

# **NORTHAMPTON BOROUGH COUNCIL**

## **AUDIT COMMITTEE**

**Monday, 5 November 2012**

**PRESENT:** Councillor Larratt (Chair); Councillor Oldham (Deputy Chair); Councillors Lynch, Nunn, Palethorpe, Strachan and Subbarayan.

### **1. APOLOGIES**

Apologies were received from Councillor Beardsworth.

It was noted that Councillor Strachan had replaced Councillor N Choudary as a member of the Committee for the remainder of the Council year at the meeting of full Council held on 22 October 2012.

### **2. MINUTES**

The Minutes of the meeting held on 24 September 2012 and adjourned to 26 September 2012 were confirmed and signed by the Chair as a true record.

### **3. DEPUTATIONS / PUBLIC ADDRESSES**

There were none.

### **4. DECLARATIONS OF INTEREST**

There were none.

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

There were none.

### **6. TREASURY MANAGEMENT MID YEAR REPORT 2012-13**

The Finance Manager presented the draft Treasury Management Mid Year report for 2012/13 for the Committee to review before the report was submitted to Cabinet on 14 November 2012 and full Council on 3 December 2012. For Members' information, she tabled a paper showing amendments to paragraph 3.2.38 and Appendix J of the Cabinet report, which was appended to the Committee's report, following forecasts received after the report had been published. She also drew attention to Annex F of the report, where the figures for short term borrowing had been transposed and which had been corrected in the report which was being made to Cabinet on 3 December 2012.

The Finance Manger drew Members' attention to investment performance (Annex G), where performance was well in excess of the benchmark, and the changes agreed to increase the £7m limit for any single investment transaction, which had not been meeting the Council's needs (paragraph 3.2.28 refers).

### **RESOLVED:**

That the report be noted.

### **7. ABSENCE MANAGEMENT PERFORMANCE INDICATOR**

The Head of Business Change presented a summary of absence performance benchmarking data and a summary explanation of medical suspension.

In answer to Members' questions she provided information as summarised below:

- The Council had concentrated on short term sickness management and this had resulted in the Council having the best performance in its Benchmarking Club in this area. The Council had the worst long term sickness management performance in the Club and this area was now being focused on.
- The benchmarking information was useful but had limitations because although local authorities within the group were of a similar size there were differences in services and functions which made some comparisons difficult.
- The Wellbeing Manager was working with managers and employees on long term sickness absence to manage this area and could liaise with the Council's independent occupational therapists. The Council sought to get employees back into work as soon as possible, which was considered to be in the best interest of all parties. It might be that an employee could return to another post, rather than his/her own post, until sickness issues had been resolved.
- Long term sickness was considered to be absence beyond four weeks but depended on the nature of the absence, e.g. a broken limb or cancer treatments would be considered long term from the beginning of the absence. The Wellbeing Manager and line managers would maintain contact with employees who were on long term sick absence but the nature and regularity of the contact and the level of support would vary according to the specific nature of the absence.
- If an employee was on sick leave for more than four weeks without a sick note from a GP the Wellbeing Manager would work with the employee on a planned return to work.
- There were currently 10-15 employees on long term sick leave and none on medical suspensions.
- It was likely that a reduction in long term sickness absence could lead to an increase in short term sickness absence.

It was noted that details of sickness absence within service areas had been reported to the last meeting of the Committee, held on 24 September 2012, and adjourned to 26 September 2012.

The Committee asked that a further report be made in 2-3 months' time on the progress made in managing long term sickness absence.

#### **RESOLVED:**

That the report be noted.

#### **8. PERFORMANCE MONITORING TO END SEPTEMBER 2012**

The Head of Business Change reported on the Council's key performance exceptions for the year to date.

It was noted that a number of issues in the report related to the Enterprise contract and that the Portfolio Holder would be producing a report on the contract performance which would be made to the next meeting of the Committee, to be held on 14 January 2012.

It was noted that commentary had not been provided in respect of a number of issues in the report. Officers agreed to supply this information to Members following the meeting and to ask service departments to provide commentary on issues relating to their areas in future reports.

It was noted in respect of PP06 that although serious acquisitive crime had reduced in some areas of the town it had increased in others and the trend was upwards. The Scrutiny Panel 3 – Serious Acquisitive Crime/Violent Crime were investigating this issue, which needed to be addressed.

**RESOLVED:**

That the report be noted.

**9. CAR PARKING USAGE AND INCOME - UPDATE REPORT**

The Town Centre Manager updated the Committee on the car parking income and usage figures, as requested by Members.

It was noted that now the October 2012 car park usage and income figures were available data was available for the twelve month period since the free one hour parking charge had been introduced and the cost of the second hour's parking had been reduced.

In answer to Members' questions the Town Centre Manager provided information as summarised below:

- He had attempted to produce a graph showing the trends in all the town centre car parks over the last year but this had not proved feasible due to the size constraints to ensure such a graph was legible.
- Car parking numbers had increased since the one hour free parking and reduced cost for the second hour's parking had been introduced but income had reduced. Customers appreciated the reductions in car parking charges but this had resulted in reduced car park income.
- There were significant differences in the size of car parks and this tended to skew a comparison of percentages.
- The dispersion of customers who had used the now closed St John's surface car park was not yet known and was still being assessed. There had been some displacement into St John's multi storey car park.
- It was difficult to correlate car parking figures with footfall as the two footfall cameras were both in the outside shopping areas and in bad weather people tended to stay in the enclosed shopping areas and so did not register on the cameras. Footfall had increased in the more pleasant summer months when more people went outside the enclosed shopping areas.
- Usage of the car parks was often affected by their closeness to events going on in the town centre, with those car parks nearest to the events being most used.

Members asked that the Council through the concessionary fares scheme and the bus companies themselves be requested to provide any information on the numbers of people they were bringing into the town centre to consider in relation to car parking usage and footfall

**RESOLVED:**

That the car parking income and usage figures reported by Town Centre Operations be noted.

**10. FINANCIAL MONITORING REPORT**

The Head of Finance and Resources presented the Committee with the financial position to 30 September 2012, the position on car parking income and usage and the position in relation to the Council's outstanding debts as at 30 September 2012.

It was noted that draft legislation relating to the anticipated increases in planning fees had still not emerged and there was some uncertainty as to when the legislation would be enacted.

In answer to Members' queries, officers undertook to provide further information in respect of the lower employee costs projected as a result of vacant posts and the annual debt repayments.

An explanation of the debt financing figure within the HRA monitoring report was requested and it was agreed that this would be circulated to Members as soon as possible.

#### **RESOLVED:**

1. That the contents of the Finance Reports be noted as below:
  - General Fund Revenue (Appendix 1 of the report);
  - General Fund Capital (Appendix 2 of the report);
  - HRA Revenue (Appendix 3 of the report);
  - HRA Capital (Appendix 4 of the report).
2. That the position on car parking income and usage as at 30 September 2012 be noted.
3. That the latest position in relation to the Council's outstanding debts as at 30 September 2012 be noted.

#### **11. THE WELFARE REFORM BILL - FURTHER UPDATE**

The Head of Finance and Resources provided further information on welfare benefit reforms which would take effect from 2013, with particular emphasis on the changes to the Housing and Council Tax Benefit Schemes and provided an overview on how those changes might affect tenants, landlords and residents in Northampton.

In answer to Members' questions the Head of Finance supplied information as summarised below:

- Under the forthcoming changes in the benefits systems it was important to ensure that there were no sharp reductions in support for those who would be affected, should the Council decide to apply for the recently announced top-up grant.
- The Council was attending as many of the consultation events on the various pilot schemes as possible. Results on some of the schemes had been released in the week before this meeting. Consultation results had been disappointing and the national press had not given much coverage to the changes, although that was beginning to improve. It was confirmed that this was the same across the country, where disappointing consultation results has also been the case.
- The majority of people who had been involved in the pilots of direct payments were reported by the Department of Work and Pensions as being happy with the proposed changes, whereby they would receive payments of all benefit, including housing benefit, direct. However, for many of them it has been acknowledged that they would need supporting under the changes proposed. This would be the biggest change to the Welfare State since its inception and, therefore, Northampton are preparing for significant transitional requirements.
- Existing pensioners are protected from the impact of the changes to Council Tax Benefits through a default scheme, which would be adapted if the Council developed its own scheme.

- A number of issues which the Council had identified in the short term were set out in the report. Some of these issues were being considered in the pilot schemes underway in the country. The biggest challenge for this Council was likely to be collection of monies.
- An issue for local authorities would be having the appropriate size housing stock for people to move into. If the right sizes were not available it could lead to people under occupying larger properties and receiving less benefit as a result. Again, existing pensioners who are under occupying are not impacted.
- It was difficult to quantify what the impact of the changes would be on the Council. Officers had information, through housing benefit and Council Tax data, on the numbers of people and have produced impact assessment data. Residents who would be affected would and are being contacted about 3-6 months before changes come into effect.

It was noted that a report on the adoption of a local Council Tax Reduction Scheme will be made to Cabinet on 19 December 2012, to make a recommendation to full Council on 21 January 2013. The scheme had to be agreed by 31 January 2013. A report would be made to the next meeting of the Committee, on 14 January 2013, and the Chair of the Committee could then report the Committee's views to the full Council meeting later that month.

**RESOLVED:**

1. That the forthcoming changes to Housing Benefit and Welfare Reform proposals contained in the report be noted.
2. That the potential risks and service delivery implications for the Council arising from these changes be noted.

**12. INTERNAL AUDIT PROGRESS REPORT 2012/13**

The Internal Auditor presented a report summarising the progress made against the approved internal audit plan for 2012/13.

A new manager had been appointed in Internal Audit and would be having a first meeting with the Director of Resources on Wednesday 7 November 2012.

It was noted that a report on security at the museum would be made to the next meeting and that this was likely to be a confidential report as it related to the security of one of the Council's assets.

**RESOLVED:**

That the report be received.

**13. ANNUAL AUDIT LETTER 2011/12**

The Director of Resources presented the annual audit letter for 2011/12 to the Committee. The Audit Commission had completed their audit and reported the outcome and their opinion to the last meeting of the Committee, held on 24 September and adjourned to 26 September 2012.

**RESOLVED:**

That the final annual audit letter be noted.

The meeting concluded at 7:21 pm