

## **BOROUGH OF KETTERING**

### **MONITORING AND AUDIT COMMITTEE**

**Meeting held: 12<sup>th</sup> September 2017**

**Present:** Councillor Anne Lee (Chair)  
Councillors Jenny Henson, John Currall and Cliff Moreton

**Also Present:** Lisa Hyde (Executive Director)  
Mark Dickenson (Head of Resources)  
Guy Holloway (Head of Corporate Development)  
John Conway (Head of Housing)  
Rob Thompson (Benefits Manager)  
Dean Mitchell (Group Accountant)  
Jo Haines (Group Accountant)  
David Pope (Committee Administrator)

Jon Gorrie (KPMG)  
Dan Haywood (KPMG)

#### **17.MA.09 APOLOGIES**

Apologies were received from Councillors West, Marks, Tebbutt and Titcombe. It was noted that Cllr Cliff Moreton was acting as substitute for Cllr Mike Tebbutt.

#### **17.MA.10 MINUTES**

**RESOLVED** that the minutes of the meeting of the Monitoring and Audit Committee held on 20<sup>th</sup> June 2017 were approved as a correct record and signed by the Chair.

#### **17.MA.11 DECLARATIONS OF INTEREST**

None

#### **17.MA.12 EXTERNAL AUDIT ISA 260 REPORT (A1)**

A report was submitted which presented the ISA 260 report to those charged with Governance and which sought approval for the

Council's Management Representation Letter.

Jon Gorrie and Daniel Hayward of KPMG attended the meeting to introduce the report. It was noted that an unqualified, clean audit opinion had been given and Value for Money criteria had been met. The meeting heard that the audit process was largely complete, with just a few minor procedures and checks remaining to be completed.

It was noted that the accounts had been supplied to KPMG well before the statutory deadline and had been signed off on 25<sup>th</sup> May. It was further noted that statutory deadlines for the publication of audit outcomes would be brought forward to 31<sup>st</sup> May with effect from 2018 and KBC was in already in a strong position to meet these revised deadlines. Working papers supplied by KBC to support the accounts, and the draft accounts themselves, were of a high standard.

It was noted that Internal Audit Self-Assessment was sound and work carried out on key financial systems could be relied upon where relevant to KPMG's audit. No additional disclosures were required in the financial statements above those already disclosed.

**RESOLVED** that the Monitoring and Audit Committee received the Audit Memorandum – Report to Those Charged with Governance and approved the Management Representation Letter.

**17.MA.13 STATEMENT OF ACCOUNTS 2016/17 (A2)**

A report was submitted which presented the Council's Statutory Statement of Accounts for the financial year 2016/17 for approval. The Head of Resources gave a short presentation to the Committee to supplement the report.

The Committee asked questions in relation to the Housing Revenue Account and financial pressures within the accounts.

**RESOLVED** that the Statement of Accounts for the financial year 2016/17 be approved.

Following approval of the Statement of Accounts, the Management Representation Letter was signed by the Chair and the Chief Finance Officer.

**17.MA.14 EXTERNAL AUDITOR APPOINTMENT (A3)**

A report was submitted providing an update on the appointment of the Council's external auditors from 2018/19.

It was noted that the Government had moved responsibility for external audits contracts to the Public Sector Audit Appointments (PSAA) following the disbandment of the Audit Commission. At its meeting on 14<sup>th</sup> December 2016, Council had approved opting in to a national procurement process.

Following this process, KBC had been notified, subject to consultation, that Ernst and Young LLP would audit the Council's accounts for a period of five years from 2018/19, with the appointment commencing on 1<sup>st</sup> April 2018. It was heard that the ongoing PSAA consultation exercise was scheduled to close on 22<sup>nd</sup> September, although KBC would not be making representation.

In response to a question from the Committee, it was noted that annual auditor fees were mooted to reduce under the new regime, with a small cost saving being achieved and fees set on an annual basis.

**RESOLVED** that the Committee noted the proposed changes in external auditors from KPMG to Ernst and Young LLP, who will audit the Council's accounts for five years from 2018/19.

## **17.MA.15 KEY UPDATES (A4)**

### **Rent Review**

The meeting heard that as of the 31<sup>st</sup> July, rent arrears stood £35,000 higher than at the same point in 2016/17. However, in the intervening weeks the gap had reduced to approximately £20,000. It was unknown at this stage whether this would become a sustained trend. Members noted that over the past few years there had been a gradual upward trend for total rent arrears

The meeting heard that one fewer tenant eviction had been made compared to 2016/17 and overall payments made by tenants had increased by £90,000 this year, with Housing Benefit payments declining. The reason for this was considered to be the impact of Welfare Reform and the introduction of Universal Credit (UC).

Of the 77 tenants currently in receipt of UC, 65 had arrears totalling over £40,000, with an average of £620 per tenant, although this situation was an improvement over 2016/17. A total of 19 Alternative Payment Arrangements were in place to allow for direct payment of Housing Benefit to the council.

Current challenges faced by KBC and claimants in relation to UC were outlined to the meeting, with an initial 6-8 week delay in claims being processed leading to immediate rent arrears for claimants. It was noted that this delay period was unlikely to reduce going forwards.

In light of these challenges, the Council was working with tenants across several teams to provide help and tenancy support, ensuring that the entitled benefits were claimed correctly and that once payments arrived with tenants they knew what to do with the money. A programme of tenant visits was undertaken for those in the first year of their tenancy, including a full financial assessment at the six week point of the tenancy and a full tenancy review at nine months. Pre-court interviews and tenant events at the council were also having a positive effect on keeping evictions at a low level.

Members asked questions in relation to the homelessness situation, the cost implications of temporary accommodation and types and locations of temporary accommodation available to those presenting as homeless.

#### Welfare Reform

It was heard that the national roll-out of Universal Credit was continuing, although there were signs of delays with approximately 500,000 claimants currently in receipt of UC against the original target of over a million.

A large number of UC claimants were vulnerable and faced with huge changes to the benefits system required significant levels of support. Contact with the DWP was only possible through chargeable phone lines and online, although many claimants lacked the necessary skills or equipment to access this information. It was heard that the Council was facilitating online access through its social inclusion team, with some customers requiring ongoing support.

Members noted that the Local Council Tax Support Scheme would be taken to the next Executive Committee on 20<sup>th</sup> September and further details on the future of the scheme would be brought to the next meeting of the committee alongside additional information in relation to homelessness as a result of Welfare Reform.

It was noted that the all roles had been filled in the Budgeting and Social Inclusion Team, with demand for services remaining high.

In relation to Discretionary Housing Payments (DHP), 222 applications had been received in the financial year, with approximately £80,000 of the annual budget already spent or committed. Work was underway to reduce customer reliance on

DHP and some success had been achieved in reducing repeat in-year applications.

**17.MA.16     KEY PERFORMANCE INFORMATION BOOKLET (A5)**

Members received the Key Performance Information Booklet.

The Committee asked questions in relation to the following aspects of the information provided:-

- Staff sickness figures compared to the previous year
- Car park ticket machines being inoperable
- Time taken to answer switchboard calls
- Average times taken to process benefit claims

**17.MA.17     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 Report
- Risk Management Report
- Homelessness Update
- Welfare Reform Update

A request was made by the Chair regarding logging of councillor attendance at meetings. It was noted that this request would require referral to Member Development Group before being brought to committee.

*(The meeting started at 7.00pm and ended at 8.38pm)*

Signed: .....

(Chair)

DJP