

FINANCE AND AUDIT SCRUTINY COMMITTEE

Minutes of the meeting held on Tuesday, 15 November 2011 at the Town Hall, Royal Leamington Spa at 6.00pm.

PRESENT: Councillor Mrs Knight (Chair): Councillors Cross, Dagg, Edwards, MacKay, Pittarello, Pratt, Rhead, Mrs Sawdon, Mrs Tyrrell and Williams.

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

There were no apologies for absence.

76. **SUBSTITUTES**

There were no substitutes.

77. **DECLARATIONS OF INTEREST**

Minute 86 – Executive Agenda (Non-Confidential Items & Reports) – Item 8 - Strategic Principles for Tourism and the Visitor Economy

Councillor Cross declared a personal interest as a member of Warwick Town Council.

Minute 86 – Executive Agenda (Non-Confidential Items & Reports) – Item Number 11(A) – Rural/Urban Capital Improvement Initiative Scheme

Councillors MacKay and Pratt declared personal interests as ward councillors.

78. **MINUTES**

The minutes of the meeting held on 11 October 2011 were taken as read and signed by the Chair as a correct record.

79. **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 16 November 2011.

Item Number 7 – Leamington Cemetery Burial Area Extension

The Committee supported the recommendations in the report.

80. **ANNUAL AUDIT LETTER 2010/11**

The Committee received a report from the Head of Finance which presented and commented on the Council's Annual Audit and Inspection letter, which was attached as an appendix to the report. The letter was the Council's External Auditor assessment of the Council, drawing on audit, inspection

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and performance assessment work, prepared by the Council's District Auditor, John Gregory.

Mr Gregory attended the meeting in order to present the letter and respond to Members' questions. He confirmed that the Audit Commission had given an unqualified opinion and Value for Money conclusion.

The Committee extended its congratulations to finance officers for negotiating the process with flying colours.

RESOLVED that the Annual Audit and Inspection letter and covering report be noted.

81. FUTURE OF LOCAL GOVERNMENT EXTERNAL AUDIT

The Committee received a report from Finance updating Members on the Department for Communities and Local Government (DCLG) proposals for transferring the work of the Audit Commission's in-house audit practice to the private sector.

Following the Secretary of State's 2010 announcement that the Audit Commission would be disbanded, the Audit Commission had begun to put out tenders for new local authority auditors, to be in place by September 2012. While 4 different options had been proposed by the government for the future of external audit, what the final arrangements would be was still unclear and would remain so until the consultation process ended and the government announced its final decision. However, it was clear that local authorities would be able to appoint their own auditors and safeguards of some kind would be put in place to police the new arrangements.

Officers agreed to email to the Committee a letter received from the Audit Commission which was written in response to a letter sent to the Commission by the Chief Executive, regarding procurement of audit services.

RESOLVED that progress on transferring the work of the Audit Commission's in-house audit practice to the private sector and how this will impact upon the appointment of the Council's external auditors be noted.

82. TREASURY MANAGEMENT ACTIVITY REPORT FOR THE PERIOD 1st JULY 2011 TO 30th SEPTEMBER 2011

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 2011.

The Council's 2011/12 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.

The Committee thanked Treasury Management staff for another excellent performance.

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RESOLVED that the report be noted.

83. 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 12 October 2011.

Councillor Mrs Knight advised the Committee that since the previous meeting she had met with Councillors Edwards and Rhead, the Deputy Chief Executive (AJ) and the Audit and Risk Manager to consider the Committee's future approach to examining the risk register. They had made excellent progress, which was summarised for the benefit of Members. The Committee noted that a report would be presented to the Committee in due course. Members were also reminded of the importance of attending risk management training, which was due to take place on 16 January 2012.

RESOLVED that the contents of the report be noted.

84. 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.

85. REVIEW OF THE WORK PROGRAMME

A report from Members' Services detailed the Committee's work programme for 2011/12.

Members noted that procurement reports would be presented every six months from now on, with the next one being due in January, and that an update report on the Clarendon Arcade would no longer be forthcoming, following a decision by the Planning Committee not to approve the application.

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The Chair expressed concerns over levels of attendance at training courses and stressed the importance of attending courses which were relevant to the members of this Committee.

RESOLVED that the work plan for 2011/12 be noted.

86. 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 16 November 2011.

Item Number 6 – Budget Monitoring to 30 September 2011

The Committee noted that recommendation 2.1 had been amended following publication of the agenda and Members fully endorsed the addition of the words "...and request Heads of Service and Portfolio Holders ensure that expenditure on their respective Earmarked Reserves, and forecast savings from procurement and Fit for the Future, are on track, with details to be included in the December Budget Report".

The Committee suggested that, in light of the unit cost of Photovoltaic Business Panels dropping significantly, there was a need for the Executive to assure itself that there was no longer a business case for their installation. Members requested that the Head of Housing and Property Services confirm by email the rationale for cutting back the number of solar panels to a handful.

Despite achieving better savings than if an alternative contractor had been selected, there were different interpretations of what the catering contract offered and as a result the contract was not exactly what had been expected. Members of the Committee expressed some dissatisfaction at the way the contract had been handled and suggested that its non-cash benefits should have been highlighted in the report. The Deputy Chief Executive (AJ) agreed to circulate via email further details of the contract process. Members noted that the Procurement Manager was already endeavouring to incorporate lessons to be learned from this experience into the procurement process.

(Councillor Williams joined the meeting during the course of this item and Councillor Mobbs left the meeting at the conclusion of this item)

Item Number 8 – Strategic Principles for Tourism and the Visitor Economy

In light of previous experience, the Committee wanted to see a systematic and rational approach to tourism that would lead to financial benefit and therefore supported the recommendations in the report.

(Councillor Cross declared a personal interest as a Warwick Town Councillor)

Item Number 10 – Corporate Property Repairs and Improvement Programme 2011/12 October Update

The Committee supported the recommendations in the report.

Item Number 11(A) – Rural/Urban Capital Improvement Initiative Scheme

The Committee supported the recommendations in the report.

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(Councillors MacKay and Pratt declared personal interests as ward councillors during the course of this item)

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

88. EXECUTIVE AGENDA (CONFIDENTIAL ITEMS & REPORTS)

The Committee considered the following confidential items which would be discussed at the meeting of the Executive on Wednesday 16 November 2011.

Item Number 13 – Warwick Race Course Rent Review

The Committee supported the recommendations in the report.

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

Urgent item – Disposal of 21 Church Street, Warwick

The Committee felt the proposal was sensible and supported the recommendations in the report.

(The meeting ended at 7.27 pm)