

FINANCE AND AUDIT SCRUTINY COMMITTEE

Minutes of the meeting held on Tuesday, 23 November 2010, at the Town Hall, Royal Leamington Spa at 6.00pm.

PRESENT: Councillor Mrs Knight (Chair); Councillors Doody, Edwards, Guest, Illingworth, Pittarello, Rhead, Mrs Sawdon, Mrs Tyrrell and Vincett.

69. **DECLARATIONS OF INTEREST**

There were no declarations of interest.

70. **MINUTES**

The minutes of the meeting held on 26 October 2010 were taken as read and signed by the Chair as a correct record.

In response to resolution 2 under the Use of Resources item at the previous meeting (minute 63), the Head of Finance notified the Committee that all but one service area had completed their risk review sessions. Development Services had rescheduled a cancelled session to take place in January.

71. **ANTI FRAUD AND CORRUPTION STRATEGY HALF-YEARLY REVIEW**

The Committee considered a mid-term report from Internal Audit which presented progress to date against the 2010/2011 action plan.

The Council was performing as expected in the majority of cases.

With regard to the Bribery Act, Members were informed that there was some debate as to whether the Act applied to local authorities, as much of the vocabulary used in the Act referred to commercial organisations or companies. CIPFA were in the process of drawing up guidance for Local Authorities, but in the meantime officers had taken the view that it was prudent to abide by the Act anyway.

Members noted that it was intended that a review of the Anti Fraud and Corruption Strategy, progress against the action plan and an action plan for 2011/2012 would be presented to the Committee in June 2011.

RESOLVED that the report and its contents be noted.

72. **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 and 3 of Schedule 12A of the Local Government Act 1972, following the Local

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Government (Access to Information) (Variation) Order 2006.

73. MISSING BANKINGS

The Committee considered a report from Finance detailing recent events regarding two collections and providing details of action that had been taken to improve controls.

Officers responded to Members' questions and agreed to look again at the procedure relating to management of the safe key and report back to the committee.

RESOLVED that

- (1) the report be noted and its contents accepted, in particular the action taken to improve controls; and
- (2) Internal Audit submits a further report to this Committee on the operation of the DMC after a follow-up audit later this year.

74. TREASURY MANAGEMENT ACTIVITY REPORT FOR THE PERIOD 1st JULY 2010 TO 30th SEPTEMBER 2010

The Head of Finance presented a report to the Committee detailing the Council's Treasury Management Performance for the period 1st July to 30th September 2010.

The Council's 2010/11 Treasury Management Strategy and Treasury Management Practices (TMP's) required the performance of the Treasury Management function to be reported to Members on a quarterly basis.

Interest rates were still low and had been expected to start rising by now, but despite this the Council was still outperforming its benchmark.

The Committee thanked Treasury Management staff for their excellent work.

Members noted that another Treasury Management training session was likely to be arranged to take place in around 12 months time.

RESOLVED that the report be noted.

75. SCRUTINY OF PARTNERSHIPS

A report from the Deputy Chief Executive detailed the Council's partnership arrangements at its dual-use leisure sites in Leamington Spa, Kenilworth and Warwick and allowed Members to assess the success or otherwise of the respective partnerships over the preceding twelve months.

Members' comments were also sought on a new approach to scrutiny, detailed in the report.

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Councillors Mrs Knight, Pittarello and Vincett had each scrutinised arrangements at a dual use site in order to establish whether partnership arrangements were offering best value. They reported their findings to the Committee.

Council Vincett had looked at the Champion School where an agreed 40 year partnership arrangement had been in place since 1975. Councillor Vincett felt that despite officer enthusiasm, the partnership had not achieved effective management of the facility which was the intention when the arrangement was set up. The facility was in a sorry state of repair and a phenomenal amount of money would have to be invested to rectify this. There seemed to be a lack of communication between management on both sides. Councillor Vincett did not believe there was room for recovery.

Councillor Pittarello had scrutinised arrangements at John Atkinson School. He had attempted to come up with a clear statement of what value the partnership was adding, but this was not clear: the partnership appeared to be adding unnecessary complexity, making maintenance and contractual arrangements more complicated.

Councillor Mrs Knight had identified similar themes at the Meadows School, although she was encouraged by the friendly working partnership that was in place. However, she had reservations about whether the Council's subsidy was justified given the number of people using the facility and given a lack of evidence that low participant groups had been targeted, as intended.

Following the presentation Members were given the opportunity to ask questions, which covered particulars relating to the three facilities in question, the Committee's remit in carrying out this and related exercises, how findings would be used and the consequences for partners and facilities were any partnership arrangement to be abandoned. Members were concerned to hear that some arrangements were creating complexity and wondered whether the Council had to be involved other than in a financial capacity. While some Councillors felt that partnership arrangements should cease where facilities were failing, others felt that the reverse should be the case, and that Council resources should be used to improve substandard facilities or encourage residents to use them.

It was felt that the Committee needed more clarity on their role in scrutinising partnership arrangements. Some Members questioned whether it was possible to look at a partnership without also looking at the service being provided. The discussion also addressed the fundamental question of whether the Council should provide certain services and, if so, how best to do that.

The Head of Cultural Services suggested that one of the biggest problems at the Champion School was uncertainty over plans for the site. This had affected the school, the partnership and caused capital slippage. She was, however, aware of dialogue between the Council and the School. Following comments about other, possibly more sustainable facilities offering the same services, the Head of Cultural Services also pointed out that in many cases, funding arrangements in place at facilities required Warwick District Council's involvement in the partnership.

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The Deputy Chief Executive pointed out that while the Council might be tied into an arrangement, it was still legitimate to assess whether the partnership was adding value. In future key criteria would have to be met before the Council signed up to partnership arrangements.

Members agreed, and wanted to identify what the Council as a partner offered that other partners and other businesses offering similar services did not. Officers pointed out that the Council had expertise in delivering quality sports which a lot of its partners – schools, teachers – did not. Partnerships also brought direct access to young people, which was of benefit to the Council.

At this point in the debate, while the Committee agreed it had been a useful discussion, questions were raised as to whether this was the best forum for the debate, particularly given the number of other partnerships which had yet to be looked at and the other business which the Committee had to transact. Questions were also raised as to whether Members were duplicating work already being carried out by officers. The Deputy Chief Executive reminded the Committee that this was an experiment. The three partnership arrangements in this instance had been considered together because of their high profiles, but each would still be considered on its own merits.

RECOMMENDED that

- (1) the partnership arrangements in place for the dual-use Leisure sites be noted; and
- (2) Officers and Scrutiny Chairs give further consideration to the approach used and report back to the Committee in due course.

76. 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 24 November 2010.

Item Number 11 – Audit Commission Report on Housing Services

The Committee were advised that recommendation 2.3 should read “to note” rather than “to approve”.

Members were encouraged by improvements made to the housing stock, but had some concern over how performance was measured, and felt that ensuring jobs were carried out properly in the first instance should take precedence over meeting targets for carrying out work within a set number of days. The Committee felt that contractors should be required to take responsibility to ensure that jobs were completed properly, stressing that both contracts and contract management were very important. Also contractors should not be signed off and paid until certificates authenticating the work done were supplied. Members supported the amended recommendations in the report.

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

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77. COMMENTS FROM THE EXECUTIVE

A report from Committee Services summarised the Executive's response to comments which the Finance & Audit Scrutiny Committee gave on reports submitted to the Executive on 27 October 2010.

RESOLVED that the contents of this report be noted.

78. FORWARD PLAN

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

79. REVIEW OF THE WORK PROGRAMME

A report from Members' Services detailed the Committee's work programme for 2010/11.

Members noted that the procurement team's report would next be presented to the Committee in January and quarterly thereafter.

A Member suggested the addition of no more than a page summarising the top issues affecting the Council at a given time (e.g. health and safety issues, performance indicators) so that the Committee could assess trends, changes in performance and service. Officers responded by saying that plans were already progressing on something along these lines, although in some cases information could not be provided on anything more than a quarterly basis. Councillors Pittarello and Vincent offered to be critical friends in assisting with the development of this approach.

The Committee Officer was thanked for numbering the agenda electronically.

RECOMMENDED that the work plan for 2010/11 be noted.

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

The Committee considered the following non-confidential items which would be discussed by the Executive meeting on Wednesday 24 November 2010.

Item Number 4 – Council Tax Discounts – Second Homes and Long Term Empty Properties

The Committee supported the recommendations in the report, although a number of Members were unhappy that additional revenue raised by the proposed change would not be ring-fenced for use within Warwick District.

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

Item Number 5 – Budget Monitoring to 30 September 2010

The Head of Finance informed the Committee that the first two bullet points of recommendation 2.4 should be amended to read as follows:

- Slippage - £234,900 for Housing schemes and £156,000 for other services, totaling £390,900
- Budgets reductions of £11,400 for scheme savings (WDP communication upgrade and Helpdesk project)

The Committee was dissatisfied that the slippage issue had not improved over time and continued to be a problem. Some concern was also raised over costs relating to cremations, and the lack of take up of travel tokens. The Committee noted that a task and finish group report on travel tokens would be presented to the next meeting of the Committee, and supported the amended recommendations in the report.

Item Number 7 – Warwick District Council Play Areas

The Committee supported the recommendations in the report, although some members expressed surprise at the estimated cost of replacing equipment, citing examples of where good play areas had been installed without great expense, e.g. in some villages.

Members were asked to pass on as much information as possible to the Play Area Working Group so that they could make informed decisions. Councillor Malcolm Doody agreed to email the Chair with regard to issues relating to a Harbury Lane play area. There was some local dissatisfaction over the play area being taken out of one ward and placed in another.

Item Number 10 – Audit Commission Inspection of Benefits

The Committee supported the recommendations in the report, but felt that the Audit Commission's statement "ensuring there is effective challenge by Councillors through scrutiny of the service" (at paragraph 7.7 of the report, fourth bullet point under recommendation 3) was not terribly clear.

Members noted that through this inspection and that of Housing Services, the Audit Commission had identified problems relating to the telephone system. Officers advised the Committee that a report addressing these issues was being prepared for presentation to Members in January 2011.

(The meeting ended at 9.10 pm)