

# FINANCE AND AUDIT SCRUTINY COMMITTEE

Minutes of the meeting held on Tuesday, 8 February 2011 at the Town Hall, Royal Leamington Spa at 6.00pm.

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

**ALSO PRESENT:** Councillor Mrs Grainger (Portfolio Holder for Housing and Property).

An apology for absence was received from Councillor Heath.

## 102. **DECLARATIONS OF INTEREST**

There were no declarations of interest.

## 103. **MINUTES**

The minutes of the meeting held on 25 January 2011 were taken as read and signed by the Chair as a correct record.

## 104. **UPDATE ON INTERNAL AUDIT REPORT: HOUSING AND PROPERTY SERVICES CONTRACTS ISSUED 17 AUGUST 2010**

The Committee received a report from Finance which gave an update on Internal Audit's review of Housing & Property Services Contracts, which was presented to the Committee in January.

The Head of Housing and Property Services and Portfolio Holder for Housing and Property attended the meeting to respond to Members' questions. The Audit and Risk Manager pointed out that most recommendations were medium or low risk, with target dates of April 2011. High risk items had been addressed.

Members were assured by the Head of Housing and Property Services that recommendations had been incorporated into the Service Improvement Plan, which was monitored on a daily basis. Regulations were being complied with and the Procurement Manager was consulted as a matter of course.

The Chair thanked officers for a clear and valuable report. It was agreed that the next Internal Audit report would be brought to the June meeting of the Committee, after the April 2011 target date. In the meantime Councillor Vincett agreed to check that targets were on course for being met and alert the Committee of any concerns, if necessary.

**RESOLVED** that the report be noted.

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

### **105. 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 9 February 2011.

#### **Item Number 5 – Additional Funds for Housing & Property Services**

The Committee supported the recommendations in the report, having been reassured by the Head of Housing & Property Services as to why certain approaches had been adopted in addressing critical areas for improvement identified by the Audit Commission. Members noted a projected surplus of around £19,000 in relation to rent arrears. The Head of Housing & Property Services was thanked for the quick and efficient work he had undertaken in turning around a problem area, and was offered the continued support of the Committee.

#### **Item Number 7 – Housing Revenue Account Budget 2011/12 and Housing Rents**

The Committee was disheartened by the size of the rent increase, but recognised there was no option and supported the recommendations in the report.

#### **Item Number 8 – Approval of Heating, Lighting and Water Charges 2011/12 – Council Tenants**

The Committee supported the recommendations in the report. Members suggested that potential savings from alternative energy should be an incentive for the organisation to look at heating and lighting across all Council property, not just housing stock.

### **106. PROCUREMENT - UPDATE**

The Committee received an update on progress following a meeting of the Procurement Champions on 28 January.

A paper circulated at the meeting detailed the current status of non-compliant contracts, including work being undertaken in respect of their compliance and further steps which needed to be carried out. It contained a budget analysis, which the Procurement Manager had begun to review in an effort to ensure best value by identifying areas of similar spend across the organisation. The report also looked at embedding the principle of procurement to meet the needs of customers whilst ensuring there was compliance, and highlighted a need to give more emphasis to promoting the benefits of procurement for the organisation.

The Deputy Chief Executive responded to a point made at the previous meeting with regard to addressing adequate reasons for slippage, informing the Committee that he would be working with managers on this over the next couple of weeks. The Deputy Chief Executive had emailed the Committee in respect of the current status of Oakley Wood. He was also asked to check whether the contract for delivery of post to Councillors made reference to delivery within a specified period, as some Members felt they were receiving a very poor service.

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

The Head of Finance updated the Committee on regional developments in respect of collaborative working. Warwick District already had a history of working with others to make savings and it would continue to do so where there were clear benefits.

Members received assurances that the approach taken to ensure that the cost of monitoring compliance with procurement practice was proportionate.

Councillors were encouraged by progress in relation to procurement, but recognised there were still significant savings to be made.

**RESOLVED** that the position with regard to procurement be noted.

### **107. 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.

It was pointed out that the Portfolio Holder named under Bereavement Services on page 7 had changed.

**RESOLVED** that there were no forthcoming Executive decisions which they wished to have an input into before the Executive make their decision, at present.

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

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

It was agreed that a Procurement report would be presented to the Committee in June 2011 (no report to the March meeting). The Internal Audit report due to be presented on 1 March would instead go to the 29 March meeting, and the Audit Plan would also be presented on 29 March.

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

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

### **109. 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 9 February 2011.

#### **Item Number 6 – Budget 2011/12 and Council Tax – Revenue and Capital**

The Finance and Audit Scrutiny Committee noted that amended figures detailed in a supplementary report had changed again to an additional £44,000 for 2011/12 and £61,000 for 2012/13, the latter being only a provisional figure. The medium term strategy would be updated in due course. The Committee also suggested adding “continue to” to the sentence “Members will need to address the underlying budget deficit in future years” before the word “address”.

The Finance and Audit Scrutiny Committee was concerned that anticipated cuts imposed by other statutory sector organisations could leave some voluntary and charitable organisations under the very real threat of closure. The Committee therefore proposed that Executive **urgently** look into creating a Third Sector Support Scheme to provide one-off support to organisations which recognised the need to develop alternative business models but required help through a transitional period. The Committee was concerned that if such support were not provided then in the longer term the absence of certain voluntary and charitable organisations would lead to increased costs for the District Council in other areas of work. The effect of cuts on voluntary programmes meant some programmes were in danger of closing down. In the long term this could lead to more costs to the local economy: for example, if the adult training for job skills or the rehabilitation of people with mental illness should cease, or if there was increased isolation of vulnerable and elderly people. A comparatively small amount of money from Warwick District Council could help to release more substantial funds from other donors to continue these programmes. To fund the proposal the Committee recommended that rather than appropriating £1,475,000 from the General Fund Balance to the new Services Transformation Reserve, this figure be reduced to £1,375,000. Whilst the proposal received unanimous support, the Committee was very keen to ensure that appropriate checks and balances were in place to ensure that bids for funding were supported by a sound business case. The Committee recommended that the Grants Review Panel extend the remit of its work to develop criteria for awards in the interim under this proposed new scheme.

#### **The Committee RECOMMENDED to Executive that**

**Executive approve the creation of a Third Sector Support Reserve in 2010/11 with £100,000 from the General Fund Balance and that the detail of the new scheme be considered as part of the work by the Grants Review Panel, to be agreed by a future Executive meeting. To enable this to be financed, the appropriation to the Services Transformation Reserve should be reduced to £1,375,000.**

(Councillor Mrs Sawdon left the meeting during the course of this item.)

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

### Item Number 10 – Change Programme

The Committee was happy with the way the process for the programme was developing, made a plea that efforts be made to avoid jargon and supported the recommendations in the report. Councillors Edwards, Pittarello and Vincett confirmed their continuing commitment to be involved in the Members Programme Oversight Group.

### Item Number 11 – Feasibility Study of various WDC assets in Leamington

The Committee noted contingency plans, expressed a desire to see external scrutiny at an appropriate point in the process, and supported the recommendations in the report.

(The meeting ended at 8.12 pm)