

Audit, Governance & Standards Committee

Thursday, 15th December,
2022

MINUTES

Present:

Councillor Juma Begum (Chair), and Councillors Salman Akbar, Imran Altaf, Tom Baker-Price, Michael Chalk, Luke Court and Timothy Pearman

Also Present:

Councillor Karen Ashley (Portfolio Holder for Finance and Enabling) – (on Microsoft Teams)
Jackson Murray (Engagement Lead for Grant Thornton) – (on Microsoft Teams)

Officers:

Peter Carpenter, Claire Felton (on Microsoft Teams), Michelle Howell and Andy Bromage (on Microsoft Teams)

Democratic Services Officers:

Mat Sliwinski

34. APOLOGIES AND NAMED SUBSTITUTES

Apologies for absence were received from Councillors Andrew Fry and Sharon Harvey.

35. DECLARATIONS OF INTEREST

There were no declarations of interest.

36. MINUTES

The minutes from the Audit, Governance and Standards Committee meetings held on 27th October and 10th November 2022 were submitted for Members' consideration.

Chair

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RESOLVED that

the minutes of the Audit, Governance and Standards Committee meetings held on 27th October 2022 and 10th November 2022 be approved as a true and correct record and signed by the Chair.

37. PUBLIC SPEAKING

There were no registered public speakers on this occasion.

38. ANNUAL GOVERNANCE STATEMENT 2020-21

The Interim Director of Finance presented the Annual Governance Statement (AGS) 2020/21 and in doing so highlighted that the AGS formed part of the annual closure of accounts process and provided a corporate overview of the processes and procedures adopted by the Council to manage its affairs.

The preparation of an Annual Governance Statement (AGS) was necessary to meet the statutory requirements as set out in the Accounts and Audit (England) Regulations 2015. The Council's AGS included the review of effectiveness of the Council's governance arrangements, commentary on significant governance issues in 2020/21, and the up-to-date information on their resolution status under the 'progress' column in the AGS document.

It was noted that one of the Governance Recommendations which were highlighted in the external auditors' Section 24 report and the Interim Auditors' Annual Report 2020/21 pertained to the need for Members to be provided with key financial reports, including the Treasury Management Strategy which was not reported to the Committee in 2021/22, and risk monitoring updates. Officers stated that this would be considered by the Committee in the remaining meetings of this municipal year.

Following the presentation, Members asked a number of questions and commented on aspects of the Statement and the following was noted:

- Members requested that references to 'robust financial management' be removed from the Annual Governance Framework Statement for 2020/21 on the basis that the document referred to the financial year 2020/21, with only

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the appended sections in the tables referring to the progress that had been made since.

- Members commented that some of Council's Corporate Plan key performance indicator (KPI) measures were still not available to view on the Council's performance dashboard on the Council's website. Officers responded that some KPIs were still to be added to the dashboard, including council tax collection rates and volume of customer service calls. In the meantime, the Interim Director of Finance undertook to provide Members with data on key finance measures including collection rates for council tax and business rates.
- Members expressed concern that the number of strategic KPIs currently proposed might be excessive and commented that it was preferable for the Council to reduce the number of strategic KPIs to a smaller number and to the areas in which the Council had greater power to influence outcomes such as housing – for example KPIs on housing repairs turnover and on number of people in temporary accommodation were cited as examples of key KPIs that might be used. Officers responded that a review of Corporate KPIs was being undertaken to determine the strategic relevance of the measures currently on the dashboard.
- Members were informed that the provisional local government finance settlement was expected to be released in the week commencing 19th December 2022, which would provide information as to central government allocations to local authorities for 2023/24.

RESOLVED

- (1) that the arrangements for compiling, reporting on and signing the Draft Annual Governance Statement be noted;**
- (2) that the Draft Annual Governance Statement was reviewed and commented on, including any areas which should be considered; and,**
- (3) that subject to changes identified above, the Draft Annual Governance Statement be agreed and approved for signature by the Chief Executive Officer and Leader of the Council for inclusion in the Statement of Accounts.**

39. STATEMENT OF ACCOUNTS 2020-21

The Interim Director of Finance presented the draft Statement of Accounts 2020/21 and in doing noted that the Council had not been able to deliver these Accounts before the statutory deadline of 30th November 2021, which had resulted in a Section 24 Statutory Recommendation being issued to the Council on the 31st October 2022.

It was highlighted that the Accounts had been published in a supplementary agenda because the S151 Officer had to be fully satisfied that they complied with legislation before they were presented before the Committee. It was added that a significant work had been required to reallocate balances in the Council's suspense accounts and the method of this reallocation represented a risk for the 2020/21 Accounts that would need to receive signoff by the external auditors as part of the overall Audit process. Officers reported that they would continue to work on trying to reduce the number of items in suspense in the next couple of weeks before the Accounts were handed over to the external auditors, estimated to take place in mid-January 2023. Officers would provide comments on the progress of this process at the next meeting of the Committee in January.

It was noted that this agenda item provided the Committee with an opportunity to review the draft Statement of Accounts Accounts and formally approve them prior to the commencement of the external audit. Whilst under regulations the Council's Audit Standards & Governance Committee was no longer required to approve the accounts prior to audit, the Council considered it a good practice for Members to have the opportunity to review the draft Accounts.

The Interim Director of Finance proceeded to provide an explanation of the most relevant sections of the Statement of Accounts 2020/21 submitted before the Committee. The following sections and technical notes were highlighted for Members' consideration:

- Page 6 provided an infographic of the volume of core services Council delivered during the first year of the Covid-19 pandemic period.
- Due to the Council's underspend position of £290,000 the General Fund reserves position had increased from an opening position of £1.599 million to a closing position of £1.889 million in 2020/21.

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- The earmarked reserves had increased significantly in 2020/21 from £4.980 million to £11.473 million, with circa £4.5 million of this increase due to the Government provision of various Covid-19 related grants.
- The Housing Revenue Account (HRA) for 2020/21 was showing an underspend of £1.9 million and the HRA capital programme for 2020/21 was underspend by £7 million. This was due to restrictions and lockdowns in response to the Covid-19 outbreak, which resulted in rescheduling of the planned programme of works to future years.
- Note 5 on Page 37 pertaining to material items of income and expenditure, where it was highlighted in particular that the main material items related to the Covid-19 pandemic in particular the distribution of variety of business grants during the 2020/21 financial year.
- In relation to Note 5, Page 37, it was further highlighted that the recent pensions fund revaluation had resulted in an improvement to the Council's pensions fund position.
- Note 10 on Page 40 displayed movement in earmarked reserves from 2019/20 to 2020/21 financial years and it was highlighted that much work could not be undertaken during the period of Covid-19 pandemic and as such many of these earmarked reserves were unspent in the 2020/21 financial year.

Following the presentation, Members made a number of comments and observations relating to the draft Statement of Accounts.

Members expressed concern about the significant underspend on the Housing Revenue Account (HRA) for 2020/21 that was deemed to have a detrimental impact on social housing tenants. Members reported receiving numerous complaints from residents about lack of repairs to their properties and issues with mould and damp remaining unaddressed. In response it was noted that a lot of activity relating to repairs, maintenance, and the overall management of the HRA had to be paused during the period of restrictions and lockdowns relating to the covid-19 pandemic. As such, Council's housing stock non-urgent repairs were stopped at various points during 2020-21 and 2021-22 financial years and the Council was catching up on its repair schedule. It was further noted that there were difficulties with finding contractors to carry out some types of housing repairs and maintenance work but that steps would be taken to prioritise making funds from reserves available for removing mould from social housing properties.

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Members noted that the Council's earmarked reserves had increased significantly to a closing position at end of 2020/21 of £11.473 million and queried whether these were still held for relevant purposes. The Interim Director of Finance responded that a review of the Council's earmarked reserves would take place as part of tranche 2 of budget setting for the 2023/24 to 2025/26 Medium Term Financial Plan (MTFP) period, checking whether the purposes for which earmarked reserves had been set aside remained relevant.

Members asked about reasons for the underspend of circa £223,000 in Environmental Services. It was reported that this was due to increased income from burials in the 2020/21 period and savings on hedge cutting services due to the successful trial of using less agency workers and vehicles in that area.

Regarding the overspend of circa £257,000 in Financial and Customer Services, it was noted that this was due to under-recovery of benefits and debts due to court recoveries not taking place due to the pandemic.

In relation to grant income, it was noted that 2020/21 the Council received an administration subsidy from the Government to cover the internal costs of processing Covid-19 related and other grants as the Council processed almost £18 million in grant income. This administrative subsidy was higher than in previous years.

Officers confirmed that the work on finalising the Council's 2021/22 Accounts would commence once external auditors had commented and approved the 2020/21 Accounts. Officers hoped that the 2021/22 Accounts could be submitted to auditors before the end of the current municipal year.

It was highlighted that the audit sector experienced significant capacity issues across both internal and external audit, with Officers reporting that nationally more than half of all local authorities had yet to have their 2021/22 accounts signed off.

The Interim Director of Finance stated that if Members had any additional comments on the draft Statement of Accounts 2020/21 these could be submitted to Officers before the end of the year.

RESOLVED

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that the draft Statement of Accounts be approved prior to the commencement of the Audit.

40. COMMITTEE WORK PROGRAMME

The Committee's Work Programme was presented for Members' consideration.

The Interim Director of Finance confirmed that as discussed earlier in the meeting, an item on the explanation of how actuary valuation of the pension fund took place would be added to the Committee Work Programme for the March meeting of the Committee.

The Democratic Services Officer confirmed that any additional items that had been identified by Members during the course of the meeting would be added to the Committee's Work Programme.

RESOLVED that

the Committee Work Programme be updated as per the preamble above.

The Meeting commenced at 7.01 pm
and closed at 7.56 pm