



TO: **ALL CABINET MEMBERS**
(Copy to recipients of Cabinet Papers)

Our reference CS
Your reference N/A
Contact Claire Skoyles
Direct Dial 01284 757176
Email claire.skoyles@westsuffolk.gov.uk

27 November 2014

Dear Councillor

ST EDMUNDSBURY CABINET - TUESDAY 2 DECEMBER 2014

I am now able to enclose, for consideration at next Tuesday 2 December 2014 meeting of the St Edmundsbury Cabinet, the following reports that were unavailable when the agenda was printed.

Agenda No Item

5. **Report of the Performance and Audit Scrutiny Committee: 26 November 2014 (Pages 1 - 8)**
Report No: CAB/SE/14/003
6. **Recommendations from the Performance and Audit Scrutiny Committee - 26 November 2014: Delivering a Sustainable Budget 2015-2016 and Budget Consultation Results (Pages 9 - 14)**
Report No: CAB/SE/14/004
7. **Recommendations from the Performance and Audit Scrutiny Committee - 26 November 2014: West Suffolk Fees and Charges Policy (Pages 15 - 18)**
Report No: CAB/SE/14/005
8. **Recommendations from the Performance and Audit Scrutiny Committee - 26 November 2014: Accounting for a single West Suffolk staffing structure and the move to a West Suffolk Cost Sharing Model (Pages 19 - 26)**
Report No: CAB/SE/14/006

Joy Bowes BA Solicitor • Legal and Democratic Services
Tel 01284 757141 • **Fax** 01284 757110
Email democratic.services@westsuffolk.gov.uk

West Suffolk House • Western Way • Bury St Edmunds • Suffolk • IP33 3YU
www.westsuffolk.gov.uk

Please also note that in respect of Report No: CAB/SE/14/007, *Local Council Tax Reduction Scheme and Council Tax Technical Changes 2015/2016*, the following typographical errors have been identified:

Table 2 at paragraph 6.1 should read....

Discounts/exemptions	2015/16
Class A, empty, unfurnished and undergoing major repairs to render habitable (formally exempt Class A)	30% 10% discount for a twelve month period
Empty, substantially unfurnished properties, which have been so for less than one week since the property was last occupied. For the purposes of determining when the property was last occupied, any period of less than 6 weeks within which the property was occupied will be disregarded. (formally exempt Class C)	Proposal for 1 week exemption followed by a 100% charge (Conditions detailed to the left)
Second homes	Proposal to charge 100%
Empty homes premium (property empty for more than 2 years)	Pay 150%

(Table 1 in paragraph 1.8 is correct)

In addition, the collection rate at paragraph 3.2 should also be 98.4% rather than 97.12% (this was the FHDC's collection rate).

You will also have noted that a few of the appendices to certain reports have been printed in portrait-style instead of landscape. This is a printing error and will be rectified for future meetings.

Lastly, Report No: CAB/SE/14/012, *West Suffolk Houses in Multiple Occupation Guidance and Standards*, states that Appendix B is attached to the report. This is in fact provided as a hyperlink to the website, as shown under background papers.

Yours sincerely

Claire Skoyles
SEBC Cabinet Officer/Committee Administrator
for Head of HR, Organisational Development, Legal and Democratic Services

Cabinet



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Report of the Performance and Audit Scrutiny Committee: 26 November 2014	
Report No:	CAB/SE/14/003	
Decisions plan reference:	Not Applicable	
Report to and date:	Cabinet	2 December 2014
Portfolio holder:	David Ray Portfolio Holder for Resources and Performance Tel: 01359 250912 Email: david.ray@stedsbc.gov.uk	
Chairman of the Committee:	Sarah Broughton Chairman of the Performance and Audit Scrutiny Committee Tel: 01284 787327 Email: sarah.broughton@stedsbc.gov.uk	
Lead Officer:	Christine Brain Scrutiny Officer Tel: 01638 719729 Email: Christine.brain@westsuffolk.gov.uk	

Purpose of report:	<p>On 26 November 2014, the Performance and Audit Scrutiny Committee held an informal joint meeting with members of Forest Heath’s Performance and Audit Scrutiny Committee, and <u>considered the first seven items jointly</u>:</p> <ol style="list-style-type: none"> (1) Mid-year Internal Audit Progress Report 2014/15; (2) Key Performance Indicators and Quarter Two Performance Report (2014-2015); (3) West Suffolk Strategic Risk Register Quarterly Monitoring Report – September 2014 ; (4) Biannual Corporate Complaints and Compliments Digest; (5) West Suffolk Fees and Charges Policy; (6) Accounting for a Single West Suffolk Staffing Structure and the Move to a West Suffolk Cost Sharing Model; (7) Work Programme Update; (8) Ernst and Young Presentation of Annual Audit Letter 2013-14; (9) Financial Performance Report (Revenue and Capital) Quarter 2 – 2014-15; (10) Delivering a Sustainable Budget 2015-2016 and Budget Consultation Results; and (11) Mid-Year Treasury Management Report 2014-15 Investment Activity 1 April to 30 September 2014. <p>Separate reports are included on this Cabinet agenda for Items (5), (6) and (10) above.</p>
Recommendation:	The Cabinet is requested to NOTE the content of Report No: CAB/SE/14/003, being the report of the Performance and Audit Scrutiny Committee
Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>	<p><i>Is this a Key Decision and, if so, under which definition?</i></p> <p>Yes, it is a Key Decision - <input type="checkbox"/></p> <p>No, it is not a Key Decision - <input checked="" type="checkbox"/></p>
Consultation:	<ul style="list-style-type: none"> • See reports listed in Section 2 below.
Alternative option(s):	<ul style="list-style-type: none"> • See reports listed in Section 2 below.
Implications:	
<p>Are there any financial implications? If yes, please give details</p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/> Please see background papers.</p>
<p>Are there any staffing implications? If yes, please give details</p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/> Please see background papers.</p>
<p>Are there any ICT implications? If yes, please give details</p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/> Please see background papers.</p>
<p>Are there any legal and/or policy implications? If yes, please give details</p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/> Please see background papers.</p>

Are there any equality implications? <i>If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> Please see background papers.
Risk/opportunity assessment:	Please see background papers.
Ward(s) affected:	All Wards
Background papers: <i>(all background papers are to be published on the website and a link included)</i>	Please see background papers, which are listed at the end of the report.
Documents attached:	None

1. Key issues and reasons for recommendation

1.1 Mid-Year Internal Audit Progress Report 2014-15 (Report No: PAS/SE/14/001)

- 1.1.1 The Committee received and noted the report, which advised Members of the work of the Internal Audit Section for the first half of 2014/2015 (Appendix A), including the variety of corporate projects and activities which were supported through the work of the team.
- 1.1.2 The report also included an update on progress made against the 2014/15 Internal Audit Plan previously approved by the Committee in May 2014 .
- 1.1.3 Members scrutinised the report and asked questions to which responses were duly provided.

1.2 Key Performance Indicators and Quarter 2 Performance Report 2014-15 (Report No: PAS/SE/14/002)

- 1.2.1 The Committee received and noted the report, which set out the Key Performance Indicators (KPIs) being used to measure the Council's performance for 2014/2015. The report also included the second quarter indicators covering April to September 2014 for both Forest Heath and St Edmundsbury Borough Council, together with a combined performance for West Suffolk, where relevant.
- 1.2.2 For St Edmundsbury, the current Quarter Two performance showed that of a total of 24 indicators for SEBC were reported this quarter, of which 9 were green, 3 were amber, 4 were red and 8 were data only indicators. For West Suffolk, there were a total of 21 indicators, of which 7 were green, 3 were amber, 4 were red and 7 were data only indicators.
- 1.2.3 Members discussed a number of the indicators, with particular emphasis on those showing 'red' under the traffic light system, and asked questions on a number of areas in the report, to which officers duly responded. In particular, discussions were held on the major and other planning indicators; the percentage of industrial units vacant; the time taken to make decisions on homelessness applications; the percentage return on the investment of the council's reserves and balances and the collection of council tax.

Members again discussed the issue of enforcement and suggested the inclusion of an indicator for monitoring enforcement. This would enable Members to understand how the service area was working and help Members to support officers with improving enforcement performance. The Head of Planning and Growth duly responded and it was agreed that further details on enforcement performance would be provided to Members.

- 1.2.4 No issues were required to be brought to the attention of Cabinet.

- 1.3 **West Suffolk Strategic Register Quarterly Monitoring Report – September 2014 (Report No: PAS/SE/14/003)**
- 1.3.1 The Committee received and noted the second quarterly risk register monitoring report in respect of the West Suffolk Strategic Risk Register. The Register was updated regularly by the Risk Management Group and at its recent meeting the Group reviewed the target risk, the risk level where the Council aimed to be, and agreed a current risk assessment. These assessments formed the revised West Suffolk Risk Register (Appendix 1).
- 1.3.2 Since the last assessment report presented to the Committee on 31 July 2014, there had been no new risks identified and no risks had been amended or closed. However, some individual controls and actions had been updated and those which were not ongoing and had been completed by September 2014 had been removed from the Register.
- 1.3.2 The Committee did not make any suggestions for amendments to the Register on this occasion.
- 1.4 **Biannual Corporate Complaints and Compliments Digest (Report No: PAS/SE/14/004)**
- 1.4.1 The Committee receives an overview of the quantity and range of corporate complaints and compliments received during 1 April to 30 September 2014, which the Committee uses to monitor the Council's effectiveness at responding to and learning from any mistakes which had been made. This report included information relating to Forest Heath District Council and St Edmundsbury Borough Council working together across West Suffolk, with data provided for the individual Councils as appropriate.
- 1.4.2 For the first half of this financial year, across both Councils, 26 corporate complaints and 59 compliments had been received, and data for the individual Councils was provided.
- 1.4.3 The report provided a breakdown of the corporate complaints, including outcomes and lessons learned and also highlighted the compliments that had been received across the authority during the reporting period and outlined the Service or individuals who received them.
- 1.4.4 The Committee considered the digest and expressed their delight in the number of compliments received in the reporting period to date.
- 1.5 **Work Programme Update (Report No: PAS/SE/14/007)**
- 1.5.1 The Committee received and noted its Work Programme which provided items scheduled to be presented to the Committee on 29 January 2015.
- 1.6 **Ernst and Young Presentation of Annual Audit Letter 2013-15 (Report No: PAS/SE/14/008)**
- 1.6.1 This report updated Members on the outcome of the annual audit of the 2013/2014 financial statements by Ernst and Young (the Council's external auditors) as detailed in their Annual Audit Letter for 2013/2014, attached as

Appendix 1 to Report No: PAS/SE/14/008. The letter confirmed the completion of the audit of the 2013/2014 financial statements.

1.6.2 It was reported that the final fee of £60,356 for work carried out, included two small additional sums totalling £2,900. The first additional sum of £2,000 reflected work undertaken by Ernst and Young over and above that planned and the second sum of £900 was an Audit Commission variation to the base scale fee to reflect the extra audit procedures required nationally.

1.6.3 Both of these additional fees had been agreed by the Section 151 Officer.

1.7 **Financial Performance Report (Revenue and Capital) Quarter 2 – 2014-15 (Report No: PAS/SE/14/009)**

1.7.1 The Committee received and noted the quarterly monitoring report which informed Members of the year end forecast financial position.

1.7.2 The latest Revenue Budget Summary for the year to date position after six months currently showed an underspend of £90,200 with a forecast position for the year end showing an underspend of £290,500. In terms of the Council's capital financial position, the first six months showed an expenditure of £1,137,000. The Council had received £92,500 in capital receipts in the period to 30 September 2014, and the revenue reserves summary showed an opening balance of £12,612,806 with a forecast closing balance of £13,113,628.

1.7.3 Members discussed the report in detail, particularly Appendix A (revenue budget summary), covering the Waste Management and Property Services underspend; Members' expenses; on street car parking; allotments; West Front House and Gypsies and Travellers, to which officers duly responded.

1.8 **Mid-Year Treasury Management Report 2014-15 Investment Activity 1 April to 30 September 2014 (Report No: TMS/SE/14/001)**

1.8.1 Following the Treasury Management Sub-Committee's consideration of Report No: **TMS/SE/14/001** on 17 November 2014, the Head of Resources and Performance verbally reported on the Sub-Committee's consideration of the report, which summarised the Treasury Management activity for the first six months of the 2014/2015 financial year.

1.8.2 The Sub-Committee had been advised that interest earned during the first six months of the financial year amounted to £0.176m against the profiled budget for the period of £0.264m; a budgetary deficit of £0.088m. This was due to a lower rate of interest than projected during the period. The reduction in the interest rates was primarily due to the continued low Bank of England base rate and subsequent poor investment rates being offered by the banks and building societies and financial institutions. In the current economic climate it is considered likely that the current low rates will continue for the remainder of this year.

1.8.3 The Treasury Management Sub-Committee had scrutinised the content of the report, asking questions of officers. There were no issues or recommendations needed to be brought to the attention of the Performance and Audit Scrutiny Committee on this occasion.

1.8.4 The Performance and Audit Scrutiny Committee considered the report and there being no decision required, the Performance and Audit Scrutiny Committee **NOTED** the contents of the report.

2. Background Papers

- 2.1.1 [Report PAS/SE/14/001](#) to Performance and Audit Scrutiny Committee: Mid-year Internal Audit Progress Report 2014-15
- 2.2.2 [Report PAS/SE/14/002](#) to Performance and Audit Scrutiny Committee: Key Performance Indicators and Quarter 2 Performance Report 2014-15
- 2.2.3 [Report PAS/SE/14/003](#) to Performance and Audit Scrutiny Committee: West Suffolk Strategic Risk Register Quarterly Monitoring Report – September 2014
- 2.2.4 [Report PAS/SE/14/004](#) to Performance and Audit Scrutiny Committee: Biannual Corporate Complaints and Compliments Digest
- 2.2.5 [Report PAS/SE/14/005](#) to Performance and Audit Scrutiny Committee: West Suffolk Fees and Charges Policy
- 2.2.6 [Report PAS/SE/14/006](#) to Performance and Audit Scrutiny Committee: Accounting for a single West Suffolk staffing structure and the move to a West Suffolk Cost Sharing Model
- 2.2.7 [Report PAS/SE/14/007](#) to Performance and Audit Scrutiny Committee: Work Programme Update
- 2.2.8 [Report PAS/SE/14/008](#) to Performance and Audit Scrutiny Committee: Ernst and Young Presentation of Annual Audit Letter 2013-14
- 2.2.9 [Report PAS/SE/14/009](#) to Performance and Audit Scrutiny Committee: Financial Performance Report (Revenue and Capital) Quarter 2 – 2014-15
- 2.2.10 [Report PAS/SE/14/010](#) to Performance and Audit Scrutiny Committee: Delivering a Sustainable Budget 2015-16 and Budget Consultation Results
- 2.2.11 [Report TMS/SE/14/001](#) to Performance and Audit Scrutiny Committee: Mid-year Treasury Management Report 2014-15 Investment Activity 1 April to 30 September 2014

This page is intentionally left blank

Cabinet



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Recommendation of the Performance and Audit Scrutiny Committee: 26 November 2014 Delivering a Sustainable Budget 2015-16 and Budget Consultation Results	
Report No:	CAB/SE/14/004	
Report to and dates:	Cabinet	2 December 2014
	Council	16 December 2014
Portfolio holder:	David Ray Portfolio Holder for Resources and Performance Tel: 01359 250912 Email: david.ray@stedsbc.gov.uk	
Chairman of the Committee:	Sarah Broughton Performance and Audit Scrutiny Committee Tel: 01284 787327 Email: sarah.broughton@stedsbc.gov.uk	
Lead Officer:	Rachael Mann Head of Resources and Performance Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	
Purpose of report:	On 26 November 2014, the Performance and Audit Scrutiny Committee considered Report PAS/SE/14/010 , which set out the context of the 2015/2016 budget process, including a summary of the budget consultation focus group results and the proposed saving and income generation items for delivering a balanced budget for 2015/16.	

Recommendations:	<p>It is RECOMMENDED that, subject to the approval of full Council and taking into account the public consultation results outlined in Appendix A to Report No: PAS/SE/14/010:</p> <p>(a) the proposals, as detailed in Table 2 at paragraph 1.5.1 of Report No: PAS/SE/14/010, be included; and</p> <p>(b) the proposals, as detailed in paragraph 1.5.2 of Report No: PAS/SE/14/010, be removed.</p>		
<p>Key Decision:</p> <p><i>(Check the appropriate box and delete all those that do not apply.)</i></p>	<p><i>Is this a Key Decision and, if so, under which definition?</i></p> <p>Yes, it is a Key Decision - <input type="checkbox"/></p> <p>No, it is not a Key Decision - <input checked="" type="checkbox"/></p>		
<p>The decision made as a result of this report will be published within 48 hours and cannot be actioned until seven working days have elapsed. This item is included on the Decisions Plan.</p>			
Consultation:	<ul style="list-style-type: none"> See Report No: PAS/SE/14/010 		
Alternative option(s):	<ul style="list-style-type: none"> See Report No: PAS/SE/14/010 		
Implications:			
<p>Are there any financial implications? If yes, please give details</p>		Yes <input type="checkbox"/>	No <input type="checkbox"/>
		<ul style="list-style-type: none"> See Report No: PAS/SE/14/010 	
<p>Are there any staffing implications? If yes, please give details</p>		Yes <input type="checkbox"/>	No <input type="checkbox"/>
		<ul style="list-style-type: none"> See Report No: PAS/SE/14/010 	
<p>Are there any ICT implications? If yes, please give details</p>		Yes <input type="checkbox"/>	No <input type="checkbox"/>
		<ul style="list-style-type: none"> See Report No: PAS/SE/14/010 	
<p>Are there any legal and/or policy implications? If yes, please give details</p>		Yes <input type="checkbox"/>	No <input type="checkbox"/>
		<ul style="list-style-type: none"> See Report No: PAS/SE/14/010 	
<p>Are there any equality implications? If yes, please give details</p>		Yes <input type="checkbox"/>	No <input type="checkbox"/>
		<ul style="list-style-type: none"> See Report No: PAS/SE/14/010 	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
	Low/Medium/ High*		Low/Medium/ High*
See Report No: PAS/SE/14/010			
Ward(s) affected:		All Wards	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		See Report No: PAS/SE/14/010 to Performance and Audit Scrutiny Committee: Delivering a Sustainable Budget 2015-16 and Budget Consultation Results	
Documents attached:		None	

1. Key issues and reasons for recommendation(s)

1.1 Future budget pressure and challenges

- 1.1.1 St Edmundsbury continues to face considerable financial challenges as a result of uncertainty in the wider economy and constraints on public sector spending. In this context, and like many other councils, we have to make difficult financial decisions.
- 1.1.2 The Medium Term Financial Strategy (MTFS), approved by full Council on 25 February 2014 (Report E293), sets out the current and future financial pressures and challenges facing St Edmundsbury. Our MTFS document also sets out the approach that St Edmundsbury Borough Council will take to the sound management of its finances over the next two years.
- 1.1.3 Report No: PAS/SE/14/010 provided information on the budget gap; budget assumptions and the methodology for securing a balanced budget for 2015/16.

1.2 Budget consultation

- 1.2.1 A public consultation exercise was carried out over the summer 2014 in order to inform the budget setting process and help councillors to make decisions about the 2015/16 budget. The purpose of the consultation was to gauge public opinion on the main savings/income generating options and to test views on a range of issues relating to council priorities and themes in the Medium Term Financial Strategy, such as channel shift, families and communities and our commercial approach.
- 1.2.2 The consultation exercise included three public focus groups and three town and parish council focus groups. This provided quantitative feedback which helped to shape the content of the public survey. This survey was sent to 3,000 randomly-selected households across the borough and was made available online.

Extract from Report: PAS/SE/14/010

1.2.3 1.5 Budget Proposals for 2015/16

*1.5.1 The Performance and Audit Scrutiny Committee is asked to support and recommend to Cabinet the **inclusion of the following proposals**, as detailed in Table 2 below, taking into account the public consultation results outlined in **Appendix A**, in order to progress securing a balanced budget for 2015/16. It may be helpful to read **Appendix A** first before considering the proposals below.*

Table 2: Budget proposals for 2015/16

Description	2015/16 £'000 Pressure/ (Saving)
Budget gap	1,500
Budget saving proposals	
<i>Budget challenge days – including supplies and service efficiencies identified through shared services</i>	(128)
<i>Change recycling bin collection days (see 1.5.1 (a) below)</i>	(135)
<i>Contract efficiencies through new banking arrangements</i>	(16)
<i>Contract efficiencies through waste tipping arrangements</i>	(78)
<i>Further shared service staffing structural savings, includes increase in planning and enforcement staff linked to report F123</i>	(60)
<i>Grants and contributions review</i>	(54)
<i>Income generation - Apex sales (net income)</i>	(50)
<i>Income generation - CCTV expansion business case</i>	(40)
<i>Income generation - Tree services</i>	(10)
<i>Income generation - Vehicle workshop</i>	(26)
<i>Income generation - Waste and street cleansing services</i>	(50)
<i>Income – Additional planning fee income linked to report F123.</i>	(208)
<i>Income through Business Rate Retention Scheme – S31 grants compensating for the central Government’s imposed inflation cap on business rates (announced December 2013) and retention of renewable energy business rates growth under the new scheme. Final share of business rates growth, including from the Suffolk Pool, to be determined – update to be provided at January 2015 meeting</i>	(621)
<i>Reduction in bed and breakfast accommodation costs</i>	(15)
<i>Further reduction in business mileage</i>	(10)
<i>Reduction in Mayoralty budget</i>	(5)
<i>Reduction in printing costs for officer committee papers</i>	(16)
<i>Office space partnership –more efficient use of existing sites</i>	(25)
<i>West Suffolk Letting Partnership income generation</i>	(8)
<i>Removal of Discretionary Rate Relief budget (now part of Business Rates Retention Scheme)</i>	(118)
<i>Reduction in external audit fees</i>	(31)
<i>Waste management back office support and in-cab technology efficiency savings</i>	(26)
<i>Remaining community centre transfers as identified in previous Cabinet report E154 – part year saving</i>	(25)
Additional budget pressures	
<i>Reduction in interest income assumption to 0.9% following external advice from Sector our Treasury Advisors</i>	210
<i>Reduction in leisure income budgets to bring in line with last three years average level, predominately linked to</i>	65

<i>Moyses Hall</i>	
<i>Reduction in market toll income budget to bring in line with current year forecasts</i>	40
<i>Contractual increases – inflation linked</i>	25
<i>Increase in bad debt provision</i>	30
<i>Increase in utilities and business rates – inflation linked</i>	65
Remaining Budget Gap *	180

* *Proposals for the remaining balance will be presented to this committee in January 2015, at this point in time we believe the 2015/16 budget is achievable.*

- (a) **Changing bin collection days:** *It is recommended that collection rounds are reviewed and amended to allow collection of blue and brown bins on different days of the week. There was public support for this measure. A full communication plan is being developed, with changes expected to take place in January 2015.*

Recommendation: *That the Performance and Audit Scrutiny Committee support this operational change.*

- 1.2.4 1.5.2 *A number of potential savings/income generation options were explored as part of the budget consultation exercise (as detailed in **Appendix A**). Taking into account the public consultation results, it is recommended that a number of these proposals are not pursued for the 2015/16 budget. The Performance and Audit Scrutiny Committee is asked to recommend to Cabinet **that the following proposals are not pursued:***

- (a) **Charging for replacement bins:** *The council should not introduce a charge for bins that have been lost or deliberately damaged by the householder. Whilst there was public support for this in principle, it was recognised that there would be practical problems in terms of implementation and collecting payment. However, the council will continue to monitor requests for bins and usually charge if a household requires three or more replacement bins a year.*

Recommendation: *That the Performance and Audit Scrutiny Committee supports the removal of this 2015/16 budget proposal. However, the council will continue to monitor requests for bins and charge (if appropriate) a household which requires more than three replacement bins a year.*

- (b) **Use of volunteers:** *The council will (where it makes financial and operational sense) continue to encourage volunteers and support them as appropriate.*

Recommendation: *That the Performance and Audit Scrutiny Committee supports the continued exploration of this area, however a financial savings target is not included within the 2015/16 budget.*

1.2.5 The Performance and Audit Scrutiny Committee was advised that some of the budget consultation areas still require further work and are likely to be the subject of individual business case over the coming months. The Performance and Audit Scrutiny Committee is asked to note these areas.

1.3 **Performance and Audit Scrutiny Committee**

1.3.1 The Performance and Audit Scrutiny Committee considered and **noted** the progress made on delivering a balanced budget for 2015-16.

1.3.2 The Performance and Audit Scrutiny Committee scrutinised the consultation results in detail and asked questions to which responses were provided, and has put forward recommendations as set out on page two of this report.

Cabinet



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Recommendation of the Performance and Audit Scrutiny Committee: 26 November 2014 West Suffolk Fees and Charges Policy	
Report No:	CAB/SE/14/005	
Report to and dates:	Cabinet	2 December 2014
Portfolio holder:	David Ray Portfolio Holder for Resources and Performance Tel: 01359 250912 Email: david.ray@stedsbc.gov.uk	
Chairman of the Committee:	Sarah Broughton Performance and Audit Scrutiny Committee Tel: 01284 787327 Email: sarah.broughton@stedsbc.gov.uk	
Lead Officer:	Rachael Mann Head of Resources and Performance Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	
Purpose of report:	On 26 November 2014, the Performance and Audit Scrutiny Committee considered Report No: PAS/SE/14/005 , which informed Members of a Draft West Fees and Charges Policy to create a single, clear and consistent approach to formulating, agreeing and reviewing the fees and charges set by the West Suffolk councils.	
Recommendation:	It is <u>RECOMMENDED</u> that, the West Suffolk Fees and Charges Policy, attached as Appendix B to Report No: PAS/SE/14/005, be approved.	

Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>		<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input checked="" type="checkbox"/> No, it is not a Key Decision - <input type="checkbox"/> (a) A "key decision" means an executive decision which, with regard to any guidance from the Secretary of State, is likely:- (i) To result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates; or (ii) To be significant in terms of its effects on communities living or working in an area comprising two or more Wards in the Borough.	
<i>The key decision made as a result of this report will be published within 48 hours and cannot be actioned until seven working days have elapsed. This item is included on the Decisions Plan.</i>			
Consultation:		• See Report No: PAS/SE/14/005	
Alternative option(s):		• See Report No: PAS/SE/14/005	
Implications:			
<i>Are there any financial implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input type="checkbox"/> • See Report No: PAS/SE/14/005	
<i>Are there any staffing implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input type="checkbox"/> • See Report No: PAS/SE/14/005	
<i>Are there any ICT implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input type="checkbox"/> • See Report No: PAS/SE/14/005	
<i>Are there any legal and/or policy implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input type="checkbox"/> • See Report No: PAS/SE/14/005	
<i>Are there any equality implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input type="checkbox"/> • See Report No: PAS/SE/14/005	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
	Low/Medium/ High*		Low/Medium/ High*
See Report No: PAS/SE/14/005			
Ward(s) affected:		All Wards	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		See Report No: PAS/SE/14/005 to Performance and Audit Scrutiny Committee: West Suffolk Fees and Charges Policy	
Documents attached:		None	

1. Key issues and reasons for recommendation(s)

1.1 Key Issues

1.1.1 In summer 2014, a review of the West Suffolk Councils' fees and charges was carried out by the Councils' Senior Auditors from the Resources and Performance team. The review examined the ways in which fees and charges were currently set by West Suffolk, when charging for the provision of a service. Interviews were carried out with staff from across West Suffolk.

1.1.2 The fees and charges that can be set by West Suffolk for the provision of services to residents or other businesses vary depending on the legislative basis behind them. Statutory fees and charges are set by government with the Councils having no control or very little (within a range) over pricing, whilst discretionary services are defined as those that a council is authorised but not required to provide. The review work only covered those fees and charges where the councils had control over their setting and also excluded Council Tax and Business Rates.

1.1.3 The main findings from the review were as follows:

- benchmarking showed that in large part, West Suffolk's fees and charges were comparable with other authorities in Suffolk;
- the process for setting fees and charges varied between services and between the two councils. Different considerations were taken into account, with little consistency of approach to issues such as cost recovery compared to encouraging changes in behaviour;
- many of the processes for setting fees and charges had not been revisited for some time and did not reflect the Medium Term Financial Strategy theme of encouraging a more commercial approach to the setting of fees and charges.

1.1.4 West Suffolk's fees and charges are agreed annually through the budget setting processes for both Councils. The recommendations made in this annual process come from officers, working with portfolio holders and within the Councils' governance framework, who undertake work to set fees and charges at an appropriate level. In order to improve this process, a West Suffolk Fees and Charges Policy has been drafted, with these key features.

- It equips officers with a clear, consistent and concise **policy** which they must follow when formulating, agreeing and reviewing existing and / or recommending new fees and charges across West Suffolk, outside of where legislation provides for this.
- It provides **guidance** (service toolkit) in determining the level of fees and charges to set, including the factors that need to be considered when charges are reviewed (such as methods and costs of collection, impact on service users) and the need to record the decision-making process in order to demonstrate that decisions have been subject to a transparent and balanced process.

1.1.5 In particular, the new documents:

- require services to carry out more active use of benchmarking / market intelligence when setting fees and charges to ensure that those across West Suffolk are comparable with others and where there are differences these are understood and justified;
- present services with parameters (such as different pricing modules) in which to calculate different levels of fees and charges, so that they are considered and set at a level which will increase the proportion of income contributed by users of services where appropriate, rather than the costs being met from the general tax payer and via central government grants. There are also clear links to the Councils' encouragement of more commercial behaviours with West Suffolk acting as a contractor where services are transferable and can be provided to others generating income opportunities for the Councils;
- permit Heads of Service to approve proposed fees and charges, unless an assessment has determined that the fee or charge has significant public interest; in these instances, the proposed charges will be put forward to the portfolio holder;
- it ensures that services review their fees and charges on an annual basis; with opportunities to optimise income considered within the overall West Suffolk budget setting process; and
- it encourages channel shift with service delivery moving towards the lowest costs channels (including online) in order to achieve greater efficiency and to reduce costs.

1.1.6 The Performance and Audit Scrutiny Committee considered the Draft West Suffolk Fees and Charges Policy and has put forward a recommendation as set out on the front page of this report.

Cabinet



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Recommendation of the Performance and Audit Scrutiny Committee: 26 November 2014 - Accounting for a single West Suffolk staffing structure and the move to a West Suffolk Cost Sharing Model	
Report No:	CAB/SE/14/006	
Report to and dates:	Cabinet	2 December 2014
	Council	16 December 2014
Portfolio holder:	David Ray Portfolio Holder for Resources and Performance Tel: 01359 250912 Email: david.ray@stedsbc.gov.uk	
Chairman of the Committee:	Sarah Broughton Performance and Audit Scrutiny Committee Tel: 01284 787327 Email: sarah.broughton@stedsbc.gov.uk	
Lead Officer:	Rachael Mann Head of Resources and Performance Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	
Purpose of report:	<p>On 26 November 2014, the Performance and Audit Scrutiny Committee considered Report No: PAS/SE/14/006, which informed Members of the:</p> <ul style="list-style-type: none"> (i) allocation of the single staffing structure across the West Suffolk partnership between Forest Heath District Council and St Edmundsbury Borough Council has to date been driven by the level of savings generated from the baseline position back in 2012; and (ii) a new approach to cost sharing for West Suffolk which recognises the shared nature of much of West Suffolk's service delivery and recognises that the Councils remain separate legal entities. The West Suffolk cost sharing model must therefore be transparent and comply with external audit requirements. 	

Recommendation:	<p>It is RECOMMENDED that subject to the approval of full Council:</p> <p>(1) as part of the 2015/16 budget setting process and subject to external audit support, the proposed cost sharing model for income and employee costs, as detailed in Table 2 and 3 and at paragraph 2.17 of Report No: PAS/SE/14/006, be approved; and</p> <p>(2) the proposed model, as detailed in Tables 2 and 3 and at paragraph 2.17 of Report No: PAS/SE/14/006, be reviewed annually as part of the budget setting process with any necessary amendments to the model (in order to secure delivery against the principles set out in paragraph 2.12 of Report No: PAS/SE/14/006), be reported through to Performance and Audit Scrutiny Committee in the autumn.</p>		
<p>Key Decision:</p> <p><i>(Check the appropriate box and delete all those that do not apply.)</i></p>	<p>Is this a Key Decision and, if so, under which definition?</p> <p>Yes, it is a Key Decision - <input type="checkbox"/></p> <p>No, it is not a Key Decision - <input checked="" type="checkbox"/></p>		
<p>The decision made as a result of this report will be published within 48 hours and cannot be actioned until seven working days have elapsed. This item is included on the Decisions Plan.</p>			
Consultation:	<ul style="list-style-type: none"> See Report No: PAS/SE/14/006 		
Alternative option(s):	<ul style="list-style-type: none"> See Report No: PAS/SE/14/006 		
Implications:			
Are there any financial implications? If yes, please give details	Yes <input type="checkbox"/> No <input type="checkbox"/>	<ul style="list-style-type: none"> See Report No: PAS/SE/14/006 	
Are there any staffing implications? If yes, please give details	Yes <input type="checkbox"/> No <input type="checkbox"/>	<ul style="list-style-type: none"> See Report No: PAS/SE/14/006 	
Are there any ICT implications? If yes, please give details	Yes <input type="checkbox"/> No <input type="checkbox"/>	<ul style="list-style-type: none"> See Report No: PAS/SE/14/006 	
Are there any legal and/or policy implications? If yes, please give details	Yes <input type="checkbox"/> No <input type="checkbox"/>	<ul style="list-style-type: none"> See Report No: PAS/SE/14/006 	
Are there any equality implications? If yes, please give details	Yes <input type="checkbox"/> No <input type="checkbox"/>	<ul style="list-style-type: none"> See Report No: PAS/SE/14/006 	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
See Report No: PAS/SE/14/006			
Ward(s) affected:		All Wards	
Background papers:		See Report PAS/SE/14/006 to PASC: Accounting for a single West Suffolk staffing structure and the move to a West Suffolk Cost Sharing Model	
Documents attached:		None	

1. Key issues and reasons for recommendation(s)

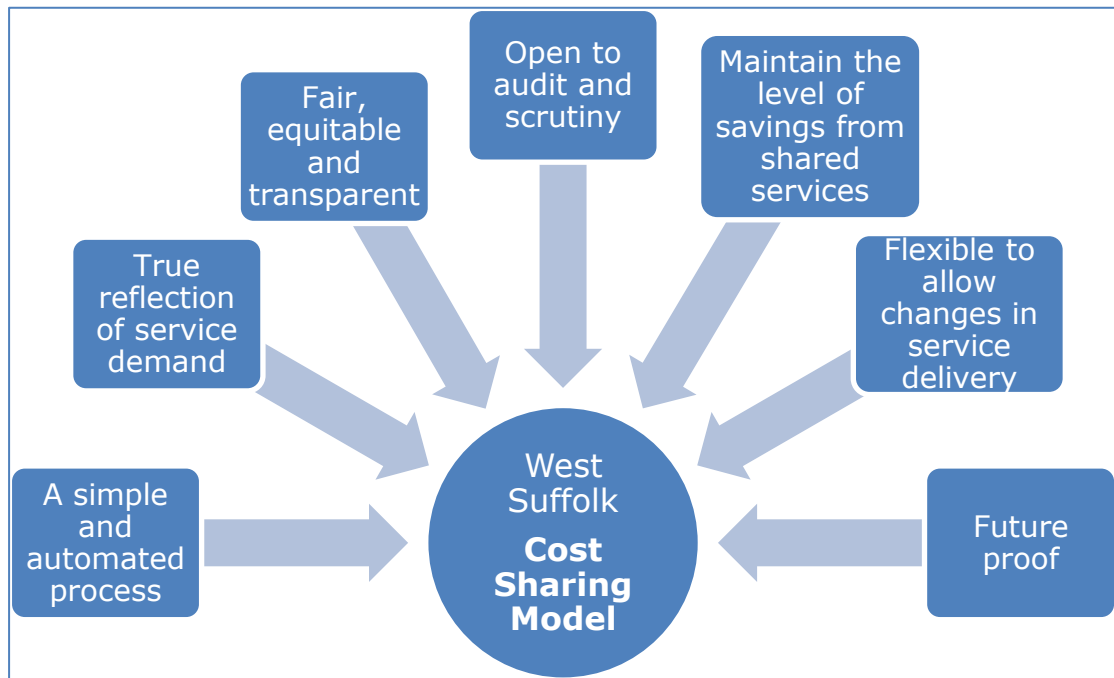
1.1 Summary and reasons for recommendations

- 1.1.1 A total of £3.5million of savings has been achieved to date from the West Suffolk shared services agenda (excluding those savings delivered through the Anglia Revenues Partnership), with further in year savings due from the sharing of supplies and services and through joint contracts and efficiencies.
- 1.1.2 The allocation of the single staffing structure across the West Suffolk partnership between Forest Heath District Council and St Edmundsbury Borough Council has to date been driven by the level of savings generated from the baseline position back in 2012.
- 1.1.3 To date, the sharing of the savings has been deemed to be balanced across the two Councils and acceptable to external auditors. However, recharging each council for the savings from shared services is a very labour intensive and retrospective process which, once completed each quarter, typically results in an overall sharing of costs that could have been achieved more simply from cost sharing the operational costs (of salaries for example) at the outset. Also, the current process causes some confusion for Members and officers when managing and monitoring budgets and considering future costs and savings for the partnership as information is not live.
- 1.1.4 A new approach to cost sharing for West Suffolk is required that both recognises the shared nature of much of West Suffolk's service delivery, and recognises that the councils remain separate legal entities. The West Suffolk cost sharing model must therefore be transparent and comply with external audit requirements.
- 1.1.5 A new cost sharing model will deliver the following benefits to West Suffolk:
- a simpler cost sharing model that is easy to communicate and understand;
 - an automated system of recharging for costs that continually gives a true reflection of service demand for both Councils;
 - an open and transparent mechanism which more easily enables the cost of a service to be shown for Forest Heath, St Edmundsbury and combined for West Suffolk; and
 - real time information available for costs throughout the financial year to allow budgets to be managed and monitored and for faster decisions to be made based on the most accurate and informative data

1.2 Extract from Report: PAS/SE/14/006

1.2.1 *2.12 Proposed West Suffolk Cost Sharing Model*

It is essential that a cost sharing model for West Suffolk is cost effective for the taxpayer and does not result in either council subsidising the other. Overall the model needs to meet the following principles:



1.2.2 2.13 *Support is required from members for the model that will underpin cost sharing between the two councils. It is proposed that the West Suffolk cost sharing model is based on the sentiments of the agreed 2011 saving sharing mechanism and the link to the cost driver of population and household numbers within West Suffolk. The table below shows the cost split for employee costs. The cost of supplies and services will gradually be added into the cost sharing model as the contracts become shared by the two councils (see over):*

Table 2 – West Suffolk cost sharing model – Employee and supplies and services costs

Heading	Split FHDC:SEB C	Reasoning
<i>Employee costs – shared Leadership Team</i>	<i>50:50</i>	<i>Split based on leading and supporting two political bodies</i>
<i>Employee costs – shared services Employee cost – service linked to an asset</i>	<i>35:65 Direct to the relevant council</i>	<i>This split is based on impact rather than on time spent working for each council. Employees directly linked to an asset, for example The Apex, should be recharged 100% to the council that owns the asset.</i>
<i>Employee cost where the 35:65 split is not supported</i>	<i>Other</i>	<i>Listed at 2.17 of this report</i>
<i>Supplies and Services – shared services</i>	<i>35:65</i>	<i>To be gradually added into the cost sharing model as the contracts become shared by the two councils</i>
<i>Supplies and Services – linked to an asset or service delivery model</i>	<i>Direct to the relevant council</i>	<i>Supplies and services directly linked to an asset, for example The Apex, should be recharged 100% to the council that owns the asset. Supplies and services linked to a service delivery model, i.e. in-house or outsourced will be charged directly to the council that commissioned that delivery model</i>
<i>Supplies and Services – where the 35:65 split is not supported</i>	<i>Other</i>	<i>Listed at 2.17 of this report</i>

- 1.2.3 2.15 The table below shows some principles for a percentage share of income that is linked to employee costs and commercial activities across the two councils. Agreement to share certain levels of income is necessary as this income could be the driver for the level of staff resource. For example the West Suffolk ICT service has service level agreements with a variety of external partners but the service is delivered by West Suffolk employees and both councils would be charged a share of their costs in the above model.

Table 3 – West Suffolk cost sharing model – Income

Heading	Split FHDC:SEBC	Reasoning
<i>Income – not linked to an asset</i>	<i>35:65 or relevant employee cost split</i>	<i>Income that is linked to a commercial activity that is run by West Suffolk, for example trade waste or building control should be shared using the employee cost split for that service. Another example is the service level agreements that Human Resources, ICT and the Internal Audit have in place with external partners. The income from these services should be split using the agreed cost split for that service i.e. 35:65 or as detailed in paragraph 2.17</i>
<i>Income from an asset</i>	<i>Direct to the relevant council</i>	<i>Forest Heath and St Edmundsbury own a portfolio of properties and these bring in a significant amount of income from events or business rent (for example the Guineas shopping centre in Newmarket). The income from these properties should be retained at 100% by the relevant council.</i>
<i>Statutory function – member decision</i>	<i>Direct to the relevant council</i>	<i>Members are required to make decisions on planning applications, premises licences, taxi licences etc. Where a decision has been made by one council and a fee is to be paid, this fee should be retained 100% by the relevant council.</i>

1.2.4 **2.17 Challenge on the proposed model**

The main 35:65 cost share assumption has been challenged with various statistics by Internal Audit and the Policy Team across a range of service level cost drivers. The result of the challenge has shown that the 35:65 cost share assumption can be applied in principle to most services provided by the councils, with the exception of those detailed in Tables 2 and 3 and the following:

- *Property Services 40 (FHDC):60 (SEBC), link to current income split between the West Suffolk Councils; and*
- *Trade Commercial Services 25 (FHDC):75 (SEBC), link to current income split between the West Suffolk Councils; and*

- *Ability to vary where there is a significant difference in service not necessarily linked to an asset, but there is a clear decision by one or both Councils to work separately (such as the Chairman civic functions for Forest Heath and the Mayoralty function at St Edmundsbury).*

1.2.5 It is proposed that the model is reviewed annually as part of the budget setting process with any necessary amendments to the model (in order to secure delivery against the principles set out in paragraph 2.12 of Report No: PAS/SE/14/006), reported through to Performance and Audit Scrutiny Committee in the autumn.

1.3 **Performance and Audit Scrutiny Committee**

1.3.1 The Performance and Audit Scrutiny Committee scrutinised the report in detail and has put forward recommendations as set out on page two of this report.

This page is intentionally left blank