

# NORTHAMPTON BOROUGH COUNCIL

## AUDIT COMMITTEE

Monday, 14 January 2013

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

### 1. APOLOGIES

Apologies were received from Councillor Palethorpe.

### 2. MINUTES

The Minutes of the meeting held on 5 November 2012 were confirmed and signed by the Chair as a true record.

### 3. DEPUTATIONS / PUBLIC ADDRESSES

There were none.

### 4. DECLARATIONS OF INTEREST

Councillor Nunn declared a personal interest in item 7 (Risk Review of 2013/14 Budget Options) as a director of, and Council appointee to, Ground Work Northamptonshire.

### 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 STRATEGY 2013/14 TO 2015/16

The Finance Manager presented the draft Treasury Management Strategy Report 2013-14 to 2015-16 for the Committee to consider and comment on. The Strategy would be reported to Cabinet on 20 February 2013 and then to Council on 25 February 2013 for approval. A copy of the draft report to Cabinet and accompanying appendices were attached to the report for the Committee's consideration. It was noted that a number of items in the report would or might need to be updated prior to the report being considered by Cabinet due to the interval between the Committee and Cabinet meetings, the interface between the content of the report and the Council's other budget setting reports and developments relating to LGSS which might impact on the report.

A Member asked if the risk elements in the strategy could be labelled through the RAG "traffic light" system but it was noted that the risks related to the future performance of financial institutions and the European economy and these were very difficult to predict. A "traffic light" system would not therefore be appropriate.

It was noted that this strategy, when agreed, would be used by LGSS for the treasury management function they would undertake on behalf of the Council. The strategy would indicate Key Performance Indicators, set by the Director of Resources, which LGSS would be required to meet. LGSS would be paid a fee for the services provided and the income generated would accrue to the Council. The fee for the LGSS treasury management service was included in the fee LGSS would be paid for the provision of financial services and could not be disaggregated but was based on the business case put together by the Council's

officers.

The Committee congratulated the officers on their performance during the current year and expressed the hope that investment income could be sustained or increased in 2013/14.

## **RESOLVED:**

That the report be noted.

## **7. RISK REVIEW OF 2013/14 BUDGET OPTIONS**

The Assistant Head of Finance presented the risk assessment of the budget proposals for 2013/14 for the Committee's consideration. In support of the statement relevant Heads of Service had completed risk assessments of their services as part of the MTP Options budget proforma. Other risk work has also been and is being undertaken in relation to the budget proposals regarding whether or how take a proposal forward.

A Member asked about the impact on relevant staff of the proposal for the Council not to pay professional fees and the removal of essential car allowances (MTP 157 and 188). The Director of Resources stated that there would be an impact on those staff whose job description required them to be members of a professional institution in order to undertake their job. This was not a large number of staff, however. Any officer who took over paying his/her professional fees personally could claim tax relief against those fees. Discussions were taking place with staff and consultations with the trade unions were on-going regarding the essential car allowance. This issue would be considered in respect of risk and therefore it might not be possible to implement any changes by the target date of 1 April 2013. It was noted that car mileage would continue to be paid to all staff using their cars on work related matters if the essential user allowance was removed.

Officers provided information, as summarised below, in response to Members' questions and comments:

- MTP 103: Raising sponsorship to offset costs of NBC events – some opportunities had been identified and it was considered the savings could be achieved but there was a risk that this might not be possible. There would be a risk to events beyond 2015/16 if sponsorship could not be achieved;
- MTP 109: Introducing parking permits for commuters – the costs of opening the car parks on a 24 hour basis had been taken into account and the income figures presented were net;
- MTP 146: Review of National Non-Domestic Rates Discretionary Relief Scheme – consultation was taking place with organisations that would be affected by any changes to the scheme and the organisations were aware of the risks involved;
- MTP 158: Reduction in the training budget – the proposed reductions were in the corporate training budget. There would still be departmental training budgets. The changes would have some impact on staff training, however;
- MTP 166: Savings arising from moving services into LGSS – the savings of £415,000 estimated for 2013/14 excluded transitional costs, which would be funded through the Reserves. There would be a number of efficiency savings which would be funded from the reserves as a one-off. It was noted that a breakdown of savings by service had been reported to the LGSS Scrutiny Inquiry Panel on 20 December 2012;
- MTP 190: Review of CCTV cameras – it was only proposed to stop monitoring a small number of cameras and very careful consideration would be given as to which cameras they would be.

With regard to a number of items identified in the report Members asked that the following notes be added to the key consequences/risks of delivering the proposals, as summarised below:

- MTP 45: End support to Ground Works Scheme – that projects may not be completed and that the organisation might cease to function;
- MTP 103: Raising sponsorship to offset costs of NBC events – that the figure for 2013/14 appears to be achievable but that the figures for subsequent years be considered in the light of what is actually achieved in 2013/14;
- MTP 146: Review of National Non-Domestic Rates Discretionary Relief Scheme – that the impact on the viability of charities and the services they provide be indicated.

**RESOLVED:**

That the report be noted with the addition of the notes requested by Members in the preamble above in relation to the key consequences/risks of delivering the proposals.

**8. FINANCIAL MONITORING REPORT**

The Assistant Head of Finance presented the Committee with the financial position as at 31 October 2012, the position on car parking income and usage and the position in relation to the Council's outstanding debts as at 31 October 2012.

Officers responded to Members' comments and questions officers, as summarised below:

- Car park usage had increased but income had dropped following the changes to car parking charges made in 2011/12. Officers stated that it was not possible to produce a correlation between the numbers of people parking in the town centre and the retail impact. The feedback regarding the reduction in car parking charges was positive and more people were travelling into the town. A Member stated that people were parking in the town centre for the free one hour period but were then travelling to free out of town centres to do the remainder of their shopping.
- Most services had some vacant posts and if these posts were essential they were filled by temporary or agency cover. Where vacant posts were not essential they were deleted as efficiency savings. There was no understaffing within the Council but there might be an impact on services in some areas. Advertising vacant posts was a relatively simple and quick process but filling the posts could be lengthy depending on the period of notice appointees might have to give their present employer.

Members congratulated the officers on the clarity of the report which presented a clear understanding of the Council's financial position.

**RESOLVED:**

1. That the contents of the Finance reports be noted as below:
  - General Fund Revenue (Appendix 1 of the report);
  - Housing Revenue Account (HRA) Revenue (Appendix 2 of the report);
  - General Fund Capital (Appendix 3 of the report);
  - HR Capital (Appendix 4 of the report).
2. That the position on car parking usage and income as at 31 October 2012 be noted (Appendix 5 of the report).

3. That the latest position in relation to the Council's outstanding debts as at 31 October 2012 be noted.

## **9. ENVIRONMENTAL SERVICES REVIEW**

The Cabinet Member for Environment and the Director of Customers and Communities presented a copy of the action plan which had been developed to implement the recommendations of the environmental services review. The Committee were requested to review the action plan as presented at appendix 1 to the report. It was noted that the action plan was a "living" document which is updated regularly.

A review of the environmental services contract in place with Enterprise Managed Services had been undertaken in summer 2012 and a copy of the review findings had been sent to all elected Members in October 2012.

In answer to Members' questions information was given, as summarised below:

- There had been differing definitions between the Council and Enterprise regarding complaints and missed bin collections. It appeared that the Enterprise definitions were legally correct. The agreed definitions were being included in a manual which it was intended to have in place as soon as possible;
- It had been difficult to monitor the contract in the past as some information had not always been provided by the contractor. This had now changed and there would be regular formal meetings with the Contract Manager;
- Enterprise were now fully clear regarding the standards required by the Council in relation to the work they undertook for the local authority;
- Highways formed part of the contract with Enterprise but were provided for separately in the contract;
- Some of the information in the review report had been redacted at the request of the contractor as it related to commercially sensitive information.

A Member expressed concern regarding how tree pruning and cutting work was being undertaken. It was noted that this did not fall within the risks relating to the delivery of service but Members expressed the view that there was a risk to the Council's reputation with regard to work undertaken on behalf of the local authority. As such, it was agreed that a monitoring report on tree pruning and cutting be made to a future meeting of the Committee.

### **RESOLVED:**

1. That the environmental services action plan be noted.
2. That a further report be presented to the Committee in six months' time.
3. That a report on tree pruning and cutting be made to a future meeting of the Committee.

## **10. INTERNAL AUDIT PROGRESS UPDATE**

The Internal Auditor presented a verbal report summarising progress made against the approved internal audit plan for 2012/13. Five reports were currently being worked on, of which three were in draft form.

A recent report had been made on museum security following a report made last year. Security was now more robust and this was now classified as a low risk.

**RESOLVED:**

That the report be noted.

**11. EXTERNAL AUDIT PROGRESS UPDATE**

The External Auditor introduced his colleague Yola Geen who would be assisting him and presented a report indicating the latest progress in respect of the Council's external audit plan for 2012/13.

It was noted that, following the abolition of the Audit Commission and the work of external audit transferring to KPMG in late 2012, there had not been the opportunity to do any substantive work over the last six weeks. An action plan would be presented to the next meeting of the Committee. Some work may have commenced by then and progress would be reported at the meeting. A further report would be made to the Committee in July 2013.

**RESOLVED:**

That the progress made on the external audit plan be noted.

**12. FUTURE AGENDAS**

Members asked that agendas for future meetings of the Committee contain page numbers on the front cover for ease of navigation through the papers.

The meeting concluded at 7.20pm.