

Audit & Standards Committee

Minutes of the meeting held on Tuesday 13 June 2023 at the Town Hall, Royal Leamington Spa at 6.00pm.

Present: Councillor Hales (Chair), and Councillors Aizlewood, Collins, Cron, K Dickson, R Dickson, Falp, Kang, Phillips, Russell, Sullivan, Tangri, and Yellapragada.

Also Present:

Independent Person: Mr Tomkinson

Portfolio Holder for Resources: Councillor Chilvers

Representatives from Grant Thornton: Laurelin Griffiths (Director, Public Sector Audit); Mark Stocks (Head of Public Healthcare); and Kirsty Lees (Manager).

Officers: Sophie Vale (Committee Services Officer); Graham Leach (Head of Governance & Deputy Monitoring Officer); Andrew Rollins (Head of Finance); Andy Jones (Deputy Chief Executive & Monitoring Officer); and Richard Barr (Audit & Risk Manager).

The Chair took the opportunity to thank the previous Chair of the Committee, Councillor K Dickson for her work over the last municipal year.

5. **Apologies and Substitutes**

- a) an apology for absence was received from Independent Person, Belinda Pyke; and
- b) Councillor Collins substituted for Councillor Browne, Councillor Russell substituted for Councillor B Gifford, and Councillor Sullivan substituted for the Labour Vacancy.

6. **Declarations of Interest**

Minute Number 10 – Dispensation for Councillors

The Head of Governance & Deputy Monitoring Officer stated that, because six Members of the Audit and Standards Committee were seeking dispensation, voting would take place as follows:

Voting for the dispensation for Councillors who were not present in the room would be taken en bloc, and dispensation for those Councillors who were present would be voted on individually, with each Councillor sitting out of the vote for themselves.

7. **Minutes**

The minutes of the following meetings were taken as read and signed by the Chair as a correct record:

- a) 21 February 2023; and
- b) 17 May 2023.

8. **Update on the Audited Statement of Accounts and Audit Findings Report**

The Committee received a verbal update from the Head of Finance and representatives from Grant Thornton, the Council's external auditors.

They explained that the audit had been delayed due to a multitude of reasons, from staff shortages at both the Council and Grant Thornton, to governmental changes in how local audits were conducted. These changes meant that the average audit increased in size between 70-75%, putting a huge amount of pressure upon the Council's Finance Team and Grant Thornton. Dealing with the backlog created by these changes would take a significant amount of time. The delays, however, were not unique to this Council - there were currently 600 uncompleted sets of accounts across the country.

Grant Thornton assured Members that they would try to complete the audit as soon as possible.

In response to questions from Members, the Head of Finance and the representatives from Grant Thornton explained that:

- risk assessments had been updated over the past 12 months to reflect the current situation. This would be included in the Significant Business Risk Register report; and
- there were a number of delays for the 2021/22 audit, partly due to a change in the system used within the Finance Team.

Members requested that, going forward, communication from both Grant Thornton and the Finance Team should be clear and should provide Members with realistic timescales. Members wished to express their concern for local audits and the pressures put upon auditors and councils alike.

9. **Internal Audit Progress Report - Quarter 4 2022/23**

The Committee considered a report from Finance, which advised on progress in achieving the Internal Audit Plan 2022/23, summarised the audit work completed in the fourth quarter and provided assurance that action had been taken by managers in respect of the issues raised by Internal Audit. This aided effective governance within the Council.

In response to questions from Members, the Audit & Risk Manager and the Deputy Chief Executive & Monitoring Officer stated that:

- regarding the audit of leisure services (Appendix F to the report), a leisure strategy was not within the scope of the audit;
- the Deputy Chief Executive was the project sponsor when the Council had decided to enter into contract with Everyone Active. At the time, Officers were tasked by the administration with getting the best value from the leisure facilities. The tender process very clearly set out the specification the Council was looking for. In tandem with this, the Council was also upgrading the leisure facilities at Newbold Comyn and St Nicholas Park. The strategy of how the Council wanted to deal with leisure facilities going forward was established at that point in time;

- the Finance team was currently doing an audit of the contractual arrangements between parties, and whether those arrangements, in terms of responsibilities, rights and obligations, were being abided by. Therefore, it was not necessarily within the auditor's scope to ask about a leisure strategy because in principle it was already in place;
- the Council had delivered on that strategy, so the focus now was to ensure that the contract between the Council and Everyone Active as the leisure operator was adhered to;
- the contract had been up and running for seven or eight years now, so the Council now had an option of extending it for a further five years. In terms of the strategic approach, the Council would want to revisit whether it continued the relationship with Everyone Active, or whether it wanted to go out to tender again;
- when the contract with Everyone Active was negotiated, there was a significant uplift for the Council. Before that, the leisure service had been operating at a major deficit for a number of years. During the course of the current contract, this was turned around whereby, in the seventh year of the contract, there was approximately £1m profit each year. However, the pandemic affected this. A position was negotiated with the operator to take a lesser concession fee because there was a danger that the operator would go bust and there would be no leisure services at all. Post-pandemic, the Council was currently working its way back up to the £1m profit figure. Currently, the leisure services were not running at a loss, they were actually running at a profit despite the pandemic;
- regarding the missing data in Appendix A to the report, it was not sensitive information and had since been located. This situation occurred due to a member of staff who had left saving the information in a place that was not obvious. Handover procedures which were in place ensured that situations like this were a rare occurrence; and
- summaries for level of assurances in the appendices could be included in future reports.

Resolved that the report and appendices, be noted and approved.

10. **Dispensation for Councillors**

The Committee considered a report from Democratic Services which set out proposals which would protect Members from inadvertent breaches of the requirements related to Disclosable Pecuniary Interests or a "Pecuniary Other Interest", ensuring that the Council could conduct its business.

Within the Constitution, the Audit & Standards Committee was responsible for considering and determining requests for dispensation from the requirements of the adopted Members' Code of Conduct.

Dispensations for Members to participate could be granted (in certain circumstances) for up to four years allowing a member to vote and / or speak where they had a Disclosable Pecuniary Interest. The application had to be made in writing to the proper officer (Chief Executive), as defined within the procedure at Appendix 2 to the report.

In the last Council (2019 to 2023), dispensations, as per the recommendation in the report, were granted to all Councillors who would have an interest by virtue of them being in receipt of an allowance from another local authority or being a member of another authority. Following the May 2023 election, it was considered reasonable that those Councillors in a similar position be granted the same dispensations to enable them to effectively represent the communities they had been elected to serve.

All District Councillors who had been elected to more than one Council were approached with a proposed dispensation and guidance on this subject area. All subsequently applied for dispensation on the terms set out in the report.

The Head of Governance & Deputy Monitoring Officer explained that since publishing of the report, two Councillors needed to be added to the list for dispensations. These were Councillor Roberts, who was a member of Warwickshire County Council and in receipt of an allowance for that role, and Councillor Phillips, who had been co-opted as a member of Barford, Sherbourne and Wasperton Joint Parish Council but was not in receipt of an allowance.

It was proposed the recommendations in the report, along with the additions at the meeting, be approved.

Resolved that dispensations be granted until the elections for the Council in May 2027 to the Councillors listed at Appendix 1 to the minutes, as set out in (a) and (b) below in respect of circumstances where the Councillors have a Disclosable Pecuniary Interest (DPI) or other interest in a matter relating to another authority by virtue of the fact that either they are an elected Member of that other authority and/or in receipt of an allowance from that other authority.

- a) where the issue is a matter of dispute between the District Council and the other authority and the matter would affect the financial position of that other authority, the Councillor may speak on the matter provided they then immediately withdraw from the meeting room, unless it relates to the future structure of local government; and
- b) in relation to other matters (including the future structure of local government) affecting that other authority, the District Councillor may speak and vote.

11. **Appointments to the Budget Review Group**

The Budget Review Group was a working group set up to review the key Council budget papers of the Council. The membership was derived from the Audit & Standards Committee and the Overview & Scrutiny Committee and included representatives from each political group. The Chair of the Audit & Standards Committee was automatically appointed to the group and as such would also act as the representative from their political group.

The Committee considered the proposals for appointments to the Budget Review Group meetings to be held on 1 November 2023 and 7 February 2024.

Resolved that the appointments to the meeting are Councillors Browne, Falp, R Dickson, Hales and Tangri.

12. **Appointment of Parish/Town Council Representatives**

The Committee received nominations for the co-opted representative to the Committee. It was

Resolved that the appointment process for Parish/Town Council Representatives be noted.

Recommended to Council that Councillor Brian Smart of Whitnash Town Council be appointed as the co-opted representative to the Audit & Standards Committee, in line with the Protocol.

(The meeting ended at 7.15pm)

CHAIR
25 September 2023

Councillors who have applied for dispensation and why

Member of another Council and not in receipt of an allowance from that other Council

Councillor Aizlewood – Member of Burton Green Parish Council
Councillor Barton – Whitnash Town Council
Councillor Falp – Whitnash Town Council
Councillor Margrave – Whitnash Town Council
Councillor Phillips – Barford, Sherbourne and Wasperton Joint Parish Council

Member of another Council and in receipt of an allowance from that other Council

Councillor Boad – Royal Leamington Spa Town Council
Councillor Browne – Warwick Town Council
Councillor Chilvers – Warwickshire County Council
Councillor K Dickson – Kenilworth Town Council
Councillor R Dickson – Kenilworth Town Council
Councillor Dray – Warwick Town Council
Councillor Falp – Warwickshire County Council
Councillor B Gifford - Royal Leamington Spa Town Council & Warwickshire County Council
Councillor Gorman – Warwick Town Council
Councillor Kang – Warwick Town Council
Councillor Kennedy – Kenilworth Town Council
Councillor Matecki – Warwickshire County Council
Councillor Milton – Kenilworth Town Council
Councillor Payne – Kenilworth Town Council
Councillor Roberts – Warwickshire County Council
Councillor Sinnott – Warwick Town Council
Councillor Sullivan – Warwick Town Council
Councillor Wightman – Warwick Town Council