

AUDIT & CORPORATE OVERVIEW SCRUTINY COMMITTEE

Minutes of a meeting of the Audit and Corporate Overview Scrutiny Committee of the Bolsover District Council held in the Council Chamber, The Arc, Clowne on Tuesday, 26th July 2022, at 10:00 hours.

PRESENT:-

Members:-

Councillor Tom Munro in the Chair

Councillors Tom Kirkham, Graham Parkin, Peter Roberts, and Ruth Jaffray (Coopted Member).

Officers Theresa Fletcher (Treasurer), Jenny Williams (Head of Internal Audit Consortium), Joanne Wilson (Scrutiny & Elections Officer) and Lindsay Harshaw (Governance Officer).

Also in attendance was Councillor Clive Moesby (Portfolio Holder for Finance).

ACO11-22/23 APOLOGIES FOR ABSENCE

An apology for absence was received on behalf of Councillor Donna Hales.

ACO12-22/23 URGENT ITEMS OF BUSINESS

There were no urgent Items of business.

ACO13-22/23 DECLARATIONS OF INTEREST

There were no declarations of interest made

ACO14-22/23 MINUTES – 26TH MAY, 2022

Moved by Councillor Tom Kirkham and seconded by Councillor Graham Parkin

RESOLVED that the Minutes of an Audit and Corporate Overview Scrutiny Committee held on 26th May, 2022, be approved as a correct record.

ACO15-22/23 LIST OF KEY DECISIONS AND ITEMS TO BE CONSIDERED IN PRIVATE

Committee considered the List of Key Decisions and items to be considered in private document.

The Treasurer advised Committee that the Banking Tender Contract with Lloyds TSB was in the process of being extended for a further seven years.

Moved by Councillor Tom Munro and seconded by Councillor Graham Parkin

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RESOLVED that the List of Key Decisions and items to be considered in private document be noted.

ACO16-22/23 BUDGET MONITORING REPORT – FINANCIAL OUTTURN 2021/22

Committee considered a presentation which provided the outturn position for the 2021/2022 financial year in relation to the Council's General Fund, Housing Revenue Account, Capital Investment Programme, and Treasury Management.

The Treasurer highlighted that Government funding had been received to assist with the effects of the Covid-19 Pandemic, specifically in relation to Business Support Grant funding, Test and Trace support payments for individuals, emergency funding costs, compensation for the Council's income losses, and the Covid-19 Additional Relief Fund (CARF) for businesses.

In response to a Member's question, the Treasurer clarified that the Council had provided funding to Parish and Town Councils to assist with the effects of the Covid-19 pandemic, from the allocation given to the Council by the Government rather than from monies allocated to be paid out to businesses. Parish and Town Councils were not required to pay this money back.

The Treasurer further advised that the Business Support Grant underspend would be returned to the Government and that all grants had now ended.

The Portfolio Holder for Finance commented that the outturns were good and that the financial management processes had worked effectively. He stressed the importance of remaining prudent to ensure that the accounts balanced and highlighted that the amount of reserves would enable consideration to be given to any unforeseen expenses. He referred to Table 2 in the report and stressed the importance of achieving potential new income as this would help with the financial challenges likely to be faced by the Council in the future, particularly during 2025/26.

Reference was made to the Housing Revenue Account and the stringent efforts being made with the Council's void properties to ensure that they were available to rent as quickly as possible.

Councillor Moesby commended the work of those involved in producing the accounts and the outturn.

Moved by Councillor Tom Munro and seconded by Councillor Graham Parkin

RESOLVED that (1) the report be noted,

(2) transfers to earmarked reserves of £1.146m and £0.234m as outlined in detail in the report at paragraphs 2.3 and 2.15 respectively, be noted,

(3) the proposed carry forward of capital budgets as detailed in Appendix 4 to the report, totalling £6.488m, be noted.

(Treasurer)

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ACO17-22/23 ANNUAL CORPORATE DEBT MONITORING PERFORMANCE REPORT 2021/22

Committee considered a report which provided a summary of the Council's Corporate Debt position as at 31st March 2022.

The Treasurer referred to sources of income as set out in Table 1 in the report and advised Committee that the figures showed an increase in income from most sources. However, it was noted that the reduction in income from Housing Benefit overpayments meant that less claimants had been overpaid resulting in less income to reclaim, which was seen as a positive rather than a reduction in income.

Reference was made to Table 2 in the report regarding arrears, which had increased in 2021/22 for NNDR, Council Tax and Sundry Debtors. During 2021/22, there had been less relief provided by the Government for businesses and individuals to mitigate the financial implications of Covid, compared to 2020/21. The current levels of arrears for NNDR and Council Tax were the highest they had been in recent years and were almost certainly as a consequence of the pandemic.

Table 3 in the report provided details of Bad Debt Provisions which had been slightly increased. It was noted that although arrears levels for some sources were higher than normal, the provision pots built up over the last two years meant only a small increase was required this year.

Pre-Covid debt collection processes had been carried out for most of 2021/22 and it was clear that the pandemic had effected businesses and individuals' ability to pay. The current 'cost of living' crisis may exacerbate this, but efforts would continue to provide the payment plan facility for debtors to help wherever possible and carry out recovery action as necessary.

A Member referred to Council Tax and queried whether the Government provided any financial support to the Authority for residents struggling with the cost of living. The Treasurer advised that currently there was no financial support, however, the Council offered payment plans to residents to help them continue to pay their Council Tax and hopefully stop them falling into arrears.

In response to a question from the Coopted Member, the Treasurer advised Committee that dependent on communication being held with a customer regarding their Council Tax arrears it would be in the region of three/four months before they were referred to court for non-payment. However, every effort was made to support customers in making payments as the Authority was unable to remove their liability for the debt and had a responsibility for the collection of Council Tax and NNDR to the major preceptors.

In response to a Member's question, the Treasurer confirmed that external agencies acted on behalf of some customers who were experiencing problems with debt. The Portfolio Holder for Finance stressed the importance of local Councillors signposting customers to any relevant agencies for assistance.

The Treasurer highlighted that the £150 Council Tax Rebate Grant had now been paid to all eligible customers, however, only 80% had been collected to date. Revenues staff were currently contacting customers who had not collected the grant and would be making visits to those who could not be reached by telephone or email to see if they

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required support in collecting the payment from the Post Office. A Member suggested that local Members raise awareness that some residents in their local community may need additional assistance.

Members asked that consideration be given to include a list of agencies who provide support to people, to be put in the Council's 'In touch' publication and also a regular feature on Bolsover TV. The Portfolio Holder offered to discuss this further with the Leader of the Council.

Moved by Councillor Tom Munro and seconded by Councillor Graham Parkin
RESOLVED that the report be noted.

ACO18-22/23 BUDGET MONITORING REPORT – QUARTER 1 – APRIL TO JUNE 2022/23

Committee considered a report which provided an update on the Council's financial position following budget monitoring for Quarter 1 – April to June 2022/23.

Appendix 1 to the report highlighted that the original budget for 2022/23 showed a funding deficit of £0.082m. The current budget showed this had reduced to £0.008m surplus after the Council Tax increase and other small movements had been included. As savings were identified and secured, they were moved into the relevant cost centres within the main General Fund Directorates. Appendix 2 detailed the net cost of each cost centre within the Directorates.

It was noted that the Resources Directorate showed a favourable variance of £0.229m and the Strategy and Development Directorate showed an adverse variance of £0.197m. The overall position at the end of Quarter 1 showed that there was a favourable variance of £0.032m, with most identified variances as a consequence of timing. However, when officers start work with budget managers during the next quarter to compile a revised budget for 2022/23, it was expected that there would be necessary increases to fuel, utilities and pay budgets as a minimum, for price increases mainly caused by the current level of inflation.

The Treasurer referred to a Government Funding Update as detailed in the report and highlighted that Michael Gove had promised to give local authorities greater "financial certainty", and a "2-year financial settlement would be introduced next year", which it was assumed would cover 2023/24 and 2024/25.

Moved by Councillor Tom Munro and seconded by Councillor Graham Parkin
RESOLVED that (1) monitoring position of the General Fund at the end of the first quarter as detailed on Appendix 1 (a net favourable variance of £0.032m against the profiled budget) and the key issues highlighted within the report, be noted,

(2) the position on the Housing Revenue Account, the Capital Programme and Treasury Management at the end of the first quarter (Appendices 3, 4 and 5), be noted.

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AC019-22/23 REPORT OF INTERNAL AUDIT – SUMMARY OF PROGRESS ON THE INTERNAL AUDIT PLAN

Committee considered a report which provided progress in respect of the 2021/22 Internal Audit Plan.

The Head of Internal Audit highlighted that 7 reports had been issued during the period 31st March 2022 and 30th June 2022. Six reports had been issued with substantial assurance and 1 with reasonable assurance. Further detail was included in the Appendix to the report.

In respect of the audits being reported, it was confirmed that no issues relating to fraud were identified.

The Portfolio Holder for Finance thanked the Head of the Internal Audit Consortium for the report and commented that Audit was an important part of the effective management of the finance function.

Moved by Councillor Tom Munro and seconded by Councillor Graham Parkin
RESOLVED that the report be noted.

ACO20-22/23 INTERNAL AUDIT CONSORTIUM ANNUAL REPORT 2021/22

Committee considered a report in relation to the Internal Audit Consortium's Annual Report 2021/22.

The Head of the Internal Audit Consortium presented a summary of internal audit work undertaken during 2021/22, and provided an opinion on the overall adequacy and effectiveness of the Council's governance, risk and control arrangements.

It was noted that 21 Audit Reports had been issued during 2021/22 and no fraud had been identified.

Overall, 100% of the areas audited received Substantial or Reasonable Assurance, demonstrating that there were effective systems of governance, risk management and control in place.

Due to the ongoing impact of Covid 19 in 2021/22, less internal audit work had been completed than usual. Audits had been undertaken in critical areas or high risk areas to ensure the Council's governance remained robust. In the auditors' opinion, sufficient work had been completed and assurances ascertained to be able to provide an unlimited opinion on the systems of governance, risk management and control in place.

The internal control issues arising from audits completed in the year and outstanding internal audit recommendations had been considered during the preparation of the Annual Governance Statement.

Appendix 2 to the report highlighted a comparison of work done and work to be carried forward to 2022/23.

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Quality control procedures had been established within the Internal Audit Consortium and these were documented in the Quality and Assurance Improvement Programme at Appendix 3 to the report.

It was confirmed that the internal audit activity was organisationally independent. Internal audit reports were provided to the Treasurer and Section 151 Officer but auditors had direct and unrestricted access to the Senior Leadership Team and the Audit and Corporate Overview Scrutiny Committee.

The Head of the Internal Audit Consortium advised Committee that a new officer had been recruited and would commence work in August 2022.

The Portfolio Holder for Finance commented that the Head of the Internal Audit Consortium was also a member of the Council's Risk Management Group.

Moved by Councillor Tom Munro and seconded by Councillor Graham Parkin
RESOLVED that the Internal Audit Consortium Annual Report for 2021/22 be noted.

ACO21-22/23 BRIEFING ON CIPFA PUBLICATION – INTERNAL AUDIT UNTAPPED POTENTIAL

Committee considered a report which informed Members of a recent CIPFA publication in relation to internal audit.

The Head of the Internal Audit Consortium reported that CIPFA had recently conducted a survey in respect of internal audit and the results were reflected in their publication entitled, "Internal Audit Untapped Potential". A copy of the publication was appended to the report for Members information.

The publication promoted the importance of internal audit and the benefit that it could bring to organisations in terms of managing risks and improving the governance control framework.

The report was valuable in that it highlighted what made an effective internal audit service, what the current impact of internal audit was, and how it could become more effective.

Moved by Councillor Tom Munro and seconded by Councillor Peter Roberts
RESOLVED that the report be noted.

ACO22-22/23 AUDIT & CORPORATE OVERVIEW SCRUTINY COMMITTEE WORK PROGRAMME 2022/23

Committee considered their Work Programme 2022/23.

Moved by Councillor Tom Munro and seconded by Councillor Graham Parkin
RESOLVED that the Audit & Corporate Overview Scrutiny Committee Work Programme 2022/23 be noted.

The meeting concluded at 11:04 hours.