

FINANCE AND AUDIT SCRUTINY COMMITTEE

Minutes of the meeting held on Tuesday, 9 July 2013 at the Town Hall, Royal Leamington Spa at 6.00pm.

PRESENT: Councillor Barrott (Chair): Councillors Mrs Bromley, MacKay, Mrs Mellor, Pittarello, Rhead, Mrs Syson, Weed and Williams.

ALSO PRESENT: Councillor Cross (Portfolio Holder for Cultural Services).

An apology for absence was received from Councillor Mrs Sawdon.

23. SUBSTITUTES

There were no substitutes.

24. DECLARATIONS OF INTEREST

There were no declarations of interest.

25. MINUTES

The minutes of the meeting held on 18 June 2013 were taken as read and signed by the Chair as a correct record.

26. ANTI FRAUD AND CORRUPTION PROGRESS REPORT

The Senior Internal Auditor presented a report which detailed progress against the 2012/2013 action plan and which also recommended a change to the established reporting procedure.

The Anti Fraud and Corruption Strategy had first been introduced in 1995. In September 2005 the Executive had agreed that the Strategy should be reviewed annually and an action plan formulated to help deliver its objectives. It was proposed that, from 2014 onwards, instead of an action plan the annual report should contain a summary of actions taken during the year and details of any frauds that had taken place.

Members were assured that a revised report format would in no way affect the Council's policy on fraud and corruption or the work routinely undertaken to deliver the strategy.

Members saw value in the report format before them, as it gave details of work which remained outstanding and raised issues of concern. The Committee therefore concluded that it wished to retain the action plan with future reports.

Officers responded to Members' questions in relation to two items on the action plan which had yet to be completed, and noted that a reference to 'agency' should have been included in the plan.

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The Committee also noted that, in respect of paragraph 6.2.5 in the Strategy (Appendix 2 to the report) two independent members were now to be appointed to the Standards Committee, not one as stated.

The Committee thanked the Senior Internal Auditor for his report.

RESOLVED that

- (1) the report and its contents, in particular the progress being made in implementing the action plan for 2012/2013, be noted; and
- (2) the current reporting procedure be retained for 2014.

27. STATEMENT OF ACCOUNTS 2012/13

The Committee received a report presenting the draft Statement of Accounts 2012/13, which was subject to audit until September.

The Principal Accountant attended the meeting to present the report. He advised Members that the accounts had been closed in respect of the financial year 2012/13 and the outturn duly reported to the Executive in June. The Audited Statement of Accounts would be presented to this Committee on 25 September 2013 and to Council on 26 September for formal approval.

As part of corporate governance, Members had an important role in overseeing the framework of internal control of the Council. Although the Statements were still subject to audit, it was considered helpful to Members to get an early sight of them.

In response to a Members' question, the Principal Accountant agreed to email the Committee further details with regard to an increase in long term debtors on the balance sheet.

The Principal Accountant was thanked for his report.

RESOLVED that the pre-audit Statements be noted.

28. PROGRESS REPORT ON ENTERPRISE PROJECTS

A report from Economic Development updated the Committee on the operational performance of the Enterprise Projects, namely: the Althorpe Enterprise Hub, Court Street Creative Arches and Brunswick Enterprise and Employment Zone. The report also referred to Spencer Yard (Phase 1) which was managed by the Enterprise Team.

Creation of new businesses and new jobs was a key priority for the Council and demand for access to business start-up advice, office and desk facilities and support services in the District remained high.

Since launching the Enterprise Projects in autumn 2009, the Council and businesses had faced extremely severe economic conditions. The recession

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and slow recovery had resulted in a glut of vacant property, particularly office space, and average market rents achievable had declined by at least 25%. Nevertheless, the Althorpe Enterprise Hub had achieved and maintained 100% occupancy from November 2012. Rent levels had not been reduced and the project demonstrated that there was still a need locally for good quality small offices to support new or expanding businesses. Nationally serviced office providers had continued their expansion in the area but did not have the level of additional support to businesses that the Hub offered.

The Economic Development & Regeneration Manager was pleased to report that both the Brunswick Enterprise and Employment Zone and the Althorpe Enterprise Hub were proving to be successful. Both projects had over-achieved against contracted outputs, which, according to the value for money model used by Advantage West Midlands, represented an additional £7.6m in the local economy in value for money terms.

Members noted that the Council remained contractually bound to deliver a number of outputs for the Court Street Creative Arches project. Of the three projects, this had proved the most challenging in terms of finding new tenants. However, 6 arches were occupied and the Council was in negotiations to let a further unit.

Members noted that, while the Enterprise Team also had management responsibility for Jubilee House in Kenilworth, this report was concerned principally with projects that had been supported by Advantage West Midlands. The Economic Development & Regeneration Manager did confirm, however, that office space in Kenilworth was being considered in light of this project clearly highlighting a demand for small office space.

The Economic Development & Regeneration Manager was thanked for his report.

RESOLVED that progress to date be noted.

29. **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 10 July 2013.

Item 4 – Pump Room Gardens Parks for People Project

The Committee supported the recommendations in the report.

Item 6 – Town Hall Repairs and Improvements

The Committee was pleased to note that LED lighting had already been identified to be installed where possible and supported the recommendations in the report, while also making the following recommendation to the Executive:

That CAT5 cabling be installed throughout the Town Hall at the same time as the other proposed improvements in order to save money in the long

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run and to make the building ready to enable the use of much improved audio and visual equipment.

Item 7 – Upgrade of Royal Spa Centre Screening Equipment and Supporting Business Case

The Committee supported the recommendations in the report, but did not fully understand the savings which would be made and therefore asked officers to email more information to Members.

30. REVIEW OF CULTURAL SERVICES RISK REGISTER

The Committee received a report from Finance which set out the process for review by the Committee of the Cultural Services Risk Register.

The Portfolio Holder for Cultural Services presented the register, informing the Committee that he had been responsible for the Service for about twelve months. He talked about the risks which the Service faced and how he reviewed these risks on a weekly basis with the Head of Cultural Services.

The Portfolio Holder and Head of Cultural Services responded to Members' questions concerning accidents, banking procedures, Bowls England, plant failure, the approval of public disclosure of annual assessments, Legionella and non-compliant procurement.

Members noted that they had not received an update on the golf contract for some time and requested a report. It was noted that bowls had been omitted from the register in error and it was suggested that management failure should be included somewhere.

Responding to a question regarding repair of the roof at the Royal Pump Rooms, the Head of Cultural Services reported that a survey had been carried out on all of the service's assets. A significant level of expenditure had been identified for repairs and maintenance, so the assets were being looked at again by an in-house team, prior to a report being produced for Members.

Members were reassured that the Portfolio Holder and Head of Service understood the risks which faced them, but felt that this had not come across too well in the papers before them. They therefore expressed a desire to see the register include more details such as the current status of an issue, comments, or the date by which an issue was intended to be addressed, particularly in relation to high risks. There was also a plea for acronyms to be spelled out in the first instance of their use.

The Portfolio Holder and Head of Cultural Services were thanked for their report.

The Audit and Risk Manager advised the Committee that the next register due to be reviewed was that of Development Services, in October. Following that, the Committee requested that the newly formed service, Health and Community Protection, bring its risk register to the Committee in January 2013 and, following that, Members wished to revisit the whole

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review process and requested that all the risk registers be presented to the Committee for a second time.

RESOLVED that the report be noted and its contents accepted or, where appropriate, acted upon.

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

31. EXECUTIVE AGENDA (NON-CONFIDENTIAL ITEMS & REPORTS)

The Committee considered the following non-confidential item which would be discussed at the meeting of the Executive on Wednesday 10 July 2013.

Item 11B – Significant Business Risk Register

The Committee supported the recommendations in the report.

(Councillor Mrs Mellor left the meeting during the course of this item.)

32. PROCUREMENT PROGRESS UPDATE

A report from Finance updated Members on progress with procurement over the past financial year, 2012/13.

In July 2010 the Executive had agreed that Members would receive an annual update on the progress of procurement and the procurement strategy.

The Code of Procurement Practice had recently been revised, building on the 2010 revision in setting a robust foundation for good procurement across the council.

For the past year Councillors Mrs Knight, Rhead and Mrs Syson had acted as "Procurement Champions". This had involved meeting with officers to discuss progress on the procurement actions plan and to "champion" the procurement work on-going.

The Committee was pleased to note that Susan Simmonds had been appointed to the Procurement Manager's post and would commence work on 1 August.

RESOLVED that the advances in procurement be noted.

33. EXECUTIVE AGENDA (NON-CONFIDENTIAL ITEMS & REPORTS)

The Committee considered the following non-confidential item which would be discussed at the meeting of the Executive on Wednesday 10 July 2013.

Item 9 – Mediation and Customer Support Advice

The Committee supported the recommendations in the report.

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Members were concerned that although the Mediation and Customer Support Advice service was seeking funding from other sources, the current economic climate might affect the decision as to whether their applications would be favourably supported.

Should this situation arise, how would the Executive react to further supporting this organisation given that the report stated this would be a one-off financial contribution?

34. 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 three items, by reason of the likely disclosure of exempt information within paragraphs 1, 3 and 7 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

The full text of Minutes 35 to 37 was recorded in a confidential minute which would be considered for publication following implementation of the relevant decisions. However, a summary is as follows:

35. EXECUTIVE AGENDA (CONFIDENTIAL ITEMS & REPORTS)

The Committee considered the following confidential item which would be discussed at the meeting of the Executive on Wednesday 10 July 2013.

Item 13 – Use of CE (4) of the Council’s Constitution

The Committee supported the recommendations in the report.

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

36. MINUTES

The confidential minutes of the meeting held on 18 June 2013 were taken as read and signed by the Chair as a correct record.

37. CONFIDENTIAL 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 19 June 2013.

RESOLVED that the contents of the report be noted.

38. 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 19 June 2013.

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RESOLVED that the contents of the report be noted.

39. FORWARD PLAN

The Committee considered a report from Civic and Committee Services informing it 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, at present, there were no forthcoming Executive decisions which Members wished to have an input into before the Executive make their decision.

40. WELFARE REFORMS AND DISCRETIONARY HOUSING PAYMENTS

The Committee received a report from Finance which had been prepared at the request of Members to provide information regarding those living in social rented accommodation which was classed as being under occupied and as a result were no longer subject to the spare room subsidy.

Alongside these changes, the Government had increased funding for Discretionary Housing Payments available to assist those on housing benefits. The report informed Members of how this funding has been used in the year to date.

The Benefits & Fraud Manager and Rents & Finance Manager attended the meeting to present the report and respond to Members' questions.

Members noted that, of all the applications received, 187 were from people classed as being under occupied. Of these, 122 were local authority tenants, 68 of whom had been offered payments.

74% of the Council's tenants were paying the under occupation charge.

On the whole, those tenants who had moved into smaller properties had done so through mutual exchanges.

All tenants who had engaged with the Council to date had been offered advice or assistance. However, Officers were working towards engaging all tenants.

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The Benefits & Fraud Manager and Rents & Finance Manager agreed to circulate to Members the appendix to the report, which had been left off the agenda in error, and they were thanked for their report.

41. EXECUTIVE AGENDA (NON-CONFIDENTIAL ITEMS & REPORTS)

The Committee considered the following non-confidential item which would be discussed at the meeting of the Executive on Wednesday 10 July 2013.

Item 5 – Council Tax Reduction Scheme

The Committee supported the recommendations in the report but pointed out that a fair and robust consultation process was essential. Members also expressed a desire to see realistic verification of income for the self-employed.

(Councillor MacKay left the meeting during the course of this item.)

42. REVIEW OF THE WORK PROGRAMME

A report from Civic and Committee Services detailed the Committee's work programme for 2013/14.

RESOLVED that the work programme for 2013/14 be noted.

(The meeting ended at 8.55 pm)