

HINCKLEY AND BOSWORTH BOROUGH COUNCIL

FINANCE, AUDIT & PERFORMANCE COMMITTEE

31 MARCH 2014 AT 6.30 PM

PRESENT: Miss DM Taylor - Chairman

Mr RG Allen (for Mrs R Camamile), Mr PR Batty, Mr PAS Hall, Mrs WA Hall (for Mr R Mayne), Mr JS Moore and Mr K Morrell

Also in attendance: Alison Breadon & Sophia Mouyis (PWC); Tim Ridout (CW Audit).

Officers in attendance: Julie Kenny, Sanjiv Kohli, Rebecca Owen, Katherine Plummer and Caroline Roffey

465 APOLOGIES AND SUBSTITUTIONS

Apologies were submitted on behalf of Councillors Camamile and Mayne, with Councillor Allen substituting for Councillor Camamile and Councillor Mrs Hall substituting for Councillor Mayne in accordance with Council Procedure Rule 4.

466 MINUTES OF PREVIOUS MEETING

On the motion of Councillor Batty, seconded by Councillor Morrell, it was

RESOLVED – the minutes of the meeting held on 6 January 2014 be confirmed and signed by the Chairman.

467 DECLARATIONS OF INTEREST

No interests were declared at this stage.

468 PROTECTING THE PUBLIC PURSE

Members received a presentation from PWC entitled 'Protecting the Public Purse' which looked at national statistics for fraud, detection results, and the local picture. During debate thereon, the following was discussed:

- There was discussion regarding the high level of detection in the authority in comparison with other authorities, and in response it was suggested that the team was very experienced and the high detection rates were not an indication of high levels of fraud or poor fraud prevention.
- Whilst the External Auditor was comfortable that council tax, benefit and housing fraud were not a cause for concern, they felt that corporate concern may not be as easily detected and the fraud team could use its capacity to act more corporately.
- The presence of organised fraud was questioned, and whether evidence was sought of links between cases. In response it was reported that the benefits team looked for synergies but that it wasn't easy to identify links.
- It was asked whether the authority continued to give a single person discount until informed otherwise, and in response it was reported that a review had recently been undertaken and the results would be brought to the committee.
- A member raised concern about the national average of 2% housing fraud in rural areas, whereas none had been identified in Hinckley & Bosworth, and he suggested that we should be examining the situation to ensure that there was adequate detection.

It was requested that answers to the questions posed in the appendix to the report be brought back to a future meeting, and also that previous years' figures be provided as a comparison to this years' figures.

469 ANNUAL EXTERNAL AUDIT PLAN

In presenting the External Audit Plan, Alison Breadon from PWC outlined changes such as business rates, which would affect the plan.

With regard to the reporting threshold for unadjusted accounting errors which was reviewed annually, there was discussion on whether this should be kept at £50,000 (which was the industry benchmark) as some felt that it was necessary for a smaller total of unadjusted errors to be reported to members. It explained that officers usually agreed to any adjustments recommended and therefore any changes to the threshold may not impact. It was proposed by Councillor Moore and seconded by Councillor Batty that the reporting threshold for unadjusted errors be trialled at £25,000 for a year. Upon being put to the vote, the MOTION was CARRIED.

The terminology used in PWC's report regarding off-shored services was queried, and it was explained that some of the firm's administrative work was undertaken outside of the UK.

RESOLVED –

- (i) the report be endorsed;
- (ii) the reporting threshold for unadjusted errors be reduced to £25,000 on a 12-month trial basis.

470 ANNUAL GRANTS CERTIFICATION REPORT

The External Auditor presented a report which provided an overview of the results of certification work undertaken. In summary, three claims were certified, mostly in the areas of Housing and Council Tax benefits. It was noted that the fee variations in appendix A were still to be agreed.

RESOLVED – the report be noted.

471 INTERNAL AUDIT BLOCK REPORT

Tim Ridout of CW Audit presented the Internal Audit Progress report. During discussion, the following points were raised:

- With regard to the use of the Orchard system for the Homelessness function, a member asked about the current status of the system upgrade. In response it was noted that the work should be complete by autumn 2014.
- A member asked if the audit of fuel controls had been prompted by a particular concern. In response it was reported that a new system had been implemented to monitor driving and make savings, which had been audited.
- A member queried the authority's risk management and it was explained that following the first CPA, the Risk Management Framework had been implemented and now there was a corporate risk register along with service risk registers, regular reports to the Strategic Leadership and Corporate Operations Boards, all reports had a section on risk, and risk management was also discussed in staff appraisals.

472 INTERNAL ANNUAL AUDIT PLAN

In presenting the Internal Audit Plan 2014-2017, Tim Ridout of CW Audit explained that risk registers were used to inform the plan and highlighted projects in which Internal Audit would be involved.

There was some discussion on Section 106 agreements and systems in place to monitor drawing down of funds and on what the funding could be spent.

Concern was expressed regarding the apparent projected loss of car parking income and a report on it was requested. In response it was noted that this information formed part of the Medium Term Financial Strategy which would be brought to the Scrutiny Commission and Council in May, and officers were also working on a car parking strategy.

473 THIRD QUARTER BUDGET MONITORING

The Committee was informed of the revenue and capital outturn position at the end of the third quarter 2013/14. During discussion, reference was made to the following:

- Savings on salaries and recycling;
- The £77,000 spend on planning appeals so far this year and intention to recommend a reserve;
- In response to a member's question, the status of the waiting list for disabled facilities grants being short or even non-existent.

474 THIRD QUARTER TREASURY MANAGEMENT

Members were informed of the Council's Treasury Management Activity during the first nine months of 2013/14. With regard to borrowing, a member asked if rates had changed. In response it was noted that there had not yet been a change and that movement upwards was not imminent. It was also noted that the LGA were looking to start lending.

475 AGED DEBT REPORT

The Committee was informed of the sundry debts position at 28 February 2014. It was reported that the level of debt had reduced since the end of the first quarter. During discussion, the following points were raised:

- The highest category of debt over 120 days was for homelessness bonds, and it was acknowledged that this debt was hard to recover and action to recover was not in the spirit of the anti-poverty strategy. Officers agreed to report back the percentage of bonds written off;
- Legal action for Section 106 debt would be commenced at 90 days;
- Another area with large debt was Estates & Assets as there were a small number of commercial tenants who had been in arrears for some time.

476 COUNCIL TAX REPORT AND BUSINESS RATES UPDATE

The performance of the Local Council Tax Support and Business Rates Retention schemes for 2013/14 was presented to the Committee. It was reported that payment of Council Tax under the Local Council Tax Support scheme was good, and some growth was forecasted with regard to business rates. It was noted that the business rates relief scheme for small businesses had been extended by the Government and local authorities had received the corresponding grant. In respect of the business rates 'pool', the dissolving of it but with the option of re-convening it at a later date was discussed. It was agreed that members would be updated on the position.

477 HOUSING REPAIRS UPDATE - SCHEDULE OF RATES REVIEW

In providing an update on progress made against the action plan as part of the review of the Housing Repairs service, it was reported that the review was complete and work had been done on the schedule of rates, with an uplift of 30%. Members were assured that the uplift would be covered within the budget as there had been an underspend over previous years.

478 CAR PARKING UPDATE

The Committee received information about different parking payment methods which had been requested at a previous meeting. In summary, it was reported that other methods of payment were not viable due to the size of the car parking operation and for the following reasons:

- Payment by mobile would add a cost to the user;
- Machines that would accept credit and debit cards were costly and each transaction would incur banking costs for the authority. It was, however, noted that this option would be considered as machines were replaced;
- Payment on exit would require two points of exit for each car park and bar-coded tickets, both of which would be costly.

In response to Members' questions, the following was noted:

- The cost of altering the machines as a result of the new coins had been budgeted for;
- 80% of tickets issued by the machines were of a value of less than £1, meaning that any transaction costs for the operator or user would almost double the cost of the ticket;
- The audit recommendations had been implemented.

479 HINCKLEY CLUB FOR YOUNG PEOPLE UPDATE

The Chairman reported on a meeting held with the management of Hinckley Club for Young People, stating it had been very constructive and the operators had been reassured that the Council was not wishing to take over management of the club and wanted only to help ensure good governance arrangements were in place. It was noted that help would be provided in applying for grants to assist the club.

480 WORK PROGRAMME

It was noted that the 2014-15 work programme would be brought to the next meeting.

(The Meeting closed at 8.45 pm)

CHAIRMAN