

Minutes

Audit and Scrutiny Committee Tuesday, 28th July, 2020

Attendance

Cllr Nolan (Chair)	Cllr Mrs Hones
Cllr Tanner (Vice-Chair)	Cllr Lewis
Cllr Dr Barrett	Cllr Mrs McKinlay
Cllr Mrs Fulcher	Cllr Naylor
Cllr Hirst	

Apologies

Substitute Present

Also Present

Cllr Hossack

Officers Present

Steve Summers	-	Chief Operating Officer
Jacqueline Mellaerts	Van	- Director of Corporate Resources
Jonathan Stephenson	-	Chief Executive
Greg Campbell	-	Director of Environment
Janine Combrinck	-	Internal Audit, BDO
Philip Drane	-	Director of Planning and Economy
Neil Harris	-	External Audit, E&Y
Tracey Lilley	-	Director of Housing & Enforcement
Greg Rubins	-	BDO, Internal Audit
Alistair Greer	-	Principal Accountant (Financial Reporting)
Amanda Julian	-	Director of Legal Services and Monitoring Officer
Margaret Donaldson	-	Interim Corporate Finance Manager

472. Apologies for Absence

No apologies had been received.

473. Minutes of the previous meeting

The Minutes of the Audit and Scrutiny meeting held on 3rd March 2020 were signed as a true record.

474. Draft Statement of Accounts 2019/20 and Annual Governance Statement of Accounts 2019/20

This report presented the Council's unaudited Statement of Accounts for 2019/20. These accounts will be signed by the Director of Corporate Resources by 31st August 2020, the extended deadline; in line with requirements of the Accounts and Audit (Coronavirus)(Amendment) Regulations 2020 and the 2015 Accounts and Audit Regulations. They will be published on our website, including the Annual Governance Statement and subject to the relevant inspection notice under section 26 of the Local Audit and Accountability Act 2014.

A motion was **MOVED** by Cllr Nolan and **SECONDED** by Cllr Tanner to approve the recommendations in the report.

Mr Neil Harris was present at the meeting and both he and the Director of Corporate Resources gave summary of the report. A full discussion on the report by the committee followed.

As this was a hybrid meeting a recorded vote was taken and following the debate it was **RESOLVED** that:

- 1. The Annual Governance Statement 2019/20 attached in Appendix A is approved and signed by the Chief Executive and Leader of the Council.**
- 2. The Unaudited Statement of Accounts 2019/20 attached in Appendix A is considered and approved and signed by the Chair of the Audit and Scrutiny Committee.**

Members voted as follows:

For: Cllrs Dr Barrett, Hirst, Mrs Hones, Mrs McKinlay, Nolan and Tanner (6)

Against: Cllrs Lewis and Naylor (2)

Abstain: Cllr Mrs Fulcher (1)

Reasons for Recommendation

The approval of the unaudited Accounts contributes to effective financial management and governance.

475. 2019/20 Outturn Report

This report dealt with the 2019/20 provisional outturn report for:

- (i) The General Fund – paragraph 3.
- (ii) The Housing Revenue Account – paragraph 20, and
- (iii) The Capital Programme – paragraph 27.

The report also considered the earmarked reserves and working balance levels for both the General Fund and the HRA going forward into 2020/21.

In line with the Local Government Act 2003, the relevant CIPFA Codes of Practice and the Council's associated Treasury Management Policy and Practices; an Annual Treasury Management review of investment and borrowing activities and the actual prudential and treasury indicators for 2019/20 were required to be approved by the Committee (paragraph 30).

The key elements of the provisional outturn are:

General Fund

- 1) A breakeven provisional outturn has been achieved for 2019/20; compared to a predicted deficit of £213k.
- 2) Working balances remain at a level of £3,117k
- 3) General Fund earmarked reserves have reduced by £417k to £4,404k of which 43% are committed for future commitments and expenditure.

Housing Revenue Account

- 1) The Outturn reflects a deficit of £830k for 2019/20, compared to a forecast deficit of £417k; an increase of £413k on forecast.
- 2) The HRA working balance has been reduced to £1,071k as at 31st March 2020, and
- 3) The HRA earmarked reserves remain at a level of £2,400k.

Capital

- 1) The Capital Outturn was £30.1m compared to a revised outturn of £30.
- 2) Slippage of £43.7m will be carried forward into 2020/21 which includes £27.5m for commercial activities.
- 3) The 2020/21 revised base budget is £54.3m

Treasury Management

1) The treasury activity is listed out in the report and the relevant prudential indicators.

Members thanked and congratulated officers for their achievements as highlighted in this report.

Following a full discussion Members were asked to note the following recommendations:

Note the provisional (subject to audit) outturn 2019/20 for the General Fund and the HRA contained within this report and Appendices A & B.

Note the capital programme in Appendix C and slippage in Table 8.

Note the Reserve balances set out in the report and Appendix D.

Note the Treasury Management activity and information for 2019/20 contained within the report.

Reasons for Recommendations

Effective financial management underpins all of the priorities for the Council and will enable the Council to operate within a sustainable budget environment.

476. Internal Audit Progress Report

This report was intended to inform the Audit and Scrutiny Committee of progress made against the 2019/20 Internal Audit Plan.

The following reports had been finalised since the last Committee:

- Treasury Management (2019/20) (Substantial/Moderate)
- Financial Planning and Monitoring (Substantial/Substantial)
- Housing Repairs and Maintenance (Substantial/Moderate)
- Main Financial Systems (Moderate/Moderate)
- Risk management and Governance (Substantial/Moderate)

Ms Janine Combrinck was present at the meeting and summarised the report.

Following a full discussion Members were asked:

1. That the Committee receives and notes the contents of the Internal Audit Progress Report attached in Appendix A.

2. That the Committee receives and notes the contents of the Internal Audit Follow Up Report attached in Appendix B.

Reasons for Recommendation

To monitor the progress of work against the internal audit plan.

477. Internal Audit Annual Report 2019-20

This report was intended to inform the Audit and Scrutiny Committee of the annual internal audit opinion.

Overall, we provide moderate assurance that there is a sound system of internal control, designed to meet the Council's objectives and that controls are being applied consistently.

Mr Rubins was present at the meeting and summarised the report commenting on the improvement from last year.

Members were asked to note the recommendation in the report:

That the Committee receives and notes the contents of the Internal Audit Annual Report attached in Appendix A.

Reasons for Recommendation

To review the overall results of work against the Internal Audit Plan.

478. Risk Management

The report updated members of the Audit & Scrutiny Committee on the status of the Council's 2019/20 Strategic Risk Register and high-level Operational Risks.

One risk on the Strategic Risk Register had been increased and one risk removed. All other risk scores remained the same.

Of the high-level operational risks, one score had decreased. The other nine risks scores remained the same from the last Committee in March.

Following a full discussion Members were asked to note the recommendations in the report:

1. To note the Strategic Risk Register, as shown in Appendix A.

2. **To note the risk scores recorded for the high-level Operational Risks, as shown in Appendix B.**

Reasons for Recommendations

Risk Management continues to be embedded quarterly within the Senior Leadership Team reports, where Service Heads discuss the top-level risks for their service areas to ensure that the risks are updated to reflect the ongoing changes.

479. Formal Complaints & Performance Indicator Working Group

This report submitted the report and recommendations of the Formal Complaints and Performance Indicators Working Group for consideration by the Audit & Scrutiny Committee.

A motion was **MOVED** by Cllr Nolan and **SECONDED** by Cllr Tanner to approve the recommendations in the report.

As this was a hybrid meeting a recorded vote was taken and following debate it was **RESOLVED UNANIMOUSLY** that Members:

1. **Note the Formal Complaints and Performance Indicators Working Group report, attached at Appendix A, and agree the recommendations contained within it.**

Members voted as follows:

FOR: Cllrs Dr Barrett, Mrs Fulcher, Hirst, Mrs Hones, Lewis, Mrs McKinlay, Naylor, Nolan, Tanner (9)
AGAINST: (0)
ABSTAIN: (0)

Reason for Recommendation

To ensure the Council provides quality customer services.

480. Local Development Plan Member Working Group Update

The Local Development Plan (LDP) Member Working Group is an established engagement between Officers and Councillors focussed on delivery of the Council's Local Plan and related work. Its purpose was approved by Policy, Projects and Resources Committee in September 2017.

The work of the working group is monitored by the Audit and Scrutiny Committee as part of the committee's work programme. This report provided

an update on the most recent meeting of the working group and planned meetings for 2020/21.

Updated Terms of Reference for 2020/21 had been agreed by the working group, as set out in Appendix A. The most recent working group meeting took place on 16 June 2020. This followed receipt of initial questions from the Planning Inspectors appointed to oversee the examination of the Local Plan. Notes and actions from the meeting are enclosed in Appendix B.

Mr Drane was present and briefly summarised the report. Members welcomed this report.

A motion was **MOVED** by Cllr Nolan and **SECONDED** by Cllr Tanner to approve the recommendations in the report.

As this was a hybrid meeting a recorded vote was taken and following debate it was **RESOLVED UNANIMOUSLY** that Members:

- 1. Note the update provided in the report and the appendices enclosed.**

Members voted as follows:

FOR: Cllrs Dr Barrett, Mrs Fulcher, Hirst, Mrs Hones, Lewis, Mrs McKinlay, Naylor, Nolan, Tanner (9)
AGAINST: (0)
ABSTAIN: (0)

Reason for Recommendation

As part of the Audit and Scrutiny Committee work programme, an update on the work of the LDP Member Working Group is provided.

481. Scrutiny Work Programme 2020/21

The Constitution requires that the Audit & Scrutiny Committee agrees its Scrutiny work programme at each meeting of the Committee. This report provided an update of the current scrutiny work programme and is set out in Appendix A.

In addition, legislation requires that an Annual report is made to the Committee on the work of the Community Safety Partnership. This report is normally made at the March committee each year.

At a previous Audit & Scrutiny meeting a member requested that a review of the South Essex Partnership (SEPP) arrangements be added to the Scrutiny programme. It was agreed that it would be appropriate initially for a presentation to be made by SEPP to all members regarding their scope and working arrangements. This was intended to take place at the all member

briefing on the 3rd August 2020, however, this meeting has been cancelled so will take place at the all member briefing in September.

The Chair suggested that the Committee consider reviewing the first year of the Council's Housing Repairs and Maintenance Contract with Axis. He advised that he would complete the appropriate scrutiny form including the scope of the review and circulate to the Members of the committee meeting for their approval. This could then be considered at the next committee meeting if agreed.

A motion was **MOVED** by Cllr Nolan and **SECONDED** by Cllr Tanner to approve the recommendations in the report.

As this was a hybrid meeting a recorded vote was taken and following debate it was **RESOLVED UNANIMOUSLY**:

- 1. That the Committee considers and agrees the 2020/21 Scrutiny work programme as set out in Appendix A of the report.**

Members voted as follows:

FOR: Cllrs Dr Barrett, Mrs Fulcher, Hirst, Mrs Hones, Lewis, Mrs McKinlay, Naylor, Nolan, Tanner (9)

AGAINST: (0)

ABSTAIN: (0)

Reasons for Recommendation

The Constitution requires that the Audit & Scrutiny Committee agrees its Scrutiny work programme at each meeting of the Committee.

482. Urgent Business

There were no items of urgent business.

The meeting ended at 20.42.