

# FINANCE AND AUDIT SCRUTINY COMMITTEE

Minutes of the meeting held on Tuesday, 19 June 2012 at the Town Hall, Royal Leamington Spa at 6.00pm.

**PRESENT:** Councillor Mrs Knight (Chair): Councillors Barrott, MacKay, Mrs Mellor, Pittarello, Pratt, Rhead, Mrs Sawdon, Mrs Syson and Williams.

ALSO PRESENT: Councillors Mobbs and Vincett (Portfolio Holders).

An apology for absence was received from Councillor Dagg.

## 18. **SUBSTITUTES**

Councillor Rhead substituted for Councillor Dagg.

## 19. **DECLARATIONS OF INTEREST**

Minute 26 - Treasury Management Activity Report for the period 1 Jan – 31 March 2012

Councillor Williams declared a personal interest because the report made reference to his employer.

## 20. **MINUTES**

The minutes of the meeting held on 29 May 2012 were taken as read and signed by the Chair as a correct record.

## 21. **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 20 June 2012.

Item Number 4 – Final Accounts 2011/12

The Committee was surprised that so large a surplus could appear in such a short time and felt that there was therefore a need to improve the budgetary process, to include establishing whether budget managers actually require the amount of money in their budgets in the first place. Members also expressed concern that one saving which had been made had promptly been spent without consultation with and approval by the Portfolio Holder. There was a general feeling among Members that budget setting and monitoring needs to be improved. Managers were reminded that if emergencies crop-up, there is a fast tracking process to deal with them.

The Committee supported the recommendations in the report and made an additional recommendation.

RECOMMENDED to the Executive that procurement savings (devolved down to each budget holder) is still set in the budget as a separate item, to assist in monitoring budgets and maintaining disciplined contract management.

## **FINANCE AND AUDIT SCRUTINY COMMITTEE (Continued)**

The Committee congratulated officers on their excellent rate of collection of Council Tax.

Officers agreed to investigate whether the golf course should be responsible for paying for its own gas.

(Councillors Mobbs and Vincett joined the meeting during the course of this item)

### Item Number 7 – Concessions and Income Generation

The Committee noted that the policy-setting element of the review was complete and that further proposals on income maximisation would be included in the Fees and Charges report due to be presented to members in October 2012.

Members noted that the Policy should be amended to refer to "60+" rather than "pensioners".

The Committee supported the recommendations in the report, noting that 2.5 should read "delegate", not "delete".

Officers agreed to investigate whether Military Fitness were paying for their use of the District's parks.

## **22. PROGRESS REPORT ON ENTERPRISE PROJECTS**

The Enterprise Development Manager presented a report on the operational performance of the Enterprise Projects. These were the Althorpe Enterprise Hub, Court Street Creative Arches and the Brunswick Enterprise and Employment Zone. The report also referred to Spencer Yard (Phase 1) which was managed by the Enterprise Team. The Committee noted that the team had also just assumed management responsibility for the newly opened Jubilee House, but that this was not included in the report.

Members were pleased to hear that the projects had seen a significant surge in interest over the past 9 months. Althorpe Enterprise Hub had reached target occupation in March and, although this had subsequently dropped slightly, should be back up to the target very soon. Court Street Creative Arches had seen 4 units fully let, with 5 others in various stages of negotiation, so with the potential to be fully let within the next few weeks. Funding for the employment club had been secured for 2 years, and it was anticipated that the Brunswick Enterprise and Employment Zone would get some useful business start-ups over the coming months. The Enterprise Development Manager was keen to see the enterprise projects pay their own way in time, and believed that they were well on the way to doing so.

The Enterprise Development Manager responded to questions in relation to capital grant and the general look of the Court Street Creative Arches. He agreed to email a response to members in relation to third party payments.

The Committee thanked the Enterprise Development Manager for his report and the excellent progress made in recent months.

**RESOLVED** that progress to date be noted.

## **FINANCE AND AUDIT SCRUTINY COMMITTEE (Continued)**

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

### **23. INTERNAL AUDIT QUARTER 4 2011/12 - PROGRESS REPORT**

The Committee received a report from the Audit and Risk Manager detailing progress achieved in the Internal Audit Plan 2011/12, summarising audit work completed in the fourth quarter and providing assurance that action had been taken by managers.

In June 2010 the Committee had decided that they only wished to receive extracts from internal audit reports, issued during the quarter, where the assurance opinion was moderate or below.

The Audit and Risk Manager reported that responses had been received to all audit reports issued during the quarter and summarised the main issues relating to 3 cases which had been given less than a substantial level of assurance, those being Corporate Governance, Customer Access Facilities and Royal Spa Centre.

Members expressed considerable concern in relation to cash handling and banking procedures which had previously been in place at the Spa Centre, sought assurance that such practices had ceased and were not being repeated elsewhere in the Council. The Audit and Risk Manager agreed to confirm the current situation at the Spa Centre via email. Officers confirmed that practices elsewhere in the organisation were under review.

The Audit and Risk Manager agreed to email to members an appendix to the report which had been omitted in error. The Committee thanked the officer for his report.

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

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

### **24. BUSINESS PLAN PERFORMANCE MANAGEMENT UPDATE**

The Business Manager presented a report from the Head of Housing and Property Services which updated members on the Housing Business Plan and progress made to maximise the number of homes through the Plan.

Members were pleased to note that loans had been taken at lower rate than expecting, resulting in £210,000 savings per year and an additional £22 million overall in the HRB account.

The Committee also noted a table in Appendix 1 to the report which, once populated, would be used in future reports to this committee, the first of which was due in 6 months time.

Officers responded to members questions about interest rates, affordable rent homes, right-to-buy sales and consultancy.

The Committee thanked officers for their work and report.

## **FINANCE AND AUDIT SCRUTINY COMMITTEE (Continued)**

### **RESOLVED** that

- (1) the monitoring arrangements for the approved expenditure to prepare a business case to accelerate and maximise the provision of new homes as part of the Housing Business Plan be noted; and
- (2) the performance management framework for the Business Plan be noted.

## **25. 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 20 June 2012.

### **Item Number 9 – Corporate Property Repair & Improvement Programme 2012-2013**

The Committee supported the recommendations, noting that an additional £51,000 was being sought because it had been established that flume repairs were not viable and replacement was necessary. Officers were confident that the budget would now include all unforeseen works and pointed out that a 10% contingency was built into the budget to accommodate this.

Officers agreed to confirm when the Castle Farm Sports Centre was likely to get its new roof.

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

## **26. TREASURY MANAGEMENT ACTIVITY REPORT FOR THE PERIOD 1<sup>st</sup> JANUARY 2012 TO 31<sup>st</sup> MARCH 2012**

The Head of Finance presented a report to the Committee detailing the Council's Treasury Management Performance for the period 1<sup>st</sup> January to 31<sup>st</sup> March 2012.

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 Head of Finance highlighted key points in the report. He pointed out that, while one investment had been rolled over in error, procedures had been since been tightened to prevent a recurrence.

The Committee noted that an annual report would be coming in the autumn, after which time quarterly reports would become half-yearly.

The Committee thanked Treasury Management staff for yet another excellent performance, despite the benchmark having been raised higher since the last quarterly report.

## **FINANCE AND AUDIT SCRUTINY COMMITTEE (Continued)**

**RESOLVED** that

- (1) the report be noted; and
- (2) the Committee receive reports every six months, initially for a trial period, with earlier reports in the event that Treasury Management was not on track to achieve its benchmark.

### **27. PROCUREMENT PROGRESS UPDATE**

A report from the Procurement Manager informed the Committee of procurement progress made during the financial year 2011-2012. Progress on the Procurement Action Plan was also reported.

The Committee noted that Councillors Rhead, MacKay and Mrs Knight had spent a considerable amount of time working on this.

Councillor Syson had attended procurement training, felt that it had been very relevant and expressed disappointment that so few Councillors had attended. It was suggested that another training session be arranged in early autumn, particularly given that a number of new members had joined the Committee since the last training session.

The Procurement Manager and Councillor Rhead were thanked for all their hard work in promoting procurement.

**RESOLVED** that the advances in procurement, and the progress on the Procurement Action Plan, be noted.

### **28. 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.

## **FINANCE AND AUDIT SCRUTINY COMMITTEE (Continued)**

### **29. REVIEW OF THE WORK PROGRAMME**

A report from Members' Services detailed the Committee's work programme for 2012/13.

Members noted that the procurement bi-annual report scheduled for the next meeting was no longer necessary and that Treasury Management quarterly reports would in future be presented every six months.

**RESOLVED** that the work plan for 2012/13 be noted.

### **30. 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 items, 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.

### **31. 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 30 May 2012.

**RESOLVED** that the contents of the report be noted.

### **32. 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 20 June 2012.

#### Item Number 6 – Expansion of Biomass Heating Programme

The Committee supported the recommendations in the report.

Officers agreed to email Councillor Syson in response to queries about gas boiler savings at Chandos Court and the level of chips available should there be a particularly hard winter.

#### Item Number 10 – Managing Events in the District - Experiment

The Committee supported the standardisation of arrangements up to a point, but felt that there should be some room for movement as every event was unique. The Committee therefore resolved to review the situation in 6 months time. Members supported recommendations 2.1 and 2.2 and put forward an amendment to recommendation 2.3.

The Committee RECOMMENDED to the Executive that 2.3 be amended to include the phrase "the experiment is overseen by the Portfolio Holders for Culture and Development Services" before "officers will bring a further report".

(The meeting ended at 8.30 pm)