

Finance and Audit Scrutiny Committee

Minutes of the meeting held on Tuesday 11 February 2020 at the Town Hall, Royal Leamington Spa at 6.00pm.

Present: Councillor Nicholls (Chair); Councillors: Bartlett, J Dearing, R Dickson, Jacques, Leigh-Hunt, Syson, Tangri, Tracey and Wright.

97. Apologies and Substitutes

- (a) there were no apologies for absence; and
- (b) there were no substitutes.

(The Chairman took the opportunity to welcome Councillor Grey to the meeting as she would be joining the Committee from March.)

98. Declarations of Interest

Minute 104 – Executive Agenda (Non-Confidential Items & Reports – Wednesday 12 February 2020)

Executive Item 6 - Warwick District Climate Emergency Action Programme

Councillor Nicholls declared he was predisposed on this item because he was part of working party but wanted to listen to the views of others before the Committee passed comments on the report to the Executive.

99. Minutes

The Minutes of the meeting held on 17 December 2019 were taken as read and signed by the Chairman as a correct record.

100. External Audit Progress Report

The Committee received a report from the Council's external auditors, Grant Thornton, that set out the Progress Report and Sector Update on their Audit of the Council.

The auditors had completed the audit of the 2018/19 Accounts in July 2019. Work had now commenced on the 2019/20 Audit. Details of the Audit Plan for the 2019/20 Audit were due to be presented to the Finance and Audit Scrutiny Committee in March 2020.

The auditors had completed the audit of the 2018/19 Housing Benefit, with details included in Appendix 1 to the report. Testing had been undertaken by officers and auditors as part of this audit, considering many samples. The audit letter highlighted that the overall claim was £28m, with amendments totalled £423. There were some errors identified but these had no overall impact on the level of subsidy being claimed. Due to the errors identified, the auditors were required to qualify the claim. However,

nationally it was the exception for the Benefits Subsidy claim not to be qualified.

The report also provided updates on various issues, including the review into local government audit and key development for 2019/20 accounts.

In response to questions from the Committee, Mr Patterson from Grant Thornton advised that:

- the District was well-positioned nationally in respect of both growth and wellbeing;
- there was a national issue with firms struggling to recruit and retain auditors to undertake public sector audits;
- since the contract was let for audit, the detailed work on the audit had been increased;
- auditors were discussing with the Minister for Housing Communities & Local Government for more time to complete audits, in light of the above points; and
- auditors were also working with the Chartered Institute of Public Finance & Accountancy to simplify the reporting framework so that it was easier for all parties to understand.

Resolved that the report be noted.

101. **Executive Agenda (Non-Confidential Items & Reports – Wednesday 12 February 2020)**

The Committee considered the following non-confidential item which would be discussed at the meeting of the Executive on Wednesday 12 February 2020.

Item 4 - 2020/21 General Fund Budget and Council Tax

The Committee noted the contents of the report but had concerns about how the work on Climate Change Action Plan would be funded if the proposed increase did not get approved and in what time scale the changes proposed would occur.

They noted the intense programme to bring proposals forward to mitigate the budget deficit that were set within the Medium Term Financial Strategy. Therefore, the use of the business rate volatility deficit as a one off use up to 2022/23 was acceptable.

They also noted it would be very important for Scrutiny and all Councillors to ensure if the Climate Action Fund was not used for works other than the action plan agreed by Council and to ensure this was communicated to the public.

The Committee recommended to the Executive that the cost of the referendum should come from the new homes bonus and the proposed allocation to the service transformation reserve for the next year was reduced by the same amount. The Executive were required to vote on this proposal because it included a recommendation from the Scrutiny Committee.

The Committee had concerns with the cost of the climate change programme director role being funded from the ring fenced climate change emergency because the original position was for this to be paid from the new homes bonus and this could be a cause of concern for the general public if a referendum was to take place. The Committee asked the Executive to check that it was comfortable with the proposed funding for the role and if it was not a correct use of the climate change emergency how would the post be funded without impacting on projects across the Council proposed within the new homes bonus funding plan.

The Committee asked for details to be circulated of how the Planning Appeals Reserves was calculated for future years.

102. **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 paragraph 3 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

103. **Executive Agenda (Confidential Items & Reports – Wednesday 12 February 2020)**

The Committee considered the following confidential item which would be discussed at the meeting of the Executive on Wednesday 12 February 2020.

Item 19 - Purchase of Land for Affordable Housing - Europa Way, Warwick

The Committee supported the recommendations in the report.

(The meeting resumed in public session.)

104. **Executive Agenda (Non-Confidential Items & Reports – Wednesday 12 February 2020)**

The Committee considered the following non-confidential items which would be discussed at the meeting of the Executive on Wednesday 12 February 2020.

Item 5 - Housing Revenue Account (HRA) Budget 2020/21 and Housing Rents

The Committee noted the report.

Item 6 - Warwick District Climate Emergency Action Programme

The Committee supported the recommendations in the report and thanked officers involved for the hard work in bringing the report forward.

Item 17(b) - Significant Business Risk Register

The Committee asked for the Executive to review Risk 16 for climate change, in light of the declared climate change emergency and associated report, because it had risk score of a low likelihood and low impact.

The Committee asked that in future Risk Registers should show an indicative timeframe for completion of actions listed within the mitigation.

Item 13 - Discretionary business rates relief as a tool for business growth and inward investment

The Committee supported the recommendation in the report

105. Strategic Leadership / Chief Executive – Service Area Update

The Committee received a report from the Chief Executive's Office that set out the contract register, risk register and budget for the Service.

The risk register was last reviewed on 31 January 2020. This version of the risk register was set out as Appendix A to the report.

The scoring criteria for the risk register was subjective and was based on an assessment of the likelihood of something occurring, and the impact that it might occur.

In line with the traditional risk matrix approach, greater concern should be focused on those risks plotted towards the top right corner of the matrix, whilst the converse was true for those risks plotted towards the bottom left corner of the matrix. The former-described set of risks were within the area shaded red, whilst the latter-described set of risks were within the area shaded green; the mid-range were in the area seen as yellow.

The Chief Executive's Office was responsible for a wide range of services, which consequently lead to a number of potential risks. There were 15 risks contained in the risk register.

As with all the risks in the register, it was the controls and mitigations that were being undertaken to control the risks that were of importance. These reflected the tangible actions over which there was more control. As a result, many of the risks had reduced in likelihood over time, which explained why a significant proportion were now within the "yellow" band.

The latest version of the contract register in so far as it related to the Chief Executive's Office was set out in Appendix B to the report.

Details of the budgets (as relevant to the Chief Executive's Office) were included as Appendix C to the report.

Management of the budget set was part of the ongoing processes which ensured that significant variances were discussed with Finance. The budgets were devolved to budget managers who were responsible for the delivery of specific services. Each budget manager was trained on their responsibilities. Those responsibilities included regular liaison with the relevant accountant in Finance to discuss and resolve issues and variances

associated with the budget. Managing expenditure in line with the budget was therefore part of the established practice of the service.

In response to questions from the Committee, the Deputy Chief Executive & Monitoring Officer explained that:

- the recruitment for the Head of ICT was underway and the recruitment for the new Director post would start shortly;
- the Director post would be a wide-ranging post and the time had been taken to ensure the right person with the appropriate skills was employed, with a view to improvement through refinement rather than a big bang;
- the new Director would be responsible for bringing change in respect of climate change agenda, the Deputy Chief Executive (BH) would be the responsible lead in respect of use of assets and commercialisation and the Deputy Chief Executive (AJ) would be responsible for the transformation agenda. As such, all three would need to work extremely closely to ensure work did not duplicate or have a negative impact on the other;
- in respect of Data Breaches, analysis had been undertaken to compare those at the Council with those reported to the Information Commissioner by all local authorities. This showed that the types of breaches by the Council, all of which were minor, reflected the national pattern; and
- the most common type of data breach was letters being sent to the wrong person i.e. two letters being caught together and posted to an address. This related to back to the transformation agenda where, as part of the mitigation, the Council should be challenging why it was posting a letter and looking for alternatives such as secure online portals.

The Committee recognised that a significant amount of work was put into the Portfolio Holder Service Area Update reports and the Scrutiny Committees needed to consider the value they added by these reports to both the Service Area and that of Councillors. While the report captured performance in the area, this was only a snapshot in time on an annual basis. Overall there was a need to reflect on the role and capacity of the Committee, looking ahead to the new Business Strategy and scrutiny of that, as well as the Climate Change agenda.

The Committee also recognised that the ongoing dialogue through shadow Portfolio Holders meetings was key to providing assurance and understanding/developing ideas.

Resolved that

- (1) the report be noted; and
- (2) the Committee will reflect on the value of Portfolio Holder reports as part of its Work Planning Process for 2020/21.

106. Review of the Work Programme and Forward Plan & Comments from the Executive

The Committee received a report from Committee Services which informed

the Committee of its work programme for 2020 as attached at Appendix 1 to the report, as well as the current Forward Plan.

The Chairman asked the Committee to reflect ahead of its next meeting on its work since May 2019 and what changes it could make or training it needed, to prepare itself for its work in the next 12 months.

Resolved that the work programme be amended to remove the review of closure of accounts in 2017/18 which was now completed.

(The meeting ended at 8.33pm)

CHAIR
17 March 2020