

## OVERVIEW (AUDIT) PANEL

30 July 2018

**Commenced:** 2.00 pm

**Terminated:** 3.05 pm

**Present:** Councillors Ricci (Chair), Homer (Deputy Chair), Bailey, Bell, Fairfoull, Glover, Pearce, Peet and T Smith

**In Attendance:**

Sandra Stewart	Director of Governance and Pensions
Paddy Dowdall	Assistant Director of Pensions (Local Investments and Property)
Tom Wilkinson	Assistant Director of Finance
Heather Green	Finance Business Partner
Wendy Poole	Head of Risk Management and Audit Services
Simon Brunet	Policy Manager

**Apologies for Absence:** Councillor Warrington

### 1. DECLARATIONS OF INTEREST

There were no declarations of interest.

### 2. MINUTES

The Minutes of the meeting of the Overview (Audit) Panel held on 11 September 2017 were agreed and signed as a correct record.

### 3. REVENUE MONITORING

The Deputy Executive Leader / Director of Finance submitted a report detailing the Council's revenue outturn position for 2017/18, which was £3.342 million under budget. This overall position reflected the prudent planning taken when setting the 2017/18 budget.

It was reported that there had been some savings challenges across Council services including an overspend of £8.655 million due to the demand on service provision in Children's Social Care. The pressures within Children's Services were expected to continue beyond 2018/19, which would be strongly managed. The overspend in service areas was counterbalanced by an underspend in Governance, Finance and IT and corporate costs resulting in the final underspend of the revenue budget outturn position for 2017/18.

It was noted that the Medium Term Financial Plan had been updated and presented at Council in February 2018 alongside the proposed balanced budget for 2018/19. Following a review of the current demand pressures facing Children's Services there would be additional investment in Children's Services over the period 2018/19 to 2020/21 to drive the required improvements.

Details were given of Council Tax and Business Rates and the Care Together programme, including the Integrated Commissioning Fund risk share agreement, in addition to risks and emerging financial pressures such as demographic pressures that were increasing the demand for Adults and Early Intervention Services, the liquidation of Carillion in January 2018 and some material risks in relation to the Vision Tameside capital programme.

Members acknowledged the underspend for 2017/18 and thanked Council staff for their hard work in achieving this. They stressed the need to closely monitor the situation going forward in light of the pressures that had been outlined.

**RESOLVED:**

- (i) That the revenue outturn position be noted;**
- (ii) That the detail for each service area be noted;**
- (iii) That the position on the Integrated Commissioning Fund, including the transaction of the risk share be noted; and**
- (iv) That the emerging risks and financial pressures be noted.**

#### **4. CAPITAL MONITORING**

The Deputy Executive Leader / Director of Finance submitted a report summarising the 2017/18 capital expenditure outturn position at 31 March 2018.

The report showed actual capital investment of £51.385 million at 31 March 2018. This was significantly less than the original budgeted capital investment for 2017/18 and was in part due to project delays following the liquidation of Carillion. Re-profiling requests of £3.449 million into future years to match expected spending profiles had been requested. Once the re-profiling had been taken into account, the capital outturn position was £0.530 million less than the capital budget for this year.

It was reported that a review of the full three year Capital Programme would take place in summer 2018 due to a number of pressures facing the programme, which meant that demand for capital resources was now expected to significantly exceed available resources.

Details of the projected outturn capital investment were shown by service area and Section 4 of the report referred to the most significant scheme variations. Reference was also made to the changes to the capital receipts and prudential indicators.

**RESOLVED:**

- (i) That the re-profiling to reflect up to date investment profiles be noted;**
- (ii) That the changes to the capital programme be noted;**
- (iii) That the updated Prudential Indicator position be noted;**
- (iv) That the capital outturn position be noted;**
- (v) That the resources currently available to fund the Capital Programme be noted;**
- (vi) That the updated capital receipts position be noted; and**
- (vii) The need for a full review of the Capital Programme in early summer 2018 be noted.**

#### **5. TREASURY MANAGEMENT**

The Deputy Executive Leader / Director of Finance submitted a report setting out the Treasury Management activities for the financial year 2017/18. As investment rates were lower than external borrowing rates throughout the year, available cash reserves were used to fund internal borrowing on a temporary basis. This resulted in lower than anticipated borrowing costs with an overall interest saving of £0.404 million. At year-end the total investment balance was £127 million and total long term borrowing was £112 million. Investment income was £1.521 million.

Details were also given of the following:-

- Long term borrowing;
- Interest Rates;
- Activities 2017/18;
  - Borrowing
  - Rescheduling

- Year-end position
- Investments – managing cash flow
- Interest payable and receivable in the year;
- Current Activities;
- Greater Manchester Metropolitan Debt Administration Fund; and
- Prudential Limits.

**RESOLVED:**

- (i) **That the treasury management activities undertaken on behalf of both Tameside MBC and the Greater Manchester Metropolitan Debt Administration Fund (GMMDAF) be noted; and**
- (ii) **The outturn position for the prudential indicators, as appended to the report, be approved.**

**6. AUDIT FINDINGS REPORT (ISA260) - TAMESIDE MBC AND GREATER MANCHESTER PENSION FUND 2017/18**

The Deputy Executive Leader / Director of Finance submitted a report highlighting the key matters arising from Grant Thornton's audit of the 2017/18 financial statements of both Tameside MBC and Greater Manchester Pension Fund, which Grant Thornton was required to report under the Audit Commission's Code of Audit Practice and the International Standard of Auditing. The report also incorporated the annual Value for Money conclusion.

It was explained that, the external audit of the Council's accounts was substantially complete and subject to conclusion of some areas of work. Grant Thornton anticipated issuing an unqualified audit opinion by the deadline of 31 August 2018. There were two amendments to the financial statements, which were not material and did not have a fundamental impact on the financial position of the Council. A number of other presentational amendments had been agreed, which improved the overall quality and presentation of the Statement of Accounts.

With regard to the external audit of the Pension Fund accounts, it was reported that it was substantially complete and subject to clearance of outstanding queries. Grant Thornton anticipated issuing an unqualified audit opinion following the Overview (Audit) Panel meeting. There were no amendments to the financial statements. A number of presentational amendments had been agreed, which improved the overall quality and presentation of the Statement of Accounts.

The report contained copies of the letters of representation for both Tameside MBC and Greater Manchester Pension Fund, which would be signed following the meeting and forwarded to Grant Thornton. The report detailed the value for money conclusion, which was set out in the Audit Findings Report as appended to the report.

Members thanked the Grant Thornton representatives and asked for their thanks to be extended to all staff that had been involved in the external audit.

**RESOLVED:**

- (i) **That the content of the report be noted;**
- (ii) **That the adjustments and presentational changes to the accounts, as detailed in the Audit Findings report as appended to the report be agreed;**
- (iii) **That the value for money conclusion included in the Audit Findings report, as appended to the report, be noted; and**
- (iv) **That confirmation be given that the Council has complied with all matters set out in the Letter of Representation and ensure that a signed copy is forwarded to the External Auditor.**

## **7. AUDITED STATEMENT OF ACCOUNTS 2017/18**

The Deputy Executive Leader / Director of Finance submitted a report, detailing the Audited Statement of Accounts for Tameside MBC and Greater Manchester Pension Fund for the year ending 31 March 2018. The accounts were prepared in accordance with the CIPFA Code of Practice for Local Authority Accounting, which was based on International Financial Reporting Standards. The full financial statements were appended to the report.

The Panel were notified that the draft Statement of Accounts had been certified by the Director of Finance on 30 May 2018 and publication was required by 31 May 2018, one month earlier than the previous year. The audit was required to be completed by 31 July 2018, two months earlier than the previous year.

The Tameside MBC Statement of Accounts 2017/18 had been amended in line with the Audit Findings Report (ISA 260). The amendment impacted the Balance Sheet and Comprehensive Income and Expenditure Statement of the Council, relating to the disposal of assets for Academy Schools. This amendment was not material to the financial statements. Due to the ongoing audit there was a small risk that the accounts could be further amended but any changes were likely to be minor. The Greater Manchester Pension Fund Statement of Accounts 2017/18 had been adjusted, as recommended by the auditors and agreed by management.

The Chair thanked Grant Thornton for their hard work and support over the years and welcomed Karen Murray, Mazars LLP who would be auditing the accounts of Tameside Metropolitan Borough Council for the five years from 2018/19.

### **RESOLVED:**

- (i) That the findings of external audit as detailed in the report be noted; and**
- (ii) That the audited Statement of Accounts for 2017/18, including the core statements, notes to the accounts and supplementary financial statements be approved.**

## **8. ANNUAL GOVERNANCE STATEMENT 2017/18**

The Director of Finance submitted the Annual Governance Statement for 2017/18, which was a requirement of Regulation 6 of the Accounts and Audit Regulations 2015. It required authorities to 'conduct a review at least once in a year of the effectiveness of its system of internal control' and 'following the review, the body must approve an annual governance statement prepared in accordance with proper practices in relation to internal control'.

The Annual Governance Statement, which covered both Tameside MBC and the Greater Manchester Pension Fund, was based on the following:-

- AGS Self-Assessment Checklists and signed Assurance Statements;
- Head of Risk Management and Audit's Annual Report;
- Medium Term Financial Plan / Budget Report;
- Review of System of Internal Audit;
- Annual Audit Letter;
- Role of the Chief Financial Officer;
- Role of the Head of Internal Audit;
- Corporate Plan; and
- Statutory Inspections.

It was reported that the Draft Annual Governance Statement was presented to the Single Leadership Team on 8 May 2018 and Audit Panel on 29 May 2017. The Statement had been submitted to External Audit for review and there had been consultation with Executive Members during June 2018. All comments received had been incorporated into the document and the final

version was appended to the report. The statement would be signed following the meeting and forwarded to Grant Thornton.

**RESOLVED:**

**That the Annual Governance Statement for 2017/18 be approved.**

## **9. EFFECTIVENESS OF LOCAL AUTHORITY OVERVIEW AND SCRUTINY**

The Director of Governance and Pensions submitted a report that provided a summary of a report published by the Communities and Local Government Committee into the Effectiveness of Local Authority Overview and Scrutiny Committees. Findings had been used to undertake a self-assessment of Tameside's Scrutiny function including Organisational Structure and Culture, Member Training and Skills and The Role of the Public.

It was reported that since its creation from the Local Government Act 2000, scrutiny in Tameside had developed a strong reputation both within the Council and across partner organisations. A review of the Council's scrutiny function was last undertaken in 2013/14, when at that time, there was a need to create a more flexible and responsive model for general activity along with in-depth reviews. Tameside had dedicated officer support to scrutiny and the position was now located within Policy, Performance and Communications where there was greater access to performance information and resource to enhance the way scrutiny activity was both planned and delivered.

There was an opportunity for scrutiny to evolve and develop and a number of improvements were proposed as follows:-

- That any future updates and changes to guidance for local authority scrutiny arrangements be fully incorporated within local structure and delivery.
- To introduce quarterly meetings between scrutiny chairs and cabinet members to improve awareness of priorities, to share information and inform scrutiny activity.
- To position scrutiny as an integral part of the Council and CCG performance, engagement and consultation activities.
- That scrutiny becomes a more effective 'critical friend' to the Executive and used to undertake timely research on areas of concern to inform future work and decision making.
- That options be explored for the timely procurement for the training and development of scrutiny members.
- To improve public engagement and raise awareness of scrutiny activity through social media.

The Policy Manager was pleased to report that a meeting had already taken place between the scrutiny chairs and cabinet members and training for all scrutiny members would take place by September 2018.

A wide ranging discussion ensued and Members welcomed the training opportunities especially in light of newly elected members and those who were new to chairing. It was commented that the remits of the two scrutiny panels were vast and there was a need to work in a different way with a greater emphasis on short task and finish groups.

In response to Members concerns it was confirmed that scrutiny chairs met with the relevant Executive Member to discuss the recommendations that arose from scrutiny reviews. The Overview (Audit) Panel acted as a mechanism to allow for dialogue between Executive and Scrutiny and was the most effective and efficient way to ensure that any recommendations remained current.

**RESOLVED:**

- (i) That the report be noted; and**
- (ii) That the future development actions listed above be noted.**

## **10. SCRUTINY ANNUAL WORK PROGRAMME 2018/19**

The Director of Governance and Pensions, submitted a report detailing the work programmes of the Council's Scrutiny Panels to cover the municipal years 2018/19 and 2019/20.

It was reported that the work programmes of the Council's scrutiny panels had been developed to reflect priority issues across the Council, Strategic Commission and external partners. The programme supported the approach to improve the flexibility, responsiveness and reporting methods of the panels and had been designed as a two year working document.

Scrutiny activity would continue to be undertaken outside of the six formal meetings and both panels would monitor and evaluate outcomes from previous reviews undertaken and the implementation of past recommendations. In order to further develop scrutiny activity, plans were in place to ensure panel members were able to contribute and respond to a range of engagement and consultation activity taking place within the Council and across partners.

Tables detailing a list of topics for the Integrated Care and Wellbeing Scrutiny Panel and Place and External Relations Scrutiny Panel to choose from were included in the report in addition to information on monitoring past recommendations and cross panel activity. The list of topics had been agreed at the June 2018 scrutiny meetings and were a combination of service and performance updates, input to formal consultations and areas for in-depth review.

### **RESOLVED:**

**That the Scrutiny Work Programmes and planned activities be noted.**

## **11. SCRUTINY REPORT - APPROACH TO COMMUNITY SAFETY PARTNERSHIP WORKING**

A report was submitted by the Chair of the Place and External Relations Scrutiny Panel, which commented on the Executive response made to the Scrutiny Review 'The Approach to Community Safety Partnership Working', which was concluded in April 2018.

### **RESOLVED:**

**That the recommendations detailed in Section 8 of Appendix 2 to the report be noted.**

## **12. URGENT ITEMS**

There were no urgent items.

**CHAIR**