

# Finance and Audit Scrutiny Committee

Minutes of the meeting held on Tuesday, 29 July 2014 at the Town Hall, Royal Leamington Spa at 6.00pm.

**Present:** Councillors Mrs Bunker, Mrs Knight, MacKay, Mrs Mellor, Mrs Syson, Wilkinson and Williams.

**Also Present:** Councillors Cross and Mobbs (Portfolio Holders).

Apologies for absence were received from Councillors Barrott, Dhillon, Pittarello and Pratt.

## 28. **Substitutes**

Councillor Wilkinson substituted for Councillor Barrott.

## 29. **Appointment of Chair**

**Resolved** that Councillor Mrs Knight be appointed as Chair for this meeting in the absence of Councillor Barrott.

## 30. **Declarations of Interest**

There were no declarations of interest.

## 31. **Minutes**

The minutes of the meetings held on 10 June were taken as read and signed by the Chair as a correct record.

The minutes of the meeting held on 1 July 2014 were agreed subject to the following change, detailed in Item 22 - Anti Fraud and Corruption Progress Report, paragraph 3 to read:

“in respect of an ongoing inquiry relating to the Ministry of Defence and Racing Club Warwick.”

## 32. **Treasury Management 2013/14 Annual Report**

The Committee received a report from Finance which detailed and reviewed the Council's Treasury Management performance for the whole of 2013/14, which was attached as Appendix A to the report.

The 2013/14 Treasury Management Strategy and the Council's Treasury Management Practices, in accordance with the Code of Practice for Treasury Management, required that the Treasury Management function reported upon its activities during the year by no later than 30<sup>th</sup>

September in the year after that which was being reported upon. Consideration of the Council's Treasury Management activities was within the remit of the Finance and Audit Scrutiny Committee. Therefore, it was appropriate to report the Council's annual performance direct to this Committee.

Treasury Management had a potentially significant impact on the Council's budget through its ability to maximise its investment interest income and minimise borrowing interest payable. The Council was reliant upon interest received to help fund the services it provided. As detailed in paragraph 11.9 of the report, the net interest received by the General Fund for 2013/14 was £242,387 against a revised estimate of £233,707 and original of £205,500.

The report was split into different areas including a Review of the Interest Rate Environment, Capital Expenditure and Financing, Borrowing and Treasury Limits and Prudential Indicators.

Section 11 of Appendix A detailed the Annual Investment Strategy and Investment Performance and outlined the performance relating to Money Market Investments, Money Market Funds and Call Accounts. An analysis of the overall investments was also shown.

Officers from Finance presented the report and the Committee were introduced to Karen Allison, the report author. Members were advised that the report evidenced a solid performance with nothing controversial being detailed.

The Officers answered queries from Members and were congratulated for their hard work.

**Resolved** that the report be noted and its contents accepted.

### 33. **Draft Statement of Accounts**

The Committee considered a report from Finance which advised that the accounts had been closed in respect of the financial year 2013/14 and the outturn duly reported to the Executive in June.

The Accounts and Audit (England) Regulations 2011 required local authorities to 'conduct a review at least once a year of the effectiveness of its system of internal control' and include a statement on internal control in any Statement of Accounts. The regulations required local authorities to produce the statement in accordance with 'proper practices in relation to internal control'.

Following various reviews a new Framework had been put in place which recommended that the review of the effectiveness of the system of internal control should be reported in an Annual Governance Statement. This was appended to the Statement of Accounts.

The review identified a number of areas for improvement in internal control. The progress on the actions highlighted was regularly monitored by the Senior Management Team.

The draft Statement of Accounts 2013/14 had been produced and would be subject to audit up to the end of September. The Audited Statement of Accounts would be presented to the Committee and Council in September for formal approval. The Statement of Accounts had been prepared using principles and practices of accounting which presented 'a true and fair view' of the financial position and transactions of the Council.

As part of corporate governance, Members had an important role in overseeing the framework of internal control of the Council. Although the Statements were still subject to audit, it was considered helpful to Members to get an early sight of them.

The Finance officer introduced the report and highlighted the key parts, especially the balance sheet and summary on page 5 and the Annual Governance Statement. Members were signposted to paragraph 3.5 of page 109 which referred to the effectiveness of Standards Committee. Members were encouraged to pass any queries or comments, relevant to Finance and Audit, to the Constitution Working Party via their Group Leaders. It was agreed that the recommendation would be altered to reflect this request.

Officers explained that the Annual Governance Statement used to be presented to Standards Committee in June but new guidelines recommended that it be included with the Statement of Accounts.

The Committee thanked the officers for a thorough report and for attending the meeting and answering Members questions.

**Resolved** that

- (1) the pre-audit Statements be noted; and
- (2) Members will be encouraged to pass on their comments to Group Leaders on the Annual Governance Statement, to be submitted to the CWP for consideration.

**34. Procurement Progress Update**

The Committee considered a report from Finance which updated Members on the progress of procurement over the first part of the financial year 2014/15.

It had been agreed at the July 2010 Executive as part of the Procurement Strategy that Members would receive an annual update on the progress of procurement and the procurement strategy.

The report advised that the 2013 revision of the Code of Procurement Practice was continuing to set a robust foundation for good procurement across the Council. The policy was currently being updated to reflect changes in the EU Directives that came into force in April 2014.

A table detailed in Section 8 of the report illustrated the position of contracts awarded for the current year, relative to previous years. In addition, all tenders and mini-competitions were carried out using the CSW-JETS e-tendering portal to ensure fairness and transparency.

All recent procurement activity was outlined in Appendix A to the report.

The Committee was pleased to note that the implementation of the Procurement Card was now fully operational across the Council and that the Procurement team was still monitoring and approving new creditor requests.

Councillors Mrs Knight and Syson, both Procurement Champions for the Council, addressed Members and advised of the pro-active management of existing contracts. Queries were also raised regarding the outstanding Kudos situation.

The Portfolio Holder for Finance, Councillor Cross, advised that the Kudos issue was top of the agenda and was of great concern. He assured Members that officers were receiving legal advice and would update Councillors shortly.

**Resolved** that the advances in procurement be noted.

### 35. **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 July 2014.

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

### 36. **Review of the Work Programme & Forward Plan**

The Committee considered its work programme for 2014/15 and the latest published version of the Forward Plan.

Members asked that the bowling review be added to its work programme, provisionally for November 2014, by which time the review was expected to have been completed.

With regard to the Forward Plan, the Committee requested that the Evening Economy report, originally due to be presented to the Executive in September 2013, be given a new date for the report to come forward.

**Resolved** that

- (1) the work programme for 2014/2015 be noted; and
- (2) at present, there were no forthcoming Executive decisions which Members wished to have an input into before the Executive make their decision.

37. **Executive Agenda (Non-Confidential Items & Reports) –  
Wednesday 30 July 2014**

The Committee considered the following item which would be discussed at the meeting of the Executive on Wednesday 30 July 2014.

Item 3 – Budget Review to 30 June 2014

The Committee supported the recommendations but raised a number of concerns about the level of savings still needed a total of £1.01 million over the 5 year period, and notably a £496k in-year deficit arising in 2016/17. (Due to the modest surplus in 2015/16 this results in an on-going deficit of £433k in 2016/17)

There was a general concern for the finances of local authorities, mainly as a result of the cuts made by central government. Members agreed that it was the scrutiny committee's role to remain cautious and vigilant and ensure that tight budgeting and robust business plans remained a priority. The Committee also urged managers to plan all projects well ahead and to avoid last minute reports requesting monies that had not been included in the original budgets.

Members asked for clarification on recommendation 2.8 which referred to the increase in funding for a community hub/local centre for Whitnash. Although Members were satisfied with the explanation from officers, it was agreed that the recommendation could be strengthened and it was therefore proposed that recommendation 2.8 be amended to read:

"the Executive agree up to a maximum of £100,000 Contingency Budget funding".

Item 4 – Significant Business Risk Register

The Committee strongly supported the recommendations in the report and felt that all staff should be congratulated for their hard work during difficult financial times.

The risks associated with the Local Plan (Risk 16) were noted and Members were mindful of the Planning Risks, in particular in relation to the Gypsy and Traveller Sites and Developer challenge elements of the Plan. Members were satisfied with the explanation from Officers that the

crossing out of the Local Plan wording in the Risk description was an oversight and that this Risk still exists.

38. **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 paragraphs 1, 3 and 7 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

The full text of Minute 25 was recorded in a confidential minute which was to be considered for publication following implementation of the relevant decisions. However, a summary is as follows:

39. **Minutes**

The confidential minutes of the meetings held on 10 June and 1 July 2014 were taken as read and signed by the Chair as a correct record.

40. **Comments from the Executive (Appendix 2 – Confidential)**

A report from Civic and Committee Services summarised the Executive's responses to comments which the Finance & Audit Scrutiny Committee gave on confidential reports submitted to the Executive on 2 July 2014.

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

(The meeting ended at 7.30 pm)