

Finance and Audit Scrutiny Committee

Minutes of the meeting held on Tuesday 26 July 2016 at the Town Hall, Royal Leamington Spa at 6.00pm.

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

Also present: Councillors; Coker and Shilton.

25. Apologies and Substitutes

- (a) Apologies for absence were received from Councillor Day; and
- (b) Councillor Mrs Bunker substituted for Councillor Mann, and Councillor Murphy substituted for Councillor Cain.

26. Declarations of Interest

Minute Number 34 – Executive Item 7 – Review of Support to Town and Parish Councils

Councillors Mrs Bunker and Illingworth declared an interest because they were Kenilworth Town Councillors.

Councillor Mrs Falp declared an interest because she was a Whitnash Town Councillor.

Councillor Harrington declared an interest because he was a Weston-under-Wetherley Parish Councillor.

Councillor Murphy declared an interest because he was a Warwick Town Councillor.

Councillor Rhead declared an interest because he was a Barford Parish Councillor.

Councillor Thompson declared an interest because he was a Royal Leamington Spa Town Councillor.

27. Minutes

The minutes of the meetings held on 1 and 28 June 2016 were agreed and signed by the Chairman as a correct record, subject to the removal of Councillor Illingworth from the attendance list/record on 28 June 2016.

28. Executive Agenda (Non-Confidential Items & Reports – Wednesday 27 July 2016)

Agenda Item 9 – Procurement Exemption for WDC Copier Maintenance 2016/17

The Committee supported the recommendation but was very concerned that the procurement process had yet again not been followed. Members requested further information as to whether other contractors had been approached about supplying the maintenance contract and if not, why not. In addition, Members were not content with the risks posed of a 3 month rolling contract & queried why the contract end date had not been flagged up on the contract register - as a result this demonstrated that the processes were not being adhered to.

29. **Statement of Accounts and Annual Governance Statement 2015/16**

The Committee considered a report from Finance which advised that the accounts had been closed in respect of the financial year 2015/16 and the outturn duly was reported to the Executive in June. In addition, the draft Statement of Accounts 2015/16 had been produced and would be subject to Audit up to the end of September.

The audited Statement of Accounts would be presented to the Committee and Council in September for formal approval.

As part of corporate governance, Members had an important role in overseeing the framework of internal control of the Council. Although the Statements were still subject to audit, it was considered helpful to Members to get an early sight of them. The report requested that the Committee noted the pre-audit Statements.

The Accounts and Audit (England) Regulations 2015 required local authorities to 'conduct a review at least once a year of the effectiveness of its system of internal control', and include a statement on internal control in any Statement of Accounts. The regulations required local authorities to produce the statement in accordance with 'proper practices in relation to internal control'. The Annual Governance Statement had been approved by this Committee at its meeting on 1 June 2016.

In response to questions from the Committee, the Finance Officer confirmed that the differences in the value of the Council's major assets were due to the change in valuer. In addition, he explained that the value assigned to car parks was reliant on the estimated income generated.

Members noted that the Council had been criticised in the past for the complexity of the accounts and as a result had undertaken a de-cluttering exercise. The Head of Finance reminded Members that the current regulations imposed company accounts on the Local Authority.

Resolved that the pre-audit Statements be noted.

30. **Executive Agenda (Non Confidential Items & Reports – Wednesday 27 July 2016)**

Agenda Item 6 – Council Tax Reduction Scheme

The Committee supported the recommendations but was concerned about the effectiveness of the consultation scheme, whilst noting that this was a mandatory requirement.

31. **Neighbourhood Services Risk Register**

The Committee considered a report from Neighbourhood Services which set out the service area's Risk Register for review by the Committee.

Risk registers were in place for all significant risks facing service areas in the provision of their services. In addition to all service area risk registers, there was the Significant Business Risk Register that contained the organisation's corporate and strategic risks. In January 2012, the Executive agreed that the relevant Portfolio Holders should attend the Finance & Audit Scrutiny Committee meetings in order for their risk registers to be reviewed.

The Head of Neighbourhood Services addressed Members along with the Portfolio Holder, Councillor Shilton. He report introduced the risk register and explained that alongside a list of generic risks, summary tables for each part of the service had also been provided as a supplement to the Risk Register to assist in tracking risks and logging key actions. These were attached as Appendix B to the report.

The report advised that the Neighbourhood Services (NS) Risk Register was owned and managed by the NS Portfolio Holder and the NS Management Team. Risks were reviewed on an ongoing basis and with the Portfolio Holder at quarterly meetings. In addition, the wide range of services that NS covered was described in section 10 of the report.

Three main risks had been identified during the process and these were:

- Bereavement Services Risks 6 and 7 – Loss of Statutory Documents & Loss of ICT;
- Car Park Services Risk 5 – Structural Integrity of Multi-storey Car Parks; and
- Refuse, Recycling, Street Cleansing and Grounds Risks 2 and 3 – Demobilisation of Previous Ground Maintenance Contract.

The Committee were asked to review the report and appendices and make observations as appropriate.

Members raised concerns that risks relating to the failure of contractors to deliver the service had not been satisfactorily addressed because members of the public were still contacting them with issues relating to refuse and recycling collections.

In response, the Portfolio Holder advised that a lot of work had gone in to tackling student accommodation and the spike of issues which occurred at the end of term. It was recognised that there were staffing issues and employees were being asked to work overtime to resolve these. He assured Members that meetings were in the pipeline to continue to address the difficulties experienced.

Councillors also highlighted that they had received an email requesting they did not contact staff with refuse collection issues because the staff were overworked and under a lot of pressure. However, the staffing difficulties did not appear in the risk register and officers were asked how

they were monitoring this. In response, the Head of NS advised that staffing issues had been flagged throughout the risk register.

The Committee were concerned that recent interventions and restructures had had a detrimental impact on the good relationships built up between the student population and the refuse and recycling team. Officers were asked why the department was losing staff.

In response, the Portfolio Holder stated that the department did receive thanks for the service they provided and a number of awards had been received including Green Heritage awards. The risk relating to staffing had been recognised and officers were working to put it right.

In response to further questions from the Committee, officers confirmed that:

- When the risk register was produced, the teams had been fully staffed;
- Cross departmental meetings were taking place to tackle the issues relating to Houses in Multiple Occupation;
- Condition surveys had been carried out on the multi-storey car parks and the results had been built in to the Corporate Asset Strategy;
- Officers were disappointed that Members were not satisfied with the layout of the report and registers, there had been no intent to hide information;
- Officers were confident that the risk registers were working well and did not feel that there were any systematic problems.

Members felt that there was an issue with some of the service areas more substantial contracts and how these were being managed. With regard to service delivery, Members felt it would have been useful to have further contract information and it was suggested that a task and finish group could be created to look specifically at contracts.

The Committee thanked the Head of Service and Portfolio Holder for attending.

Resolved that the report be noted.

32. **Executive Agenda (Non Confidential Items & Reports – Wednesday 27 July 2016)**

Agenda Item 10 – Significant Business Risk Register

The Committee supported the recommendations.

Agenda Item 4 – Leisure Development Programme Update

The Committee supported the recommendations but was concerned about the substantial increase in costs. In addition, Members highlighted to the Executive that they would be expecting Mace to make a firm commitment to deliver savings through the Value Engineering Exercises.

However, Members were encouraged by the inclusion of the penultimate sentence of paragraph 3.1.3, relating to the standard of the end product and the experience that customers should encounter at the facilities.

33. **Anti-Fraud and Corruption Progress Report 2015/16**

The Committee considered a report from Finance which updated members on the steps taken to deliver the Anti-Fraud and Corruption 2015/2016 action plan and presented the 2016/2017 action plan for approval.

The Council's first Anti-Fraud and Corruption Strategy was approved in 1995 and, since that time, had been subject to an annual review to ensure its currency and relevance. Following the most recent review, and some consultation, minor changes had been identified and some were suggested by Democratic Services.

Alongside the strategy, an action plan was prepared to maintain the strategy and to help deliver its objectives and a copy of the strategy was attached as Appendix C to the report.

Keeping the strategy under review and completing the action plan contributed towards improving the overall control environment, raising awareness on fraud and corruption matters and the prevention and detection of fraud and corruption.

The Audit and Risk Manager outlined the report and advised that the Audit Commission carried out benchmarking exercises of all local authorities. In addition, the Council belonged to a sixty strong group who met quarterly to discuss anti-fraud and corruption processes.

He also advised the Committee that there were no issues being investigated at present.

Resolved that

- (1) the report and the progress made in implementing the 2015/2016 action plan, be noted; and
- (2) the action plan for 2016/2017, is approved.

34. **Executive Agenda (Non Confidential Items & Reports – Wednesday 27 July 2016)**

Agenda Item 5 – Budget Review to 30 June 2016

The Committee supported the recommendations and welcomed the inclusion of the detail at paragraph 6.5 relating to the mitigation measures being undertaken to effectively manage the Councils budgets.

Agenda Item 7 – Review of Support to Town and Parish Councils

The Committee noted the report and was pleased that the consultation timeframe had been set taking into account the holiday period, with responses being requested by the end of September. Members look forward to the responses coming in.

35. **Comments from the Executive**

The Committee considered a report from Democratic Services which detailed the responses from the Executive to the comments the Committee made regarding the reports submitted to the Executive on 29 June 2016.

The Committee noted that the dates in the report and on the appendix needed amending to reflect the comments made on 28 June 2016.

Resolved that the report be noted.

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

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

The Senior Committee Services Officer advised the Committee that the work programme had been amended since the publication of the agenda to include the items agreed at the last scrutiny meeting on 28 June 2016 and revised copies were circulated at the meeting.

The item added was an update on the Infrastructure Delivery Plan which officers would need to provide at the 31 August meeting because there was not an early September meeting.

Members discussed the cost implications of supporting students in Warwick District, specifically with regard to Council Tax and the withdrawal of the government grant. It was noted that this issue had been looked at some years ago and there was uncertainty as to whether students could be charged for Council Tax purposes. However, it was agreed that it would be useful to receive a report.

The Committee noted that there was a lot of work taking place regarding the student population and the HMO Task & Finish Group would be covering some of the same issues.

It was suggested that this be added to the work programme.

Resolved that

- 1) the revised work programme, be noted; and
- 2) an item relating to the cost of covering Council Tax for students, following the withdrawal of the government grant, be added.

(The meeting ended at 9.30 pm)