

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee held on Wednesday 26 July 2023 at 6.00 pm in The Telford Room, Addenbrooke House, Ironmasters Way, Telford, TF3 4NT

Present: Councillors A D McClements (Chair), G H Cook (Vice-Chair), E Davies, S J Reynolds, P Thomas, W L Tomlinson and C R Turley

In Attendance: A Lowe (Director: Policy & Governance), J Clarke (Senior Democracy Officer (Democracy)), K Clarke (CFO and Director: Finance & Human Resources), T Drummond (Principal Auditor), P Harris (Finance Manager - Corporate & Capital Finance), R Montgomery (Audit & Governance Lead Manager), E Rushton (Group Accountant) and L Higgins (Customer Relationships & Welfare Services Service Delivery Manager)

Apologies:

None.

AU13 Declarations of Interest

None.

AU14 Minutes of the Previous Meeting

RESOLVED – that the minutes of the meeting held on 31 May 2023 be confirmed and signed by the Chair.

AU15 Treasury Management - 2022/23 Annual Report and 2023/24 Update

The Finance Manager - Corporate & Capital Finance and the Group Accountant presented the Treasury Management – 2022/23 – Annual Report and 2023/24 Update Report which detailed the activity undertaken during 2022/23 and the position to 31 May 2023.

This report met the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities.

Borrowing could only be undertaken to fund capital investment and not to support the revenue budget which supports the delivery of most Council services. The total value of assets (exc. Infrastructure Assets such as Highways, footpaths, bridges etc and non NuPlace Ltd Long-Term Debtors) held by the Council at 31 March 2023 was £621.7m some £274.5m greater than debt outstanding. (In addition to this, the Council's infrastructure assets were valued at over £200m.)

The borrowing strategy for 2022/23 had been to borrow temporarily when required and take advantage of low interest rates where possible. This was a continuation of the strategy adopted in previous years. Short term borrowing had been undertaken during the year to meet cash flow requirements which had generated a benefit, particularly at the beginning of the year before interest rates began to rise.

The investment strategy for 2022/23 was primarily to ensure security of capital and liquidity balanced with delivering a commensurate rate of return.. The average return on investments for the year was 2.1%, slightly lower than the bench mark, average SONIA rate, of 2.2%. Temporary investments (excluding NuPlace share capital) increased by £2.0m at 31 March 2023 compared to 31st March 2022. This was predominantly due to greater than anticipated Government Grants received and sales ledger receipts.

The Council continued to face financial pressures during 2022/23 due to the cost of living crisis and high inflation. Cash flow had been monitored to ensure sufficient funds were available to meet the financial obligations.

A net benefit of £3.951m had been made against the budget for the year and this sound overall position had resulted from a mix of cash flow benefits, proactive treasury management activity and the active management of borrowing.

New borrowing would be required during the remainder of the 2023/24 financial year in line with the approved capital programme. Due to the forecast that interest rates would continue to rise throughout the remainder of 2023, it was anticipated that the majority of new loans entered into would be relatively short-term.

The Council's Treasury Advisors were providing regular investment and borrowing updates which included counterparty advice.

The Council made an annual contribution towards Shropshire Council costs on pre-disaggregation debt; debts that occurred prior to the creation of Telford & Wrekin Council. The contribution during 2022/23 was £1.148m and interest paid averaged 4.7%.

Members welcomed the positive report in the current volatile financial environment and thanked officers for their work. They were encouraged to see good compliance with indicators and a sensible approach to borrowing.

RESOLVED – that:

- a) the contents of the report be noted;**
- b) the performance against the Prudential Indicators be noted; and**
- c) the Treasury Management – 2022/23 Annual Report and 2023/24 be RECOMMENDED TO FULL COUNCIL.**

AU16 External Audit Update

The External Auditors gave a verbal update on current position in relation to the draft accounts for year-end May 2022/23. There had also been a delay in finalising the 2021/22 final accounts due to a national issue around data available from the pension fund triennial valuation. Final testing was currently taking place and the external auditors expected to be in a position to finalise the 2021/22 audit during the summer and then move on to the 2022/23 accounts which they hoped to finish on schedule..

The External Auditors also presented the Council's Audit Plan up to the year ending 31 March 2023.

Areas requiring special audit consideration, as they have a higher risk of material misstatement in the Statement of Accounts, had been identified as management of override controls (which is present in all entities), valuation of other land and buildings and investment property and the valuation of the net pension liability, due to the size of the numbers involved and assumptions.

Value for money arrangements had not identified any risks or significant weaknesses and there would be an ongoing risk assessment until the Auditor's Annual Report had been issued. A joint report covering 2021/22 and 2022/23 financial years would be released as soon as it had been completed.

Members acknowledged the national difficulties with completion of the accounts.

Members noted the report.

AU17 Customer Feedback Reports for 2022-23

The Service Delivery Manager: Customer Relationships and Welfare Services presented the Customer Feedback Reports for the period 1 April 2022 to 31 March 2023 which set out assurance that the Council's response to complaints was effective and services continued to improve following feedback.

There had been a sustained increase of compliments year on year with 566 compliments received during the reporting period, an increase of 19 and a 95% increase over the previous four years.

Complaints had reduced by 13% to 656 from the previous year.

Children's Services complaints had been at the lowest rate in eight years with response times reducing from 12 days to 11 days.

Response times on Adult Services complaints had reduced from 33 days to 25 days.

Further proactive work continued on the mystery shopper programme, customer satisfaction surveys, back to the floor initiatives and benchmarking exercises.

The Council became a member of the Institute of Customer Services (ICS) in January 2022. Following a benchmarking survey, Telford and Wrekin Council achieved an index score of 75.12 against other local government sectors who achieved an average of 70.28.

Satisfaction rates for the contact centre remained high at 91% with calls being answered within 10 minutes.

Members welcomed the positive outcomes of the report, particularly noting the importance of how complaints and compliments were handled, together with the direction of travel of children and adult services complaints. This was a testament to the hard work of the staff. It was pleasing to Members that telephone calls continued to be a source of communication and positive feedback on the myTelford App had been received from local residents.

The report was noted.

AU18 Councillors who traded with the Council during 2022/23

The Principal Auditor/Audit & Governance Lead Manager presented the report which detailed information in respect of those Councillors who traded with the Council during 2022/23.

As part of the accounts process, Councillors were required to disclose any interest they may have in any company that received payment from the Council and this information was recorded annually in the Final Accounts.

In 2022/2023 two Councillors were owners/directors of companies who had received payments from the Council and details could be found within the report.

This information would be published on the Council's website.

Members noted the report.

AU19 Internal Audit Activity Update

The Principal Auditor presented the Internal Audit activity made against the 2023/24 Internal Audit Plan for the period 1 May 2023 to 30 June 2023 and the unplanned work to date.

The key focus had been the completion of the audits on the audit plan and fulfilling commercial contracts.

Three reports had been issued during the reporting period, two green and one yellow. Members received an update on previous reports and where follow ups had been taken all had improved to green.

The Audit Plan was approved at the May 2023 Audit Committee. Progress made against the 2023 Audit Plan included two completed audits and five audits were in progress. No changes had been made to the plan since the previous meeting.

Unplanned work included quality assurance, counter terrorism and commercial contracts to eight academy trusts and two parish/town councils. The Team continued to look for external opportunities.

Members noted the report.

AU20 Corporate Risk Register Update

The Audit and Governance Lead Manager gave an update on the Corporate Risk Register.

The Council continued to monitor key risks as set out in the report.

A minor amendment to the Risk Register to incorporate the new the Director: Adult Social Care had been made.

The Risk Register would continue to undertake regular reviews and any updates would be brought to Audit Committee.

Members noted the report.

AU21 Exclusion of the Press and Public

RESOLVED – that the press and public be excluded from the meeting for the remaining item of business on the grounds that it may involve the likely disclosure of exempt information as defined in paragraph 1 of Part 3 of Schedule 12A of the Local Government Act 1972.

AU22 Cases Update

The Audit & Governance Lead Manager gave a verbal update on a recent case.

The meeting ended at 6.46 pm

Chairman:

Date: Tuesday 19 September 2023