

Finance and Audit Scrutiny Committee

Minutes of the meeting held on Tuesday 7 February 2017 at the Town Hall, Royal Leamington Spa at 6.00pm.

Present: Councillor Quinney (Chair), Councillors; Ashford, Barrott, Cain, Mrs Falp, Gifford, Harrington, Illingworth, Noone, Rhead and Thompson.

Also present: Councillors Coker, Cross, Mobbs, Phillips, Shilton and Whiting.

97. **Apologies and Substitutes**

- (a) There were no apologies for absence; and
- (b) there were no substitutes.

98. **Declarations of Interest**

Minute 102 - Executive Agenda (Non-Confidential Items & Reports – Thursday 5 January 2017) – Item 5 – Housing Revenue Account (HRA) Budget 2017/18 and Housing Rents

Councillor Barrott declared an interest because he rented a garage from the District Council.

Minute 103 Finance & Audit Agenda Item 9 – Waste Container Charging Review

Councillor Mrs Falp declared an interest because a member of her family worked within the service area.

Minute 104 Finance & Audit Agenda Item 8 – Warwick District Infrastructure Delivery Plan

Councillor Gifford declared an interest because he was a Warwickshire County Councillor.

99. **Minutes**

The minutes of the meeting held on 4 January 2017 were taken as read and signed by the Chairman as a correct record.

100. **2015/16 Annual Audit Letter and Grant Claims**

The Committee received a report from Finance, in conjunction with the Council's External Auditors Grant Thornton, which commented on the Council's Annual Audit Letter that was attached as an appendix to the report.

The letter was the Council's External Auditor Assessment of the Council, drawing on audit, inspection and performance assessment work, and had been prepared by the Council's External Auditor, Grant Thornton, representatives of which were in attendance at the meeting.

The Annual Audit Letter also included details of the 2015/16 Value For Money conclusion. This was included within the Audit Findings Report in September. It was concluded that the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

The auditors had also completed two Grants audits. The Benefits Claim had been signed off as qualified and the Pooling of Housing Capital Receipts audits as unqualified.

No objections to the 2015/16 Accounts were received. However, two objections were still outstanding relating to the 2013/14 accounts. The auditors had been unable to conclude these due to an on-going legal process but the auditors were finalising their responses to these objections.

The assessment of Housing Benefit was extremely complex; more often than not when new legislation was introduced, existing claimants were protected whilst new claims were dealt with according to the new legislation. This meant that assessors had to remember different rules for different claims. In addition, the procedure required manual input of information to the system. Whilst accuracy checking of assessments was routinely carried out, there would invariably be some element of unavoidable human error.

Mr Gregory from Grant Thornton outlined the report and introduced his colleague, Mr Patterson, who would be working with Warwick District Council going forwards.

Following a question from the Committee, Mr Gregory confirmed that there was no legislation stipulating how long the outstanding objections could remain uncertified. However, he was hopeful that the matter would be concluded within the next couple of months.

The Committee thanked Grant Thornton for the report and especially Mr Gregory for his service to the Local Authority over the past seven years. In addition, Members welcomed Mr Patterson and looked forward to working with him in the future.

Resolved that the Annual Audit Letter and Grants Audit are noted and no further information is required from either officers or the Council's auditors.

101. **Welfare Reforms**

The Committee received a report from Finance which provided an update on Welfare Reforms following a request from Members.

The report advised that the Government prescribed how much it considered a household should be able to live on, depending on their circumstances, through a system of premiums and allowances in order to calculate the amount of means tested income related benefit and housing benefit a person might receive.

So for example, a couple with two children would attract a couple allowance, two child premiums and prior to May 2016 a family premium. Additional premiums were granted if someone in the family was disabled or had caring responsibilities. The total amount of these allowances and premiums formed the basis of the benefit calculation. Generally, if a person's income was below this total, they could claim a DWP benefit to ensure they received an income of at least this amount.

Housing Benefit was calculated using the same principle, so if a claimant had an income of the calculated amount or below, they would receive maximum eligible housing benefit, and if they received an income above this amount, a 65% taper was applied to the difference between the calculated amount and their actual income to calculate entitlement. Claimants who were working could claim working tax credits and generally received an income of above the calculated minimum amount. It should be noted that Housing Benefit could also be reduced by the benefit cap and this was explained later in the report.

In November 2015, the Government announced that there would be no increase to working age social security benefit rates until at least 5 April 2020. In order to achieve this, the allowances and premiums used to work out benefit entitlements had remained at the same level since April 2015.

The report showed the weekly allowances and premiums used in the calculation of benefit for a couple with two children.

The Benefits and Fraud Manager introduced the report and advised that the Council had implemented all of the legislative requirements that the Government had requested.

Following a query from the Committee, the Benefits and Fraud Manager explained that since the introduction of the benefit cap, the benefits' caseload was reducing because more people were moving into employment.

In addition, the Sustaining Tenancies Manager advised that in relation to District Council rents, if a tenant was in arrears of more than one month then the Council could ask for the contribution to be paid directly to the Local Authority. He also explained that if a tenant was thought to be vulnerable and therefore unable to manage their finances independently, officers had the opportunity to apply for direct payment immediately.

The Portfolio Holder for Housing and Property Services, Councillor Phillips, informed the Committee that the Association for Council Housing was currently lobbying Government on these issues.

Resolved that the report is noted.

102. **Executive Agenda (Non-Confidential Items & Reports – Wednesday 8 February 2017)**

The Committee considered the following non-confidential items which would be discussed at the meeting of the Executive on Wednesday 8 February 2017.

Item 4 – Budget 2017/18 and Council Tax – General Fund Revenue and Capital

The Committee raised concerns that the Right To Buy Capital Receipts were being utilised for functions unrelated to the supply of housing but noted that the Council was not restricted in its right to do so.

Concerns were also raised about the management fee likely to be offered to the successful Leisure Centre operators in recognition of the large upfront investments required including in gym equipment. However, the Committee noted the officers' assurances that this should result in significantly favourable concession payments in subsequent years, that risks would be adequately controlled and that information would be shared with Members once negotiations were concluded.

Reviewing the Medium Term Financial Strategy, concerns were raised about increased spending on ICT equipment and software and some other specific large outlays. Conversely, it was noted that the projected income from Leisure Centres did not yet reflect the expected favourable outcome expected.

Overall, therefore, the Committee supported the recommendations in the report.

Item 7 – Treasury Management Strategy Plan for 2017/18

The Committee fully supported the recommendations in the report along with the potential for encouraging other Financial Advisors to work with Local Authorities in the future. Members also noted that whilst the risk profile was increasing, the Council was doing all it could to mitigate this whilst strengthening Capital Security.

Item 5 – Housing Revenue Account (HRA) Budget 2017/18 and Housing Rents

The Committee raised concerns relating to the increase in garage rents and hoped that this would go towards funding the repair and maintenance of the garages. Members noted, however, that the strategy relating to garages had been delayed until a new Head of Housing was in post.

The Committee supported the recommendations in the report.

Item 8 – Housing Related Support Services

Members raised concerns about the impact to residents of changes to some housing designations but noted officers' assurances regarding consultation and the option of adjusting designations. They commended the significant reduction in some charges as a result of the review.

The Committee therefore supported the recommendations in the report and noted that most residents were satisfied with the services being provided.

103. Waste Container Charging Review

The Committee considered a report from Neighbourhood Services which reviewed the first eight months of a new policy which charged households for the provision of waste containers.

Information had been gathered using data from the Council's Customer Relationship Management system (Civica) and other sources. Prior to the introduction of the policy, the Council was spending £165k per annum on waste container provision.

This report had been produced at the request of the Finance and Audit Scrutiny Committee.

The report advised that requests for containers had reduced in all cases. Red box and recycling bag requests had reduced by 60%, grey bins by 37% and green bins by 10%. The number of deliveries to households by Suez had reduced by 48% due to the reduction in requests.

The Contract Services Team, within Neighbourhood Services, had provided feedback advising that a large number of residents had complained about the added delivery charge, especially for recycling containers. The added delivery charge could mean that residents paid £10 for a recycling box, £7.50 for a recycling bag or £5 for a food caddy. In addition, residents would like to be able to collect these items to avoid the delivery charge, however, the Council did not have the facility to do this.

A small number of residents had complained that the charge for wheeled bins was high, especially when ordering both grey and green bins together. A small number of residents had refused to pay for recycling containers, stating that they would use their own or put everything in the refuse bin.

The report outlined the overall budget status at section 5.1.3 and highlighted that annual expenditure had fallen since the introduction of the scheme, resulting in the annual contribution from the WDC General Fund falling from £87k to £6k. In addition, since agreeing the waste container charges, the Council had procured a new contract for the supply of waste containers which had reduced costs by approximately 18%.

The Portfolio Holder for Neighbourhood Services, Head of Service and the Senior Contract Officer attended the meeting and introduced the report.

In response to questions from the Committee, officers confirmed that only one delivery charge was applied to each order, regardless of the number of items ordered. In addition, bins would often need replacing earlier depending on where they were stored and the weather conditions that they were exposed to.

When Members asked how officers distinguished between failure on the part of the householder or on the part of the contractor, they were

reminded that this was difficult to prove without evidence. Officers confirmed that all complaints received were recorded on the Civica system and that it would be possible to identify if certain crews were receiving more complaints than others. However, Members were reminded that crews would be affected by staffing changes and moves, but area officers could investigate this if necessary.

The Portfolio Holder assured Members that officers were looking into the feasibility of suitable collection points in the District.

Resolved that the report be noted.

104. **Warwick District Infrastructure Delivery Plan**

The Committee considered a report from Development Services which updated Members on the progress made regarding the Infrastructure Delivery Plan (IDP) associated with the District's future growth requirements to 2029.

The IDP continued to be updated to reflect the latest information arising from ongoing discussions with infrastructure providers and to reflect emerging infrastructure requirements necessary to support the Local Plan. The report also gave Members an overview of how infrastructure matters were addressed in the recent Local Plan Examination in Public.

The report had been produced at the request of the Finance and Audit Scrutiny Committee.

The updated IDP was set out in Appendix 2 to the report and would continue to be refreshed and updated to reflect Infrastructure requirements and the progress of their implementation throughout the plan period. Members noted that this may also involve expanding the content of the IDP to include any further modifications made to the Plan in the forthcoming Inspector's report and the final content of the Plan at adoption.

The compilation and monitoring of the IDP continued on a collaborative basis involving officers within Development Services, other officers across the Council, colleagues at WCC, Stratford and Coventry Councils, and other external agencies (for example, Highways England, Strategic Economic Plan partnership, Sport England).

Mrs Neale from WCC was in attendance at the meeting alongside the Head of Development Services, the Policy and Projects Manager, the Senior Planning Officer, the Portfolio Holder for Development Services and the Head of Consortium.

The Senior Planning Officer introduced the report and gave an update on the work since the Inspector had fully scrutinised the process. He advised that the IDP would be looked at again after the agreement of the Local Plan, which was due shortly.

Following questions from the Committee, officers advised that:

- The A46 junction had not appeared in the original plan but had been included to help mitigate the impact of Kings Hill.
- A number of Clinical Commissioning Groups (CCGs) were now engaging in the process; North Warwickshire CCG and Rugby CCG had joined and were looking at the impact of growth.
- Communication was good throughout the Local Authorities and between individual officers.
- The impact of an unexpected site, such as the Asps, was difficult because it changed everything at a very late stage.
- The Section 106 database enabled officers to track the process of contributions and see how much was outstanding, with a view to mitigating clawback.
- Ms Neale advised that County Council officers also had access to the database and were able to provide updates when money was spent.
- District Council officers were unable to control any contributions going towards health provisions but could keep up pressure on them.
- With regard to education, the government had stipulated that schools had to be 'Free Schools' Generally, WCC would advise that a school was needed in a certain area. Alternatively, there could be a direct approach from a provider, as had recently happened in Rugby.
- The District Council had not yet submitted a Community Infrastructure Levy Scheme and it may not, therefore, be in place when the Local Plan was adopted.
- With regard to broadband provision, it was a policy requirement of the new Local Plan that developers provided this.

Having read the report and received the feedback from officers, Members requested that an additional column be added to the spreadsheet to detail the work planned for the first five years, and another for the second five years. Officers agreed that this would be circulated shortly.

Resolved that

- (1) the contents of the report, Appendix 1 (update on key infrastructure) and Appendix 2 (updated IDP Table) are noted; and
- (2) officers will report back to Committee in six months' time with a further update.

105. Update on the support cost savings as a result of the management arrangements at Leisure Centres

The Committee considered a report from Finance which confirmed the impact on Support Services of the outsourcing of the management of the Council's Leisure Centres and the potential savings that could be made.

Work on the Leisure Options review had been on-going for several years and was expected to release savings currently estimated at around £1.3m.

This report had been produced at the request of the Finance and Audit Scrutiny Committee.

An addendum was circulated prior to the meeting that updated the figures provided in the table at paragraph 3.5 and detailed a new table at paragraph 5.1 of the report, which showed the breakdown of overall Leisure Options figures and reflected the changes to support cost savings.

Members raised a concern that the cost relating to Human Resources needed clarifying because it was not showing the same level of saving. The Head of Finance assured Members that he would request further information from officers.

Resolved that the report be noted.

106. **Comments from the Executive**

The Committee considered a report from Democratic Services which summarised the Executive's response to comments given by the Finance & Audit Scrutiny Committee on reports submitted to the Executive on 4 January 2017.

Resolved that the report be noted.

107. **Review of the Work Programme & Forward Plan**

The Committee considered its Work Programme for 2016/2017 and the Forward Plan.

Resolved that its Work Programme be amended as follows:

- (1) The report relating to Procurement Issues be deferred to the March 2017 meeting.

108. **Public & Press**

Resolved that under Section 100A of the Local Government Act 1972 that the public and press be excluded from the meeting for the following items by reason of the likely disclosure of exempt information within paragraphs 1, 2 and 3 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

109. **Minutes**

The confidential minutes of the meeting held on 29 November 2016 were taken as read and signed by the Chairman as a correct record.

(The meeting ended at 21.10 pm)