

Finance and Audit Scrutiny Committee

Minutes of the meeting held on Tuesday 5 February 2019 at the Town Hall, Royal Leamington Spa at 6.00pm.

Present: Councillor Quinney (Chair); Councillors Ashford, Cain, Gifford, Howe, Illingworth, Mrs Knight, Margrave, Murphy and Wright.

Also present: Councillors Coker, Mobbs and Whiting.

106. Apologies and Substitutes

- (a) There were no apologies for absence; and
- (b) Councillor Ashford substituted for Councillor Noone.

107. Declarations of Interest

Minute Number 109 – Warwick District Infrastructure Delivery Plan (IDP)

Councillors Mrs Falp and Gifford declared an interest because they were Warwickshire County Councillors.

108. Minutes

The minutes of the meeting held on 8 January 2019 were taken as read and signed as a correct record.

109. Warwick District Infrastructure Delivery Plan (IDP)

The Committee received a report from Development Services in a joint meeting with Overview and Scrutiny Committee updating them on the progress of the Infrastructure Delivery Plan.

Members were asked to consider the information provided on s.106 contributions and feedback to officers if there was additional information that they would like to see provided in the future.

Councillor Rhead, Portfolio Holder – Development Services spoke about the work being done by the Members' Reference Group to:

- identify priorities and to recommend that officers ensured that these were kept under constant review because the flow of money from either s.106 or CIL was dependent on the house building programme working in a timely manner; and
- consider whether any further schemes should be added to the CIL 123 List, and that business cases formed an important part of this.

Councillor Rhead also spoke about various concerns and outstanding issues with the Europa Way scheme. Highlights included:

- timeline issues that he felt had not been considered enough if the developers needed to submit applications to Planning Department to change s.106 obligations;

- the infrastructure that would be provided for pedestrians to cross Europa Way to get to the country park; Warwickshire County Council had been asked to provide an appraisal of costs for the various means this could be provided;
- landscaping provisions for making Europa Way a gateway to Royal Leamington Spa. Plans for this would be available imminently; and
- provision of cycle ways, and liaison with the County Council for these and how that they would link with those provided on the District side.

In response to various questions from Members of both the F&A Scrutiny Committee and the Overview & Scrutiny Committee, Councillor Rhead, the Business Manager, Policy & Delivery and Ms Janet Neale, Infrastructure Delivery Manager (Warwickshire County Council), explained that:

- It was difficult to respond to specific highway questions and how traffic bottlenecks at Victoria Park, the railway bridge and Emscote Road would be solved because a strategic overview was being undertaken; however, they would ensure that these issues were examined.
- The Members' Group were concentrating on the first five years of the plan and that was the reason for looking at what needed to be prioritised in case funds did start to dwindle. It would be a useful exercise for Members to examine the s.106 contributions and filter out those monies affecting their Wards and press for those projects to be delivered.
- Major funding streams were being investigated when there were funding gaps, e.g. money from LEP and Homes England.
- If the County Council wanted to change where s.106 money was allocated, then it would be necessary to seek authorisation from the Planning Committee.
- The electric bikes scheme suggested by BID was not in enough detail to be able to quantify the funding so a lot more detail was required and this had been requested.
- The County Council was pushing to get cycle ways wherever possible and it was required on all s.106 agreements.
- The Bath Street Gyratory was still one of the top three priorities at the County Council to go on the CIL 123 list. Something would need to happen in respect of this before the Commonwealth Games.

At 6.40pm, the Chairman thanked everyone and the Overview and Scrutiny Committee Members left the room to continue their own agenda.

110. Scrutiny of Service Area Performance - Business

The Committee received a report from Development Services which brought together the contract register, risk register and budget for the Business Portfolio.

It had been requested by Members that the service contract and risk registers be considered together, along with details of the budget and performance for the relevant service.

The report noted that Development Services also encompassed the Development Portfolio. Updates relating to the Development Portfolio were

not included in this report and had been the subject of a separate report to the Committee in November 2018.

The risk register was last reviewed on 4 December 2018 and the latest version was set out at Appendix A to the report.

The Business Portfolio was responsible for a wide range of services, which consequently led to a number of potential risks. There were 19 risks contained in the risk register. There were four risks rated "green", 14 rated "yellow", and one rated "red", in accordance with the Council's risk scoring matrix. The risk rated red was the risk of *"Network Rail arches to be sold (confirmed - this refers to ALL arches whether under active or inactive tracks)"*.

The latest version of the contract register relating to the Development Portfolio was set out in Appendix B to the report and was last reviewed on 4 December 2018. There were 12 live contracts listed and all of the contract reviews planned for 2018 had been completed.

Details of Development Services budgets (as relevant to the Business Portfolio) were included as Appendix C to the report.

There were two ongoing issues within the portfolio's budgets. These were:

- Events budget: one of the outcomes of the 2017 Events review was to reduce the costs to event organisers for holding events within the District. In particular, it was planned to reduce costs associated with the use of the Council's open spaces and the collection of waste. Adjustments were made to the Medium Term Financial Strategy to take account of this. However, as a result of these changes, 2018 saw a significant increase in the number of events taking place within the District – rising from 100 in 2017 to 126 in 2018. This could have been in part be as result of the reduced costs, in which case the Events Review had been successful in achieving one of its aims. However, the result of this was that additional costs had been incurred by the Events budget and, as a result, this budget was likely to be overspent by around £25,000. This issue had been highlighted to colleagues in Finance and discussions were taking place to consider whether the 2019/20 budget proposals should take this into account.
- Christmas lights installation budgets: in 2016, the Christmas lights budgets were reduced as part of the ongoing savings that Development Services were required to make. At that time, it was intended that the resulting shortfall would be balanced by additional income arising from sponsorship of Christmas lights. In practice, this proved difficult to achieve as too many sponsored banners detracted from the image of the lights and the other Christmas decorations. Further, partner organisations had sought sponsorship for overlapping costs such as the purchase of new lights (as opposed to their installation). As a result, the income forecasts had not been met and there was a resulting shortfall in the budget, which would be addressed through the procurement of new lights installation contracts and the alignment of budgets to the new contract value.

The Head of Development Services and the Portfolio Holder for Business introduced the report and answered questions from Members.

Councillor Gifford was concerned with the lack of inclusion of a risk relating to Brexit as he felt this was the biggest issue facing businesses in the area. However, it was noted that the lack of certainty surrounding Brexit made it difficult to forecast any outcomes locally or nationally and whilst officers agreed that it was unsettling, they felt that this was a financial report and not an overarching strategic report.

However, it was agreed that risk number 7 'Failure to deliver Economic Prosperity in line with FFF priorities' could make reference to Brexit.

Councillor Mrs Knight felt that there was little in the register to address climate change issues. In response, Councillor Butler assured her that 'green' policies continued to be introduced across the service area.

With regard to the 'red' risk, number 18 – Network Rail arches to be sold, officers advised that this was in the early stages and the Council would continue to communicate with any potential purchaser. Unfortunately, the Council was not at the stage of looking at suitable alternatives because it was not known what Network Rail's intentions were.

Members received clarification on a number of different areas of the budget report, including:

- One of the differences for the range in figures year on year was down to Third Party Payments and included costs for external consultant fees;
- As stated in paragraph 3.5.3 of the report, other budgets were on track and the Head of Service did not have any concerns;
- There had been an overspend on the Events and Christmas lights budgets as detailed in the report;
- The fluctuation in the fees and charges figures could be a result of influences from other Development Services income and expenditure because the data was not always separated into the Business Portfolio.

Members were satisfied with the Contract Register and were pleased that there were signed copies of all contracts in the Deed Store. With regard to the cost increase for the Althorpe Security System, this had been as a consequence of two separate break-ins which had resulted in an increase of security.

The Committee agreed that the report was well presented and extremely easy to understand and they appreciated officers' efforts to keep risks low.

Resolved that the Business Portfolio contract register, risk register and budget updates are noted.

111. Executive Agenda (Non Confidential Items & Reports – Wednesday 6 February 2019)

The Committee considered the following items which would be discussed at the meeting of the Executive on Wednesday 6 February 2019.

Item 6 – Treasury Management Strategy 2019/20

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

Item 5 –Housing Revenue Account (HRA) Budget 2019/20 and Housing Rents

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

Item 9 – Delivery of the St Mary’s Lands Masterplan for 2019/20 and beyond, Warwick

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

Item 14 – Review of Closure of Accounts

The Finance & Audit Scrutiny Committee supported the recommendations in the report and requested that Officers highlight for Members those actions which were critical to the timely closure of accounts for 18/19, and, especially, any risks to that objective being met, for example from slippage in their target completion dates.

In addition, the Committee agreed that this item would be added to their own work programme.

Item 4 – 2019/20 General Fund Budget & Council Tax

The Finance & Audit Scrutiny Committee supported the recommendations in the report but raised a number of concerns about the strategic overview of Reserves and the manner in which they are reported to Members.

Members also noted that recommendation 2.4 should read £99,000.

112. 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.

As previously discussed under Minute Number 110, Councillors had requested that the Review of the Closure of Accounts report be submitted to the Committee on a monthly basis. This would enable the Committee to scrutinise the issue in full and for their responses to be fully minuted.

It was also requested that an update be provided on the financial risk relating to the Covent Garden Car Park. Councillor Gifford was particularly interested in how much of the facility would be useable over the next 12 months. However, if there was a report due to be submitted to Executive shortly, he did not expect Finance and Audit to receive a separate report.

Councillor Day requested that Members receive a report on the financial impact that the delay in progressing with the HQ move would have, with particular regard to future savings that would need to be found.

Councillor Mrs Knight asked if a report on the costings of Phase 1 of the Leisure Centre’s project could be submitted.

Members were satisfied with the comments made by Executive on their input at the last meeting and

Resolved that the following items be added to the work programme:

- (1) A monthly report on the Review of Closure of Accounts;
- (2) A financial update on Covent Garden Car Park;
- (3) A report advising of the financial impact of delaying HQ move; and
- (4) An update on the costings of Phase I of Leisure Centre project.

106. **Request for Thanks to be Minuted**

Prior to the closure of the meeting, the Chairman reminded Members that this was the Civic & Committee Services Manager's last Council meeting because she was due to start a new role elsewhere. Councillor Quinney thanked Mrs Barnes for her support to Members and in particular to him as a new Chair, over the past few years. Members joined the Chairman in showing their appreciation to Mrs Barnes and thanked her for her dedication to the Committee.

(The meeting ended at 9.01 pm)