

# FINANCE AND AUDIT SCRUTINY COMMITTEE

Minutes of the meeting held on Tuesday, 13 November 2012 at the Town Hall, Royal Leamington Spa at 6.00pm.

**PRESENT:** Councillor Mrs Knight (Chair): Councillors Barrott, MacKay, Mrs Mellor, Pittarello, Pratt, Rhead, Mrs Sawdon, Williams and Wreford-Bush.

**ALSO PRESENT:** Councillor Mobbs (Portfolio Holder).

An apology for absence was received from Councillor Mrs Syson.

## 81. **SUBSTITUTES**

Councillor Wreford-Bush substituted for Councillor Mrs Syson.

## 82. **DECLARATIONS OF INTEREST**

There were no declarations of interest.

## 83. **MINUTES**

The minutes of the meeting held on 9 October 2012 were taken as read and signed by the Chair as a correct record.

Councillor Pittarello reported that, following a discussion at the last meeting, he had met with the Deputy Chief Executive (AJ), the Head of Finance and the Audit & Risk Manager to discuss reviewing in more detail the specific risks within the Significant Business Risk Register. SMT were largely content with the existing format but suggested that the Committee prioritise the specific risks it would like to look at. A presentation on the Register was due to come before the Committee in January 2013, so it was suggested that the Committee begin to look at the highest risk at the same time.

## 84. **ANNUAL AUDIT LETTER**

The Committee received a report from the Head of Finance which presented and commented on the Council's Annual Audit and Inspection letter, which was attached as an appendix to the report. The letter was the Council's external auditor assessment of the Council, drawing on audit, inspection and performance assessment work, prepared by the Council's District auditor.

Mr Neil Preece attended the meeting in order to present the letter and respond to Members' questions. He confirmed that the external auditor had given an unqualified opinion and Value for Money conclusion. There was some work to be completed by the end of November, which was on schedule. Mr Preece also drew attention to work undertaken in relation to an MP's complaint over HS2 publicity, which had cost just under £2000.

## **FINANCE AND AUDIT SCRUTINY COMMITTEE (Continued)**

Responding to a Member's question, Mr Preece felt that the business case for the Council taking on debt in order to make improvements to the existing housing stock made good sense.

The Committee thanked the external auditor for a positive report. Mr Preece reported that external audit arrangements had transferred from the Audit Commission to Grant Thornton on 1 November 2012. From his point of view, the new organisation was very positive and dynamic. He hoped that Grant Thornton would be able to offer more expertise and support to the Council and pointed out that the fees for external audit were already less than they had been in previous years.

**RESOLVED** that the Annual Audit and Inspection letter and covering report be noted.

### **85. EXECUTIVE AGENDA (NON-CONFIDENTIAL ITEMS & REPORTS)**

The Committee considered the following non-confidential items which would be discussed at the meeting of the Executive on Wednesday 14 November 2012.

#### **Item Number 12 – Website CMS Replacement**

The Committee recognised that Local Authorities did not always have a good track record when it came to procuring computer software and therefore asked a number of questions in respect of the approach taken so far to identifying an appropriate Content Management System and sought assurances that the procurement process would continue to be followed. There was some discussion over whether there was a need to tighten up the measurability of value for money, but the Committee accepted the report and supported the recommendations within it.

#### **Item Number 11 – Sustainability Delivery Plan**

The Head of Environmental Services agreed to ascertain whether the plan had been drawn up in accordance with the Committee's expectations and to email a response to the Committee.

The Committee was keen for whoever was appointed to manage the Sustainability Delivery Plan to do so in such a way that it would be incorporated into the local plan. However, Members were dismayed by the suggestion that the proposed temporary post might not be filled before April 2013 and therefore recommended that the Executive take steps to ensure that the post be filled as soon as possible and that, if necessary, a special meeting of the Employment Committee be convened to expedite this. The Committee also recommended that, once the Sustainability Delivery Plan was approved, training be arranged for Councillors in order that they could better understand this complex issue.

#### **Item Number 10 – Visitor Services Review**

The Committee discussed whether the industry would become able to manage visitor services in the long term, sought reassurances that the

## **FINANCE AND AUDIT SCRUTINY COMMITTEE (Continued)**

industry approved of the Council's approach and supported the recommendations in the report.

The Committee was keen to look at trends coming out of the data collected as and when that data became available. The Economic Development and Regeneration Manager agreed to provide Members with the Destination Management Organisation prospectus and other relevant information.

(Prior to consideration of this item, Councillor Mrs Mellor declared a personal interest as a member of Warwick Town Council.)

(Councillor Pratt left the meeting at the conclusion of this item.)

### **86. PUBLIC AND PRESS**

**RESOLVED** that under Section 100A of the Local Government Act 1972, the public and press be excluded from the meeting for the following item, by reason of the likely disclosure of exempt information within paragraph 3 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

### **87. EXECUTIVE AGENDA (CONFIDENTIAL ITEMS & REPORTS)**

The Committee considered the following confidential items which would be discussed at the meeting of the Executive on Wednesday 14 November 2012.

#### **Item Number 15 – New Street Car Park - Sale of Parking Spaces and Access Rights**

The Committee was pleased to support the recommendations in the report.

The Committee recommended that the Executive consider further improvements to Linen Street Car Park and an extension to its opening hours to a more useful, later, time in the evening.

### **88. RISK MANAGEMENT ANNUAL REPORT**

The Committee considered a report from the Audit and Risk Manager which summarised progress in embedding risk management within Warwick District Council. As part of this ongoing objective, the report updated the Risk Management Strategy and detailed progress in implementing last year's action plan.

The Audit and Risk Manager highlighted the ways in which the action plan attempted to establish a link between how risk management contributed to the organisation's success. He pointed out that, despite not being part of the action plan, the instigation of quarterly reviews of service risk registers complemented the action plan and improved risk management arrangements.

## **FINANCE AND AUDIT SCRUTINY COMMITTEE (Continued)**

It was suggested that page 13 of the report, under 'Leadership and management', should read "senior managers *and Portfolio Holders* take the lead to apply risk management thoroughly across the organisation". A Member also suggested that the different types of risk should be separated, as operational and financial risks were not necessarily related.

Members agreed that, as the Committee was responsible for reviewing the management of risk on behalf of the Executive, it would be appropriate to submit a report to the Executive. Accordingly, the Portfolio Holder for Finance and Head of Finance agreed to present the findings of this report in a revised format to the Executive in January 2013.

### **RESOLVED** that

- (1) the report and its contents, in particular that which sets out members' responsibility for risk management, be noted;
- (2) the Council's risk strategy be affirmed; and
- (3) the Committee confirms it is satisfied with the progress being made in embedding risk management in the council, noting the review of year one of the four-year Action Plan.

(Councillor Wreford-Bush joined the meeting during the course of this item.)

## **89. EXECUTIVE AGENDA (NON-CONFIDENTIAL ITEMS & REPORTS)**

The Committee considered the following non-confidential items which would be discussed at the meeting of the Executive on Wednesday 14 November 2012.

### **Item Number 4 – Budget Review to 30th September 2012**

The Committee supported the recommendations, whilst asking a number of questions in relation to specific elements of the report. Some dissatisfaction was expressed over the running down of the Equipment Renewals Reserve. Members noted that the procurement process for St Mary's Lands was currently underway. The Head of Finance agreed to investigate whether or not Warwick Boxing Club had been given the £10,000 allocated to them, to ascertain whether the supplier of the chairs which had recently been withdrawn from use in the Town Hall had been informed that the chairs were not fit for purpose and to investigate what had happened to the large table from room 18.

(Councillor Mobbs left the meeting at the conclusion of this item.)

### **Item Number 5 – Council Tax Support**

The Head of Finance explained that, in light of a one off financial incentive from central government which would significantly benefit the district, the organisation had reappraised its preferred option and was now backing

## **FINANCE AND AUDIT SCRUTINY COMMITTEE (Continued)**

option 4 rather than option 1. The Committee supported the recommendations in the report but suggested that when the Council went out to consultation again, it should explain the reasons for the change of approach so as not to lose credibility.

### **Item Number 6 – City Deal**

The Committee did not accept the recommendations in the report. While Members recognised that the City Deal could prove to benefit Warwick District, there were concerns over the size of this Council's commitment to the project through the loss of a significant proportion of the Deputy Chief Executive (BH)'s time. Members were particularly concerned that the Local Plan was one of the biggest risks that the Council faced but that it could be neglected in the Deputy Chief Executive's absence. Members wished to emphasise to the Executive the significant increase in risk which the absence of the Deputy Chief Executive placed on the Local Plan programme, bearing in mind its critical timetable, and wanted assurance that arrangements had been put in place so that the Local Plan would not be put in jeopardy and that there would be no slippage in the Deputy Chief Executive's other work. The Committee also questioned whether a business case for the Deputy Chief Executive's involvement in City Deal had been made and whether Senior Managers had carried out a risk assessment.

Officers agreed to provide all Councillors with information on the arrangements that had been put in place to enable the Deputy Chief Executive to devote a significant proportion of his time to City Deal.

Clarification was also requested from Executive as to what the approval process would be for the final submission due to be submitted by 15th January 2013.

### **Item Number 9 – 2012/13 Portfolio Holder Statements & Fit for the Future Progress Report**

Whilst the Committee supported the recommendations in the report, it felt that the various projects within the report (Appendix I – Locality Improvement Plans, and Appendix J – Fit for the future Key Projects and Studies) should be clearly prioritised and asked who was responsible for monitoring and prioritising them.

Members were informed that the Action Plan to support Cultural Change (referred to in paragraph 3.3.3) was due to be produced early in 2013, with members stressing the importance that this was adhered to.

Members pointed out a number of contradictions in the report, citing statistics relating to planning applications as an example, and were concerned over the estimated cost of £250,000 for the Kenilworth Meer feasibility study. The Head of Finance agreed to get more details about the latter. The Committee was keen to see that the location of CCTV cameras in St Nicholas's park be carefully considered, following reports of antisocial behaviour.

## **FINANCE AND AUDIT SCRUTINY COMMITTEE (Continued)**

(Councillors Barrott and Mrs Sawdon left the meeting during the course of this item.)

### **90. TREASURY MANAGEMENT ACTIVITY REPORT FOR THE PERIOD 1<sup>st</sup> APRIL 2012 TO 30<sup>TH</sup> SEPTEMBER 2012**

The Head of Finance presented a report to the Committee detailing the Council's Treasury Management Performance for the period 1<sup>st</sup> April to 30<sup>th</sup> September 2012.

The Council's 2012/13 Treasury Management Strategy and Treasury Management Practices (TMP's) required the performance of the Treasury Management function to be reported to Members on a half yearly basis.

The Committee asked the Head of Finance to express to the Principal Accountant and Treasury Management staff the Committee's delight over yet another excellent performance and Members' thanks for all their hard work.

**RESOLVED** that the report be noted.

### **91. COMMENTS FROM THE EXECUTIVE**

A report from Civic and Committee Services summarised the Executive's response to comments which the Finance & Audit Scrutiny Committee gave on reports submitted to the Executive on 10 October 2012.

**RESOLVED** that the contents of the report be noted.

### **92. FORWARD PLAN**

The Committee considered a report from Civic and Committee Services informing them of the current Forward Plan, attached as an appendix to the report.

One of the five main roles of overview and scrutiny in local government was to undertake pre-decision scrutiny of Executive decisions. If the Committee had an interest in a future decision to be made by the Executive it was within the Committee's remit to feed into the process.

The Forward Plan detailed the future work programme for the Executive. If a non-executive member highlighted a decision which was to be taken by the Executive which they would like to be involved in, members could then provide useful background to the Committee when the report was submitted to the Executive and they were passing comment on it.

**RESOLVED** that there were no forthcoming Executive decisions which they wished to have an input into before the Executive make their decision, at present.

### **93. REVIEW OF THE WORK PROGRAMME**

A report from Civic and Committee Services detailed the Committee's work programme for 2012/13.

## **FINANCE AND AUDIT SCRUTINY COMMITTEE (Continued)**

It was agreed that the Committee should consider prioritising the Significant Business Risk Register for review at the next meeting. Members agreed that the first risk they wished to address was the Local Plan. Officers would circulate the Local Plan Risk Register to Members prior to the next meeting and invite the Development Policy Manager to attend that meeting to respond to questions.

**RESOLVED** that the work programme for 2012/13 be noted.

(The meeting ended at 8.30 pm)