

FINANCE AND AUDIT SCRUTINY COMMITTEE

Minutes of the meeting held on Tuesday, 7 June 2011 at the Town Hall, Royal Leamington Spa at 6.00pm.

PRESENT: Councillors Cross, Dagg, Edwards, Mrs Knight, MacKay, Pittarello, Pratt, Mrs Sawdon, Mrs Tyrrell and Williams.

ALSO PRESENT: Councillor Doody (Leader) and Councillors Mobbs and Vincett (Portfolio Holders).

An apology for absence was received from Councillor Rhead.

1. APPOINTMENT OF CHAIR

RESOLVED that Councillor Knight be appointed Chair of the Committee for the ensuing municipal year.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES

The minutes of the meeting held on 29 March 2011 were taken as read and signed by the Chair as a correct record.

4. 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 paragraphs 2 and 5 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

5. PROGRESS REPORT ON ENTERPRISE PROJECTS

Further to a report to the September 2010 meeting, the Committee received a progress report on the operational performance of the Enterprise Projects, those being Althorpe Enterprise Hub, Court Street Creative Arches and Brunswick Enterprise and Employment Zone. The report also referred to the Spencer Yard (Phase 1) project (North Hall and West Wing buildings) which was managed by the Enterprise Team. Collectively the 4 projects were part of the Council's Creating Uplift Provision Programme.

Ray Smith (Enterprise Development Manager), Ian Kirkwood (Community Enterprise Officer) and Paul Pinkney (Head of Development Services) attended the meeting to present the report.

FINANCE AND AUDIT SCRUTINY COMMITTEE (Continued)

Members were pleased to see that the Enterprise Projects had been instrumental in helping over a dozen new businesses to start up, with several more in the pipeline, and to take on vital roles previously offered by the Job Centre, including offering support and advice to people looking to be self-employed and assisting people with CVs and IT. Officers recognised that they needed to think more about ways in which they could encourage existing businesses to grow.

The officers were thanked for the very worthwhile work being undertaken by the Enterprise Projects. The Enterprise Development Manager agreed to arrange a tour for any new members who were interested. Members noted that a report including a five year business plan was due to be presented to Executive in September 2011.

RESOLVED that progress to date be noted.

6. REVIEW OF EFFECTIVENESS OF INTERNAL AUDIT 2010/11

The Committee considered a report from Finance presenting the outcomes from the review of the effectiveness of the Council's system of internal audit for the year ended 31 March 2011.

The review was undertaken in accordance with the Accounts and Audit (Amendment) (England) Regulations 2006, which required such a review at least once a year and presentation of the results to the Committee designated to consider or approve the Annual Governance Statement. Accordingly, the report would be passed to the Standards Committee later in the month. The Finance and Audit Scrutiny Committee were invited to address its views to that meeting.

The report highlighted a need for Internal Audit to contribute more fully to the Corporate Governance Agenda and to make firmer arrangements to equip Members to fulfil an effective audit committee role. Accordingly, training for Members would be arranged to take place over the coming months. The Audit and Risk Manager agreed with a suggestion by a Member that a questionnaire be put to Members asking them if they could identify gaps in their knowledge and abilities. He also reported that Internal Audit would soon be giving full consideration to the recommendations in the report.

It was suggested that in future a summary of the risk environment in respect of each function be included in the annual plan.

RESOLVED that

- (1) the scope, method and outcomes of the effectiveness of the Council's system of internal audit for the year ended 31 March 2011 be noted; and
- (2) the Committee's views as detailed above be addressed to the Standards Committee.

FINANCE AND AUDIT SCRUTINY COMMITTEE (Continued)

7. INTERNAL AUDIT ANNUAL REPORT 2010/11

The Committee considered a report from Finance presenting the Internal Audit annual report for the year ended 31 March 2011, which formed part of the Annual Governance Statement.

The CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 required a report detailing an opinion on the overall adequacy and effectiveness of the organisation's control environment to be presented to the Committee designated to consider or approve the Annual Governance Statement. Accordingly, the report would be submitted to the Standards Committee. The Finance and Audit Scrutiny Committee were asked to address their views to that meeting.

The Audit and Risk Manager reported that Internal Audit had concluded that governance was satisfactory within the Council from an audit point of view. Members supported the officer's findings and thanked him for the report.

RESOLVED that

- (1) the Internal Audit Annual Report for the year ended 31 March 2011 be noted; and
- (2) the Standards Committee be informed of the Committee's views as detailed above.

8. INTERNAL AUDIT QUARTER 4 2010/11 PROGRESS REPORT

The Committee received a report from the Audit and Risk Manager detailing progress achieved in the Internal Audit Plan 2010/11, summarising audit work completed in the fourth quarter and providing assurance that action had been taken by managers.

Members had a responsibility for corporate governance, of which internal audit formed a key part. At the beginning of each year Members approved the Audit Plan, setting out the audit assignments to be undertaken. An analysis of progress made in completing the Audit Plan for 2010/11 was set out as an appendix to the report.

The Audit and Risk Manager was pleased to report that a full set of responses had been received from managers this quarter. In response to a Member's question, he confirmed that there was an exit procedure for staff leaving the Council, and that in respect of property assets there was a cyclical program which valued assets and which was next due to be completed by 31 August 2011.

RESOLVED that the report be noted and its contents accepted or, where appropriate, acted upon.

9. EXECUTIVE AGENDA (NON-CONFIDENTIAL ITEMS & REPORTS)

The Committee considered the following non-confidential item which would be discussed at the meeting of the Executive on Wednesday 8 June 2011.

FINANCE AND AUDIT SCRUTINY COMMITTEE (Continued)

Item Number 14 – Arrangements to Manage the Housing Revenue Account (HRA) Self Financing Project

The Committee supported the recommendations in the report.

10. 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 paragraph 3 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

11. EXECUTIVE AGENDA (CONFIDENTIAL ITEMS & REPORTS)

The Committee considered the following confidential items which would be discussed at the meeting of the Executive on Wednesday 8 June 2011.

Item Number 17 – Terms of the Warwick District Council / Waterloo Housing Group Development Joint Venture

The Committee expressed some concerns about the risks involved, but recognised that the Executive had time to make an informed decision before committing to the project, and supported the recommendations in the report. The Head of Housing and Property Services was congratulated on having such a good handle on the proposal, and for consistently offering Members a comprehensive answer to each question raised. The Committee suggested that 3.1 should read “will deliver at least 300 units” in line with the report.

Item Number 22 – Royal Spa Centre Seating Project

The Committee requested that officers present them with an update report in December on all aspects of the performance at the Spa Centre and supported the recommendations in the report.

(Councillor Vincett left the meeting at the conclusion of this item.)

12. 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 8 June 2011.

Item Number 5 – Final Accounts 2010/11

The Committee was pleased with officers’ outstanding performance in collecting council tax and business rates and supported the recommendations in the report, while identifying a need for a simpler summary of the accounts. Councillors Edwards, Mrs Knight, Pittarello and Pratt agreed to look at ways of producing such information, without compromising the transparency of the data. Members noted variances in the accounts, were pleased with improvements made in respect of departmental budgeting and looked forward to even greater improvements in the future.

FINANCE AND AUDIT SCRUTINY COMMITTEE (Continued)

(Councillors Doody and Mobbs left the meeting at the conclusion of this item.)

Item Number 15 – Rural/Urban Capital Improvement Scheme

The Committee supported the recommendations in the report, but felt there was a need for a future report to indicate how successfully the implementation of the 50-50 split worked and confirming the rationale and reasons why the budget had been so split.

13. **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 paragraph 3 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

14. **EXECUTIVE AGENDA (CONFIDENTIAL ITEMS & REPORTS)**

The Committee considered the following confidential items which would be discussed at the meeting of the Executive on Wednesday 8 June 2011.

Item Number 19 – Continuation of Employment Support Activities

The Committee strongly supported the recommendations in the report.

Item Number 20 – Contract Relet 2013

The Committee expressed some concern at the 8 year length of the contract, but subject to receiving evidence that this was good value for both the Council and for the taxpayer, supported the recommendations in the report.

15. **TREASURY MANAGEMENT ACTIVITY REPORT FOR THE PERIOD 1 JANUARY 2011 TO 31 MARCH 2011**

The Head of Finance presented a report to the Committee detailing the Council's Treasury Management Performance for the period 1 January to 31 March 2011.

The Council's 2010/11 Treasury Management Strategy and Treasury Management Practices (TMP's) required the performance of the Treasury Management function to be reported to Members on a quarterly basis.

The Head of Finance was asked to pass on to Roger Wyton and the Treasury Management staff the Committee's thanks for their excellent work, and to encourage them to explain their acronyms in future!

RESOLVED that the report be noted.

16. **MEMBERSHIP NOMINATIONS FOR THE FIT FOR THE FUTURE OVERSIGHT GROUP**

FINANCE AND AUDIT SCRUTINY COMMITTEE (Continued)

The Committee was requested to nominate up to three members to sit on the Fit for the Future oversight group. Councillor Vincett had requested that he no longer be involved. Councillors Edwards and Pittarello were happy to continue to be involved, subject to nominations from the Overview and Scrutiny Committee, as the Oversight Group was now to be a joint venture between both Scrutiny Committees.

17. 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 30 March 2011.

RESOLVED that the contents of the report be noted.

18. 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.

19. REVIEW OF THE WORK PROGRAMME

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

The following changes to the work programme were agreed:

- Addition of 'Statement of Accounts' to reports due to be submitted to the July meeting
- Deletion of the 'Enterprise initiatives' report (which would instead be presented to Executive in September)
- Addition of a progress report on developments at the Royal Spa Centre to the December meeting
- An 'Urban/Rural Initiatives Update' to be presented to the January 2012 meeting

Members noted that procurement training had been arranged to take place on the evening of 26 September.

FINANCE AND AUDIT SCRUTINY COMMITTEE (Continued)

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

20. 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 8 June 2011.

Item Number 8 – Coventry and Warwickshire Local Enterprise Partnership: 5 Year Strategy

The Committee expressed concerns that this Council's voice might not be being heard at Partnership level and wanted assurance that the Partnership was not undermining the Council or its goals.

Item Number 21 – Proposed Enterprise Zone

The Committee felt it was essential that an additional meeting, at least a week prior to Council taking a decision, be arranged in order for the proposals to be presented properly to all Members (not just Scrutiny Committees) and to allow all Members to ask questions to enable them to debate the issues effectively at the Council meeting.

(The meeting ended at 9.20 pm)