

# Finance & Audit Committee

Tuesday, 13 September 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 Leslie Hills was also in attendance.

|                  |  |
|------------------|--|
| Stuart Bobby     | Director (Corporate Services)                        |
| Sarah Parfitt    | Assistant Director (Corporate Services)              |
| Wale Adetoro     | Assistant Director (Housing)                         |
| Katey Arrowsmith | Head of Audit and Counter Fraud Shared Services      |
| Anita Tysoe      | Service Manager (Customer & Theatre Services)        |
| James Larkin     | Audit and Counter Fraud Manager                      |
| Andrew Barnett   | Principal Accountant (General Fund)                  |
| Chris Long       | Engagement Manager, Grant Thornton, External Auditor |
| Ben Clarke       | Committee & Scrutiny Assistant (Minutes)             |

## 78. Apologies

No apologies of absence were received.

## 79. Minutes

The minutes of the meeting on the 12 July 2016 were signed by the Chair.

## 80. Declarations of Interest

No declarations of interest were made.

The Chair welcomed the new Engagement Manager from Grant Thornton, Chris Long, to the Committee.

## 81. Local Government Ombudsman Annual Review Letter 2015-16

The Service Manager (Customer & Theatre Services) presented the Annual Review Letter and highlighted the following points to the Committee:

- The Annual Review Letter contains details of enquiries and complaints received by the Local Government Ombudsman, in relation to Gravesham Borough Council, for the financial year 2015-16
- The Annual Review Letter is included at Page 13 of the reports pack and page 15 sets out specific details of the complaints and enquiries received and subsequent decisions.
- A total of 23 complaints and enquires were received, of which
  - 2 were determined as invalid
  - 3 resulted in advice being given
  - 8 were referred back to GBC for local resolution
  - 7 were closed after initial enquiries
  - 3 resulted in an investigation
- Pages 23, 27 and 29 are the Ombudsman's final decision reports regarding the three investigations. None of these complaints were upheld.

A Member questioned whether GBC was being too lenient with complaint handling which was resulting in fewer complaints being challenged by the Ombudsman. The Service Manager (Customer & Theatre Services) advised that complaints are investigated and handled in a robust way; that the Ombudsman looks into each complaint in detail and considers GBC's process to be transparent and appropriate. The Ombudsman has no concerns with the Council's complaint handling process and this is found in the fact that no complaints were upheld.

The Chair advised that the complaints that reach the Ombudsman stage of the procedure would have been investigated thoroughly by the Chief Executive who would have worked through them carefully and given a fair decision.

Members **noted** the findings contained in the report.

## **82. The Audit Findings for Gravesham Borough Council - Year Ended 31 March 2016**

The External Auditor, Grant Thornton highlighted the following key points to Members:

- Grant Thornton are proposing to issue an unqualified opinion in respect of the financial statements of the Council for 2015/16.
- No control issues have been identified, though the auditors did note issues relating to Property, Plant & Equipment and entries within the Fixed Asset Register. The Audit Findings report includes a recommendation to address these issues which has been accepted by management.
- With regard to 'Value for Money', the review has found that the Council had put in place proper arrangements to ensure it delivered value for money in its use of resources. An unqualified Value for Money conclusion was given.

In response to Members questions, the Assistant Director (Corporate Services) and the External Auditor, Grant Thornton explained that:

- The Council has had a positive year in preparing the statement of accounts for audit. Members expressed their thanks to the team for the work to produce the statement and the training on the statement delivered to Members.
- The statutory deadlines for preparing the annual accounts will be brought forward for 2017/18, with the requirement to produce draft statements by 31 May and secure an audit opinion by 31 July; the External Auditor assured Members that they are working towards delivering the audit in the two month timeframe
- The Council worked to producing a draft statement by the 31 May and did produce a statement by this date; the additional time was used to undertake quality checks and the Council will work to the same deadline next year.
- As a result of the change in statutory deadlines, changes in reporting will be made for the Finance & Audit Committee. These will be considered in developing the committee timetable for 2017/18.
- In terms of the Audit Fee, the fee itself is set centrally by a body; the scale fee for GBC has been decided, with the final fee for the audit of accounts this year having been agreed with the Director (Corporate Services) at £60,000.
- Including the fee for the Grant Certification work, the total audit fee for 2015/16 will still be lower than last year.

Members **noted** the information contained within the report.

### **83. Statutory Statement of Accounts 2015-16**

The Assistant Director (Corporate Services) presented Members with a revised Statement of Accounts for 2015/16, updated to reflect the items reported by the External Auditor in the Audit Findings report.

Members **agreed** to the recommendations laid out in the report.

### **84. Budget Monitoring Report - Q1 2016-17**

The Committee received the first budget monitoring report for 2016/17 showing the position up to 30 June 2016.

The Committee noted the information provided on performance:-

- against the approved Revenue and Capital budgets for 2016/17, including known variances agreed or identified through budgetary control activity; and
- other key areas of financial performance that may impact on the Council's Medium Term Financial Strategy, Medium Term Financial Plan, HRA Business Plan or Financial Statements.

In response to a Member's question regarding Fleet Leisure the Director (Corporate Services) advised that:

- progress on the Fleet Leisure project was continuing but further evaluation of the proposals was being undertaken; although essential works on site had continued to prepare the site for development.;
- Work is ongoing to determine the best use and most financially viable route for the Fleet Leisure site.

- It would be reported back to the teams leading the project that the local Football Clubs and residents feel they are not being consulted on and kept informed on the site's progress.

Following further questions from Members about the report, officers explained that:

#### Pay to Stay Scheme

- The DCLG roadshows offered no new information on the Pay to Stay Policy to provide to Members. As soon as more information is acquired it will be presented, however it is considered that it will be challenging for government to implement the scheme by April 2017 as is planned.
- GBC will contact Dartford Borough Council about the letters some residents have been receiving concerning the scheme

#### Service Review Process

- A separate paper has been prepared for Cabinet to set out how options from the Service Review Process will be considered by Members. As decisions are taken to implement options, these will be captured and reflected in the Medium Term Financial Plan. Reports on progress in implementing options will be presented to Cabinet and incorporated into future Budget Monitoring Reports. Appropriate consultation will be undertaken on options to be implemented, as will assessments of any equalities impacts.

#### Borough Market

- The original budget was set ahead of the Council receiving notification of the award of grant to refurbish the Market and therefore reflected the market (as was) being open all year round. The variance is derived from the Market being closed at the moment, The Market will officially open around 18/19 November 2016 to coincide with Gravesham's events programme leading up to Christmas.

#### Council Tax Reduction Scheme

- There are approx. seven thousand people in Gravesham receiving support through the scheme, with around half being of pensionable age, half are working age.
- With regard to the discretionary Housing Change Budget, each case is considered on its own merit to help them pay
- Potentially, an Exceptional Hardship Fund is being discussed to offer support; proposals would be brought to Finance & Audit Committee once more information is obtained

The Chair asked that an information circulation be provided to the Committee of how many claimants there are for the Localised Support for Council Tax Scheme

The Committee **noted** the information contained within the report.

## **85. Medium Term Financial Strategy Four Year Settlement Report**

The Director (Corporate Services) explained that Central Government had made an offer of a multi-year financial settlement. This had been debated at Full Council in April, where it was resolved that officers would prepare a report for consideration by the Finance & Audit Committee, ahead of the offer being debated at Full Council on 11 October and prior to the deadline for acceptance of 14 October 2016.

The recommendation of the report is that the Council accepts the offer on the basis that it provides some stability for financial planning and decision-making. Reference was made to the letter from the then Secretary of State which indicated that council's choosing not to accept the offer would be subject to the existing yearly process for determining central support and could be subject to further reductions if the fiscal climate required this.

Page 64 of the report sets out key implications for accepting or not accepting the settlement offer.

Members requested that further information be added to the report to Full Council to assist all Members in understanding the offer, the implications of acceptance or non-acceptance of the offer and to provide an indication of the intentions of other Kent authorities.

Following Members comments and questions, the Director (Corporate Services) responded to the following points:

### Views of other Local Authorities

- Where known, other Councils' opinions on acceptance of the offer had been referred to in the table on Page 64 of the report; the consensus of opinion at an officer level is that accepting the offer is considered the most appropriate way forward. This information had been obtained from speaking to other district authorities and attending meetings and conferences with other Council officers. .

### Views of the New Chancellor/CLG

Members were keen to understand if the views of the New Chancellor differed from those of the previous Chancellor, and whether the CLG department had any further information about the offer above that already shared. Officers agreed to engage with the CLG department to request further information on these points

### Medium Term Financial Strategy

- Members requested further information in the strategy around the current status of Devolution in Kent, as it affects Gravesham. There have been discussions at Kent Leaders level about local authorities working more together in the future on cross working services and tackling various issues etc.

### Change Management

- Members probed the council's capacity to support change. The Director (Corporate Services) explained that the Council had created a new role of Corporate Change

Manager and this officer would be key to co-ordinating change activity. The Service Review team would also support change, having conducted service reviews.

- Service Review Process - Options for service changes will be considered by Cabinet, and the Overview Scrutiny before any final decisions to progress options are taken. Following this, appropriate consultation will be undertaken and impact assessments conducted, with the information presented to Cabinet before any final decision to implement services changes are ultimately taken.
- Staff engagement - An IIP group has been formed within GBC comprised of officers from all branches of the Council who have all been trained to work with other staff members to achieve a more efficient workplace. The Joint Staff Consultative Committee has also been refreshed to focus on disseminating information on the SRT process as options begin to be implemented and to provide a feedback mechanism on this.

Members put forward a list of recommendations of things that should be put into the report before it goes back to Council:

- Information to be added on what neighbouring local authorities and KCC are doing with regard to accepting or declining the offer.
- Information on Devolution in Kent, as it affects Gravesham.
- Any additional information about the New Chancellors view
- Any additional information from the CLG department about the offer above that already shared.
- The debate held at the Committee should be appended to the report to Full Council. The consequences of not accepting the offer to be highlighted in the report.

## **86. Audit & Counter Fraud Update - Q1 2016-17**

The Head of the Audit & Counter Fraud Shared Service presented to the Committee the first update report covering all of the work undertaken by the Audit & Counter Fraud Service in accordance with their agreed work plan during the period 01 April 2016 to 31 August 2016.

It was pointed out that while quarterly reporting was agreed at the previous F&A Committee meeting, committee schedules meant that members would receive some reports several months after the quarter had ended. Members will still receive 4 reports as scheduled but they will cover the period between committee meetings to ensure that members receive up to date information. This does mean that some reports will cover larger periods than others.

The report now has a revised format to provide performance information on both Audit and Counter Fraud in one combined report instead of two separate reports that members will have seen previously. There is also a significant expansion in the number of performance measures, which have gone from 7 to 25.

Members were advised that performance was ahead of the same period for 2015-16 and considering the number of changes within the team and staff adapting to all the changes was an indication that both organisations are doing very well.

Concerns were raised by a Member over how they would receive independent assurance over the counter fraud activities and asked for a timeframe of how long it will take to find an auditor to provide this. The Head of Audit & Counter Fraud Shared Service explained that she has already spoken with her counterpart at KCC and had agreed that an independent

check would be carried out on a reciprocal basis. The Head of Audit & Counter Fraud also explained that a full external review of the Audit & Counter Fraud Service against the Public Sector Internal Audit Standards is required at least once every five years, this is planned for 2017-18 and the results will be reported to Members.

Following Members questions the Audit and Counter Fraud Shared Service Manager explained that:

- GBC are taking every step possible to recover money from Housing and Council Tax fraud; bailiffs are brought in to collect debts if it felt to be absolutely necessary
- The Audit & Counter Fraud Team are responsible for dealing with all forms of fraud committed within and against the council. The only exception to this is housing benefit fraud, responsibility for which was taken over by DWP in March 2016.
- While the DWP are now responsible for benefit fraud investigation, any cases that were already with the Crown Prosecution Service or legal services at the time of migration remain the responsibility of GBC. At this moment in time there are only two or three prosecution cases outstanding.

Members **noted** the information contained within the report.

#### **Close of meeting**

The meeting ended at 9:30pm.