



Meeting Agenda

**Audit Committee
Town Hall, St Annes
Monday 21 July 2008, 7:15 p.m.**

**The doors to the Town Hall will be open to the public at
6:40p.m.**

The maximum capacity for this meeting room is 60 persons –
once this limit is reached no other person can be admitted.

AUDIT COMMITTEE

MEMBERSHIP

CHAIRMAN - Councillor John Singleton
VICE-CHAIRMAN – Councillor Keith Hyde

Councillors

John Coombes	Simon Renwick
Paul Rigby	Kathleen Harper
Paul Hayhurst	Elizabeth Oades
Louis Rigby	

Contact: Tracy Scholes, St. Annes (01253) 658521, Email:
tracys@fylde.gov.uk



CORPORATE OBJECTIVES

The Council's investment and activities are focused on achieving our five key objectives which aim to :

- Conserve, protect and enhance the quality of the Fylde natural and built environment
- Work with partners to help maintain safe communities in which individuals and businesses can thrive
- Stimulate strong economic prosperity and regeneration within a diverse and vibrant economic environment
- Improve access to good quality local housing and promote the health and wellbeing and equality of opportunity of all people in the Borough
- Ensure we are an efficient and effective council.

CORE VALUES

In striving to achieve these objectives we have adopted a number of key values which underpin everything we do :

- Provide equal access to services whether you live in town, village or countryside,
- Provide effective leadership for the community,
- Value our staff and create a 'can do' culture,
- Work effectively through partnerships,
- Strive to achieve 'more with less'.



A G E N D A

PART I - MATTERS DELEGATED TO COMMITTEE

ITEM	PAGE
1. DECLARATIONS OF INTEREST: <i>If a member requires advice on Declarations of Interest he/she is advised to contact the Legal Services Executive Manager in advance of the meeting. (For the assistance of Members an extract from the Councils Code of Conduct is attached).</i>	4
2. CONFIRMATION OF MINUTES: <i>To confirm as a correct record the minutes of the Audit Committee held on 30 June 2008. As attached at the end of the agenda.</i>	4
3. SUBSTITUTE MEMBERS: <i>Details of any substitute members notified in accordance with council procedure rule 25.3</i>	4
4. CONSTITUTION REFRESH	7

Personal interests

8.—(1) You have a personal interest in any business of your authority where either—

(a) it relates to or is likely to affect—

- (i) any body of which you are a member or in a position of general control or management and to which you are appointed or nominated by your authority;
- (ii) any body—
 - (aa) exercising functions of a public nature;
 - (bb) directed to charitable purposes; or
 - (cc) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union),

of which you are a member or in a position of general control or management;

- (i) any employment or business carried on by you;
 - (ii) any person or body who employs or has appointed you;
 - (iii) any person or body, other than a relevant authority, who has made a payment to you in respect of your election or any expenses incurred by you in carrying out your duties;
 - (iv) any person or body who has a place of business or land in your authority's area, and in whom you have a beneficial interest in a class of securities of that person or body that exceeds the nominal value of £25,000 or one hundredth of the total issued share capital (whichever is the lower);
 - (v) any contract for goods, services or works made between your authority and you or a firm in which you are a partner, a company of which you are a remunerated director, or a person or body of the description specified in paragraph (vi);
 - (vi) the interests of any person from whom you have received a gift or hospitality with an estimated value of at least £25;
 - (vii) any land in your authority's area in which you have a beneficial interest;
 - (viii) any land where the landlord is your authority and you are, or a firm in which you are a partner, a company of which you are a remunerated director, or a person or body of the description specified in paragraph (vi) is, the tenant;
 - (xi) any land in the authority's area for which you have a licence (alone or jointly with others) to occupy for 28 days or longer; or
- (b) a decision in relation to that business might reasonably be regarded as affecting your well-being or financial position or the well-being or financial position of a relevant person to a greater extent than the majority of other council tax payers, ratepayers or inhabitants of the ward, as the case may be, affected by the decision;

(2) In sub-paragraph (1)(b), a relevant person is—

- (a) a member of your family or any person with whom you have a close association; or
- (b) any person or body who employs or has appointed such persons, any firm in which they are a partner, or any company of which they are directors;
- (c) any person or body in whom such persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or
- (d) any body of a type described in sub-paragraph (1)(a)(i) or (ii).

Disclosure of personal interests

- 9.—(1) Subject to sub-paragraphs (2) to (7), where you have a personal interest in any business of your authority and you attend a meeting of your authority at which the business is considered, you must disclose to that meeting the existence and nature of that interest at the commencement of that consideration, or when the interest becomes apparent.
- (2) Where you have a personal interest in any business of your authority which relates to or is likely to affect a person described in paragraph 8(1)(a)(i) or 8(1)(a)(ii)(aa), you need only disclose to the meeting the existence and nature of that interest when you address the meeting on that business.
- (3) Where you have a personal interest in any business of the authority of the type mentioned in paragraph 8(1)(a)(viii), you need not disclose the nature or existence of that interest to the meeting if the interest was registered more than three years before the date of the meeting.
- (4) Sub-paragraph (1) only applies where you are aware or ought reasonably to be aware of the existence of the personal interest.

- (5) Where you have a personal interest but, by virtue of paragraph 14, sensitive information relating to it is not registered in your authority's register of members' interests, you must indicate to the meeting that you have a personal interest, but need not disclose the sensitive information to the meeting.
- (6) Subject to paragraph 12(1)(b), where you have a personal interest in any business of your authority and you have made an executive decision in relation to that business, you must ensure that any written statement of that decision records the existence and nature of that interest.
- (7) In this paragraph, "executive decision" is to be construed in accordance with any regulations made by the Secretary of State under section 22 of the Local Government Act 2000(d).

Prejudicial interest generally

- 10.—**(1) Subject to sub-paragraph (2), where you have a personal interest in any business of your authority you also have a prejudicial interest in that business where the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice your judgement of the public interest.
- (2) You do not have a prejudicial interest in any business of the authority where that business—
- (a) does not affect your financial position or the financial position of a person or body described in paragraph 8;
 - (b) does not relate to the determining of any approval, consent, licence, permission or registration in relation to you or any person or body described in paragraph 8; or
 - (c) relates to the functions of your authority in respect of—
 - (i) housing, where you are a tenant of your authority provided that those functions do not relate particularly to your tenancy or lease;
 - (ii) school meals or school transport and travelling expenses, where you are a parent or guardian of a child in full time education, or are a parent governor of a school, unless it relates particularly to the school which the child attends;
 - (iii) statutory sick pay under Part XI of the Social Security Contributions and Benefits Act 1992, where you are in receipt of, or are entitled to the receipt of, such pay;
 - (iv) an allowance, payment or indemnity given to members;
 - (v) any ceremonial honour given to members; and
 - (vi) setting council tax or a precept under the Local Government Finance Act 1992.

Prejudicial interests arising in relation to overview and scrutiny committees

- 11.—** You also have a prejudicial interest in any business before an overview and scrutiny committee of your authority (or of a sub-committee of such a committee) where—
- (a) that business relates to a decision made (whether implemented or not) or action taken by your authority's executive or another of your authority's committees, sub-committees, joint committees or joint sub-committees; and
 - (b) at the time the decision was made or action was taken, you were a member of the executive, committee, sub-committee, joint committee or joint sub-committee mentioned in paragraph (a) and you were present when that decision was made or action was taken.

Effect of prejudicial interests on participation

- 12.—**(1) Subject to sub-paragraph (2), where you have a prejudicial interest in any business of your authority—
- (a) you must withdraw from the room or chamber where a meeting considering the business is being held—
 - (i) in a case where sub-paragraph (2) applies, immediately after making representations, answering questions or giving evidence;
 - (ii) in any other case, whenever it becomes apparent that the business is being considered at that meeting;
 unless you have obtained a dispensation from your authority's standards committee;
 - (b) you must not exercise executive functions in relation to that business; and
 - (c) you must not seek improperly to influence a decision about that business.
- (2) Where you have a prejudicial interest in any business of your authority, you may attend a meeting (including a meeting of the overview and scrutiny committee of your authority or of a sub-committee of such a committee) but only for the purpose of making representations, answering questions or giving evidence relating to the business, provided that the public are also allowed to attend the meeting for the same purpose, whether under a statutory right or otherwise.

REPORT



REPORT OF	MEETING	DATE	ITEM NO
DEMOCRATIC SERVICES AND MEMBER SUPPORT	AUDIT COMMITTEE	8 JULY 2008	4

CONSTITUTION REFRESH

Public

This item is for consideration in the public part of the meeting.

Summary

At the meeting of the Audit Committee on 30 June 2008, the Audit Committee had an initial debate on the proposed elements contained within the Constitution Refresh which is due to be reported to Council on 23 July 2008. It is formally to become the role of the Audit Committee to consider proposed changes to the Constitution and make recommendations to the Council.

It was resolved as follows at the 30 June 2008, meeting:

- (i) That Mr. Curtis is invited to a Special Meeting of the Committee to be scheduled prior to the council meeting to provide further information to the committee on its areas of interest prior to the Audit Committee confirming its recommendations to council
- (ii) That the Leader be informed that the Audit Committee was of the view that the number of Portfolio Holders should remain at himself as Leader plus seven Portfolio Holders rather than reducing to six Portfolio Holders.

It is confirmed that the Executive Manager for Democratic Services and Member Support has passed a copy of recommendation (ii) above to the Leader for his consideration

Recommendation/s

- | |
|---|
| 1. To consider the Constitution Refresh and make any further observations/recommendations to the Council or Leader as appropriate |
|---|

Executive brief

The item falls within the following Portfolio Brief: Leader (Councillor John Coombes)

Report

1. At its meeting on 30 June 2008, the Audit Committee considered the Constitution Refresh. Its recommendations are set out the in summary box above.
2. At the previous meeting, Mrs. Scholes had outlined that all changes, with the exception of the number of Executive Members and the Cabinet Procedure rules, would be endorsed by the council. Decisions relating to Cabinet matters were within the powers of the Leader.
3. Members had identified a number of key areas which were of particular interest and sought clarity. These issues were:
 - Chief Executive's Delegations. Clarity required on where authority currently rests for approving applications for voluntary redundancies
 - Reasons for changes to delegations to executive managers regarding the pay and grading procedures
 - The extent of powers to be delegated to all executive managers under the Regulation of Investigatory Powers Act 2000
4. A debate also took place on the merits of changing the period of notice for elected members submitting notices of motion from 7 days to 10 days, limiting the rights of members to speak on motions at council meetings to 5 minutes from 10, and the use of the closure motion at council meetings.
5. With regard to the possible changes to the Cabinet Procedure Rules to allow greater participation of elected members and the public, the proposed changes were in the main welcomed. However, elected members felt that more flexibility appeared to be being offered to members of the public in the drafting of the Procedure Rules. There was also a feeling that the number of Portfolio Holders should remain at 7 as opposed to the proposed reduction to 6. It was felt that 7 were preferable to share in the sizeable workload undertaken by Cabinet members.
6. With respect to the points outlined in paragraph 5 above, these have already been passed to the Leader for his consideration.
7. Mr. Curtis will be in attendance at the meeting to provide further information regarding the issues raised above and the answer any other questions that members may have on the Constitution Refresh.

IMPLICATIONS	
Finance	No direct implications
Legal	The Constitution is a requirement of the Local Government Act 2000 and many of its provisions are statutory requirements.
Community Safety	No direct issues arising
Human Rights and Equalities	No direct issues arising
Sustainability	No direct issues arising
Health & Safety and Risk Management	No direct issues arising

REPORT AUTHOR	TEL	DATE	DOC ID
Tracy Scholes	(01253) 658621	8 July 08	

LIST OF BACKGROUND PAPERS		
NAME OF DOCUMENT	DATE	WHERE AVAILABLE FOR INSPECTION
Constitution Report of Mr. Curtis for 30 June Audit Committee meeting		Previously circulated to Audit Committee Members

Audit Committee



Date	Monday 30 June 2008
Venue	Town Hall, St. Annes
Committee members	Councillor John Singleton (Chairman) Councillor Keith Hyde (Vice-Chairman) Fabian Craig-Wilson, Ben Aitken, Cheryl Little, Louis Rigby, Elizabeth Oades and Paul Hayhurst
Other Councillors	Councillor Paul Rigby, Portfolio Holder for Finance and Efficiency
Officers	Bernard Hayes, Joanna Scott, Savile Sykes and Tracy Scholes
Other Attendees	Councillors Maxine Chew, Linda Nulty and Tony Ford

1. Declarations of interest

Members were reminded that any personal/prejudicial interests should be declared as required by the Council's Code of Conduct adopted in accordance with the Local Government Act 2000.

2. Confirmation of minutes

RESOLVED: To approve the minutes of the Audit Committee meeting held on 17 June 2008 as a correct record for signature by the chairman.

3. Substitute members

The following substitutions were reported under council procedure rule 22.3:

Councillor Ben Aitken for Councillor Simon Renwick

Councillor Fabian Craig-Wilson for Councillor Paul Rigby

Councillor Cheryl Little for Councillor John Coombes

4. Annual Governance Statement

Savile Sykes, Head of Internal Audit, presented the Annual Governance Statement prepared under the CIPFA/SOLACE framework (the local code of corporate governance) for approval.

Mr. Sykes reminded members that the Council's Code adopted six core principles from the CIPFA/SOLACE guidance which underpinned the council's governance system, these being:

- Focussing on the purpose of the authority and on outcomes for the community including citizens and service users and creating and implementing a vision for the local area
- Members and officers working together to achieve a common purpose with clearly defined functions and roles
- Promoting the values of the authority and demonstrating the values of good governance through behaviour
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
- Developing the capacity and capability of members to be effective and ensuring that officers - including the statutory officers - also have the capability and capacity to deliver effectively
- Engaging with local people and other stakeholders to ensure robust local public accountability.

Under each core principle, a number of sub-principles were identified and the Corporate Governance Group (an officer group comprising the Chief Executive, Section 151 Officer, Monitoring Officer, Democratic Services and Member Support Manager and Head of Internal Audit) had conducted a detailed assessment of the council's governance arrangements against this checklist.

These governance issues had been reflected in the Council's Governance Statement. The Statement also contained other information such as an explanation of the purpose of a governance framework, the governance environment and a review of effectiveness. The weaknesses identified by the assessment would be translated into an Action Plan which would be brought to a future meeting of the Audit Committee for monitoring purposes.

A number of issues were raised. On page 3 of the Code, fourth paragraph, an addendum was requested to clarify that non Cabinet members can table questions in written format. The relevant sentence was amended to read, ***"Members of the council who are not members of the cabinet can table questions in written format"***.

There was discussion on issue 10 relating to financial management and monitoring systems. Mr Hayes explained that it was the intention that this area would be strengthened by budget holders being provided with monthly budget information. In addition, each quarter, the Executive Member for Finance and Efficiency would be presented with a report showing any 'hot spot' areas of either over or under expenditure. It would be open to the Executive Member to then take a more detailed report forward to share with Cabinet if he felt that there were significant concerns. Audit Committee members advocated that this information should be shared with them. Mr. Hayes felt that opportunity should be provided for the system to bed down in the first instance and drew members' attention to the fact that the Audit Committee was not the ideal forum to scrutinise financial information.

However, on issue 10, members requested an addendum to the end of the proposed action statement adding to it in the following terms “***and provide the Audit Committee with financial information relating to financial hot spots on a quarterly basis***”.

The committee RESOLVED to approve the Annual Governance Statement subject to the two amendments being made to the Statement as described in the preamble above.

5. Annual Statement of Accounts 2007/08

Bernard Hayes (Finance Director) presented a report on the Annual Statement of Accounts. The committee had the authority to approve the Council's Annual Statement of Accounts and to report back to Full Council as required.

The Chairman opened the debate by remarking that the Statement of Accounts had been prepared in a very timely manner and thanked Mr. Hayes and Ms. Scott for their hard work. In turn, Mr. Hayes acknowledged the hard work put in by the Accounts Team and supporting managers and Officers across the council in working together to close the accounts.

Mr Hayes explained that the council prepared its Annual Accounts and supporting financial statements in accordance with applicable laws and regulations and in line with the Statement of Recommended Practice (SORP) on Local Authority accounting in the UK.

This council had adopted and follows the format of these requirements as set out by the CIPFA (Chartered Institute of Public Finance and Accountancy), LASAAC (Local Authority (Scotland) Accounts Advisory Committee) Code of practice on Local Authority Accounting in Great Britain (the Code of Practice) and the Local Government Act 2003.

It was explained that although the report was delivered in a prescribed technical language as outlined above that a key message was that the council's financial position was robust in line with minimum reserve resources but still remained serious.

A number of questions were asked including risks associated was the council's borrowing requirements. Councillor Mrs. Oades observed that the council had remained debt free for a number of years but now had a borrowing requirement and sought clarity on the risks associated with this given the changeable financial market. Mr. Hayes verified that the borrowing had been taken with the benefit of financial advice at a fixed rate of borrowing thereby insulating the council's risks in terms of increases in interest rates.

Councillor Elizabeth Oades also queried the £33,000 overspend at year end and the levels of risk associated with unanticipated costs for 2008/09 such as rising inflation and fuel costs. Mr. Hayes explained that in terms of managing this risk, this was why minimum reserves were required and that this requirement was being met.

Councillor Paul Hayhurst asked if the risk from bad debtors posed a threat to reserve levels. Bernard Hayes responded by explaining that the recommended provision for bad debtors was in line with national guidance. The percentage collection rate for council tax was very high but Mr. Hayes gave an undertaking to keep collection rates under close review.

Councillor Kath Harper asked a point of clarity around what business Fylde Borough Solutions conducted.

Councillor Linda Nulty questioned why the precise figures for the Streetscene overspend were not shown in the documentation. Mr. Hayes outlined that these had been articulated to Cabinet but did not appear in the close down of accounts information as he was obligated to set out the information in a prescribed way which precluded this.

The Chairman sought reassurance that measures were in place to keep budget pressures under control. Mr. Hayes explained that he was utilising a similar framework to the one he used at Preston City Council. Robust monitoring would prove to be the key and this had brought about significant change and improvement at Preston Council, which he hoped to emulate at Fylde Borough Council.

Councillor Paul Hayhurst asked what discipline would be installed in budget holders to ensure that monitoring was being properly undertaken. Mr. Hayes responded by outlining that training and information were very important to try and bring about a cultural shift.

Councillor Fabian Craig-Wilson closed the questions by seeking an assurance that officers could be relied upon to implement the self discipline required. Mr. Hayes outlined that he would be undertaking close monitoring and taking very seriously any non implementation.

The Committee RESOLVED to approve the Statement of Accounts for 2007/08 Constitution

6. Constitution Refresh

Tracy Scholes (Democratic Services and Member Support Executive Manager) presented a report on the constitution on behalf of Ian Curtis. The council's constitution needs to be re-adopted by the council each year. The report highlighted some proposed changes and invited the committee to recommend to council that it formally re-adopts the constitution subject to those changes.

Mrs. Scholes outlined that all changes, with the exception of the number of Executive Members and the Cabinet Procedure rules, would be endorsed by the council. Decisions relating to Cabinet matters were within the powers of the Leader.

Mrs Scholes identified a number of key areas which she felt would be of most interest to the Audit Committee and committee members themselves raised a number of issues which included:

- Chief Executive's Delegations. Clarity required on where authority currently rests for approving applications for voluntary redundancies
- Reasons for changes to delegations to executive managers regarding the pay and grading procedures
- The extent of powers to be delegated to all executive managers under the Regulation of Investigatory Powers Act 2000

Mrs. Scholes addressed the queries of members on a number of other issues including the role of the Mayor and Deputy Mayor at council meetings.

A debate also took place on the merits of changing the period of notice for elected members submitting notices of motion from 7 days to 10 days, limiting the rights of members to speak on motions at council meetings to 5 minutes from 10, and the use of the closure motion at council meetings.

With regard to the possible changes to the Cabinet Procedure Rules to allow greater participation of elected members and the public, the proposed changes were in the main welcomed. However, elected members felt that more flexibility appeared to be being offered to members of the public in the drafting of the Procedure Rules. There was also a feeling that the number of Portfolio Holders should remain at 7 as opposed to the proposed reduction to 6. It was felt that 7 were preferable to share in the sizeable workload undertaken by Cabinet members.

RESOLVED (i) That Mr. Curtis be invited to a Special Meeting of the Committee to be scheduled prior to the Council meeting to provide further information to the committee on its areas of interest prior to the Audit Committee confirming its recommendations to council

(ii) That the Leader be informed that the Audit Committee was of the view that the number of Portfolio Holders should remain at himself as Leader plus seven Portfolio Holders rather than reducing to six Portfolio Holders.

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