.1 Audit and Governance Working Group (Council Referral) – Chaired by Clare Wilson (Independent Person):
  - Allowances Paid to the Chair and Vice Chair of Council; and
  - Funding to any Organisation to which an Elected Member Is Affiliated (Referral from Full Council).

**6. STATUTORY SCRUTINY ITEMS**

None.

**7. MINUTES FROM THE RECENT MEETING OF THE HEALTH AND WELLBEING BOARD**

None.

**8. MINUTES FROM THE RECENT MEETING OF THE FINANCE AND POLICY COMMITTEE RELATING TO PUBLIC HEALTH**

None.

**9. MINUTES FROM RECENT MEETING OF TEES VALLEY HEALTH SCRUTINY JOINT COMMITTEE**

None.

**10. MINUTES FROM RECENT MEETING OF SAFER HARTLEPOOL PARTNERSHIP**

None.

**11. REGIONAL HEALTH SCRUTINY UPDATE**

None.

**12. DURHAM, DARLINGTON AND TEESSIDE, HAMBLETON, RICHMONDSHIRE AND WHITBY STP JOINT HEALTH SCRUTINY COMMITTEE**

None.

**13. ANY OTHER BUSINESS WHICH THE CHAIR CONSIDERS URGENT**

For information: -

Date and time of forthcoming meetings –

Thursday 7 November, 2019 at 10.00 am  
Thursday 5 December, 2019 at 10.00 am  
Thursday 9 January, 2020 at 10.00 am  
Thursday 6 February, 2020 at 10.00 am  
Thursday 12 March, 2020 at 10.00 am

# **AUDIT AND GOVERNANCE COMMITTEE**

## **MINUTES AND DECISION RECORD**

### **5 SEPTEMBER 2019**

The meeting commenced at 10.00 am in the Civic Centre, Hartlepool.

**Present:**

Councillor: Ged Hall (In the Chair).

Councillors: James Black, Lesley Hamilton, Brenda Harrison and Brenda Loynes.

Also Present: In accordance with Council Procedure Rule 5.2, Councillor Marjorie James was in attendance as substitute for Councillor Stephen Akers-Belcher.

Lynn Allison, Hartlepool Healthwatch  
Inspector Matthew Reeves, Cleveland Police

Officers: Joan Stevens, Statutory Scrutiny Manager  
Sylvia Pinkney, Head of Public Protection  
Rachel Parker, Community Safety Team Leader  
Nicholas Stone, Neighbourhood Safety Team Leader  
Irene Cross, Refugee Integration Officer  
David Cosgrove, Democratic Services Team

#### **45. Apologies for Absence**

Apologies for absence were received from –  
Councillors Stephen Akers-Belcher and Barbara Ward;  
Co-opted members Ms Clare Wilson and Parish Councillors Alan O'Brien (Greatham) and John Littlefair (Hart).

#### **46. Declarations of Interest**

None.

#### **47. Minutes of the meeting held on 15 August 2019**

Confirmed.

**48. Minutes of the meeting held on 22 August 2019**

Confirmed.

**49. Scrutiny Investigation into Anti-Social Behaviour in Hartlepool – Setting the Scene** (*Statutory Scrutiny Manager*)

The Statutory Scrutiny Officer reported that this meeting would form the initial scene setting meeting for the investigation into anti-social behaviour in Hartlepool with details of the work of the multi-agency Hartlepool Community Safety Team.

The Community Safety Team Leader and the Neighbourhood Safety Team Leader gave a detailed presentation to the Committee setting out what constituted anti-social behaviour within the terms of the Housing Act 1995 and the Crime, Anti-Social Behaviour and Policing Act 2014, how it could be reported, how it could be recorded and measured and the actions that could be taken by the Police and other agencies.

The public could report anti-social behaviour to the Police, the Hartlepool Community Safety Team, housing associations, Councillors and the Member of Parliament with there being three main categories of anti-social behaviour; personal, nuisance and environmental and a further 17 categories used by the Police as recommended by the Home Office. The presentation set out detailed statistics on anti-social behaviour as recorded by the Hartlepool Community Safety Team with comparators for the other Cleveland Police areas. The statistics showed that the rates of anti-social behaviour in Hartlepool (61 incidents per 1000 pop.) were the highest in the Cleveland area (59 incidents per 1000 pop.) and were over double the national rate (24 incidents per 1000 pop.). There was, however, a downward trend in the local statistics.

It was reported that people of all ages and backgrounds reported anti-social behaviour incidents, though females aged 18-34 years were the highest specific group. In 2018/19 there had been 850 separate perpetrators of anti-social behaviour recorded with two thirds being males aged 25-44 years thus dispelling the myth that all anti-social behaviour was due to teenagers. Youth related anti-social behaviour was around a third of all incidents reported and the numbers of incidents in 2018/19 were down 26% for this age group compared with 2016/17.

Members commented that they had some concern with the reported statistics and those for individual wards but the officers stated that the figures were accurate based on what was reported which was why the team spent so much time encouraging the public to report incidents; action may not be taken immediately but without the reports no picture of what was really happening in an area could be drawn and any future action implemented at a community level may miss the real issue. Members were

still concerned that some people did fear reprisals and often stated that if nothing happened when they reported incidents, what was the point.

The presentation gave details of the multi-agency Hartlepool Community Safety Team, its staffing and approach to reported incidents and some of the actions it could take. These actions included education and publicity campaigns, engagement, diversion and referral into support services particularly for younger offenders. There were sanctions such as warnings and Acceptable Behaviour Agreements which could be utilised before enforcement action such as fixed penalty notices, premise closure orders and criminal behaviour orders for example.

The Cleveland Police representative outlined some of the specific actions taken by the Police and reported on the additional officers being recruited by the force. The Inspector highlighted the Cleveland Connected phone app which was a useful tool and means of recording anti-social behaviour incidents.

The presentation include an outline of two case studies of actions taken by the Hartlepool Community Safety Team. The first case study outlined the actions taken to respond to numerous reports of anti-social behaviour across parks, play areas and open spaces. Forty six young people were identified as being involved with only five already known to agencies. Most had received formal warnings with eight signing Acceptable Behaviour Agreements and others being involved in restorative justice work and attending a fire setter intervention course. The second of the case studies referred to Operation Otley, a detailed course of action undertaken by the team to deal with a serious case of drug dealing and associated crime and disorder which had blighted the lives of the residents of Wynyard Mews.

Members were concerned with the two case studies that situations seemed to have left to get to the point where they had become quite serious before action was taken. The Neighbourhood Safety Team Leader acknowledged this but stated that now there was the multi-agency Hartlepool Community Safety Team action could be taken in a way that couldn't have happened before. If there was a problem, it was the smallness of the team with only two dedicated anti-social behaviour officers when there had been six five years ago. Members of the team had worked extremely hard, over long hours to deliver operations such as that at Wynyard Mews.

Members were concerned that other areas could decline rapidly if action similar to Operation Otley wasn't implemented. The Neighbourhood Safety Team Leader stated that they were aware of issues being raised around the Oxford Road and Cornwall Street areas. Officers had started to go into the Cornwall Street area and were gaining the support of residents who could see that their reports of anti-social behaviour were not going unheeded and were, therefore, more confident in reporting problems.

Members questioned if there was any link between the problems with anti-social behaviour and absent private landlords. Members commented that

there needed to be a greater coordination of approach against such landlords and parliament must look at ways of penalising them financially if they didn't take action to address problems caused by their tenants. The Neighbourhood Safety Team Leader stated that the team had issued fourteen premises closure orders against private residences and in all but two cases the landlords were working with the team to address the issues. Most admitted they couldn't deal with the problems on their own and needed support. These closures allowed the landlord to regain control of their property and access it to refurbish it ready for re-letting. There were a small minority of problem landlords and the refresh of the Housing Strategy that was currently out for consultation did include measures to assist in dealing with them.

Members referred to the education that was undertaken with young people in schools which targeted year 7 pupils in secondary schools. Members questioned if this was the right age group and if it should be repeated. The Community Safety Team Leader stated that it was about the right age to be getting to young people with the message about anti-social behaviour. Year 6 was the first year at secondary school and later years had too many academic milestones but year 7 gave the team an opportunity to speak to young people who were starting to make choices for themselves and educating them about the effects those choices could have.

The Neighbourhood Safety Team Leader had included in the presentation an offer to Members to visit and accompany members of the Hartlepool Community Safety Team in their work so they could see first-hand the issues that were being dealt with. The Statutory Scrutiny Guidance indicated that she would circulate details to Members after the meeting.

### **Recommended**

That the very informative presentation and discussions be noted.

## **50. CCG Merger - Update** (*Statutory Scrutiny Manager*)

The Statutory Scrutiny Officer reported that the meeting of the Committee on 25 July 2019 received a presentation from the Clinical Commissioning Group on the options being considered for the merger of the CCGs across the North East. The information presented to Members at the meeting was included in the report.

The Statutory Scrutiny Officer indicated that the CCGs governing bodies had met and had approved the preferred option set out in the consultation of the single Tees-wide CCG. Details of how the organisation would be established would not be known until NHS England had considered the proposal. Members were asked if they had any specific issues/comments they would wish to forward to NHS England in relation to the proposal. The Chair commented that the issues of patient flows across CCG boundaries was his only concern and the Statutory Scrutiny Officer indicated that she

would forward an appropriate letter to NHS England referring to the issue of patient flows particularly in relation to the primary care centres. It was anticipated that a decision on the proposal would be made by NHS England in November.

**Recommended**

That the Statutory Scrutiny Officer inform NHS England that this Committee had no objections to the proposal for a single Tees-wide CCG other than seeking assurances on the patient flows across CCG boundaries were fully accommodated.

**51. Statutory Scrutiny Guidance** (*Statutory Scrutiny Manager*)

The Statutory Scrutiny Officer requested that this matter be deferred to a future meeting.

**Recommended**

That the report be deferred.

**52. Any Other Items which the Chairman Considers are Urgent**

None.

The meeting concluded at 12.35 pm.

CHAIR

## **AUDIT AND GOVERNANCE COMMITTEE**

### **MINUTES AND DECISION RECORD**

#### **3 OCTOBER 2019**

The meeting commenced at 10.00 am in the Civic Centre, Hartlepool.

**Present:**

Councillor: Ged Hall (In the Chair).

Councillors: James Black, Lesley Hamilton, Brenda Harrison and Marjorie James.

Standards Co-opted Members:

Parish Councillors Alan O'Brien (Greatham).

Also Present: In accordance with Council Procedure Rule 4.2, Councillor Tony Richardson was in attendance as substitute for Councillor Barbara Ward.

Gavin Barker, MAZARS  
Alan Brown, Cleveland Fire Brigade  
Chief Inspector Nigel Burnell and Inspector Matthew Reeve, Cleveland Police

Officers: John Morton, Assistant Director, Finance and Customer Services  
Noel Adamson, Head of Audit and Governance  
Sylvia Pinkney, Head of Public Protection  
Rachel Parker, Community Safety Team Leader  
Joan Stevens, Statutory Scrutiny Manager  
Angela Armstrong, Scrutiny Support Officer  
David Cosgrove, Democratic Services Team

### **53. Apologies for Absence**

Apologies for absence were received from Councillors Brenda Loynes and Barbara Ward.

Independent Member – Ms Clare Wilson.

Parish Councillor John Littlefair (Hart).

### **54. Declarations of Interest**

None.



## **55. Minutes of the meeting held on 5 September 2019**

Deferred to the next meeting.

## **56. Mazars Report – Annual Audit Letter** (*Assistant Director Finance and Customer Services*)

The representative from Mazars presented the key points included in the Annual Audit Letter published following the conclusion of the audit of the Council's 2018/19 accounts. The Annual Audit Letter had been circulated to all Councillors.

The representative from Mazars highlighted that the positive outcome of the report and thanked officers for their professionalism and assistance in undertaking the audit. The fees for the audit were also highlighted with the representative from Mazars confirming that the final fee was as originally proposed at £83,882.

The Chair thanked the Mazar's representative for his comments. The meeting discussed issues around the conveying to the public of the difference between day-to-day revenue spending and investing in the town through capital schemes and the management of the council's finances through the Treasury Management Strategy. Council Tax income and the numbers of new homes being developed in the town was also a source of some comment from the public with the Assistant Director, Finance and Customer Services explaining the high numbers relative to the national average of Band A and B properties in Hartlepool but that the mix of housing was gradually changing with more Band D and above properties.

### **Recommended**

That the report be noted and the Mazar's representative thanked for his comments.

## **57. Internal Audit Plan 2019/20 Update** (*Head of Audit and Governance*)

The Head of Audit and Governance updated the Committee on the progress against the internal audit plan for 2019/20. The report included the recommendations agreed with two schools following their audits and details of the internal audits that had been completed; one of which (Mobile Phones) had been given 'Limited' assurance. The Head of Audit and Governance explained the main issue for the 'limited' assurance on mobile phones was the control of assets rather than any misuse.

The meeting discussed issues around school budget management and the reoccurrence of similar issues from audit to audit. Issues around IT were highlighted with comments that much of the financial management of

academy schools was controlled through IT systems when many community schools were still relying on counter-signing payments and orders. The involvement of school governors in the audit process was questioned and the Head of Audit and Governance indicated that the conclusion of the audit report was presented to Governing Body. Members considered that school governors should be involved during the audit process as they may have issues they wished to see examined. Members suggested that future school audits should include school governors during the process, where they wished to be involved, and not just at the final report stage.

### **Recommended**

1. That the report be noted.
2. That future school audits involve school governors in the audit process as appropriate and where they wished to be involved.

## **58. Regulation of Investigatory Powers Act 2000 (RIPA)** *(Chief Solicitor)*

The Statutory Scrutiny Officer reported, on behalf of the Chief Solicitor, the annual report on the activities relating to surveillance by the Council and policies under the Regulation of Investigatory Powers Act 2000. The report highlighted that there had only been one directed surveillance undertaken in 2018/19 under the regulations.

The report also highlighted that the Investigatory Powers Commissioner's Office (IPCO) had undertaken a desktop examination of the Council's policy and practices around RIPA in October 2018 and had made a number of recommendations. These were outlined in the report and an amended policy had been made available on the Council's Intranet.

### **Recommended**

1. That the report be noted.
2. That the revised Council Policy be approved.

## **59. Investigation into Anti-Social Behaviour in Hartlepool: Provision of Evidence - Presentation by Cleveland Fire Brigade** *(Statutory Scrutiny Manager)*

The Cleveland Fire Brigade representative gave a presentation to the meeting on the anti-social behaviour issues the Brigade faced on a regular basis. The presentation highlighted that the main issue for the fire brigade was deliberately set fires – arson. In 2017/18 Cleveland had the highest number of deliberately set fires in England – 53 per 10,000 population against a national average of 15. In 2018/19 the Cleveland rate had risen

to 65 per 10,000 population. Within the Cleveland area, Hartlepool's per 10,000 population figure was the highest at 67.4; more than four times the national rate. The three main arson issues were fires of refuse, grassland and vehicles with the two main hotspot wards being Manor House and De Bruce. There were some maps within the presentation showing the occurrences of deliberately set fires across Hartlepool.

Arson related crime had risen by 51% to 626 incidents since 2013/14 but there had been only two incidents of violence to staff. Vehicle arson crime had also reduced. Based on the Home Office calculations the calculable costs of arson had risen 26% to £2.9m for Hartlepool.

A Member took issue with the statistics for Manor House Ward commenting that many of those instances related to Summerhill Countryside Park where the majority of the parkland, where there were often grassland fires, was in Rural West Ward. The Fire Brigade representative stated he would check the logging of the fires and send further details to be shared with Members after the meeting.

There was discussion on the correlation between the Fire Brigade's reported arson incidents and those recorded in the anti-social behaviour statistics. The Community Safety Team Leader stated that the team did get a weekly report on the Fire Brigade's arson incidents but there could be some small fire incidents reported as anti-social behaviour where the Brigade didn't attend that weren't also being recorded in their figures. Members were concerned that the real situation with deliberately set fires wasn't being fully reported and requested a review of the recording of deliberately set fires.

Chief Inspector Burnell stated that the multi-agency team did use both sets of statistics when developing an action plan to deal with anti-social behaviour hotspots around the town. Officers from all the agencies did work together and all the information that had been gathered from various sources was always used, so Members could be assured that the team did have all the right information. Members stated their concerns around the anti-social behaviour statistics which officers were reporting a falling over time when Members believed that the situation in communities was different with anti-social behaviour issues on the increase. The Chief Inspector indicated that the approach being taken by the integrated team to target those causing anti-social behaviour issues in the community was bringing good results and there were good case studies to back this up.

Members also asked if the education programme still included visits to schools. The Fire Brigade representative stated that school visits to all primaries were still undertaken but it was slightly more problematic with secondary schools due to the pressures with the curriculum.

Members also discussed issues around anti-social behaviour targeted at staff and the support they received and commended the community liaison work undertaken by fire-fighters in the community.

**Recommended**

1. That the presentation and the discussions be noted.
2. That the further details on arson incidents, as discussed, be circulated to Members.

**60. Investigation into Anti-Social Behaviour in Hartlepool: Provision of Evidence - Presentation by Cleveland Police** (*Statutory Scrutiny Manager*)

Inspector Reeve circulated a paper setting out details of the various tools and powers the Police had and could utilise in tackling anti-social behaviour. These included the use of Community Protection Notices, Fixed Penalty Notices and Penalty Charge Notices, Civil Injunctions, Premise Closure Orders, Possession Orders, Criminal Behaviour Orders, Criminal Offences and the powers of partners.

It was indicated that the approach being taken acknowledged that the Police wouldn't be able to tackle every instance of anti-social behaviour but a focus on individuals and problem solving had more effect.

Members referred to some of the recent incidents on anti-social behaviour in Seaton Carew where dispersal orders had been utilised to resolve the issue. Members were supportive of the work undertaken by the Police (in particular the successful use of Closure Orders) and commented that the approach being taken by the new Chief Constable in returning to community patrols would be welcomed by the community. The Vice-Chair highlighted her concern at the numbers of officers, and the time consumed, in attending court cases which could often be adjourned or delayed. It was felt that the situation had been exasperated by the loss of satellite units and it was suggested that the Committees concerns be raised with the Police and Crime Commissioner.

Members commented that in areas with high numbers of privately rented homes, dealing with the landlords may assist in tackling the issues of anti-social behaviour. The Community Safety Team Leader stated that they did work with private landlords and it was becoming more widely known that action could be taken against them in Hartlepool. Closure Orders would hit them by not being able to earn rent from properties and the team were seeing more landlords willing to engage with the team much sooner.

Emphasis was placed on the importance of engagement as a course of action and that enforcement is only part of the process to deal with the issue. As part of this, Members highlighted the benefits of the Youth Offending Service and other education programmes to divert people away from having a criminal record. It was reported that there were targeted outreach programmes delivered in the town particularly aimed at diverting

young people away from the criminal system. The quicker you intervene with young people, the better the outcomes.

**Recommended**

1. That the paper submitted by the Police and the discussions be noted.
2. That the Community Safety 'team' approach appeared to be working well, with continued improvement expected in the future.

**61. Minutes of the meeting of the Health and Wellbeing Board held on 27 August 2019**

Received.

**62. Extract form the Minutes of the meeting of Finance and Policy Committee held on 27 August 2019**

Received.

**63. Minutes of the meeting of the Tees Valley Health Scrutiny Joint Committee held on 17 June 2019**

Received.

**64. Minutes of the meeting of the Durham, Darlington And Teesside, Hambleton, Richmondshire and Whitby STP Joint Health Scrutiny Committee held on 27 November 2019**

Received.

**65. Any Other Items which the Chairman Considers are Urgent**

None.

The meeting concluded at 12.20 pm.

CHAIR

## **AUDIT AND GOVERNANCE COMMITTEE**

24<sup>th</sup> October 2019



**Report of:** Audit and Governance Working Group (Council Referral) - Chaired by Clare Wilson (Independent Person)

**Subject: ALLOWANCES PAID TO THE CHAIR AND VICE CHAIR OF COUNCIL**

**AND REFERRAL FROM FULL COUNCIL - FUNDING TO ANY ORGANISATION TO WHICH AN ELECTED MEMBER IS AFFILIATED**

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### **1. PURPOSE OF REPORT**

- 1.1 To enable the Committee to consider the report from the Working Group, prior to referral of the Working Group's report to full Council, including their recommendations.

### **2. BASIS FOR PREPARING REPORT**

- 2.1 The report reflects consideration of the detailed reports considered by the Working Group in relation to the issues as summarised in the following sections.

### **3. ALLOWANCES PAID TO THE CHAIR AND VICE CHAIR OF COUNCIL**

- 3.1 Based on the information detailed in the report considered on 3<sup>rd</sup> September 2019 it can be concluded that:
- Up until 2011/12 the Chair and Vice Chair of Council received an allowance which was grossed up for taxation and national insurance, in line with the decision of the Policy Plenary Committee in 1998;
  - The allowances paid to the Chair and Vice Chair of Council were removed as part of the 2011/12 budget. It is therefore clear that the payment of these allowances were known to Members of Council and it is also to be noted that the decision to remove the allowances was based on the need to save money and not in response to issues of probity;
  - The 2002 Constitution was 'silent' on both the Chair and Vice Chair allowances;

- The Chair also received a separate Special Responsibility Allowance;
- Following consideration of a report from Scrutiny Co-ordinating Committee by full Council detailed disclosure arrangements were adopted for Members Allowances and expenses, which significantly exceeded the minimum statutory requirements. For the period 2008/09 to 2011/12 this disclosure showed all allowances paid to the Chair and Vice Chair within the audited statement of accounts. The Council continues to provide this level of disclosure in the statement of accounts; and
- The Council now has in place a robust Constitution that ensures the issue cannot be repeated in the future.

3.2 With the benefit of hindsight it can be concluded that the 2002 Constitution was 'silent' on the issue of the separate allowances paid to the Chair and Vice Chair. However, these allowances continued to be paid until 2011/12 and were disclosed in the Council's statement of accounts for the period 2008/09 to 2011/12.

3.3 Whilst, it has not been possible to ascertain the rationale for continuing to pay these allowances, it is clear that they were authorised by the relevant chief officer and it is not unreasonable to conclude that those officers relied upon the decision of the Policy Plenary Committee in 1998. Equally, it would not be unreasonable to conclude that given that the payments were authorised by officers the Members who received these allowances acted in good faith in accepting these payments. Therefore, from a legal perspective there are no grounds to seek to recover these payments, which were authorised by officers, despite the fact that the Constitution was silent on the payment of these payment. In any event such recovery is time-barred.

3.4 It is important to highlight **the Council now has in place a robust Constitution that ensures the issue cannot be repeated in the future.** Additionally, it is appropriate to highlight that the annual cost of the Committee System in 2018/19 was £326,000, compared to an annual cost in excess of £440,000 for the Mayoral system over the period 2008/09 to 2011/12.

#### 4. **REFERRAL FROM COUNCIL – FUNDING TO ANY ORGANISATION TO WHICH AN ELECTED MEMBER IS AFFILIATED**

4.1 Based on the information reported on 30<sup>th</sup> September and verbal assurances provided by the Council's statutory officers (namely the Chief Executive, Director of Finance and Policy, and the Chief Solicitor) and the Head of Audit and Governance it is clear that the Council has robust and effective arrangements for managing the use of public monies. Further assurance is also provided from the Council's external auditors, Mazars, as their most recent audit report covering 2018/19 gave unqualified opinions on the Council's Statement of Account and Value for Money conclusion. For the avoidance of doubt 'unqualified' opinions are the desired outcome as a 'qualified' opinion would identify where an external auditor was not satisfied with the Council's arrangements and corrective action was required.

- 4.2 The Working Group noted that the Council's three statutory officers will, on the basis of evidence identified by Council Officers, or evidence presented by third parties, fully investigate all allegations of potential financial irregularity or potential fraud and if appropriate refer issues at an appropriate stage to the relevant authorities, including the police. The referral of issues to the police needs careful management to ensure any initial investigation undertaken by Council Officers does not inadvertently jeopardise the ability of the police and the Crown Prosecution Service (CPS) to pursue prosecution. The Working Group noted that the initial investigation of former Councillor A Wilcox by Council Officers resulted in the police then undertaking a detailed investigation and the CPS securing a successful prosecution. The Working Group also noted that Council Officers cannot investigate rumours of potential financial irregularity or potential fraud as they need evidence to provide grounds for carrying out an investigation.
- 4.3 **Appendix A** provides information in relation to questions asked at the Working Group meeting on 30<sup>th</sup> September 2019.
- 4.4 The detailed report considered by the Working Group identified areas where existing processes and procedures can be improved further. The Working Group considered the draft recommendations detailed in the report and the final recommendations, which include amendments and additions from the Working Group are set out below:
- (i) **Recommendation 1** – In order to provide greater clarity, the form to record Members declarations of interest in the Authority's Register of Elected Members/Co-opted Members Interests should be reviewed and a clearer electronic form designed for use after the May 2020 election. The revised electronic form and publication arrangements to be clearer in relation to declaration where Members are employees of an organisation which he Council contracts with. Guidance and mandatory training on its completion should then be provided to new and existing Members. Members comply with the Councils constitution and register information about registerable personal interests by giving written notice to the Monitoring Officer, who maintains the Register, within 28 days of appointment as a member of the Authority and when any change takes place in registerable personal interests.
  - (ii) **Recommendation 2** – The Council receives a full set of independently produced financial statements and governance information, such as Trustee/Board/Governance details, from any organisation applying for a grant where members have made a declaration of interests.
  - (iii) **Recommendation 3** – The Council receives a full set of independently produced financial statements and governance information, such as Trustee/Board/Governance details, from any organisation awarded a contract, regardless of value, where members have made a declaration of interests.
  - (iv) **Recommendation 4** – The Council receives (and reviews annually) a full set of independently produced financial statements and governance information, such as Trustee/Board/Governance details, from any



organisation applying for / awarded a social value rent reduction. The Council develops a Social Value Policy that communicates how the Council will meet its responsibilities under the Public Services (Social Value) Act 2012.

- (v) **Recommendation 5** – That where social value lettings are in place, the policy and criteria for the letting of rooms by organisation be reviewed.
- (vi) **Recommendation 6** – Expenditure/funding over £1000 to organisations where Members have made a declaration are subject to the new procedures outlined below.
- (vii) **Recommendation 7** – Where expenditure is likely to exceed £1000 for organisations where a Members declaration has been made, those organisations are required to submit full accounts, prepared and audited by an independent qualified accountant to Hartlepool Borough Council at the end of each financial year within which local authority funds have been received.
- (viii) **Recommendation 8** – On a quarterly basis all departments complete an analysis and report it to Corporate Management Team outlining how the Council is achieving 'value for money' on expenditure over £1000 where Members have declared an interest.
- (ix) **Recommendation 9** – On an annual basis all quarterly returns reported to Corporate Management Team are collated and reported to the Audit and Governance Committee (including details of amounts paid and what has been delivered) in order to ensure independent scrutiny and to make public the results of all such evaluations.

## 5. CONCLUSION

5.1 The Independent Chair of the Working Group, Clare Wilson, sought the Working Group's views on the comprehensive reports considered at each of the Working Group meetings. For the Committee's information notes from each of the Working Group meetings are attached at **Appendix B**.

5.2 Following conclusion of discussions, the Independent Chair made the following conclusions:-

- i) In relation to allowances previously paid to the Chair and the Vice Chair the historic information available indicates these allowances were authorised by Officers and publically reported during the period 2008/9 to 2011/12 in the Council's Statement of Accounts. Therefore, there is no legal basis to seek to recover payments made to individuals who previously received the Chair or Vice Chair allowances. As these allowances were removed in 2011/12 and it is clear that the Council now has more robust procedures for managing allowances paid to Councillors. Therefore, the previous situation cannot be repeated and there are no recommendations in relation to this issue.

- ii) With regard to the issues reviewed in Section 4, the Working Group has concluded that the Council has well established procedures and policies in place that set out how decisions are made in relation to the expenditure of Council funds with no suggestion of inappropriate decision making. Some areas for further improvement, which should help address public perceptions, are outlined in the recommendations detailed in Section 4.4.

## **6. RECOMMENDATIONS**

6.1 It is recommended that the Audit and Governance Committee refers the following recommendations to full Council to:-

- i) To note that the allowances paid up to 2011/12 to the Chair and Vice Chairs were authorised by officers and publically reported during the period 2008/9 to 2011/12 in the Council's Statement of Accounts, whilst noting that the 2002 Constitution was 'silent' on these allowances;
- ii) To note that officers have advised that there is no legal basis to seek to recover from the individual Members who received these allowances. To also note that this situation cannot arise again as these allowances were removed in 2011/12; and
- iii) Endorse the detailed recommendations detailed in paragraph 4.4.

## **7. REASONS FOR RECOMMENDATIONS**

7.1 To enable the Audit and Governance Committee to fulfil the requirements of Council referral.

## **8. CONTACT OFFICER**

8.1 Chris Little  
Director of Finance and Policy  
Civic Centre  
Victoria Road  
Hartlepool  
TS24 8AY  
Email [chris.little@hartlepool.gov.uk](mailto:chris.little@hartlepool.gov.uk)  
Tel: 01429 523002

## **BACKGROUND PAPERS**

The following background papers were used in the preparation of this report:-

- a) Council Referral and minutes - 30<sup>th</sup> July 2019
- b) Audit and Governance Committee – Reports and minutes – 15 August 2019
- c) Audit and Governance Working Group (Council Referral) – Reports and Notes – 3 September 2019, 30 September 2019 (reconvened on the 2 October 2019)

## Appendix A

## Questions raised at Audit and Governance Working Group – 30.9.2019

Question	Answer	Proposed Action
What does “Other” mean on Members Declaration Form?	Guidance on form states “you should give the names of any other body you are a member or in a position of general control or management”.	To clarify as part of redesign of Members Declaration Form. (Included as part of Recommendation 1 (Paragraph 4.4))
What training is provided to members on declarations of interest?	New members provided advice and guidance.	To provide training to all Members at the time of launch of new declaration form. (Included as part of Recommendation 1) (Paragraph 4.4)
Cllr James declaration regarding Suez waste contract not included in analysis.	HBC makes payments to MBC, who manage this contract on behalf of Tees Valley Authorities, therefore this payment had not been picked up. Payments made: 2016/17: £1,860,515 - Waste Disposal Contract. 2017/18: £2,110,092 - Waste Disposal Contract. 2018/19: £1,892,449 - Waste Disposal Contract.	Process to be put in place to identify third party arrangements such as this moving forward. Future payment details for Suez to be published.
Why difference in discounts on percentage of social value reductions in rents for different organisations?	Social value policy allows discount to be awarded across the following criteria: Health and Wellbeing – 25% Family Poverty – 25% Community Safety – 25%	None.
Why variances in amounts paid to Healthwatch over the three year period analysed?	The Council acts as a payroll bureau for Healthwatch, in 16/17 and 17/18 the figures were shown net of wages reclaimed, in 18/19 this error was rectified and gross figure was reported. Amounts for 16/17 and 17/18 should have been £129,056.00	Continue to publish gross figures.
Do we receive accounts and governance arrangements on an ongoing basis for organisations receiving a social value discount?	Recommendation 4 proposes to receive accounts and governance arrangements on application for social value discount.	Included as part of Recommendation 4 (Section 4.4) requesting accounts and governance information on an annual basis

Question	Answer	Proposed Action
Do Members need to declare an interest when considering the Local Council Tax Support scheme?	<p>Any payment of, or liability to pay, council tax does not create a disclosable pecuniary interest as defined in the national rules; hence being a council tax payer does not mean that a councillor needs a dispensation to take part in the business of setting the council tax or precept or local arrangements for council tax support. If a councillor is a homeowner or tenant in the area of your council you will have registered, in accordance with the national rules, that beneficial interest in land.</p> <p>However, this disclosable pecuniary interest is not a disclosable pecuniary interest in the matter of setting the council tax or precept since decisions on the council tax or precept do not materially affect your interest in the land. For example, it does not materially affect the value of your home, your prospects of selling that home, or how you might use or enjoy that land.</p> <p>Accordingly, councillors will not need a dispensation to take part in the business of setting the council tax or precept or local arrangements for council tax support, which is in any event a decision affecting the generality of the public in the area of your council, rather than you as an individual.</p>	None

# **AUDIT AND GOVERNANCE COMMITTEE COUNCIL REFERRAL WORKING GROUP MEETING NOTES 3 SEPTEMBER 2019**

The meeting commenced at 3.30 pm in the Civic Centre, Hartlepool.

**Present:**

Independent Chair: Ms Clare Wilson.

Councillors: Ged Hall, Lesley Hamilton, Brenda Harrison and Brenda Loynes.

Also Present: In accordance with Council Procedure Rule 5.2,  
Councillor Marjorie James was in attendance as substitute for  
Councillor Stephen Akers-Belcher.

Councillors: Christopher Akers-Belcher, Bob Buchan, Paddy Brown,  
Lee Cartwright, Jim Lindridge, Sue Little, Ann Marshall, Shane Moore,  
Tony Richardson and Mike Young.

Officers: Gill Alexander, Chief Executive  
Chris Little, Director of Finance and Policy  
Hayley Martin, Chief Solicitor  
Joan Stevens, Statutory Scrutiny Manager  
David Cosgrove, Democratic Services Team

## **1. Apologies for Absence**

Apologies for absence were received from Stephen Akers-Belcher,  
James Black and Barbara Ward.

## **2. Declarations of Interest**

None.

## **3. Council Referral - Funding of any Organisation to Which an Elected Member is Affiliated** (*Statutory Scrutiny Manager*)

The Statutory Scrutiny Officer submitted a report setting out the background to the establishment of the Working Group, the process for consideration of the Council referral and the timetable for the investigation. The time table included, at this time, three further meetings to be held on 30 September at

2.00 pm, 2 October at 5.00 pm, and 3 October at 3.00 pm. An additional meeting of the Audit and Governance Committee had been scheduled on 24 October at 2.00 pm to consider the final report of the Working Group with the potential for an Extraordinary Meeting of Council in November to consider the Working Group's report.

### **Recommended**

1. That the report and the timetable for consideration of the referral be noted.
2. That the Working Group's response to the referral be submitted to Council following endorsement by the Audit and Governance Committee (as the Working Group's parent Committee).

## **4. Allowances Paid to the Chair and Vice Chair of Council** *(Director of Finance and Policy)*

The Director of Finance and Policy submitted a report setting out a review of historic documents, some dating back to 1998, relating to the allowances paid to the Chair and Vice-Chair of Council up to 2011/12. The report set out some background information relating to the governance arrangements applicable at the time.

A Member initially questioned the role of the Constitution and its position as the 'bible by which we managed the Council'. The Chief Solicitor stated that it was to some extent for political processes but a Constitution did not set out everything that happened within an Authority.

The Director of Finance and Policy went on to outline the key points within his report and attached appendices, highlighting the historic nature of some of the information dating back to a Policy Plenary Committee meeting in May 1998.

Questions were raised around the last Independent Remuneration Panel (IRP) benchmarking exercise in 2017/18 and the allocations of Special Responsibility Allowances (SRAs) and the questions that had been raised around additional allowances paid to the Chair of Council.

It was confirmed that between 2004 and 2012 the Chair of Council had also received a Special Responsibility Allowance (SRA) as Chair of Council, which was in addition to the separate 'Chair of Council Allowance'. The separate 'Chair of Council Allowance' was not an SRA recommended by the Independent Remuneration Panel (IRP).

It was confirmed that between 1998 and May 2012 the Chair and Vice Chair of Council had received an allowance calculated in accordance with a decision made by the Policy Plenary Committee and that these allowances had been grossed for income tax and national insurance to retain the net value.

It was confirmed that arrangements for the payment of the separate Chair and Vice Chair of Council Allowance had not been carried forward into the Council Constitution adopted in 2002 as part of the new governance arrangements (Elected Mayoral system). It was also noted that whilst the 2002 Allowance Scheme did restrict Members to one SRA, it was 'silent' on the payment of a separate 'Chair of Council Allowance' and the allowance had continued until its removal in 2011/12.

Concern was expressed that the 2002 Constitution should have superseded any previous arrangements for the payment of allowances and the separate Chair and Vice Chair of Council Allowance should have either been included in the Members Allowance Scheme or have ceased in 2002. On this basis, a view was expressed that these payments had been unconstitutional and should not have been paid.

There was debate around the fact that a 'Member Allowance' had been increased in order to ensure that tax and national insurance didn't reduce the amount of allowance paid and how appropriate such a decision had been. The Working Group was informed that arrangements around taxation with HMRC were different in the 1990's to those that applied now.

A Member referred to the 2002 Constitution and indicated that this should have been circulated to the Working Group to show that the payments were unconstitutional. There was an adjournment while copies of the relevant sections of the 2002 Constitution were made for those present.

When reconvened the Chief Executive stated that Members had to acknowledge that the information being discussed was historic and had not been straight forward to recover. It was clear that prior to 2002 there had been a Mayoral Allowance and the only decision that could be found in relation to that was the 1998 Policy Plenary decision when there was a debate around taxation. The 2002 Constitution was silent on that matter. It was also the first Constitution developed under the elected mayor model of governance. The Constitution has always been a document under constant development and revision. The current Constitution is much more robust on issues such as allowances. The Chief Executive also commented that it was also difficult to measure decisions from the past against how they are made now. The Chief Executive also clarified the differing roles of the past Mayor and the Elected Mayor and the Chair of Council.

A Member questioned the annual auditing of accounts and whether such a matter should have been picked up at audit. The Director of Finance and Policy stated that the auditors did not check every payment but did measure risk across the Authority. Whilst not being able to speak for the Auditors, the Director stated that he would have expected them to undertake the checks they thought proper.

Whilst there were concerns regarding awareness of the separate Chair and Vice Chair of Council Allowance, it was highlighted that:



- Arrangements in Hartlepool for the disclosure of paid allowances go beyond statutory requirements;
- Arrangements in terms of the payment of the additional Chair's Allowance were historic and would not occur under new arrangements; and
- The Council's Constitution was now robust and reviewed on a regular basis.

In concluding the meeting the Chief Executive stated that notes of the meeting would come forward to the next meeting of the Working Group and at that meeting some conclusions based on the discussions at this meeting would need to be drawn for the report. What was clear was that the lessons of the past had been learned and that Chief Executive and the Chief Solicitor were confident that similar decision making could not happen now as the processes in place were much more robust and open. There were obviously clear differences of opinion on the decisions made in the past and we could only learn from them.

### **Recommended**

That the report and discussions be noted for the development of the final report and conclusions of the Working Group.

That the dates and times of the future meetings of the Working Group be agreed.

The meeting concluded at 5.45 pm.

CHAIR

# **AUDIT AND GOVERNANCE COMMITTEE COUNCIL REFERRAL WORKING GROUP MEETING NOTES 30 SEPTEMBER 2019**

The meeting commenced at 5.00 pm in the Civic Centre, Hartlepool.

**Present:**

Independent Chair: Ms Clare Wilson.

Councillors: Ged Hall, Lesley Hamilton, Brenda Harrison, Marjorie James and Brenda Loynes.

Councillors: Bob Buchan, Lee Cartwright, Shane Moore, Tony Richardson and Leisa Smith.

Officers: Gill Alexander, Chief Executive  
Chris Little, Director of Finance and Policy  
Noel Adamson, Head of Audit and Governance  
Hayley Martin, Chief Solicitor  
Joan Stevens, Statutory Scrutiny Manager  
Angela Armstrong, Scrutiny and Legal Support Officer  
David Cosgrove, Democratic Services Team

## **5. Apologies for Absence**

None.

## **6. Declarations of Interest**

None.

## **7. Notes of the meeting held on 3 September 2019**

Deferred for consideration at a later meeting.

## **8. Allowances Paid to the Chair and Vice Chair of Council – Verbal Progress Update** *(Chief Executive)*

The Chief Executive provided an update on the review being undertaken and highlighted that there was a significant amount of historical information to be included within this review. It was noted that due to the volume of work involved in collating this information, a report would be submitted to

the next meeting of the Working Group scheduled to take place on Wednesday 2 October at 5.00pm.

## **Recommended**

The verbal update was noted and a report would be submitted to the next meeting of the Working Group on 2 October.

### **9. Council Referral - Funding of any Organisation to Which an Elected Member is Affiliated** (*Statutory Scrutiny Manager*)

The Director of Finance and Policy presented a detailed and comprehensive report that provided the background to the review along with the process for undertaking the review.

The Working Group were reassured by the Council's statutory Officers that the Council had robust and effective arrangements in place for managing the use of public monies. The most recent report from the Council's external auditors, Mazars, which covered 2018/19 gave unqualified opinions on the Council's Statement of Account and Value for Money for conclusion. Members noted that the Council's statutory officers will, on the basis of evidence identified by Council Officers, or evidence presented by third parties, fully investigate all allegations of potential financial irregularity or potential fraud and where appropriate refer to the relevant authorities.

The report identified areas where existing processes and procedures could be further improved and during the discussions that followed, Members identified the following amendments and additions for inclusion within those recommendations:

**Recommendation 1** – That a clearer form be designed for the Authority's Register of Elected Members/Co-opted Members Interests for use after the May 2020 election including clarification on the publication arrangements in relation to declarations where Members were employees of an organisation which contracts with the Council. Guidance and training to be provided to new and existing Members.

**Recommendation 2, 3** – No amendments/additions.

**Recommendation 4** – That the independently produced financial statements and governance information received from organisations applying for/award a social value rent reduction be reviewed annually.

**Recommendation 5, 6, 7** – No amendments/additions.

**Recommendation 8** – That the quarterly returns reported to Audit and Governance Committee include details of amounts paid and what had been delivered.

**Additional recommendation** – That where social value lettings are in place, the policy and criteria for the letting of rooms by organisation be reviewed.

During the discussions that followed, the Chief Executive, Director of Finance and Policy and Head of Audit and Governance responded to a number of questions from both Elected Members and the public with further responses to be provided at the next meeting.

**Recommended**

That the above amendments/additions to the recommendations be incorporated into the report for consideration at the next meeting.

## **10. Meeting Adjournment**

The meeting was adjourned to be reconvened on Wednesday 2 October 2019 at 5.00pm in the Civic Centre.

The meeting was adjourned at 5.45 pm.

CHAIR

# **AUDIT AND GOVERNANCE COMMITTEE COUNCIL REFERRAL WORKING GROUP MEETING NOTES**

**2 OCTOBER 2019 (RECONVENED FROM 30 SEPTEMBER 2019)**

**Present:**

Independent Chair: Ms Clare Wilson.

Councillors: James Black, Ged Hall, Lesley Hamilton, Brenda Harrison, Marjorie James, Brenda Loynes and Barbara Ward.

Also in attendance:

Councillors Bob Buchan, Sue Little, Shane Moore and John Tennant.

Officers:

Gill Alexander, Chief Executive  
Chris Little, Director of Finance and Policy  
Hayley Martin, Chief Solicitor  
Noel Adamson, Head of Audit and Governance  
Joan Stevens, Statutory Scrutiny Manager  
Angela Armstrong, Scrutiny and Legal Support Officer  
Denise Wimpenny, Democratic Services Team

Prior to consideration of the following item of business the Working Group were given time to peruse the tabled report as well as the notes of the Working Group meetings held on 3 September and 30 September 2019.

## **11. Notes of Meetings held on 3 September and 30 September 2019**

Received.

## **12. Allowances Paid to the Chair and Vice Chair of Council And Referral from Full Council – Funding to Any Organisation to which an Elected Member is Affiliated** *(Chief Executive, Director of Finance and Policy and Chief Solicitor)*

The Group was advised that that the purpose of today's reconvened meeting was to enable the Group to conclude the review of the work they had undertaken and to approve the recommendations to be referred to Audit and Governance Committee. The Director of Finance and Policy

presented a detailed and comprehensive report which reflected consideration of the detailed reports considered by the Working Group in relation to allowances paid to the Chair and Vice Chair of Council and the referral from Council in relation to funding to any organisation to which an Elected Member was affiliated.

In relation to allowances previously paid to the Chair and Vice Chair of Council, the Director of Finance and Policy advised that the historic information available indicated that these allowances were authorised by officers and publically reported during the period 2008/9 to 2011/12 in the Council's Statement of Accounts. From a legal perspective there were no grounds to seek to recover these payments made to individuals who previously received the Chair or Vice Chair allowances.

As these allowances were removed in 2011/12 and it is clear that the Council now has more robust procedures for managing allowances paid to Councillors. Therefore, the previous situation cannot be repeated and there are no recommendations in relation to this issue.

With regard to the referral from Council in terms of funding to any organisation to which an Elected Member was affiliated, it was clear that the Council had well established procedures and policies in place that set out how decisions are made in relation to the expenditure of Council funds with no suggestion of inappropriate decision making. Whilst it was highlighted that the Council's statutory officers will, on the basis of evidence identified by Council officers, or evidence presented by third parties, fully investigate all allegations of potential financial irregularity or potential fraud and, where appropriate, refer to the relevant authorities, Council officers cannot investigate rumours of potential financial irregularity or potential fraud as they need some initial evidence to provide grounds for carrying out an investigation. Some areas for further improvement, which should help address public perceptions were detailed in the recommendations set out in section 4.4 of the report.

The detailed report considered by the Working Group identified areas where existing processes and procedures could be further improved and the final recommendations, which included amendments and additions from the Working Group, were set out in the report for the Working Group's consideration.

During the lengthy discussion that followed, the Group considered the proposed recommendations and raised a number of suggestions/issues/queries which included:-

- (i) Clarification was provided regarding the process around receiving independently produced financial statements and governance information from any organisation applying for a grant where members had made a declaration of interest.

- (ii) In relation to the proposal to tighten up procedures, a query was raised in relation to the costs in terms of officer time. The Group was advised that whilst such practices would place additional workload pressures on officers, it was not envisaged this would be too onerous as a number of checks and balances were already in place and it was more a matter of tightening up existing procedures. The statement of accounts reviewed by the Council's external auditors reflected the good practices already in place.
- (iii) With regard to recommendation 1, it was suggested that the form should be in electronic form and that training for new and existing Members on completion of the Register of Interests should be mandatory.
- (iv) In response to some concerns raised by a member of the public regarding the awarding of contracts process and the implications of the requirements of businesses to provide accounts for three years to enable eligibility to tender, the Director of Finance and Policy commented on the Council's commitment to support local businesses and highlighted that whilst he was not aware of any such restrictions which would prevent local businesses from applying, arrangements would be made to explore the issues raised and provide clarification following the meeting.
- (v) In relation to the allowances previously paid to the Chair and Vice Chair of Council, Members accepted that the constitution was silent on the payment, however, a Member expressed disappointment that there was no legal basis to reclaim the payments. Comments were raised around the morality of these payments. The conclusions relating to the constitution were also questioned and the Chief Executive reiterated the rationale behind the conclusions of statutory officers.
- (vi) Emphasis was placed upon the importance of training and guidance for Elected Members and it was suggested that a recommendation be added that mandatory training should be introduced for Members in relation to core areas of Council services.
- (vii) A number of further issues/questions were raised by members of the public in relation to aspects of the report including the Council's contract and tendering arrangements, social value lettings process and asset register management arrangements to which the Chief Executive and Director of Finance and Policy provided clarification.

## **Recommended**

That the report be referred to the Audit and Governance Committee to:-

- i) Note that the allowances paid up to 2011/12 to the Chair and Vice Chairs were authorised by officers and publically reported during the period 2008/9 to 2011/12 in the Council's Statement of Accounts, whilst noting that the 2002 Constitution was 'silent' on these allowances;
- ii) Note that officers have advised that there is no legal basis to seek to recover from the individual Members who received these allowances. To also note that this situation cannot arise again as these allowances were removed in 2011/12; and
- iii) Endorse the detailed recommendations detailed in paragraph 4.4.

## **12. Conclusion of Business – Cancellation of Next Meeting**

It was reported that given that business had been concluded this evening the next meeting of the Working Group scheduled for Thursday 3 October 2019 would be cancelled.

The meeting concluded at 6.35 pm.

CHAIR