

Finance and Audit Scrutiny Committee

Minutes of the meeting held on Tuesday 29 September 2015 at the Town Hall, Royal Leamington Spa at 6.00pm.

Present: Councillors Day, Gifford, Gill, Harrington, Mann, Quinney, Rhead, Mrs Stevens and Thompson.

Also Present: Councillors Cross and Mobbs.

Apologies for absence were received from Councillors Butler and Heath.

59. **Substitutes**

Councillor Gill substituted for Councillor Barrott and Councillor Mrs Stevens substituted for Councillor Illingworth.

60. **Appointment of Interim Chairman**

It was proposed, duly seconded and

Resolved that, in the absence of the Chairman, Councillor Quinney is appointed interim Chairman for the meeting.

61. **Declarations of Interest**

Minute Number 66 – Executive Item 4 – Review of WDC/WCC Customer Service Centre & Digital Transformation Initiatives

Councillor Gifford declared an interest in this item because he was a Warwickshire County Councillor and left the room whilst the item was discussed.

Minute Number 69 – Finance & Audit Item 7 – Warwick District Local Plan – Infrastructure Delivery Plan – (IDP) Progress Report

Councillor Gifford declared an interest in this item because he was a Warwickshire County Councillor.

62. **Minutes**

The minutes of the meeting of 2 September 2015 were taken as read and signed by the Chairman as a correct record.

63. **National Fraud Initiative**

The Committee received a report from Finance which presented details of progress on the Council's investigations into the data matches from the 2014-15 National Fraud Initiative (NFI) programme.

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

Whilst the NFI had traditionally focused on housing benefit fraud as its main target area, recent years had seen pensions and council tax discount overtake housing benefits in terms of monetary value attributed to fraud and irregularities detected through its activities.

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 of the Council's preventative controls and as a deterrent against fraud.

Members were reminded that the Council's Benefit Fraud Team had transferred to the Department for Work and Pensions' Single Fraud Investigation Service (SFIS) in February 2015. This coincided with the release of the latest tranche of housing benefit matches and had naturally had a major impact on staff resources available within the Council to process them.

The Employment Committee gave approval in September 2014 to recruit a Corporate Fraud Officer reporting to the Benefits and Fraud Manager. It was envisaged that this would help to address the resource issue and establish a central focus for counter-fraud generally within the Council.

However, recruitment difficulties had delayed appointment to the post and the eventual appointee had only recently taken up his duties at the time of this report.

The Senior Internal Auditor presented the report and highlighted the staffing issues detailed above.

Members were pleased with the work the team had undertaken and thanked The Senior Internal Auditor for the report.

Resolved that the report be noted.

64. **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 the relevant paragraphs of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

65. **Executive Agenda (Confidential Items & Reports) – Wednesday 30 September 2015**

The Committee considered the following item which would be discussed at the meeting of the Executive on Wednesday 30 September 2015.

Agenda Item 11 – Council HQ Relocation Project – Part B

The Committee supported the recommendations but raised concerns about the overall capital funding position, the priority to be given to this project, not least if local government was to be reorganised, and the impact of funding costs on the projected annual net benefit. Members noted that future reports should provide them with a wider picture of the capital position.

66. **Executive Agenda (Non Confidential Items & Reports) – Wednesday 30 September 2015**

The Committee considered the following item which would be discussed at the meeting of the Executive on Wednesday 30 September 2015:

Agenda Item 4 – Review of WDC/WCC Customer Service Centre & Digital Transformation Initiatives

The Committee supported the recommendations in the report.

(Councillor Gifford left the room for the duration of this item)

67. **Review of Development Services Risk Register by Finance & Audit Scrutiny Committee**

The Committee received a report from Development Services which reviewed the Department's Risk Register and asked Members to make observations as appropriate.

The Development Services Risk Register was part of the Council's corporate risk management framework. The Register reflected the Council's corporate priorities and key strategic projects that were contained in Fit for the Future.

The latest version of the Risk Register was set out at Appendix 1 to the report and had last been reviewed on 7 July 2015. This was a working document which officers were able to access and therefore did not have any arrows showing the direction of travel of any risks that had moved since the last report.

The major risks were summarised in the report and included the Local Plan being found unsound or encountering a significant delay, failing to ensure the Planning Committee operated smoothly and Building Control losing work to approved inspectors.

The Portfolio Holder for Development Services, Councillor Cross, presented the report and highlighted some of the relevant changes to the document.

Following a question from Councillor Rhead, it was recognised that there was a discrepancy between the Significant Business Risk Register (SBRR) and the Development Services Risk Register relating to the level of risk afforded to the Local Plan. Officers were confident that the Development Services version was the most up to date and assured Members that the SBRR would be altered accordingly.

Further discussions took place around the level of risk afforded to S106 contribution requirements and it was felt that the risk of outside bodies failing to contribute should be added to the register.

Members raised concerns that the Risk Registers were not uniform and insisted that arrows showing the direction of travel of the risks were imperative if Councillors were to understand the document. In addition, officers were asked to report back and explain the contradiction between the SBRR and Development Services' Risk Register in relation to the Local Plan risk.

Members were also frustrated that they were unable to access a central point for these documents and felt there should be a facility to do so through Office 365.

The Audit and Risk Manager reminded Members that once the new intranet was in operation, officers and Members should be able to access the risk registers for any service area. Unfortunately, there had been a delay in implementing the new intranet and officers were unable to clarify when this would be in place.

Resolved that the report be noted with an update to be submitted in six months' time.

68. **Executive Agenda (Non Confidential Items & Reports) – Wednesday 30 September 2015**

The Committee considered the following item which would be discussed at the meeting of the Executive on Wednesday 30 September 2015:

Agenda Item 3 – Fees and Charges

The Committee endorsed the report. Concerns were raised about the car parking charges in Kenilworth not being comparable to the other towns and whether there was scope for overall charges to be raised but Members were satisfied that a balanced approach was preferable and the priority was attracting shoppers to the District.

69. **Warwick District Local Plan – Infrastructure Delivery Plan (IDP) Progress Report**

The Committee received a report from Development Services which updated Members on the progress made regarding the Infrastructure Delivery Plan (IDP) associated with the Local Plan and the District's future growth requirements to 2029. This was the first of a series of intended

updates to be reported throughout the duration of the development plan process.

Appendix 1 to the report provided a revised version of the IDP text and table and Appendix 2 to the report set out progress in terms of specific key infrastructure matters. This included the development of organisational partnerships that would be essential to ensure the delivery of the many component parts of the IDP going forwards.

The report highlighted the importance of continual monitoring of the IDP programme, its financial requirements and the progress regarding the delivery of the infrastructure. In addition, the IDP was a key part of the evidence underpinning the Local Plan and would continue to evolve to ensure it aligned with any Local Plan modifications.

Funding for infrastructure would be derived from a range of sources and would require a range of partnership working with a variety of agencies to identify relevant funding streams and initiatives. Members were reminded that financial planning for this would be a major challenge across the country and would require imaginative strategies and approaches. The report advised that it was not possible to have a fully funded IDP at present because future infrastructure may not be required until 2025 and was likely to be funded from sources that could not currently be anticipated.

The risks associated with the IDP were outlined in Section 6 of the report and included a section from the risk register which dealt with the Community Infrastructure Levy viability, prioritising funding and the Local Plan.

The Portfolio Holder, Councillor Cross introduced the report along with a number of officers from Development Services and Ms Neale, Infrastructure Delivery Manager, from Warwickshire County Council. Members were advised that this was the first report in an ongoing series of updates that would be coming forward and were mindful that there were many unanswered questions at this stage.

Councillor Rhead advised that the figures quoted on page 51 of the report, relating to Green Infrastructure Funds, were incorrect and requested that this be noted in the Action Plan. In addition, he was concerned that the report did not state what the Council's priorities were for infrastructure.

The Head of Development Services reminded the Committee that this had been a large piece of concentrated work and Members would be getting a more targeted picture in due course. It was acknowledged that there would be a funding gap.

Discussions revolved around the responsibility for education funding, which was the responsibility of the County Council and the relevant fire service requirements. Officers also recognised that there was a funding gap with regards to Mental Health provision which was being chased up with the Care Commissioning Groups (CCG's). The issue of Air Quality

was also discussed and Members were mindful that a dedicated officer was now in post.

Councillor Rhead also highlighted the estimated funding accrued as of September 2015, detailed on page 13, table 2, of the report. He was concerned that there was no formal agreement in place with Stratford District Council regarding the 50% split of assumed S106 funding requirements for Health / Hospital provision.

Further discussion took place regarding the New Homes Bonus and officers clarified that there were no rules set out stipulating how this money could be used. Councillor Rhead suggested that as infrastructure was so important, the Council should have Champions assigned to the issue and the Executive needed to be reminded of its importance and the Committee's concerns regarding funding.

Resolved that the report be noted.

70. **Procurement Progress Update**

The Committee received a report from Finance which updated Members on the progress of procurement during the 2015/16 financial year.

It had been agreed at the July 2010 Executive, as part of the Procurement Strategy, that Members would receive an annual updates on the progress of procurement and the procurement strategy. This was one of the actions within the Procurement Action Plan and this and the Procurement Strategy were attached as appendices to the report.

The table detailed at section 8.2 of the report illustrated the number of contracts awarded to date, relative to previous years. A further breakdown of the contracts awarded in the financial year 2015/16 up to September 2015 was provided at section 8.4 of the report.

The report detailed the training provided to staff and elected Members since the election in May and advised that The Principles of Contract Management Training was planned for 24 September 2015.

In addition, the implementation of Procurement Cards had been introduced and was fully operational across the Council.

Members discussed various contracts including the Asbestos Surveying contract and it was queried whether these should be two separate contracts; one for the removal and one for the surveying and testing.

In addition, Councillor Quinney flagged up that the projected date for award of the contract for Service and Maintenance of Fire Alarm, Warden Call and Door Entry, detailed on page 7 of the report, had passed in April 2015. Officers agreed to look in to the issue and it was agreed to add it to the Action Plan.

Members had been made aware that the Procurement Manager was due to leave the Council shortly and that a new Procurement Officer was in post

and involved in various contracts due to go live in April 2016. Members wished the Procurement Manager all the best for the future.

Resolved that the report be noted.

71. **Executive Agenda (Non Confidential Items & Reports) – Wednesday 30 September 2015**

The Committee considered the following item which would be discussed at the meeting of the Executive on Wednesday 30 September 2015:

Agenda Item 8A – Significant Business Risk Register

The Committee noted the report but queried why the risk relating to the Local Plan had been placed in a different position from that in its own Development Services risk register and whether an additional significant medium-term risk was emerging of funding for major projects being identified.

72. **Comments from the Executive**

A report from Civic and Committee Services summarised the Executive's responses to comments which the Finance & Audit Scrutiny Committee gave on reports submitted to the Executive on 2 September 2015.

Resolved that the contents of the report be noted.

73. **Review of the Work Programme & Forward Plan**

The Committee considered its work programme for 2015/16 and the latest published version of the Forward Plan.

Resolved that

- (1) a report on the Infrastructure Delivery Plan be added to March 2016; and
- (2) the work programme be noted.

(The meeting ended at 9.15 pm)