

Finance & Audit Scrutiny Committee Wednesday 13 April 2022

A meeting of the above Committee will be held in the Town Hall, Royal Leamington Spa on Wednesday 13 April 2022, at 6.00pm and available for the public to watch via the Warwick District Council [YouTube channel](#).

Councillor M Ashford

Councillor I Davison

Councillor R Dickson

Councillor J Grey

Councillor G Illingworth

Councillor M Luckhurst

Councillor N Murphy

Councillor S Syson

Councillor J Tracey

Labour Vacancy

Emergency Procedure

At the commencement of the meeting, the emergency procedure for the Town Hall will be announced.

Agenda Part A – General

1. Apologies & Substitutes

- (a) to receive apologies for absence from any Councillor who is unable to attend; and
- (b) to receive the name of any Councillor who is to act as a substitute, notice of which has been given to the Chief Executive, together with the name of the Councillor for whom they are acting.

2. Declarations of Interest

Members to declare the existence and nature of interests in items on the agenda in accordance with the adopted Code of Conduct.

Declarations should be disclosed during this item. However, the existence and nature of any interest that subsequently becomes apparent during the course of the meeting must be disclosed immediately. If the interest is not registered, Members must notify the Monitoring Officer of the interest within 28 days.

Members are also reminded of the need to declare predetermination on any matter.

If Members are unsure about whether or not they have an interest, or about its nature, they are strongly advised to seek advice from officers prior to the meeting.

3. Minutes

To confirm the minutes of the meeting held on 9 March

(Pages 1 to 6)

Part B – Audit Items

4. Value for Money Report – Auditor’s Annual Report

To consider an update from Finance

(Page 1 to 24)

5. End of Term Report

To consider a report from Civic & Committee Services

(Pages 1 to 3 & Appendix 1)

Part C – Scrutiny Items

6. Update on Joint Work of WDC and SDC

To consider a report from the Chief Executive

(Pages 1 to 25)

7. Review of the Work Programme and Forward Plan & Comments from the Cabinet

To consider a report from Civic & Committee Services

(Pages 1 to 5)

8. Cabinet Agenda (Non-Confidential Items and Reports) – Wednesday 20 April 2022

To consider the non-confidential items on the Cabinet agenda which fall within the remit of this Committee. The only items to be considered are those which Committee Services have received notice of by 9.00am on the morning after Group meetings.

(Circulated Separately)

9. Public & Press

To consider resolving that under Section 100A of the Local Government Act 1972 that the public and press be excluded from the meeting for the following item by reason of the likely disclosure of exempt information within the paragraph 3 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

10. Cabinet Agenda (Confidential Items and Reports) – Wednesday 20 April

To consider the confidential items on the Cabinet agenda which fall within the remit of this Committee. The only items to be considered are those which Committee Services have received notice of by 9.00am on the morning after Group meetings.

(Circulated separately)

Published Tuesday 5 April 2022

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Finance and Audit Scrutiny Committee

Minutes of the meeting held on Wednesday 9 March 2022 in the Town Hall, Royal Leamington Spa at 6.00pm.

Present: Councillors: Ashford, Barton, Davison, R Dickson, Jacques, Grey, Illingworth, Luckhurst, Mangat, Murphy, and Syson.

Also present: Councillor Cooke (Portfolio Holder for Place & Economy) and Councillor Hales (Portfolio Holder for Transformation/Resources).

74. **Appointment of Chair**

In the absence of the Chair, it was proposed by Councillor Dickson, seconded by Councillor Davison and

Resolved that Councillor Syson be appointed as Chair for the 9 March 2022 meeting.

Before proceeding with the agenda, the Chair asked Members to hold a moment of silence to remember the citizens in Ukraine who had suffered so much as a result of Russia's invasion.

75. **Apologies and Substitutes**

- (a) apologies were received from Councillor Tracey; and
- (b) Councillor Mangat substituted for Councillor Nicholls.

76. **Declarations of Interest**

There were no declarations of interest.

77. **Minutes**

The minutes of the meeting held on 9 February 2022 were taken as read and signed by the Chair as a correct record.

78. **Update on Joint Work of WDC and SDC**

The Committee considered a report from the Chief Executive which set out the progress of the work being done to enable effective scrutiny of the proposals to achieve joint working with Stratford-on-Avon District Council.

Appendix 1 to the report set out the Programme Risk Register.

Both Warwick District Council (WDC) and Stratford-on-Avon District Council (SDC) had agreed a vision to create a single statutory South Warwickshire Council covering all of the activities currently carried out by SDC and WDC by 1 April 2024.

Overview & Scrutiny Committee and Finance & Audit Scrutiny Committee had agreed that at each of their meetings, a progress report would be

submitted for consideration whilst work was ongoing to merge the service areas of both Councils and depending on the response from the Secretary of State, to enable scrutiny of the political merger also.

An addendum circulated prior to the meeting advised Members of further correspondence between the Democratic Services Manager & Deputy Monitoring Officer, Chief Executive and Programme Manager following the Scrutiny Chairman's briefing, including a Programme Implementation Gantt Chart and a Programme Implementation Plan (Outline).

In response to questions from Members, the Chief Executive advised that:

- There was the significant risk of the Government saying no to the merger, but the Council had to take a positive view that a good case had been put together, therefore a positive outcome was possible. There were still opportunities in the event the Government did say no.
- The Council had to prepare for elections in May 2023 until told otherwise; there was no set cut off point for confirming/postponing an election so it would be necessary to plan for them.
- In the event of an election, the Council would want the Town/Parish Council elections to take place at the same time as the District Council elections.
- If the merger was not allowed to go ahead, it would come back to Members to decide if they wished to continue with service integration; money could still be saved by service integration, but political integration alongside that would save more money. In any case, a political merger and service integration would only deliver part of addressing the forecast deficit, and there were other ways to do this, for example the savings plan agreed in February 2021 had provided some level of savings.

The Portfolio Holder for Transformation/Resources advised Members that in terms of ICT, a huge amount of work had gone through the Transformation PAB, and conversations with the Head of ICT on evaluating the service the Council wanted to deliver, getting licences, evaluating systems and working through a strategy.

The Chair commented that she was glad the staff were regularly kept up to date through the regular staff briefings held online.

Resolved that the report and appendix, be noted.

79. Cabinet Agenda (Non-Confidential items and reports) – Thursday 10 March 2022

The Committee considered the following items which would be discussed at the meeting of the Cabinet on Thursday 9 December 2021.

Item 5 – Treasury Management Strategy 2022/23

The Finance & Audit Scrutiny Committee supported the recommendations in the report and thanked officers for all of their hard work, especially that the work carried out so quickly and timely for the disinvestment from the two equity funds. Members noted that the timing of disposals had saved

taxpayers money, alongside meeting the Council's objectives of not investing in fossil fuel.

Item 7 – Community Infrastructure Levy (CIL) Projects List for 2022/23

The Finance & Audit Scrutiny Committee supported the recommendations in the report. Members emphasised the need to ensure the Council was getting value for money from projects.

Item 8 – Annual Review of Regulation of Investigatory Powers Act (RIPA) Policy

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

80. Value for Money Report – Delay to Auditors Annual Report

The Committee considered an update letter from Finance and Grant Thornton, the Council's Auditors.

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies, the Auditors were required to submit their Auditor's Annual Report no later than 30 September, or, where this was not possible, issue an audit letter setting the reasons for delay.

As a result of the ongoing pandemic, and the impact it had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office had updated its guidance to auditors to allow the Auditors to postpone completion of their work on arrangements to secure value for money and focus resources firstly on the delivery of their opinions on the financial statements. This was intended to help ensure as many as possible could be issued in line with national timetables and legislation.

Grant Thornton wrote to the Chair of the Committee on 22 September 2021 to confirm that they expected to publish the Auditor's Annual Report, including commentary on arrangements to secure value for money, no later than 31 December 2021. In the Audit Findings update report, presented to the Finance and Audit Scrutiny Committee on 8 December 2021, they explained that they planned to present the Auditor's Annual Report on 9 February 2022.

They had been working closely with officers but owing to other priorities and commitments, such as finalisation of the budget, officers had not yet been able to provide the final pieces of information and evidence that was requested. It was now expected to publish the report by 14 April 2022. For the purposes of compliance with the 2020 Code, the letter constituted the required audit letter explaining the reasons for delay.

Mr Patterson, from Grant Thornton, advised Members that he had received the final pieces of information from questions the Auditor's had asked of officers earlier in the week and had a draft of the report which he would look at this week. Subsequent to that there might be further questions / clarifications, but he was therefore hopeful the work would be finished and reported to the April Committee meeting.

The Head of Finance advised Members that the Value for Money assessment was a lot more detailed than in previous years, which had impacted on all local authorities. The timing had not been ideal; some of the requests came through December/January/February when the Finance team had a focus on the budget. Value for Money assessment was also not just a Finance matter but was broader across the authority and something all management had to buy into; it was sometimes difficult to get responses from some Managers. A review was needed before next year's cycle to make sure the management team bought into it, and to see there were any further resources needed to lead on getting the required information. There was a need to stress to management to make sure responses were provided and that it was taken seriously in the future, and to make sure all management were committed to responding and taking the matter seriously and realise it was their responsibility.

The Portfolio Holder for Transformation/Resources was happy to take this message away and stress to management the importance in making sure responses were provided and emphasise that the Value for Money assessment was a key piece of work that needed completing.

In response to a question from Councillor Davison, Mr Patterson advised Members that there would be a project plan to work on putting more of a structure in place around how to manage the process of getting responses from Managers by certain set dates, and if there were no responses by those dates then there would be gaps, and it would be clearly shown where there were issues.

(The meeting was adjourned at 7.45pm for a comfort break and resumed at 7.55pm).

81. Internal Audit Quarter 3 Progress Report

The Committee considered a report from Finance which advised Members on the progress in achieving the Internal Audit Plan 2021/22, summarised the audit work completed in the third quarter and provided assurance that action had been taken by managers in respect of the issues raised by Internal Audit. This would aid effective governance within the Council.

Seven audits were completed in the third quarter of 2021/22.

The Internal Audit reports arising from them were attached as appendices to the report.

Two audits completed in the quarter were awarded a lower than substantial assurance opinion. These were: Responding to Complaints and FOI Requests and Car Parking. Both audits were awarded a moderate level of assurance.

The action plans accompanying these reports were set out as Appendix 3 to the report. This detailed the recommendations arising together with the management responses, including target implementation dates. As could be seen in the Appendix to the report, responses had been received from managers to all recommendations that were made in these reports.

In response to questions from Members, the Audit & Risk Manager advised that it could be made clear in future whether the risks listed in the report were risks that had been addressed or were outstanding, perhaps by having a summary of the risks at the end of the report along with if they'd been addressed or outstanding. He would go back to his team to see if there was something they could come up with in this regard.

Resolved that the report and appendices be noted.

82. Annual Governance Statement 2020/21 Action Plan: Review of Progress

The Committee considered a report from Finance which advised Members of the progress that was being made in addressing the 'Significant Governance Issues' facing the Council set out in its Annual Governance Statement 2020/21. The appendix accompanying the report detailed the progress in addressing the Significant Governance Issues.

The recommendation would help fulfil Members' responsibility for effective corporate governance within the Council and provide assurance to Members that the governance issues identified as part of the compilation of the Annual Governance Statement were being addressed.

Members felt that it would be helpful for a member of CMT to attend the meeting in future as it was they who had the responsibility of providing the responses relating to the Governance Issues laid out in Appendix 1 to the report and therefore the actions in the report.

The Portfolio Holder for Transformation/Resources was happy to take that message back to raise with CMT to ensure one of them attended to answer queries.

Resolved that the progress being made in addressing the Significant Governance Issues pertaining to the Annual Governance Statement 2020/21, be noted.

83. Internal Audit Plan 2022/23 – and Internal Audit Charter 2022/23

The Committee considered a report from Finance which presented the Internal Audit Strategic Plan 2022/23 and the Internal Audit Charter 2022/23 for consideration and approval.

The Internal Audit Plan was an important element in providing the required independent and objective opinion to the organisation on its control environment, in fulfilment of statutory duties.

The compilation of the Internal Audit Charter was a requirement of the Public Sector Internal Audit Standards.

Internal Audit usually presented a three-year strategic plan for approval. However, due to the programme of service integrations combined with the change of provision of the audits for Stratford-on-Avon District Council from Warwickshire County Council to WDC in 2023/24 (subject to approval), it was prudent to only set out a plan for one year in this instance.

The Internal Audit Charter for delivering this assurance was also included and was set out in Appendix 2 to the report.

In response to a question from Members, the Head of Finance suggested that where there was an internal audit report that had had a less than substantial assurance at the beginning of a quarter, then officers could have an informal conversation with the Chairman of the Committee to provide assurances on the situation and what actions were being taken.

Resolved that the Internal Audit Strategic Plan 2022/23 and the Internal Audit Charter 2022/23, be approved.

84. Review of the Work Programme and Forward Plan & Comments from the Cabinet

The Committee considered a report from Democratic Services that informed the Committee of its work programme for the 2022/2023 Municipal Year, as set out at Appendix 1 to the report, and of the current Forward Plan.

Resolved that the report be noted.

85. 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 item by reason of the likely disclosure of exempt information within the paragraph 3 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

86. Minutes

The confidential minutes of the meeting held on 9 February 2022 were taken as read and signed by the Chair as a correct record.

(The meeting ended at 8.26pm)

CHAIR
13 April 2022

Auditor's Annual Report on Warwick District Council

2020-21

13 April 2022

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We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



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Executive summary



Value for money arrangements and key recommendation(s)

We presented our Audit Plan to the Finance & Audit Scrutiny Committee on 7 July 2021. In this we set out the revised approach to Value for Money work for 2020/21 onwards. We noted there are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach
- The replacement of the binary (qualified/unqualified) approach to VFM conclusions, with far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

We reported at that time that we had not identified any risks of significant weaknesses from our initial planning work. We have continued our review of your arrangements, and are now able to issue our auditor's annual report.

We have made seven "Improvement Recommendations" as set out on pages 11 to 17. In our opinion, these recommendations, if implemented should improve the arrangements in place at the Council, but are not a result of identifying significant weaknesses in the Council's arrangements.



Financial sustainability

The Council is in a relatively healthy financial position but needs to ensure that savings plans are realistic, especially for major transformational projects. The Council also needs to ensure that real savings are distinguished between costs met from other sources. There is a cumulative deficit of £1,186k to 2026/27.



Governance

The Council has robust internal control arrangements in place around risk management, fraud arrangements and internal audit. However, there is scope to improve external engagement as part of the budget setting process.



Improving economy, efficiency and effectiveness

The Council has effective arrangements in place for public consultation on significant projects and working with key partners. However, there is scope to improve performance reporting through the use of targets for Key Performance Indicators.



Opinion on the financial statements

We presented our Audit Findings Report to the Finance & Audit Scrutiny Committee on 3 November 2021. We made four recommendations to improve the process for preparing the financial statements and supporting working papers. Following completion of our work we provided an unqualified opinion on the financial statements on 9 December 2021.

We reported that on 28 September 2021 the Council received a revised actuarial report which better reflected pension fund assets as at 31 March. This resulted in an increase in the Council's share of pension fund assets of £2,851k, and a corresponding reduction in the net liability. The pension fund note, Balance Sheet and Movement in Reserves Statement will be adjusted for this movement. There has also been a £1,000k reclassification between cash and short-term debtors.

Commentary on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources

All Councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Council's responsibilities are set out in Appendix A.

Councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



Financial sustainability

Arrangements for ensuring the Council can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



Governance

Arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Council makes decisions based on appropriate information.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the Council delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Our commentary on each of these three areas, as well as the impact of Covid-19, is set out on pages 5 to 18. Further detail on how we approached our work is included in Appendix B.

Financial sustainability



We considered how the Council:

- identifies all the significant financial pressures it is facing and builds these into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

Key findings

The 2021/22 Government Local Finance Settlement Figures announced in December 2020 improved the Council's financial position, particularly the higher than expected New Homes Bonus funding. More importantly though, further COVID-19 related funding has allowed the Council to forecast a much healthier financial position in 2020/21 and beyond.

Assumptions around council tax increases (£5/year/Band D property), inflation (2%) and pay costs (2%) are reasonable and supported by expert analysis from treasury advisers. Whilst this report focuses on 2020/21 the recently backdated national pay award of 1.6% for 2021/22 is within this range and the Council is aware that the recent spike in inflation will impact it and as part of its 2022/23 budget setting used differential assumptions in some areas i.e. waste contract at 4% and cleaning contract at 2.6%. This demonstrates the Council takes account of the changing environment within which it operates.

Financial plans are based on realistic assumptions, and Members are provided with appropriate information on which to make informed decisions. Where necessary "Working Groups" are set up to provide further scrutiny and challenge of proposals in order to provide assurance to the wider Member group. There is slippage on some savings schemes, but this is inevitable given their forward looking nature and the general uncertainty caused by the COVID-19 pandemic during 2020/21. However, there is scope to be more cautious on savings forecast from major transformation projects, for example "Digital Transformation" and "Integration with Stratford", as these are inherently less certain and prone to slippage.

The Council also needs to be careful that funding expenditure from sources other than the General Fund budget are not true savings to the Council – the costs are unchanged. Examples include the use of New Homes Bonus to fund £300k of voluntary grants and the use of the Capital Receipts Reserve to fund £500k of borrowing costs in relation to Kenilworth Leisure Centre. However, it is noted that the Council has not utilised the New Homes Bonus to support core revenue spending.

There is also scope to improve consultation with stakeholders when developing the budget and Medium Term Financial Strategy (MTFS), including saving schemes. We found robust evidence of internal consultation, and external consultation around significant initiatives such as the investments in Newbold Comyn and the Climate Change Emergency response, as well as re-charges for Housing Revenue Account services, we were not provided with evidence of external consultation around budget or council tax setting. This is an area for improvement.

The Medium Term Financial Strategy, presented to Council on 23 February 2022, contains the latest financial forecasts. While this is outside of the year in question, it is important that we use the most up to date financial information when assessing financial sustainability. The report highlights that the Council has significant savings and income generation plans – including the introduction of green waste collection and charges and the full concession being received for the Council's Leisure Centres of over £1,600k. Over the life of the MTFS these cumulative savings / income generation schemes amount to around £6m.

In addition to these there is a further £1,186k of recurrent savings that still need to be identified by 2026/27. While this might seem a long way off, if planned savings are not delivered in full, that figure will increase, and it takes time to develop, agree and implement large scale savings or income generation projects, particularly as “easier” savings or income generation will have already been achieved.

The Council therefore has an ongoing budget deficit which it will need address in order to ensure long term financial viability. The Council needs to bring further savings or income generation schemes forward in order to remove the need to rely on reserves.

While there are sufficient reserves to cover the existing MTFS deficit, the Council needs to bring further savings or income generation schemes forward in order to remove the need to rely on reserves. There is scope to generate additional income through new services and charges and economic development. These include garden waste collection, reduced office accommodation costs - particularly through shared space with Stratford-on-Avon District Council, and the potential for increased business rates and council tax from developments at Coventry Airfield and Coventry & Warwickshire Gateway in particular.

As an improvement area, the Council should include a column which clearly links each item in the recurrent and non-recurrent development reports, presented to Cabinet as part of the budget setting each February, to the "Initiatives" in the Business Strategy (Corporate Plan). This will ensure focus on achieving each of the intended outcomes across the three strands of People, Services and Money. The two reports could also indicate whether savings are linked to the overall savings approved in December each year.

Conclusion

Overall, we are satisfied the Council has appropriate arrangements in place to ensure it manages risks to its financial sustainability. We have not identified any risks of serious weaknesses. We have identified three opportunities for improvement. These are set out overleaf.

Improvement recommendations



Financial sustainability

1 Recommendation	The Council needs to be more cautious on savings forecast from major transformation projects, as these are inherently less certain and prone to slippage.
Why/impact	Savings forecast from two of the projects we examined are now expected to be less than initially forecast. Where savings are overly ambitious or optimistic this can lead to challenges in achieving a sustainable balanced budget and impact financial sustainability in future years
Auditor judgement	Major transformation projects are especially difficult to manage and forecast savings. There is a tendency for slippage and anticipated savings to not be fully achieved. Prudence should be exercised when estimating savings.
Summary findings	The Council is currently in a relatively healthy financial position but has a £1,186k shortfall to address by 2026/27 and needs to ensure that savings are realistic and achievable to ensure it remains in this position.
Management comment	Proposed savings should be firmly based and subject to challenge at the outset. It is important that progress on achieving savings continues to be monitored.



The range of recommendations that external auditors can make is explained in Appendix C.

Improvement recommendations



Financial sustainability

2 Recommendation	The Council needs to be careful not to classify expenditure funded from sources other than the General Fund budget as true savings to the Council.
Why/impact	Alternative sources of funding are currently available, but are not finite and can only be used once.
Auditor judgement	Funding expenditure from sources other than the General Fund budget does not represent true savings to the Council – the costs are unchanged. Examples include the use of New Homes Bonus to fund £300k of voluntary grants and the use of the Capital Receipts Reserve to fund £500k of borrowing costs in relation to Kenilworth Leisure Centre.
Summary findings	There is a risk that the underlying cost of providing services is temporarily masked, creating further challenges in future years.
Management comment	Funding of selected previously “mainstream funded” items to fund from New Homes Bonus was to help the Council’s overall financial position. Consideration of the continuation of these items, and how to fund If they are to continue, will fall part of the 2023/24 Budget process.



The range of recommendations that external auditors can make is explained in Appendix C.

Improvement recommendations



Financial sustainability

3 Recommendation	The Council should more clearly link the budget setting process to its Business Strategy (Corporate Plan).
Why/impact	Including a column which clearly links each item in the recurrent and non-recurrent development reports, presented to Cabinet as part of the budget setting each February, to the "Initiatives" in the Business Strategy (Corporate Plan) will ensure focus on achieving each of the intended outcomes across the three strands of People, Services and Money. The two reports could also indicate whether savings are linked to the overall savings approved in December each year.
Auditor judgement	Making it clearer that Council Priorities are receiving appropriate levels of investment is crucial to enable those priorities to be achieved.
Summary findings	The Council has sound arrangements in place for budget setting, but there is scope to improve links between different documents.
Management comment	We will do this as part of next year's budget process and updating/aligning of the Councils Plans of WDC and SDC.



The range of recommendations that external auditors can make is explained in Appendix C.

Governance



We considered how the Council:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effectiveness processes and systems are in place to ensure budgetary control
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency
- monitors and ensures appropriate standards.

Key findings

The Council has robust arrangements in place for reporting the risk management approach, and significant risks, to Members. The Council's Significant Business Risk Register (SBRR) is drafted following a review by the Council's Senior Management Team and the Leader of the Council. It is then reviewed quarterly by the Council's Senior Management Team and the Council Leader and then, in keeping with members' overall responsibilities for managing risk, by the Executive. The report highlights changes from previous report, with named individuals responsible for each action, control and mitigation. Actions are highlighted.

Internal Audit reports frequently to the Finance & Audit Scrutiny Committee. Reports are comprehensive and provide Members with the required levels of assurance required. Where issues are identified, these are clearly reported.

Despite the COVID-19 pandemic, Internal Audit was able to complete a sufficient amount of the planned work programme in order to provide a Head of Internal Audit Opinion.

The Council has robust and embedded arrangements in place around the prevention and detection of fraud. Members are provided with various reports setting out the approach and strategy. Officers are supported by Oxford City Council to investigate corporate frauds.

Appropriate checks and controls were put in place to administer the COVID-19 related grants which the Council passed on as an agent for the government. Over £60m of grants, comprising over 17,000 individual payments, were awarded, with only five, totalling £67,000, subsequently found to be fraudulent.

When preparing the budget and MTFs the Council undertakes modelling and scenario analysis, particularly regarding significant decision such as council tax increases.

While the Council has robust internal engagement as part of the budget setting process, there is less evidence of external engagement. While this has been more challenging during the COVID-19 pandemic, this is an area the Council can improve upon.

The Council has in place appropriate arrangements to comply with legislation and regulatory standards. This includes arrangements for officers and Members to declare any pecuniary or non pecuniary interests, as well as any gifts or hospitality received.

The finance team engages with budget holders to review financial performance and identify actions to resolve adverse variances on a regular basis, with any corrective action agreed and actioned. However, quarterly financial monitoring reports to Cabinet could be enhanced by the inclusion of relevant non-financial information. For example, the Quarter 2 budget report for 2021-22, reported to Cabinet in December 2021 discusses bereavement activity and additional waste collections. While the impact on the finances is reported, the activity levels are not.

In our audit plan presented to the Finance & Audit Scrutiny Committee on 7 July 2021, as well as a significant risk around financial sustainability we identified two further risks in relation to joint working with Stratford on Avon District Council and the establishment of a housing company. We set out the findings from our work below.

Joint working with Stratford on Avon District Council

The governance arrangements around the proposed merger are robust. The Council commissioned external consultants, Deloitte, to prepare a report on the potential benefits of the merger. This report, dated 27 January 2021, was used to inform the business case prior to formal agreement in February. The formal agreement followed presentation of the report. Within the, it is clear that sufficient resource is allocated (£100k a year) for project management.

There is a risk register which captures all of the risks we would expect. A report from July 2021 sets out the scrutiny of the process - notably that Finance & Audit Scrutiny Committee and Overview & Scrutiny Committee will have oversight, with frequent consultation between the two Chairs. Regular reports have set out the progress. We have been present at Finance & Audit Scrutiny Committee and witnessed challenge and scrutiny by Members.

In December 2021 both councils determined to pursue political merger and the formation of a South Warwickshire District Council. Alongside this service integration would also continue with joint management positions. We have not noted any issues that would require us to report at this time but this will be subject to on-going review as part of our 2021-22 work.

Partnerships

Partnerships PSP Warwick LLP (PSP) was incorporated as a Limited Liability Partnership on 26 March 2013 as a collaborative activity between the Council and PSP Facilitating Limited (PSPF). The primary role of the Joint Venture was to enable the Council to better realise the efficient management of its assets by unlocking value and reducing liabilities in relation to the Council's operational and investment properties, with the focus of the project being development of a new Council HQ on the Covent Garden car parking site and conversion of the Riverside House area to residential housing.

The project was challenging in the presiding economic and planning environment. On 13th May 2021, PSP Facilitating Limited and Warwick District Council formally agreed to dissolve the Partnership (PSP LLP), with the Council paying £500,000 towards the costs incurred by PSP LLP over the life of the project. The Council has sought and followed legal advice throughout this process and on the basis of the information and documentation we have seen we are satisfied the Council has taken appropriate consideration of that advice when making decisions.

Establishment of a housing company

During 2020/21 the Council created a wholly owned Local Housing Company (LHC) subsidiary named Milverton Homes Ltd. The Business Plan was approved by the Council's Cabinet on the 10 December 2020 and the Company was incorporated on 10 January 2021 with the initial purpose of the delivery of intermediate and market housing.

Up to 31 March 2021 there were no transactions, and the company was essentially dormant. Hence, there is not governance or accountability to scrutinise during 2020/21. We are satisfied that appropriate external advice has been sought in setting up the Company, establishing the business plan. As part of this the Council has agreed a facility for the Company to call down up to £57m of loans. During 2021/22 the company has also entered into a joint venture and the Council has agreed to provide additional borrowing up to £45m to the joint venture. These transactions have occurred during 2021/22 so will be subject to review in that year but we are satisfied that the Council has sought appropriate advice and considered the impact upon its Prudential Indicators and there are no immediate reporting matters.

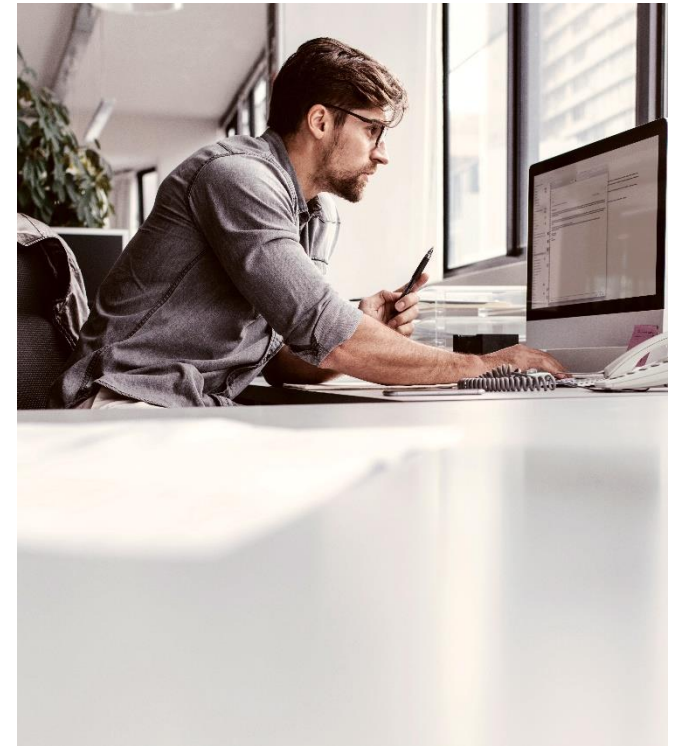
Conclusion

Overall, we found no evidence of significant weaknesses in the Council's arrangements for ensuring that it makes informed decisions and properly manages its risks. We have identified two opportunities for improvement, set out overleaf.

Improvement recommendations

Governance

4 Recommendation	The Council should improve external engagement as part of the budget setting process.
Why/impact	As achieving a balanced budget each year becomes ever more challenging, it is crucial that the public, service users and other stakeholders understand the financial pressure the Council is under and the difficult decisions that Members are asked to make when setting the budget and council tax.
Auditor judgement	While the Council has robust internal engagement as part of the budget setting process, there is less evidence of external engagement. While this has been more challenging during the COVID-19 pandemic, this is an area the Council needs to improve.
Summary findings	External engagement in the budget setting process needs to be improved to ensure the buy-in and support of the public, service users and other stakeholders.
Management comment	With the close working with Stratford, a more pro-active approach should be possible, using the experience and resources from SDC. To be included within the Budget process for 2023/24.

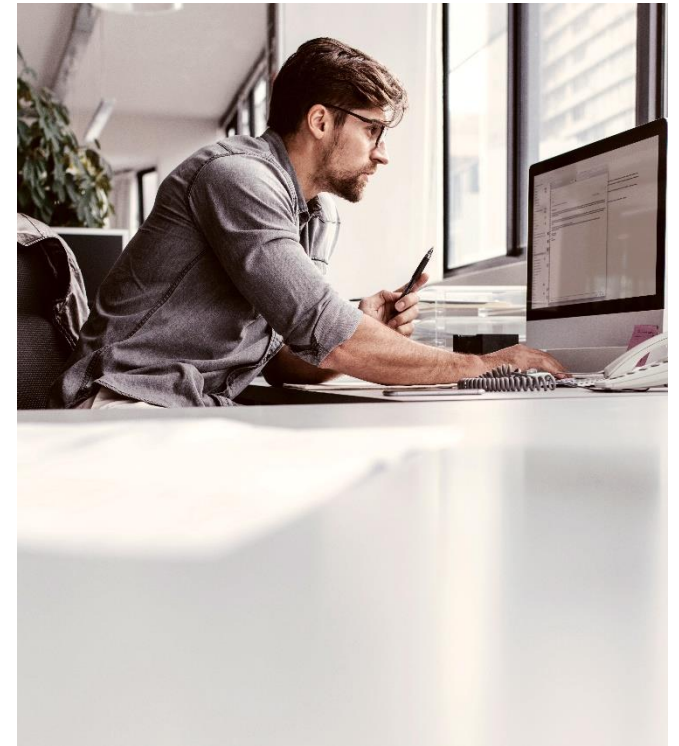


The range of recommendations that external auditors can make is explained in Appendix C.

Improvement recommendations

Governance

5 Recommendation	The Council should include relevant non-financial information, for example, around activity levels, with the quarterly financial monitoring reports.
Why/impact	Providing a full picture to decision makers is crucial. By not providing relevant non-financial information alongside financial information the context of that information can be lost.
Auditor judgement	Quarterly financial monitoring reports to Cabinet could be enhanced by the inclusion of relevant non-financial information. For example, the Quarter 2 budget report for 2021-22, reported to Cabinet in December 2021 discusses bereavement activity and additional waste collections. While the impact on the finances is reported, the activity levels are not.
Summary findings	Financial reporting could be improved with the inclusion of relevant non-financial information.
Management comment	A joint approach should be taken by WDC and SDC, using the enhanced resources for performance monitoring that should come from the joint working between the two councils. To be considered as part of the approach to recommendation 6.



The range of recommendations that external auditors can make is explained in Appendix C.

Improving economy, efficiency and effectiveness



We considered how the Council:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships, engages with stakeholders, monitors performance against expectations and ensures action is taken where necessary to improve
- ensures that it commissions or procures services in accordance with relevant legislation, professional standards and internal policies, and assesses whether it is realising the expected benefits.

Key findings

Quarterly performance reports are presented to Senior Management Team. Each portfolio is included, with a number of KPIs, with trend analysis and narrative explanations. Few of the KPIs have targets though, so it is difficult to see whether performance is on track or not, and whether corrective action is required. The reports are shared with all Councillors.

The Council undertakes some benchmarking of costs and performance, and obtains expert external support for large scale projects. However, there is scope to widen the extent to which benchmarking is used to help identify areas which can be improved. This is an area for improvement.

The Council identifies and pursues lower cost options for service delivery. Examples include joint working with Stratford on Avon District Council and the decision to become a partner in the new Materials Recycling Facility. Both of these were supported by business cases.

The Council has robust arrangements in place to ensure that Members are kept informed of progress regarding the development of key partnerships, such as with Stratford on Avon District Council.

The Council engages with stakeholders, including the public, where appropriate to determine local priorities for resources or savings for opportunities. For example, the investments in Newbold Comyn and the Climate Change Emergency response, as well as re-charges for Housing Revenue Account services.

When undertaking significant commercial ventures, for example the establishment of a new local housing company, reports presented to Members clearly consider the risk and rewards. The Council also ensures that appropriate external expert advice is sought where necessary.

The Council has appropriate arrangements in place to monitor the performance of key service providers or sub-contractors. For example, the Council delivers its Disabled Facilities Grant (DFG) function through the Home Environment Assessment and Response Team (HEART) shared service. A Review of the HEART Service has been undertaken on behalf of the HEART Board and reported to February 2021 Overview and Scrutiny Committee. The findings have informed an improvement plan that the HEART Board are monitoring and the Host authority (Nuneaton and Bedworth Borough Council) is implementing.

Conclusion

Overall, we are satisfied the Council has appropriate arrangements in place to ensure it manages risks to its oversight in ensuring economy, efficiency and effectiveness in its use of resources. We have identified two opportunities for improvement, set out on the following pages.

Improvement recommendations



Improving economy, efficiency and effectiveness

6 Recommendation	The Council needs to improve performance reporting by including targets for Key Performance Indicators.
Why/impact	Lack of clarity over targets for Key Performance Indicators (KPIs) makes it very difficult for recipients of the information to decide on the extent of corrective action required, if any.
Auditor judgement	Quarterly performance reports are presented to Senior Management Team. Each portfolio is included, with a number of KPIs, with trend analysis and narrative explanations. Few of the KPIs have targets though, so it is difficult to see whether performance is on track or not, and whether corrective action is required.
Summary findings	Performance reporting is reasonable, but could be further enhanced with the inclusion of targets.
Management comment	The approach to performance management for both SDC and WDC will be progressed during 2022/23, noting the more established performance reporting at SDC. However, WDC believe that setting targets can have a perverse effect and distort priorities. Therefore, the approach is to seek to improve performance over time. To be progressed by Corporate Management Team.



The range of recommendations that external auditors can make is explained in Appendix C.

Improvement recommendations



Improving economy, efficiency and effectiveness

7 Recommendation The Council needs to expand the amount of benchmarking undertaken to include more services.

Why/impact Benchmarking against other councils allows for improvements to be identified, which could provide a better service to users, or reduce costs for the same level of service.

Auditor judgement The Council undertakes some benchmarking of costs and performance, and obtains expert external support for large scale projects. However, there is scope to widen the extent to which benchmarking is used to help identify areas which can be improved. This is an area for improvement.

Summary findings Benchmarking is limited to a few areas of the Council, and there is scope to widen this to more service areas.

Management comment We will look at that as part of our revised service planning process that we will be doing jointly with SDC.



The range of recommendations that external auditors can make is explained in Appendix C.

COVID-19 arrangements



Since March 2020 COVID-19 has had a significant impact on the population as a whole and how Council services are delivered.

We have considered how the Council's arrangements have adapted to respond to the new risks they are facing.

Key messages

The arrangements set up as a response to COVID-19 continue to be in place, with Officers able to work remotely, using MS Teams as required, but also with the opportunity to return to the offices at Riverside House if they wish.

Committee meetings have reverted to "in-person". The "Step Back Review" reported to Executive in March 2021, and provided a fair and balanced appraisal of the Council's response. The report made a number of recommendations, to which the Corporate Management Team has responded, with Executive then considering further. The report does not highlight any significant weaknesses.

Governance and internal control systems have continued to work appropriately.

The Council established robust arrangements to process business support grants. Where fraudulent claims have been identified these have been reported appropriately.

The Council has managed the impact of COVID-19 on its leisure services provider, Everyone Active, appropriately. A report to Cabinet in July 2021 set out the challenges presented by the pandemic, the national context, local arrangements, and the financial implications for 2020/21 and forecast for 2021/22. The Council and Everyone Active have agreed an "Open book" approach, with all transactions supplied to Council officers along with actuals for each income and expenditure line. This allowed the Council to monitor all income and expenditure at a time when it was underwriting the service.

Conclusion

Our review has not identified any significant weaknesses in the Council's VFM arrangements for responding to the COVID-19 pandemic.

We have not identified any improvement recommendations.

Opinion on the financial statements



Audit opinion on the financial statements

We gave an unqualified opinion on the financial statements on 9 December 2021.

Audit Findings Report (AFR)

More detailed findings can be found in our AFR, which was published and reported to the Council's Finance & Audit Scrutiny Committee on 3 November 2021.

Whole of Government Accounts

To support the audit of the Whole of Government Accounts (WGA), we are required to review and report on the WGA return prepared by the Council. This work includes performing specified procedures under group audit instructions issued by the National Audit Office.

We are still waiting for the workbook and guidance from the government department. Until those are received officers are unable to complete the return for us to undertake our work.

Preparation of the accounts

The Council provided draft accounts in line with the national timetable. In our Audit Findings Report, presented to Finance & Audit Scrutiny Committee on 3 November 2021, we highlighted some of the challenges experienced during our audit, and made four recommendations for improvement.

Issues arising from the accounts:

The key issues were:

- An updated actuarial report resulting in an increase in the Council's share of pension fund assets of £2,851k, and a corresponding reduction in the net liability.
- Our audit our work on property valuations was again challenging. It took a long time for us to be satisfied that the revaluations provided by the external valuer, Carter Jonas, had been properly reflected in the financial statements.
- Our audit work on cash & cash equivalents took a lot longer than planned. Officers prepared a revised bank reconciliation which resulted in a net movement of £1m between bank current accounts and short-term debtors.

Grant Thornton provides an independent opinion on whether the accounts are:

- True and fair
- Prepared in accordance with relevant accounting standards
- Prepared in accordance with relevant UK legislation.



Appendices

Appendix A - Responsibilities of the Council



Role of the Chief Financial Officer (or equivalent):

- Preparation of the statement of accounts
- Assessing the Council's ability to continue to operate as a going concern

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

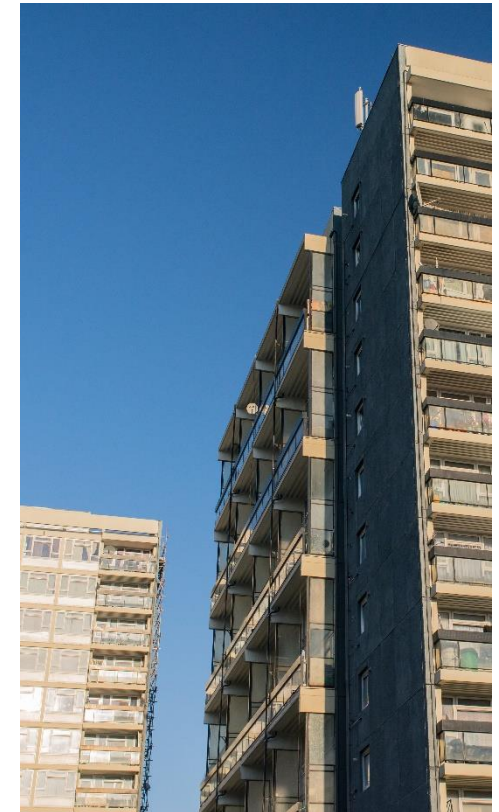
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) or equivalent is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B - Risks of significant weaknesses - our procedures and conclusions

As part of our planning and assessment work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we identified are detailed in the table below, along with the further procedures we performed, the conclusions we have drawn and the final outcome of our work:

Risk of significant weakness	Procedures undertaken	Conclusion	Outcome
Financial sustainability was identified as a potential significant weakness, see page 5 for more details.	We reviewed the Council's Medium Term Financial Strategy and financial monitoring reports and assessed the assumptions being used and savings being achieved.	The Council is in a relatively healthy financial position but needs to ensure that savings plans are realistic, especially for major transformational projects. The Council also needs to ensure that real savings are distinguished between costs met from other sources. There is a cumulative deficit of £1,186k to 2026/27.	Appropriate arrangements are in place, but three improvement recommendations raised.
Governance around the planned merger with Stratford on Avon District Council was identified as a potential significant weakness, see page 8 for more details.	We reviewed progress and governance and oversight arrangements.	The governance arrangements around the proposed merger are robust. The Council commissioned external consultants, Deloitte, to prepare a report on the potential benefits of the merger. This report was used to inform the business case prior to formal agreement in February. Finance & Audit Scrutiny Committee and Overview & Scrutiny Committee have oversight, with frequent consultation between the two Chairs. Regular reports have set out the progress.	Appropriate arrangements in place, no further action taken.
Governance around the formation of the new housing company was identified as a potential significant weakness, see page 8 for more details.	We reviewed the arrangements established by the Council to ensure appropriate governance and oversight.	Up to 31 March 2021 there were no transactions, and the company was essentially dormant. Hence, there is not governance or accountability to scrutinise. We are satisfied that appropriate external advice has been sought in setting up the Company and structuring the loan.	Appropriate arrangements in place, no further action taken.

Appendix C - An explanatory note on recommendations

A range of different recommendations can be raised by the Council's auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the Council to discuss and respond publicly to the report.	No	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as 'key recommendations'.	No	N/A
Improvement	These recommendations, if implemented should improve the arrangements in place at the Council, but are not a result of identifying significant weaknesses in the Council's arrangements.	Yes	11-15

Appendix D - Use of formal auditor's powers

We bring the following matters to your attention:

Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly

We did not make any statutory recommendations.

Public interest report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We did not issue a Public Interest Report.

Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

We did not apply to the Court.

Advisory notice

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

We did not issue an Advisory notice.

Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

We did not apply for a judicial review.



Title: End of Term Report
Lead Officer: Rob Edwards, Committee Services Officer
Portfolio Holder: Not applicable
Wards of the District directly affected: Not applicable

Summary

This report is the annual end of term report to the Council on the work the Finance & Audit Scrutiny Committee has undertaken during the municipal year 2021/22. The Committee met 9 times during the year.

Recommendations

- (1) That it be recommended to Council that the list of matters considered by the Finance & Audit Committee during the municipal year 2021/22, as detailed in Appendix A to the report, be noted.
 - (2) That prior to submission to Council, the report be updated to include the meetings of the Finance & Audit Scrutiny Committee and any responses from Cabinet that took place in April 2022.
-

1 Background/Information

- 1.1 The way the Finance & Audit Scrutiny Committee operates is spelt out in Part 4 of the Council's Constitution, pages E31 to E36. Article 6 in the Constitution defines the Committee's remit.
- 1.2 Article 6 mandates that the Committee must report annually to Council on its workings and make recommendations for future work programmes and amended working methods if appropriate.
- 1.3 The Committee has its own Work Programme, the content of which is set by the Members of the Committee and "in so doing they shall take into account wishes of Members on that Committee who are not Members of the largest group on the Council".¹
- 1.4 The Committee also call in for scrutiny reports that are to be considered by Cabinet and the criteria for call in is laid out in the Overview & Scrutiny Procedure Rules in the Constitution.

2 Alternative Options available to Overview & Scrutiny Committee

- 2.1 There are no alternative options because this report complies with the requirements of Article 6 of the Council's Constitution.

3 Consultation and Member's comments

- 3.1 Not applicable because the report content is taken from minutes of meetings that have already occurred.

¹ Constitution, Part 4, Overview & Scrutiny Procedure Rules

4 Implications of the proposal

4.1 Legal/Human Rights Implications

4.1.1 There are no legal or human rights implications in this report.

4.2 Financial

4.2.1 There are no financial or budgetary considerations in this report.

4.3 Council Plan

4.3.1 This report is for governance purposes and allows an overview of the previous 12 months' work.

4.3.2 The work carried out by the Committee helps the Council to improve in line with its priority to manage services openly, efficiently, and effectively.

4.3.3 The report is made annually as a matter of good practice and Council policy.

4.4 Environmental/Climate Change Implications

4.4.1 There are no environmental or climate change implications

4.5 Analysis of the effects on Equality

4.5.1 There are no effects on equality.

4.6 Data Protection

4.6.1 There are no Data Protection implications

4.7 Health and Wellbeing

4.7.1 There are no Health and Wellbeing implications.

5 Risk Assessment

5.1 There are no risks associated with this report which is purely provided as a matter of good practice and Council policy concerning Scrutiny Committees.

6 Conclusion/Reasons for the Recommendation

6.1 Under Article 6 of the Council's Constitution, Overview & Scrutiny Committees and Policy Committees are required to provide an end of term report to the Council on the work they have undertaken during the year.

6.2 The matters considered during the year are attached at Appendix A to the report. This will be updated to include matters considered at this meeting before it is submitted to Council.

6.3 A full account of the work undertaken by the Finance & Audit Scrutiny Committee for the municipal year 2021/22 will be submitted to Council.

Background papers:

Only minutes of both Finance & Audit Scrutiny Committee and of Cabinet have been referred to in the preparation of this report. These are published on the Council's website.

Report Information Sheet

Please complete and submit to Democratic Services with draft report

Committee/Date	Finance & Audit Scrutiny Committee, 13 April 2022	
Title of report	End of Term Report	
Consultations undertaken		
Consultee *required	Date	Details of consultation /comments received
Ward Member(s)	N/A	
Portfolio Holder WDC & SDC *	N/A	
Financial Services *	N/A	
Legal Services *	N/A	
Other Services	N/A	
Chief Executive(s)		Andrew Jones
Head of Service(s)		Phil Grafton
Section 151 Officer	N/A	
Monitoring Officer		Phil Grafton
CMT (WDC)		Andrew Jones
Leadership Co-ordination Group (WDC)	N/A	
Other organisations		
Final decision by this Committee or rec to another Cite/Council?	No	The report will go to Council for noting
Contrary to Policy/Budget framework	No	
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	No	
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?	No	
Accessibility Checked?	Yes	

**Finance & Audit Scrutiny Committee
End of Term Report 2021/22****Chair's Introduction**

This section will need to be completed by the Councillor who is appointed as Chair for the meeting on 13 April 2022.

Items considered by the Finance & Audit Scrutiny Committee 2021/22**Audit Items**

Internal Audit Quarter 4 2020/21 Progress Report
Internal Audit Annual Report 2020/21
Annual Governance Statement 2020/21
Progress Report on Replacement IT Systems
Anti-Fraud and Corruption Statement 2021/22
Measures taken to deter, detect, investigate and report fraud in respect of COVID business grants
Corporate Fraud Investigation Performance Report 2020/21
Audit of 2020/21 Accounts
Annual Treasury Management Report 2020/21
Treasury Management Activity Report for the period 1 October 2020 to 31 March 2021
Internal Audit Quarter 1 2021/22 Progress Report
Annual Governance Statement Quarter 1 Action Plan Report
Progress on Audit of Accounts and associated matters from External Auditors
Treasury Management Activity Report for period 1 April 2021 to 30 September 2021
Statement of Accounts and Audit Findings Report
Follow up report looking into the progress made by Just-Inspire in terms of their recovery
National Fraud Initiative Update
Annual Governance Statement 2020/21 Action Plan: Review of Progress
Internal Audit Progress Report: Qtr 2 2021/22
External Review of Internal Audit 2021: Update on Implementation of Recommendations
Statement of Accounts – Updated Audit Findings Report
Appointment of External Auditors
Revised Internal Audit Plan 2021/22
Internal Audit Quarter 3 Progress Report
Annual Governance Statement 2020/21 Action Plan: Review of Progress
Internal Audit Plan 2022-23 and Internal Audit Charter 2022-23
Value for Money Report – Delay to Auditor's Annual Report
Significant Business Risk Register Review
Value for Money Conclusion*

Scrutiny Items

Approach to the Scrutiny of the Proposed Merger of Warwick District Council
Update on the Joint Work with SDC

The other items covered within the scrutiny aspect of the agenda were all matters contained within the Cabinet agenda. The record of these items are listed in the section below.

Routine Items

Review of the Work Programme, Forward Plan and Comments from the Cabinet

Cabinet Items Considered by the Committee

(This section details the comments and recommendations made by the Finance & Audit Scrutiny Committee to the Cabinet on reports being considered by the Cabinet. The decisions made at the Cabinet meeting have been detailed if the decision was different to the recommendations in the report.)

7 July 2021

7. Significant Business Risk Register

The Finance & Audit Scrutiny 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.

Response from the Cabinet:

The recommendations in the report were approved.

12. Future High Streets Fund Award for Royal Leamington Spa

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

Response from the Cabinet:

The recommendations in the report were approved.

13 Financial Support – Everyone Active Leisure Contract

The Finance and Audit Scrutiny 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.

Response from the Cabinet:

Councillor Bartlett thanked the Finance & Audit Scrutiny Committee for the good assessment of the paper and good rigour around the recommendations. Following the discussion with the Chair of the Finance & Audit Scrutiny

Committee, he stated that an amendment to recommendation 2.4 had been made to ensure the proportionality of the concession waver matched the current state of play, to read:

"2.4 Agree that the EA concession fee due to the Council for 2021/22 is waived in proportion to the point in the financial year when WDC is satisfied that no further subsidy is required by EA and a concession fee, however small, can be paid by EA to WDC. The consequent funding shortfall of up to £1.25mill will be met from the Government's Income Compensation Scheme (est £165k) and the provision included in the Budget provided for potential non-recovery of income within the Budget".

Councillor Bartlett proposed the report as laid out, and subject to the amendment to recommendation 2.4.

14 Costs of Proposals of Joint Senior Management Team

The Finance & Audit Scrutiny 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.

Response from the Cabinet:

Councillor Day thanked the Committee and Group Leaders for their comments. He also commended the Chief Executive for the amount of work that had gone on in engaging with Heads of Service, and the goodwill involved had been extraordinary. He then proposed the report as laid out.

11 August 2021

4 Final Accounts 2020/21

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

Cabinet Response:

The recommendations in the report were approved.

7 Risk Management Annual Report 2020/21 and Strategy

The Finance & Audit Scrutiny Committee supported the recommendations in the report. Members wished to make clear that section 9.2 of the report should be clarified to reflect that the merger of Warwick District Council and Stratford-on-Avon District Council had not yet happened and was a possible merger at this stage.

Cabinet Response:

Councillor Hales was happy to accept the amendment from the Finance & Audit Scrutiny Committee to section 9.2 of the report to read "**Proposed** Merger of Warwick District Council and Stratford-on-Avon District Council", and he then proposed the report as laid out with the above amendment.

8 Project Funding for Castle Farm Leisure Centre and Abbey Fields Swimming Pool

The Finance & Audit Scrutiny Committee supported the recommendations in the report. Members noted the undertaking to align the categories of risk in the project risk register with the agreed categorisation of, and approach taken to, risks adopted by the Council in its Risk Strategy, and also noted that the project comprised of two separate contracts for Abbey Fields and Castle Farm.

Cabinet Response:

Councillor Bartlett thanked the Finance & Audit Scrutiny Committee for a good debate and for the pertinent questions it raised. He then proposed the report as laid out.

22 September 2021

6 Q1 Budget Report

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

Response from Cabinet:

The recommendations in the report were approved.

9 Royal Leamington Spa Town Centre Transformation

The Finance & Audit Scrutiny Committee supported the proposals. Members expressed the view however that the Independent Chair of the Board should not also chair the Advisory Board given that each had different roles in the envisaged governance arrangements. The selection of the Chair and the members of the Board would be crucial to the success of the undertaking.

The Committee also welcomed the idea that the governance could evolve once the Independent Chair was appointed, and the work got underway and was therefore not set in stone. Members wished to also express the view that the groups represented on the Advisory Board should capture the breadth of expertise in Royal Leamington Spa, economic or otherwise and they therefore welcomed the fact that the groups listed were at this point examples and not exclusive.

Response from Cabinet:

The recommendations in the report were approved.

13 Low Carbon Enabling Development

The Finance & Audit Scrutiny Committee supported the recommendations in the report. In so doing, Members raised concerns about the need to invest appropriately in executive capacity to deliver such big projects, given that at least initially it was proposed that the project would be taken forward by the Programme Director for Climate Change.

Response from Cabinet:

The recommendations in the report were approved.

3 November 2021

5 Fees and Charges

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

Cabinet response:

The recommendations in the report were approved.

12 Significant Business Risk Register

The Finance & Audit Scrutiny Committee supported the recommendations in the report. Members noted the intent was that once there was a decision on the potential merger, the Significant Business Risk Register would include a specific risk on that topic. The Committee also noted the redundant wording in the Climate Change Risk relating to the Council Tax Referendum, which was no longer a possible trigger.

Cabinet response:

The recommendations in the report were approved.

Urgent Item - Princes Drive Rail Bridge Refurbishment and Public Art Project

The Finance & Audit Scrutiny Committee supported the recommendations in the report. Members were satisfied for the reasons for the late circulation of the report.

Cabinet response:

The recommendations in the report were approved.

8 December 2021

4 Proposal to create a South Warwickshire District Council

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

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

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

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

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

Response from Cabinet:

The recommendations in the report were approved.

9 February 2022

4 Review of Warwick District Council Members' Allowances Scheme - 2021

The Finance & Audit Scrutiny Committee raised a question from one of the political groups about the rationale for adopting the recommendations of the independent review regarding the increase in Special Responsibility Allowances in the current economic climate. It received clarification about the decisions that the Council could take on the review, noting that the last review had been held in 2017 and there had been changes in the roles and expectations of those Councillors who held positions of responsibility and leadership subsequently as the review noted. It had no further questions on the review of the Scheme.

Cabinet Response:

The recommendations in the report were approved.

6 General Fund 2022/23 Budgets and Council Tax

The Committee noted the questions that had been raised in writing by Councillors regarding the Budgets and decision on Council Tax prior to the meeting. Some members expressed concern about the continuing impact of a freeze on Council Tax on the medium-term financial position for the Council. The Committee examined the rationale for the assumptions on inflation, wage increases and other factors, the reserves position, the need for further savings, and noted the financial pressures and risks in the medium-term financial statements, notwithstanding that a balanced budget was being proposed for 2022/23. It also noted the CFO's statement at Appendix 1. Overall, the Committee was satisfied that appropriate statements had been made about the assumptions in the Budgets and MTFs, and in the statements of risk and projections that lay behind the proposals.

Cabinet Response:

The recommendations in the report were approved.

7 Housing Revenue Account Rent Setting and Budget 2022/23

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

Cabinet Response:

The recommendations in the report were approved.

9 March 2022

5 Treasury Management Strategy 2022/23

The Finance & Audit Scrutiny Committee supported the recommendations in the report and thanked officers for all of their hard work, especially that the work carried out so quickly and timely for the disinvestment from the two equity funds. Members noted that the timing of disposals had saved taxpayers money, alongside meeting the Council's objectives of not investing in fossil fuel.

Cabinet response:

Councillor Hales also thanked the Finance officers and then proposed the report as laid out.

7 Community Infrastructure Levy (CIL) Projects List for 2022/23

The Finance & Audit Scrutiny Committee supported the recommendations in the report. Members emphasised the need to ensure the Council was getting value for money from projects.

Cabinet response:

The Group Observers supported the recommendations but expressed concerns over money availability.

Councillor Cooke responded to these concerns, stating that we needed to be flexible and prepared for the possibility that funding priorities would shift. He had been in discussions regarding the issue of value for money, but it was not easy to guarantee. He then proposed the report as laid out.

8 Annual Review of Regulation of Investigatory Powers Act (RIPA) Policy

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

Cabinet response:

The recommendations in the report were approved.

13 April 2022

Title: Update on Joint Work of WDC and SDC
Lead Officer: Chris Elliott/David Buckland
Portfolio Holder: Councillor Hales/Councillor Cargill
Wards of the District directly affected: All wards

Summary

It was agreed at a previous meeting of the Overview and Scrutiny Committee and of the Finance and Audit Committee that a report would be brought to each meeting to set out the progress of the work being done to enable effective Scrutiny of the proposals.

To support this approach, this report is to introduce a Programme Highlight report template which sets out to systematically report progress of the South Warwickshire Together Programme at monthly intervals.

Recommendation

That the contents of the report and appendices are noted and any comments arising are presented to the Cabinets of both Councils and the Joint Advisory Steering Group (JASG).

1 Background/Information

1.1 This report reiterates the vision agreed by both Councils and the reasons for undertaking this approach; sets out work done to date; the next steps; the key benefits; and the key milestones and intended overall outcome. The changes from the last report are set out in italics.

1.2 Vision – both SDC and WDC at their respective Full Councils agreed the following vision:

To create a single statutory South Warwickshire District Council covering all of the activities currently carried out by Stratford-on-Avon District Council and Warwick District Council by 1 April 2024.

1.3 Reasons for undertaking this approach:

- Both Councils have significant financial pressures
- Both Councils wish to continue to provide valued services to residents/businesses/local communities
- The two Councils have a good track record of partnership
- There is a shared economic geography between the two Councils
- There is a shared sense of community between the two Councils' areas
- There is a very strong political relationship in place
- The two Councils are within the same County Council area.

1.4 Work done to date (including ongoing work) includes:

- Deloitte Report commissioned and agreed by both setting out the high-level business case for the creation of a single South Warwickshire District Council
- Vision stated above (paragraph 1.2) agreed by both Councils
- The Cabinet portfolios for both Councils are fully aligned
- Joint contract awarded for the Refuse and Recycling Service
- Agreed to develop jointly a South Warwickshire Local Plan
- Published the first stage of that Plan and issued a call for sites
- Agreed a joint Regulatory Services Enforcement Policy
- Agreed to develop a South Warwickshire Economic Strategy
- Agreed a shared set of ambitions regarding the Climate Emergency
- Joint Staff/HR policies agreed
- Agreed and have appointed a Transformation Programme Manager and Programme Support Officer
- Established a governance regime via the creation of an officer Programme Board (which meets weekly) and the Councillor led Joint Arrangements Steering Group (Reports and Notes of meeting available on the South Warwickshire Together Hub)
- Work on due diligence financially undertaken by LGA consultant and reported to JASG
- Regular meetings with Unison (both branches) on a fortnightly basis
- Communication Hub for all Staff and Councillors of both Councils established – South Warwickshire Together Hub
- Leaders and CEOs meet fortnightly
- Joint Management Team meets fortnightly (two vacancies immediately saved)
- Discussions have started with the Government regarding the creation of a single South Warwickshire District Council
- Agreed paper for public consultation proposals
- Sharing experience and likewise gaining experience from joint work of other Councils including those who have merged and those who are also considering the same step
- Update presentations given to Councillors, members of staff and Service Managers
- Scrutiny Chairs of SDC/WDC have met
- Start of public consultation on proposal from 6 September to 24 October – 600 representatives of the community directly surveyed; open form available for all to make their comments; stakeholders notified and asked for comments; focus groups for residents; parish/town council; community/voluntary; business
- Consultation on proposal has taken place.
- CEOs have held a consultation session with over 50 Parish/Town Councils; and with business representatives of the Chamber of Commerce; almost 600 staff have attended CEO briefing sessions. All three MPs have been briefed.
- Programme of Service Integration and principle of sharing an HQ was subject to a separate report that has been agreed by both Cabinets.
- Business Case for Joint Legal Service integration was agreed by both Cabinets
- Report to Employment Committee re use of Section 113 Agreements for the Service Integration process

- Both Councils considered and agreed to make a formal application to merge the two organisations to create a single South Warwickshire Council – on Monday 13 December 2021
- The application has been acknowledged by a Minister who will lead the work on the assessment.
- Officers have contacted the civil servants to seek follow up meetings and to ensure requests for information are responded to quickly
- Have brought together both Council's Homelessness/Housing Advice teams under the same line manager along with the Community Teams from both Councils. This post will also provide support for the health and well-being work at South Warwickshire Place Partnership Board
- Signed the Joint Waste contract which will start on 1 August
- Published the call for sites in response to the proposed new South Warwickshire Local Plan.

1.5 Programme Highlight Report

- 1.5.1 The Programme Highlight Report document (attached at Appendix 1) sets out to systematically provide a snapshot update of progress related to the Programme. It is envisaged that this document will subsequently be used to update members, JMT, officers, trade unions and other stakeholders during the journey of change.
- 1.5.2 The highlight report will be assessing how the programme is progressing in relation to the following factors: Overall status, Schedule, Benefits, Risks/Issues, Budget, Resources. Summary notes will be given for each of these factors to outline the latest position including any known actions to address the rating.
- 1.5.3 The highlight report also includes a high-level Programme Schedule to illustrate the outline plan of the entire programme, including known dates key milestones and also of the defined tranches.
- 1.5.4 A Red Amber Green (RAG) rating scheme is being used to objectively indicate a best fit assessment for the factors set out above. A key has been provided in the highlight report but in brief:
- Red rating: Significantly off track and major interventions are needed
 - Amber rating: Moderately off track but within manageable limits of the programme
 - Green rating: On track and or exceeding targets
 - No rating: Unrated as either not yet started or developed enough to rate.
- 1.5.5 The key milestones for the programme are indicated in the report including their estimated and actual dates of achievement.
- 1.5.6 Notable developments and achievements during the reporting period, usually the preceding month, will be captured. Proposed targets for the next reporting period will also be listed, when known.

- 1.5.7 The South Warwickshire Together Programme Board will receive progress updates from all designated workstream leads at least monthly, while the workstream is in flight. This also allows regular opportunity for any emerging risks or issues that cannot be mitigated at workstream level to be escalated to the programme board. Appropriate feedback will be given to workstream leads.
- 1.5.8 Workstream leads are advised that if an issue is critical, escalation should be made at the soonest possible time through the Programme Team.
- 1.5.9 It should be noted that workstreams may contain a combination of projects, change management activities and one-off tasks that require a variety of approaches, timelines, costs, skills and resources to deliver the objectives. Support will be provided by the Programme Team where appropriate and added value is provided.
- 1.5.10 To note, workstreams will only illustrate an overall RAG rating on the programme highlight report in their updates, again as a best fit assessment. This will be reviewed by the Programme Team in due course.
- 1.5.11 Programme Highlight reports will be published on the South Warwickshire Together Hub, accessible by all members and officers for reference.
- 1.5.12 The format of the highlight report will be reviewed by the Programme Board to ensure it is achieving its purpose as the programme develops further.
- 1.6 The expected benefits include:
- Achieving financial stability, addressing annual net savings identified in the Medium-Term Financial Plans (MTFPs) of both Councils.
 - Becoming a more effective Council
 - Having stronger accountability
 - Increased ability to tackle climate change
 - Increased ability to support local economic growth
 - Enhanced partnership working and joined up local government
 - Increased presence, influence and strategic voice nationally and regionally.
 - Having a strategic approach to housing and planning
 - Levelling up – better outcomes for residents and businesses
- 1.7 The key milestones are:
- Agreement to the business case to be submitted to Government on 13 December 2021 – **achieved**
 - Approval granted by the Secretary of State within a year of the submission date
 - Shadow Council in existence from January 2023 (estimated) – elections inc. those of Parish deferred for a year
 - All services merged by March 2024 having started the process in November 2021 – **underway and under review**
 - New Council comes into life on 1 April 2024
 - Elections to new Council in May 2024.

- 1.8 The overall outcome would be that a new South Warwickshire Council which has a sustainable financial foundation and so is able to deliver transformed, and relevant services for the residents, businesses, and communities of the area.

2 Alternative Options available

- 2.1 Strategic options were evaluated as part of the work done for the public consultation and can be seen at the Hub. Both Councils have made the decision to seek a merger and previous decisions have agreed plans for service integration and HQ accommodation.

3 Consultation and Member's comments

- 3.1 The purpose of this report is to advise Members of current progress and to enable them to make comments.

4 Implications of the proposal

4.1 Legal/Human Rights Implications

- 4.1.1 As so decided by Members, and if so then by the Government, the proposal will have very significant legal implications in that both SDC and WDC will cease to exist and a new legal identify will come into being.

4.2 Financial

- 4.2.1 This report itself does not impact on the budgetary framework or budget, but the subject matter of the report will have an impact as was documented in the report considered in December and in the budget agreed in February 2022.

4.3 Council Plans

4.3.1 Warwick Council Plan

Fit for the Future (FFF)

The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects.

The FFF Strategy has three strands, People, Services and Money, and each has an external and internal element to it, the details of which can be found [on the Council's website](#). The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy.

FFF Strands

External impacts of proposal(s)

People - Health, Homes, Communities - The report will have no direct impact for the community at this stage, but the overall programme will assist with the ability to continue to provide services.

Services - Green, Clean, Safe – As above.

Money- Infrastructure, Enterprise, Employment – As above.

Internal impacts of the proposal(s)

People - Effective Staff – The joint work will offer better protection to staff than the alternatives and by being part of a larger workforce it will offer more opportunities for training and progress.

Services - Maintain or Improve Services – The joint work is intended to better enable the two Councils to maintain or improve their services.

Money - Firm Financial Footing over the Longer Term – It is intended that the work does provide for a firm financial footing over the longer term.

Supporting Strategies & Changes to Existing Policies – The joint work will impact on the two Council's policies. Part of the Programme of work will be to bring the policies of the two Councils into line over the period to 2024 and in some cases beyond that.

4.3.2 ***Stratford-on-Avon Council Plan***

The overall vision which guides SDC's Council Plan is as follows:

We are ambitious for the future of the District as an excellent place to live, work, learn, visit and invest.

The plan sets out our vision for Stratford-on-Avon District as a place in 2030 and for local government in 2030.

The core of the plan is a set of ambitions and actions for the Council over the next four years under five key objectives:

- Working on regional, national and international stages
- Responding to the climate emergency
- Enhancing the quality of Stratford-on-Avon as a place
- Nurturing a thriving, innovative and inclusive economy
- Putting residents and communities centre stage.

The draft Vision and Plan was the subject of public consultation in summer 2019 and the content was informed by two workshops with the Council's key local partners.

We look forward working with residents, local communities and our partners to deliver our ambitions for 2023 in the context of our longer term vision for the district.

The impact on COVID and the forecast of future reductions of government funding will mean that it will become increasingly difficult for the Council to deliver against these objectives. The possibility of working in partnership however, including leading to a full merger should ensure that more of these objectives can be delivered.

This proposed approach is also in line with the final objective of the Council Plan which states:

- In order to deliver this, we will become a more agile and resilient Council.

4.4 ***Environmental/Climate Change Implications***

- 4.4.1 The Councils have agreed joint ambitions on Climate Change and a shared climate change action programme (CCAP). The CCAP provides the basis for joint working to reduce carbon emissions and to enable our communities, economy, and environment to adapt to climate changes. This approach recognises that responses to climate change should not be constrained by administrative boundaries. Furthermore, a single entity will enable a deeper review of the Councils' building assets to be undertaken with the potential to achieve additional carbon reduction measures. Joint working has the potential to reduce carbon emissions from our buildings by enabling shared use of assets and combined approaches to planning and procuring decarbonisation projects.
- 4.4.2 Work is currently being undertaken to complete a joint carbon baseline exercise to show comparable and joint carbon emissions data for WDC and SDC over the last three years. This data will enable prioritisation to be more effective and will ensure progress on decarbonisation can be reported accurately on a regular basis.

4.5 ***Analysis of the effects on Equality***

- 4.5.1 A high-level impact statement prepared in conjunction with public consultation can be seen on the consultation website and will also be published on the South Warwickshire Together Hub.

4.6 ***Data Protection***

- 4.6.1 Not applicable.

4.7 ***Health and Wellbeing***

- 4.7.1 The development of the South Warwickshire Place Partnership (Health) within the overall new structure for the sub region will greatly assist both Councils ability to help improve health and wellbeing for the area. As organisations the Councils are also seeking to integrate their approaches to health and safety reporting and response for staff. Both currently offer similar support packages to staff, and this will be integrated and standardised over time.

5 Risk Assessment

- 5.1 An updated Programme risk register for the joint work has been developed and is attached as Appendix 2 for consideration and comment.
- 5.2 During review of the risk register, modifications have been made to the format to include a risk rating change indicator with arrows showing if the score has increased, decreased or has remained the same.
- 5.3 Members should be advised that it will be unrealistic to assume that there will be a radical change in risk rating scores, actions and outcomes on a monthly basis. This will be dependent on the nature and scope of the risk and its' related mitigations taking effect enough to reduce, remove or suitably control the impact or frequency. In effect, it should be viewed dynamically and accepted as valid as the time of his last update.

6 Conclusion/Reasons for the Recommendation

- 6.1 This report sets out current position on the work being done jointly between WDC and SDC.

Report Information Sheet

Please complete and submit to Democratic Services with draft report

Committee/Date	Overview and Scrutiny/Finance and Audit Committee 12/13 April 2022	
Title of report	Update on Joint Work of WDC and SDC	
Consultations undertaken		
Consultee *required	Date	Details of consultation /comments received
Ward Member(s)	-	
Portfolio Holder WDC & SDC *	30/03/22	Cllr Hales
Financial Services *	30/03/22	Mike Snow
Legal Services *	30/03/22	Phil Grafton
Other Services		
Chief Executive(s)	28/03/22	Chris Elliott
Head of Service(s)		
Section 151 Officer	30/03/22	Mike Snow
Monitoring Officer	30/03/22	Phil Grafton
CMT (WDC)	30/03/22	Chris Elliott, Andy Jones, Dave Barber, Tony Perks
Leadership Co-ordination Group (WDC)		
Other organisations	28/03/22	SDC
Final decision by this Committee or rec to another Ctte/Council?		Recommendation to Overview and Scrutiny Committee/ Finance and Audit Committee
Contrary to Policy/Budget framework		No
Does this report contain exempt info/Confidential? If so, which paragraph(s)?		No
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?		No
Accessibility Checked?		File/Info/Inspect Document/Check Accessibility

South Warwickshire Together Programme Highlight Report April 2022

Programme Sponsors	David Buckland and Chris Elliott	Programme Manager	Tim Oruye	Reporting Period	March 2022
Programme Description	To create a single statutory South Warwickshire District Council covering all of the activities currently carried out by Stratford-on-Avon District Council and Warwick District Council by 1 April 2024. The overall outcome would be creation of a new Council which has a sustainable financial foundation and so is able to deliver transformed, relevant services for the residents, businesses and communities of the area.				
Strategic Benefits	The submitted Business Case Proposal sets out the following benefits of South Warwickshire District Council, up to and for some years after its creation.				
	1. Achieving financial stability, addressing annual net savings identified in the Medium-Term Financial Plans (MTFPs) of both Councils.	2. Becoming a more effective Council	3. Having stronger accountability	4. Increased ability to tackle climate change	5. Increased ability to support local economic growth
					6. Enhanced partnership working and joined up local government
					7. Increased presence, influence and strategic voice nationally and regionally.
					8. Having a strategic approach to housing and planning
					9. Levelling up – better outcomes for residents and businesses
Overall RAG Status	Tranche 2 is generally progressing to plan while the business case proposal submitted in December 2021 is being considered. Focus is concentrated on activities within the immediate control of the programme. Amber rating given as a best fit assessment at this stage				
Schedule	A review of the deliverables of the Service integration and optimisation workstream is underway to address amber rating				
Benefits	Further work developing to set out how and when the strategic benefits are expected to be realised, aims to address the amber rating				
Risks / Issues	Modifications made to Programme Risk Register following review including risk rating change indicator. No new risks identified. Risk PR015 has reduced risk rating. Further developments on actions needed to mitigate ICT related risks to address amber rating				
Budget	Original budget of £600k over 3 years within agreed limits. Additional budget granted to further support the merger, enable harmonisation of terms and conditions and to allow for potential redundancies - £4.5 million total over 3 years				
Resources	Additional budget granted enables further temporary programme resource to be recruited. Recruitment processes set to begin soon to address amber rating				

Key Milestones	Original date	Projected date	Actual date
Programme initiation	July 2021	13 July 2021	13 July 2021
Business case proposal submitted to Secretary of State DLUHC	December 2021	17 December 2021	17 December 2021
Receive initial approval from Secretary of State DLUHC	*September 2022	September 2022	
Formation of Shadow Council	*From January 2023	From January 2023	
Service integrations completed	March 2024	Subject to review	
New Council formed	1 April 2024	1 April 2024	
Members elected to new Council	2 May 2024	2 May 2024	
Programme close down	End May 2024	31 May 2024	

*Approximate dates given based on assumptions of similar mergers

Developments/ Achievements this period	Targets for next period: (April 2022)
<p>Co-ordinated engagement with Government officials while the business case proposal is being considered.</p> <p>2 Member and 2 Staff briefing sessions held between 17 February and 8 March 2022.</p> <p>Collective agreement S113 with SDC and WDC Unison branches agreed.</p> <p>Additional budget granted from 2022/2023 to support the programme of implementation, provide for potential redundancies and the harmonisation of terms and conditions (£4.5 million total).</p> <p>Service Realignment Review undertaken by JMT. It sets out agreed changes in line management reporting and other structural adjustments to address known changes to JMT from September 2022.</p>	<p>Legal Services new structure in operation</p> <p>Proposed governance arrangements approved by both councils</p> <p>Inter Authority Agreement considered at both Councils – 25 April 2022 SDC, 27 April 2022 WDC</p> <p>Office accommodation report reviewed</p> <p>Critical path analysis further developed</p> <p>Recruitment processes for programme resource begins</p> <p>Chief Executives to meet with new Chief Executive of WALC - 12 April 2022</p>

Workstream Updates

Workstream	Lead	Objectives	Headline updates / activities	Issues requiring action	RAG rating
Business case proposal development Tranche 1	David Buckland Chris Elliott	Public Consultation activities (Completed) Consultation analysis report (Completed) Formal business case proposal (Completed)	Business case proposal submitted to Secretary of State 17/12/2021 Formal acknowledgement received 20/01/2022	Managing stakeholder expectations while DLUHC considers the business case proposal	
Corporate Communications Tranches 1 to 3	Tracy Dolphin	Communications management strategy and action plan Corporate identity / Branding (links with One Team)	Member briefings 17 and 24 February 2022 Staff briefings held 3 and 8 March 2022 Coordinated engagement with central government officials and departments underway Residents survey for SDC and WDC in circulation		
Leadership restructure Tranches 1 to 3	Chris Elliott David Buckland	Initial JMT structure (Completed) Head of Paid Service review (independently led) Head of Service remuneration review	Service alignment review undertaken to address known JMT changes from September 2022 In progress for Autumn 2022		

Workstream	Lead	Objectives	Headline updates / activities	Issues requiring action	RAG rating
Organisational Development (People) Tranches 1 to 3	Tracy Dolphin	<p>Consolidation of HR Policies and procedures</p> <p>Transition support for staff including consultations</p> <p>Harmonisation of staff terms and conditions</p> <p>Individual S113 agreements prior to IAA being agreed</p> <p>Learning and development programme</p> <p>Union engagement</p> <p>Recruitment and Retention</p> <p>Monitoring Information</p> <p>Evaluation and Learning</p>	<p>Collective agreement s113 with Unison agreed by both SDC and WDC branches</p> <p>Inter Authority Agreement (IAA) in development</p> <p>Job Evaluation / Pay Grading briefing from WME 15/02/2022</p> <p>Service Integration Process/Templates/Holding pool/At Risk/FAQ's developed across both orgs</p> <p>Joint training developed and initiated – Motivating and Managing Teams in hybrid world. Work is developing on joint ways of working (WoW)</p> <p>Regular programme and operational meetings – Unison</p>	<p>Prioritisation of workstream objectives to be undertaken with regard for critical path</p> <p>Member steer needed for scope of Job evaluation scheme</p>	
ICT / Digital Tranches 1 to 3	David Elkington	<p>ICT / Digital Strategy</p> <p>Integrated infrastructure / Active directory</p> <p>System integration plan</p> <p>Single domain / email address</p> <p>Single Intranet / Website / CRM</p>	<p>Digital Strategy approved at both SDC and WDC Cabinets December 2021</p> <p>Telephony business case scheduled for JMT consideration 7 April</p>	<p>Prioritisation of workstream objectives to be undertaken with regard for critical path</p>	

Workstream	Lead	Objectives	Headline updates / activities	Issues requiring action	RAG rating
Service Integration & Optimisation Tranches 1 to 3	Andrew Jones Tony Perks	Single service teams formed: <ul style="list-style-type: none"> - Pilots and Phase 1 underway - Phase 2 begins January 2023 Aligned Service Plans	Legal services recruiting to new posts, preparing for go-live Environmental and Operations in consultation stage ICT at stage 1 Service realignment reviewed by JMT and now being implemented South Warwickshire Integration Group established (SWIG) Service Plans template reviewed by JMT Critical path analysis is underway to identify all essential outputs required by 1 April 2024	Learning from initial outcomes of pilot integrations – under review Impact on original timetable of service integrations – under review Service plans template needs to be confirmed	
Finance & Procurement Tranches 1 to 3	Mike Snow Handing over to Richard Burrell	Alignment of Financial policies and strategies: Fees and charges schedule, financial reporting, Bank accounts and VAT numbers. Single Treasury Management and Investment strategies Financial Management System Council tax harmonisation Aligned procurement strategy Review all contracts and apply novation Seek opportunities to renegotiate existing contracts	Budget requests to further enable the programme of implementation approved at February 2022 committees Initial stages in motion to address resources needed to support delivery of finance and procurement workstream objectives Scoping of Joint procurement review underway with anticipated actions presented to South Warwickshire Procurement Board. Further delivery work to be undertaken by a sub-group of this board, when formed	Head of Finance retirement: <ul style="list-style-type: none"> - Interim arrangements implemented - Recruitment process underway - Further impact on structure to be reviewed following recruitment (May 2022) Prioritisation of workstream objectives to be undertaken with regard for critical path	

Workstream	Lead	Objectives	Headline updates / activities	Issues requiring action	RAG rating
Assets Tranches 1 to 3	Steve Partner	Asset strategy and plan Office accommodation review Property rationalisation Climate change activities	Review of existing policies started. Joint Strategy will be developed this year Savills commissioned to undertake Office accommodation review, draft report due end March 2022 Will emerge from the Asset Strategy Strategy document agreed by both Cabinets. Work planning underway		
Democratic and Information governance Tranches 2 to 3	Phil Grafton	Aligned committee structures Aligned constitution Single electoral roll Aligned Information governance policies, practice and procedures Committee administration system Interim and long-term joint governance arrangements	Closer aligned committee calendar for 2022/2023 achieved Will be commissioned if and when merger request is granted, as this is likely to be a requirement within the Regulations. May 2023 elections: To proceed as planned until decision regarding proposed merger from DLUHC Secretary of State is known Work on-going and already partially completed. Scoping for single committee administration system underway Governance arrangements under review, including (1) joint decision-making, scrutiny and advisory bodies (2) delegated powers for joint officers' posts		

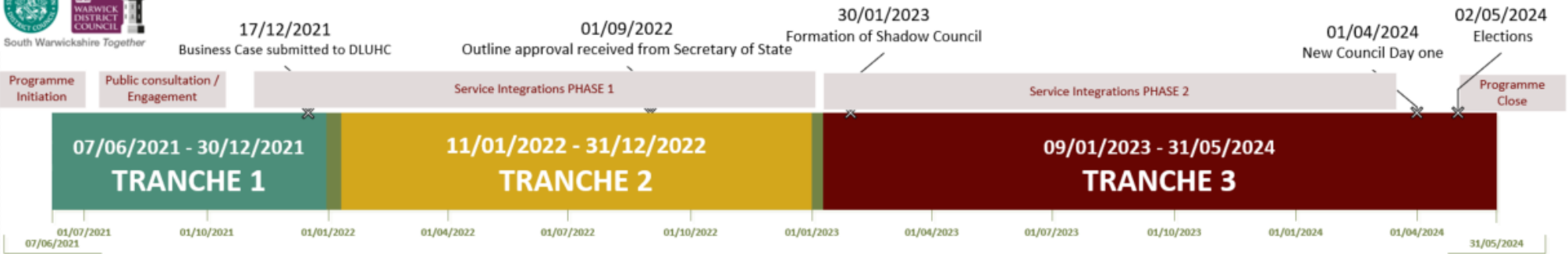
Workstream	Lead	Objectives	Headline updates / activities	Issues requiring action	RAG rating
One Team Tranches 2 to 3	David Buckland Chris Elliott	Enabling a collaborative, high performing culture Facilitate and empower change agents (staff and members)	Workstream in very early stages of discovery and definition		No rating
Formal Merger Tranches 2 to 3	Phil Grafton	Legal and governance matters for the formal merger process Abolition process of both Councils	This workstream begins when proposed merger is given outline approval from DLUHC Secretary of State		No rating
Corporate Strategy Tranche 3	Tony Perks Andrew Jones	Aligned Council Plan / Business Strategy	This workstream begins in Tranche 3 Other activities that could impact this workstream include: Joint Waste contract - signed South Warwickshire Local plan – published call for sites South Warwickshire Economic strategy – in development Climate change action programme (CCAP) – underway		No rating

Key	
Red rating	Significantly off track, major interventions required
Amber rating	Moderately off track but within the manageable limits of the Programme and or the workstream
Green rating	On track and or exceeding targets
No rating	Unrated as not yet commenced or developed enough
Blue text	Activities / Initiatives occurring externally to the programme that may impact outcomes and benefits



South Warwickshire Together

South Warwickshire Together Programme Schedule



TRANCHE 1

Business Case Development June 2021 to December 2021

- Programme initiated (documentation and governance) JUL 2021
- Corporate Communications Workstream JUL to DEC 2021
- Public consultation and engagement AUG to NOV 2021
- Business case proposal development SEPT to DEC 2021
- Business case proposal considered at both Full Councils DEC 2021
- Service Integration & Optimisation Preparation SEPT to DEC 2021
- Organisational development Workstream Part 1 SEPT to DEC 2021
- Discovery phase of ICT / Digital Workstream AUG to DEC 2021
- Discovery phase of Assets Workstream AUG to DEC 2021
- Discovery phase of Finance and Procurement Workstream AUG to DEC 2021

Business case proposal submitted to DLUHC DEC 2021

TRANCHE 2

Pre Secretary of State Approval January 2022 to December 2022

- Corporate Communications Workstream Part 2
- Democratic and Information Governance Workstream Part 1
- Service Integration & Optimisation Workstream Part 1
- Organisational development Workstream Part 2
- ICT / Digital Workstream Part 2
- Assets Workstream Part 2
- Finance and Procurement Workstream Part 2
- Leadership restructure Workstream Part 2
- Discovery phase of One Team Workstream

Receive approval from Secretary of State (between SEPT and DEC 2022 (estimate)

- Formal Merger Workstream Part 1

TRANCHE 3

Transition to vesting day January 2023 to May 2024

- Corporate Communications Workstream Part 3
- Formal Merger Workstream Part 2
- Service Integration & Optimisation Workstream Part 2
- Corporate Strategy Workstream
- Organisational development Workstream Part 3
- Democratic and Information Governance Workstream Part 2
- ICT / Digital Workstream Part 3
- Assets Workstream Part 3
- Finance and Procurement Workstream Part 3
- Leadership restructure Workstream Part 3
- One Team Workstream Part 2

New Council formed 1 APR 2024

- Council Elections MAY 2024
- Abolition of both predecessor Councils

Benefits of South Warwickshire working together

Our proposal will deliver

Financial stability

A detailed analysis conducted by Deloitte has identified the opportunity to make annual net savings of £4.6m, after year five of a merger. These savings will be realised through reducing duplication in executive teams, elected members and staffing; extending joint commissioning and rationalising property.

A more effective Council

The new organisation will be:

- more flexible and resilient;
- a more attractive employer;
- able to bring more specialist services in-house, that cannot be justified at current scale;
- better able to innovate and implement best practice;
- communicate a clear cultural shift.

Stronger accountability

By aligning the new Council with services which in many cases are already delivered jointly, we will create clearer political accountability. The new Council will also have a clearer and more visible leadership with a stronger strategic voice, enabling it to act more decisively, demonstrate impact and be held accountable. Joint working on issues which affect the whole of South Warwickshire is not currently aligned with clear democratic accountability. The new Council will be a stronger partner for our parish and town councils.

Tackle climate change

Both Councils have signed off a joint climate change action plan which ensures that the merged Council will be net zero within a year of its first elections.

Economic growth

The new authority will better reflect the local economy and will be in a stronger position to support businesses and jobs and to deliver on the Government's levelling up ambitions.

A stronger voice nationally and regionally

South Warwickshire has the second highest GVA within the WMCA, after Birmingham. Despite having a single economy, housing market and shared assets, our influence is diluted across two Councils.

A strategic approach to housing and planning

We will be able to act more strategically on planning to unlock greater housing and employment development, and will extend council housing provision across the area of the new authority.

Levelling up - better outcomes for residents and businesses

The new Council will provide more consistent, more accessible and more focused customer and community services to maximise the opportunities for our residents and businesses to benefit from our activities.

More joined up local government

The new Council will align more effectively with existing South Warwickshire partnerships, for example on community safety and health and wellbeing.



Impact	5	Catastrophic	5	10	15	20	25
	4	Major	4	8	12	16	20
	3	Moderate	3	6	9	12	15
	2	Minor	2	4	6	8	10
	1	Negligible	1	2	3	4	5
Score			Rare	Unlikely	Possible	Likely	Very Likely
			1	2	3	4	5
			Likelihood				

Rating change key - since previous review	
↓	Rating has decreased
↔	Rating remains the same
↑	Rating has increased
NEW	Newly added risk

Programme Risk Register

Reviewed March 2022

Ref	Risk Owner	Risk Description	Potential Consequences	Risk Rating				Mitigation	
				Likelihood	Impact	Overall Risk Rating	Rating change	Existing Controls	Proposed Actions/Comment
PR001	Programme Board	One or both Councils revisiting the decision made on 13 December 2022	<p>Would put a halt to the current considerations by the Secretary of State of the business case proposal.</p> <p>Reputational damage to both Councils regarding the established partnership.</p> <p>Negative impacts on the overall outcome of the proposed constitutional and or operational merger model.</p>	2	5	10	↔	<p>Continue to progress the various workstreams and projects of the transformation programme.</p> <p>Continue to build a strong record of collaboration between the two Councils, strengthening the rationale for merging.</p> <p>Continue to have open and regular engagement with elected members about the outcomes of all options ahead of key decisions</p>	<p>Explore, implement and promote opportunities for cohesion / alignment on key decisions from either Council to mitigate against any detrimental effects to the formation of a South Warwickshire District Council, to include the potential for joint Forward Cabinet Work Plans and joint OSC work programmes.</p> <p>Further development of joint decision-making committees, joint scrutiny arrangements and joint advisory working groups, to include mechanisms to enable engagement with all members of both Councils.</p> <p>Development of a joint member development working group, to provide the opportunity to devise a joint training programme for all members. Considering the possibility of a joint review of the respective Member Allowances Scheme by the Independent Remuneration Panel, to include any necessary alignment of member role descriptions.</p>

Ref	Risk Owner	Risk Description	Potential Consequences	Risk Rating				Mitigation	
				Likelihood	Impact	Overall Risk Rating	Rating change	Existing Controls	Proposed Actions/Comment
PR002	Programme Board	Failure of constituent Councils to come together to implement the decision to form South Warwickshire District Council	Protracted decisions could lead to delays in programme and operational delivery.	3	4	12	↔	<p>Continue to progress the various workstreams and projects of the transformation programme.</p> <p>Continue to build a strong record of collaboration between the two Councils, strengthening the rationale for merging.</p> <p>Continue to have open and regular engagement with elected members about the outcomes of all options ahead of key decisions</p> <p>Heads of Service to continuously explore, implement and promote alignment of approaches, processes and service delivery for example when developing Service Plans.</p>	Explore, implement and promote opportunities for cohesion / alignment on key decisions from either Council to mitigate against any detrimental effects to the formation of a South Warwickshire District Council, to include the potential for joint Forward Cabinet Work Plans and joint OSC work programmes.
PR003	Programme Board	The Government may not give assent to the merger proposal.	<p>Both councils would have to seek further options to achieve savings and efficiencies</p> <p>Both Councils not realising the full potential of financial and non financial benefits</p> <p>Operational merger that follows a shared service model only, would be subject to further risk of being abandoned in the future with for example, changes to administration or priorities from either Council.</p>	3	4	12	↔	<p>Continue to build a strong record of collaboration between the two Councils, strengthening the rationale for merging.</p> <p>Consult the public and show the results of this consultation along with the responses to any themed concerns</p> <p>Regularly engage with government officials to update on progress and receive any steer on direction</p>	<p>Actively promote the expected benefits of the programme.</p> <p>Further engagement with influential stakeholders.</p>
PR004	Programme Board	A submission to merge the district councils could trigger a local government reorganisation review for the whole Warwickshire area	An invitation from Government would have to be responded to within a given timescale.	3	3	9	↔	<p>Previous scoping work has been undertaken in consultation with other district and borough councils that began to explore local government reorganisation options.</p> <p>Maintain dialogue with the DLUHC on position.</p>	To note, this is not the primary intention of the proposed merger of the two district councils.

Ref	Risk Owner	Risk Description	Potential Consequences	Risk Rating				Mitigation	
				Likelihood	Impact	Overall Risk Rating	Rating change	Existing Controls	Proposed Actions/Comment
PR005	Programme Board	Establishment of a larger local authority could lead to a 'democratic deficit' as a result of the reduction in the overall number of elected members.	Residents feeling further removed from their representatives	2	3	6	↔	Maintain established links with Town and Parish Councils. Links made with incoming WALC Chief Executive	Establish arrangements to help elected members encourage community participation in decision making. Development of a joint member development working group, to provide the opportunity to devise a joint training programme for all members. Exploit the opportunities that modern technology offers to increase engagement between residents and elected members.
PR006	Programme Board	A bigger council may result in diseconomies of scale	If unchecked, could risk long term sustainability of local government.	2	4	8	↔	Alignment of organisational policy, processes and contracts has begun. Any changes to services are carefully assessed and the right scale for all services should be found.	Services do not have to be delivered at the super-district level if they are better delivered more locally. Economies of scale should only be made when suitable.
PR007	Programme Board	Lack of programme management and transformation capacity and capability to deliver the merger and transformation around the same time.	Failure to effectively manage interdependencies between transformation activities may lead to increased cost of delivery and / or implementation delays.	3	3	9	↔	Transformational funding will be required to fund additional Council Staff posts to manage the change. This has been initially agreed at £200k annually for a 3 year period and will be monitored by the programme board. Programme Management Office (PMO) established to track and monitor delivery of the programme, realisation of benefits (with measurable targets), risk management, member engagement, governance and reporting. Additional funding for project resources, harmonising terms and conditions, redundancy and specialist external advice has been granted. Assessment of support required by services for their alignment is underway.	Take a phased approach where the merger is implemented first along with robust change management processes before wider large scale transformation takes place will help ensure there is sufficient change management capacity. Where appropriate buy in the skills and capacity needed. Ensure timescales are realistic based on the resources available.

Ref	Risk Owner	Risk Description	Potential Consequences	Risk Rating				Mitigation	
				Likelihood	Impact	Overall Risk Rating	Rating change	Existing Controls	Proposed Actions/Comment
PR008	Programme Board	Newly formed teams and organisational cultures are not fully integrated	Could lead to staff issues such as reduced morale and increased staff turnover.	3	4	12	↔	<p>A clear rationale and set of principles for service integration are developed to integrate teams and enable further optimisation to take place afterwards.</p> <p>A communications strategy and plan should be produced explaining the transition process and the operating principles of the new authority.</p> <p>South Warwickshire Integration Group (SWIG): Officer workgroup formed to review and deliver the objectives of the service integration and optimisation workstream.</p>	<p>Design and delivery of the 'One Team' Workstream will seek to implement culture change activities and initiatives.</p> <p>Identify opportunities to create capacity through new staffing models.</p> <p>Maximise the opportunities afforded by workforce agility, technology and partnership working with other public sector agencies.</p> <p>Senior leadership should model the new behaviours and actively manage culture change during the transition.</p> <p>Embed new ways of working into performance management and reward systems.</p> <p>Identify staff change champions.</p>
PR009	Programme Board	Anticipated savings are not achieved and/or transition costs exceed estimates.	This may impact on the financial resilience of the new council.	3	4	12	↔	<p>Establishment of a programme management office.</p> <p>Undertake regular reviews of the savings profiles and calculations during implementation to ensure they remain realistic and achievable.</p> <p>Service integration business cases reviewed by Programme board before sign off</p>	<p>Develop thorough and realistic cost and savings plans. Use scenarios to stress test best and worst case outcomes.</p>
PR010	Programme Board	Failure to effectively manage interdependencies between transformation activities may lead to increased cost of delivery and / or implementation delays.	May lead to increased cost of delivery and / or implementation delays.	3	4	12	↔	<p>Establishment of a programme management office</p> <p>Development of a detailed implementation plan including a critical path of essential activities and deliverables for the new council.</p> <p>Implement a robust change management process.</p>	<p>Receive regular reports from workstream leads</p>

Ref	Risk Owner	Risk Description	Potential Consequences	Risk Rating				Mitigation	
				Likelihood	Impact	Overall Risk Rating	Rating change	Existing Controls	Proposed Actions/Comment
PR011	Programme Board	Integration of ICT systems across the two councils	The complexity of IT integration may undermine and put at risk the potential benefits of common working practices gained from IT integration.	4	4	16	↔	<p>The future IT architecture will need to be defined and the current position baseline understood.</p> <p>A clear plan for migrating IT systems during the migration implemented within the ICT and Digital Workstream</p> <p>Plan and estimated cost (including support) of ICT intergation programme is being developed.</p>	<p>Being realistic about the pace of ICT integration - it will take several years and a lot of investment.</p> <p>Needs to correlate with the digital strategy and customer access strategy, when developed.</p>
PR012	Programme Board	Preparing for the transition may draw resource away from delivering other council strategies and plans.	<p>Reduction in performance and service delivery levels.</p> <p>Increase the risk of service disruption and reduce resilience of the existing and new council.</p>	3	4	12	↔	<p>Development of a robust implementation programme plan, including more detailed plans of contributory workstreams and change activities.</p> <p>Manage the resources required to contribute towards the development and implementation of the programme of change</p> <p>Heads of Service to continuously explore, implement and promote alignment of approaches, processes and service delivery for example when developing Service Plans.</p>	<p>Test resilience to ensure crisis systems, risk capacity and risk management systems are in place.</p> <p>Bring in additional resources where there are capacity and skills gaps.</p>
PR013	Programme Board	The Grading Review as part of this process may result in potential extra costs due to some posts being uplifted and others being protected.	Could compromise the delivery of anticipated savings	3	3	9	↔	<p>Review potential savings on a continual basis through the implementation phase, especially during service integrations.</p> <p>Implement agreed Joint HR Policies</p> <p>South Warwickshire Integration Group (SWIG): Officer workgroup formed to review and deliver the objectives of the service integration and optimisation workstream.</p>	<p>Explore implementation of a single job evaluation scheme for the new council.</p> <p>Further alignment of Terms and Conditions</p> <p>Cost of job evaluation process, outcomes and salary protction to be estimated.</p>

Ref	Risk Owner	Risk Description	Potential Consequences	Risk Rating				Mitigation	
				Likelihood	Impact	Overall Risk Rating	Rating change	Existing Controls	Proposed Actions/Comment
PR014	Programme Board	Implementation of a major change may be seen as a capacity risk at a time when there will also be a major focus on COVID-19 recovery activities.	Reduction in performance and service delivery levels	3	4	12	↔	<p>Joint management team to monitor matters arising within their service areas and to escalate to the Programme Board accordingly.</p> <p>South Warwickshire Integration Group (SWIG): Officer workgroup formed to review and deliver the objectives of the service integration and optimisation workstream.</p>	<p>Set out clear timescales and resource implications for implementation, and ensure these can be met under the current ways of working and COVID-19 pressures (including any backlog of work due to the pandemic).</p> <p>Review capacity against the timescales and resource requirements, and identify gaps where recruitment / external support is required.</p>
PR015	Programme Board	The process of agreeing a new service design could lead to a service that is not ideal for either predecessor.	Reduced levels of service delivery for the existing councils now and threaten the effectiveness in a new Council.	2	4	8	↓	<p>Ensure the implementation plan allows enough time for services to be co-designed and agreed upon.</p> <p>Establish a clear rationale and principles for service integration and optimisation.</p> <p>South Warwickshire Integration Group (SWIG): Officer workgroup formed to review and deliver the objectives of the service integration and optimisation workstream.</p> <p>Service planning process to also include consideration for further alignment.</p>	<p>Any changes to services should be carefully assessed and the right scale for all services should be found.</p> <p>Services do not have to be delivered at the super-district level if they are better delivered more locally.</p>
PR016	Programme Board	Significant changes in operational and political leadership	Could impact negatively on the appetite for shared services and joint working.	2	4	8	↔	<p>Robust terms of reference for the governance structures established for the programme</p> <p>A communications strategy and plan developed to explain and relay the transition process and principles of the change programme.</p>	<p>Senior leadership should model the new behaviours and actively manage culture change during the transition.</p> <p>Identify staff and member change champions across both Councils through One Team Workstream.</p>
PR017	Programme Board	Lack of customer/stakeholder focus	<p>Increase in complaints from customers.</p> <p>Loss of faith and support in current and proposed organisation of local government</p>	2	4	8	↔	<p>Communications and engagement plan to include activities for key stakeholders including residents</p> <p>Service planning process to also include consideration for aligned customer and stakeholder focus.</p>	<p>Further engagement to take place at different stages in the run up to becoming a single Council</p>

Ref	Risk Owner	Risk Description	Potential Consequences	Risk Rating				Mitigation	
				Likelihood	Impact	Overall Risk Rating	Rating change	Existing Controls	Proposed Actions/Comment
PR018	Programme Board	Underestimate of start-up and delivery costs	Increased budget spend could hamper any expected savings	3	3	9	↔	Financials to be regularly reviewed through the programme lifecycle including spend and savings Additional funding for project resources, harmonising terms and conditions, redundancy and specialist external advice has been granted.	Acknowledgement that some projected costs could be impacted by external factors. Ongoing review needed.
PR019	Programme Board	Loss of service performance and council reputation	Increase in complaints from customers. Loss of faith and support in current and proposed organisation of local government	3	4	12	↔	Joint Management Team oversee KPIs for their service areas and to escalate Service planning process to also include consideration for further alignment.	Programme schedule to be reviewed regularly to reduce impact on business as usual service delivery
PR020	Programme Board	Not standardising policies and procedures, especially at organisational level	Left unchecked, this could lead to issues of imbalance and increase potential for mismanagement and underperformance	2	4	8	↔	Organisational policy alignment and harmonisation to be led through the Organisational Development Workstream Acknowledgment that this will take a considerable amount of time and effort. Inter Authority Agreement in development to embed this further. Service planning process to also include consideration for further alignment.	Once integrated, service areas to further explore these through service delivery / action plans The corporate strategy workstream would seek to address this wider in the transitional run up to becoming one Council
PR021	Programme Board	Getting accurate comparable data on unit costs	Savings profile for both Councils could appear imbalanced	4	3	12	↔	Acknowledgement of the current MTFPs of both councils and the associated savings.	Consolidating and creating a single MTFP
PR022	Programme Board	Political balance and constitution of each Council could present challenges for key decisions and milestones.	Protracted decisions could lead to delays in programme and operational delivery	3	4	12	↔	The Joint Arrangements Steering Group, with agreed representation and the group leaders from both Councils is used as an initial discussion forum ahead of consideration at decision making committees.	The possibility of establishing further joint committees such as Cabinet and Overview and Scrutiny to be considered at an appropriate stage

Ref	Risk Owner	Risk Description	Potential Consequences	Risk Rating				Mitigation	
				Likelihood	Impact	Overall Risk Rating	Rating change	Existing Controls	Proposed Actions/Comment
PR023	Programme Board	Loss or absence of key officers during key activities of work in the programme such as Service Integrations	Implementation of service integrations could be hampered or delayed , impacting on the schedule.	3	4	12	↔	<p>Programme board to decide and implement interim measures to address these promptly.</p> <p>Key officers to be kept informed of programme's progress.</p>	As a contingency, other service integrations may be brought forward.
PR024	Programme Board	Large proportion of officers leave during the transformation process and before efficiencies are realised.	The retained workforce could be insufficient to deliver services and implement further transformation	2	3	6	↔	<p>Joint organisational change policy, recruitment and redeployment procedures agreed and in place from April 2021.</p> <p>South Warwickshire Integration Group (SWIG): Officer workgroup formed to review and deliver the objectives of the service integration and optimisation workstream.</p> <p>Ensure service integration is staggered so that there is sufficient staff to establish new processes and support the new organisation to manage the loss of any knowledge and experience.</p> <p>Implement a robust change management process with service areas as they integrate and then look to optimise over time..</p>	<p>Once new processes are established, consider further efficiencies and enhancement opportunities.</p> <p>Redeployment opportunities explored to address service delivery</p>

Finance & Audit Scrutiny Committee
13 April 2022

Title: Work Programme, Forward Plan & Comments from Cabinet

Lead Officer: Graham Leach

(T. 01926 456114 or E. committee@warwickdc.gov.uk)

Portfolio Holder: Not applicable

Public report

Wards of the District directly affected: Not applicable

Accessibility checked: Yes

Summary

This report informs Members of Finance & Audit Scrutiny Committee of its work programme for 2021/2022 Municipal Year (Appendix 1) and of the current [Forward Plan](#).

Recommendations

- (1) That the Committee considers the work programme attached as Appendix 1 to the report and make any changes as required;
- (2) That the Committee identifies any Cabinet items on the Forward Plan which it wishes to have an input before the Cabinet makes its decision; and
- (3) That the Committee considers its workload for the coming months, specifically how it can accommodate the work within their scheduled meetings.
- (4) The Committee agrees to defer the review of the Council's democratic structure until the later of (a) a decision by the Council on 13 December regarding the potential merger of the Council; or (b) the decision from the Secretary of State for Levelling Up, Housing Communities on the application for this Council to be merged.

1 Background/Information

- 1.1 The five main roles of overview and scrutiny in local government are: holding to account; performance management; policy review; policy development; and external scrutiny.
- 1.2 The pre-decision scrutiny of Cabinet decisions falls within the role of 'holding to account'. To feed into the pre-decision scrutiny of Cabinet decisions, the Committee needs to examine the Council's Forward Plan and identify items which it would like to have an impact upon.
- 1.3 The Council's Forward Plan is published on a monthly basis and sets out the key decisions to be taken by the Council in the next twelve months. The Council only has a statutory duty to publish key decisions to be taken in the next four months. However, the Forward Plan was expanded to a twelve-month period to give a clearer picture of how and when the Council will be making important decisions. A key decision is a decision which has a

significant impact or effect on two or more wards and/or a budgetary effect of £50,000 or more.

- 1.4 The Forward Plan also identifies non-key decisions to be made by the Council in the next twelve months, and the Committee, if it wishes, may also pre-scrutinise these decisions. There may also be policies identified on the Forward Plan, either as key or non-key decisions, which the Committee could pre-scrutinise and have an impact upon how these are formulated.
- 1.5 The Committee should be mindful that any work it wishes to undertake would need to be undertaken without the need to change the timescales as set out within the Forward Plan.
- 1.6 At each meeting, the Committee will consider their work programme and make amendments where necessary, and also make comments on specific Cabinet items, where notice has been given by 9am on the day of the Finance & Audit Scrutiny Committee meeting. The Committee will also receive a report detailing the response from the Cabinet, on the comments the Committee made on the Cabinet agenda in the previous cycle.
- 1.7 The Forward Plan is considered at each meeting and allows the Committee to look at future items and become involved in those Cabinet decisions to be taken, if members so wish.
- 1.8 At each meeting, the Committee will consider their work programme and make amendments where necessary, and also make comments on specific Cabinet items, where notice has been given by 9am on morning after Group meetings. The Committee will also receive a report detailing the response from the Cabinet, on the comments the Committee made on the Cabinet agenda in the previous cycle.
- 1.9 If the Committee made a comment on a Cabinet report, a response will be provided to the Committee at its next meeting (Appendix 2). In reviewing these responses, the Committee can identify any issues for which it would like a progress report. A future report, for example, on how the decision has been implemented, would then be submitted to the Committee at an agreed date which would then be incorporated within the Work Programme.
- 1.10 In July 2020, a report went to Executive on "Governance Review of Warwick District Council" – Minute 22. In the list of resolutions made, one was:
(1) an independent assessment of these arrangements is undertaken in February 2022 and officers are asked to bring back an outline proposal for this, in consultation with the Chairs of Scrutiny, in December 2021 along with proposed funding arrangements, be approved.
- 1.11 Following the decision in July 2020 the Council has embarked on proposals for a potential merger with Stratford-on-Avon District Council. The decision of this Council to make a formal application (or not) to the Secretary of State will, one way or another, impact on the democratic structure of this Council. Therefore, after consultation with the Chairs of both Scrutiny Committees, they were in agreement the review should be deferred for now to enable proper consideration of the Council's needs.

2 Conclusion/Reasons for the Recommendation

- 2.1 The work programme as attached at Appendix 1 to the report should be updated at each meeting to accurately reflect the workload of the Committee.

Agenda Item 7

- 2.2 Two of the five main roles of overview and scrutiny in local government are to undertake pre-decision scrutiny of Cabinet decisions and to feed into policy development.
- 2.3 If the Committee has an interest in a future decision to be made by the Cabinet, or policy to be implemented, it is within the Committee's remit to feed into the process.
- 2.4 The Forward Plan is actually the future work programme for the Cabinet. If a non-cabinet Member highlighted a decision(s) which is to be taken by the Cabinet which they would like to be involved in, that Member(s) could then provide useful background to the Committee when the report is submitted to the Cabinet and they are passing comment on it.

Finance and Audit Scrutiny Committee **WORK PROGRAMME**

13 April 2022

Title	Audit Item or Scrutiny Item	Format	Lead Officer/ Councillor
Significant Business Risk Register Review	Scrutiny	See Cabinet Agenda	Richard Barr and Councillor Hales
Value for Money Conclusion	Audit	Written report followed by Q&A	Mike Snow / Grant Patterson and Councillor Hales

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

5 Treasury Management Strategy 2022/23

The Finance & Audit Scrutiny Committee supported the recommendations in the report and thanked officers for all of their hard work, especially that the work carried out so quickly and timely for the disinvestment from the two equity funds. Members noted that the timing of disposals had saved taxpayers money, alongside meeting the Council's objectives of not investing in fossil fuel.

Response from Cabinet:

Councillor Hales also thanked the Finance officers and then proposed the report as laid out.

7 Community Infrastructure Levy (CIL) Projects List for 2022/23

The Finance & Audit Scrutiny Committee supported the recommendations in the report. Members emphasised the need to ensure the Council was getting value for money from projects.

Response from Cabinet:

The Group Observers supported the recommendations but expressed concerns over money availability.

Councillor Cooke responded to these concerns, stating that we needed to be flexible and prepared for the possibility that funding priorities would shift. He had been in discussions regarding the issue of value for money, but it was not easy to guarantee. He then proposed the report as laid out.

8 Annual Review of Regulation of Investigatory Powers Act (RIPA) Policy

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

Response from Cabinet:

The recommendations in the report were approved.