

FROM: Audit and Risk Manager **SUBJECT:** Town Hall Lettings
TO: Head of Place, Arts and Economy **DATE:** 7 March 2023
C.C. Chief Executive
Head of Finance
Arts Manager
Programming & Marketing
Manager
Customer Services Manager
Technical & Facilities Manager
Portfolio Holder (Cllr Bartlett)

1 Introduction

- 1.1 In accordance with the Audit Plan for 2022/23, an examination of the above subject area has recently been completed by Jemma Butler, Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

2 Background

- 2.1 There are a number of rooms at the Town Hall that are available to hire when they are not being used for Council business within the confines of appropriate use and compliance with the Town Hall's premises licence.
- 2.2 Some hirings are one-offs while others are of a long-standing nature and take place regularly through the year. There are also some permanent tenants, including the University of Warwick, who have leases for parts of the building.

3 Objectives of the Audit and Coverage of Risks

- 3.1 A 'risk-based audit' approach has been adopted whereby key risks have been identified during discussion between the Internal Auditor and key departmental staff and upon review of the Significant Business Risk Register and the relevant Departmental Risk Register.
- 3.2 The management and financial controls in place have been assessed to provide assurance that the risks are being managed effectively. The findings detailed in the following sections confirm whether the risks are being appropriately controlled or whether there have been issues identified that need to be addressed.

3.3 In terms of scope, the audit covered the following risks:

1. Income receivable from lettings is not collected.
2. The Town Hall hosts many public meetings which are part of WDCs democratic processes.
3. The venue operates under the terms of its Premises Licence.
4. The venue is hired by a group considered 'undesirable'.
5. Operation of a prominent public building with an association with local government.
6. Building security and risk assessment.
7. Facilities are misused.

3.4 These risks, if realised, would be detrimental to the Council with regards to meeting the following corporate objectives, as set out in the Fit for the Future Strategy:

The provision of community spaces and events helps make the district a great place to live, work, and visit, whilst the income received for lettings helps to minimise the cost of running the building which impacts the money theme within Fit for the Future.

4 Findings

4.1 Recommendations from Previous Reports

4.1.1 The current position in respect of the recommendations from the previous audit reported in August 2017 were also reviewed. The current position is as follows:

Recommendation		Management Response	Current Status
1	All relevant documentation should be retained on the Artifax system.	Our existing procedures dictate that all correspondence and documents should be stored on the system for future reference. This procedure shall be better enforced. All correspondence emails are stored in the shared Spa Hirings email folder (and then archived appropriately.) Any relevant emails and documents are saved to Artifax.	Documents are not routinely uploaded to Artifax. Only one hire since April 2022 had documents uploaded. These were not complete, however, and had been uploaded after the booking had passed.

Recommendation		Management Response	Current Status
2	The surcharge for using the Council's insurance should be added in all instances where hirers do not produce their insurance documentation as requested.	This is our existing policy and it will be better enforced. The insurance charge shall be added to all hires in the first instance and only removed if proof of insurance is provided.	The insurance charge can only be used by a small number of customers so cannot be applied to all hire charges. Hirers should be providing proof of insurance before the booking can be confirmed.
3	Regular hirers should be asked to provide updated insurance details on the expiry of their current policy as opposed to when new bookings are made.	This is our existing policy and it will be better enforced.	Insurance documents are not being obtained from regular hirers.
4	A standard process should be adopted for the retention of insurance documents.	The insurance documents shall be stored on the customer's record on Artifax and tracked via the existing booking procedure.	Documents are frequently not being collected; therefore they are not retained.
5	Risk assessments should be requested for any events that do not fall into the 'meeting' category.	Risk Assessments shall be added to the initial meeting agenda and tracked via the existing booking procedure.	No risk assessment documents have been obtained in the sample of bookings taken since April 2022.

4.2 Financial Risks

4.2.1 Risk: Income receivable from lettings is not collected.

The hire costs for the Town Hall are updated annually and approved at committee as part of the fees and charges review. The most recent changes were approved on the 23 November 2022 with the charges coming into effect on the 1 January 2023.

The increase each year is around 3% although the actual uplift is based on actual costs with a profit margin applied, so the figure may vary depending on increases in costs (e.g. staff pay). Reduced fees are offered to some hirers and applied only if the hirer meets the appropriate criteria. The reduced fees are generally only given to internal council bookings, charities and community groups.

The hire costs are clearly published on the Council's website with details for the charges for the different rooms and the reduced amounts where discounts are applicable.

All invoices issued for Town Hall hires and lettings between 8 June and 17 November were reviewed. The invoices for room hire were all for the costs advertised with discounts applied where appropriate. In all cases for room hire invoices were paid within 14 days of them being issued. The position with regard to invoices for lettings was different with many frequently paid late.

Some invoices were issued before the hire date (up to 5 days before) and in other cases invoices were issued after the hire date (up to 69 days after the hire date). The hire terms state that payment must be received seven days before the hire period. In the sample of hire invoices over the six months selected only two were issued before the hire date; none was issued early enough for the terms to be met.

The Programming and Marketing Manager explained that invoices are generally not issued in advance as the hire requirements can change; there isn't the resources available to re-issue invoices when this happens. As documents and signed agreements are not collected there is nothing to stop a hirer from using the facilities and not paying for them or disputing the invoice afterwards. No evidence was found to show that deposits are taken prior to a booking. The Arts Manager confirmed that the recently-established role of Events Coordinator should mean that the resource will be available to issue invoices in a timely manner.

Recommendation

Invoices should be raised in advance of the booking date.

There had been 29 external bookings logged in a six-month time frame. Only two of the bookings had documents attached, one was the document for the initial booking inquiry. The other had three documents uploaded which included the signed agreement. Neither had provided evidence of insurance. The signed agreement had been collected after the hire date had passed

The majority of the other bookings had been made by existing tenants; historically, documentation isn't collected from these as it is believed that the lease agreement covers the hire terms. The Senior Building Surveying Project Manager confirmed that the lease agreement does not include hire term for additional rooms and is only valid for the room or space specified on the lease along with permissions to use shared facilities such as kitchens and bathrooms and access rights to and from their hire space.

Recommendation

Signed hire agreements should be obtained and uploaded to the booking system before the hire date to ensure records are accurate and to confirm that the hirer has agreed to the terms.

As only one hire had booking documents uploaded, the invoices could not be checked against the majority of booking details to confirm the charges had been calculated correctly or that the correct person had been invoiced.

A sample of invoices for hires and rent was reviewed. The sample was retrieved from the finance system where the invoices had been logged under "Town Hall" income. There were 15 invoices in the sample, six of which had been paid on or before the payment due date published on the invoice. Four of the invoices had been paid late, one of which had been paid 242 days after it had been due. The rest of the sample were due to be paid within a few days at the time of the review. Where payments were overdue additional payment reminders had been issued and documented on the finance system.

The invoices issued detail the name of the hirer and the number of hours the room or space had been hired for. Only a couple included the date of the hire, where there were regular hirers, this made it difficult to distinguish which hire it was referring to.

Advisory

To link invoices to bookings it may be useful to include the hire date within the details on the invoice.

An internal recharge report was generated for the audit covering June to November 2022. This shows where bookings had been made by other Council departments. The recharges report details: hire costs, basic food and refreshments (e.g. coffee and biscuits), the point of contact and the cost code for recharge purposes.

When comparing the recharge document to the budgets on the finance system, the recharges since April 2022 could not be identified on the relevant cost codes. After a discussion with the Assistant Accountant it was confirmed that the recharges had been processed the day after the auditor had reviewed the finance system. The delay was due to a reorganisation of responsibilities in the accounting department and the assistant accountant only being allocated this role in December. An additional review was completed and the recharges were actioned appropriately on the finance system.

Committee meetings are not charged for use of the Town Hall unless they are informal non-scheduled meetings. If they rely on IT / tech support to manage staff to join the meeting remotely, there is a charge added to cover this. Where this charge had been added, the recharge had been applied appropriately.

4.3 Legal and Regulatory Risks

4.3.1 Risk: The Town Hall hosts many public meetings which are part of WDCs democratic processes.

There are no specific democratic processes in place for committee meetings held at the Town Hall. The Democratic Services team book a room or chamber when needed and specify the layout or facilities required. The layout depends on the number of people expected to be present in the room and that the cameras in place are able to film all of the speakers for live streaming and recording purposes.

At meetings where there are due to be public speakers, Democratic Services will check the Council's staff alert list. The staff alert list is a list of residents within the district where there is a risk associated with them, usually due to concerns of aggressive or violent behaviour. Where speakers are identified on the list staff are required to take extra precautions when dealing with or approaching the person. This could comprise working in pairs or, in some cases, involving the police.

If there are concerns or the Democratic Services Manager and Deputy Monitoring Officer has been made aware of public groups or gatherings expected outside of the Town Hall, the staff and Councillors are notified of the potential conflict. If democratic services anticipate a particularly contentious Council meeting or Planning meeting they can also request externally-provided security.

4.3.2 Risk: The venue operates under the terms of its Premises Licence.

There is a premises licence in place for the Town Hall. Published on the Council's licensing portal, the premises licence details the restrictions in place for the sale and consumption of alcohol, playing of live and recorded music and a range of other activities. The licence specifies the times and days that the various activities can be carried out.

The hire terms refer to the licence in place and the permitted activities but does not provide further details such as the specified times and days. Should they be required though, they are easily accessible and available to the public through the Council's website.

Staff who work at other culture properties such as the Royal Spa Centre are less aware of the details in the premises licence for the Town Hall. Duty managers who are due to work in the Town Hall are informed of any bookings and are briefed on the licence terms as required.

When a selection of staff was questioned about the licence, they were aware of one being in place but were unable to recall all of the permissions and times; they were, however, able to tell the auditor where they would find the licence if they needed the information.

4.4 Reputational Risks

4.4.1 Risk: The venue is hired by a group considered 'undesirable'.

The terms and conditions that accompany the hire agreement set out the expectations of both the hirer and the Council as the "resident management". However, there is no evidence that hirers are provided with this document so they may not be aware of any stipulations or requirements around the hire. The hire terms also require the hirer to provide a risk assessment for the event. The information in a risk assessment would help to determine the type of event planned and therefore the suitability of the event.

The programming policy and procedure document provides clear guidance for staff to follow when processing bookings, taking the staff member through the

various stages of taking in booking from “pencilling it in”, to sending the contract and processing invoices.

Part of the procedure document includes a section about considering the booking, asking the staff member to review whether the booking is suitable for the venue. It recommends that the staff research the company, check if the Council has dealt with them before, whether it is potentially controversial or liable to offend and a number of other steps which could reduce the risk to the council’s reputation. As a publicly-funded venue the Town Hall has a responsibility to remain neutral and to ensure that no section of the local community would be offended by an event.

4.5 Health and Safety Risks

4.5.1 Risk: Operation of a prominent public building with an association with local government.

All staff receive lone worker and conflict management training as part of the Council’s new starter training. Staff who work at the RSC, Town Hall and Pump Rooms also receive on-site training for emergency procedures.

Risk assessments are shared on Assessnet, which staff have access to. The risk assessments include ones for aggressive and violent incidents, and violence to staff along with appropriate measures to help mitigate the risks. There is also a documented process in place to help protect staff when faced with violent or aggressive customers or dangerous situations. The customer service manual for Arts staff includes guidance when managing situations with potentially difficult members of the public. The guide is designed to help defuse situations whilst reinforcing the role of the staff representing the Council.

In emergency situations there are documented procedures in place. As well as business continuity plans there are also procedures for public events held at the Town Hall. There are few external hires as many of the rooms are leased to permanent tenants. In these cases the tenant is responsible for their own area. Where the rooms are hired the hirers are briefed on the fire and evacuation procedures beforehand using fire evacuation cards that detail the escape plan, meeting points, details of alarms testing and other useful information. The Facilities Assistants lead on the coordination of the evacuation, acting as fire marshals, liaising with the emergency services and completing the roll call. The emergency procedures are shared with the Facilities Team who also receive regular training on them.

4.5.2 Risk: Building security and risk assessment.

There are two main points of access to the building including the front doors and the rear ‘staff’ entrance. The rear entrance has an electronic numeric key lock. The front doors are opened by the Facilities Assistant at the start of the day. The building tenants have keys and / or keypads for their rooms and lock / unlock the rooms themselves.

Although it is a public building, the main staircase is usually barriered off when the rooms aren’t in use. This is because the main footfall is on the ground floor,

to the toilets, Post Office and University Learning Grid. All other rooms are kept locked when not in use to prevent access.

For public events where alcohol will be served, the Town Hall staff hire security staff to for the main doors; this being a condition of the premises licence. If Democratic Services anticipate a particularly contentious Council meeting / Planning meeting they will also request external security. For public events where alcohol is being served security staff are hired to work the main doors as a condition of the premises licence.

The MP's office had its own specific risk assessment carried out by the Houses of Parliament security team; consequently the area occupied by the MP now has more robust security measures in place. The Town Hall staff introduced additional checks based on the outcome of this risk assessment.

The CCTV suite has its own entrance and security measures in place. The University Learning Grid has a member of security staff on duty whenever the Grid is open to students and they have their own access control system in place for their area. The Facilities staff work on the main reception desk in the entrance during opening hours. There are sign-in sheets for the tenants and meeting attendees. The main areas and routes around the buildings are fitted with CCTV.

The hire terms set out the responsibility of the hirer including the need to have insurance in place for statutory liability of at least £5m and requires them to produce a copy to complete the booking. Internal bookings (from other Council departments) are covered under the Council's liability insurance so a copy is not needed for these hires.

External hirers should confirm that they have the required insurance and provide a copy of the relevant document to be kept on file. Alternatively, some external hirers are able to pay a small fee in addition to the hire charge to be covered by the Council's insurance. This is available to only a small percentage of hirers who meet set conditions and is not available for existing businesses or charities.

Some hirers are existing tenants at the Town Hall. In these cases the above applies and they should be providing insurance documents so a copy can be saved on file. Instead of hirers having to provide insurance documents every time they make a new booking, a potential improvement in procedures would be to require regular hirers to provide insurance documents annually, noting the details of the expiry of their current policy.

There were no insurance documents obtained and saved on file for any of the hires at the Town Hall.

Recommendation

A copy of the insurance document should be obtained and saved with the booking information.

4.6 Other Risks

4.6.1 Risk: Facilities are misused.

There is a department risk register in place which was last reviewed and updated on 7 November 2022. Appropriate risks are included which help to keep staff and members of the public safe as well as potential risks which could impact the business. Risks include staffing gaps, acts of violence, threats against staff and the general public, financial loss, fraud, and other relevant risks.

Risk registers are undergoing a change by being merged with the service area plans and uploaded on to a shared system allowing staff to edit the document. This will help to ensure that the information captured is current, relevant and in line with the objectives set out in the service area plan.

Individual hirers do not provide risk assessments as assessments have already been completed for the hire of the rooms for meeting use. The hire terms set out the expectations of the hirer and the Council including risk assessment information and requirements. Hirers using the rooms for anything other than a meeting should provide a risk assessment.

There were no risk assessment documents uploaded onto the system for the hires across the six-month period reviewed in the sample. This means that it cannot be determined whether the risks have been understood by the hirers or whether they had provided copies of their own risk assessments which have not been uploaded.

Internal hires from other Council departments do not need to complete and sign a hire document. It is understood that, as these hires have access to Assessnet, they are able to review the risk assessments in place and follow the appropriate guidance.

Recommendation

Risk assessments should be completed and uploaded to Artifax where the hirer is not using the facility for a meeting.

5 Summary and Conclusions

5.1 Section 3.3 sets out the risks that were being reviewed as part of this audit. The review highlighted weaknesses against the following risks:

Risk 1 - Income receivable from lettings is not collected.

Risk 6 - Building security and risk assessment.

Risk 7 - Facilities are misused.

In addition, there has been no action taken to address the five risks highlighted in the previous audit - please refer to section 4.1.1 for further details.

5.2 In overall terms, therefore, we must give a MODERATE degree of assurance that the systems and controls in place in respect of Town Hall Lettings are appropriate and are working effectively to help mitigate and control the identified risks.

5.3 The assurance bands are shown below:

Level of Assurance	Definition
Substantial	There is a sound system of control in place and compliance with the key controls.
Moderate	Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls.
Limited	The system of control is generally weak and there is non-compliance with controls that do exist.

6 **Management Action**

6.1 The recommendations arising above are reproduced in the attached Action Plan (Appendix A) for management attention.

Richard Barr
Audit and Risk Manager

Action Plan

Internal Audit of Town Hall Lettings – March 2023

Report Ref.	Risk	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.2.1	Income receivable from lettings is not collected.	Invoices should be raised in advance of the booking date.	Low	Programming and Marketing Manager	Invoices will be raised a minimum of 14 days before the event. New post of Programme Coordinator already doing this.	10/02/23
		Signed hire agreements should be obtained and uploaded to the booking system before the hire date to ensure records are accurate and to confirm that the hirer has agreed to the terms.	Low	Programming and Marketing Manager	Hire agreements are being obtained before the event. New post of Programme Coordinator already doing this.	10/02/23
4.5.2	Building security and risk assessment.	A copy of the insurance document should be obtained and saved with the booking information.	Low	Programming and Marketing Manager	Insurance documents are being obtained before the event. New post of Programme Coordinator already doing this.	10/02/23

Report Ref.	Risk	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.6.1	Facilities are misused.	Risk assessments should be completed and uploaded to Artifax where the hirer is not using the facility for a meeting.	Low	Programming and Marketing Manager	Risk Assessments are being obtained before the event. New post of Programme Coordinator already doing this. Template RAMs will be created in order to ensure all risks are picked up by hirers.	01/04/23

* The ratings refer to how the recommendation affects the overall risk and are defined as follows:

High: Issue of significant importance requiring urgent attention.
Medium: Issue of moderate importance requiring prompt attention.
Low: Issue of minor importance requiring attention.