

ROYAL BOROUGH OF GREENWICH

AUDIT & RISK MANAGEMENT PANEL

WEDNESDAY, 24 FEBRUARY 2021 AT 7.00PM

MINUTES

PRESENT:

Members:

Councillor Chris Lloyd (Chair), Dr Susan Blackall (vice-Chair), Councillors Mick Hayes, Jackie Smith and Matt Hartley

Officers

Director of Finance, Assistant Director Corporate Finance and Committee Services Officer

Other Councillors in Attendance

Councillor Chris Kirby, Cabinet Member for Finance and Resources

Other People in Attendance

Paul Dossett, Key Audit Partner (Grant Thornton); Paul Jacklin, Senior Manager (Grant Thornton); Iain Murray, Key Audit Partner (Grant Thornton)

Item

No.

1 Apologies for Absence

Apologies for absence were received from Councillors Ian Hawking and Mehboob Khan

2 Urgent Business

There was no urgent business.

3 Declarations of Interest

Resolved -

That the list of Councillors' memberships as Council appointed representatives on outside bodies, joint committees and school governing bodies be noted.

4 Minutes

Resolved -

That the minutes of the meeting of the Audit and Risk Management Panel held on 24 November 2020 be agreed and signed as a true and accurate record.

5 Auditor Progress Report / Update - February 2021

Paul Dossett, Key Audit Partner (Grant Thornton) informed the Panel that his five year term as Engagement Lead with the Royal Borough of Greenwich was coming to an end. Paul Dossett thanked Councillors and Officers for their support during his term. The Panel was introduced to his replacement, Iain Murray.

The report was presented by Paul Jacklin, Senior Manager (Grant Thornton). He drew Members' attention to the change in scope of the Value for Money work, on page 8 of their report at Appendix A.

In response to a question from the Panel the Senior Manager (Grant Thornton) confirmed that the planning and interim work was on schedule for March.

Resolved -

1. That the report from Grant Thornton on the progress in delivering their responsibilities as the council's external auditors be noted
2. That the consultation on amendments to the Accounts and Audit Regulations 2015 following the Redmond review be noted.

6 Annual Audit Letter

The report was presented by Paul Jacklin, Senior Manager (Grant Thornton).

In response to questions from the Panel, Paul Dossett, the Key Audit Partner (Grant Thornton) replied that the third lockdown did not affect their recommendations given in November but it was recognised that there was a degree of risk going forward. He commented that Greenwich had to see what was said in the budget and spending review. He noted the Council's prudent approach put the Council in a good position. He indicated that the Royal Borough of Greenwich's overall delegation arrangements were not unique and there was nothing that stood out as a concern.

Resolved –

1. That the 2019/20 Annual Audit Letter be noted.
2. That it be noted that the 2019/20 Annual Audit Letter is scheduled to be considered at the meeting of Council on 25th February 2021.

7 Treasury Management and Capital Strategy 2021/22

The report was introduced by the Cabinet Member for Finance and Resources.

In response to questions from the Panel about the Digital Strategy, the Cabinet Member for Finance and Resources noted that work had begun on the Digital Strategy before the pandemic. He indicated that there was still scope for Councillors and staff to shape it, it was not set in stone. The Director of Finance added that an aspect of the Digital Strategy was about building the capacity to make changes. Cultural changes took time to embed. There were a couple of digital initiatives within the medium term financial strategy, which showed that the project was proceeding.

In response to questions from the Panel about rebuilding reserves, the Director of Finance highlighted that the Auditors had indicated that Greenwich had an average level of reserves when compared with other authorities. He was confident that they did have adequate levels of reserves at present. He explained that they had developed a three-tier approach, the first was the medium term financial strategy, the other two looking at structural and corporate changes. One of the key areas was the corporate strategic asset review. Capital reserves were different to revenue reserves and in making decisions they had to take a whole system approach and

consider the entire effect to the Council's finances. The Cabinet Member for Finance and Resources noted there was pressure on reserves, but they had always taken decisions early and had been prudent. There was a lot of ongoing discussions about how they were to use their assets going forward.

In response to questions from the Panel about internal borrowing while interest rates were low, the Director of Finance advised that the ability to borrow internally was governed by their available balances. The Council needed to understand its borrowing requirements not just for the present and next year but what they might potentially be over the next five to ten years. The matter was being reviewed, and he stated that the Audit and Risk Management Panel would see that review, probably in conjunction with the Treasury Management report.

In response to questions from the Panel about flexible use of capital receipts, the Director of Finance replied that it was not possible to quantify the savings at the moment for the years going forward as they had to see what came out of the Corporate Asset Review but there was a very high level of confidence that there would be significant savings. The result of the Continuous Improvement Programme would not necessarily generate savings in itself but Legal Services were a contributor and enabler to services who were making changes to make savings.

Paul Dossett, the Key Audit Partner (Grant Thornton) added that there had been broad in principle discussions with Officers about the flexible use of capital receipts to generate savings and Officers were fully aware of what was required in terms of generating savings. He commented on other authorities who had not approached it in the right manner.

Resolved -

1. That the Treasury Management Strategy for 2021/22 as set out in appendix A of the report be referred to Council.
2. That the inclusion of the capital bid projects, set out in appendix B of the report, within the Capital Programme from 1 April 2021; and where applicable, the associated revenue savings, be noted.
3. That the disposal revocation in respect of one asset as detailed in 5.4 of the report be noted
4. That the proposals developed under the Flexible Use of Capital Receipt policy, and set out in appendix C, for approval by Full Council be noted

5. That the Capital Strategy for 2021/22, set out in appendix D of the report be referred to Council.
6. That the Investment Strategy be noted and referred to Council.
7. That the Prudential Indicators for the period 2019/20-2023/24 in appendix E of the report be referred to Council.
8. That the arrangements for determining the Minimum Revenue Provision for 2021/22 as set out in appendix F of the report be noted and referred to Council

The meeting closed at 7.52 pm

Chair