

# FINANCE AND AUDIT SCRUTINY COMMITTEE

Minutes of the meeting held on Tuesday, 11 October 2011 at the Town Hall, Royal Leamington Spa at 6.00pm.

**PRESENT:** Councillor Mrs Knight (Chair): Councillors Copping, Cross, Dagg, Edwards, MacKay, Pratt, Rhead, Mrs Sawdon, and Williams.

ALSO PRESENT: Councillor Mobbs (Portfolio Holder for Finance).

Apologies for absence were received from Councillors Pittarello and Mrs Tyrrell.

## 67. **SUBSTITUTES**

Councillor Copping substituted for Councillor Mrs Tyrrell.

## 68. **DECLARATIONS OF INTEREST**

Minute 72 – Executive Agenda (Non-Confidential Items & Reports) – Item 8 – Racing Club Warwick

Councillor Rhead declared a prejudicial interest as the Council's nominated representative for Racing Club Warwick, did not participate in the debate and left the meeting for the duration of the item.

Councillor Williams declared a personal interest because he was a member of Warwick Town Council, but had not been involved in the meeting at which Racing Club Warwick had been considered.

## 69. **MINUTES**

The minutes of the meetings held on 13 and 21 September 2011 were taken as read and signed by the Chair as a correct record.

Councillor Rhead confirmed that he had received a copy of the Snowdrop report as requested at the 13 September meeting.

## 70. **NATIONAL FRAUD INITIATIVE UPDATE**

A report from Finance updated Members on progress relating to the National Fraud Initiative (NFI) which was concerned with tracking fraud and irregularities, but benefit fraud in particular.

The Initiative was a rolling data-matching exercise undertaken by the Audit Commission and requiring the participation of all audited bodies under their remit. The Audit Commission actively monitored progress at each authority. Reporting to this Committee on the NFI was reintroduced from 2010 following a recommendation from the Audit Commission to engage elected members in what the Commission saw as a major part of counter-fraud work in the local government sector. It was now felt that this could be achieved effectively through ongoing consultation between senior

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

management and the Portfolio Holder, and informing the Committee on outcomes through periodic reports presented on control assurance and/or counter-fraud.

Officers gave Members an update on further progress since the report had been produced. They were pleased to report that the findings of the exercise reflected favourably on the Council.

Members expressed concern that an overpayment had been made to a contractor. Officers replied that this had come about as a result of a lean systems intervention and that the checks and balances which would normally have prevented this from happening had since been reinstated. Nevertheless, Members requested further details of the circumstances surrounding the incident, as well as detail of the system for certifying a contractor's work on a regular basis and how a contractor would be invoiced against a certificate.

The Committee was not minded to support the recommendation that future monitoring of the Council's compliance with the National Fraud Initiative be overseen by the Head of Finance in consultation with the Portfolio Holder, but instead wanted to continue to see reports presented to this Committee. Members noted that, other than a report on council tax discount matches, the next full NFI report would be due autumn 2012.

### **RESOLVED** that

- (1) progress made to date on meeting the requirements of the National Fraud Initiative be noted; and
- (2) future monitoring of the Council's compliance with the National Fraud Initiative be overseen by this Committee as it is currently.

(Councillor Williams joined the meeting during the course of this item.)

## **71. BENEFIT FRAUD INVESTIGATION - PERFORMANCE**

The Committee received a report from Finance providing information regarding the performance of the Benefit Fraud Service for the financial years 2009/10 and 2010/11. The report also advised of the Government's intention to create a single Fraud Service starting from 2013.

Members were pleased with the performance of the Service and that all prosecutions within this period had been successful.

Members noted and expressed some concern that the removal of the fraud service would impact on the amount of Benefits Administration Grant received from the Government, which could be disproportionate to the actual costs of the Fraud Section and present a further additional financial burden on the Council.

**RESOLVED** that the contents of the report be accepted.

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

### **72. 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 12 October 2011.

#### **Item Number 11C – Significant Business Risk Register**

The Committee expressed concern that the Risk Register was too abstract and questioned whether it was possible for the Committee to use it, in its present form, to monitor risk effectively, particularly in relation to operational changes and the management of risk. The Register needed to be more measurable. The Committee agreed that Councillors Edwards and Rhead would discuss this further with the Deputy Chief Executive (AJ) and Audit & Risk Manager and report back to the Committee. Members requested more information on how risk was selected, how it was rated, and suggested that "workshopping" of the list needed professional input so that the register could be properly managed and monitored.

The Committee recommended to the Executive that the Risk Register be revised, with professional input, to more precisely identify the risks facing the Council and to be presented in a more measurable way.

With regard to the Summary of Significant Business Risks, Members suggested that a possible trigger for procurement risks was the monitoring of compliance with procurement practices. It was also suggested that if a health check of Partnership Risks was progressed through the year, rather than annually, potential problems would be more easily managed.

(Councillor Mobbs joined the meeting during the course of this item.)

#### **Item Number 4 – Fees and Charges 2012/13**

The Committee noted revised figures relating to paragraph 8.2 which were circulated at the meeting and supported the recommendations in the report.

An offer of a meeting with the Parking Services Manager was extended to Councillor Edwards in order to reassure him that the Council was taking a strategic approach to parking charges.

Officers agreed to investigate and clarify possible discrepancies identified by Councillor Copping in swimming and sauna charges for senior citizens.

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

#### **Item Number 5 – Events in Parks – Charges Policy**

The Committee felt there should be a way to ensure that the Council's costs were recoverable in the event of misuse or wilful damage of sites and equipment, but supported the recommendations in the report.

Members requested that their thanks be extended to the report's authors for a very clear and concise report.

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

### Item Number 6 – Future Provision of Parking at Abbey Fields

The Committee was keen to see that charges were consistent with those at other car parks in the area, and supported the recommendations in the report.

### Item Number 8 – Racing Club Warwick

The Committee noted with sadness that current negotiations over Racing Club Warwick had ceased. Members were disappointed with the outcome of the Council's efforts to support Racing Club Warwick and were concerned about the risks which had arisen.

The Committee recommended to the Executive that

- (1) the current Racing Club Warwick Constitution be examined by officers to clearly identify how Racing Club Warwick would operate in future if there was any further involvement with the Council;
- (2) the Council's current legal position in respect of Racing Club Warwick be clarified, including investigation of any personal liability;
- (3) drawing lessons from this experience, in future, before any legal arrangements were made in partnerships between Warwick District Council and other organisations, precautionary investigations of the status of the signatories should be made, including examination of the financial affairs of prospective partners through the acquisition of detailed audited accounts, a copy of their constitution and evidence that it was being adhered to; and
- (4) in future, any grants made should be accounted for with a final report on progress and expenditure.

(Councillor Rhead withdrew from the room for the duration of this item, having declared a prejudicial interest.)

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

### Item Number 11E – Business Rates Retention

The Committee supported the recommendations in the report.

### Item Number 11F – Localisation of Council Tax Support

The Committee recommended to the Executive that the Council lobby the Government to reiterate concerns that, while the improvements which Universal Benefits could bring were welcomed, Members were concerned that the aims of Universal Benefits could be seriously undermined by the proposed localisation of Council Tax, which was likely to result in heavy cuts to benefits for a large number of vulnerable people.

The Committee pointed out that such comments could form part of the response to the consultation process.

Councillors Dagg and Edwards volunteered to be involved in closer examination of the proposals, alongside any other volunteers that were forthcoming.

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

### **73. COMMENTS FROM THE EXECUTIVE**

A report from Committee Services summarised the Executive's response to comments which the Finance & Audit Scrutiny Committee gave on reports submitted to the Executive on 14 September 2011.

Members noted that the report had been produced in a new format.

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

### **74. 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.

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

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

A report from Members' Services detailed the Committee's work programme for 2011/12.

No changes were made to the work programme on this occasion.

Members were reminded of the importance of attending training events, the next being an Internal Audit workshop due to take place on Monday 17 October at Riverside House.

**RESOLVED** that the work plan for 2011/12 be noted.

(The meeting ended at 8.20 pm)