

Finance and Audit Scrutiny Committee

Minutes of the meeting held on Tuesday 29 November 2016 at the Town Hall, Royal Leamington Spa at 6.00pm.

Present: Councillor Quinney (Chair), Councillors; Ashford, Barrott, Cain, Mrs Falp, Gifford, Harrington, Illingworth, Murphy and Rhead.

Also present: Councillor Mobbs, Phillips and Whiting.

69. **Apologies and Substitutes**

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

70. **Declarations of Interest**

Minute 72– Review of Cultural Services Contracts Register

Councillors Mrs Falp left the room for this item because her son was one of the contract managers mentioned in the report.

71. **Minutes**

- (a) The minutes of the meetings held on 31 August, 20 September and 27 September 2016 were taken as read and signed by the Chairman as a correct record; and
- (b) The minutes of the meeting held on 1 November 2016 were taken as read and subject to the inclusion of Councillor Rhead as attending the meeting, signed as a correct record.

72. **Review of Cultural Services Contracts Register**

The Committee considered a report from Cultural Services that set out the Cultural Services Contracts Register.

The review of the Cultural Services Contract Register allowed members of the Finance and Audit Scrutiny Committee the opportunity to consider the robustness of the register, make appropriate suggestions on how the register could be improved and consider the document within the context of promoting sound procurement practice across the Council.

The Portfolio Holder for Cultural Services, Councillor Coker, and the Head of Cultural Services attended the meeting to respond to questions on this item.

In response to a question, Councillor Coker confirmed that the register was correct in that a contract was not held in the corporate deed store.

Resolved that the report be noted.

73. **Executive Agenda (Non-Confidential Items & Reports – Wednesday 30 November 2016)**

The Committee considered the following non-confidential item which would be discussed at the meeting of the Executive on Wednesday 30 November 2016.

Item 3 - General Fund base budgets latest 2016/17 and original 2017/18

The Committee noted the variation in figures for charging for replacement bins and asked when the review of this charging process would be brought to Councillors.

While the Committee noted the 1% budget allocation for salary increases, they queried whether consideration should be given to the impact of predicted inflation on costs and the recruitment and retention policy in some areas. However, the Committee would seek a firm date for when the staff benefits review would come forward to members so any costs of this could be built into budgets as appropriate.

Item 4 – Housing Revenue Account (HRA) budgets latest 2016/17 and base 2017/18

The Committee was pleased to learn that “Pay to Say” as detailed at Paragraph 8.3.5 of the report, had been withdrawn by the Government.

The Committee was concerned at the increase in Supervision & Management (paragraph 10.4) of a further £150k for the reasons stated, on top of a budgeted rise in the current year of £255k or 10% and therefore requested clarification about these figures.

The Committee was informed, as part of the Internal Audit Quarter 2 progress report, that the £637,600 in original and current budget for asbestos works was likely to be exceeded, and felt that this should be drawn to the attention of the Executive.

Item 5 – Housing Revenue Account Rent Arrears Policy

The Committee found the report very encouraging and welcomed its work. It noted the comment within the budget that there was provision of £437,000 for bad debts both this year and next and while this was to make allowance for the introduction of universal credit, the Committee hoped this Policy would have a far more positive effect and looked forward to seeing this within future budget update reports.

74. **Internal Audit Quarter 2 2016/17 Progress Report**

The Committee considered a report from Finance that detailed the progress in achieving the Internal Audit Plan 2016/17, summarised the audit work completed in the second quarter and provided assurance that action has been taken by managers in respect of the issues raised by Internal Audit.

Nine audits were completed in the second quarter of 2016/17. From these only one, Asbestos Management, was awarded a lower than substantial

assurance opinion. In line with procedure, the report relating to this audit was set out at Appendix 4 to the report.

The Portfolio Holder for Housing & Property Services, Councillor Phillips, attended the meeting to respond to questions about the Audit of Asbestos Management.

Councillor Phillips, informed the Committee that the Asbestos training record for Housing & Property Services staff and contractors had now been updated and work was ongoing to identify the training needs of other departments.

In addition, he confirmed that the Council did not have an appointed person for Asbestos Management as required by the Health & Safety Executive.

Resolved that the report be noted.

75. **Annual Governance Statement Action Plan 2016/17: Review of Progress**

The Committee considered a report from Finance that detailed the progress that had been made in addressing the 'Significant Governance Issues' faced by the Council set out in its Annual Governance Statement 2015/16.

The Democratic Services Manager & Deputy Monitoring Officer confirmed that the report on a revised Call in Procedure was now due to be presented to the Overview & Scrutiny Committee in January 2017.

Resolved that the 2015/16 Annual Governance Statement and Action plan report be noted.

76. **Executive Agenda (Non-Confidential Items & Reports – Wednesday 30 November 2016)**

The Committee considered the following non-confidential item which would be discussed at the meeting of the Executive on Wednesday 30 November 2016.

Item 6 – Appointment of External Auditor

The Committee supported the recommendation in the report.

77. **Treasury Management Activity Report for the Period 1 April 2016 to 30 September 2016**

The Committee considered a report from Finance that detailed the Council's Treasury Management performance for the period 1 April 2016 to 30 September 2016.

The report was brought to Committee for consideration in accordance with the requirements of the Council's Treasury Management Strategy.

Resolved that the report be noted.

78. **Comments from the Executive**

The Committee considered a report from Democratic Services which detailed the responses from the Executive to the comments the Committee made regarding the reports submitted to the Executive on 2 November 2016.

Resolved that the report be noted.

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

The Committee considered its Work Programme for 2016 and the Forward Plan.

Resolved that the Work Programme be amended as follows:

- (a) a report be brought to the Committee in February 2017 regarding the financial implications for this Council on changes to the benefits system;
- (b) the final report on the update on procurement Issues be brought to the February 2017 meeting of this Committee;
- (c) the proposed additional meeting in December 2016 be removed;
- (d) a report on the Medium Term Financial Strategy be brought to the February 2017 meeting of the Committee outlining the support cost savings as a result of the change in management arrangements for the Leisure Centres; and
- (e) a report be brought to the January 2017 meeting of the Committee setting out the impact of the Revenue Support Grant with regard to student exemptions for Council Tax.

80. **Executive Agenda (Non-Confidential Items & Reports – Wednesday 30 November 2016)**

The Committee considered the following non-confidential item which would be discussed at the meeting of the Executive on Wednesday 30 November 2016.

Item 11a – Future use of council land adjacent to 39 High Street, Kenilworth

The Committee supported the recommendation in the report.

81. **Public & Press**

Resolved that under Section 100A of the Local Government Act 1972 that the public and press be excluded from the meeting for the following items by

reason of the likely disclosure of exempt information within the paragraphs 1, and 3 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

82. **Executive Agenda (Confidential Items & Reports – Wednesday 30 November 2016)**

The Committee considered the following confidential item which would be discussed at the meeting of the Executive on Wednesday 30 November 2016.

Item 14 - Confidential Appendix to Item 11a- Future use of council land adjacent to 39 High Street, Kenilworth

The Committee supported the recommendation in the report.

83. **Update on Procurement Issues**

The Committee considered a report from the Chief Executive, the details of which would be reported in the confidential minutes for this meeting.

84. **Minutes**

The Confidential Minutes of the meeting held on 1 November 2016 were taken as read and subject to the inclusion of Councillor Rhead as attending the meeting, signed as a correct record.

(The meeting ended at 8.00 pm)