

**Response from the meeting of the Cabinet on the  
F&A Committee's Comments**

**4 Proposal to create a South Warwickshire District Council**

Reason considered:

In respect of Finance & Risk - this will focus on the assumptions within the report and evidenced by appendices 1,4,5,6,11 and 12. This will be lead through questioning of appropriate officers to ensure that the risks are duly recognised with appropriate measures in place.

Call in Questions

- Section 1.2 states there will be "a shortfall of around £9m..." Is this an annual (recurrent) shortfall? If not, over what period? LGA report Table 2 Appendix 4 p3 shows total WDC surplus £172k and SDC losses (gap) £5.968m from 20/21 to 25/26. So, is the financial argument stronger for SRC? Financially, could WDC cope without merging? How does this fit with the £9m in section 1.2?
- LGA report, appendix 5 page 3 states "The largest area of savings identified was Service Optimisation - £3.782m per annum ongoing", but later adds "There is no breakdown of this and no way of splitting it between the benefits from a merger and the further benefits from becoming one authority, and which therefore are "over and above operational elements such as staff / service integration."" Does this mean that this £3.782m figure includes savings from service integration i.e. not going ahead with the political merger? If so, what is the estimated savings from the political merger?
- What evidence is there that larger District councils are more efficient/ provide better value for money than smaller District councils?
- Risks are ranked differently by Deloittes and WDC e.g, Deloittes puts risk of IT integration at 2, 4, =8 (joint 10th risk out of 16) where as WDC programme risk shows 4, 4 =16 (1st risk out of 23). Who's right? Can we have confidence in these risk assessments?

The Finance and Audit Scrutiny Committee requested that before the Council meeting on 13 December, Councillors should be provided with a new financial table that consolidated the most recent estimates of the financial case based on the savings to be achieved over the period to 2025/2026. The table should include the investments to secure those savings (the three tranches of £1.5m) and should distinguish the savings that would be achieved through service integration and those that could only be achieved from political merger.

The Committee believed that this information would supplement and provide a single point of reference for the financial case for merger from the original information in the Deloitte Report from January 2021 (Appendix 1 to the report), the more recent analyses from the LGA (Appendices 4 and 5) and the financial information provided by the Head of Finance (Appendix 12).

The Committee noted the importance, should a political merger be approved, of harmonising Council Tax between the two current Districts Councils, noting that differences in Parish and Town Council precepts added a further complicating factor in how this would be achieved and over what period. In the opinion of the Committee, the plan for harmonisation would be closely linked to the proposed discussions with the Warwickshire Association of Local Councils (WALC) and representatives of parishes and towns about the devolution of powers, responsibilities and assets.

The Committee considered the Programme Risk Register (Appendix 6). It noted that this superseded the risk assessment made by Deloitte in its report. The Committee expressed a view that the risk ratings for PR004 and PR007 (“democratic deficit” and “integration of culture”) were underscored but accepted that the Register was dynamic and the Committee would have the opportunity to consider future iterations of it should the programme go ahead.

The Committee also thanked officers and Members for the significant work that had gone into the report and the appendices, and for the balanced way in which they were written.

Response from Cabinet:

In response to comments from Scrutiny Chairs, the Leader clarified these in consultation with the Chairs of the Scrutiny Committees during the meeting. As a result, responses were proposed by the Leader for the Cabinet to consider. These were agreed as set out at resolutions four and five below.

(4) In response to the comments from the Finance and Audit Scrutiny Committee, the Cabinet asked the Chief Executive to circulate to all Councillors confirmation of the savings that other District Councils have achieved through political merger.

(5) All the officers involved for this exemplary report and all Members for their cross-party work on this be thanked.

Response from Council:

Council resolved that a formal submission be made to the Department for Levelling Up, Housing and Communities to create a South Warwickshire District Council. It also resolved that a joint member working group be established to review the issues raised in Section 4 of the report and in addition to agree that the working group works with WALC and other key parish and town councils to undertake a community governance and function review for South Warwickshire. A consultation with staff and Trades Unions on options for addressing harmonisation of staff terms and conditions including pay was agreed but if there was failure to agree or if Council did not agree the terms, an emergency Council meeting would be arranged in early January so that a revised strategic approach could be considered prior to the setting of the annual budget for 2022/23 and beyond.

## **5 Quarter 2 Budget Report**

### Reason considered:

On the F&A Work Programme and under the remit of the Committee due to the significant funds involved.

The Finance & Audit Scrutiny Committee supported the recommendations in the report. The Committee also welcomed the fact that the Everyone Active (EA) forecast income was showing a positive variance. The Committee requested an analysis of the income received from EA to-date for each year of the current contract including compensation from the Government during the Covid-19 pandemic for lost concession fees.

### Response from Cabinet:

The recommendations in the report were approved.

## **7 Housing Revenue Account Business Plan Review 2021**

### Reason considered:

Due to the ongoing significant financial element and risks associated with the business plan

The Finance & Audit Scrutiny Committee supported the recommendations in the report.

### Response from Cabinet:

The recommendations in the report were approved.

## **10 Outdoor Sports Review Proposed Delivery Models for Council Owned Facilities**

### Reason considered:

Due the change in business model for the provision of the facilities.

The Finance & Audit Committee recommended to Cabinet that recommendation 4 in the report should be amended to specifically include reference to basketball facilities, to read:

“4) That a procurement exercise is undertaken to appoint one or more tennis operators to run community-based tennis programmes at the Council’s four tennis venues. The procurement will make explicit that the tennis programmes are to take account of the basketball facilities at Christchurch Gardens and Abbey Fields and will permit basketball to continue at these venues.)”

The Cabinet was required to vote on this because it formed a recommendation to them.

The Finance and Audit Scrutiny Committee raised a question whether using a different model for tendering could be looked at and discussed with the Portfolio

Holder for Culture, Tourism & Leisure and Chair of Finance & Audit Scrutiny Committee.

The Committee also recognised that the Council was bound by its Standing Orders in how it conducted procurement exercises. Nonetheless, the Committee wished to encourage an approach to the proposed tender that required evidence of excellence and the achievements of the outcomes that the Council wished to see from the new strategy as well as commercial innovation in providing the wider access and participation it sought.

Response from Cabinet:

The recommendations in the report, along with the recommendations from the Overview and Scrutiny Committee & the Finance and Audit Scrutiny Committee.

**12 Costs Associated with the Re-Development of Waverley Riding Stables, Cubbington**

Reason considered:

Because of the scale of the funds involved.

The Finance & Audit Scrutiny Committee supported the recommendations in the report.

Response from Cabinet:

The recommendations in the report were approved.