Minutes of a Scrutiny Meeting of the Performance and Audit Scrutiny Committee held at Surrey Heath House, Camberley on 24 September 2014

+ Cllr John May - Chairman
+ Cllr David Allen - Vice-Chairman

+	Cllr Tim Dodds	+	Cllr Joanne Potter
-	Cllr Alastair Graham	+	Cllr Wynne Price
-	Cllr Beverley Harding	+	Cllr Audrey Roxburgh
+	Cllr Edward Hawkins	+	Cllr Pat Tedder
-	Cllr Paul Ilnicki	+	Cllr Alan Whittart
-	Cllr Lexie Kemp	+	Cllr John Winterton
+	Cllr Chris Pitt		

+ Present
- Apologies for absence presented

Also in attendance: Councillors Liane Gibson (substituting for Councillor Lexie Kemp) and Ian Sams (substituting for Councillor Paul Ilnicki).

Officers in Attendance: Andrew Crawford, Julia Hutley-Savage and Kelvin Menon.

024/P Chairman's Announcements

The Chairman reported that the Council's External Auditors, KPMG, would not be in attendance, but that the Executive Head of Finance would address any Member questions.

025/P Minutes

The minutes of the Scrutiny meeting of the Committee, held on 23 July 2014, were agreed and signed by the Chairman.

026/P Matters Arising

Minute 019/P – Members asked the officers to establish when the reference on the Arena 2016 Working Group would be considered by the Executive.

027/P Scrutiny of Portfolio Holders - Regulatory

Councillor Keith Bush summarised some of the issues and challenges facing his Portfolio, including the impact of benefit changes in London, leading to an outward migration. He suggested that the Council needed a mix of land use to help promote sustainable communities. There was a clear demand for 2 bedroom properties and residential accommodation within the Town Centre. The newly created Family Support Service, whilst in its infancy was already showing signs of success.

One issue, which would impacted on previously identified potential housing developments was the increase in car ownership per household.

Generally, businesses in the Borough were recovering well from the financial crisis, but, it was also noted that many modern businesses would need to utilise their units 24 hours a day.

In terms of SANGS, Members and Officers continued to work with landowners and members of the public to identify suitable sites.

Drainage regulations had been recently changed, putting much more responsibility on Surrey County Council and reducing the input and the control that this Council had previously exercised.

Members highlighted the need for a balance between housing and industry, particularly for the Villages. It was suggested that, given the scarcity of residential building land and the pressure from the Government to generate new-build, it might be necessary, at some point in the future, to review housing densities.

The Home-swap Day had been considered a success with 91 families attending and up to 40 families potentially finding a match. However, there continued to be a shortage of accommodation in the Borough for young single people.

Resolved, that the presentation be noted.

028/P Complaints and Complaints to the Local Government Ombudsman

The Complaints Officer reported on complaints received in 2013/14, the outcomes, lessons learned and complaints submitted to the Local Government Ombudsman. She drew comparisons to 2012/13 data and emphasised that the report focussed on Stage 2 and 3 complaints. Under Stage 1, complaints were normally dealt with informally by the service area and within a working day.

Of the 17 complaints received at Stages 2 or 3 in 2013/14, 16 were unjustified and one, in relation to a freedom of information request for which no acknowledgment had been received, was partly justified.

The Local Government Ombudsman had received 17 complaints relating to this Council. Of these, 8 were closed after initial investigation, 7 were referred back to this organisation for local resolution and 2 had been upheld.

Members recognised that the low number of Stage 2 or 3 complaints reflected the high quality and efforts of the Complaints Officer and Council staff.

Resolved, that the report and data on complaints for the period 2013/14 be noted.

029/P Annual Report on the Treasury Management Service and Actual Prudential Indicators

The Executive Head of Finance presented a report on the performance of the Treasury Management Service, including compliance with the 2013/14 Prudential Indicators.

Returns from investments continued to be low due to the ongoing low bank base rate. Members suggested that the Council's investments were too risk averse and short term. However, following on from advice from the Council's treasury advisors, a paper was being presented to the Executive on 30 September to address these issues, by broadening the range of investments the Council could invest in, thereby improving returns.

Members supported proposals to use treasury funds to aid economic development through peer to peer lending, with a view to increasing returns. The Executive Head of Finance agreed to bring a report to a future meeting on "Funding Circle" peer to peer lending, for members to consider.

Resolved, that

(i) the report on Treasury Management, including compliance with the 2013/14 Prudential Indicators, be noted;

(ii) the Executive be advised to recommend that Council note the report on Treasury Performance for 2013/14 including compliance with the Prudential Indicators; and

(iii) a report on peer to peer lending be submitted to a future Committee meeting.

030/P Financial Accounts Sign Off and External Auditor's ISO 260 Report

The Committee considered a report on the audited financial statements for 2013/14 and the External Auditor's report (ISO260) for 2013/14.

The Chairman reported that, as the external auditors (KPMG) had been unable to attend the meeting, he had held discussions with them prior to the meeting, on the Council's financial performance in terms of procedures and recording.

KPMG had indicated that the Accounts had been well maintained and that they had received all the assistance needed from officers. They had highlighted a number of areas where clear improvements had been achieved, noting only small issues around timing.

The Committee expressed concern at the late arrival of the hard copy of the KPMG report, given that Members were being asked to take decisions based on the opinions contained therein. Members were asked to review the report and to feed back any comments to the Executive Head of Finance as a matter of urgency.

Members emphasised the need for the Council to get the best use out of its assets. It was noted that, following recalculations resulting from revaluation challenges, the localisation of business rates would result in no additional funding.

In respect of pensions, Members noted that the reported underfunding was predicated on the scheme ending and all the pension liabilities crystallising at once. Future liabilities were calculated with reference to the return on Gilts and as these were low, this increased the value of liabilities. Contributions were set by actuaries following a triennial review which took place for the year ended March 2013.

Resolved that

(i) the Executive Head of Finance and the Chairman of the Committee be authorised to sign the Letter of Representation on behalf of the Council;

(ii) the amendment to the Annual Governance Statement, as outlined in the committee report, be agreed;

(iii) the audited financial statements for 2013/14 be received and that the Chairman of the Committee approves the financial statements on behalf of the Council; and

(iv) the auditor's report including the fact that the Auditors propose to issue an unqualified audit report and value for money conclusion on the Financial Statements for 2013/14 be noted.

031/P Committee Work Programme 2014/15

The Committee noted the work programme for the remainder of 2014/15.

The Principal Solicitor reported that an update on Regulation of Investigatory Powers Act 2000 inspection and surveillance would be submitted to the Audit element of the Committee's January 2015 meeting.

The Chairman urged Members to submit their Fraud returns as part of the Council's compliance requirements.

Members noted the previous decision to receive a report on Peer to Peer Lending.

RESOLVED, that the Committee Work Programme for 2014/15, attached at Annex A and as amended, be agreed.

Chairman

ANNEX A **ANNEX A**

PERFORMANCE AND AUDIT SCRUTINY COMMITTEE
WORK PROGRAMME 2014/15

DATE	TOPIC	REPORT AUTHOR
5 November 2014		
P&A (Scrutiny)		
1	Scrutiny of Portfolio Holders	Kelvin Menon
2	Treasury Management Mid-Year Report	Kelvin Menon
3	Professional Advisors	Kelvin Menon
4	Updates from Member Panels (i) Grants (ii) Assets	Cllrs Allen and Dodds
5	Committee Work Programme	Kelvin Menon
28 January 2015		
P&A (Audit)		
1	Annual Audit Plan	Alex Middleton
2	Regulation of Investigatory Powers Act 2000 Update	Julia Hutley-Savage
3	Audit Recommendations	Alex Middleton
28 January 2015		
P&A (Scrutiny)		
1	Scrutiny of Portfolio Holders	Kelvin Menon
2	Corporate Risk Register	Kelvin Menon
3	Certification of Claims and Returns	Kelvin Menon
4	Committee Work Programme	Kelvin Menon
25 March 2015		
P&A (Scrutiny)		
1	Scrutiny of Portfolio Holders	Kelvin Menon
2	Third Quarter Finance Report	Kelvin Menon
3	Equalities – End of Year Update	Belinda Tam

DATE	TOPIC	REPORT AUTHOR
25 March 2015 (Continued)		
P&A (Scrutiny)		
4	Committee Work Programme 2014/15	Kelvin Menon

To be allocated:

Peer to Peer Lending/Investment Policy