

NORTH DEVON COUNCIL

Minutes of a meeting of Audit Committee held at Barum Room - Brynsworthy Environment Centre on Tuesday, 8th January, 2019 at 6.00 pm

PRESENT: Members:

Councillor Flynn (Chairman)

Councillors Croft, Haywood, Lovering, Moore, Patrinos and Roome

Also Present:

Ms R. DeBradney – MAZARS Public Sector Internal Audit Limited.

Mr M. Bartlett – Grant Thornton

Officers:

Chief Executive, Head of Resources, Head of Corporate and Community Services and Head of Place

34. APOLOGIES FOR ABSENCE

No apologies for absence were received.

35. TO APPROVE AS A CORRECT RECORD THE MINUTES OF THE PREVIOUS MEETING

RESOLVED that the minutes of the meeting held on 4th September 2018 (circulated previously) be approved as a correct record and signed by the Chairman.

36. DECLARATIONS OF INTERESTS

There were no declarations of interest announced.

37. GROWTH AGENDA.

The Head of Place presented the Committee with an update on the Growth Agenda.

He advised the Committee of the following:

- The corporate objective to 'Grow North Devon' had been presented at Full Council in 2018 when a Cross-party agreement had been made for:
 1. a vision to be developed for transformative growth for the period beyond the emerging Local Plan (2031 onwards), and

2. that the Council engage with Homes England, the Ministry of Housing, Communities and Local Government (MHCLG) and Devon County Council on the topic of future growth.
- 4 Member workshops had been held. Plus further workshops with officers and staff.
 - Aspirations were based around five themes: Housing, Economy, Community, Environment and Natural Capital, and Infrastructure and Digital.
 - The planned timetable for the Growth Agenda was behind schedule due to the submission of an expression of interest made for Barnstaple to the MHCLG to become a Garden Town. This was submitted in November 2018 and the outcome was expected in Spring 2019.
 - The team were preparing North Devon's Vision for 2050, with the following timetable:
 1. Present draft Vision to growth group on 30th January 2019
 2. Stakeholder events from February 2019 onwards
 3. Present to Full Council in March 2019.
 4. Community Engagement post in May 2019.
 - There will be risks in taking steps towards this vision. In addition, innovation and digital strategies had been adopted. These strategies had been implemented across the Northern Devon area in conjunction with Torridge District Council.

In response to questions from the Committee, the Head of Place confirmed:

- There may initially be pressure on resources, but some funding support would be available. There were benefits of working closely with other organisations as it would be possible to pool resources.
- Specialist staff and consultants could be brought in if required. This was standard practice for many projects within Local Government.
- The Growth Group had nominations from each political group, currently the Leaders, together with relevant Lead Members. It was chaired by the Leader.
- The Growth Group would not make any decisions, but they could steer the Draft Vision report.
- The report would then be presented to Full Council after the elections in May.

RESOLVED that the update be noted.

38. 21:21 PHASE 2 REPORT.

The Head of Corporate and Community Services presented the Committee with an update on phase 2 of the 21:21 project.

He advised the Committee of the following:

- The 21:21 project centred on one of the two corporate priorities and Service Improvement.
- Within this there were four original themes of Learning and Transformation of Services, One Site, Income Generation, and Waste and Recycling.

- The 'One Site' works had now freed up the Castle Street property which was now being utilised to house those in need of temporary accommodation. This, in turn, had positive financial implications as it has reduced the need for provision of accommodation in properties such as the Premier Inn, therefore reducing costs.
- The future aim was to move more staff to BEC although this was limited due to constraints on the building and parking areas. It was hoped that the improvements to the ICT systems, by enabling remote/flexible working could free-up office and car-parking spaces.
- Two years had passed since the trials of the new Waste and Recycling scheme were introduced. The trials had been successful, with the recycling rates reaching over 50% within parts of the trial area. The next challenge would be the decision regarding whether the changes be rolled out across the area, and how this would be done.
- If the scheme was rolled out there would be a requirement for investment in new plant as the current equipment was working at capacity and the increase in recycling could not be accommodated without improved infrastructure.
- The recycling rounds had been remodelled by our own staff since the software had been purchased to enable this. They would be looking to remodel the black and green waste rounds.
- The Waste and recycling staff had worked three consecutive Saturdays to deal with the timing of the bank holidays over the Christmas period.
- As part of the Leaning and Transformation of Services, a huge amount of work had been done by the ICT team. Many new systems had been implemented which had also been accompanied by procedural changes.
- New ICT systems included new systems for Planning, Legal, Environmental Health and Housing, Customer Services (Firmstep), Corporate and Community Services (Modern Gov) and new desk-top solutions and telephony throughout the authority.
- Firmstep had been upgraded and could now facilitate further services online, including the application for temporary event licences.
- The Council had purchased four properties which would be used by the Environmental Health and Housing team to house those in need of temporary accommodation. Although this would not generate income, each property would enable savings against current costs of £20k per year for each family housed. The Authority received the Housing Benefit subsidy for these properties.
- The Authority would need to look at opportunities for future income generation and to look to become more commercial.
- Plastic Free North Devon Council had been included in the 21:21 project. The Council had been aware that there were many organisations in the area working towards the same goal, but were not working together. The Council created the Plastic Free Consortium to enable closer working and a more organised approach to the work. The Consortium had recently met and signed their Plastic-Free Strategy.
- Housing Projects had been added to the 21:21 project as a theme. This included Civil Sanctions for Housing, Selective Licensing and a Rough Sleeper Programme.

- There were a number of corporate projects ongoing. These included the New Leisure Centre, Ilfracombe Water-sports Centre and the Museum project.

In response to questions from the Committee, the Head of Resources confirmed that:

- It was likely that more projects would be added to the 21:21 project in future, however, depending on the works involved some may form part of the Growth Agenda.
- The theatres would be under the management of the new company, Selladoor Worldwide, with effect from 12 January 2019. The new company were looking to develop the businesses and the facilities at the Landmark.
- Parkwood had not retained the contract and the new company's bid was successful.
- Although many years ago the subsidy to the Theatres' Trust had been higher, the figures had reduced to the current figure of £140,000 per annum. The new arrangements differed to those previously in place.
- The level of rents charged on the temporary accommodation properties were set in accordance with the Housing Benefit allowance and were not at market rates. He added that these were very short-term tenancies and families were moved to more permanent dwellings as soon as it was possible.
- An updated Corporate Risk Register would be available in March 2019.

In response to questions from the Committee, the Chief Executive confirmed that resources would be distributed as required. There was now a more flexible approach to work in that he had facilitated the provision of four extra staff to waste and Recycling during the start of the service changes, but that now one staff member had been moved to a different role as needed. He felt that a more flexible approach enabled this to be done as priorities change.

RESOLVED that the update be noted.

39. ANTI-FRAUD, CORRUPTION AND BRIBERY POLICY.

The Head of Resources presented the Committee with the updated Anti-fraud, Corruption and Bribery Policy (circulated previously). He advised that the policy applied to both staff and Councillors. He confirmed that there had been a few minor changes to the existing policy, with the main update being that this policy made reference to the Council's "Whistleblowing Policy 2019" which had changed its name (sections 5.4, 6.5 and 7.14).

RECOMMENDED that the Anti-Fraud, Corruption and Bribery Policy be adopted.

40. ANTI-MONEY LAUNDERING POLICY.

The Head of Resources presented the Committee with the updated Anti-Money Laundering Policy (circulated previously). He confirmed that there had been a few changes to the existing policy which included:

- The updated name of the policy
- The reduction of the punishment from a term of 14 years, to 5 years (section 5.5).

RECOMMENDED that the Anti-Money Laundering Policy be adopted.

41. WHISTLE-BLOWING POLICY

The Head of Resources presented the Committee with the updated Whistleblowing Policy (circulated previously). He advised that the only updates had been made to the contact information provided within section 10 of the policy.

RECOMMENDED that the Whistleblowing Policy be adopted.

42. TO CONSIDER THE RECORDING OF AUDIT COMMITTEE MEETINGS (SOUND ONLY).

The Committee considered the implications of recording future Audit Committees.

RESOLVED that future Audit Committee Meetings be recorded (Sound only).

43. DRIVER AND VEHICLE LICENSING AGENCY (DVLA) AUDIT OF NORTH DEVON COUNCIL.

The Committee considered the letter from the Driver and Vehicle Licensing Agency (DVLA) (circulated previously) confirming the outcome of their audit of North Devon Council. It confirmed a decision of an overall rating of 'Green' whereby a high level of compliance was demonstrated.

The Chairman conveyed her congratulations to the team for their good work.

RESOLVED that Driver and Vehicle Licensing Agency (DVLA) Audit of North Devon Council letter be noted.

44. INTERNAL AUDIT PROGRESS REPORT 2018/19.

The Committee considered a report by MAZARS Public Sector Internal Audit Limited regarding the Internal Audit progress report for 2018/19 (circulated previously).

The Committee was advised of the following in relation to the Internal Audit Progress Report 2018/19:

- Four audits had been finalised since the last meeting.
- Two audits had been completed, with final reports issued, since the last meeting. Those were Cash Collection and Housing Benefits.
- There were no 'Priority one' recommendations to be brought to the attention of the Audit Committee.

- The Council Tax / National Non-Domestic Rates (NNDR) report had been finalised today.

RESOLVED that the Internal Audit Progress report for 2018/19 be noted.

45. CERTIFICATION WORK REPORT.

The Committee considered a report by Grant Thornton regarding the Certification Work to certify the Housing Benefit Subsidy claim submitted by the Council for the year ended 31st March 2018 (circulated previously).

The External Auditor advised the following in relation to the report:

- The subsidy claim totalled £25.7m
- Appendix A of the report confirmed a 'Qualified' claim with an amendment of £1129. The errors identified resulted in additional subsidy to the Council as the Department for Works and Pensions (DWP) gives subsidy on an element of overpayments due to Local Authority error.
- The qualifying letter was presented to the DWP on 29th November.
- Appendix B confirmed the fee of £13387 (with no additions) from the Auditors.

The Head of Resources advised the Committee that the DWP had contacted the Council in relation to the subsidy claim and that we had since responded to their request for assurances. No further response had yet been received. The errors identified had been typing errors rather than training issues.

In response to a question from the Committee, the External Auditors confirmed that a random sample of 20 claims were chosen to be checked. Further claims (of a particular type) may be selected for checking should it be required. Some errors had been identified by the Benefits Team and corrected prior to the audit.

RESOLVED that the Certification Work Report be noted.

46. AUDIT PROGRESS REPORT AND SECTOR UPDATE.

The Committee considered a report by Grant Thornton regarding the External Audit Progress report and Sector Update (circulated previously).

The External Auditor confirmed:

- They have started planning for the 2018/19 financial statements audit and were due to commence the interim audit in March 2019.
- The sub criteria for the assessment of the Value for Money decision were unchanged from previous years. The Value for Money conclusion will be given prior to July 2019.
- The report detailed the Annual Certification Letter of 2017/18 as completed, with the dates planned for the 2018/19 deliverables.

- The sector update provided various reports and weblinks, including reports from the Ministry of Housing, Communities and Local Government (MHCLG) regarding Business Rate Pilots and the Social Housing Green Paper.

The Head of Resources confirmed that the Authority had not been successful in its application to be part of the Business Rate Pilot again in 2019/20.

RESOLVED the External Audit Progress Report and Sector Update be noted.

47. AUDIT RECOMMENDATION TRACKER.

The Committee considered the Audit Recommendation Tracker report by the Head of Corporate and Community in respect of actions taken to address internal and external audit recommendations (circulated previously).

The Committee noted the following updates:

- Table B detailed the six recommendations completed since the last meeting of the Audit Committee.
- Table C detailed six recommendations for which time extensions were being requested. A report had been provided by the Head of Environmental Health and Housing providing further information regarding 15 HN (CBL) 01.
- Table D detailed three outstanding recommendations.
- The recommendations in Table E (Annual Governance Statement) could not be completed until others had been finished.
- Recommendation 16 C & CE02 could not be fully finalised until the Constitution had been updated.

In response to questions from the Chair, the Chief Executive confirmed that recommendation 15 HN (CBL) 01 was not a high priority for the team, despite the length of time it had been on the register, as the increased numbers of those presenting as homeless to the Authority had been the main priority. He added that many of the older items may no longer be relevant due to their age. The themes and issues within them may have now been superseded.

RESOLVED;

- (a) that the actions completed since the 4th September 2018 Committee meeting be noted;
- (b) that the oldest recommendations be checked and those which may no longer be required be identified and reported at the next meeting.
- (c) that the Audit Recommendation Tracker be noted.

48. WORK PROGRAMME 2018/19.

The Committee considered the work programme for 2018/19 (circulated previously).

RESOLVED that the work programme for 2018/19 be noted.

49. EXCLUSION OF PUBLIC AND PRESS AND RESTRICTION OF DOCUMENTS

RESOLVED:

- (i) That, under Section 100A(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item as it involved the likely disclosure of exempt information as defined by Paragraph 3 of Schedule 12A of the Act (as amended from time to time), namely information relating to the financial or business affairs of any particular person (including the authority holding that information).
- (ii) That all documents and reports relating to the item be confirmed as "Not for Publication".

50. CORPORATE RISK REGISTER

The Committee considered the Corporate Risk register report by the Head of Corporate and Community (circulated previously).

The Head of Corporate and Community Services advised the Committee that the officers had met recently in relation to the risks. Each risk had been reassessed and re-evaluated with updated notes added.

The Head of Resources advised the Committee that the Covalent Management system would be updated to include any missing details of who each risk had been managed by and assigned to. This detail would then be pulled into the report in future.

In response to a question from the Committee, the Chief Executive confirmed that the Authority had given G CRR 52 a relatively low risk rating as the Government had confirmed that a 'no deal Brexit' was not an option.

The Head of Corporate and Community Services added that the effects on North Devon Council were expected to be less than the effects on a County Council or Councils with areas which included ports or those in the South East; nearer to the Channel Tunnel.

Members expressed concern about local security if there was no military base in the area. The Chief Executive noted that having a base could be a two edged sword in this respect as it could also represent a target.

He added that there had been difficulty in obtaining clear decisions over the future of the site. He had been provided with a copy of the letter from the local Member of Parliament to the Government which had demanded answers about RMB Chivenor. He had not been aware of any response at that stage.

The Committee noted that the local MP had been in the press recently in relation to the possible closure of the base.

RESOLVED that the Corporate Risk Register be noted.

Chairman

The meeting ended at 7.38 pm