

**Minutes of the meeting of the Audit and Standards Committee
held on 24 July 2019**

Present

Members:

Councillors Mark Cargill, Bill Gifford, John Holland (for Neil Dirveiks), John Horner and Dave Reilly

Independent Members:

John Bridgeman CBE (Chair)

Officers:

Paul Clarke, Deputy Internal Audit Manager

John Cole, Trainee Democratic Services Officer

Isabelle Moorhouse, Trainee Democratic Services Officer

Rob Powell, Strategic Director for Resources

Virginia Rennie, Strategy and Commissioning Manager (Strategic Finance)

Nichola Vine, Legal Services Manager

Paul Williams, Democratic Services Team Leader

External Representatives:

Grant Patterson, Grant Thornton – Auditors

Jim McClarnon, Grant Thornton – Auditors

Lena Grant-Pearce, Grant Thornton - Auditors

1. General

(1) Apologies

Councillor Neil Dirveiks (Replaced by Councillor John Holland)

Councillor Parminder Singh Birdi

Bob Meacham OBE

(2) Members' Disclosures of Pecuniary and Non-Pecuniary Interests

Regarding the exempt minutes of the meeting of the Audit and Standards Committee meeting of 23 May 2019 Councillor John Holland declared a non-pecuniary interest as he is involved in supporting Round Oak School, Warwick.

(3) Minutes of the meeting of the Audit and Standards Committee held on 23 May 2019 and Matters Arising

It was agreed that the minutes be signed by the Chair as a true record.

2. External Auditor's Governance Report 2018-19

Grant Patterson (Grant Thornton) introduced the published report drawing out and highlighting a number of key elements of the appendix. Apologies were given for the lateness of the papers. This had been largely due to a resourcing issue and a desire to ensure those before members were the most up to date.

Regarding the McCloud judgement (page 11 of the appendix) it was noted that adjustments have been made to financial statements in regard to the Firefighters' Pension Scheme. The impact of the judgement is not considered to be sufficient enough to be deemed material to the overall value of the Warwickshire Local Pension Fund. Nevertheless, whilst the figure of £17.537m is proportionately small it is still a considerable sum of money in terms of increased liability. The committee was assured that the increased liabilities will not need to be met in one instance but will be spread over 30 years.

Regarding the closure of accounts, Virginia Rennie (Strategy and Commissioning Manager (Strategic Finance)) confirmed that this will be accompanied by a statutory announcement.

On the key findings against significant risks the committee was informed that the 2019/20 budget assumptions appear reasonable and a balanced budget has been set. Demand for services is increasing and it is anticipated that by 2025 there will be a cumulative gap in the budget of £30m.

Regarding underspends the committee was informed that these are in part attributable to a number of vacancies and general reductions in spending. The Chair suggested that there is a need to balance the need to provide services and save resources. Concerns will increase if there becomes a sense that services are not being delivered when the funds exist to provide them.

It was recognised that savings cannot readily be benchmarked against those of other local authorities.

In terms of performance reporting against performance measures, Rob Powell (Strategic Director for Resources) reminded the committee that this is regularly undertaken with Cabinet and Overview and Scrutiny Committees. Audit reports present the headlines only.

Councillor Dave Reilly asked whether there is evidence that safeguarding measures and services provide good value for money. In reply it was suggested by Councillor John Horner that this could be referred to the relevant overview and scrutiny committee to establish.

The Chair questioned the use of the term "findings" stating that they appear generally to be statements of fact only as opposed to being revelations from an investigation. The committee was informed that the key findings are headlines drawn from a review of reports and other documents. They reflect the outcome of the processes that the council has in place.

It was noted that on page 26 of the appendix that the disclosure of key Management Personnel employee benefits should be calculated on an IAS19 basis and not CETV. However, this is considered by the auditors as a minor point.

Councillor John Holland suggested that a major business risk has arisen from the adoption of local plans and the resulting development is now applying pressure in terms of infrastructure costs that must be met by the County Council. School transport was cited with development at Lighthorne Heath requiring the transporting of more pupils by bus. Members agreed that this might be something that the relevant Overview and Scrutiny should consider. Councillor Dave Reilly observed that with development comes revenue from Council Tax and government grants. Members were assured by Rob Powell that the Capital Strategy and Capital Gateway Group are reviewing the overall impact of the Local Plans on the County Council, its service requirements and the Medium Term Financial Strategy.

Resolved

That the Committee:

- 1) Endorses the Audit Findings Report of the External Auditors for Warwickshire County Council, as attached at Appendix A of the report, and consider whether there are any matters it wishes to bring to the attention of Council; and
- 2) Approve, subject to any changes which may be necessary to the final draft, the wording of the Letter of Representation, attached at Appendix B of the report.

3. Statement of Accounts 2018-19

Following introductory comments, Rob Powell explained that despite increasing demand for services and financial pressures that County Council has found itself in a better position than other authorities. Councillor Bill Gifford welcomed the style of the document.

Members discussed the reduction of fixed assets to £1,191m. Although £1.2m of assets have been disposed of it was noted that there has been of £63.4m in investment in assets. On this basis the overall decrease in value was a surprise to some. The committee was informed that fixed that a fixed asset is anything that the County Council invests in that has a life of more than 12 months. This can include items such as software. It is not limited to structures such as roads and bridges etc.

The Chair asked that a definition of fixed assets be added to the glossary.

That Warwickshire County Council is one of the highest scoring local authorities in terms of road maintenance was noted. Members suggested that a press release be published to that effect.

The Chair, commending the document, suggested that efforts be made to ensure that it is made widely available. In response it was noted that it can readily be circulated electronically and that the information in the document has been designed in such a way as to be easily used on a social media platform.

Councillor John Horner, recognising that income in 18/19 exceeded expenditure by 19m asked what happens to the difference. In response the committee was informed that this was added to general reserves. Regarding school reserves

Councillor Bill Gifford observed that in some instances schools have built up significant reserves and in other cases they are struggling to cope.

Resolved

That the Committee endorses the 2018-19 Statement of Accounts for approval by Council.

4. Pension Fund Statement of Accounts 2018-19

Rob Powell explained that the overall position of the Pension Fund is sound.

Resolved

That the Committee endorses the 2018-19 Pension Fund Statement of Accounts for approval by Council.

5. Annual Governance Statement 2018-19

Rob Powell explained that the Annual Governance Statement will be considered by Council on 25 July.

Resolved

That the Committee endorses the Annual Governance Statement for 2018-19 for submission to Council for approval.

6. Annual Report of the Audit & Standards Committee

Following introductory comments from John Bridgeman, Councillor Mark Cargill commended the report stating that it is a worthwhile exercise. In response to a suggestion that the report should contain more detail of those issues it has reviewed, members were reminded that many of these are sensitive and should not be made public.

Overall the production of the report was considered to be good practice as it provides evidence of what has been achieved by the committee.

Resolved

That the Committee endorses the report.

7. Work Programme and Future Meeting Dates

The committee considered its work programme.

The Chair reminded the committee that it had previously considered the position regarding social services case note management. Members agreed that if this is considered to still be an issue of concern the Adult Social Care and Health Overview and Scrutiny Committee should be asked to consider reviewing it.

Following advice from Rob Powell it was recognised that internal audit reports are directed to officers for their attention. It would not be appropriate for them to be considered by Overview and Scrutiny Committees.

The committee noted future meeting dates to be held in Shire Hall at 10:00 a.m. as follows:

- 7 November 2019
- 26 March 2020

8. Any Other Business

None

Reports Containing Confidential or Exempt Information

Resolved: That members of the public be excluded from the meeting for the item mentioned below on the grounds that their presence would involve the disclosure of exempt information as defined in paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972.

9. Exempt Minutes of the meeting of the Audit and Standards Committee held on 23 May 2019 and Matters Arising

The committee considered the exempt minutes and explored a number of areas within them. It was agreed that the exempt minutes be signed by the Chair as a true record.

The Committee rose at 11.40am

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Chair