

Finance and Audit Scrutiny Committee

Minutes of the meeting held on Tuesday, 30 June 2015 at the Town Hall, Royal Leamington Spa at 6.00pm.

Present: Councillor Barrott (Chair): Councillors Butler, Day, Gifford, Harrington, Heath, Illingworth, Quinney, Rhead and Thompson.

Also Present: Councillors Cross and Mobbs (Portfolio Holders) and Councillor Gill (observing).

10. Substitutes

There were no substitutes.

11. Declarations of Interest

Minute Number 13 – Executive Item 8 – Funding for Bishop’s Tachbrook Community Centre

Councillor Day declared a pecuniary interest because he had been heavily involved in the project as Chairman of St Chad’s Centre Trust Ltd, prior to being elected as a District Councillor in May 2015. He left the room whilst the item was discussed.

Minute Number 13 – Executive Item 10 – Request for funding for Improvements to King George’s Playing Fields at Barford

Councillor Rhead advised that he had facilitated a meeting on behalf of the applicant but had not attended himself. In addition, he was a resident of the village and was a trustee of a charity that had already provided funding to a different phase of this project.

Councillor Barrott advised that he too was a trustee of the charity that had already provided funding to a different phase of this project.

Minute Number 16 – Executive Item 7 – The introduction of a Pre-Application Charging Regime for development proposals

During consideration of the item, Councillor Thompson advised that he was an alumni of the University of Warwick and worked at the Student Union there.

Minute Number 17 – Executive Item ? – Development Services Contract Register

During consideration of the item, Councillor Gifford declared an interest as a Warwickshire County Councillor.

12. **Anti Fraud & Corruption Progress Report 2014/15**

The Committee received a report from Finance which outlined the Anti Fraud and Corruption Strategy following the annual review and proposed an action plan to maintain the strategy and help deliver its objectives.

Increasing concerns about the level of fraud and corruption in the public sector in the mid 1990s prompted the Audit Commission to produce a series of reports entitled "Protecting the Public Purse". Prior to this time most local authorities had no formal stance on fraud and no policies, procedures and systems in place to deal with it. One of the recommendations in the first report concerned the creation of an anti fraud culture with the formal adoption of a policy stating an authority's zero tolerance attitude to fraud and corruption.

Warwick District Council was amongst the first local authorities to act on this recommendation and adopted a policy and strategy in September 1995.

The report explained that keeping the strategy under review, coupled with the completion of an action plan, played a part in improving the overall control environment and raised awareness on fraud and corruption matters.

The Anti Fraud and Corruption Strategy had been reviewed to ensure that it remained relevant to the Council's structure and organisation and that it compared with strategies in place at other authorities.

The report updated Members on the steps taken to deliver the 2014/2015 action plan, detailed in Appendix A to the report, and presented the 2015/2016 action plan for approval, attached as Appendix B to the report. The action plan was based on the continuous improvement of the Council's anti fraud and corruption measures.

As part of the Government's Welfare Reforms, a Single Fraud Investigation Service (SFIS) had been set up and was being operated by the Department for Work and Pensions (DWP). It investigated state benefit fraud, HMRC fraud and Housing Benefit fraud previously investigated by local authorities. Therefore, this strategy related to corporate fraud and not Housing Benefit and Council Tax reduction.

The Senior Internal Auditor from the Council's Audit team presented the report and highlighted the culture of zero tolerance towards fraud. He also reminded all Members of the training sessions the team would be holding on the subject in September and advised that he had attended the Corporate Induction to deliver information to new starters.

Members discussed sections 6.2.3 and 6.2.4 of the strategy which related to Members declaring interests at meetings and ensuring the Register of Gifts and Hospitality was maintained. It was felt that employees should also be included in these paragraphs to ensure that staff and Members were treated equally.

The Chairman thanked the officers for attending and presenting the report.

Resolved that

- (1) the report and the progress made in implementing the 2014/2015 action plan, attached as Appendix A to the report, is noted; and
- (2) the action plan for 2015/2016 attached as Appendix B to the report is approved.

13. **Executive Agenda (Non Confidential Items & Reports) – Wednesday 1 July 2015**

The Committee considered the following items which would be discussed at the meeting of the Executive on Wednesday 1 July 2015:

Agenda Item 8 – Funding for Bishop’s Tachbrook Community Centre

The Committee supported the recommendations in the report. Members did raise concerns about funding aspects, the information still being awaited on the Business Plan and appreciated the timing issues relating to the building contractor.

Agenda Item 10 – Request for funding for improvements to King George’s Playing Fields at Barford

The Finance & Audit Scrutiny Committee supported the recommendations with an amendment to the figure in bullet point 2 of recommendation 2.1 – this should read £81,000 not £71,000, and the subsequent changes to paragraphs 3.4 and 5.3.

14. **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.

15. **Executive Agenda (Confidential Items & Reports) – Wednesday 1 July 2015**

The Committee considered the following items which would be discussed at the meeting of the Executive on Wednesday 1 July 2015:

Agenda Item 14 – Discretionary Relief Application (Council Tax)

The Committee passed its comments to the Executive.

Agenda Item 13 – Disposal of WDC owned land at Station Approach in Leamington Spa

The Committee supported the recommendations in the report.

(The meeting resumed public session.)

16. **Executive Agenda (Non Confidential Items & Reports) – Wednesday 1 July 2015**

The Committee considered the following items which would be discussed at the meeting of the Executive on Wednesday 1 July 2015:

Agenda Item 7 – The introduction of a Pre-application Charging Regime for development proposals

The Finance & Audit Scrutiny Committee supported the recommendations in the report, however, Members had concerns about the wording of the exemptions paragraph at the bottom of page 9. Members suggested that discretion could be used when dealing with some of the larger charitable organisations and the final reference to the LEP should read 'or' not 'and'. It was also hoped that listed buildings and heritage assets would be identified as an exemption.

The recruitment of agency staff to the Planning Officer vacancy was supported on this occasion to afford some protection to the Planning Reserve.

In addition, it was suggested that interim, quarterly reports could be submitted to measure take up of the service.

The Committee therefore recommended:

That the following amendments be made to the recommendations:

2.1 ii) to include an additional FTE Senior Planning Officer **by flexible recruitment**; and

2.1 iii) to review the operation of the regime **on a quarterly basis**.

17. **Development Services Contract Register**

The Committee received a report from Development Services which set out the process for the review by the Finance & Audit Scrutiny Committee of the Development Services Contracts Register. The report also highlighted any issues which needed to be addressed in the next 12 months.

The Committee was asked to review the register, attached as Appendix 1 to the report, and make observations on it as appropriate.

These reports gave Members 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. Contract Management was an important element of procurement. Contracts needed to be properly managed to ensure compliance with the contract, whilst considering all relevant aspects that may affect the performance of the contract. Also, it was important that contract managers pro-actively planned ahead to ensure the procurement of future contracts was properly managed.

The report explained that officers within Development Services recognised the need to improve the information held on the Contracts Register and had been working closely with Procurement officers to discuss the best approach for the variety of contracts and procurement activities required within the service area. It was recognised that in some areas, there were contract arrangements that had been inherited and the original contract was not readily available.

Officers felt that the greatest need for the service area was to procure specialist consultancy services. This was done in various ways either through established frameworks, formal tender or Service Level Agreements.

The Portfolio Holder for Development Services, Councillor Cross, presented the report and accepted that the register was not currently at an acceptable standard. He assured Members that he would be working with officers to submit an acceptable register by October.

Councillor Rhead highlighted a number of issues with the document ranging from contracts that were unsigned to grammatical mistakes in the register. He stated that one of his main concerns was that this was being used as a way to circumnavigate the correct procurement processes.

In response, the Head of Development Services admitted that there was clearly work to do and explained the difficulties encountered in bringing in the wide ranging professional services that the department needed.

Members highlighted the lack of renewal dates on some of the Direct Award contracts and the importance of officers giving themselves enough time to complete the correct procurement processes before the contract ended.

There was some discussion that the October deadline may be unachievable due to the workload already being placed on the Procurement Team.

The Head of Development Services suggested that a compromise would be to submit an interim report in the next six weeks, prioritising the high value contracts.

It was agreed that an interim report in the next six weeks would be submitted whilst officers met with the Procurement Team to establish a realistic timescale for further work on the register.

Resolved that the contents of the report be noted and an interim report be submitted back to Committee in six weeks.

Following on from this item, the Head of Finance reminded Members that there would be a Procurement training session held next Wednesday evening and explained the role that Procurement Champions filled from this committee.

Members agreed that Councillors Barrott and Rhead would continue with their roles with Councillors Heath, Gifford and Quinney joining them as Procurement Champions.

18. **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 16 June 2015.

Resolved that the contents of the report be noted.

19. **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.

Members noted that the Housing Business Plan Performance Management report would be submitted to 28 July 2015 at the request of the new Portfolio Holder.

In addition, the Enterprise Projects report would also go to 28 July 2015 meeting to allow the new Portfolio Holder time to appraise and comment on the report.

Councillor Rhead addressed Members and requested that an item be added to the Work Programme to ensure regular scrutiny of the Council's Section 106 contributions. He advised that the version available online was a good start but he would like it to include a breakdown for each discipline, details of recipients and date of payment and contact details for

who to liaise with should payments be late. Councillor Rhead proposed that this was submitted to the Committee on a quarterly basis.

It was therefore agreed that the first report should be submitted to the 2 September 2015 meeting and added to the work programme accordingly.

Resolved that Scrutiny of S106 Agreements be added to the work programme for 2 September 2015 and on a quarterly basis thereafter.

20. **Treasury Management Activity Report for the period 1 October 2014 to 31 March 2015**

The Committee received a report from Finance which outlined how the Council had performed financially, what had been invested in and information relating to the money markets for the period 1 October 2014 to 31 March 2015.

The Head of Finance outlined the report and endorsed how well the Council was performing in the current economic climate.

Resolved that the report is noted.

21. **External Audit Fees 2015/16**

The Committee received a report from Finance which outlined details of the proposed 2015/16 audit fees, issued by Grant Thornton, the Council's external auditors.

The Committee was asked to note the proposed fees which had been set out as an appendix to the report.

The proposed fee to be charged for the Annual Audit of the 2014/15 Accounts, and associated work was £53,623, excluding grant claims with an indicative fee of £9,540, giving a total fee of £63,163. Details of the fees were set out in the Planned Audit Fee letter from Grant Thornton, dated 16 April 2015 and attached as an appendix to the report.

For 2013/14 the main fee was £70,597 and £8,530 for grant claims. The reduction in fees had been enabled by the procurement exercises run by the former Audit Commission across both the Local Government and Health Sectors.

The reduction in the fees charged would be used towards the savings targets that had been built into the financial projections and reflected within the Budget Review report to the Executive on 29 July.

The report also explained that any additional work required by Grant Thornton may attract additional fees. This was the case for the work required on recent objections to the accounts, for which the fee was still expected. Members discussed this issue and noted that out of the four

objections, three had now been fully reviewed. Unfortunately, the work could not be signed off until the fourth objection had been resolved.

The Committee supported the report and was pleased at the reduction in fees. Councillor Rhead also highlighted the reference to successful procurement resulting in a reduction in fees as detailed in paragraph 5.2 of the report.

Resolved that the proposed fee for the 2015/16 audit is noted.

(The meeting ended at 8.44 pm)