

GENERAL PURPOSES AND LICENSING COMMITTEE

Minutes of the meeting held at 6.00 pm on 25 November 2020

Present:

Councillor Pauline Tunnicliffe (Chairman)
Councillor Stephen Wells (Vice-Chairman)
Councillors Vanessa Allen, Mary Cooke, Robert Evans,
Kira Gabbert, Josh King, Christopher Marlow,
Russell Mellor, Tony Owen, Neil Reddin FCCA,
Melanie Stevens, Harry Stranger and Michael Turner

111 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Cllr Robert Evans and Cllr Christopher Marlow sent apologies for late arrival.

112 DECLARATIONS OF INTEREST

There were no declarations of interest.

113 QUESTIONS

No questions had been received.

114 CONFIRMATION OF MINUTES OF THE MEETINGS HELD ON 30TH SEPTEMBER AND 5TH NOVEMBER 2020

The Chairman noted that replies had been circulated to the questions asked by several Members about the Annual Complaints Report (minute 98). Cllr Tony Owen commented that it was misleading to draw lessons about complaints volumes going up or down from data from just two years.

RESOLVED that the minutes of the meetings held on 30th September and 5th November 2020 be confirmed.

115 AUDIT OF FINANCIAL STATEMENTS 2019/20 Report FSD20091

The report set out the current position and significant issues arising from the work carried out in relation to the external audit of the Council's 2019/20 main Statement of Accounts and Pension Fund. Due to the coronavirus pandemic the Accounts and Audit Regulations had been revised to allow local authorities more time to produce and audit their accounts. Bromley's draft accounts had been approved on 30th June 2020, well before the new Deadline of 31st August, and the accounts and related documents had been made available for public inspection for thirty working days until 11th August; no objections had been received.

The deadline for completion of the audit by the external auditor and publication of the final accounts had been moved from 31st July to 30th November 2020. Although EY had made good progress in most areas, there were some significant issues outstanding that required considerable additional work. This was a technical matter regarding errors made by the Council in asset accounting and depreciation calculations and involved adjusting calculations from the previous year. The pandemic had also led to delays in providing documents to EY. A number of other authorities across London had also missed the 30th November deadline.

Members queried whether these errors should have been identified in earlier years by the Council's previous auditor, KPMG. It was confirmed that EY had taken over from the 2018/19 audit onwards, and it was extremely unlikely that earlier accounts would be re-opened, even though the closing certificates had not yet been issued. The audit regime changed over time, and the 2019/20 audit involved greater scrutiny of asset accounting with a higher level of materiality. Agreement had not been reached on the level of fees that this would involve.

A revised timetable had been agreed for completion of the audit, leading to a report to the Committee's meeting on 23rd March 2021 - EY would be returning to the Council on 8th February to complete their work. Members suggested that this left a lot of time until then, but officers assured the Committee that this time was needed for the Council to work through the issues, and that there would still be regular contact with EY. The Chairman confirmed that she and the Vice-Chairman were having monthly meetings with the officers and would update Committee members on progress.

Janet Dawson of EY attended the meeting, accompanied by Adrian Balmer. She confirmed that property valuation had been a significant issue in the 2018/19 audit, and these issues had been taken back across three years. In her view, allowing time at this stage for officers to work through all the issues and queries before EY re-engaged formally in February was the most efficient way to deal with the 2019/20 accounts and prepare for the 2020/21 audit.

RESOLVED that the external auditor's Progress Report be noted, including (i) details of overall progress against the audit timetable and a revised completion date for the audit, (ii) significant issues and material amendments identified through the audit process and (iii) the position concerning outstanding objections and the impact on external audit work.

116 THE REDMOND REVIEW OF LOCAL AUTHORITY FINANCIAL REPORTING AND EXTERNAL AUDIT
Report FSD20075

The Committee received a report summarising the outcome of the Redmond Review of Local Authority Financial Reporting and External Audit as published on 8th September 2020. The report contained a number of recommendations

which, subject to further clarification and legislation in some cases, would impact on the Council in a number of areas, and would probably require higher audit fees. Officers suggested that the report offered an accurate diagnosis of some of the problems and challenges, but there was still the opportunity to lobby to improve some of the recommendations.

The Chairman stated that the report was timely in view of the challenges facing local authority accounting and external audit, but what appeared to be missing was means of simplifying the system and making it easier for the public to understand. The Vice-Chairman considered that the proposals were excessive and the one-size-fits-all approach did not take account of the very distinct approaches and needs of different authorities. He feared that this would be expensive but produce little benefit for taxpayers.

Cllr Reddin confirmed that the report had been considered by the Audit Sub-committee which he chaired. There were some good aspects, such as the extension of the filing deadline, but although a light touch approach was proposed it was likely that the new regulator would tend to grow in size and influence. The Sub-Committee had considered the recommendation that an independent member be appointed to local authority Audit committees, but had concluded that training to cover any skills gaps would be more appropriate. He also commented that one of the difficulties that EY had faced in Bromley was that the Council's financial systems needed updating (this was in hand) and this was not taken into account in the current Public Sector Audit Appointments (PSAA) process. His overall conclusion was that there would be few benefits but a much greater regulatory burden. Other Members agreed, commenting that the proposals appeared to be repeating the same mistakes as when the Audit Commission was established in 1983, although it was also considered that the aims of greater transparency and scrutiny were valid.

The Chairman invited Janet Dawson of EY to comment. She agreed that what was missing in the proposals was the importance of making the accounts simpler and more useful for the taxpayer, and clarification of the roles of the different parties was needed. She accepted that local councillors had little say over the scope of the work that external auditors were required to carry out, or the cost of that work. She also emphasised that local authority external audit was a specialised field requiring well-trained expert professionals of the same quality as those operating in the corporate environment.

RESOLVED that the results and recommendations of the Redmond Review of Local Authority Financial Reporting and External Audit be noted.

117 REVIEW OF FINANCIAL REGULATIONS
Report CSD20122

The Audit-Sub Committee on 3rd November 2020 had considered, as part of the Internal Audit Progress Report (section 3.8), proposals to update the Council's corporate Financial Regulations and the Schools' Financial Regulations. The Audit Sub-Committee noted the report and supported the

changes, recommending that they be referred by General Purposes and Licensing Committee to full Council for approval.

RESOLVED that the proposed changes to the Financial Regulations and Schools' Financial Regulations be agreed and recommended to full Council for approval.

118 LOCAL PENSION BOARD - ANNUAL REPORT 2020
Report FSD20079

The Local Pension Board Terms of Reference required that an Annual Report be provided each year – this was presented to this Committee and to full Council.

It was confirmed that approval had just been given to procure a new financial system which would allow for the separation of the Pension Fund bank account from the Council's bank account. This would also allow for other accounting entities should this be necessary. The system was expected to be in place no later than 31st March 2022.

RESOLVED that the report be noted, and referred to full Council.

119 COVID-19 PUBLIC PROTECTION ENFORCEMENT UPDATE

The Committee received a summary of the enforcement action taken by the Public Protection Team in relation to the Covid-19 pandemic and the introduction of the Health Protection (Coronavirus, Business Closure) Regulations 2020 (The Closure Regulations) on 21st March 2020 and subsequent legislation.

The approach was to engage, explain and encourage before taking enforcement action, but the Government was now promising much swifter enforcement tools if people were not prepared to co-operate.

In response to questions, officers confirmed that there had been the expected spike in coronavirus cases two to three weeks after the pre-lockdown parties. The hospitality industry had been operating under tight restrictions for some time, and was not in general a source of infection, although there had been two outbreaks relating to specific premises that needed to be closed down. The greater concern was about people clustering together at markets.

It was confirmed that much routine work had not been carried out to enable the focus on coronavirus work – this included regular visits to licensed premises, monitoring of special treatment licenses, and all pro-active licensing work. Most of the premises had been closed due to the lockdown anyway. Administration was still being carried out, but proactive licensing work and enforcement had stopped. Income from licence fees was down, and there was currently no prospect of additional staffing resources. Some Members commented that there needed to be some consideration of the outcomes of

the work not being done before additional resources were provided, or that temporary, rather than permanent staff should be considered.

RESOLVED that the report be noted, and the Public Protection Team be thanked for their work.

120 APPOINTMENTS TO OUTSIDE BODIES 2020/21
Report CSD20113

The Committee considered appointments to two outside bodies. It was proposed that Cllr Kieran Terry replace Cllr Peter Fortune as a representative on Bromley Y, and that three existing trustees be re-appointed to the Beckenham Parochial Charities for a further four year term.

RESOLVED that

(1) Cllr Kieran Terry be appointed to Bromley Y to replace Cllr Peter Fortune for the remainder of the Council year.

(2) That Mr Alan Duncan, Mrs G Scales and Mrs Kathryn Strachan be re-appointed to the Beckenham Parochial Charities for the four year term of office starting on 25th January 2021.

(Note: Mr Duncan subsequently stated that he did not wish to be re-appointed for a further term.)

121 WORK PROGRAMME AND MATTERS OUTSTANDING
Report CSD20112

The Committee considered its work programme for 2020/21.

RESOLVED that the work programme be noted.

The Meeting ended at 7.09 pm

Chairman