

AUDIT AND GOVERNANCE PANEL (SPECIAL)

Minutes of a hybrid webcast meeting on 23 November 2022 at 2.00 p.m.

Present in County Hall: Councillors Peter Henderson (Chair), Kenneth Bell, Brian McGinley, Cameron Ramsay and George Weir.

Present

Remotely: Councillors Chris Cullen, Mary Kilpatrick and Gavin Scott.

Attending: E. Howat, Chief Executive; J. Bradley, Director – Strategic Change and Communities; T. Baulk, Head of Finance, ICT and Procurement; C. Caves, Head of Legal and Regulatory Services; W. Carlaw, Service Lead – Democratic Governance; T. Simpson, Service Lead - Corporate Accounting; L. Kerr, Service Lead – Destination South Ayrshire; A. Nelson, Co-ordinator – Democratic Support; A. Gibson, Committee Services Officer, and E. Moore, Committee Services Assistant.

Attending

Remotely: C. McGhee, Chief Internal Auditor and P. Kenny, Deloitte LLP.

Opening Remarks.

The Chair

- (1) welcomed everyone to the meeting; and
- (2) outlined the procedures for conducting this meeting and advised that this meeting would be broadcast live.

1. Sederunt and Declarations of Interest.

The Chair called the Sederunt for the meeting and having called the roll, confirmed that that there were no declarations of interest by Members of the Panel in terms of Council Standing Order No. 17 and the Councillors' Code of Conduct.

2. Final Report on the 2021/22 Audit

There was submitted a [report](#) (issued) of 17 November 2022 by the Head of Finance, ICT and Procurement submitting the Annual Accounts for the financial year ended 31 March 2022 and the proposed independent auditor's report to Members and to allow the auditor to communicate the matters raised during the audit to the Panel.

The Service Lead – Corporate Accounting outlined the main points of the report and highlighted two minor changes to the Annual Accounts, namely Page 4 of the Annual Accounts referred to FTE employees as at 31 March 2022 which had changed from 4723 to 4640 following the provision of revised information from HR colleagues. The second correction was on page 51, a reclassification of the previous year's creditors figure. There was no change to the total creditors figure but the classification between trade creditors and other payable amounts had changed by £11.8m. This change had no impact on the bottom line.

P. Kenny, Deloitte LLP then took the Panel through the main points of the Annual Audit Report focussing on the Council's financial statements.

Comments were made and questions raised by Members in relation to: -

- (1) equality matters and in particular Fairer Scotland duties and whether the Council was meeting expectations in terms of their legal responsibilities; and P. Kenny advised that this issue was part of the wider scope element of the audit and that the Accounts Commission was keen to pursue this; and that there would be an increased focus on this element in the future.
- (2) Section 4.3.3. of the report and the accumulated surplus being £39m and uncommitted general reserves being £5.9m when a Member had intimated that these figures were accurate when the audit was undertaken in June 2022 and sought an explanation as to why the figures hadn't been updated; and the Head of Finance, ICT and Procurement confirmed that the accounts were audited at a fixed point in time and that a budget management report would be submitted to Cabinet on 30 November 2022 which would update Members on this;
- (3) the Council Plan and how the Council's budget related to achieving the ambitions of the Council Plan; and the Chief Executive advised that work was ongoing on the new Council Plan and further advised that the Plan required to be achievable in light of tighter budgets and that priorities would require to be set. ; and
- (4) whether it was clear what required to be undertaken in relation to the Strategic Change Programme to address the concerns raised within the audit; and the Head of Finance, ICT and Procurement intimated that the Council had made progress on this matter, since the audit had been carried out and the Director of Strategic Change and Communities subsequently advised that a report would be submitted to Cabinet in the near future.

The Chair highlighted that there was no date entered against Item 8 point 2.1. of the covering report.

The Panel, having thanked the Service Lead – Corporate Accounting and his staff for their work on these Accounts,

Decided:

- (a) to consider the 2021/22 Annual Audit Report by Deloitte LLP (Annex 1) and note that the Annual Accounts and Charitable Trust Accounts had an unmodified audit opinion.
- (b) to approve the Council's audited Annual Accounts (Annex 2) for signature and their subsequent issue by 30 November 2022; and
- (c) to approve the Charitable Trusts audited Annual Accounts (Annex 3) for signature and their subsequent issue by 30 November 2022.

3. Continuation of Call in from Cabinet – “Proposal to Deliver an Airshow in September 2023, 2024, 2025, 2026 and 2027”.

Reference was made to

- (1) the Minutes of the Cabinet of 1 November 2022 (Page 3, paragraph 8) when the Cabinet had decided
 - (a) to agree that officers progress with the planning of the Airshow including work to identify sponsors;
 - (b) to approve that funding for the Airshow of £300,000 per year, for a period of five years, would be considered as part of the budget setting process for 2023-2024;
 - (c) to approve the name for the Airshow - The International Ayr Show – Festival of Flight;
 - (d) to approve the proposal to have the Royal Air Force Benevolent Fund as the charity partner for the event; and
 - (e) to note the progress made by the SKYLAB in relation to expressions of interest with military display teams; and
- (2) the Minutes of the Audit and Governance Panel of 9 November 2022 (Page 2, paragraph 2) when the Panel had decided that officers progress the planning of the Airshow as per the Cabinet decision of 1 November 2022, with the proviso that officers bring forward information on a robust scoping exercise and indicative costs to a future meeting of this Panel, prior to the budget setting meeting of South Ayrshire Council of 2 March 2023.

Following the decision of the meeting of this Panel of 9 November 2022, there was submitted a [report](#) (issued) of 22 November 2022 by the Director of Strategic Change and Communities providing information on a scoping exercise with indicative costs for the delivery of an Airshow in September 2023; and seeking approval to progress with the recommendations as outlined in the report.

The Director advised that extensive work was required in the planning and delivery of an Airshow and that a scoping exercise had been carried out which involved scrutinising previously available financial information and consultation with the Council's strategic partner which subsequently allowed for the provision of an estimated indicative financial projection (attached as Appendix 1 to the report). She further advised that detailed projections could not be produced until potential sponsors had been contacted and until the charity partner could contact their potential sponsors and advertisers, which once carried out, further information on this and other indicative projections could be further interrogated and details brought forward in the budget setting process.

Questions were raised by Panel Members in relation to:

- (i) the period of funding; and the Director of Strategic Change and Communities advised that funding had been sought for a period of 5 years, ie 2023, 2024, 2025, 2026 and 2027; and that separately the contract with the Council's strategic partner was on a 2+1+1+1 basis;
- (ii) whilst acknowledging the challenges faced by Officers, the lack of robust financial information was a concern and what options were open to the Panel when considering the report; and the Chief Executive outlined the options open to the Panel when considering this call-in which were:
 - (A) to agree the Cabinet decision of 1 November 2022; or
 - (B) to refer the matter back to Cabinet, with recommendations, for final determination.

Adjournment

The time being 2.46 pm., the Panel adjourned for twenty five minutes.

Resumption of Meeting

The meeting resumed at 3.11 p.m.

Councillor Bell, seconded by Councillor Kilpatrick, moved that the Panel

- (I) note the financial projections contained in Appendix 1 of the report;
- (II) request that officers present further more detailed financial information to Members through the budget setting process and in advance of the meeting of the Council on 2 March 2023; and
- (III) agree the decision of Cabinet at its meeting of 1 November 2022, as outlined at paragraphs 3.2(1), 3.2(2), 3.2(3), 3.2(4) and 3.2(5) of the report.

By way of Amendment, Councillor McGinley, seconded by Councillor Ramsay, moved that the Panel

- (aa) note the financial projections contained in Appendix 1 of the report;
- (bb) request that officers present further more detailed financial information to Members through the budget setting process and in advance of the meeting of the Council on 2 March 2023;
- (cc) agree part of the decision of Cabinet at its meeting of 1 November 2022, namely paragraphs 3.2(1), 3.2(3), 3.2(4) and 3.2(5) of the report; and
- (dd) refer the matter back to Cabinet recommending that officers be requested to present a detailed financial report to Audit and Governance Panel on 22 February 2023.

A Panel Member requested a roll call vote and the Service Lead – Democratic Governance then took the vote by calling the roll as follows:-

Peter Henderson	Amendment
Kenneth Bell	Motion
Chris Cullen	Amendment
Mary Kilpatrick	Motion
Brian McGinley	Amendment
Cameron Ramsay	Amendment
Gavin Scott	Amendment
George Weir	Amendment

Six Members voted for the Amendment and two for the Motion. The Amendment was accordingly declared carried and the Panel

Decided:

- (AA) to note the financial projections contained in Appendix 1 of the report;
- (BB) to request that officers present further more detailed financial information to Members through the budget setting process and in advance of the meeting of the Council on 2 March 2023;
- (CC) to agree part of the decision of Cabinet at its meeting of 1 November 2022, namely paragraphs 3.2(1), 3.2(3), 3.2(4) and 3.2(5) of the report; and
- (DD) to refer the matter back to Cabinet recommending that officers be requested to present a detailed financial report to Audit and Governance Panel on 22 February 2023.

The meeting ended at 2.45 p.m.