

BOROUGH OF KETTERING

MONITORING AND AUDIT COMMITTEE

Meeting held: 6th February 2018

Present: Councillor Jonathan West (Chair)
Councillors Jenny Henson, Anne Lee, Paul Marks,
Greg Titcombe and Mike Tebbutt

Also Present: Lisa Hyde (Executive Director)
Mark Dickenson (Head of Resources)
Rob Thompson (Benefits Manager)
Dean Mitchell (Group Accountant)
David Pope (Committee Administrator)

John Gorrie (CWAS)
Dan Haywood (KPMG)

17.MA.27 APOLOGIES

Apologies were received from Cllr John Currall.

17.MA.28 MINUTES

RESOLVED that the minutes of the meeting of the Monitoring and Audit Committee held on 21st November 2017 were approved as a correct record and signed by the Chair.

17.MA.29 DECLARATIONS OF INTEREST

None

17.MA.30 EXTERNAL AUDIT REPORTS (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 2016/17 grants claims and returns;

- (b) The 2017/18 Financial Statements Audit Plan, which detailed the work KPMG intended to carry out with regard to the Council's 2017/18 Statement of Accounts.

John Gorrie and Dan Hayward from KPMG were welcomed to the meeting to answer members' questions regarding the reports.

Certification and Grants

During 2016/17, 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.

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:-

- Valuation of Property, Plant and Equipment (PPE)
- Pension Liabilities

Clarification was sought regarding pension liability and the risks associated with the fund.

It was noted that John Gorrie would be leaving KPMG and the Committee and officers offered their thanks for his involvement in auditing the Council and for his assistance in aiding the scrutiny process.

RESOLVED

that the committee received and noted:

- (ii) The Certification and Grants Report for 2016/17; and
- (iii) The 2017/18 Financial Statements Audit Plan.

17.MA.31

BUDGET PROPOSALS FOR 2018/19 AND PREPARING FOR THE MEDIUM TERM (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 14th February 2018. A copy of the presentation is included at Appendix A to the minutes.

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 | |
|---|---|
| <p>As part of the notes relating to the Medium Term Financial Forecast on page 3 of the report, section 2a/2b in regard to the Revenue Support Grant, it appears that we will have to pay the government a sum of £250,000 in 2019/20? Cllr Mike Tebbutt</p> | <p>Yes, effectively we would have a negative Revenue Support Grant. There is likely to be a consultation on this with strong representation from local authorities in regard to this position. Officer Response</p> |
| <p>In respect of fees and charges income, what kind of increase to those charges can we expect? How are we working the detail of that out? Cllr Jonathan West</p> | <p>The additional £77,000 shown for fees and charges in the draft budget results from an increase in service usage, not from increased fees. Fees covered by this include trade waste, cemeteries and garage rental. There is no increase in fees themselves within that £77,000. There are some increases we are looking to make to fees and charges to bring the council more in line with the private sector and this has been discussed with the respective service areas. In future years, we can include an appendix showing changes in fees and charges, although there is nothing on a scale that would bring those increases into the frameworks in 2018/19. Officer Response</p> |
| <p>I feel it is irresponsible at this stage, with all the warnings given by finance officers, only to plan for this year and next and not thereafter, a Council Tax increase of 2% would be more prudent Cllr Anne Lee</p> <p>Advice has been given that there is no incentive to freeze Council Tax, there is an opportunity to consider an increase this year that gives a base for future years. It could be in the Council's interest to raise Council Tax, but it is a political decision. Cllr Jonathan West</p> <p>I am opposed to a Council Tax increase because I went into politics to stop them. Cllr Paul Marks</p> <p>In light of having to pay increased Council Tax to NCC, I think it will be bad enough for everyone to find increases from other</p> | <p>In the Draft Budget reports we make reference to Council Tax setting as being a political decision, but we have put our views across as officers. The comments we have made in the January reports regarding Council Tax, will be similar in the February reports to the Executive and Council. Officer Response</p> |

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| <p>preceptors. At the moment, yes we could increase Council Tax, but we are not in dire straits so we can stay as we are. Cllr Jenny Henson</p> <p>It is looking as though Council Tax payers will be facing a large increase, for us to put an additional increase on would increase it further, it is a political decision. Cllr Greg Titcombe</p> | |
| <p>Congratulations to officers on producing a superbly balanced budget and for the change in emphasis and structure of the organisation that is moving rapidly to self-funding Cllr Mike Tebbutt</p> <p>It is important that there is a continuation of cross-party working towards the investment strategy. Cllr Jonathan West</p> | |

17.MA.32 KEY UPDATES – WELFARE REFORM (A3)

Universal Credit

- It was heard that there had been a delay to the rollout of Universal Credit (UC) which had been pushed back to an as yet unspecified date in October. In addition, live service claims had ceased with effect from 31st December 2017. All new claims for any type of DWP benefit would refer back to legacy benefits. The case load for new UC had ceased and would not restart until October.
- The seven day waiting period at the start of a UC claim whereby no payment was made would be abolished with effect from 14th February, although there were still five to six week delays in processing new claims.
- Advances of entitlement had been increased to 100% from 50% and the repayment timescale was now 12 months. The application process for advances was now expected to take five working days.
- From April 2018, homeless claims would be paid through Housing Benefit.
- Telephone calls made to the UC helpline had been made free of charge with effect from December 2017

Welfare Reform

- Local Housing Allowance (LHA) rates had recently been set, with Kettering receiving a 3% increase. This would provide a small increase in Housing Benefit for all claimants on LHA.
- A governmental review of Local Council Tax Support (LCTS) had resulted in no major changes and there were no plans to include Council Tax support as part of Universal Credit. No powers would be extended to local authorities with regard to pensioner discounts or any other form of discount.
- Funding of supported housing would be effective from 2020 under the new scheme.
- The two child restriction had been brought into the national pensioner LCTS scheme, although the impact was expected to be minimal.
- Universal Credit restrictions for those aged 18 to 21 had seen minimal effects to date.
- A Member Information Evening would take place on 5th March to give a comprehensive overview of Welfare Reform.

Discretionary Housing Payment (DHP)

- To date 447 applications had been received for DHP, with 332 awards. The council had spent or committed £165,000 of its annual DHP budget.
- The funding pot for 2018/19 had been set at £166,000 which represented a £26,000 reduction.

Members asked questions regarding the change to the date of full UC rollout, claimants moving from outside the borough and communication of UC changes to potential claimants.

It was noted that the continuous changes to UC and Welfare Reform provided a challenge to customer service staff at the council, who had to explain such complicated issues to claimants.

17.MA.33 KEY PERFORMANCE INFORMATION BOOKLET (A4)

Members received the Key Performance Information Booklet.

The Committee raised a query in relation to the following aspect of the information provided:-

- Long-term sickness figures for Environmental Care

17.MA.34 WORK PROGRAMME (A5)

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

- Internal Audit Plan 2018/19

(The meeting started at 7.00pm and ended at 8.18pm)

Signed:

(Chair)

DJP