

Finance and Audit Scrutiny Committee

Minutes of the meeting held on Wednesday 11 August 2021 in the Town Hall, Royal Leamington Spa at 6.00pm.

Present: Councillor Nicholls (Chair); Councillors: Ashford, R Dickson, Heath, Illingworth, Jacques, Luckhurst, Murphy, Syson and Tangri.

Also present: Councillor Bartlett (Portfolio Holder for Culture, Tourism, and Leisure), Councillor Day (Leader and Strategic Portfolio) and Councillor Hales (Portfolio Holder for Transformation).

23. Apologies and Substitutes

- (a) apologies for absence were received from Councillor Tracey; and
- (b) Councillor Tangri substituted for Councillor Davison, and Councillor Jacques substituted for Councillor Grey.

24. Declarations of Interest

There were no declarations of interest.

25. Minutes

The minutes of the meeting held on 7 July 2021 had not been circulated so were not available for consideration by the Committee.

26. Annual Treasury Management Report 2020/21

The Committee received a report from Finance that reported the Council's Annual Treasury Management Activity for 2020/21, that was set out at Appendix A to the report.

The Council was required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2020/21. The report met the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

The Treasury Management Strategy for 2020/21 and the Council's Treasury Management Practices, in accordance with the Code of Practice for Treasury Management, required that the Treasury Management function reported on its activities during the year by no later than 30 September in the year after that being reported on. This date remained in place despite COVID-19.

The report commented, where appropriate, on the Council's actual performance against the forecast in the 2020/21 Treasury Management Strategy as well as, in certain instances, latest forecasts. The Council was required to comment on its performance against its Annual Investment Strategy for the year.

In response to questions from the Committee it was explained that:

- Officers were aiming for divestment from Carbon Based investments before 2025 but it would be next summer before a detailed plan for this would be considered;
- Training had been scheduled for Councillors on Treasury Management for January 2022, which could include a discussion on green/ethical funds;
- There could be merit in considering how Stratford-on-Avon District Council viewed investment to come to a collective understanding at an early stage;
- The proposals for the strategy would be a matter that would be brought through the Resources Programme Advisory Board before coming forward for approval.

Resolved that note the Council's Treasury Management activities during 2020/21, be noted.

27. Annual Treasury Management Activity report October to March 2021

The Committee received a report from Finance that detailed the Council's Treasury Management performance for the period 1 October 2020 to 31 March 2021.

The Council's 2020/21 Treasury Management Strategy and Treasury Management Practices (TMP's) required the performance of the Treasury Management Function to be reported to Members on a half yearly basis in accordance with the Treasury Management Code of Practice.

Resolved that the report be noted.

28. Cabinet Agenda (Non-Confidential items and reports) – Thursday 12 August 2021

The Committee considered the following item which would be discussed at the meeting of the Cabinet on Thursday 12 August 2021.

Item 4 - Final Accounts

The Committee supported the recommendations in the report.

Item 7 Risk Management Annual Report 2020/21 and Strategy

The Committee supported the recommendations in the report. Members wished to make clear that section 9.2 of the report should be clarified to reflect that the merger of Warwick District Council and Stratford-on-Avon District Council had not yet happened and was a possible merger at this stage.

Item 8 - Project Funding for Castle Farm Leisure Centre and Abbey Fields Swimming Pool

The Committee supported the recommendations in the report. Members noted the undertaking to align the categories of risk in the project risk register with the agreed categorisation of, and approach taken to, risks adopted by the Council in its Risk Strategy, and also noted that the project comprised of two separate contracts for Abbey Fields and Castle Farm.

29. **Update of work with Stratford-on Avon District Council**

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.

The report reiterated the vision agreed by both Councils and the reasons for undertaking this approach, set out work done to date, the next steps; the key benefits, and the key milestones and intended overall outcome.

Both Councils at their respective Full Councils agreed the following vision: *"To create a single statutory South Warwickshire Council covering all of the activities currently carried out by Stratford on Avon District Council and Warwick District Council by 1st April 2024."*

The reasons for undertaking this approach were:

- Both Councils had significant financial pressures;
- Both Councils wished to continue to provide valued services to residents/businesses/local communities and improve them if we could;
- The two Councils have a good track record of partnership;
- There was a shared economic geography between the two Councils;
- There was a shared sense of community between the two Councils' areas;
- There was a very strong political relationship in place; and
- The two Councils were within the same County Council area.

The work to date (including ongoing work) included:

- Deloitte Report commissioned and agreed by both setting out the high level business case for the creation of a single South Warwickshire Council;
- Vision stated above agreed by both Councils;
- The Cabinet Portfolios for both Councils were aligned;
- Jointly Tendering for the Refuse and Recycling Contracts;
- Developing jointly a South Warwickshire Local Plan;
- Developing a joint Regulatory Services Enforcement Policy;
- Developing a South Warwickshire Economic Strategy;
- Agreed a shared of ambitions regarding the Climate Emergency;
- Joint Staff/HR policies agreed;
- Agreed and appointed a Transformation Programme Manager;
- Established a governance regime via the creation of an officer Programme Board and the Councillor led Joint Arrangements Steering Group (Reports and Notes of meeting available on the Working Together Hub) which had met twice to date as set out in the governance structure chart, appended to the report;
- Due diligence financially undertaken by LGA consultant and reported to Joint Arrangement Steering Group;
- Regular meetings with Unison (both branches) on a fortnightly basis;
- Communication Hub had been established for all Staff and Councillors;
- The Leaders and Chief Executives met fortnightly;
- Joint Management Team had been operational from 2 August with Head of Place and Economy to be appointed on 4 August;

- Discussions had started with the Government regarding the creation of a single South Warwickshire Council;
- A paper for public consultation proposals had been agreed, with the schedule appended to the report; and
- Sharing experience and likewise gaining experience from joint work of other Councils including those who have merged and those who are also considering the same step.

The next steps include the following:

- the start of public consultation on proposal from end of August/beginning of September which was expected to end in early November;
- the Programme of Service Integration was being developed with criteria to help shape it, with this expected to be ready for September; and
- Both Councils were to consider the decision to make a formal application to merge the two organisations to create a single South Warwickshire Council on Monday 13 December 2021.

The expected benefits included:

- Delivery of significant net savings as envisaged in the Medium-Term Financial Strategy;
- Enhanced partnership working;
- Increased presence, influence, and strategic voice;
- Increased service resilience;
- Improved customer experience for both residents and business; and
- Strengthened workforce opportunities arising from a larger workforce.

The key milestones were:

- Agreement to the business case to be submitted to Government on 13 December 2021;
- Approval granted by the Secretary of State within a year of the submission date;
- Shadow Council in existence from April 2023 – elections inc. those of Parish deferred for a year;
- All services merged by; March 2024 having started the process in October 2021;
- New Council would come into life on 1 April 2024; and
- Elections to new Council in May 2024.

The overall outcome would be that a new South Warwickshire Council which had a sustainable financial foundation and so was able to deliver better, transformed, and relevant services for the residents, businesses, and communities of the area.

In response to questions from the Committee, Councillor Day explained that:

- the timetables for briefings would be coming forward in the next week to allow for Scrutiny of consultation;
- there had been excellent work undertaken by the Management Team of the Council's;

- there was a focus on minimising redundancies as a result of this work through the redeployment process;
- When Councillors took the decision on 13 December, it would need to be based on the evidence before them including the detailed analysis of the consultation;
- there would be a complex piece of work to come before Councillors in respect of the democratic merger compared to a merger of services and it was imperative that the report made clear the difference between the nature of these;
- there was a significant amount of work underway with Unions to keep them informed and provide assurance, and the focus was on minimal number of redundancies;
- it was expected that the Parish/Town Council elections in 2023 would also be deferred to 2024, but he would confirm this with the Chief Executive;
- if a member of the Joint Management Team left, for any reason, it would hurt the programme; and
- there had been the appointment of the Transformation Programme Manager, who would work with Councillor Hales as Transformation Portfolio Holder and would have allocated resources to the project, and to date the work had been achieved that many people thought could not be achieved and that was due to effort and commitment from all involved.

Councillor Hales informed the Committee that in respect of risk management there was ongoing work to look at expanding the transformation team, through the use of temporary contracts or secondments.

Councillor Nicholls thanked the Leader & Deputy Leader and highlighted that the Chief Executive had arranged a meeting with the Scrutiny Chairs to look at scrutiny of this area in more detail, but the Committee would need to be prepared to find time for this work later in the year.

Resolved that contents of the report and appendices are noted.

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

The Committee considered a report from Democratic Services that informed the Committee of its work programme for 2020/2021 Municipal Year, as set out at Appendix 1 to the report, and of the current Forward Plan.

Resolved that

- (1) the report be noted; and
- (2) a review of the performance of the contract with Everyone Active, be added for November, as restrictions in the wider society eased.

(The meeting ended at 7.03pm)

CHAIR
23 September 2021