

MINUTES OF: THE AUDIT AND ACCOUNTS COMMITTEE

DATE OF MEETING: 29TH NOVEMBER 2023

**PRESENT: Councillor M Smith (Chair)
Councillors D Ashworth, Hodgkiss, Procter, Walmsley and Woods
Mr S McManus, Co-opted member**

**IN ATTENDANCE: Karen Spencer, Chief Finance Officer (S151 Officer), RBC
Andy Dalecki, LCC Internal Auditors
Mark Baskerville, LCC Internal Auditors
Alastair Newall, Mazars External Auditors
Glenda Ashton, Committee Officer, RBC**

**ALSO PRESENT: David Smurthwaite, Director of Economic Development
Kimberly Haworth, Head of Financial Services
1 member of the public**

1. APOLOGIES FOR ABSENCE

1.1 Apologies were received from Councillors MacNae, Neal and S Smith.

2. MINUTES OF THE MEETING HELD ON 27TH SEPTEMBER 2023

RESOLVED:

The minutes of the meeting held on 27th September 2023 were agreed as a correct record.

3. URGENT ITEMS OF BUSINESS

3.1 There were no urgent items of business.

4. DECLARATIONS OF INTEREST

4.1 There were no declaration of interests.

5. PUBLIC QUESTION TIME

5.1 One written public question had been received to which a written response would be provided. The Chair agreed to take questions as each agenda item arose.

6. CHAIR'S UPDATE

6.1 Councillor Neal replaces Councillor Powell on the Committee.

6.2 One councillor is still to complete the Cyber Security training but is currently unwell.

7. CORPORATE RISK REGISTER UPDATE Q2 2023/24

7.1 The Chief Finance Officer presented the report, which asked members to note the risk consequence, mitigation action and level of risk as detailed in Appendix 1. It was noted that there were two red risks, the Stability of the Medium Term Financial Strategy and Financial Sustainability of Council Owned Leisure Assets.

7.2 The following comments were made and clarifications provided:
Sustainability of the Medium Term Financial Strategy

- Maximising income from the Council's asset portfolio and increasing fees and charges were being considered. Regeneration opportunities were also possible but income would be beyond the current forecast.
- The Corporate Management team and middle managers were considering income opportunities but all ideas were welcomed.
- All managers and staff were aware of the freeze on non-essential expenditure and levels of approval were in place to authorise spend. The Finance team also monitored, scrutinised and questioned spend on a weekly basis.
- The Government Finance Settlement wasn't expected until the end of December which made budget setting difficult. The level of the business rate tariff payable to Government was based on deprivation, needs of the area, if rural and the Council's ability to raise Council Tax revenue.
- The Council were part of Lancashire Business Rates Pool which meant that 90% of rates growth collected were retained and 10% were paid to Lancashire County Council. This afforded the Council some protection but being in the pool meant the Council gave up its right to the Government safety net.
- Changes to the Business Rates system may change in the coming years.
- Government funding had reduced by £4m pa since 2010. During that time, the Council had worked hard to reduce costs and make savings, and staffing numbers were low compared to other similar size authorities. Any further savings would affect service delivery so the Council were considering increasing income instead.
- A balanced budget had been set at the start of 2022/23, however the increase in inflation, utilities and wages had created an overspend of £1m.

Risk 7 – Poor Communications and Public Relations

- Viva PR had been more proactive on the Council's use of social media. The increased use was noted and welcomed. The number of social media hits were monitored rather than positive responses.
- Over 1,000 responses had been received from the Residents' Survey and were under review.

Risk 9 – Financial Sustainability of Council Owned Leisure Assets

- The Cross Party Leisure Working Group had met three times since July, with another meeting planned for December. The Chief Executive of Rossendale Leisure Trust (RLT) attended and there was also regular contact between her and the Council's Chief Executive. Regular meetings also take place between the Chief Finance Officer and RLT's Finance Manager.
- The Group were working towards all the recommendations in the Grant Thornton report.

RESOLVED:

- The Audit and Accounts Committee noted the Corporate Risk Register as detailed in the report.
- Members noted the risk consequence, mitigation action and level of risk as detailed in Appendix 1.

8. INTERNAL AUDIT PROGRESS REPORT SEPTEMBER TO NOVEMBER 2023/24

8.1 The Audit Manager, Lancashire County Council, outlined the report, which asked members to consider the Internal Audit Progress Report for September to November 2023/24.

8.2 The following comments were made and clarifications provided:

- The Chief Finance Officer agreed to speak to the Service Assurance Team and Capita to ensure the Debt Management Policy was reviewed and updated.

- The Payroll and Housing Benefits Teams were thanked for achieving Substantial Assurance.

RESOLVED:

- The Committee considered the Internal Audit progress report for September to November 2023/24.

9. EXTERNAL AUDIT PROGRESS REPORT

9.1 The Public & Social Sector Director, Mazars, outlined the report, which asked members to note the contents of the report.

9.2 The following comments were made and clarifications provided:

- It was noted that the 2022/23 Accounts had disappeared from the IT system and it had not been possible to recover them. Work had started to create the document again which would be ready by the end of December. The figures would be ready to populate and will provide reassurance.
- Procedures had been put in place to ensure this does not happen again.

RESOLVED:

- The Committee considered the External Audit progress report.

10. EMPTY HOMES PROJECT PART 1

10.1 The Chief Finance Officer outlined the report which asked the Committee to consider the update on the Empty Homes project and the actions to manage the project in the future. There had been significant movement in returning properties and 50 properties now remained on the scheme. Good progress was being made and the scheme was closely managed.

10.2 The following comments were made and clarifications provided:

- The work of the Chief Finance Officer, as project sponsor, and the Project Manager was also acknowledged. Good progress was now being made.
- The appointment of an experienced Project Manager had made a huge difference. It was noted that recruitment had been difficult in the past, as no suitable applicants had applied for the position.
- The amount of rent collected hadn't changed since 2014 so property owners would be able to collect more rent once their properties were returned.

RESOLVED:

- The Committee considered the update on the Empty Homes project and the actions to manage the project in the future

11. EXCLUSION OF PUBLIC AND PRESS

RESOLVED:

- That the public and press be excluded from the following items of business under Section 100(A)(4) of the Local Government Act 1972 since the items involved the likely disclosure of exempt information under Paragraphs 1 and 2 of Schedule 12A to the Local Government Act 1972.

12. EMPTY HOMES PROJECT PART 2

12.1 An update was provided in relation to the Empty Homes Project.

RESOLVED:

- That the update was noted.

13. STANDARDS COMPLAINTS UPDATE (VERBAL)

13.1 An update was provided in relation to Standards Complaints.

RESOLVED:

- That the update was noted.

14. WHISTLEBLOWING UPDATE (VERBAL)

14.1 An update was provided in relation to Whistleblowing.

RESOLVED:

- That the update was noted.

The meeting concluded at 7.20pm

Signed (Chair)

Date