

FINANCE AND AUDIT SCRUTINY COMMITTEE

Minutes of the meeting held on Tuesday, 27 July 2010, at the Town Hall, Royal Leamington Spa at 6.00pm.

PRESENT: Councillor Mrs Knight (Chair); Councillors Edwards, Illingworth, Pittarello, Rhead, Mrs Sawdon, Mrs Tyrrell and Vincett.

ALSO PRESENT: Councillor Mrs L Bromley (observing).

An apology for absence was received from Councillor Guest.

31. **DECLARATIONS OF INTEREST**

There were no declarations of interest.

32. **MINUTES**

The minutes of the meetings held on 22 and 28 June 2010 were taken as read and signed by the Chair as a correct record.

33. **VALUE FOR MONEY CONCLUSION / USE OF RESOURCES**

The Committee received a report from Finance providing an update to the Use of Resources Action Plan and detailing changes to Use of Resources and the Comprehensive Area Assessment.

Representatives of the Council's external auditors attended the meeting to present their findings in the Value for Money conclusion. They responded to members' questions relating to training, procurement savings, consultation and needs analysis for Councillors. Members were reminded that comments in the report applied to 2009/10. It was acknowledged that the Council had achieved non-cashable savings which were not highlighted in the report. Members recognised the good work officers had done as detailed in the report and noted there was more room for improvement in relation to procurement.

There was some debate about future services to be provided by the Audit Commission to the Council following the government's decision to abandon Comprehensive Area Assessment. Members were advised that the Commission would be writing to Local Authorities at the end of the month seeking views on future proposals. Members' views were very welcome. Decisions would be taken in the autumn. Members were, however, concerned that while there was already a reduction in the volume of audit work being carried out, there had been no corresponding reduction in audit fees for the current year.

RESOLVED that the on-going progress on the Use of Resources Action Plan be noted and a further report be brought to the October meeting.

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34. SUPPORT SERVICES 2009/10

The Committee considered a report from Finance providing details of the support services within the General Fund and demonstrating their impact on services. The report had been produced for background information in response to requests for information from the committee.

To complement the report, the Head of Finance gave a presentation which clarified the differences between front-line and support services. He talked about the principles of the statement of best practice which required all services to show their full cost and support services to be fully recharged. The presentation included a practical demonstration of how recharges are carried out.

A debate followed which covered management of spare capacity, benchmarking, variables, efficiency, value for money and maintaining a balance between cost and precision of charges. Members recognised the dangers of creating an industry around building up a budget, but expressed concerns over variances between support services contributions and actual figures as noted at the last meeting of the Committee. It was suggested that charges should not be allocated without input from managers to ensure that results were appropriate. Staff needed to be educated in the importance of allocating effectively.

The Head of Finance was thanked for his presentation. The Committee agreed that it would await the outcome of the support services intervention and lean systems thinking exercises which were currently taking place, before taking a further look at support services. Officers hoped to present a report to members in the autumn.

RESOLVED that the report be noted.

35. 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 23 June 2010.

RESOLVED that the contents of this report be noted.

36. 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

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provide useful background to the Committee when the report was submitted to the Executive and they were passing comment on it.

Members noted that the 'progress with BIP' item in Section 2 of the Forward Plan (ref 221) should have been removed.

RESOLVED that there were no forthcoming Executive decisions which they wished to have an input into before the Executive make their decision, at present.

37. REVIEW OF THE WORK PROGRAMME

A report from Members' Services detailed the Committee's work programme for 2010/11.

Members noted that the Procurement principles report on the work programme for this meeting had not been presented to the Committee as the Senior Management Team had not yet had an opportunity to look at it. They would be considering the report on 28 July. Data Quality, also scheduled for this meeting, had only recently been looked at and was likely to be considered again at the September meeting.

RECOMMENDED that

- (1) a report on the support services review be brought to the Committee in the autumn; and
- (2) the work plan for 2010/11 be noted.

38. 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 28 July 2010.

Item Number 4 – Review of the Code of Procurement Practice

The Committee supported the recommendations in the report, but felt there was a need to reiterate to officers the points made in paragraphs 1.1, 1.2 and 1.9 of the report, highlighting that the rules must be complied with and that there was no excuse for not doing so.

Item Number 6 – Voluntary and Community Sector Grant Review

The Committee supported recommendations 2.2 and 2.3 as printed, and recommended to the Executive the following amendments to 2.1 and to the report:

- Recommendation 2.1 - That the Executive agrees the Terms of Reference for the review of voluntary and community sector grants as set out in Appendix 1 **(as amended)**.
- Appendix 1 - Section 5 add: **Opportunities to reduce the council's expenditure**

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- Appendix 1 - Section 5 amend: Opportunities to improve value for money **particularly by targeting resources at those organisations in greatest need and reaching a maximum number of beneficiaries**
- At 7.4, **Action 21** has been omitted from the definitive list of organisations with an SLA and needs to be included.

Item Number 7 – Re-let of Grounds Maintenance and Integrated Waste Contract

Members felt that, in light of severe financial constraints facing the Council, there was a need to distinguish between essential and non-essential needs when allocating the budget.

The Committee requested that the Executive make the following amendment to recommendation 2.5:

Subject to Members agreeing 2.3, it is agreed that the Working Group examine the method by which service quality and associated service costs are aligned to give a range of affordable services which meet statutory requirements and local priorities and that the options for greater innovation, such as energy production from green waste, use of electric vehicles etc. **and shared services with all possible councils** are also examined.

Councillors Boad, Edwards and Vincett were nominated to sit on the joint Officer/Member Working Group (independent member to be confirmed).

Urgent Item – Exception to the Code of Contract Practice for Procurement of essential ICT Infrastructure Goods and Services

The Committee understood the rationale behind the report and noted the recommendations, but expressed some dissatisfaction that the extra server capacity had not been planned for in advance.

(The meeting ended at 8.05 pm)