

ST EDMUNDSBURY BOROUGH COUNCIL

PERFORMANCE AND AUDIT SCRUTINY COMMITTEE

**Minutes of a meeting held on Thursday 26 September 2013 at
4.30 pm, in Conference Room West, West Suffolk House,
Western Way, Bury St Edmunds**

PRESENT: Councillor C J E Spicer (Vice-Chairman)
Councillors Mrs Broughton, Cox, Farmer, Redhead,
Mrs Richardson, Simner and Mrs Wade.

BY INVITATION: Councillor Ray, Portfolio Holder for Resources and
Performance and Councillor Nettleton.
Mr N Harris, Audit Director – EY
Mr G Belcher, External Audit Manager - EY

13. Apologies for Absence

Apologies for absence were received from Councillor Cockle and Mrs Hopfensperger.

14. Substitutions

No substitutions were declared.

15. Minutes

The minutes of the meeting held on 31 July 2013 were confirmed as a correct record and signed by the Chairman.

16. Declarations of Interest

Members' declarations of interest are recorded under the item to which the declaration relates.

17. Ernst and Young – 2012-2013 ISA Annual Governance Report to those Charged with Governance

The Committee received Report E119 (previously circulated), which presented the results of Ernst and Young's (EY) audit of the financial statements for 2012-2013 – its first year as the Council's appointed external auditor. The report set out those issues they were formally required to report onto those charged with governance under the Audit Commission Code of Audit Practice and International Standards on Auditing (UK and Ireland) (ISA (UK&I)) 260. The report also included the results of the work that EY had undertaken to assess the Council's arrangements to secure value for money in the use of its resources, as the Performance and Audit Scrutiny Committee was now charged with governance in accordance with the powers delegated to it under the Council's Constitution.

A copy of the Audit Committee Summary was appended to Report E119 as Attachment 1, and was presented to the Committee by Neil Harris (Audit Director) and Gary Belcher (External Audit Manager) from EY. Also attached as, Attachment 2 to the report was a Letter of Representation, on behalf of the Council, in connection with the audit of the financial statement for St Edmundsbury Borough Council for the year ended 31 March 2013.

Mr Harris confirmed that all work on the audit of the Council's value for money arrangements had been completed and no further errors had been identified. Therefore, EY would be issuing an unqualified opinion and certificate by the deadline of 30 September 2013, stating the Council had proper arrangements in securing economy, efficiency and effectiveness in its use of resources. He wished to thank the Head of Resources and Performance and her team who had been helpful and instrumental in making this a very smooth audit for EY this year.

However, he wished to draw the Committee's attention to a couple of key areas:

- (1) On page 5 of Attachment 1, of Report E119, Mr Harris confirmed that he was satisfied with all the assurances provided relating to the audit risks identified within the Council's Audit Plan.
- (2) The audit fee for 2012-2013 remained the same as previously indicated to the Committee.

Members asked a number of questions in relation to the report, to which Mr Harris and Officers duly responded.

The Vice-Chairman wished to thank the Finance Team for their outstanding work and the Cabinet Member for Resources and Performance wished to thank EY in their audit work.

With the vote being unanimous, it was

RESOLVED: That:-

- (1) the unqualified opinion on the Financial Statements for 2012-2013 (page 3 of Attachment 1), issued by the Auditor be noted.
- (2) the Value for Money conclusion stating that the Council had proper arrangements in securing economy, efficiency and effectiveness in its use of resources (page 3 of Attachment 1), issued by the Auditor be noted.
- (3) The Letter of Representation on behalf of the Council, be approved for signing by the Chief Financial Officer and the Vice- Chairman of the Performance and Audit Scrutiny Committee, before the Audit Director issues his opinion and conclusion.

18. Ernst and Young – Presentation of Annual Audit and Certification Fee Letter 2013-2014

The Committee received Report E120 (previously circulated), which confirmed the audit certification work which Ernst and Young (EY) proposed to undertake in the 2013-2014 financial year and set out the fee for that work. The letter was for information and estimated the fee for EY's audit and certification work at the Council in the coming year. The quoted fee was an estimate only, and should any significant amendments to the fee be found to be necessary during the course of the audit, this would be presented to and discussed with the Committee.

Neil Harris (Audit Director) from EY attended the meeting and presented the Annual Audit Letter. Mr Harris provided the context to the audit fees which were currently set by the Audit Commission and how the scale fees were generated for each local authority. He went on to explain that EY as part of its certification work would be looking at the audit claims work for 2012-2013 and if it was felt the fees should be reduced, EY would make representation to the Audit Commission to review the scale fee for 2014-2015.

Members discussed the report, in particular the fees in relation to the grant claims audit work carried out at the Anglia Revenue Partnership, to which Mr Harris and Officers duly responded.

There being no decision required, the Committee **noted** the contents of the report.

19. Annual Governance Statement (2012-2013)

The Committee received Report E121 (previously circulated), which sought Members approval of the Annual Governance Statement for 2012-2013, attached as Appendix A. The Annual Governance Statement was designed to provide stakeholders of the Council with assurance that the Council had operated within the law and that the Council had met the requirements of the Accounts and Audit Regulations 2011. A statement had been prepared by a Joint Governance Group and a self-assessment covering the six core principles of corporate governance was completed by the Group. Arising from the assessment an Action Plan for 2012-2013 had been produced and was attached as Appendix B.

The Head of Resources and Performance wished to draw the Committee's attention to pages 10-11 of Report E121 headed "significant governance issues". The section highlighted areas which the Council would be focusing on to ensure that there were no significant governance issues.

The Committee was asked to review and approve the Annual Governance Statement prior to it being signed off by the Chief Executive and the Leader of the Council.

The Committee discussed the report and asked questions of Officers who duly responded, and with the vote being unanimous, it was

RESOLVED:

That, the Annual Governance Statement for 2012-2013, attached as Appendix A to Report E121, be approved for signing by the Chief Executive and the Leader of the Council.

20. 2012-2013 Statement of Accounts

The Committee received Report E122 (previously circulated) which sought Members approval of the 2012-2013 Statement of Accounts, attached as Appendix 3, in accordance with the powers delegated to it under the Council's Constitution. In addition to providing supporting information regarding the preparation and presentation of the 2012-2013 accounts, the report also provided a summary of financial highlights for the 2012-2013 financial year. Attached as Appendix 1 to the report, was a detailed list of the Council's assets and at Appendix 2 was a detailed schedule of payments made to Councillors during the financial year.

EY had commenced the audit of the Council's draft Statement of Accounts in July 2013, with a view to its completion prior to the 30 September 2013 deadline for publication. The results of EY's review of the accounts were provided in the Annual Governance Report which was included on the Committee's Agenda (E119 above). The attached Statement of Accounts (Appendix 3) had been amended (as appropriate) to take on board issues raised by the audit process up to the date of distribution.

EY had confirmed that the audit for St Edmundsbury Borough Council had been concluded this evening (26 September 2013) and had issued an unqualified opinion on the financial statements and the value for money conclusion that the Council had made the appropriate arrangements to secure economy, efficiency and effectiveness in the Council's use of resources. This meant the Committee was now in a position to sign the 2012-2013 Statement of Accounts off this evening (26 September 2013).

The Head of Resources and Performance was pleased to confirm that the Council's net expenditure for 2012-2013 was £11.585m, resulting in a budget underspend for the year of £9,000. She then drew the Committee's attention to Appendix 3, in particular the Reserves Balance on page 17; the Income and Expenditure Account on page 18; and the Balance sheet on page 19 highlighting that the valuation of assets had decreased slightly and other long term liabilities had increased which related to the pensions deficit accounting requirements.

The Head of Resources and Performance wished to thank the Finance Team for all their work involved in pulling the accounts together during an uncertain time as part of the shared services restructure which was a great credit to the whole team and also thanked EY.

The Committee scrutinised the draft accounts, the assets list and member payments and asked questions of Officers who duly responded. In particular, the Committee raised questions to which responses were given as follows:

Assets List:

- (i) It was confirmed that whilst the Council owned the play area next to Barningham Village Hall and car park it was not clear as to whether it also owned the village hall and was leasing it for social activities. The Head of Resources and Performance agreed to provide a written response.
- (ii) It would be investigated why Emperors Green and Ingham Road Green Space, Haverhill were not shown in the assets list.
- (iii) It would be investigated as to why Great Barton Village Hall was not shown in the assets list.

Member Payments:

- (i) That in future payments for personal expenses specific to the Mayor and Deputy Mayor to be separated out from the ordinary allowances payable to Members. Currently this was shown as a total.

Draft Statement of Accounts:

- (i) Although it was noted that the Accounts were set out in a statutory format, the Head of Resources and Performance would look into the inconsistency of the bracketing of the words "surplus" and "deficit".
- (ii) It was suggested that on page 100, Civic Regalia to be reworded to read "Civic Insignia".

Reference was also made to the earmarked reserves on page 31 relating to the "Gershom Parkington Bequest reserve" and questioned whether the reserves could be used other than for acquiring and repairing clocks. The Committee was informed that the terms of the bequest were very specific and legal advice had been sought in the past which was unsuccessful.

The Committee wished to convey its thanks and commended the Finance Team in the work involved in closing the accounts.

With the vote being unanimous, it was

RESOLVED: That:-

- (1) The 2012-2013 Statement of Accounts, be approved in accordance with the powers delegated to it under the Council's Constitution.
- (2) The Vice-Chairman of the Performance and Audit Scrutiny Committee signs the certification of the 2012-2013 Statement of Accounts on behalf of the Committee.
- (3) The Chief Financial Officer, in consultation with the Portfolio Holder for Resources, Governance and Performance, be given delegated authority to make any presentational and non-material changes to the Statement of Accounts that may be required up to the date of publication.

21. Delivering a Sustainable Budget (2014-2015)

The Committee received Report E123 (previously circulated), which set out the context relating to, and outlined progress made on, delivering a balanced budget for 2014-2015. The Council had delivered significant savings over the last 10 years, which was set out in Table 1 of the report. However, there was no let up on the financial pressures being faced, and it was therefore critical that the Council continued to deliver savings and create new income opportunities by adopting a more commercial approach. A summary of future pressures and uncertainties was provided in the report, including the Spending Round 2013; the new Homes Bonus; Business Rate Retention; Local Council Tax Reduction Scheme and pensions.

The budget gaps for the years 2014-2015 to 2016-2017 were projected in Table 2 of the report. There was still a lot of uncertainty around the assumptions and budget pressures contained within the Council's Medium Term Financial Strategy (MTFS). Members were advised to note that small changes in the assumption percentages could have a significant impact on the budget. The service assumptions would be reviewed and challenged as part of the 2014-2015 budget process. The Council would continue to

update the assumptions as it progressed through the budget cycle and an update report would be presented to the Committee on 27 November 2013.

Members asked a number of questions in relation to the report, to which the Head of Resources and Performance duly responded.

Councillor Cox informed the Committee that he felt that the Local Council Tax Reduction Scheme (LCTRS) placed too much hardship on families and suggested the scheme be reviewed annually as part of the Council's budget setting process. The Head of Resources and Performance stated the new LCTRS came into effect in April 2013. Alongside the LCTRS there was a hardship fund in place. Feedback from the Anglia Revenues Partnership indicated that they had to date received very few requests for assistance.

There being no decision required, the Committee **noted** the contents of the report.

22. Car Park Tariffs (2014-2015)

The Committee received Report E124 (previously circulated), which referred to Cabinet Report D190 (21 September 2012, section 5(b)) which recommended that the Overview and Scrutiny Committee receive a report each September outlining any recommendations from officers for changes to car park tariffs, including supporting evidence and justification for changes.

The recommendations contained within the report, which formed part of the budget setting process, had been scrutinised by the Overview and Scrutiny Committee at its meeting on 4 September 2013, who broadly supported the recommendations. However, during their discussions, some Haverhill Councillors asked for a reconsideration of the "Free from 3" provision in their town so that this could be considered by the Performance and Audit Scrutiny Committee. Specifically they requested that information be provided on the implications of moving the "Free from 3" to Saturday, as well as having completely free parking on Saturday and Christmas Eve.

The Parking Services Manager informed the Committee that following consideration of the report by the Overview and Scrutiny Committee on 4 September 2013, revised data on current usage had been received, which required the figures set out in paragraph 1.2 of Report E124 to be amended downwards as follows:

Based on the current usage, the recommendations outlined below would yield:

<i>Recommendation 4:</i>	£109,881	£25,200
<i>Recommendation 6:</i>	£4,046	£1,200
<i>And recommendation 5 and 7 would yield</i>	£47,091	£22,800

The Parking Services Manager explained the review carried out from April – July 2013, which included weekly season tickets available for long stay sites; low emissions parking; free from 3 offer; RingGo; car park attendants and the ambassadorial role; reduction in fines issued and the ParkMark Award.

The Committee and invited Councillors examined the report, including the revised figures and the comments made by the Overview and Scrutiny Committee, and asked questions of Officers, who provided responses. In particular, discussions were held on the following, to which responses were given as follows:

- (1) a Working Group had been established to look at the feasibility of various parking methods, including "Pay on Exit". A consultant had been appointed to carry out an independent review of the Council's car parks, traffic flow, types of parking equipment available and ongoing costs. The independent review should provide reasons on what options would be most appropriate for our car parks, having considered all of the facts; and
- (2) the price stability and compatibility of the proposed car parking tariffs for 2014-2015 was in line with the recommendations made by the Overview and Scrutiny Committee in its extensive review of car parking provision and charges in 2012.

Councillor Cox informed the Committee that he had previously raised the issue of free Christmas Eve parking in Haverhill with officers and made reference to the background papers listed in Report E124.

It was reported that the rationale in offering free parking was an attempt to increase footfall and revenue to traders in Bury St Edmunds and Haverhill on quieter trading days and was not intended for busy days. Parking charges in Haverhill were relatively low and Members felt that if free parking was offered then it would have to be in all towns, and the Chamber of Commerce would need to be consulted.

It was proposed by Councillor Cox that an additional recommendation be included, that there be "*Free parking in Haverhill on Christmas Eve*". This was duly seconded by Councillor Redhead.

Upon putting the additional recommendation to the vote, and with 2 voting for and 6 against, the Vice-Chairman declared the additional recommendation lost.

It was suggested that the Council might wish to consider issuing a press release in light of the revised yield figures.

With 7 voting for and 1 against, it was



RECOMMENDED: That

That Cabinet be recommended to approve the following recommendations as part of the budget setting process for 2014-2015:

- (1) the current 'Free from 3' offer trialled in Bury St Edmunds and Haverhill on Tuesdays and Fridays respectively be extended for a further year;***
- (2) the free parking offer in Bury St Edmunds that is currently available to shoppers from 4pm for the late night shopping events in the run-up to Christmas continues and is adjusted to run from 3pm, in order to be consistent with the 'Free from 3' offer and help simplify publicity;***

- (3) there is no increase in the cost of the current season ticket and weekly ticket offer at Parkway multi-storey car park and Ram Meadow car park;**
- (4) the three hour tariff at Cattle Market/Arc should rise by 20p to £3.50;**
- (5) the all day tariff at Parkway Multi Storey Car Park should rise by 10p to £2.30;**
- (6) the three hour tariff at School Yard West should rise by 20p to £3.50; and**
- (7) the all day tariff at Ram Meadow Car Park should rise by 10p to £2.30.**

23. Work Programme Update

The Committee received Report E125 (previously circulated) which provided information on the current status of the Committee's Work Programme. Attached as Appendix 1 to the report were details of items scheduled to be presented to the Committee during 2013-2014. The Head of Resources and Performance advised Members that:

- (1) the Committee on 27 November 2013, would receive an update on the Delivering a Sustainable Budget and Medium Term Financial Strategy; and
- (2) the Joint Risk Management Strategy currently scheduled for 27 November 2013 to be rescheduled to 21 May 2014.

There being no decision required, the Committee **noted** the contents of the report.

The meeting concluded at 6.35pm.

CHAIRMAN