

Finance and Audit Scrutiny Committee

Minutes of the meeting held on Wednesday 2 September 2015 at the Town Hall, Royal Leamington Spa at 6.00pm.

Present: Councillor Barrott (Chair): Councillors Ashford, Butler, Gifford, Harrington, Illingworth, Quinney, Rhead and Thompson

Also Present: Councillors Cross, Mrs Gallagher, Mobbs, Phillips and Whiting.

Apologies for absence were received from Councillor Heath.

35. **Substitutes**

Councillor Ashford substituted for Councillor Day.

36. **Declarations of Interest**

Minute Number 39 – Executive Item 3 – St Mary’s Lands

Councillor Illingworth declared an interest in this item because he was a member of the West Midlands Reserve Forces & Cadets Association.

Minute Number 41 – Executive Item 10 – Resolution of Rent Issues – Cadets HQ Building

Councillor Illingworth declared an interest in this item because he was a member of the West Midlands Reserve Forces & Cadets Association.

37. **Minutes**

The minutes of the meeting of 28 July 2015 were taken as read and signed by the Chairman as a correct record.

38. **Internal Audit Quarter 1 2015/16 Progress Report**

The Committee received a report from Finance which advised on the progress in achieving the Internal Audit Plan 2015/16, summarised the audit work completed in the first quarter and provided assurance that action had been taken by managers in respect of the issues raised by Internal Audit.

Five audits were completed in the first quarter of 2015/16 and copies of all the reports issued during the quarter were available for viewing.

The action plans accompanying all Internal Audit reports issued in the quarter were set out as Appendix 3 to the report and detailed the recommendations arising from the audits together with the management responses, including target implementation dates.

Responses had been received from managers to all recommendations contained in audit reports issued during the quarter in question.

One of the audits completed during the quarter, Building Cleaning Services, was awarded a lower than substantial assurance opinion. The Portfolio Holder for Housing and Property Services, Councillor Phillips and the interim caretaker for the contract, the Housing Support Team Manager, attended the meeting to answer questions from the committee.

Councillors raised concerns that response target dates had been missed and asked the Chief Executive to clarify the process. The Chief Executive did not feel that this was a serious issue across the board and advised that reminders were sent out to ensure timely responses. If a manager consistently missed response dates, they would be addressed and suitable training would be provided. The Chief Executive did agree to provide Members with information relating to the training that managers receive at the Council.

In response to a question regarding email retention, the Deputy Chief Executive (AJ) and Monitoring Officer advised that this policy was currently under review. He explained that an audit report would be submitted shortly updating Members and advising which areas of information governance needed tackling.

The Cleaning Contract generated a lot of discussion and Members' concerns included whether the performance problems were related to staff remuneration and the poor history of the service delivery.

Councillor Gifford felt strongly that this was an appalling contract and should be used as an example of the lowest tender not being the best value for money.

In response to a question relating to the workload in the Audit team, the Audit & Risk Manager assured the committee that he was happy with the level of resources.

The issue of default notices failing to be served was highlighted and the Portfolio Holder agreed that he would expect these to be applied when necessary.

In addition, Councillor Phillips agreed that the report did not make for satisfactory reading and assured Members that he would be discussing this at his monthly performance meetings with the Head of Housing and Property Services. He felt that the contract required monthly monitoring and confirmed that his next meeting with the Head of Housing and Property Services was due in the next two weeks.

Resolved that the report be noted.

39. **Executive Agenda (Non Confidential Items & Reports) – Thursday 3 September 2015**

The Committee considered the following item which would be discussed at the meeting of the Executive on Thursday 3 September 2015:

Agenda Item 3 – St Mary’s Lands

The Committee supported the recommendations in the report. Members were mindful that the report was not only about Racing Club Warwick but recognised that this was a new start and a positive way forward for the club.

40. **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 the relevant paragraphs of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

41. **Executive Agenda (Confidential Items & Reports) – Thursday 3 September 2015**

The Committee considered the following item which would be discussed at the meeting of the Executive on Thursday 3 September 2015.

Agenda Item 10 – Resolution of Rent Issues – Cadet’s HQ Building

The Committee supported the recommendations in the report.

42. **Benefit Fraud Investigation - Performance**

The Committee received a report from Finance which provided information regarding the performance of the Benefit Fraud Service for the financial year 2014/15.

The report reminded Members that the Council had a duty to protect public funds. This involved ensuring that the correct sanction was applied where a benefit claimant was deemed to have committed a fraudulent act in relation to their claim, for either housing benefit or council tax benefit and from the 1st April 2013, council tax reduction.

The report detailed the number of administrative penalties issued, official cautions and prosecutions carried out in 2014/15.

In addition, the table at section 8.4 of the report detailed the total benefit found to have been fraudulently paid for each of the financial years. There was a significant increase in fraudulent overpayments identified during 2014/15 and this was largely due to a number of high value overpayments.

The Benefit Fraud Manager answered questions from the committee and explained the breakdown of successful prosecutions. In response to a request from Councillor Rhead, the Benefit Fraud Manager agreed to supply Members with the amount of monies successfully recovered from overpayments caused by people committing fraud, compared to claimant error.

Resolved that the report be noted.

43. **Annual Governance Statement Action Plan 2015/16 – Review of Progress**

The Committee received a report from Finance which reviewed the progress being made in addressing the 'Significant Governance Issues' facing the Council set out in its Annual Governance Statement (AGS) 2014/15. The appendix accompanying the report set out the progress in addressing the Significant Governance Issues.

The production of an Annual Governance Statement was a statutory requirement for local authorities.

The advice from the CIPFA Financial Advisory Network was that the AGS was a key corporate document and the most senior member and the most senior office should have joint responsibility as signatories for its accuracy and completeness. Therefore, the Leader and Chief Executive of the Council, as signatories, needed to ensure that it accurately reflected the governance framework for which they were responsible.

An Action Plan was attached as an appendix to the report and gave a review of the progress made for Quarter 1.

Members were asked to review this and confirm whether it was satisfied with the progress being made in addressing the Significant Governance Issues relating to the Annual Governance Statement 2014/15.

Resolved that the report be noted.

44. **Executive Agenda (Non Confidential Items & Reports) – Thursday 3 September 2015**

The Committee considered the following items which would be discussed at the meeting of the Executive on Thursday 3 September 2015:

Agenda Item 5 – Housing Stock Condition Survey & Strategic Asset Management

The Committee supported the recommendation.

However, Members were concerned that there was no information contained in the report about the benefits of conducting the stock condition survey. They therefore requested that the Executive ask officers to gather further information on the costs and benefits of the survey, possibly by speaking to other similar sized neighbouring authorities who had been through the process.

45. **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 the relevant paragraphs of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

46. **Executive Agenda (Confidential Items & Reports) – Thursday 3 September 2015**

The Committee considered the following item which would be discussed at the meeting of the Executive on Thursday 3 September 2015.

Urgent Item – Item 13 – Regulatory (Licensing) Team Restructure

The Committee supported the recommendations in the report.

47. **The Monitoring of Section 106 Contributions**

The Committee considered a report from Development Services that advised Members of the progress made in the development of a section 106 monitoring database.

The Development Manager attended and introduced the Infrastructure Delivery Manager from Warwickshire County Council, Ms Neale. Part of Ms Neale's role was to work with Development officers and the District Council to help bring Section 106 agreements together.

The Development Manager outlined the spreadsheet which documented all of the S106 agreements from the past number of years. The Development Manager explained that there was a huge amount of joint working internally within the Council and with external bodies to collate the information and progress the agreements.

Ms Neale explained how officers were working together to develop a coordinated response and some staff had only been in post since April. In addition, they were linking in with Fire and Rescue, the Police and the Ambulance Trust. In response to a question from the Committee, Ms Neale explained that each organisation had a representative on the board and if some groups were not participating, it would be flagged up.

Members sought clarification on the 'red' entries, which were those with outstanding contributions and on the best system to manage the information being requested.

The Head of Development Services reminded the Committee that this was a very resource hungry piece of work and at present the information only went back ten years. The Head of Development Services explained that ideally officers would like to be able to use the Idox system to store and analyse the data but did not have the funds to pursue this at present. She also reminded Members that it had been important to get all the

information in one place as quickly as possible and officers were hoping to refine the system in time.

The Committee thanked Ms Neale for attending.

Resolved that the report be noted.

48. **Review of Neighbourhood Services Contracts Register**

The Committee considered the contract register from Neighbourhood Services and were asked to review and make observations on it as appropriate.

One of the terms of reference for the Finance and Audit Scrutiny Committee included promoting 'value for money and good procurement practice'. As part of this work, the Committee agreed in March 2014 to review each departmental contract register in turn.

A copy of the contract register was attached as an appendix to the report.

Members were concerned that a number of contracts were detailed as unsigned and did not feel that this was good enough. In addition, concerns were raised that some contracts were not being reviewed before expiration.

In response, the Head of Neighbourhood Services advised that a number of the unsigned contracts were in existence but could not give an answer as to why they had not been signed. He also reminded Members that officers liaised with the Procurement team but could not advise as to the difference between a small or medium contractor.

In answer to a query from the Committee, officers confirmed that the contract registers did get monitored at CMT level and one contract was in the process of being drawn up.

Resolved that the Neighbourhood Services contract register be noted.

49. **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 the relevant paragraphs of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

50. **Executive Agenda (Confidential Items & Reports) – Thursday 3 September 2015**

The Committee considered the following item which would be discussed at the meeting of the Executive on Thursday 3 September 2015.

Agenda Item 11 – ICT Services – Establishment Changes

The Committee supported the recommendations in the report.

51. **Executive Agenda (Non Confidential Items & Reports) – Thursday 3 September 2015**

The Committee considered the following items which would be discussed at the meeting of the Executive on Thursday 3 September 2015:

Agenda Item 6 – Sustainable Community Strategy & Fit For the Future Updates and Service Area Plans 2015/16

The Committee supported the recommendations in the report. Members asked a number of questions around the overall subject of where savings would come from and how income was likely to be generated. Although they were mindful it was early days, the Committee did have genuine concerns and would continue to monitor the situation.

52. **Comments from the Executive**

A report from Civic and Committee Services summarised the Executive's responses to comments which the Finance & Audit Scrutiny Committee gave on reports submitted to the Executive on 29 July 2015.

Resolved that the contents of the report be noted.

53. **Review of the Work Programme & Forward Plan**

The Committee considered its work programme for 2015/16 and the latest published version of the Forward Plan.

Resolved that the work programme be noted.

(The meeting ended at 9.08 pm)