

Finance & Audit Committee

Tuesday, 12 July 2016

7:30pm

Present:

Cllr Derek Shelbrooke (Chair)
Cllr Karen Hurdle (Vice-Chair)

Cllrs: John Knight
John Burden
William Lambert
Lesley Boycott
Colin Caller
Lenny Rolles
Peter Rayner
Brian Sangha

Note: Cllr Makhan Singh was also in attendance.

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| Sarah Parfitt | Assistant Director (Corporate Services) |
| Alexandra Jarvis | Principal Accountant (Housing & Exchequer) |
| Andrew Barnett | Principal Accountant (General Fund) |
| Ben Clarke | Committee & Scrutiny Assistant (Minutes) |

73. Apologies

Apologies of absence were received from Stuart Bobby, Director (Corporate Services) and the representatives from Grant Thornton.

74. Minutes

Cllr John Knight asked that the minutes be amended to reflect the question he made about a lessons learned paragraph being added to the future Annual Counter Fraud reports.

The minutes of the meeting on 16 June 2016 were signed by the Chair.

75. Declarations of Interest

No declarations of interest were made.

76. Statement of Accounts 2015-16

The Assistant Director (Corporate Services) provided Members with the draft Statement of Accounts for 2015/16 highlighting the following points:

- It is still subject to audit by Grant Thornton LLP which will commence on Monday 25 July 2016
- The manager of Grant Thornton, Vaughn Matthews parted ways with the organization and a new audit manager has been appointed, Chris Long; the working relationship should continue to be strong

- The remaining staff and the staff that are usually on site in Gravesham have not changed
- Chris Long will be attending the F&A Committee in September 2016
- The most significant change to the Code is the Narrative Statement which reveals a broader scope of items and is a much more helpful guide for the reader to understand the significant matters within the Statement of Accounts report
- This draft statement of accounts is available on the Gravesham website; the public can view it and raise questions on it to the external auditors until the 10 August 2016
- Once the auditors have audited the report the finalized Statement of Accounts shall go the September F&A Committee to be signed off by Members

A Member commented on the answer 'No' given to the Equality Impact Assessment question at the end of the report; the decision being made adversely affect a group of people specifically those under the Council Tax Reduction Scheme.

The Assistant Director (Corporate Services) explained that the Appendix 1 relates purely to the decision being made; this report is for information only.

Narrative Statement

In response to a Member's question the Assistant Director (Corporate Services) clarified that following the implementation of the two hour parking free zone policy on a Saturday in Gravesend car parks there has been no reduction in income.

After a discussion the Chair advised that the following points in the report be looked into:

- Legal should be spoken to about the matter of Appendix 1 to see if it is really needed for reports that have no decisions and are for information only
- In future reports instead of a 'No' answer on the Appendix 1 questions it should be expressed as 'N/A'
- The accuracy of the wording on Page 19 of the 'Gravesend Market' section of the Narrative Statement needs to be checked as the funding may have been possibly secured during the previous administration
- On Page 20 the Car Parking section needs the last sentence reworded: remove the word 'cheaper' and replace with 'cost-neutral'

Statement of Responsibilities for the Statement of Accounts

The Committee were satisfied with this section of the report.

Accounting Policies

Following a Members enquiry as to whether or not GBC are expecting any more refunds from VAT the Assistant Director (Corporate Services) explained the following points:

Car Parks: The high courts did not support the Isle of Wight claims but there could be a subsequent claim made about the donations to car parks (ie an hour costs 90p, a payment of £1 is given and the car parks keep the additional 10p).

Theatre: The claim wasn't a financially viable one so it has been ceased at this time.

Royal Mail: The claim went to the high court in April 2016 and a group litigation order was lodged.

Concerns were raised over how Members and residents would be engaged in decision making regarding the council's financial situation, what services are being cut and what ones are being kept following all of the external changes happening within the Borough.

The Assistant Director (Corporate Services) advised Members that:

- The Medium Term Financial Strategy explains the budget gap all the way through to 2020. Officers will keep Members up to date with all the changes occurring
- Members are actively engaged in the Property Funds and Property Acquisition groups
- The service review teams findings will be shared with Cabinet and Overview Scrutiny Committee
- Information would be coming forward to Members (Scrutiny and Cabinet) in the autumn on Service Review Options
- Consultation with stakeholders and residents will be directed by Member decisions on the Service Review Options
- The Code of Practice will be reviewed with regard to the Critical Judgements section of the Statement and this updated accordingly if appropriate.
- The Corporate Risk Register does not currently explicitly reference Brexit, but things like cuts to Local Authority funding and changing legislation are already captured in the Register

The Assistant Director (Corporate Services) also explained that staff are aware of the financial situation as staff talks have been carried out and they have been made aware of future costs and budgetary requirements.

In response to a Members comment on the decrease in the discount rate for Pensions Liability Cllr John Burden declared that he sits on the Kent Remuneration Committee that appoints actuaries for Pensions.

Core Financial Statements

Referencing the Trading Operations section on page 61 of the report a Member questioned the income on Spotlites; the Assistant Director (Corporate Services) assured the Committee that Spotlites is doing far better than last year and have actually made a surplus.

The Committee recognized the excellent work gone into this report especially the Narrative Statement and asked that their congratulations to Stuart and his team be noted.

77. Any other business which by reason of special circumstances the Chair is of the opinion should be considered as a matter of urgency.

Implications of Brexit on Property Funds

The Chair advised that he would allow the officers to present an oral update item on the Implications of Brexit on the Treasury Management Strategy Statement and Treasury Management Activity.

Following a response from a Member the Assistant Director (Corporate Services) confirmed that the reason for 28 days' notice not being given will be provided to the Member outside the meeting.

Please see the Supplementary for the officer's presentation of this item and Members questions below.

UK Sovereignty

It was challenged by a Member that the testing regime was more thorough in the UK as well as that UK banks grading was better on their own branches within the UK than in such countries as Spain but welcomed the prospect of outside expert help.

Following questions from Members the Assistant Director (Corporate Services) and Principal Accountant (HRA & Housing Exchequer) advised that:

- Capita can be contacted to attend a future Finance & Audit Committee to explain further their strategy to Members
- Reports suggest that Brexit will not be as financially damaging as the start of the recession/housing crash of 2008/09

It was separately advised by two Members that:

- Brexit does have some positive outcomes from it which need to be included as the report only suggests that the potential impacts will be very bad for GBC
- EU funding must be monitored as projects such as the Market refurbishment require such money to be continued

Close of meeting

The meeting ended at 20:38pm.