

# NORTHAMPTON BOROUGH COUNCIL

## AUDIT COMMITTEE

**Monday, 19 March 2012**

**PRESENT:** Councillor Hallam (Chair); Councillor Oldham (Deputy Chair); Councillors Gowen, Lynch, Nunn, Palethorpe, Subbarayan and Glynane

### **1. APOLOGIES**

An apology for absence was received from Councillor Beardsworth, Councillor Glynane substituted.

### **2. MINUTES**

The Minutes of the meeting held on 9 January 2012 were confirmed and signed by the Chair as a true record.

### **3. DEPUTATIONS / PUBLIC ADDRESSES**

There were none.

### **4. DECLARATIONS OF INTEREST**

There were none.

### **5. MATTERS OF URGENCY WHICH BY REASON OF SPECIAL CIRCUMSTANCES THE CHAIR IS OF THE OPINION SHOULD BE CONSIDERED**

There were none.

### **6. BUSINESS CONTINUITY UPDATE**

The Committee considered a report detailing an update on progress with the management of Business Continuity across the borough council.

The main points of the discussion were as follows: -

- Business Continuity Management (BCM) is the process that supports the Council in delivering its critical services and functions in the event of an unexpected emergency or disruption.
- The Borough Council is itself a category 1 responder under the Civil Contingencies Act.
- The functions are categorised CF1, CF2, CF3 based on how quickly the service would need to be up and running.
- There is a difference between business continuity and emergency planning. If there was an incident that required an emergency planning response that would probably be coordinated through the County Council emergency planning unit. Business continuity is about keeping Borough critical functions running in unexpected circumstances.
- It was noted that the plan needed to be updated to reflect that some functions were no longer carried out by the council and also to reflect the recent management restructure.

- Procedures are tested through either desktop exercises unless there has been a real incident. This is the most effective method of testing, one of the most significant recent incidents was the IT and telecoms failure in November 2011.
- There are opportunities for mutual aid between partners such as the County Council which may help to keep services functioning, but that would be subject to the nature of the emergency as in some cases the partners themselves might also be affected.
- Communications on potential issues are highlighted through Government briefings and also through the local resilience forums.

## **RESOLVED**

The draft Corporate continuity Plan, Council's business continuity critical functions and recent developments in Business Continuity Management be noted.

### **7. STRATEGIC HOUSING SERVICES RISK REGISTER**

The Committee considered the latest Strategic Housing risk register.

The main points of the discussion were as follows: -

- Strategic Housing provides services to some of the Councils' most vulnerable customers, key services have been examined and some potential risks identified. The Strategic risk register details actions that have been taken to minimise identified risks.
- There has been an increase in the numbers of homeless, rough sleepers and people seeking urgent assistance with their housing needs. This has led to more people coming to the One Stop Shop for housing advice.
- There will be further challenges to overcome when the impact of the changes to the welfare legalisation is felt. This may mean that the strategic risk register would need to be reviewed.
- Nationally all Councils are reporting increased numbers of homelessness and are examining alternative actions, such as the use of temporary accommodation or private accommodation.

**RESOLVED:** - The Strategic Housing Risk Register is noted.

### **8. THE WELFARE REFORM BILL**

The Committee considered a report on the Welfare Reform Bill.

It was agreed that this item should be considered alongside the Strategic Housing Service Risk Register.

The main points of the discussion were as follows: -

- This is now the Welfare Reform Act. Detailed legalisation and guidance will follow.
- In general the aim is to combine all out of work income related benefits (including Housing Benefit) with tax credits to one source of help (Universal Credit) This

hopes to strengthen work incentives, make benefits simpler and reduce error and fraud.

- The transition from the old system to Universal Credit will take place over four years. The timetable for new claims for out of work claimants commences in October 2013.
- Changes to the Housing Benefit (HB) scheme were introduced in April 2011, although the majority of existing claimants were afforded transitional protection, which has now ended. It is anticipated that because of the reductions in the levels of HB payments some tenants may find that their rent becomes unaffordable during 2012/13 and will have to draw on other income to avoid rent arrears or move to cheaper accommodation. It is therefore anticipated that the level of rent arrears may increase and the number of those presenting as homeless could rise.
- The current Council Tax Benefit Scheme is being replaced by localised support administered by councils. Local Authorities will have greater discretion on how they provide support for those on low incomes, however there will be an overall funding reduction of 10%. Data is being gathered regarding caseload, which will help to identify the most vulnerable groups. It is likely that those who will receive the least benefit will be those of working age.
- Claimants will receive a single direct benefit payment, which will include their housing payments, which would previously have been made direct to the landlord. There have been concerns nationally that this will lead to higher levels of debt.
- There are two planning boards, the Welfare Reform programme board and the project board working through the changes and their implementation.
- Concern was expressed as to how those people affected were being kept informed of the changes. All those who have already been affected by HB changes have been identified and received information to help them manage their situation and make appropriate choices. There has also been strong liaison with the strategic housing officers.
- A question was raised about how this might affect people who wished to downsize but were unable to through no fault of their own. It was confirmed that the Housing Allocations Policy was being reviewed to try to ensure that people in this situation would not be adversely affected. Downsizing would be given additional weight. Only those people under 60 were affected by the new under occupancy rules.

#### **RESOLVED: -**

1. That the Committee notes the implementation of the April 2011 changes to Housing Benefit and the interim position with Welfare Reform.
2. That the Committee notes the potential risks and service delivery implications for the council arising from the welfare reforms, which have been described as the most significant changes to the benefits system in over 60 years.
3. That the Committee notes that it will receive further reports in the autumn and as more detailed information becomes available.

## **9. SCHEDULE OF RESERVES AND RISK ASSESSMENT OF RESERVES**

The Committee considered a report on the schedule of reserves and risk assessment of reassessment of reserves.

The main points of discussion were as follows:-

- Audit Committee at its January 2012 meeting requested a report on reserves.
- Reserves may be cash or non cash. A report on the adequacy of reserves is made to Council each year by the Chief Finance Officer. This is achieved by undertaking a risk assessment of the General Fund budget and reviewing the earmarked reserves as part of the budget process.
- A further report will be submitted once the final year accounts have been approved.
- It was pointed out Reserves are interlinked with General Fund balances.
- A question was asked as to whether the £100,000 budget for helping people through difficult times was required. It was commented that this was for specific works with partners on pilot schemes and it would be reviewed.

### **RESOLVED: -**

1. the schedule and risk assessment of reserves be noted.
2. A further report be made to Committee once the final accounts have been agreed.

## **10. CORPORATE DEBT - PROGRESS AND AGE DEBT ANALYSIS.**

The Committee considered a report giving an analysis of debt and the age of outstanding debt across Northampton borough Council.

The main points of discussion were as follows: -

- The progress on collecting debt was welcomed. It was noted that the latest daily figures showed the levels were still decreasing.
- There were concerns that there will be an increase in the level of debt as the welfare reform changes work through the system.
- The Council now looks at the overall indebtedness of a person when making repayment agreements. Those debts that have priority will be the ones related to keeping people in their homes or their liberty.
- There will be a review of the Write off policy.
- It was emphasised that these performance figures have been achieved during very difficult financial constraints.
- The Internal Auditors have recently completed an audit, which endorsed the progress that had been made and showed that we should have confidence in the controls and measures in place.

**RESOLVED THAT-** the latest analysis of debt be noted.

## **11. ANTI FRAUD ANNUAL REPORT**

The Committee considered a report detailing a summary of anti fraud activity in 2011/12.

The main points of the discussion were as follows:-

- Performance figures are broadly comparable with those of the previous year.
- In 2011/12 the fraud team have done work with the housing services to examine the problem of sub letting. There has also been work with electoral registration and partners over issues such as Trading Standards.
- Welfare reform will start to have an impact on staff in 2012/13. Funding for the introduction of the proposed Single Fraud Investigation Service has not yet been agreed. It is likely however that staff will come largely from local authorities. There is recognition that the in house benefit fraud team already investigates corporate fraud.
- There will be a reduction in the number of investigators in 2012/13 due to maternity leave and a temporary arrangement has been made with Daventry District Council to cover this.
- Most fraud referrals come through the housing benefit matching and checking process although some are referred by other agencies or members of the public.
- Statistics indicate that approximately 2-3% of the national caseload is fraudulent.
- The welfare reform aims to introduce a simpler system with just one source of benefit, this should reduce fraud opportunities.

**RESOLVED :-**that the report be noted.

## **12. CAR PARK INCOME TRENDS**

The Committee considered a report giving and update on car parking income and usage across the Borough Car Parks.

The main points of discussion were as follows: -

- Audit Committee had requested regular updates on the usage and income of the Council's Car Parks as they identified car parking income as a significant risk. The Committee also wished to monitor risks relating to the decision to increase the rates for the use of standard car parks to the same as premier car parks taken as a part of the Budget setting in February 2012.
- There was concern that the changes in car parking fees had been an exercise that was intended to bring people into town, however they were not the car parks that appeared to be doing the best. It was commented that from the income point of view the car parks had to be considered as an "overall" picture.
- Car park usage was regularly monitored and changes in income. Reserves are also regularly monitored and could be adjusted if required.

- It is very difficult to say why some car parks are more popular than others. It can depend on events bringing people into certain areas, or people parking in different places when events make it more difficult to enter the centre of town. It was hoped that there would be good use of car parks in 2012 with the national events such as the Olympics and Diamond Jubilee encouraging local activities.

**RESOLVED:-**

1. That the Car Parking Income and usage to the end of January 2012 be noted.
2. A further report be brought back once the scheme had been in operation for a year.

**13. ANTI-FRAUD AND CORRUPTION POLICY AND STRATEGY AND WHISTLE BLOWING POLICY**

The Committee considered a report on the Anti Fraud Policy and Strategy and the Whistle Blowing Policy.

The main points of the discussion were as follows: -

- The Policy is refreshed every year and has recently been expanded to include officer interests and gifts and hospitality.
- The Whistle Blowing Policy tries to encourage employees to draw attention to incidences of fraud and malpractice. The Policy was endorsed and disseminated by Management Board, which did lead to some disclosures, which have been investigated. Work is ongoing to revise the inclusion of this information in the Councils induction programme.
- In November 2011 the internal auditors carried out an Anti Fraud health check, which concluded that overall the Council had a number of good anti fraud policies and programmes in place and senior managers recognised the importance of those. There were some areas where work was suggested to strengthen this work and those suggestions are being considered.

**RESOLVED:** -That the Anti- Fraud and Whistle Blowing policies be noted.

**14. PERFORMANCE MONITORING**

The Committee considered the Finance and Performance report as submitted to Cabinet on 7<sup>th</sup> March 2012 plus the additional appendices that support the figures in that report.

The main points of the discussion were as follows: -

- Concern was expressed that the figures for serious and acquisitive crime were increasing, despite a general tendency for crime figures to be in decline. It was queried whether this had any connection with the switching off of the street lights however it was stated that there had been an independent study done which showed that there was no link between level of crime and street lighting.
- As discussed in previous items Housing issues relating to the difficult financial climate were of concern. There were measures being introduced to try and mitigate these for example using HRA properties for temporary accommodation rather than bed and breakfast.
- Under Regeneration and Development Members asked how it was decided which

properties should be retained and which sold. They were advised that there is an Asset Management Board, which looks at properties and their investment returns. There is a reserve to cover under performing properties. Charges are related to local conditions.

- Market income is lower than anticipated. Rents have not been raised for a while. It has proved difficult to attract new traders.

**RESOLVED: -**

1. That the report be noted.
2. That the independent study on crime showing lack of a link to street lighting be circulated to Committee.

**15. INTERNAL AUDIT UPDATE**

The Committee considered a report on internal audit progress for 2011/12 and the draft plan for 2012/13.

The main points of discussion were as follows: -

- The 2011/12 programme is 90% complete so is on target.
- The audits for Housing Rents and Development Governance found no control weaknesses. The Core Financial systems were also very well controlled. Payroll was the only system not rated as low risk and a payroll project is being undertaken which addresses the issues found in the audit.

**RESOLVED:-**The report be noted.

The meeting concluded at 8:00 pm