

Finance and Audit Scrutiny Committee

Minutes of the meeting held on Tuesday 30 October 2018 at the Town Hall, Royal Leamington Spa at 6.00pm.

Present: Councillor Quinney (Chair); Councillors Cain, Day, Gifford, Mrs Hill, Howe, Illingworth, Margrave, Murphy, Noone and Weed.

Also present: Councillors Butler, Coker, Mobbs, Rhead and Whiting.

71. Apologies and Substitutes

- (a) there were no apologies for absence; and
- (b) Councillor Mrs Hill substituted for Councillor Wright and Councillor Weed substituted for Councillor Knight.

72. Declarations of Interest

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Councillor Day declared a personal interest because he had previously given the school some procedural advice.

Councillor Whiting declared a prejudicial interest because his wife was a governor at the school and left the room whilst the item was discussed.

73. Minutes

The minutes of the meeting held on 25 September 2018 were taken as read and signed as a correct record.

74. Public & Press

Resolved that under Section 100A of the Local Government Act 1972 that 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.

75. Executive Agenda (Confidential Items & Reports – Wednesday 31 October 2018)

The Committee considered the following item which would be discussed at the meeting of the Executive on Wednesday 31 October 2018.

Item 17 – Review of Final Accounts

The Finance & Audit Scrutiny Committee thanked officers for a very thorough and concise report and full discussion of this. Members also looked forward to receiving future updates on progress and supported the recommendations in the report and the proposed action plan.

Councillor Gifford expressed concerns that the Council had failed to balance the accounts and meet the statutory deadline.

(The meeting resumed in public session)

76. Executive Agenda (Non Confidential Items & Reports – Wednesday 31 October 2018)

The Committee considered the following item which would be discussed at the meeting of the Executive on Wednesday 31 October 2018.

Item 13 – Significant Business Risk Register

The Finance & Audit Scrutiny Committee noted the report.

77. National Fraud Initiative

The Committee received a report from Finance which presented the final results of the Council's investigations into the data matches from the 2016-17 National Fraud Initiative (NFI) programme.

The National Fraud Initiative (NFI) was a national inter-organisational data matching service managed by the Cabinet Office.

The NFI considered itself to be a major contributor to public sector counter-fraud activity and continually sought to expand its influence in both the public and private sectors. From Warwick District Council's perspective, the contribution of NFI to counter fraud activity had always been marginal overall, but offered significant value as a source of independent assurance on the effectiveness the Council's preventative controls and as a deterrent against fraud.

The final results from the 2016-17 NFI programme were outlined in Section 9 of the report.

In order to meet its obligations under the NFI, Warwick District Council was required to:

- extract and supply data to the managing body (currently the Cabinet Office);
- review and, where appropriate, investigate output referred back from the data matching processes and report the outcomes to the managing body.

In addition, to comply with law and best practice in handling and sharing personal information, the process was governed by a Code of Data Matching Practice adopted (and currently under review by) the Cabinet

Office. The Responsible Financial Officer had overall management responsibility for the NFI at each local authority and NFI operations at Warwick District Council were overseen by a member of Internal Audit as designated 'Key Contact'.

Results of NFI data matches were processed through a secure web-based application system. Only a small number of Council and contracted-in staff had access to this system and they were required to observe special data handling instructions in addition to the Council's policies on information security.

An addendum was circulated prior to the meeting which advised Members of a number of errors discovered in table 9.1 of the report. The correct data was set out in a revised table in the addendum.

The overall national outcomes from the 2016-17 round of the NFI had been recently published in the Cabinet Office's report. Table 9.1 of the report summarised the local outcomes for Warwick District with the corresponding outcomes from the 2014-15 round for comparison. This table showed that there had been two cases of duplicate payment in 2016/17.

Councillors received clarification on one of these instances because it had appeared that the Council had paid an individual twice, by mistake. This had since been resolved and officers highlighted that if it had not been for the National Fraud Initiative, this would not have been discovered.

The Committee thanked the officers for the report and for attending and

Resolved that the final outcomes from the 2016-17 round of the NFI, along with relevant explanations, are noted.

78. Executive Agenda (Non Confidential Items & Reports – Wednesday 31 October 2018)

The Committee considered the following items which would be discussed at the meeting of the Executive on Wednesday 31 October 2018.

Item 12 – Funding for Norton Lindsey Village Hall Re-Build

The Finance & Audit Scrutiny Committee supported the recommendations in the report.

Item 4 – Code of Procurement Practice

The Finance & Audit Scrutiny Committee supported the recommendations in the report with a number of modifications as agreed with officers.

79. Procurement Progress Update – half year to 30 September 2018

The Committee received a report from Finance which updated Members on the progress with procurement during the six months to 30 September 2018. This was a snapshot of how procurement was organised within the Council and the resources being utilised to deliver effective procurement.

It was agreed at the July 2010 Executive as part of the Procurement Strategy that Members would receive updates on the progress of procurement and the procurement strategy. This was one of the actions within the Procurement Action Plan.

The report advised that the Council's combined expenditure was approximately £38 million a year on the acquisition of goods and commissioning of works and services through procurement activity and the provision of grants to third party organisations.

The Procurement Team had been extremely busy over the past six months supporting the delivery of a large number of procurement exercises for goods, services and works, including the Covent Garden re-development.

Significant progress had been made in improving the Council's procurement practice since the development of the current Procurement Strategy. Many elements had been implemented and were now fully integrated as part of the Council's standard procurement processes.

The appendices to the report detailed progress on procurement during the year.

In January 2018 the Executive agreed that the Council would enter a partnership with Warwickshire County Council for strategic procurement support. This was partly due to the problems that the Council had encountered in recruiting and retaining senior procurement officers.

Since April 2018 Warwickshire County Council's Procurement Team had provided the following support and assistance to the Council:-

- lead on certain key procurement projects, for example Covent Garden redevelopment;
- reviewed and prepared updated Code of Procurement Practice (agenda item 4 on Executive agenda of 31 October 2018);
- attendance at Procurement Board and Procurement Champions meetings;
- advised the Council's Procurement Business Partners on high profile projects;
- supported the Procurement Business Partners' attendance at WCC Procurement Team meetings; and
- contract Management Framework drafted, to be launched to Council officers in the Autumn. Training is being arranged with the Council's Learning and Development Officer.

Feedback from officers within the Council, including the Procurement Board, was that the new arrangements were working well. For the key projects for which WCC Procurement was taking the Procurement lead, officers were pleased with the support, challenge and advice being given. The WDC Procurement Team valued having the experience and advice available to them, especially given their more limited experience and their attendance at the WCC Team meetings had been particularly welcomed.

The Head of Procurement at WCC advised that he was pleased with how the partnership had worked and the level of additional work had been within their expectations. The additional variety of work had also been welcomed.

The main problems encountered, which were not significant, related to differences in practices and procedures between WCC and WDC. These were being addressed by the teams. However, the aim was that the new Code of Procurement Practice and supporting documentation would enable more streamlined workings into the future.

The Senior Procurement Business Partner outlined the report and referred Members to the responses to questions from Councillors which had been circulated prior to the meeting.

Members received clarification on a number of specific entries in the report including the Coventry Cyrenians and Poolcare contracts.

The Chairman suggested that it may be useful for Members to see a value chart included in the report in future.

The Committee therefore

Resolved that

- (1) the progress across the procurement function over the past six months is noted, along with the following documents;
 - Appendix One: Record of Progress against Procurement Action Plan 2018/19
 - Appendix Two: Procurement Activity from April 2018-September 2018
 - Appendix Three: Key Performance Indicators - April 2018 – September 2018
 - Appendix Four: Warwick District Council's Progress towards National Procurement Strategy
 - Appendix Five: Contract Exemptions Permitted: April 2018 – September 2018
- (2) the progress to date on the Strategic Procurement Partnership with Warwickshire County Council, is noted.

80. **Executive Agenda (Non Confidential Items & Reports – Wednesday 31 October 2018)**

The Committee considered the following items which would be discussed at the meeting of the Executive on Wednesday 31 October 2018.

Item 12 – Royal Pump Rooms – Catering & Events Investment

The Finance & Audit Scrutiny Committee supported the recommendations in the report and noted the confidential appendix.

Executive Item 9 – Discretionary Business Rates Relief as a Tool for
Business Growth and Inward Investment

The Finance & Audit Scrutiny Committee fully supported the recommendations in the report.

Executive Items 3 and 15 – Kenilworth School Loan and land purchase

The Finance & Audit Scrutiny Committee supported the recommendations in the report & noted the confidential appendix.

81. **Review of the Work Programme, Forward Plan Comments from the Executive**

The Committee received a report from Democratic Services that set out its current work programme, the Forward Plan and responses from the comments made by the Committee to the Executive.

Resolved that the report be noted.

(The meeting ended at 9.05 pm)