

FINANCE AND AUDIT SCRUTINY COMMITTEE

Minutes of the meeting held on Tuesday, 1 December 2009, at the Town Hall, Royal Leamington Spa at 6.00pm.

PRESENT: Councillor Mrs Knight (Chair); Councillors Malcolm Doody, Guest, Illingworth, Kinson, MacKay, Pittarello and Rhead.

An apology for absence was received from Councillor Mrs Tyrrell.

79. DECLARATIONS OF INTEREST

There were no declarations of interest.

80. MINUTES

The minutes of the meeting held on 10 November 2009 were taken as read and signed by the Chair as a correct record with an amendment to the Councillors present as Councillor Rhead did not attend.

81. BUDGET AND IMPROVEMENT PROGRAMME

The Committee received a report from the Chief Executive's office outlining the progress to date of the Budget and Improvement Programme (BIP) and provided additional details of projects.

The BIP had been devised to respond to the continued budget challenge and included a range of projects devised to support customer focussed improvement work and to make significant savings. The Executive had requested a quarterly update and the Finance and Audit Scrutiny Committee, acting as BIP Programme Assurance, had also requested an update quarterly.

The alternative option was to do nothing but this carried the risk that neither the Executive, nor this Committee would continue to be sufficiently informed.

RESOLVED that

- (1) progress on the Programme outcomes be noted;
and
- (2) the Committee review the forecast Programme costs, benefits and risks, as well as the priorities of the projects.

82. 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

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

83. EXECUTIVE AGENDA (CONFIDENTIAL ITEMS & REPORTS)

The Committee considered the following confidential items which would be discussed at the meeting of the Executive on Wednesday 2 December 2009.

Item Number 19 – Proposed Shared Legal Services

The Committee considered the above report which was presented to them by Peter Oliver, interim Head of Legal Services, who explained that the County Council would be able to offer a more robust service and would be able to assist the current team with the difficulties they were likely to encounter in the next few years. Councillors were concerned that the business case didn't stack up and that not all options had been fully considered. The officers advised members that the estimates would be watched carefully and that future reports on how the shared service was progressing would be submitted. Members agreed that shared services would lead to less risk in the future and congratulated the team on achieving the Lexcel standard.

The Finance & Audit Scrutiny Committee recommended that the Executive consider an additional recommendation to receive an annual report on the progress of the shared service, including the financial position.

At the conclusion of this item, any members of the public or press were invited back into the meeting.

84. 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 2 December 2009.

Item Number 10 – Use of Resources

The Committee considered the report which was presented by representatives from the Audit Commission.

Members were concerned that the Council weren't getting full credit for things that were done correctly and that little time was given for officers to work on the suggestions made before further reports were submitted. It was also felt that the four levels of scoring were inadequate and the range was not large enough. It was also suggested that the report could cover a twelve month period because the Council had moved on since the scores were given.

The Committee supported the recommendations as presented in the report but recommended that the Executive note the significant work already undertaken by officers and the Finance & Audit Scrutiny Committee in addressing the recommendations made by the Audit Commission and the short timescale available to embed further improvements before the next assessment.

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The Committee recommended that the Executive note the significant work already undertaken by officers and the Finance & Audit Scrutiny Committee in addressing the recommendations made by the Audit Commission and the short timescale available to embed further improvements before the next assessment.

85. INTERNAL AUDIT QUARTER 2 2009/10 PROGRESS REPORT

The Committee received a report from Richard Barr advising on the progress achieved in the Internal Audit Plan 2009/10 and summarising the audit work completed in the second quarter and provided 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 2009/10 was set out as an appendix to the report.

It was requested that the report be noted and its' contents accepted or, where appropriate, acted upon. The report was not concerned with recommending a particular option in preference to others so no alternative option was necessary.

RESOLVED that the report be noted and its contents be accepted.

Councillor Guest left the meeting at the end of this item.

86. TREASURY MANAGEMENT ACTIVITY REPORT FOR THE PERIOD 1 JULY 2009 TO 30 SEPTEMBER 2009

The Committee received a report from Finance detailing the Council's Treasury Management Performance for the period 1 July to 20 September 2009. The Council's 2009/10 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 general economic background was important in understanding how markets were behaving. After cutting interest rates to a record low of 0.5%, the MPC increased the amount of asset purchases under the Bank's quantitative easing (QE) programme from £125bn to £175bn in August. However, while QE did appear to have been successful in improving liquidity in financial markets, its impact on the real economy remained limited.

There were some signs of recovery in the market, with some sectors showing growth in the second quarter of 2009. Concerns remained about the fragile state of any recovery with the impact of rising unemployment; therefore, bank rate was expected to stay low for longer. Inflationary pressures in the economy continued to ease further, but more slowly than had been expected. This was largely, as a result in falls in the annual rate of food and utility price inflation. More positive news came from the housing market which saw house prices rise at the fastest rate in over five years. The Nationwide house price index rose by

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3.8% in Q2. Also, other major economies, including the US appeared to have left the recession.

Invesco Asset Management Ltd continued to act as the Council's external cash management agents and currently managed £5 million on our behalf. Invesco's performance up to the end of September 2009 was detailed in the report.

The contract with Invesco had no formal length and was determinable with immediate effect by either party by giving notice in writing. The Head of Finance was responsible for Treasury Management operations within the agreed Treasury Management Strategy and on the basis of their continued poor performance intended to terminate the contract with Invesco and bring the £5M funds back in house.

RESOLVED that the report including the decision to terminate the contract with Invesco for the reasons set out, be noted.

87. COMMENTS FROM THE EXECUTIVE

The Committee considered a report from Committee Services summarising the Executive's response to comments which the Finance & Audit Scrutiny Committee gave on reports submitted to the Executive on 11 November 2009.

Members were concerned that the wording of their comment to the Executive regarding item number 13, Disposal of Bedford Street Car Park was incorrect. They stated that it should read 'should the Inspector's decision go in his favour'.

The remaining responses were noted with no further amendments.

RESOLVED that the contents of this report be noted.

88. 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 and 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 Executive decisions which they wished to have an input into before the Executive make their decision and was therefore no

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need to nominate a member to investigate that future decision or report back to the Committee in February 2010.

89. REVIEW OF THE WORK PROGRAMME

A report from Members' Services detailed the Committee's work programme for the year.

The Committee discussed attendance at training sessions for members and it was agreed that members should be mindful of the need to attend training courses arranged for Councillors for members' on specific subjects. They also felt it could be useful to arrange a training event for all members on the internal recharging process.

RESOLVED that

- (1) the Procurement Report be brought to the meeting in February 2010; and
- (2) a report detailing a review of the Oakley Wood Business Case be submitted to the March 2010 meeting.

90. 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 2 December 2009.

Item number 4 - General Fund Base Estimates Revised 2009/10 and Original 2010/11

The Committee considered the report from Finance which set out the latest projections for the General Fund revenue estimates in respect of 2009/10 and 2010/11 based on the current levels of service and previous decisions.

The Committee supported the recommendations as presented in the report.

Item number 12 – Free Swimming

The Committee supported the recommendations in the report but were mindful that the incentive be time limited and reviewed at a later date.

Item number 15 – Review of Concurrent Services Scheme

The Committee considered a report from Finance and supported the recommendations in the report.

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91. 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.

92. EXECUTIVE AGENDA (CONFIDENTIAL ITEMS & REPORTS)

The Committee considered the following confidential items which would be discussed at the meeting of the Executive on Wednesday 2 December 2009.

Item Number 24 – Chandos Street Update

Members considered a report from the Deputy Chief Executive updating them on the current position regarding the proposed retail development on the Chandos Street site and the recommendations were supported as printed. However, it was noted that paragraph 3.1.1 needed amending to reflect recommendation 2.3 'and subsequently to the Head of Legal Services (or, in their absence the Chief Executive) to subsequently sign the Development Agreement'.

The Finance & Audit Scrutiny Committee supported the recommendations in the report but recommended that the Executive request an updated risk register for their consideration and for the consideration of Finance & Audit Scrutiny Committee.

The Committee recommended that the Executive request an updated risk register for their consideration and for the consideration of this Committee.

Councillor Pittarello left the meeting at the conclusion of this item and any members of the public or press were invited back into the meeting.

93. 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 2 December 2009.

Item Number 16 – Housing Capital Programme – Additional Expenditure and Re-Profiling of Existing Budgets

The Committee considered the report from the Business Manager for Housing and Property Services and supported the recommendations in the report.

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Item Number 17B – Children’s Play Areas

The Committee considered report from Cultural Services and supported the recommendations in the report.

Item Number 17H – Pump Room Gardens

The Committee considered a report from Cultural Services and supported the recommendation in the report.

Item Number 17K – Risk Management Progress Report

The Committee considered a report from Finance and supported the recommendation in the report.

94. **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 items, 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.

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

The Committee considered the following confidential items which would be discussed at the meeting of the Executive on Wednesday 2 December 2009.

Item Number 20 – Request for Early Retirement and Review of Support Services

The Committee considered a report from The Chief Executive’s office and supported the recommendations in the report.

Item Number 21 – Finance Staffing

The Committee considered a report from Finance and supported the recommendations in the report but noted that there was a spelling error in recommendation 2.4 which needed amending.

Item Number 22 – Building on Excellence restructure update

The Committee considered a report from Housing & Property Services and Development Services and supported the recommendations in the report.

Item Number 23 – Review of Tourism and the management of the Visitor Economy

The Committee considered a report from Development Services and supported the recommendations in the report but noted that the report was difficult to

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comment on as some of the points in it were ill-defined. It was suggested that the points made by Councillor MacKay would be addressed by the Group Leader of Policy, Projects and Conservation, Gary Stephens and members were pleased to note that this item would be looked at by the Overview and Scrutiny Committee in the future.

(The meeting ended at 10.00pm)