

Finance and Audit Scrutiny Committee

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

Present: Councillor Nicholls (Chair); Councillors: Ashford, Davison, R Dickson, Jacques, Leigh-Hunt, 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).

64. Apologies and Substitutes

- (a) there were no apologies for absence; and
- (b) Councillor Leigh-Hunt substituted for Councillor Grey and Councillor Jacques substituted for Councillor Illingworth.

65. Declarations of Interest

There were no declarations of interest.

66. Minutes

The minutes of the meeting held on 8 December 2021 were taken as read and signed by the Chair as a correct record.

67. 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.

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

- Feedback from consultations was that Parish/Town Councils had concerns about a bigger authority being further away from them and local communities might lose that local connection. There was an

opportunity for community empowerment; activities that could go to Parish/Town Councils would be explored. Both Chief Executives had met with both the outgoing and the incoming Chief Executive of Warwick Association of Local Councils to kick start the discussion on how to start the process of engaging with Parish/Town Councils. Feedback from staff was generally positive.

- Aligning both Councils to one culture was a challenge. As there would be more service integration, they could not operate in a duality of culture. The approach was “culture by doing” – by people working together, this would start to change things. At joint management team level, they had set out an expectation of themselves as an entity, so that they could hold each other to account, and would expect that to be taken on board by other managers. Most communications to staff were now joint, and therefore there would not be different messages being sent to staff of both authorities. The cultural programme of change would not happen until well after the organisations potentially merged.
- A Gantt chart to help map achievements against the objectives/milestones as part of the joint work was possible and could be developed over time. The Portfolio Holder for Transformation/Resources agreed and informed Members that he had a meeting with the Programme Manager and confirmed that such a chart was being drawn up and would come back to Members through the Transformation Programme Advisory Board and through to the Committee for review.

Resolved that the report and appendix, be noted.

68. **Revised Internal Audit Plan 2021/22**

The Committee considered a report from Finance which presented an updated Internal Audit Plan for 2021/22, necessary because of reduced Internal Audit Resources arising from the resignation of a member of the team, effective from 31 December. (The post was in the process of being filled but this would not affect the current year’s Audit Plan.)

The original Internal Audit Plan for 2021/22 was approved by the Senior Management Team on 22 February 2021 and by Finance and Audit Scrutiny Committee at its 17 March 2021 meeting.

In consultation with the Joint Management Team (JMT), all audits remaining at the time the member of staff resigned were re-prioritised. This had meant that several audits, deemed slightly lower priority, had been deferred. All such audits had been deferred for one year only – 2022/23, subject to consultation on next year’s Plan. Three main factors were considered in deciding which assignments should remain in this year’s Audit Plan and which could be deferred - the length of time since the activity was last audited, the assessment from the previous audit, and current risk profiles.

The accompanying Appendix 1 to the report set out the updated Audit Plan for 2021/22 highlighting those audits which were to be deferred.

The revised Internal Audit Plan was approved by JMT on 26 November.

In response to questions from Members, the Chief Executive advised that he had met with the Audit & Risk Manager and discussed whether they

should look at the programme to cover areas of greater risk as the Council moved towards a potential merger. This issue had been raised and the Audit & Risk Manager and the Principal Internal Auditor anticipated this would be picked up and would be useful as a learning point to the evolving programme of the potential merger.

The Head of Finance advised that in terms of the 2022/23 plan, the Audit & Risk Manager and the Principal Internal Auditor had been working with the County Council Auditors and the SDC Auditors to try and bring forward a more joined up plan, noting that these services would be aligned.

Comments from the Committee would also be fed back to them before they finalised the plan which would come before Members at the March meeting.

Resolved that the updated Internal Audit Plan for 2021/22, be approved.

69. **Cabinet Agenda (Non-Confidential items and reports) – Thursday 10 February 2022**

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

Item 5 – Review of Warwick District Council Member’s 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.

Item 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 to the report. 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.

Item 7 – Housing Revenue Account Rent Setting and Budget 2022/23

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

70. **Appointment of External Auditors**

The Committee considered a report from Finance which set out proposals for appointing the external auditor to the Council for the accounts for the five-year period from 2023/24.

It was concluded that accepting Public Sector Audit Appointments' (PSAA) invitation to opt into the sector-led option for the appointment of external auditors to principal local government and police bodies for five financial years from 1 April 2023 provided the best route for the appointment of external auditors for the Council.

Under the current arrangements up to 2022/23, Stratford-on-Avon District Council (SDC) and Warwick District Council (WDC) had different auditors. SDC's auditors were Ernst Young; WDC's auditors were Grant Thornton. The new contracts from 2023/24 provided the ideal opportunity for both Councils to have the same auditors in the run-up to the proposed merger in April 2024. The requirement for the Councils to have the same auditor would be stressed to PSAA.

In terms of alternative options, if the Council did not use the national appointment arrangements, it would need to establish its own auditor panel with an independent chair and independent members to oversee a local auditor procurement and ongoing management of an audit contract.

In response to questions from Members, the Head of Finance advised Members that a report had also been to Stratford-on-Avon District Council's Audit and Standards Committee and its Council, and it had duly notified PSAA that it would also be joining the same process.

Recommended to Council that the Public Sector Audit Appointments' invitation to opt into the sector-led option for the appointment of external auditors to principal local government and police bodies for five financial years from 1 April 2023, be approved.

71. **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.

72. **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.

73. **Cabinet Agenda (Confidential Items and Reports) – Tuesday 13 April**

Confidential Addendum to Item 6 – General Fund 2022/23 Budgets and Council Tax

The Finance & Audit Scrutiny comments relating to the above item will be detailed within the confidential minutes.

(The meeting ended at 8.00pm)

CHAIR
9 March 2022