

NORTHAMPTON BOROUGH COUNCIL

AUDIT COMMITTEE

Monday, 9 January 2012

PRESENT: Councillor Hallam (Chair); Councillor Oldham (Deputy Chair); Councillors Beardsworth, Gowen, Nunn and Palethorpe

1. APOLOGIES

There were none.

2. MINUTES

The Minutes of the meeting held on 24 November 2011 were confirmed and signed by the Chair as a true record.

3. DEPUTATIONS / PUBLIC ADDRESSES

There were none.

4. DECLARATIONS OF INTEREST

Councillor Hallam declared a personal but non prejudicial interest in Item 8- in as much as he has an involvement in an IT company which may bid for any contracts which might be re tendered if any current supplier was deemed as falling.

5. MATTERS OF URGENCY WHICH BY REASON OF SPECIAL CIRCUMSTANCES THE CHAIR IS OF THE OPINION SHOULD BE CONSIDERED

There were none.

6. CORPORATE DEBT- PROGRESS AND AGE DEBT ANALYSIS

The Committee considered a report giving an analysis of the level and age of debt across Northampton Borough Council.

The main points of discussion were as follows: -

- A single approach to debt has been adopted, taking into account of the overall indebtedness of a person. Joint interviews are conducted when there is more than one debt owed to the Council. This reduces the costs to the Council and provides a more realistic repayment plan.
- Historic debt has been reduced by more than £670,000 since the end of March 2011. The percentage of debt that is "written off" has also been reducing.
- The managed debt analysis for 2011/12 shows the percentage of debt where there is currently no action being taken. This has been reducing.
- There was some concern that the proposed Welfare Benefit reforms will increase the level of indebtedness. It was acknowledged that the management of these changes could have a major impact on people. There may be a short term impact on debt recovery levels but the Corporate Revenues and Benefit Team would monitor the impact of the changes and inform Committee.

- It was not possible to anticipate how much of an impact the changes will have as the legislation has not yet been finalised. The variables caused by potential legislative changes are those over which the Council has the least amount of control and therefore presents the highest level of risk.
- Work has been underway on profiling debtors and that will enable officers to be more able to identify people in financial stress. Early intervention will reduce the overall debt levels and help people to adhere to realistic payment plans.
- Members questioned whether debt recovery officers were satisfied that service areas were making effective contacts in the early stages of processing debt. It was confirmed that since 2009 all debt passed to recovery has been checked to ensure that the appropriate payment requests have been made. A service improvement plan was agreed with the Housing service and this is being worked through

RESOLVED: 1. The report be noted.
2. An item on the impact of Welfare benefit reforms on the level of indebtedness to the Council be considered at a future meeting.

7. TREASURY MANAGEMENT STRATEGY REPORT 2012-13 TO 2014-15

Committee considered the draft Treasury Management Strategy Report for 2012-13 to 2014-15 prior to it being put to Cabinet and Council in February 2012 and were invited to put forward any appropriate recommendations.

The main points of discussion were as follows: -

- The required changes to the Treasury Management Policy Statement were noted.
- The changes in Housing Finance Reform will require the Council to borrow up to £194.2 million before the end of the financial year in order to make the statutory payment to buy out of the housing subsidy system. Members were advised that this borrowing would be arranged through the Public Works Loans Board (PWLB) and repayment would probably be made in tranches
- Members requested whether a schedule of reserves could be made available. They were advised that the situation on reserves changes on a daily basis but that a report could be brought to the next meeting.

RESOLVED :

1. That the draft Treasury Management Strategy Report for 2012-13 to 2014-15 be noted and referred to Cabinet on 22 February 2012 and Council on 29 February 2012.
2. A report on Council reserves be brought to the next meeting.

8. RISK MANAGEMENT UPDATE

The Committee considered a report updating progress in Risk Management across the authority.

The main points of the discussion were as follows; -

- Risk Management and Business Continuity had been assessed by the Council's Internal Auditors, PWC, as low risk.
- Both the Risk Management Strategy and the Risk and Business Continuity Management Handbook have undergone a review to ensure that they comply with general good practice. The Risk Management Strategy was previously considered by this Committee in November and approved by Cabinet later in that month.
- Management Board will undertake a quarterly review of the Strategic Risk Register. Management Board have also approve a Strategic Scorecard, which helps to remove any bias from the scoring process and create a more consistent scoring method.
- A Local Resilience Risk Assessment Working Group has been created to support the delivery of Northamptonshire's Community Risk Register. The Council's Corporate Risk Manager is a member of this group. This brings together a number of partners, including the Police, Fire and Environment Agency. Once completed the Community Risk Register will be available on the County Council website.
- Members were advised that if they wished to examine any particular risk in more detail then it could be brought to Committee and the relevant service head be invited to attend.
- Major progress has been made on Risk Management. Areas, which cause most concern, are those over which the Council had the least amount of control i.e. Impact of changes in legislation.

RESOLVED: 1. That the Assessment of the Council's Risk Maturity, the latest Strategic Risk Register, Strategic Scorecard and the high risks from across the Council be noted.

2. A report on the work of the Local Resilience Risk Assessment Working Group be made to Committee in May.

3. A report on welfare reform and associated risks be brought to the next meeting.

9. ENVIRONMENTAL SERVICES - RISK REGISTER

The Committee received a report on the Environmental Services Risk Register. In the absence of a representative from the relevant department, questions were answered by the Risk and Business Continuity Manager.

The main points of discussion were as follows; -

- Concerns were raised around contract management and the reputational risk to the Council if contracts were not delivered effectively. Many people simply perceive the delivery of Environmental Services as being through the Council.

- Members asked how contracts were audited. They were advised that there is a contract monitoring board and the relevant Director would sit on the board, in the case of the Enterprise contract then the Director of Finance also attended the boards.
- There is also a facility to request that the Internal Auditors (PWC) carry out a contract audit. One was requested on the Enterprise contract and the report is due soon.
- Also most contracts will have a number of Performance Indicators sitting within the contract, which are reviewed on a quarterly basis.

RESOLVED: That the report be noted.

10. RISK REVIEW OF 2012/13 BUDGET

The Committee considered a report on the risk assessment of the budget proposals.

The main points of the discussion were as follows:-

- The appendices to the report set out the supporting process of budget risk assessment.
- Concern was expressed at the reduction in the Homelessness budget, by setting aside 30 Council properties for use by people normally in bed and breakfast accommodation. Potentially this would lead to a saving for the Council as the tenants would be able to claim Housing Benefit if in the houses where they can't if they are in Bed and Breakfast accommodation. There was concern that the changes in the Welfare Benefit reform could lead to more people presenting as homeless and requiring bed and breakfast accommodation to be used in addition to the dedicated council houses.
- It was pointed out that alongside the budget the Director of Finances is required to deliver a statement of robustness with regard to the budget. There will be an element of risk built into the reserves required. All possible action would be taken to prevent as many cases of homelessness as possible.
- There will be additional homelessness accommodation coming on stream in April and the impact of that on the current levels of demand will be closely monitored.
- Review of Non Domestic Rates Concessionary Scheme- currently 80% of this scheme is paid for by the Government under their mandatory grant criteria. The remaining 20% is determined by the Council on a discretionary basis. Government funding for this scheme may change or be withdrawn as part of the Governments Resource Review and there may be a requirement for Councils to set up a new scheme Overview and Scrutiny have been asked to undertake a review, working with the voluntary sector to devise a suitable scheme. Including this in the budget means that the Council has given the required 12 months notice of potential changes but does not make any commitment regarding the implementation of any new scheme.
- Car Parking Standardisation – There was some concern at the unpredictability of this income. The Director of Finance confirmed that there would be a reserve earmarked for potential shortfall in this area. She had been collecting data on the

usage and income of car parks in order to confirm whether the budget was realistic. Committee confirmed that they would like to have further reports on whether the car parking budget was viable.

RESOLVED: 1. That the report be noted.

2. A future report be bought on the progress of the car parking budget and further reports be bought on a quarterly basis.

3. A report be bought on the schedule of reserves and risk assessment of reserves used for the budget process.

11. AUDIT COMMITTEE TERMS OF REFERENCE

The Committee considered a report on the Audit Committee Terms of Reference.

The Terms of Reference were agreed at Full Council in May 2011.

It was noted that Article 9 of Part 3 of the Constitution, which relates to the Audit Committee, paragraphs 9.3.9 and 9.3.10 needed to be updated to change the reference to the Council's Improvement Plan.

RESOLVED :- 1. That the Committee notes the current Terms of Reference and responsibilities of the Committee

2. The Committee recommends to the Constitutional Working Group changes to the Constitution relating to its terms of Reference.

12. FINANCE AND PERFORMANCE REPORT TO OCTOBER 2011

The Committee considered the Finance and Performance Report to October 2011 as sent to Cabinet on 14th December 2011.

The following points were raised:-

Percentage of Land and Highways assessed with litter falling below acceptable level due to Fly posting there has been a higher level of posters being put up by individuals.

Percentage increase in Town Centre footfall compared to 2010-11 Members were informed that the figures were received from the relevant service area who would carry out their own accuracy checks.

RESOLVED :- that the report be noted.

13. INTERNAL AUDIT PROGRESS REPORT

The Committee considered a report summarising progress made against the approved internal audit plan for 2011/12.

The main points of the report were: -

- 60% of the plan has been completed.
- Final reports included: -

Grosvenor Car Park Cash Collection, this had identified some control issues, which have been resolved.

HRA Business Planning, the modelling used to assess the impact of the reform on the HRA was judged to be robust and did not contain any errors or omissions.

RESOLVED: - that the report be noted.

14. EXTERNAL AUDIT UPDATE

The Committee considered a report on the progress of external audit plans and to present the Certification of Claims and Returns Annual Report 2010/11.

The main points were as follows:-

The report was very positive. External Audit fees for Housing and Council Tax benefit have been reduced because of the high level of assurance.

“A brief guide to local government finance” has been published for use by Councillors on the Council’s Intranet.

Code on Data Transparency – the code is now in place and there are differing compliance deadlines for different aspects. Members will be receiving training on the requirements - details will be circulated via Councillor Connect newsletter in March.

RESOLVED that the report be noted.

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The meeting concluded at 7:50 pm