

**CIVIC AFFAIRS**10 July 2024  
5.30 - 6.33 pm

**Present:** Councillors McPherson (Chair), Gawthrop Wood (Vice-Chair), Bennett, Robertson, Sheil and Young

Officers:

Assistant Chief Executive: Andrew Limb  
Chief Financial Officer: Jody Etherington  
Democratic Services Manager: Dan Kalley  
Meeting Producer: Boris Herzog

Others in attendance:

Mark Hodgson: Director, EY

**FOR THE INFORMATION OF THE COUNCIL****24/20/Civ Apologies**

Apologies were received from Rob Bennett the Council's Independent Person.

**24/21/Civ Declarations of Interest**

There were no declarations of interest received.

**24/22/Civ Minutes**

The minutes of the meeting held on 15 May and 23 May were agreed as a true and accurate record.

At this point in the meeting the Chair, with the agreement of the Committee, re-ordered the agenda to take the update to alternative's to Area Committee's first, followed by the External Audit Plans and finally the Interim Value for Money Arrangements. For the purposes of the minutes the items have been kept as per the order of the published agenda.

**24/23/Civ Public Questions**

Question one:

Does the chair believe that the city council and its officers should act in accordance with the obligations imposed by Article 2 of the Human Rights Act?

The Chair of the Committee responded:

The Council and its officers take their duty to act in accordance with the Human Rights Act and any other legislation that has an impact on its residents. Officers and Members of the Council work hard to ensure that the rules around this legislation are taken into account.

**24/24/Civ External Audit Plan 2023/24**

The Committee received a report in relation to the External Audit Plan 2023/24.

The report was introduced by Mark Hodgson, Partner Ernst&Young (EY).

Prior to the General Election there was a backlog to the external audits that needed to be completed. Although there had been a change in government the proposals that were being consulted on had been given cross party support and there was no reason to suggest the proposals would change. This included support for legislation and a backstop date for the 2022/23 audits to be complete, it was unlikely that the original date of end of September would be met, but there was still an assumption that the legislation would be passed in due course.

With regards to the audit plan this was to set out the risks the external auditors saw that would potentially have an impact on the audit opinion. In terms of materiality levels, the external auditors were working to a figure of £3.39 million, this meant anything above this could have an impact on the audit opinion. In addition any auditing difference of over £169,500 would be reported on in the audit results report. The Committee were made aware that the pension fund was for this accounting period an asset rather than a liability, which was generally the case for the Council and similarly for other local authorities. There was also a new risk added around the Housing Revenue Account (HRA) following earlier issues around the rent regulations and the Council had a liability as at 31 March.

In terms of the future timeline it was hoped that the audit report would be ready by the end of November this year, however this would be held ready until the

legislative processes had been completed following the change in government. Finally, this was the first year of five with regards to the new audit fee to which the Council had opted into.

Members of the Committee commented on the report which included:

- i. In terms of the pensions asset this was recorded on the balance sheet. This was then contained within a reserves fund but could be seen as a liability or asset on any given year.
- ii. The audit fees had increased and took into account the extra responsibilities that external auditors now had. There were still issues with resourcing for carrying out audits, both externally and within local authorities, this was an ongoing issue. It was important to note that there were additional issues that created the backlog, for example the pandemic and being able to work closely with Council officers and the issue around infrastructure assets which had only been recently resolved.
- iii. With regards to making progress with the Council audits the team was now fully resourced and in a position to carry out audits as necessary. As a whole EY were successful in recruiting a number of graduates into the profession, with the aim of making the role more attractive to work in.
- iv. The audit fee itself was set nationally.
- v. The only new standard of accounting that was coming in was IFS16 which was an identify for future reference.
- vi. In terms of any comments around why the accounts were being audited late these needed to be fed back to officers to be able to respond adequately.
- vii. The pension asset was an audit risk due to the calculation that was used to create the position of the pensions being an asset, especially in terms of moving from a significant deficit to an asset.

The Committee agreed to resolve (Unanimous) that the contents of the EY Audit Plan 2023/24 are noted

### **24/25/Civ Interim Value for Money Arrangements Report 2022/23**

The Committee received a report in relation to the interim value for money arrangement report 2022/23 External Audit Plan 2023/24.

The report was introduced by Mark Hodgson, Partner Ernst&Young (EY).

Members of the Committee commented on the report which included:

- i. The increase in audit fees was to ensure that local authorities received assurances from their accounting procedures. This was consistent across all local authorities.
- ii. The Council had a statutory obligation to produce and publish its own draft financial statements by a due date. For the year 2022/23 this was to be published by end of May, however the Council only published at the end of June. This was therefore put down as a weakness as it was the Council's responsibility to do so. It was noted that the Council did publish the reasons why it was late and therefore there were no concerns with regards to this.

The Committee resolved (Unanimous) that the contents of the EY Interim Value for Money Arrangements Report 2022/23 are noted.

### **24/26/Civ Update to Alternative Options to Area Committees**

The Committee received a report in relation to an update to alternative options to Area Committees.

The report was introduced by the Assistant Chief Executive. The report was being presented as a follow up to that presented in October 2023. Since then the Council had engaged New Local to speak to representatives from the Council and to see what other local authorities had done to engage with their communities.

The new Communities Director was looking at restructuring the group, which would include how the Council engages with communities. There were no definitive proposals yet in place, but ideas were being explored. It was recommended to extend the pause in Area Committee's for the remainder of the Municipal Year. It was anticipated that a report would be presented to the Environment and Communities Scrutiny Committee in the New Year.

There were areas within the City that were already undertaking work around community engagement, whereas others would need more support from the Council.

Members of the Committee commented on the report which included:

- i. In terms of Shaping Abbey there were lessons that could be learned for future iterations. The broad approach and intent was to bring together officers and residents.
- ii. The next steps in the process would be further thinking from the Director of Communities and how they engaged with community groups. It was possible to trial new ways of working over the coming months.
- iii. The approach to look at how the Council engaged with communities was welcomed. There were still concerns over the continued pause in Area Committee's especially as nothing new in terms of engagement had been put forward.
- iv. New Local were a separate organisation that had done a lot of work with community wealth building. They had worked with a number of local authorities and some of their experience of working with communities was outlined in appendix 1.
- v. Some community groups were better equipped and already had a voice in terms of working across their community. However, there were some communities that did not have as loud a voice and it was important that the Council worked more closely with those groups to ensure they were heard.
- vi. Members were more up to speed on the issues affecting local communities and this was an opportunity to work with communities to shape some of the future ways of engagement.

The Committee resolved (unanimously) to recommend to Council that Area Committees be paused for the remainder of the municipal year, 2024/25, while pilot work on alternatives continue and while more detailed proposals are developed for implementation from the start of the municipal year 2025/26

The meeting ended at 6.33 pm

**CHAIR**