

DURHAM COUNTY COUNCIL

At a Meeting of **Audit Committee** held in **Council Chamber, County Hall, Durham** on **Friday 30 July 2021 at 9.30 am**

Present:

Councillor A Watson (Chair)

Members of the Committee:

Councillors L Fenwick (Vice-Chair), B Avery, M Johnson and R Ormerod

Co-opted Members:

Mr C Robinson and Mr I Rudd

1 Apologies for Absence

Apologies for absence were received from Councillors Jackson, Kellett, McGaun and Smith.

2 Minutes of the meeting held on 30 June 2021

The Minutes of the meeting held on 30 June 2021 were confirmed as a correct record and signed by the Chair.

3 Declarations of interest

There were no declarations of interest.

4 2020/2021 Final Outturn for the General Fund and Collection Fund

The Committee received a report of the Interim Corporate Director of Resources (for copy see file of minutes) which had been agreed by Cabinet on 7 July 2021 and provided information with regards to;

- (a) final revenue and capital outturn for the General Fund for 2020/21;
- (b) final outturn for the Council's Council Tax and Business Rates Collection Fund for 2020/21;
- (c) use of and contributions to earmarked, cash limit and general reserves in year and the closing position regarding balances held at 31 March 2021.

Mr Rudd thanked the Interim Corporate Director of Resources for the comprehensive report he had presented. Mr Rudd referred to Council Tax collection rates detailed at paragraph 139 of the Cabinet report which detailed a Council Tax collection rate of 93.72% as at 31 March 2021 and asked whether this had improved since that date. The Interim Corporate Director of Resources replied that this was the in-year recovery rate which was lower than the previous year and was a product of the Council suspending recovery action to support vulnerable households during the year in response to the pandemic. The in-year forecasts had anticipated that recovery action would have commenced earlier than it actually did, but full recovery action was only recommenced from May 2021 onwards. An improved collection rate was anticipated now that recovery action had recommenced.

Mr Rudd referred to paragraph 28 of the Cabinet report which suggested the government would provide some assistance of a 75% grant towards the support for that and that it then goes on to say that the assessment for the loss would not provide coverage for non-collection below 99% of the recovery. Mr Rudd was not sure how this worked out in practice and how much support the government was willing to give. The Interim Corporate Director of Resources confirmed that when the government had sent the regulations around this it had capped the level of support that could be provided and assumed that overall we would eventually achieve a 99% recovery rate on the council tax that had been levied and was only providing 75% coverage for the reduction in council tax levied (mainly as a result of increase in incidence of council tax reduction claims) not for any unpaid council tax. The Interim Corporate Director of Resources added that he was happy to send a more detailed note on this to Members as it was quite a technical calculation.

Postscript Note:

The calculation to determine the level of Government support that is available is prescribed by MHCLG, as follows:

*QRC 4 2020/21 Net Collectible Debit
 x CTR 1 2020/21 expected collection rate
 + gross up for S13A1(C) discounts
 Less CTR 1 2020/21 Council Tax requirements
 x 2020/21 precept proportionate share
 x 75%*

For DCC, this is:

| | | |
|--|--|------------------------|
| <i>QRC 4 2020/21 Net Collectible</i> | | <i>£290,219,651.14</i> |
|--|--|------------------------|

| | | | |
|--|---|-----------------------|--|
| <i>Debit</i> | | | |
| <i>CTR 1 2020/21 expected collection rate</i> | x | 99% | |
| | = | £287,317,454.63 | |
| <i>Gross up for S13A1(C) discounts</i> | + | £4,306,480.17 | <i>Hardship and care leavers</i> |
| | = | £291,623,934.80 | |
| | | | |
| <i>Less CTR 1 2020/21 Council Tax requirements</i> | - | £293,555,282.00 | |
| | = | -£1,931,347.20 | <i>This is the shortfall between what was budgeted for, and what was levied (for 20/21 only)</i> |
| | | | |
| <i>2020/21 precept proportionate share</i> | x | 84.51% | <i>DCC's share of Council Tax</i> |
| | = | -£1,632,261.91 | <i>DCC's share of the shortfall</i> |
| | | | |
| <i>x 75%</i> | = | -£1,224,196.43 | <i>Grant entitlement</i> |

The QRC 4 (Council Tax & NDR Collection Return Quarter 4) and CTR 1 (Council Tax Requirement Return) are both statutory returns to MHCLG, certified by the S151 officer.

Key areas where the calculation differs from our overall deficit position:

- The calculation is based on the 2020/21 recovery year only and excludes movements in respect of other billing years.
- The calculation excludes any movements on the bad debt provision.

Resolved:

That the report be noted.

5 Strategic Risk Management - Progress Report for 2021/2022: Review 1 January 2021 - 31 May 2021

The Committee received a report of the Interim Corporate Director of Resources which highlighted the strategic risks facing the Council and which gave an insight into the work carried out by the Corporate Risk Management Group between January and May 2021. The report also identified any emerging risks that were in the process of being assessed (for copy see file of Minutes).

The Risk, Insurance and Governance Manager highlighted the changes since the last report. He informed Members that two risks relating to the recruitment and retention of residential workers at the secure children's home and the potential long-term impacts of Covid-19 on educational attainment had been added to the risk register. There was also an emerging risk of the uncertainties and challenges around Government plans to improve health and social care and that there continued to be a significant uncertainty in terms of Covid-19 and the UK exit from the European Union.

Mr Robinson referred to the identified critical risks, which had been fairly static for a number of years and asked whether there were any specific actions which could be taken to try and reduce the impact or the likelihood of these risks. The Risk, Insurance and Governance Manager replied that these risks were assessed on an ongoing basis.

Mr Robinson stated that the Committee had focussed on the six Key Risks for a period of time and asked whether there was an opportunity for it to focus on other risks where there may be something more active which could be monitored. The Interim Corporate Director of Resources replied that a report could be brought to the next meeting which would contain more detail of what underpinned each of the strategic non-Key Risks.

Resolved:

That the report provides assurance that strategic risks were being effectively managed within the risk management framework across the Council and that reports to future meetings contain more detail of what underpinned each of the strategic non-Key Risks

6 Exclusion of the public

That under Section 100 A (4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 1 of Schedule 12A to the said Act.

7 Member Training - Corporate Governance

The Committee received training from the Risk, Insurance and Governance Manager on Corporate Governance and how this linked with the role of the Audit Committee.

8 Member Training - Risk Management

The Committee received training from the Principal Risk and Governance Officer on Risk Management and how this linked with the role of the Audit Committee.