

FINANCE AND AUDIT SCRUTINY COMMITTEE

Minutes of the meeting held on Tuesday, 16 March 2010, at the Town Hall, Royal Leamington Spa at 6.40pm.

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

Apologies for absence were received from Councillors Kinson and Vincett.

105. **DECLARATIONS OF INTEREST**

Minute Number 111 – Executive Agenda (Confidential Items and Reports)

Councillor Guest declared a personal interest in item 22 on the Executive agenda, because he was a board member of South Warwickshire Tourism/Shakespeare Country.

Councillor Mrs Knight declared a personal interest in item 23 on the Executive agenda, because it was in her ward.

Councillor Illingworth declared a personal interest in the urgent item (Wilton House) on the Executive agenda, because it was in his ward.

Minute Number 116 – Executive Agenda (Non-Confidential Items and Reports)

Councillors Edwards and MacKay declared personal interests in item 17 on the Executive agenda, as they sat on the steering group for the Kenilworth Public Service Centre. Councillor Illingworth declared a personal interest in the item because he was a Town Councillor.

106. **MINUTES**

The minutes of the meeting held on 2 February 2010 were taken as read and signed by the Chair as a correct record.

107. **INTERNAL AUDIT QUARTER 3 2009/10 PROGRESS REPORT**

The Committee received a report from the Audit and Risk Manager detailing progress achieved in the Internal Audit Plan 2009/10, summarising audit work completed in the third 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 2009/10 was set out as an appendix to the report.

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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.

The Committee had concerns over a capital scheme where the tender/contract price had exceeded the sum approved by the Executive, and expressed disappointment that the manager concerned had yet to meet the Finance Officer to address this, despite the report giving a target date of January 2010 for this to be carried out. The Head of Finance confirmed that the meeting would take place. Members wanted reassurance that procedures were in place to prevent budget thresholds from being exceeded without recourse to the Code of Financial Practice. The Deputy Chief Executive reported that the updated Code of Financial Practice, due to be considered by the Executive on 17 March, would be drawn to the attention of all relevant officers. A report on compliance with the code could be brought to a future meeting of this Committee.

The Audit and Risk Manager agreed to check working papers and provide quantitative information to Members in relation to report reference 4.4.1(2) in appendix 4 to the report.

RESOLVED that

- (1) the report be noted and its contents accepted;
and
- (2) subject to the Executive approving the Code of Financial Practice, appropriate officers be asked to read and sign to confirm their understand of the code.

108. INTERNAL AUDIT STRATEGY AND PLAN 2010/11 – 2012/13

The Committee considered the Audit and Risk Manager's report which presented the Internal Audit Strategy and Plan 2010/11 – 2012/13 for approval.

Members noted that the Senior Management Team had recently been consulted and subsequently made some adjustments to the plan, particularly in light of a need to balance resources. They also noted that proposals relating to 2011/12 and 2012/13 were indicative at this stage.

The Audit and Risk Manager was requested to advise the Committee if at any point resources came under pressure.

RESOLVED that the Internal Audit Strategy and Plan 2010/11 – 2012/13 be approved.

109. 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 17 March 2010.

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Item Number 18(c) – Review of Corporate and Strategic Risk Register

The Committee noted the recommendations in the report but expressed concerns about financial risks, particularly in the light of the report presented to the Committee by the Audit & Risk Manager, which made reference to non-compliance with the Code of Financial Practice. Members requested that Activity 4 in the register be entered as two separate risks and be brought up-to-date and that they be kept informed of any developments.

The Deputy Chief Executive agreed to provide Councillors Rhead and Mrs Tyrrell with further details relating to a meeting which addressed the Waste Management contract.

110. 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.

111. EXECUTIVE AGENDA (CONFIDENTIAL ITEMS & REPORTS)

The Committee considered the following confidential items which would be discussed at the meeting of the Executive on Wednesday 17 March 2010.

Item Number 22 – Review of South Warwickshire Tourism Partnership

The Committee noted the recommendations in the report, but had some concerns over paragraphs 2.8 and 2.9 given recent events, and requested a progress report to the next meeting. Members were keen to see the “Shakespeare Country” name preserved as it was recognised as a successful global brand. They were also keen to see work concentrated on Warwick and Stratford Districts as opposed to a wider area covering the West Midlands and the Cotswolds, which was outside of the Partnership’s remit.

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

Item Number 21 – Kenilworth Horsefair

The Committee noted the recommendations in the report, but pointed out that paragraph 3.6 was not strictly correct: the legal service was a shared service, not a function of the County Council.

Item Number 23 – Bath Place

The Committee noted the report, but in light of an update on progress by the Deputy Chief Executive, felt that there was no business case to progress and that the first recommendation was redundant.

Item Number 20 – Delivery of the Ranger Service in Jephson Gardens

The Committee noted the recommendations in the report.

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Urgent item – Wilton House

The Committee noted the recommendations in the report, but were not keen to support proposal 2.1(iii) without the opportunity to consider it further before proceeding. Members felt they were being asked to make decisions without proper notice and a solid business case.

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

112. COMMENTS FROM THE EXECUTIVE

The Committee went back into public session and 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 3 February 2010.

RESOLVED that the contents of this report be noted.

113. 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 Executive decisions which they wished to have an input into before the Executive make their decision, at present.

114. REVIEW OF THE WORK PROGRAMME

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

Members were informed that the Business Improvement Programme report due to be considered at the 13 April meeting would be a closure report. However, the Committee would continue to receive quarterly updates on the replacement programme.

RESOLVED that

- (1) a report on compliance with the Code of Financial Practice be brought to the next meeting;

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- (2) a report on the implications of International Financial Reporting Standards be brought to the next meeting; and
- (3) a report on the Royal Spa Centre be presented in August.

115. TREASURY MANAGEMENT ACTIVITY REPORT FOR THE PERIOD 1 OCTOBER 2009 TO 31 DECEMBER 2009

The Committee received a report from Finance detailing the Council's Treasury Management Performance for the period 1 October to 31 December 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.

RESOLVED that

- (1) the report be noted; and
- (2) Treasury Management staff be thanked for their excellent performance.

116. 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 17 March 2010.

Item Number 4 – Revised Corporate Business Improvement Plan

The Committee noted the recommendations in the report, but pointed out that savings as detailed in paragraph 5.5.1 and on page 4/11 differed, and sought clarification as to which was correct. Members wanted reassurance that the key activities detailed on page 4/24 had been met, and suggested that targets should be reset at some point in the future, with the results presented to the Committee. They felt there was a need for a greater understanding across the Council of what "lean systems thinking" is.

Recommendation 2.1 should read "principal", not "principle".

The Committee recommended to the Executive that, in consultation with the Corporate Management Team, Scrutiny Chairs be asked to consider the work programmes of their respective committees in the light of the new framework and to consider adopting the lean systems approach to scrutinising.

Item Number 5 – Code of Financial Practice

The Committee noted the recommendations in the report and felt it was very important to ensure that all managers read and understood the code when it was reissued. Managers needed to be held to account if they exceeded the limits of their expenditure.

The Committee recommended to the Executive that

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- (1) the words "a view" be deleted from paragraph 10.6.2. and replaced with "prior"; and
- (2) subject to the Executive agreeing recommendation 2.1, it agrees that all officers responsible for a budget must confirm in writing that they have read and understand the code.

Item Number 17 – Kenilworth Public Service Centre

The Committee felt that the report had been overtaken by events and therefore did not feel able to comment.

Item Number 7 – Terms of Reference for Joint Working Group on sharing Senior Management and Services for Warwick and Stratford on Avon District Councils

The Committee noted the recommendations in the report, but pointed out that references to specific political parties might need to be revised after the election.

Item Number 11 – Agile Working

The Committee wanted care to be taken over the timing of spending and to see changes driven primarily by achieving better working conditions, rather than financial gain.

Item Number 12 – Corporate Property Repairs & Improvements Programme 2010/11

The Committee had some concerns over whether the budget was being managed sufficiently well.

The Committee recommended to the Executive that recommendation 2.2 be amended to read "...as per the new code of contract practice".

Item Number 14 – Principles for Strategic Asset Management

The Committee noted the recommendations in the report.

Item Number 16 – Establishment of a Procurement Officer Post

The Committee noted the recommendations in the report.

Item Number 18(d) – Textile Recycling – Donations to Charity

The Committee noted the recommendations in the report but asked the Executive to consider whether 10% to charity was too little, and the process for deciding which charities should receive a gift.

Item Number 18(e) – The Efficiency Agenda 2008-09 to 2010-11

The Committee noted the recommendations in the report.

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

(The meeting ended at 10.00 pm)