

BOROUGH OF KETTERING

MONITORING AND AUDIT COMMITTEE

Meeting held: 8th February 2017

Present: Councillor Jonathan West (Chair)

Councillors June Derbyshire, Jenny Henson, Anne Lee, Karl Sumpter, Greg Titcombe and Mike Tebbutt

Also Present:

Lisa Hyde	(Deputy Chief Executive)
Guy Holloway	(Head of Corporate Development)
Mark Dickenson	(Head of Resources)
Julie Trahern	(Head of Income and Debt Management & Customer Services)
Sue Lyons	(Head of Democratic Services)
Jo Haines	(Group Accountant)
Carole Stephenson	(Community Partnerships Manager)
David Pope	(Committee Administrator)

16.MA.27 APOLOGIES

None

16.MA.28 MINUTES

RESOLVED that the minutes of the meeting of the Monitoring and Audit Committee held on 22nd November 2016 were approved as a correct record and signed by the Chair.

16.MA.29 DECLARATIONS OF INTEREST

None

16.MA.30 **ANY MATTERS REFERRED TO THE COMMITTEE FOR A DECISION IN RELATION TO A CALL-IN TO BE CONSIDERED**

The Monitoring Officer provided an overview of the call-in procedure for scrutiny committees, stating that any call-in needed to occur within five days of the publication of the Executive Committee Record of Decisions and be signed by two-fifths of the scrutiny committee, in the case of Monitoring and Audit three signatories would be required.

A call-in form had been drafted for review by the Corporate Management Team and would enable members of the appropriate scrutiny committee to provide evidence outlining why they considered a decision of the Executive Committee not to have been taken in accordance with the principles of decision making as set out in the council's constitution.

It was also noted that the topic of call-ins would feature as part of an upcoming Member Information Session in relation to the

16.MA.31 **EXTERNAL AUDIT REPORT (A1)**

A report was submitted which presented the following reports from the Council's External Auditors (KPMG):-

- (a) The Certificate and Grants letter that summarised the results of the external audit work carried out by KPMG on the certification of the Council's 2015/16 grants claims and returns;
- (b) The 2016/17 Financial Statements Audit Plan, which detailed the work KPMG intended to carry out with regard to the Council's 2016/17 Statement of Accounts.

John Gorrie from KPMG was welcomed to the meeting to answer members' questions regarding the reports.

Certification and Grants

During 2015/16, certification work was undertaken on two grants and returns relating to the Housing Benefit Subsidy Claim and Pooling of Housing Capital Receipts. An unqualified report had been issued in both cases, although a minor adjustment had been required to the original return of the former.

Financial Statements Audit Plan

It was reported that each year the Council's external auditor provided details of the approach they wished to adopt with regard to the audit of the Council's Statement of Accounts.

The Financial Statements Audit Plan was included in the report which detailed KPMG's intended approach. Significant areas of risk had been identified as follows:-

RESOLVED

that the committee received and noted:

- (ii) The Certification and Grants Report for 2015/16; and
- (iii) The 2016/17 Financial Statements Audit Plan.

16.MA.32 DRAFT BUDGET PROPOSALS FOR 2017/18 AND MEDIUM TERM FINANCIAL STRATEGY (A2)

A report was submitted which considered the Council's draft budget proposals and medium term financial forecast and sought comments for reporting back to the Council's Executive for consideration at its meeting on 15th February 2017.

The Head of Resources and Group Accountant attended the meeting to answer member's questions.

Members of the Committee submitted comments as follows:-

Item / Issue	Summary of Response Given
<p>Is it correct that we are borrowing £20m every year for the next five years? I have not seen that appear anywhere in the documentation we have looked at, there is only £20m borrowing identified for this year</p> <p>(Cllr Mike Tebbutt)</p>	<p>The Budget Report (Appendix A, page 33). The Capital Programme includes budget provision of £20m each year from 2017/18 to 2021/22 for Commercial Properties. The financing of that borrowing is shown in Appendix A page 30 under prudential borrowing.</p> <p>Officer Comment</p>
<p>In the budget booklet, Page 9, point 17 – the revised budget for 2016/17 reflects the increased cost of hosting the final stage of Women's Cycle Tour as £40,000</p> <p>(Cllr Jonathan West)</p>	<p>£40,000 was the cost of hosting the final of the Women's Cycle Tour in 2016/17. This is not reflected in the draft budget for 2017/18 as it was agreed that the cost in 2017/18 be met from the council's contingency budget or from unallocated reserves. We are looking at levels of sponsorship that we may receive; which will then better inform the cost to the authority of hosting this event.</p> <p>Officer Comment</p>

<p>In the budget booklet, Page 11, Point 23 – There was increased expenditure for IT and postage costs above the original budget, will this year’s budget be enough? With the cyber-security aspect, the government is raising the issue to local government, spending related to that can be quite a lot.</p> <p>(Cllr Jonathan West)</p>	<p>There have been increases in postage costs. We have been working to reduce the amount of post sent. This has proved difficult given the volume of increasing business activity.</p> <p>Increased IT costs stem from higher IT licensing costs, reflecting exchange rate inflation and system changes required to meet legislative change, such as those in the welfare system.</p> <p>The Council has been working hard to reduce costs but in some areas they go down, in others they go up. Another area that has pushed costs up has been with system upgrades, as well as software and hardware patching (upgrades). To remain compliant with the Government’s Public Services Network (PSN) Code of Connection, the Council’s IT systems and hardware need to be on the latest supported release of software. Systems now have to be upgraded and patched more frequently and the IT team work out of normal working hours to ensure systems can be kept up to date without impacting on front-line services.</p> <p>All these factors have come together to push up costs.</p> <p>Officer Comment</p>
<p>In the budget booklet, Page 12, Point 26 – Are employee costs lower if more training is delivered in-house? Are we scaling down training, the number of learners receiving training outlined in the Key Performance Information Booklet has reduced significantly?</p> <p>(Cllr Anne Lee)</p>	<p>We are not looking to reduce the service in any form; it is an area of the business we are looking to grow. There were a couple of staff vacancies in 2016/17 which is why the revised budget is lower than the 2016/17 original budget. The draft budget for 2017/18 is comparable to the original budget for 2016/17. The business case for KBT is stronger if we can deliver training in-house, which proves a more resilient service as less reliance is placed on external providers. There is a challenge around the number of learners; we are trying to promote the service to get more learners onto apprenticeships.</p> <p>Officer Comment</p>

16.MA.33 FRAUD PREVENTION (A3)

The committee received a presentation which provided members with a brief overview in relation to fraud prevention in three key areas:-

- Housing Benefit Fraud
- National Fraud Initiative
- Corporate Fraud

Housing Benefit Fraud

The meeting heard that since 2013, the Department for Work and Pensions (DWP) had taken over benefit fraud investigations as part of the transition to the Single Fraud Investigation Service. KBC's Income and Debt Team had a role to identify any potential fraud, carry out initial investigations to ascertain whether a case should be referred to the DWP for further review. A total of 291 cases had been identified in the year to date, with action required on 122 of those, which had been forwarded to the DWP had been responsible for investigating any incidences of suspected fraud identified.

National Fraud Initiative

The meeting heard that this was a government led initiative with all local authorities signed-up which involved electronic data transfer to a central database allowing for better information sharing in relation to potential cases of fraud. The most common type of fraud cases identified were those in relation to students claiming housing benefit.

Corporate Fraud

The Corporate Governance Group was currently producing an annual action plan that would be brought to the next meeting of the committee for review. Each service area reviewed potential fraud in its own area, with a Corporate Fraud Officer being trained. It was noted that the council's Whistleblowing Policy had been reviewed and was being presented to the Standards Committee on 27th February for recommendation to the Executive. It was heard that a training programme for both staff and elected members would be undertaken. In addition an Anti-Fraud and Corruption Policy was currently being produced to bring all fraud related policies together to all officers an understanding of which procedures applied to which service area.

Members asked questions in relation to the robustness of the council's fraud policies and the effectiveness of the council's IT defences.

16.MA.34 KEY UPDATES (A4)

Welfare Reform

It was noted that there would be no update on Welfare Reform, however, members heard that a Member Information Session would be taking place on the subject on 20th March with a presentation on the work of the Kettering Futures Partnership and its website and

attendance from the new Budgeting Support and Social Inclusion Team.

16.MA.35 KEY PERFORMANCE INFORMATION BOOKLET (A5)

Members received the Key Performance Information Booklet.

The Committee asked questions in relation to planning appeals rates and rent arrears.

16.MA.36 WORK PROGRAMME (A6)

The work programme was submitted to the Committee for consideration. The following reports would be brought to the next Committee:-

- Interim Audit
- Corporate Governance Action Plan
- Internal Audit Plan 2017/18
- Food Safety Audit

In addition, it was noted that the council's constitution would be added to the work programme to be brought back in due course as updates progressed.

(The meeting started at 5.00pm and ended at 6.25pm)

Signed:

(Chair)

DJP