

Finance and Audit Scrutiny Committee

Minutes of the meeting held on Tuesday 20 September 2016 at the Town Hall, Royal Leamington Spa at 6.00pm.

Present: Councillor Quinney (Chair); Councillors Ashford, Day, Illingworth, Mrs Knight, Murphy J.P., Mrs Stevens and Thompson.

Also present: Councillor Whiting.

46. **Apologies and Substitutes**

- (a) Apologies for absence were received from Councillors Cain, Mrs Falp and Gifford; and
- (b) Councillor Day substituted for Councillor Harrington, Councillor Mrs Knight substituted for Councillor Barrott, Councillor Murphy substituted for Councillor Rhead and Councillor Mrs Stevens substituted for Councillor Mann.

47. **Declarations of Interest**

There were no declarations of interest.

48. **Audit Findings Report from External Auditor**

The Committee received a report presenting the external auditors' Audit Findings Report in respect of 2015/16, which was attached as Appendix A to the report.

Mr Gregory and Mrs Lillington attended the meeting to present the report on behalf of the external auditor, Grant Thornton.

The Committee, in its role as the Council's audit committee, was expected to consider the Audit Findings Report, which identified key issues that Members should consider before the auditors issued their opinion, conclusion and certificate.

Some minor changes had been proposed to the original Statement of Accounts prepared in June and all changes had been included in the paperwork due to be agreed by Council on 21 September, after which time the accounts would be published ahead of the 30 September deadline.

Also attached to the report was a letter of representation which, with the Committee's agreement, would be signed by the Committee Chair and the Head of Finance and then distributed to the external auditors.

The report advised that whilst work on the audit was still on-going, the auditors anticipated being able to issue an unqualified audit opinion on the accounts.

Members were reminded that the auditors were still unable to certify the completion of the 2013/14 and 2014/15 audits due to the inability to

conclude their work on one of the four objections received in respect of the 2013/14 accounts. In addition, as the related expenditure continued into 2015/16, the audit for this year could not be concluded at this stage. However, it was noted that no objections had been received in respect of the 2015/16 accounts.

Mrs Lillington addressed Members and advised that the report pulled together the findings from the audit and reminded them that work had been done to 'declutter' the accounts. The data had also been simplified to include diagrams and tables. Mrs Lillington also directed members to the three risks identified on page 26 of the report. These related to the arrangements in place for the following: finding a suitable operator for the management of the Council's leisure centres, identifying and agreeing savings plans and working with others.

It had been noted that there was not an overall clear idea of partnership working, and the key findings from the audit were summarised in the report.

With regard to savings, it had been highlighted that there was a surplus issue and the report reiterated that there needed to be arrangements in place to identify any surplus, and officers needed to be making accurate estimates when managing budgets.

Mr Gregory made reference to the long-standing objection to the accounts, relating to the ongoing legal action concerning the collection of Council Tax debt. As in previous reports, he advised that the sign off of the audit was on hold whilst the legal process progressed. Mr Gregory implied that the issue had almost 'run its course' and the auditors should be able to certify the outstanding accounts in due course.

The Chair thanked Mr Gregory and Mrs Lillington for their eloquent presentation and assured them that the concerns relating to the Council's surplus had been discussed at length, not only at Finance and Audit Scrutiny Committee but also with the relevant Portfolio Holder and Head of Finance.

Members noted that the 'decluttering' of the accounts had been a laborious process and were pleased with the good working relationship the auditors had with Council officers.

Overall, Members were pleased with the progress that had been made and noted that sustainable working systems were a work in progress. The auditors reiterated the importance of trying to enable faster closing off of the accounts towards the end of July, but noted that the department had lost a number of key members of staff.

The Portfolio Holder for Finance, Councillor Whiting, addressed Members and highlighted that one of the discrepancies with local authority accounts was that they did not include depreciation of assets. This often resulted in any surplus being immediately evaporated because major capital assets or projects had required emergency funding. However, he agreed that officers should not encounter the levels of surplus identified that late in the year. He felt that more robustness was needed around the budget

review each quarter and was mindful that Elected Members did not push officers too far in the opposite direction.

In response to a question, Councillor Whiting confirmed that officers were working on the Asset Review with the Deputy Chief Executive (BH), which should provide more information than was currently available.

Councillor Whiting also referred to Fees and Charges of the Council and felt that the Council needed to look at the overall cost of services, including staff and maintenance, as well as ensuring services generated enough income to maintain the Council's assets.

It was agreed that some of the budget estimates had been incorrect, but it was not felt that this was due to a lack of resources or budgeting tools. However, officers agreed to look at successful tools used by other local authorities.

The Committee thanked Mr Gregory and Mrs Lillington for their attendance and

Resolved that

- (1) the 2015/16 Audit Findings Report, attached at Appendix A to the report, be noted; and
- (2) the letter of representation, attached at Appendix B to the report, be approved on behalf of the Council before the District Auditor issues his opinion and conclusion.

49. **Council Agenda – Wednesday 21 September 2014**

The Committee considered the audited Statement of Accounts 2015/16 which was due to be presented to Council on 21 September 2016.

An unaudited Statement of Accounts had previously been presented to the Finance and Audit Scrutiny Committee in July 2016.

The report recommended that Council approved the formal Statement of Accounts for the year ending 31 March 2015, which would then be signed by the Councillor chairing the meeting.

The accounts had been closed in respect of the financial year 2015/16 and the outturn duly reported to the Executive in June.

Recommended that Council approves the formal Statement of Accounts 2015/16.

Councillor Whiting left the meeting at the conclusion of this item.

50. **Infrastructure Delivery Plan**

The Committee considered a briefing note circulated from Development Services updating them on the progress to date of the Infrastructure Delivery Plan (IDP).

The document explained that the development of the IDP was an ongoing process which would continue to evolve throughout the Local Plan period.

It went on to explain that due to operational pressures within the department, it had been necessary to focus efforts on meeting deadlines for the preparation of evidence to be submitted to the Inspector for the Local Plan Examination. This was one of the reasons that the Committee had been supplied with a briefing note rather than a full report, as originally requested.

Mr Ward updated Members on the current situation with regards to Transport & Highways and the delivery of Kenilworth Railway Station at Priory Road. In addition, he summarised the works to date at Stanks Island Warwick, the A46 Stoneleigh Junction and the A452 Europa Way Corridor. Mr Ward advised that the briefing note was slightly misleading in its description of the works known as 'Whitley South'; Coventry City Council had secured funding in conjunction with the Local Enterprise Partnership and not Jaguar Land Rover as stated.

Further updates were provided relating to Education, Health-Related Infrastructure and IndoorSports / Leisure.

In response to questions from the Committee, Mr Ward advised that:

- Officers continued to work with partners to maximise bids for Section 106 monies and were concentrating on a more forensic analysis of receipts.
- Officers were mindful that there was concern over funding gaps, but it was sometimes necessary to address current / existing issues and it was not always possible to link these into future ambitions.

Councillor Illingworth raised concerns about the A46 Stoneleigh Junction and the increased housing allocation due to further development at Kings Hill and Burton Green. He explained that this also linked in with the ongoing HS2 issues, and Mr Ward assured him that Council officers continued to work with the County Council to try to mitigate these problems.

Councillor Mrs Knight highlighted the importance of securing more cycleways, along with the necessary medical provision for existing and future residents of the District. Mr Ward advised that work was ongoing with regards to addressing the lack of doctors.

Councillor Ashford raised the issue that some roads at Chase Meadow in Warwick had still not been adopted by the County Council, which caused issues for residents. It was agreed that this issue needed to be raised with officers at WCC.

The Committee thanked Mr Ward for the briefing paper and wished him and his colleagues luck with the forthcoming Local Plan Examination.

(The meeting ended at 7.49 pm)