



Lichfield City Council

Donegal House, Bore Street, Lichfield, Staffordshire, WS13 6LU

Tel: (01543) 250011 Fax: (01543) 258441 e-mail: townclerk@lichfield.gov.uk

Town Clerk: Anthony Briggs B.A. (Hons), CiLCA

3 June 2021

To: Members of the Audit Committee

Councillor M Warfield (Chairman) Mrs J Greaves, I Jackson, A Lax, D Robertson, A Smith and C Spruce.

Also to: Ms A James (Accounts Officer), and Mr G Keatley (Internal Auditor).

Dear Councillor

Audit Committee

You are invited to attend a meeting of the Audit Committee to be held via 'Zoom' at **6.30pm on Thursday, 10 June 2021** for the transaction of the business below. Please forward any apologies for absence to the Town Clerk. A link enabling members to join the meeting will be circulated separately.

Yours sincerely

Anthony Briggs
Town Clerk

AGENDA

1 APOLOGIES FOR ABSENCE

2 DECLARATIONS OF INTEREST AND REQUESTS FOR DISPENSATION

3 MINUTES AND MATTERS ARISING

To confirm as a correct record the Minutes of the Audit Committee meeting held on 11 March 2021 (**attached**) and to consider any matters arising from those Minutes. These Minutes were adopted at Council on 16 March 2021, subject to a clarification at Minute 14 to confirm that there would be no financial loss to the council from payment of estimated water meter readings as the accounts would reconcile on submission of an actual reading in due course.

NB: Appendices were previously circulated to all Councillors with the agenda for the Council meeting on 16 March 2021 when the minutes were adopted and are therefore not included herein.

RECOMMENDED: The Minutes of the meeting, subject to the amendment resolved at Council on 16 March 2021 and detailed above, be agreed as a correct record.

4 OUT-TURN REPORT AND STATEMENT OF ACCOUNTS

To consider the Town Clerk's Out-turn Report (**APPENDIX 1**, attached) and draft Annual Return (**ENCLOSURE**) for the year ending 31 March 2021, and the recommendations contained in the report as reproduced overleaf.

SUGGESTED RECOMMENDATION TO COUNCIL:

- 1 The Report and Out-Turn Statement 2020/21 be received.**
- 2 The Council as Trustee of the Johnson Birthplace Charitable Trust make a payment of £14,305 from the Trust Funds to the City Council as the contribution to the expenditure incurred by the City Council in operating the Museum during the 2020/21 financial year.**
- 3 In respect of the External Auditor Annual Return for the year ending 31 March 2021:**
 - a. The council approve the Annual Governance Statement (Section 1 of the Annual Return) and that this be signed by the Mayor and Town Clerk on behalf of the Council.**
 - b. The Council note that for the year ending 31 March 2020, Section 2 of the Annual Return has been restated as a result of the Joint Panel on Accountability and Governance (JPAG) narrowing the classification of staff cost, removing the recording of mileage, and other travelling and subsistence allowance, from AGAR Box 4 to AGAR Box 6. The total sum being £1,537.**
 - c. The Council approve the Accounting Statements (Section 2 of the Annual Return) and this be signed by the Mayor on behalf of the Council**
 - d. The Council note the Annual Internal Audit Report section of the Annual Return**
 - e. The Council note the dates for the exercise of public rights - commencing on 16 June 2021 and ending on 27 July 2021.**

5 DATE AND TIME OF NEXT MEETING

Scheduled for Thursday, 2 December 2021 at 6.30pm.

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Lichfield City Council

Minutes of the Audit Committee held remotely via 'Zoom' on Tuesday, 11 March 2021 at 6.30pm

Present: Councillors M Warfield, Mrs J Greaves, I Jackson, D Robertson and C Spruce.

Apologies: Councillors A Lax and A Smith.

In Attendance: Ms A James (Accounts Officer), Mr A Briggs (Town Clerk and RFO), Mr G Keatley (Internal Auditor).

13 MINUTES

RESOLVED: *That the Minutes of the Audit Committee meeting held on 7 December 2020 be confirmed as a correct record.*

14 INTERNAL AUDIT ANNUAL REPORT 2020-2021

The Internal Auditor presented his Internal Audit Annual Report 2020-2021, (which incorporated the Management Risk Register). Members discussed the detail of the report and the recommendations therein and agreed the management response.

Cllr Spruce asked for confirmation that the Internal Auditor was satisfied with the processes in place to ensure accurate payment since the introduction of BACS payments and their accelerated use during the COVID-19 pandemic; the Internal Auditor confirmed that comprehensive checks are in place. Cllr Spruce further noted that each of the previous year's recommendations had been accepted and implemented and that the overall financial control at the City Council was excellent.

Cllr Robertson asked whether the estimated readings were responsible for the apparent significant increase in water consumption; the Internal Auditor confirmed that to be the case.

Members of the Committee expressed their appreciation to the Internal Auditor for producing a clear and comprehensive report.

RECOMMENDATION TO COUNCIL: *That the Council note the Internal Audit Annual Report 2020-2021, and adopt the recommendations and timescales as contained in that Report.*

15 ANNUAL REVIEW OF EFFECTIVENESS OF SYSTEM OF INTERNAL CONTROL

Members undertook a review of the effectiveness of the System of Internal Control as required by Regulation 5 of the Accounts and Audit Regulations 2015 (Internal Audit). The Town Clerk commended the work of the Internal Auditor and Finance Officer and the assistance and surety they brought to his role as RFO.

RECOMMENDATION TO COUNCIL: *That the Review findings as contained in Appendix A to these Minutes be adopted.*

16 TREASURY MANAGEMENT POLICY AND STRATEGY STATEMENT 2021-2022

Consideration was given to the Treasury Management Policy and Strategy Statement. Cllr Robertson suggested it may be appropriate to consider spreading the risk as all the Council's monies are currently held by Nat West. Cllr Spruce replied that such a measure was worth investigating and that perhaps studies of various bank credit ratings would be an

appropriate first step. The Chairman asked for confirmation on the position of negative interest rates; Cllr Spruce commented that such a situation should not be ruled out but would have significant consequences.

RECOMMENDATION TO COUNCIL: That the Council adopt the Treasury Management Policy and Strategy Statement 2021-2022, as contained in Appendix B to these Minutes.

17 RESERVES POLICY

Consideration was given to the City Council's Reserves Policy. Councillor Spruce suggested a minor rewording to the earmarked reserves table by adding 'and maintenance' to the current statement 'to provide for capital works', thereby potentially diffusing any confusion as to appropriate capital spend.

RECOMMENDATION TO COUNCIL: That the Council adopt the Reserves Policy as contained in Appendix C to these Minutes.

18 AUDIT PLAN

The Committee considered the Audit Plan which set out the proposed work programme for the Internal Auditor for 2021-2022 and beyond. Cllr Robertson suggested the addition of an audit of the evolving relationship with CJ Events in Markets matters – notably the supply of staff. The Town Clerk confirmed that the Internal Auditor has looked at these evolving procedures but supported the proposal to add this as an additional item to the Plan.

RECOMMENDATION TO COUNCIL: That the Council adopt the Audit Plan as contained in Appendix D to these Minutes.

19 DATE AND TIME OF NEXT MEETING

Scheduled for Thursday 10 June 2021 at 6.30pm.

THERE BEING NO FURTHER BUSINESS

THE CHAIRMAN DECLARED THE MEETING CLOSED AT 7.00 PM

**LICHFIELD CITY COUNCIL
FINANCIAL OUT-TURN REPORT 2020/21**

The following notes explain the variations between the original budget and the actual year-end out-turn.

Note	Details
1	Parks and Footpaths Includes reduced energy costs resulting from replacement LED footway lighting, lower than anticipated cost of tree works at St Michael's and a generally lower level of costly tree-related work required when compared to 2019/20
2	Guildhall Includes £52,227 loss of income and savings of £22,660 in supplies and services costs due to COVID-19 and associated restrictions/regulations
3	Community Centres Low maintenance charges due in part to work at Cruck House, Boley Park Community Hall and Curborough Community Centre being charged to capital rather than revenue budgets (see note 12).
4	Markets Includes loss of income of £111,630 and reduction in operating costs of £39,867 due to COVID-19 and associated restrictions/regulations
5	Civic Includes reduction in civic event costs of £30,045 due to COVID-19 related restrictions
6	Grant Aid/Partnerships Unallocated grant aid will be carried forward
7	Arts/Tourism/Twinning Reduced cost of Christmas Lights due to cancelled 'Switch-on' event as a result of COVID-19 regulations.
8	Johnson Birthplace Museum Includes £7,599 loss of income due to COVID-19 and associated restrictions/regulations, local restrictions support grant totalling £11,003 and changes to the allocation of employee support costs to more accurately reflect staff distribution (corresponding staff cost reduction removed from other service heads)
9	Democratic Services Includes £40,920 actual costs of 2019 elections
10	Investment Interest Reflects reduction in interest rates
11	Agency Additional income following SCC decision to maintain 2020/21 allocations at 2019/20 levels and additional funding for further cuts received late in the financial year.
12	Repairs and Renewals Underspend due to invoicing of phase 1 of the Guildhall Main Hall renovation from 2019/20 budgets rather than 2020/21 as originally allocated, and Cruck House renovations carried over to 2021/22. Also includes cost of Johnson Statue railings originally scheduled for completion during 2019/20 but delayed due to COVID-19, and costs associated with repairs at Boley Park Community Hall, Cruck House and Curborough CC being charged to capital rather than revenue budgets (see note 3)

Note	Details	
13	Community Infrastructure Levy (CIL) CIL receipts less commitments – any balance being transferred to the earmarked CIL reserve	
14	Total To/ (from) Balances	
	- Contribution from Repairs and Renewals Capital Earmarked Reserve	£ (127,855)
	- Contribution from Election Earmarked Reserve	£ (7,500)
	- Contribution to CIL Earmarked Reserve	£ 10,518
	- Contribution to Grant Aid Earmarked Reserve	£ 4,240
	- Contribution to General Reserve	£ 53,705
	Total Transfer to Balances	£ 66,892

Employee costs: The overall employee costs totalling £445,336 are recharged across all the budget heads in the table below reflecting reduced overall direct employee costs of £35,955

Central administration: The overall administration costs totalling £128,145 are recharged across all budget heads in the table below, reflecting a reduction in service costs of £45,246

RECOMMENDATION TO COUNCIL:

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- 3 ***In respect of the External Auditor Annual Return for the year ending 31 March 2021:***
 - a. ***The council approve the Annual Governance Statement (Section 1 of the Annual Return) and that this be signed by the Mayor and Town Clerk on behalf of the Council.***
 - b. ***The Council note that for the year ending 31 March 2020, Section 2 of the Annual Return has been restated as a result of the Joint Panel on Accountability and Governance (JPAG) narrowing the classification of staff cost, removing the recording of mileage, and other travelling and subsistence allowance, from AGAR Box 4 to AGAR Box 6. The total sum being £1,537.***
 - c. ***The Council approve the Accounting Statements (Section 2 of the Annual Return) and this be signed by the Mayor on behalf of the Council***
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 - e. ***The Council note the dates for the exercise of public rights - commencing on 16 June 2021 and ending on 27 July 2021.***

ACCOUNTS SUMMARY TABLE

This table summarises the income and expenditure against budget for the service areas for the financial year 2020/21 and provides the year-end out-turn.

The table shows:

Column 1 – 2020/21 Budget as agreed by Council in January 2020

Column 2 – Actual spend during the 2020/21 financial year

Column 3 – The variance between approved budget and actual spend for 2020/21

Column 4 – The budget for 2021/22

Column 5 – Numbered explanatory notes

Budget/actual figures in red represent income.

Percentage figures in red (Variance 2020/21 column) represent variance worse than budget.

<u>Net Expenditure</u>	BUDGET	ACTUAL	VARIANCE	BUDGET	Note
SERVICE AREAS	2020/21	2020/21	2020/21	2021/22	
	£	£	%	£	
Parks and Footpaths	247,126	219,972	11	263,614	1
Guildhall	99,939	117,400	17	141,179	2
Community Centres	16,573	12,379	25	16,273	3
Markets	-9,023	55,003	710	33,757	4
Civic	98,494	59,810	39	96,189	5
Grant Aid/Partnerships	52,376	48,132	8	51,428	6
Arts/Tourism/Twinning	68,936	54,424	21	67,609	7
Johnson Birthplace Museum	108,324	106,040	2	120,148	8
Democratic Services	125,235	128,423	3	101,041	9
Investment Interest	-22,940	-8,267	64	-3,600	10
Loan Charges	0	0	0	0	
Agency	-13,409	-25,871	93	-13,604	11
Repairs and Renewals	192,940	127,855	34	156,777	12
TOTAL SERVICE COST	£964,571	£895,300	7	£1,010,811	
Capital Contribution	0	0	0	0	
Community infrastructure Levy (CIL)	-16,854	-10,518	38	0	13
SUB TOTALS	£947,717	£884,782	7	£1,010,811	
PRECEPT	£817,890	£817,890	0	£816,400	
TOTAL To/(From) balances	(£129,827)	(£66,892)	48	(£194,411)	14

Further detail relating to these headline figures is provided in the Out Turn Analysis overleaf

OUTTURN 2020/21 ANALYSIS

Net Expenditure	BUDGET 2020/21	ACTUAL 2020/21	BUDGET 2021-22
	£	£	£
SERVICE AREAS			
Parks and Footpaths			
Employee costs	31,364	29,027	31,254
Central administration	25,142	18,581	22,440
Contract repair/maintenance	130,880	130,457	133,555
Other repair/maintenance	51,790	38,648	52,830
Energy	9,350	5,204	5,135
Contributions	0	0	0
Miscellaneous income	0	-8	0
Burial fees income	-500	-837	-500
Allotment rents	-900	-1,100	-1,100
Total	247,126	219,972	243,614
Guildhall			
Employee costs	77,254	71,483	76,983
Central administration	24,275	17,940	21,666
Repair/maintenance	17,680	9,859	17,680
Energy	9,860	7,659	10,060
Rates	7,540	6,954	7,530
Supplies and Services	21,330	9,278	21,760
Lettings	-58,000	-5,773	-14,500
Total	99,939	117,400	141,179
Community Centres			
Employee costs	5,922	5,480	5,902
Central administration	2,601	1,922	2,321
Boley Hall	2,210	1,055	2,210
Curborough	2,210	2,127	2,210
Cruck House	1,420	0	1,420
Darwin Hall	2,210	1,795	2,210
Total	16,573	12,379	16,273
Markets			
Employee costs	49,052	45,387	48,879
Central administration	15,605	11,533	13,928
Repair/maintenance	2,310	900	2,310
Energy	1,400	1,509	1,430
Rates and Water	21,490	20,614	21,320
Supplies & Services	54,100	16,410	18,650
Misc. lettings	-15,000	-6,484	-5,000
Friday market income	-48,250	-10,048	-20,000
Saturday market income	-57,450	-12,640	-23,000
Farmers/Producers market income	-2,000	-2,030	-2,760
Tuesday market income	-30,280	-10,148	-22,000
Total	-9,023	55,003	33,757

<u>Net Expenditure</u>	BUDGET 2020/21	ACTUAL 2020/21	BUDGET 2021-22
SERVICE AREAS	£	£	£
Civic			
Employee costs	46,004	42567	45,842
Central administration	19,940	14,737	17,797
Mayor's allowance	3,650	289	3,650
Sheriff's allowance	3,150	10	3,150
Supplies and services	4,280	1,746	4,280
Events	7,210	454	7,210
Mayor's Banquet	1,580	0	1,580
Sheriff's Ride	12,680	7	12,680
Total	98,494	59,810	96,189
Grant Aid/Partnerships			
Employee costs	4,566	4,225	4,550
Central administration	8,670	6,407	7,738
Grants to outside bodies	32,000	30,360	32,000
Grants for open Churchyards	7,140	7,140	7,140
Total	52,376	48,132	51,428
Arts/Tourism/Twinning			
Employee costs	32,945	30,484	32,830
Central administration	11,271	8,329	10,059
Arts/Culture/Tourism	3,030	332	3,030
Christmas Lights	22,060	15,279	22,060
income	-370	0	-370
Total	68,936	54,424	67,609
Johnson Birthplace Museum			
Employee costs	72,813	86,707	93,378
Central administration	13,871	10,252	12,380
Repair/Maintenance	7,870	6,064	8,030
Energy	3,350	2,746	3,420
Rates and Water	670	246	690
Supplies and Services	17,970	5,862	17,970
HLF Match Funding	7,500	11,173	0
Promotion	2,000	661	2,000
Restoration	0	-1,615	0
Stock for sale	3,000	361	3,000
Sales income	-9,710	-2,112	-9,710
Contribution from Birthplace Trust	-11,010	-14,305	-11,010
Total	108,324	106,040	120,148

<i>Net Expenditure</i>	BUDGET 2020/21	ACTUAL 2020/21	BUDGET 2021-22
SERVICE AREAS	£	£	£
<i>Democratic Services</i>			
<i>Employee costs</i>	59,255	54,828	59,047
<i>Central administration</i>	39,880	29,473	35,594
<i>Supplies and Services</i>	1,540	1,743	0
<i>Election costs</i>	20,000	40,919	1,840
<i>Newsletter</i>	4,260	1,460	4,260
<i>Member allowances/travel etc.</i>	300	0	300
Total	125,235	128,423	101,041
<i>Investment Interest</i>			
<i>Interest</i>	-22,940	-8,267	-3,600
Total	-22,940	-8,267	-3,600
<i>Agency</i>			
<i>Employee costs</i>	2,357	2,181	2,348
<i>Central administration</i>	1,734	1,281	1,548
<i>SCC Verge Income</i>	-17,500	-29,333	-17,500
Total	-13,409	-25,871	-13,604
<i>Repairs and Renewals</i>			
<i>Employee costs</i>	12,536	11,600	12,492
<i>Central administration</i>	10,404	7,689	9,285
<i>Guildhall/Donegal House</i>	130,000	65,207	6,000
<i>Samuel Johnson Birthplace</i>	0	0	75,000
<i>Parks and Footpaths</i>	10,000	9,776	4,000
<i>Community Centres</i>	30,000	26,203	50,000
<i>Dr Johnson Statue Railings</i>	0	7,380	0
Total	192,940	127,855	156,777
Total Service Costs	£964,571	£895,300	£1,010,811
<i>Capital Projects/Contribution</i>			
<i>Receipts</i>	0		0
Total	0	0	0
<i>community Infrastructure Levy(CIL)</i>			
<i>Expenditure</i>	0	13473	0
<i>Receipts</i>	-16,854	-23,991	0
Total	-16,854	-10,518	0
<i>Johnson Birthplace Charitable Trust</i>			
<i>Grant/Donations</i>	-7,730	-14208	-7,730
<i>Admissions income</i>	-3,280	-97	-3,280
<i>Funding to LCC</i>	11,010	14305	11,010
Total	0	0	0
TOTAL	£947,717	£884,782	£1,010,811
PRECEPT	£817,890	£817,890	£816,400
TOTAL To/(From) balances	(£129,827)	(£66,892)	(£194,411)

<u>Net Expenditure</u>	BUDGET 2020/21	ACTUAL 2020/21	BUDGET 2021-22
SERVICE AREAS	£	£	£
NOTE-Internal Recharges			
Employee Cost			
Employee costs	481,291	445,336	479,600
Recharge to Services	-481,291	-445,336	-479,600
Total	0	0	0
Central Administration			
Employee costs	87,223	61,367	66,096
Central administration	0	0	0
Mileage Allowance	0	363	1,500
Professional Fees/Audit Fees	14,250	5,819	12,300
Office Rates/Water	10,070	9,568	10,010
Office Energy	4,920	4,123	5,020
Supplies & Services	27,930	20,858	27,930
Telephone/Postage	5,760	3,493	5,760
Subscriptions. Courses/Training	4,590	2,768	4,590
Insurance	24,650	25,334	27,100
Office Rent	-5,990	-5,540	-5,540
Miscellaneous Receipts	-10	-8	-10
Recharge to Services	-173,393	-128,145	-154,756
Total	0	0	0
Balances & Reserves			
Opening Balance	2,635,273	2,627,488	2,470,848
to/-from reserve	-129,827	-66,892	-194,411
Closing Balance	£2,505,446	£2,560,596	£2,276,437
Breakdown of Reserve			
Repairs/Renewals Reserve-Building	1,724,640	1,730,698	1,569,674
Repairs/Renewals Reserve-Street Lighting	0	0	0
Repairs/Renewals Reserve-Open Spaces	0	0	0
Grant Aid Reserve	0	4,240	0
Election Reserve	20,000	47,500	34,080
CIL Reserve	37,008	35,078	43,078
General Revenue Reserves	723,798	743,080	629,605
Closing Balance	£2,505,446	£2,560,596	£2,276,437
Total Expenditure	1,253,241	1,019,037	1,141,861
Total income	-302,524	-134,255	-131,050
Net Expenditure	947,717	884,782	1,010,811
Precept	-817,890	-817,890	-816,400
TOTAL (To)/From balances	£129,827	£66,892	£194,411