

FINANCE AND AUDIT SCRUTINY COMMITTEE

Minutes of the meeting held on Tuesday, 8 October 2013 at the Town Hall, Royal Leamington Spa at 6.00pm.

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

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

An apology for absence was received from Councillor Rhead.

74. **SUBSTITUTES**

There were no substitutes.

75. **DECLARATIONS OF INTEREST**

Minute 78 - Investigation into Members' Travel Claims

Councillor MacKay declared an interest because he featured in the report and stated that he would not participate in the item.

Minute 82 – Executive Agenda (Non-Confidential Items and Reports) – Item 6 – Funding to support Warwick's 1100th Year Celebrations in 2014

Councillor Williams declared an interest as a District Councillor representing Warwick.

Minute 82 – Executive Agenda (Non-Confidential Items and Reports) – Item 7 – Dog Control Orders

Councillor Williams declared an interest as a member of the Dog Control Orders Task & Finish Group.

76. **SERVICE AREA RISK REGISTERS**

The Chief Executive attended the meeting to discuss Members' responses to a letter he had written to the Committee's Chair. The letter had concerned the Committee's ongoing review of risk registers and its suggestion that all registers should adopt the format used by Housing and Property Services. In his letter, the Chief Executive had expressed his opinion that this was an operational issue and that additional information should be included in risk registers at the individual Head of Service's discretion.

The Chief Executive talked about the differing roles of Members, officers, Heads of Service and Portfolio Holders in managing risk. He spoke about the inadequacies of a written report in demonstrating something as important as embedded risk management, and what was an appropriate level of information to provide to Members. He advised the Committee that Corporate Management Team (CMT) regularly discussed risk, with the input

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of the Head of Finance, but suggested that Members needed to establish if they could be sure that such conversations were taking place intuitively. The Chief Executive felt that a Member's role was to debate and set policy, and then to hold officers to account for delivery of that policy.

Members responded that they felt some registers had been too generic and could not be used to effectively scrutinise. On the other hand, the Housing and Property Services register had been particularly good, hence the reason the Committee had suggested it should be used as a template.

Officers recognised that this risk register undoubtedly had positive points, while at the same time including a lot of historical data. Some duplication of effort had occurred in producing the register. The Chief Executive reiterated that CMT was keen to ensure the information presented to Members was as useful as possible, without making the task of producing that information too onerous for officers. The Audit and Risk Manager suggested that, under the column detailing controls and mitigations that were in place, future actions could be included to see how controls and mitigations could be improved. He believed this would give Members confidence and could be used to hold services to account when registers were reviewed again in the future.

The Committee recognised that the Council had, in recent years, made significant progress in managing risk, due to the efforts of both officers and Members. Everybody needed to continue to recognise the importance of the ownership and management of risk. In so doing the Committee suggested that registers needed to be as explicit as possible, should focus on both operational and strategic approaches in line with the Council's Fit for the Future programme, and that risk management should be effective and efficient.

The Chief Executive thanked Members for their comments and said that, in line with those comments, officers would continue to experiment with the format of registers.

The Chief Executive was thanked for attending the meeting.

77. 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 9 October 2013.

Item 9 – General Reports (A) - Significant Business Risk Register

The Committee supported the recommendations in the report.

78. INVESTIGATION INTO MEMBERS' TRAVEL CLAIMS

The Committee received a report from Finance which advised on the results of investigations into travel claims submitted by Members.

Following a review of claims submitted by one Councillor, where erroneous claims had been identified, the Audit & Risk Manager had been asked to

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undertake a sample check of all Members' travel claims and to verify the control framework that enabled errors to go undetected. Internal Audit had also verified the initial review of claims carried out by the Democratic Services team in order to provide greater assurance on the results. The findings were set out in the report, as was a summary of discussions that had taken place to date with Councillors and the actions that would be taken in each case.

The Chief Executive stated that, while discrepancies had been identified, they were honest mistakes and not fraud. There was no underlying issue and part of the problem had been the processes in place for the submission and checking of claims, processes which were being refined in consultation with Internal Audit.

The sums of money concerned were relatively small. In one instance the claims had caused some concern, but officers had concluded that police involvement would be disproportionate. Monies had been repaid and the only issue outstanding was for a discussion to take place with the Councillor in question.

In response to Members' comments, the Democratic Services Manager pointed out that he had taken legal advice on whether or not names should be included in the report and had been advised that they should, as Councillors were publicly accountable to the electorate, in much the same way as MPs affected by the expenses scandal were.

The Committee expressed its disappointment that this report had come forward. Nevertheless, Members noted that a Code of Conduct complaint had been received, which officers were trying to deal with at the lowest level and that the Councillor had yet to respond to the Chief Executive's request for a discussion, despite that request having been made 2 months ago. The Committee therefore asked the Chief Executive to write to the Councillor again and to allow two weeks for a response before taking any further action.

RESOLVED that the report be noted.

(Councillors Mobbs and Pratt left the meeting at the conclusion of this item)

79. MINUTES

The minutes of the meetings held on 10 and 25 September 2013 were taken as read and signed by the Chair as a correct record.

80. NATIONAL FRAUD INITIATIVE

The Committee received a report from Finance which presented: the outcomes to date from the Council's investigations into the data matches from the 2012/13 National Fraud Initiative (NFI) programme; and an update on ongoing activities to raise the profile of NFI in accordance with the Council Members' briefing presented to the Committee in July 2012.

Outcomes to date from the 2012/13 NFI programme showed 6 cases of benefit fraud, 17 benefit error cases and 1 duplicate creditor payment. The

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benefit fraud cases had resulted in 1 successful prosecution, 3 administrative penalties and 2 cautions. The second phase of the programme would be the matching of council tax accounts to the electoral register, scheduled to take place in March 2014.

RESOLVED that the outcomes to date from the 2012/13 round of the NFI, and ongoing activities to raise the profile of NFI, be noted.

81. RISK MANAGEMENT ANNUAL REPORT 2012/13

The Committee received a report from Finance which, as part of the ongoing objective to embed risk management within the organisation, updated the Risk Management Strategy and gave details of progress in implementing risk management throughout the organisation, including the implementation of items in last year's risk management action plan.

The action plan detailed the tasks necessary to advance risk management and was a four-year programme initiated in 2011/12. Members were required to review the Strategy annually, including progress made in the action plan.

The acknowledged key to effective risk management was having risk management arrangements which were embedded in the culture of the organisation and which were not separate 'bolt on' activities. While this was not an easy objective to achieve, it was crucial that good progress continued to be made in implementing risk management within the Authority. The report provided evidence of that being achieved.

Some discussion took place around "risk appetite" and, in particular, how the Council defined that. The Audit and Risk Manager felt that it was a difficult thing to define because local authority functions were diverse and complex, but that it should be about the Council's intent and should be driven from the top of an organisation. He had carried out some work in this area, despite having contacted a number of other local authorities, none of which had attempted to map their risk appetites.

The Audit and Risk Manager agreed with a Member's suggestion that the Chief Executive should be included under the "roles and responsibilities" section in the report.

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 Management Strategy be affirmed; and
- (3) Members confirm that they are satisfied with the progress being made in embedding risk management in the Council, noting the review of year two of the four-year action plan.

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82. 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 9 October 2013.

Item 4 – Fees and Charges 2014/15

The Committee supported the recommendations in the report.

Item 6 – Funding to support Warwick's 1100th Year Celebrations in 2014

The Committee supported the recommendations in principle, but felt that more details were required against the action plan set out at appendix 1 to the report and therefore recommended to the Executive that a more detailed action plan be drawn up and that contingency plans be made in case the weather turned out to be particularly inclement.

The Committee noted changes in the sources of funding detailed in an addendum to the report and emphasised that efforts should be made to ensure that funding was not diverted to other projects but was used precisely what it was intended for.

Item 7 – Dog Control Orders

The Committee supported the recommendations in the report, but felt that some care was needed to be taken to ensure that, in considering the recommendations, there was no commitment that would put extra pressure on the Council's overall Budget and Medium Term Financial Strategy.

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

83. 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 84 is recorded in a confidential minute which was to be considered for publication following implementation of the relevant decisions. However, a summary is as follows:

84. EXECUTIVE AGENDA (CONFIDENTIAL ITEMS & REPORTS)

The Committee considered the following confidential item which would be discussed at the meeting of the Executive on Wednesday 9 October 2013.

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Item 8 – Building Control Shared Service

The Committee passed comment on the report and the recommendations contained therein.

85. 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 11 September 2013.

RESOLVED that the contents of the report be noted.

86. FORWARD PLAN

The Committee considered the latest published version of the Forward Plan.

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.

87. REVIEW OF THE WORK PROGRAMME

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

Members were assured that the Development Services Risk Register would be considered at the next meeting. It had been necessary to delay it until November because the Portfolio Holder was currently on holiday.

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

(The meeting ended at 7.55 pm)