

# Overview and Scrutiny Board

1<sup>st</sup> December 2021

Meeting commenced: 14:00

Meeting ended: 15:40

## Present in Person

### Councillors:

Bellamy, Brocklehurst, Burch, Gina Reynolds (in the chair), Pevitt, Sharpe, Turner and Joan Walsh

Invited guest: Councillor Hinds (online)

### Clerk:

Liz Wright – Democratic Services

## Members and Officers in Attendance

Councillor Robin Garrido – Chair of Audit and Accounts Committee

Simon Bleckly – Head of Internal Audit

Joanne Hardman – Chief Finance Officer

## 1. Apologies for Absence

Apologies for absence were submitted on behalf of Councillors Dickman and K Garrido.

## 2. Declarations of Interest

There were no declarations of interest.

## 3. Minutes of the Previous Meeting and Matters Arising

- The panel sent their best wishes to Councillor Karen Garrido.
- The minutes from the meeting held on 3<sup>rd</sup> November were not available at this time and would be circulated as soon as they were available.

## 4. Q2 Budget Monitoring Report

The report was introduced by the Lead Member for Finance and Support Services (Councillor Bill Hinds) and he made the following comments.

- The report showed the position up to 30.09.21.
- Areas for particular consideration included the Dedicated Schools Grant (DSG) - the Chief Finance Officer (CFO) would give an overview of the DSG recovery plan – and the capital programme.

The CFO gave an overview of the report and highlighted the following.

- The budget monitoring position
  - The report included an overview of each service area.

- The budget was still in a balanced position but pressures had increased from the first quarter (Q1). There were pressures in Children's Services with an increase in Looked After Children and pressure on adult social care.
- The deficit in the Place Directorate had decreased but there were still constraints on income streams because of the pandemic.
- In the Service Reform Directorate there would be a review of the shared legal service in order to reduce pressure on the budget.
- The capital financing budget was forecast to underspend by £1.5m at year end. This was driven by the ongoing impact on the minimum revenue provision of reduced levels of capital expenditure in 2020/21.
- The Covid 19 return to the Government estimated £33.6M of pressures arising in 2021/22, with £16.7M relating to the Collection Fund, £10.2M to the commercial income losses and sundry bad debt (adjusted for in the budget) with the remaining £6.7M being included in the service positions (as shown in the report) or being managed within their overall financial positions.
- The DSG deficit had been accumulated over 20 years and the local authority was in discussions with the Education Funding and Skills Agency (EFSA) about how to manage the deficit.
- The continued loss of the airport dividend was highlighted.
- Current risk status of savings
  - The key risk to savings was with the Integrated Fund. The position would be manageable for this year and it was being reviewed for future years.
  - There were no plans to take any monies from the reserves.
  - There was an expectation that spend on the capital programme would be similar to last year.
- The reserves position
- Capital monitoring

The Chair invited questions and comments from members and the following were raised.

- A member asked about the position regarding the Integrated Fund and particularly in light of the NHS reforms. It was reported that discussions were ongoing about the fund and a clearer picture should be clearer in the next couple of weeks. The risk share agreements with the CCG (Clinical Commissioning Group) were also being reviewed in light of the NHS reforms.
- A member asked what the capital programme cap was. It was confirmed that it remained at £20M and had not changed for a number of years but was currently under review as part of the budget planning process. It was the position of the Lead member (LM) for Finance and Support Services position that it should be kept as near to £20M as possible.
- A member asked if the NHS reforms and new governance structures would mean funding would improve. It was reported that there would be a smaller Integrated Fund at the locality level as some areas of spend would sit at Greater Manchester (GM) level.
- A member was asked about the Dedicated Schools Grant deficit recovery. It was reported that further proposals had been submitted to the DfE.
- A member commented that the Service Reform position was a particular concern. It was reported that the spend in the budget related to the legal support for the whole council so proposals for savings were being considered and the shared legal services review was near completion.

- A member asked about dividends from the airport shares. It was reported that the airports' track record was very good in terms of dividend but it was expected they would not get to pre-pandemic levels within the timeframe of the medium term finance strategy.

RESOLVED, THAT: the Overview and Scrutiny Board considered the current position regarding the 2021/22 revenue budget, savings and capital programme, and considered actions to address budget pressures.

## 5. Spending Review 2022/23 Update

The CFO outlined the report and highlighted the following.

- This report set out the key headlines from the Autumn budget and spending review 2021 which outlined the government's plans for departmental spend.
- The plans included investment in care and a headline increase in the core spending power of local government, driven mainly by council tax proceeds. The detail of the provisional local government financial settlement in December was awaited to understand the actual impact on Salford.
- The Government had announced further consultation on fair funding.
- Further information was awaited on the Business rate reduction scheme and the new homes bonus.
- The maximum increase allowed to Salford's council tax was 3.99% and this would be considered as part of the budget process.
- The board members requested that the details of the Government funding settlement and it was agreed they would be circulated by email to members as soon as they were received.

RESOLVED, THAT: the Overview and Scrutiny Board noted the report.

## 6. Audit & Accounts Committee Update

The Chair of the Audit and Accounts Committee (Councillor Garrido) introduced the Annual Report of the Chair of Audit and Accounts Committee 2020/21 report and highlighted the following.

- Simon Bleckly was introduced as the new Head of Internal Audit (HOIA) (shared with Warrington MBC).
- The committee and the council were very well served by officers from the finance and audit teams.
- A very important role for the committee was to consider and approve of the Statement of Accounts and the full role of the committee was outlined in the terms of reference (Appendix C). Other areas highlighted included:
  - Consideration and approval of the Corporate Code of Governance and Annual Governance Statement.
  - Consideration of the regular updates from the external auditors and their report on the audit of the accounts
  - The Internal Audit Charter and Annual Plan.
  - The Annual Report of the HOIA.
  - The risk management strategy and six monthly updates on the Strategic Risk Register.
  - The Counter Fraud Strategy and fraud bribery and corruption updates and annual report.
  - The RIPA annual report.
- The finance and audit teams had done excellent work dealing with the Government Covid loan and grants.

- The committee also had a private meeting with the external auditors for a private opinion and they reported they had no concerns about the councils processes and performance in terms of financial management.
- The committee carried out a self-assessment on an annual basis.
- In 2022/23 focus would be on enhancing the oversight of risk management and assessing the council's response to Covid.
- School audits were regularly reviewed and pre-Covid school representatives would attend committee meetings and it was hoped to re-instate this.

The HOIA highlighted the following.

- The committee was important as a gatekeeper of good governance and this was even more important as the pressure on local authority (LA) financial management had become more complex. Recent Public Interest Reports had shown that where problems existed there were usually problems with governance processes and the oversight exercised by the Audit and Accounts Committee.
- Training and development was important for the committee and this year members had had training on the Annual Governance Statement and the Statement of Accounts.
- The Internal Audit Team supported the committee and the team benefited from the working relationship with Warrington MBC, sharing expertise and best practice (for example recent work on Early help). The shared HOIA arrangement had been in place for five years.
- Internal Audit staffing was currently being reviewed to ensure there was the capacity and skills to support the work outlined in the audit plan.
- The committee requests regular reports on areas of work and risk.

The Chair invited questions and comments from members and the following were raised.

- A member asked if the committee oversaw capital projects. It was reported that the committee would receive audit reports on key projects and internal audit would carry out these audits and carried out some work on appraisal processes and some post project assessments.
- A members asked about the external auditors Value for Money report. It was confirmed that the external auditors would have three months to produce the report following the approval of the Statement of Accounts. There had been no concerns raised in the initial discussions.

The Chair concluded by thanking the finance and audit staff for all their work, especially during the recent very challenging times, for the very good financial management and governance as outlined in the report.

RESOLVED, THAT: the Overview and Scrutiny Board noted the report.

## 7. Work Programme 2020/21

It was requested that the Pandemic Update Report was removed from the March meeting agenda as it had already been represented at a previous meeting.

## 8. Any Other Business

The Health and Social Care Scrutiny Panel (HSCSP) had asked for feedback on the panel's deep dives and if they had been presented at Cabinet and if the recommendations had affected policy. The Chair asked the Chair of HSCSP to email the details of the request to her and she would raise this with the City Mayor.