

Finance and Audit Scrutiny Committee

Minutes of the meeting held on Wednesday 8 December 2021 in the Town Hall, Royal Leamington Spa at 6.00pm.

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

Also present: Councillor Bartlett (Portfolio Holder for Culture, Tourism & Leisure), Councillor Day (Leader of the Council), Councillor Hales (Portfolio Holder for Transformation/Resources) and Councillor Matecki (Portfolio Holder for Homes, Health and Wellbeing)

51. Apologies and Substitutes

- (a) apologies for absence were received from Councillors Tracey and Wright; and
- (b) there were no substitutes.

52. Declarations of Interest

There were no declarations of interest.

53. Minutes

The minutes of the meeting held on 3 November 2021 were taken as read and signed by the Chair as a correct record.

54. Cabinet Agenda (Non-Confidential items and reports) – Thursday 9 December 2021

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

Item 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.

Item 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.

Public Speakers Claire Pomfret and Louise Gould addressed the Committee during this item

(At 8.03pm the meeting was adjourned for a comfort break. It reconvened at 8.18pm. Councillor Luckhurst did not return to the meeting.)

55. **National Fraud Initiative Update**

The Committee considered a report from Finance which provided Members with details of the progress made against the review of data matches from the 2020/21 National Fraud Initiative (NFI) programme, including details of any monies recovered or being pursued where fraud or errors had been identified.

The update provided evidence that the NFI exercise had some merit, with errors being identified that had (or would) lead to the recovery of monies paid out and it also provided assurance that the controls in place at the Council were generally working well to prevent fraud and error.

Therefore this summary report should have helped Members to take assurance in this area and it was requested that the report should be noted.

Resolved that the contents of the report be noted.

56. **Annual Governance Statement 2020/21: Update on Implementation of Recommendations**

The Committee received a report from Finance which reviewed the progress 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 in the report 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.

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

57. **Internal Audit Progress Report: Quarter 2 2021/22**

The Committee considered a report from Finance which advised on the progress in achieving the Internal Audit Plan 2021/22, summarised the audit work completed in the second 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.

Six audits were completed in the second quarter of 2021/22. The Internal Audit reports arising from them were attached as appendices to the report.

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

Resolved that the report and appendices be noted.

58. External Review of Internal Audit 2021: Update of Implementation of Recommendations

The Committee considered a report from Finance which advised on the progress in achieving the recommendations arising from the recent external review of Internal Audit.

All recommendations had been addressed or were in the process of being addressed in line with the timetable agreed with the assessor. The service was therefore on course for full compliance with the Internal Audit Standards. This was due to occur by 1 April 2023 (although compliance with the Quality Assurance and Improvement Programme – a continuous series of self-reviews against the Standards – was, as the term suggested, dependent on ongoing activity). These actions would aid effective governance within the Council.

The latest position in respect of implementing the recommendations contained within the action plan was set out as Appendix 1 to the report.

Resolved that the report and appendix be noted.

59. Statement of Accounts – Updated Audit Findings Report

The Committee considered a report from Finance. Further to the Audit Findings Report on the 2020/21 Accounts issued by the Council's external auditors, Grant Thornton, to the last meeting of the Committee, an updated report was presented in anticipation that they should be able to sign off the Accounts following the meeting of the Committee.

Progress on the audit of the 2020/21 Statement of Accounts was reported to the Finance & Audit Scrutiny Committee in November. Since then, work on the audit had progressed.

The Committee had already agreed that any changes required to the accounts were delegated to the Head of Finance in consultation with the Chair of the Committee. The Committee also approved the Letter of Representation which would be sent to the auditors when they were ready to sign off the accounts.

Grant Thornton had also issued a Sector Update Report for the consideration of Members of the Committee.

The Committee was asked to agree to the proposed recommendations.

Resolved that the report be noted.

60. Cabinet Agenda (Non-Confidential items and reports) – Thursday 9 December 2021

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

Item 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.

Item 7 – Housing Revenue Account Business Plan Review 2021

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

61. 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 2021/2022 Municipal Year, as set out at Appendix 1 to the report, and of the current Forward Plan.

Resolved that the report be noted.

62. 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.

63. Cabinet Agenda (Confidential items and reports) – Thursday 9 December 2021

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

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

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

(The meeting ended at 9.22pm)

CHAIR
9 February 2021