

Finance and Audit Scrutiny Committee

Minutes of the meeting held on Wednesday 7 July 2021 in the Town Hall, Royal Leamington Spa at 6.00pm.

Present: Councillor Nicholls (Chair); Councillors: Ashford, Davison, R Dickson, Grey, Illingworth, Luckhurst, Murphy, Syson and Tracey.

Also present: Councillor Bartlett (Portfolio Holder for Culture, Tourism and Leisure) and Councillor Hales (Portfolio Holder for Transformation).

10. Apologies and Substitutes

- (a) apologies for absence were received from Councillor Heath; and
- (b) Councillor Luckhurst substituted for Councillor Tangri.

11. Declarations of Interest

Minute 14 - Measures Taken to deter, detect, investigate and report fraud in respect of Covid Business Grants

Councillor Dickson declared an interest because he was a trustee of one of the organisations in receipt of grant funding and therefore subject to this work. However, the organisation was not one of those identified within the report as potential cases of fraud.

12. Minutes

The minutes of the meeting held on 26 May 2021 were taken as read and signed by the Chairman as a correct record.

13. Approach to the Scrutiny of the Proposed Merger of Warwick District Council and Stratford-on-Avon District Council

The Committee received a report from the Chief Executive that brought forward outline proposals for detailed Scrutiny of the proposed merger of Warwick District Council and Stratford-on-Avon District Council.

At the Council meeting on 24 February 2021, the Chief Executives of both Councils were authorised to prepare a Programme of Implementation (PI) to integrate all of the activities of each Council, including the ambition of achieving a full merger by 1 April 2024, for consideration by Members no later than July 2021.

At their meetings in April, the Scrutiny Committees supported the proposals from the Chairs of the respective Committees to focus on five broad themes to guide the scrutiny:

- Impact on services to residents.
- Democratic representation.
- Impact on strategic priorities (e.g. CEAP).
- Finance and Council Tax.

- Communication and consultation.

These themes were supported with some additional focus on specific services (e.g. Neighbourhood Services, Green Spaces) and the importance of understanding the interrelation with Parish & Town Councils.

- Scrutiny for the merger should continue to be done separately by F&A and O&S but that the Chairs of scrutiny should consult frequently to ensure that there was good synergy between the work of the Committees.
- Scrutiny should be conducted in line with the five themes identified with specific service areas as identified being covered in the 'Impact on Services to Residents' theme, and the impact on Town and Parish Councils should become a cross cutting theme. (Committee Services to arrange a briefing session for Members on the differing roles of Town & Parish Councils across the District, what powers they currently held, what further powers and responsibilities could be delegated or devolved to them within the existing legal framework if those bodies agreed).
- Committee Services should be asked to prepare a scrutiny plan which outlines a timetable for scrutiny to consider these themes. This timetable needs to give sufficient scope for the Committee to influence the development of policy rather than simply reviewing it.
- The Council should seek additional resource to support the scrutiny of this programme both in terms of Council officer support and expert support from the Centre for Governance & Scrutiny (CfGS) (Formally CfPS).
- In terms of the joint local plan, this would be a joint exercise with Stratford-on-Avon District Council and the Chairs of Scrutiny to meet with relevant officers and agree an approach in the new Council year.

The Chairs of the Scrutiny Committees and Chief Executive met with Ed Hammond from the Centre for Governance and Scrutiny (CfGS). CfGS brought forward an outline proposal for Scrutiny of the proposed merger. Officers and the Chairs of the Scrutiny Committees considered the proposal, being mindful of the discussions at the Joint Arrangements Steering Group (which include representatives from both Councils) that had subsequently taken place. From this it was identified there were key steps for scrutiny to be involved in:

- Reviewing the proposed PI.
- Reviewing the process for the proposed consultation.
- Reviewing the proposed submission document at an early stage and just prior to submission.
- Monitoring the delivery of the implementation plan for the merger of the authorities.

The Chairs were mindful of the key strategic importance of the proposed merger and wanted to ensure that robust scrutiny from a Warwick District Council perspective could be undertaken, and recognised the significant resource requirements this needed to both deliver and scrutinise. There was a need for engagement with Councillors to both update them and enable meaningful feedback at relevant stages of the proposals, therefore they asked officers to provide a way for this to occur without significant resources to deliver it. Based on this, the first steps of this would be the

feedback consultation approach, along with the remote scrutiny session and wider briefing for all Councillors on the PI.

Appended to the report was the overview of the consultation, which was being led by Stratford-on-Avon District Council and had been considered by the Stratford Overview & Scrutiny Committee on 30 June 2021.

It was important to keep Members informed on the PI ahead of the anticipated discussion on the submission document later in the year. This would form as appendix to the Work Programme each meeting of the Committee.

The Committees had previously committed to scrutiny of the merger at Warwick to be independent of Stratford-on-Avon but there was a need for liaison between the Councils to share experiences and ideas. Therefore, it was considered appropriate for dialogue to be between the three scrutiny Chairs at the two Councils.

In response to questions from the Committee it was explained that:

- All Councillors should have access to the performance measures for Warwick District Council, to enable scrutiny of performance of Council services;
- The themes overall should include reference to the business community; and
- There would be an opportunity for Members to see the questions to be used in the public consultation prior to it going live.

Resolved that

- (1) the scrutiny of the proposed merger between Warwick District Council and Stratford-on-Avon District Council as set out in the report be supported;
- (2) the consultation plan as set out at Appendix 1 to the report be supported subject to the active feedback on the consultation being provided to the two Scrutiny Chairs at Warwick District Council;
- (3) an online scrutiny session on the Programme of Implementation (PI) for Members of the two Committees, be arranged and authority be delegated to the Chairs of the Scrutiny Committees to formalise the response to the Leaders & Chief Executives of both authorities;;
- (4) the intention to provide a briefing for all Councillors on the PI for merger on 9 August at 6.00pm, followed by Group meetings, be noted;
- (5) there will be an update, as part of their work programme, at each of their meetings on progress through the PI with the format to be agreed by the Chief Executive in consultation

with the Chairs of the two Warwick Scrutiny Committees; and

- (6) the Scrutiny Chairs of Warwick District to meet regularly with the Scrutiny Chair of Stratford-on-Avon District Council to discuss scrutiny of merger and cross cutting themes.

14. **Measures Taken to deter, detect, investigate and report fraud in respect of Covid Business Grants**

The Committee received a report from Finance in respect of details of the measures taken to deter, detect, investigate and report fraud in respect of COVID business grants.

The report had been requested by the Committee, so it was aware of the area of work and the issues that been identified and potentially stopped. The report set out the work of officers in respect of the various COVID Business Grants Funding Streams, including the Fraud Deterrence and Detection, investigation and reporting.

The Principal Internal Auditor informed Members that there had been 25 potential cases with three further details via the National Fraud Initiative later in the year. The work by officers had seen a number of applications rejected by primarily they were due to non-entitlement.

Resolved that the report be noted.

15. **Cabinet Agenda (Non-Confidential items and reports) – Thursday 8 July 2021**

The Committee considered the following item which would be discussed at the meeting of the Cabinet on Thursday 8 July 2021.

Item 7 - Significant Business Risk Register

The Committee asked the Cabinet to update Risk 8 to remove the details regarding the work on the commercial investment strategy to reflect the change in Risk 6.

The Committee noted that in the next update it was likely to include a specific risk in reference to the proposed merger with Stratford-on-Avon District Council.

16. **Public and Press**

Resolved that under Section 100A of the Local Government Act 1972 that the public and press be excluded from the meeting for the following items by reason of the likely disclosure of exempt information within the paragraph of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006, as set out below.

17. Cabinet Agenda (Confidential items and reports) – Thursday 8 July 2021

The Committee considered the following item which would be discussed at the meeting of the Cabinet on Thursday 8 July 2021.

Item 12 - Future High Streets Fund Award for Royal Leamington Spa

The Committee supported the recommendations in the report.

Item 13 - Financial Support – Everyone Active Leisure Contract

The Committee recommends that the wording within recommendation 2.4 is amended to correct the accounting year to 2021/22 and that the decision only be made in principle subject to a further report that will come forward in the autumn and will reflect further discussions with Everyone Active in the light of its updated financial projections following the easing of Covid restrictions and any other relevant factors.

The Committee noted the latest understanding is that all restrictions will end on 19 July and that officers were continuing to work with Everyone Active to confirm their programme.

(Councillor Bartlett left the meeting at the conclusion of this item)

18. Cabinet Agenda (Non-Confidential items and reports) – Thursday 8 July 2021

The Committee considered the following item which would be discussed at the meeting of the Cabinet on Thursday 8 July 2021.

Item 14 - Costs of Proposals of Joint Senior Management Team

The Committee noted the quarter 1 budget update will come to August Cabinet and will set out the progress in respect of the MTFs and the agreed savings being achieved.

19. Audit of 2020/21 Accounts

The Committee considered a report from Finance that presented the Draft Audit Plan for 2020/21 from Grant Thornton, the Council's external auditors.

The Grant Thornton had submitted the External Audit Plan for 2020/21, that was set out at Appendix A to the report. The timing of the receipt of the plan meant that officers had not had time to consider it in detail ahead of publication for the Committee. The Committee was requested to agree the Plan and encouraged to seek assurance from officers and auditors that all was being done to ensure the statutory requirement would be met.

The Informing the Risk Assessment, set out at Appendix B to the report, had been produced by the external auditors, bringing together details of responses from officers. The document was to assist in the communication between members and the external auditors. The Committee should

consider and agree the document and make any observations to the auditors.

The auditors had commenced work on the audit with the interim "visit" in April, and the final visit in the Summer.

The Audited Accounts are due to be signed off and published by September 2021, with it planned for these to be reported to Finance & Audit Scrutiny Committee on 22 September.

In response to questions from the Committee the proposed merger with Stratford-on-Avon could increase the cost of the audit due to additional considerations/assessments needing to be undertaken.

Resolved that

- (1) the 2020/21 Draft Audit Plan, Appendix A to the report, and the supporting document, Informing the Risk Assessment Appendix B to the report; be approved; and
- (2) the progress on the 2020/21 audit, be noted.

20. **Anti-Fraud & Corruption Statement**

The Committee considered a report from Finance that sought approval of the Anti-Fraud and Corruption Statement. The Statement provided a record of the Council's policies and objectives regarding countering fraud and corruption and was set out as Appendix A to the report.

There were a number of actions that are being undertaken in order to prevent, deter and detect fraud and corruption and these were set out in Appendix B to the report.

Resolved that the

- (1) the Anti-Fraud and Corruption Statement, be approved; and
- (2) actions to prevent, deter and detect fraud and corruption, be noted.

21. **Corporate Fraud Investigation Performance Report 2020/21**

The Committee considered a report from Finance that provided details of the performance by the Corporate Fraud Investigation team for 2020/21.

The Committee were reminded that it was the Council's formal Audit Committee. The purpose of an audit committee was to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes. Counter-fraud measures form a key part of each of those elements and so Members of an audit committee require assurance on anti-fraud and corruption activity.

In response to a question from the Committee the Audit and Risk Manager explained that the savings from Fraud were calculated on an agreed formula with our fraud investigation team. This was based upon the level of fraud and the potential for it to continue rather than the amount recovered because recovery could take many years.

Resolved report, including its appendices, be noted

(Councillor Hales left the meeting during this item)

22. **Review of the Work Programme and Forward Plan & Comments from the Executive**

The Committee considered a report from Democratic Services that informed the Committee of its work programme for 2020/2021 Municipal Year, as set out at Appendix 1 to the report, and of the current Forward Plan.

Resolved that the report be noted.

(The meeting ended at 7.30pm)

CHAIR
23 September 2021