

FINANCE AND AUDIT SCRUTINY COMMITTEE

Minutes of the meeting held on Tuesday, 18 June 2013 at the Town Hall, Royal Leamington Spa at 6.00pm.

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

ALSO PRESENT: Councillor Mobbs (Portfolio Holder for Finance).

Apologies for absence were received from Councillors Rhead, Mrs Sawdon and Vincett.

11. SUBSTITUTES

There were no substitutes.

12. DECLARATIONS OF INTEREST

Minute 20 – Executive Agenda (Non-Confidential Items and Reports) – Item 10 – SAFE Project in Brunswick and Willes Wards

Councillors Barrott and Weed declared interests because the item concerned their ward.

Minute 20 – Executive Agenda (Non-Confidential Items and Reports) – Item 16 – Monetary Loan to Warwick Town Council

Councillor Mrs Mellor declared an interest as a member of Warwick Town Council.

13. MINUTES

The minutes of the meeting held on 30 May 2013 were taken as read and signed by the Chair as a correct record.

14. INTERNAL AUDIT QUARTERLY REPORT – QUARTER 4 2012/13

The Committee received a report from Finance which advised on progress in achieving the Internal Audit Plan 2012/13, summarising the audit work completed in the final quarter (January to March 2013) and providing assurance that action had been taken by managers in respect of the issues raised by Internal Audit.

The Audit and Risk Manager was pleased to report that all audits which were included in the Audit Plan for 2012/13 had been completed by the end of the year. Responses were received from all services within the fourth quarter and a 100% response rate had also been achieved on the actions carried out in relation to previous quarters.

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The Audit and Risk Manager highlighted three reports where Internal Audit had awarded a less than substantial assurance. The first of these was Housing and Council Tax Benefits, where there was uncertainty from central government in respect of welfare and reform changes. The second concerned budgetary control problems in Corporate Property Repair and Maintenance, although a comprehensive response had been received from the Service which detailed how the issue was being addressed. The third concerned inadequate controls in relation to Employee Absence Management, controls which were also now being addressed. The Committee noted that a sub-group of the Employment Committee was working with officers on a people strategy and that part of this work involved looking at the management of employee absence.

The Audit and Risk Manager drew attention to pages 47 and 48 of the report, which gave an update on the review of cash collection and banking procedures, as requested by Members at a previous meeting. The only concern had resolved itself due to the funeral director in question having gone out of business.

The Audit and Risk Manager responded to Members' questions and was thanked for his report.

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

15. BUSINESS PLAN PERFORMANCE MANAGEMENT REPORT

The Committee considered a report from Housing and Property Services which presented an update on the Housing Business Plan performance.

The Head of Housing and Property Services, along with the Business Manager for Housing and Property Management, attended the meeting to give a presentation in support of their report.

Having approved the Business Plan in March 2012, Council had agreed up to £100,000 of expenditure from the Housing Revenue Account (HRA) to prepare a business case to maximise the provision of new homes. The Finance and Audit Scrutiny Committee had suggested a need to closely scrutinise this £100,000 of expenditure and for the monitoring arrangements to be explained to Members.

The total cost of advisory services was now £67,000, well within the agreed £100,000 budget. A final report was scheduled to be presented to the Executive in December 2013.

Members noted that, while bad debts had been higher than anticipated in the first two quarters of 2012/13, various steps had been taken to address this issue and as a result there had been a significant improvement over the third and fourth quarters, resulting in a reduction in the risk register rating.

Better performance than expected had been achieved in respect of void rent loss, resulting in a positive variance.

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Compared to the Housing Business Plan projections approved in March 2012, there was a projected positive variance of £2,271,000 for this financial year and £5,337,000 over the 50 year life of the Business Plan. The significant favourable variance against business plan predictions in 2012/13 was largely due to a more favourable than expected interest rate payable on HRA Debt. As a result of being able to outperform the assumptions in the first year of the business plan, the HRA balances would increase and additional resources would be directed to the HRA Capital Investment Reserve.

The projection for the number of Right-To-Buy Sales for 2013/14 had been revised to 20 in view of the number of sales completed in 2012/13 (17 sales had been completed, as opposed to the projected 11) and the number completed to date in 2013/14 (there had been 9 sales to date, with others under negotiation). Officers felt that it was difficult to say with certainty how many properties would be sold under Right-To-Buy; therefore at this stage a prudent approach had been adopted by forecasting a pessimistic outcome. Members were assured that the situation would be kept under review.

The Committee noted that the HRA's opening balance had been £12.5 million. As a result of a £2.3 million favourable variance, the balance currently stood at £14.7 million.

Responding to a question about when there might be efforts to increase housing stock, the Head of Housing and Property Services advised the Committee that a housing strategy report would be presented to Members at some point during the coming year and that housing stock would be one of the issues covered in that report.

Members thanked the officers for their presentation and noted that another report was due to be brought before the Committee in 6 months.

RESOLVED that

- (1) the performance outturn of the Business Plan for 2012/13 be noted; and
- (2) the progress to date of the housing advisory project to accelerate and maximise the provision of new homes as part of the Housing Business Plan and to improve the value for money of the existing service, be noted.

16. 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.

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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.

A suggestion was made that a list could be produced detailing all ongoing projects, with a summary of over or underspend in respect of each one. The Head of Finance agreed to put this suggestion to CMT for consideration.

The Committee requested that a report on welfare reforms, due to be considered by the Overview and Scrutiny Committee in July, be presented to this Committee also. Members noted that a separate welfare reforms report, looking at proposals for lobbying the government, was intended to be presented to Council in September.

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

17. REVIEW OF THE WORK PROGRAMME

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

It was agreed that the Welfare Reforms report be added to the Work Programme for July.

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

18. 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 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 Minute 19 was recorded in a confidential minute which would be considered for publication following implementation of the relevant decisions. However, a summary is as follows:

19. EXECUTIVE AGENDA (CONFIDENTIAL ITEMS & REPORTS)

The Committee considered the following confidential item which would be discussed at the meeting of the Executive on Wednesday 19 June 2013.

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Item 21 (Urgent Item) – Redundancy and Pension Payments – Housing and Property Services’ Staffing Review

The Committee supported the recommendations in the report and made an observation.

20. 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 19 June 2013.

Item 4 – Final Accounts 2012/13

The Committee supported the recommendations in the report, while expressing frustration that the Capital Programme was continually underspent. Members felt there was a need to be realistic about the projects coming forward and the related costs, and therefore recommended to the Executive that a thorough analysis be carried out of capital projects coming forward in order to address the ongoing problems of slippage within the Capital Programme.

(Councillor Mobbs joined the meeting during the course of this item.)

Item 5 – Rural / Urban Capital Improvement Scheme – Amendment to Criteria

The Committee supported the recommendations in the report, while noting that the figure of £169,685.49 quoted in paragraph 5.2 of the report should read £30,000.

Item 6 – Potential recreation of the Mere at Kenilworth Castle

The Committee noted that some residents supported reintroduction of the Mere on its own, but that they appeared not to be supportive of any other developments which might go with that. Members felt that in the current state of austerity, such spending was frivolous and therefore the Committee did not support the recommendations in the report and recommended to the Executive that, in light of the current economic climate and financial pressures on the Council, the project was not pursued at the present time.

Item 8 – Review of Service Area Plans (SAP’s) and FFF Measures for 2012/13 and new SAP’s for 2013/14

The Committee supported the recommendations in the report.

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

Item 9 – St Mary’s Lands Business Strategy

The Committee did not support £10,000 match funding at this stage until local residents had been given an opportunity to comment on proposals. It therefore recommended to the Executive that a decision on the report be deferred in order to allow for a one-off consultation exercise, such as a

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public meeting, in order to allow residents to express their concerns before any decision was taken.

Item 10 – SAFE Project in Brunswick and Willes Wards

The Committee supported the recommendations in the report.

Item 13 – Events Management

The Committee supported the recommendations in the report.

Item 15 – Rural / Urban Capital Improvement Application

The Committee supported the recommendations in the report, while noting that the £169,685.49 figure in paragraph 5.1 and on the last page of appendix 2 of the report should read £30,000.

Item 16 – Monetary Loan to Warwick Town Council

The Committee supported the recommendations in the report.

21. 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 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 Minute 22 was recorded in a confidential minute which would be considered for publication following implementation of the relevant decisions. However, a summary is as follows:

22. EXECUTIVE AGENDA (CONFIDENTIAL ITEMS & REPORTS)

The Committee considered the following confidential items which would be discussed at the meeting of the Executive on Wednesday 19 June 2013.

Item 19 – Development and Regeneration in Lillington

The Committee supported the recommendations in the report.

Item 20 – Flexible Retirement Request

The Committee supported the recommendations in the report.

(The meeting ended at 8.10 pm)