

FAREHAM

BOROUGH COUNCIL

Report to Audit and Governance Committee

Date: 27 November 2023

Report of: Monitoring Officer

Subject: MONITORING OFFICER REPORT

SUMMARY

This report seeks to update Members on a variety of assurances which are within the functions of the Audit and Governance Committee, that do not require a full report in their own right. The report is set out into two parts. Part One is for noting and Part Two sets out those items for approval or endorsement.

Included in this report is an update to the Deputation Scheme and the Council's Financial Regulations, which both form part of the Constitution, the Counter Fraud Policy and Strategy review, an update on Member Training for the next municipal year as well as the usual review of the Committees work programme.

RECOMMENDATION

It is RECOMMENDED that the Audit and Governance Committee: -

- a) notes the contents of Part One of the report;
- b) asks Members to pass comment on the new Anti-Fraud and Corruption Policy, at Appendix B, for endorsement by Council;
- c) asks Members to pass comment on the proposed revision to Financial Regulation 13.5 (Disposal of Assets), at Appendix C, for endorsement by Council; and
- d) approves the change to the deputation scheme, at Appendix D, for endorsement by Council.

INTRODUCTION

1. This report is a standard agenda item for the Audit and Governance Committee, which provides Members with the assurance required to carry out their functions, as set out in Part Two, Chapter 8 of the Constitution, without the need for a separate report on the agenda.
2. Part one of the report sets out items matters to be considered by the Committee for noting. Part two are matters that are to be approved by the Committee for endorsement by Council.

Part One: matters for noting

ACCOUNTABILITY

3. At its meeting on the 13 March 2023, the Committee agreed its Work Programme for 2023/24, this was then endorsed by Council in April. This report sets out at Appendix A, a simplified version of that work programme, listing items which will be brought to the Committees next meeting for Members to consider and note the agenda items for the remainder of the municipal year.
4. Members are asked to note that, the Anti Bribery Policy remains outstanding but it is hoped that an update on this will be brought to the next meeting of the Committee.

MEMBER TRAINING

5. A programme of Member training is ongoing through this municipal year and Members of the Audit and Governance Committee will be provided with a full update of the year's training programme undertaken at its March 2024 meeting.
6. Work is underway to review and refresh, where appropriate, the Members' training programme with particular attention being given to the initial training given to new Councillors as they integrate into their role following Election. It is envisaged that all Councillors, as part of that review, will be canvassed for their views and ideas for training, sharing their experiences where appropriate to help enhance the Council's Member training programme.

Part Two: matters for approval or endorsement

UPDATES TO THE CONSTITUTION

7. Updates to the Constitution are classified as administrative amendments that the Monitoring Officer is able to make in order to keep the Constitution up to date. On this occasion there have been no updates to the Constitution since the last meeting.

CHANGES TO THE CONSTITUTION

Anti-Fraud and Corruption Policy

8. The Corporate Anti-Fraud and Corruption Policy (2023) sets out the Council's Corporate Counter Fraud culture and structures and methods of preventing, detecting, and deterring fraud.
9. The last version of the Policy was produced in 2016 and officers have now completed its scheduled review. Since the last Policy, CIFAS (Credit Industry Fraud Avoidance System) have authored a new Fighting Fraud and Corruption Locally Strategy, to which the Council's 2023 Anti-Fraud and Corruption Policy will now be aligned.
10. Furthermore, the Council will seek to ensure it is compliant with all new legislation relating to Fraud. New relevant legislation includes section 199 ('Failure to Prevent Fraud') of the 'Economic Crime and Corporate Transparency Act 2023'. As more information regarding this legislation is disseminated, FBC will put measures in place to ensure its compliance and may need to update the Policy accordingly.
11. The key changes that have been made in the latest draft of the Policy, attached as Appendix B, are summarised below:
 - a) **Foreword** - Reference is made to the Anti-Fraud & Corruption policy helping to achieve the Council's vision of a *"Fareham which is prosperous, safe, and an attractive place to live and work."*
 - b) **Introduction** – Reference is made to the council's intention to be compliant with the 'Economic Crime and Corporate Transparency Act 2023'.
 - c) **Section 3 Definitions** – Key phrases such as 'Cyber Fraud' and 'Fraud Risk' have been defined.
 - d) **Section 4.1 Counter Fraud Strategy** – Noted that the Council's Counter Fraud Strategy will be aligned with the 'Fighting Fraud and Corruption Locally: A Strategy for the 2020s' authored by CIFAS.
 - e) **Section 4.2 Risk Management** – Reference is made to how the council's Risk Management Policy helps to ensure that essential risks (including fraud risks) are captured within the Risk Management Monitoring report and presented to the Audit and Governance Committee for scrutiny.
 - f) **Section 4.2 Risk Management** – Specific fraud risks relevant to the council have been outlined and defined.
 - g) **Section 5.1 Key Structures and Roles** – The Corporate Counter Fraud Team and Internal Audit team have been combined to 'Corporate Internal Audit and Fraud' team.

- h) **Section 5.2 Cyber Fraud** – The role of the Cybersecurity Officer has been defined and the main cyber fraud risks to the Council have been explained.
- i) **Section 6.3 Publicity** – The work that the Council does to publish fraud investigation activity on our website in accordance with the Transparency Code (2015) has been included in the Policy.
- j) **Section 7.1 Recruitment** – The ‘Recruitment & Selection Policy’ is no longer utilised by the council’s Human Resources department; instead an online Recruitment and Applicant Tracking system has been implemented to ensure appropriate safeguards are present when a new employee is recruited.
- k) **Section 8.1 Outline of the FBC Fraud Response process** – Introduced a flowchart of how a council employee or member of the public can report suspicious activity and the corresponding outcomes.
- l) **Appendix 1 Counter Fraud Briefing Sheet for Employees** – A briefing sheet has been put together detailing all the key counter fraud points important for FBC employees.

Financial Regulations

- 12. Financial Regulation 13.5 sets out the Council’s rules for the disposal of its assets. The Regulation has been updated and the thresholds have been reviewed to reflect the increase in market values in recent years, and the impact that reporting has on the speed of sale.
- 13. As part of the update a review of the policies at other Councils in Hampshire has been completed to check that there were not any major disparities between our policy and others. It was noted that the rules on land and building disposal generally are very varied and the Fareham Borough Council limit of £10,000 for member approval was very low as summarised in the table below.

Rule for Land and Building Disposal	Number of Councils
No member approval involved	4
No member approval other than confirmation of an asset being surplus	2
No member approval unless property was purchased for commercial investment reasons	1
Member approval over £250,000	1
Member approval over £75,000	1
Member consultation over £20,000	1
Members informed of all disposals (reference made)	1
Member approval for all land, no approval for property	1

- 14. A higher change for this rule is therefore proposed, which has been discussed with the officers involved who have agreed that the revised rule feels more appropriate whilst still having some oversight in place.

15. The following changes, as shown in Appendix C, are therefore now proposed:

- a) Removal of the rule that anything **over £10,000** should be approved by the Executive Committee.
- b) **Disposal of Land and Buildings** – threshold for member approval increased from £10,000 to £100,000.
- c) **Disposal of Vehicles and Plant** – introduction of a policy laying out the preferred methods of disposal for vehicles and plant (Part Exchange, Auction and Scrapping), which highlights any contract arrangements in place.
- d) **Disposal of Vehicles and Plant** - removal of need for member approval (was £10,000). New threshold of £20,000 above which approval by the relevant Director and Statutory Chief Finance Officer will be needed. Details of approval process for under £20,000 set out in new Financial Regulations Support Document.
- e) **Disposal of Furniture, Equipment and Stocks** - removal of need for member approval (was £10,000). Increased threshold from £1,000 to £5,000 for approval by Director and Statutory Chief Finance Officer.

Deputation Scheme

16. As Members are aware the Council has a deputation scheme which forms part of the Standing Orders with Respect to Meetings within Constitution. There are two parts to the scheme; one for the Planning Committee and another scheme for all other meetings that sit within the Council's Committee Structure. These schemes set out the rules for people making a deputation to the Council.
17. At paragraphs 7 and 4 of the deputation schemes, it states that only those people, living, working or studying in the Fareham Borough are eligible to make a deputation. On occasion it has been necessary to suspend the Standing Orders with Respect to Meetings to allow people outside of the Borough to speak at a meeting. For example, when the IFA 2 National Grid or Newgate Lane East planning applications were brought to Committee, the Standing Orders were suspended to allow those people living within the Gosport Borough to speak.
18. With a number of significant projects currently under development across the Borough, such as Welborne, the Fareham Town Centre Regeneration and Daedalus Vision, Officers have reviewed this section of the scheme with the Southampton Legal Team and are proposing the change set out in Appendix D.
19. This change will allow anyone with a vested interest in the Borough to make a deputation to any meeting within the Council's Committee Structure, which will be a positive change to the decision-making process. Streamlining the procedure and avoiding additional administration, associated with suspending the Standing Orders, will also be a significant benefit to Officers.
20. Consideration as to what constitutes a 'vested interest' will be at the discretion of the Assistant Director (Democracy) on a case-by-case basis, in consultation with the relevant Chairman where appropriate.

21. For Members awareness, the Petition scheme is governed by legislation which requires those signing, to live, work or study in the Borough, so this will remain unchanged.

RISK ASSESSMENT

22. There are no significant risk considerations in relation to this report.

CONCLUSION

23. Members are asked to note the contents of Part One of this report and consider the updates to the Constitution as set out in Part Two.

Appendices: -

Appendix A: Summaries Work Programme 2023/24

Appendix B: Anti-Fraud and Corruption Policy 2023

Appendix C: Financial Regulation 13.5 Disposal of Assets

Appendix D: Deputation Scheme with track changes

Background Papers:

The Constitution Log

Reference Papers:

The Constitution

Audit and Governance Work Programme – 13 March 2023

Enquiries:

For further information on this report please contact Sarah Robinson, Monitoring Officer. (Tel: 01329 824566)