

Informal Joint Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

**Notes of Informal Discussions held on Wednesday 25 November 2015
at 5.00pm in Conference Chamber West, West Suffolk House,
Western Way, Bury St Edmunds**

PRESENT: St Edmundsbury Borough Council (SEBC)

Councillors Sarah Broughton, Carol Bull, Beccy Hopfensperger, Betty McLatchy, David Nettleton, Karen Richardson, Barry Robbins, Peter Thompson, Paula Wade and Patricia Warby.

Also in attendance: Councillors Susan Glossop and David Roach

Forest Heath District Council (FHDC)

Councillor Colin Noble
(Chairman for the informal discussions)

Councillors Ruth Bowman, Louis Busuttil, Simon Cole, Brian Harvey, Christine Mason, Peter Ridgwell and Lance Stanbury.

IN ATTENDANCE: SEBC – Councillor Ian Houlder, Portfolio Holder for Resources and Performance
FHDC – Councillor David Bowman, Portfolio Holder for Operations
FHDC – Councillor Stephen Edwards, Portfolio Holder for Resources and Performance

Prior to the formal meeting, at 5.00pm informal discussions took place on the following five items:

- (1) Mid-Year Internal Audit Progress Report 2015-2016;
- (2) Subscription Charge for the Brown Bin Service
- (3) Balanced Scorecard and Quarter 2 Performance Report 2015-2016;
- (4) West Suffolk Strategic Risk Register Quarterly Report – September 2015;
- (5) Work Programme Update.

All Members of Forest Heath District Council's Performance and Audit Scrutiny Committee had been invited to attend West Suffolk House, Bury St Edmunds to enable joint informal discussions on the above reports to take place between the two authorities.

The Chairman of St Edmundsbury's Performance and Audit Scrutiny Committee welcomed all those present to West Suffolk House, Bury St Edmunds and advised on the format of the proceedings for the informal joint discussions and subsequent separate meetings of each authority, prior to handing over to the Chairman of Forest Heath's Performance and Audit Scrutiny Committee, who would be chairing the informal joint discussions.

Members noted that each Council permitted public participation at their Performance and Audit Scrutiny meetings. Therefore, for the purpose of facilitating these Constitutional requirements, it was proposed that public speaking should be permitted prior to the start of the informal discussions to enable any questions/statements to be considered by both Performance and Audit Scrutiny Committees on items 1 – 5 above. On this occasion however, there were no questions/statements from members of the public.

Each report was then considered in the order listed on each authorities agenda.

1. **Mid-Year Internal Audit Progress Report 2015-2016**

The Senior Auditor presented the report, which advised Members of the work of the Internal Audit Section for the first half of 2015-2016 (Appendix A), provided Members with an insight of the variety of corporate projects and activities which were supported through the work of the team. The report also included an update on progress made against the 2015-2016 Internal Audit Plan previously approved by the Committee in June 2015.

A similar approach to last year's Internal Audit Plan was being undertaken in that as well as continuing to perform the usual statutory fundamental systems audits and other audit responsibilities, Internal Audit was also performing corporate and consultancy work. This approach recognised that early audit input to activities could often help prevent or bring early resolution to internal control issues, and also brought audit skills and increased available resources on significant corporate projects. For 2015-2016 to date, the team had assisted in the following work areas:

- Re-designing service processes (Freedom of Information, Locality Budgets, Committee Administration, and permits);
- Production of the West Suffolk Annual Governance Statement and its associated documents;
- West Suffolk Strategic Risk Register;
- Fees and charges;
- Project development, delivery and management of projects across the West Suffolk councils;
- Information governance;
- Records management; and
- Input to corporate projects such as the proposed Housing Development Company, solar energy projects, and investment in the commercial asset portfolio for Brandon.

Internal Audit had also responded to around 40 requests for financial vetting or other related financial advice including assessments of organisations' financial suitability to undertake specified contracts for the councils; and continued to provide advice to service areas on internal controls.

No significant risk exposures or control issues had been identified during the audit work undertaken during the period.

Members considered the report and did not raise any issues.

2. **Subscription Charge for the Brown Bin Service**

(Councillors Lance Stanbury and Barry Robbins arrived at 5.14pm during the consideration of this item)

(Councillor Peter Thompson left at 6.10pm during the consideration of this item).

The Service Manager (Business) presented the report, which asked Members to consider and approve in principle a West Suffolk subscription charge for the brown bin service to take effect from April 2016.

Following the agreement at full Council to implement a subscription charging scheme between £35 and £50, additional work had been undertaken to ascertain the most appropriate charging level. Based on analyses contained within Report No: PAS/SE/15/029, it was recommended that the subscription charge be set at £40 per year, per bin, per household.

Further details around the practicalities of the scheme were currently being worked through. However, it was anticipated that if households were allowed additional brown bins these would also be charged at £40 per year. The implementation and take-up of the scheme would be reviewed in three years or before, if necessary.

The proposed £40 charge across West Suffolk had been established to reflect a range of variables and assumptions and had also taken into account:

- Experience elsewhere;
- Impact on the service revenue budget; and
- Enabling efficient payment transactions.

Appendix A to the report provided a summary of information from other council's annual charges, and Appendix B summarised the estimated service costs for providing the brown bin service across West Suffolk. Based on information in Appendix B, all scenarios demonstrated a reduction in service costs. However, due to the wide variation in assumptions used, it had been agreed to:

- Review the potential budget further and as part of the cost sharing with Suffolk County Council;
- To fix the subscription charge for three years; and
- Review annually once a better understanding of take-up and service costs was available.

The report also included a number of important principles in order to ensure the subscription process was efficient and supported the model of shared services across West Suffolk.

Members scrutinised the report in detail and asked a number of questions to which responses were duly provided. In particular discussions had been held on:

- the administrative costs for the collection of the subscription charges;
- the types of payment system to be used for the collection of the subscription charges and how residents would be able to pay for this service;
- whether the annual brown bin subscription charges should be set at £39 or £40 and
- for the scheme to be reviewed after a one year take-up.

Members questioned what assessments had been carried out on the cost of the collection of the subscription charges. Officers confirmed they were still looking at the exact administrative method and costs for the collection of the subscription charge. Transitional costs were being covered through the additional payments from Suffolk County Council. Officers had been through a number of variables and agreed that there were still some unknowns, but were confident with the proposed £40 figure, and would monitor the scheme for three years and adjust the figure accordingly.

In response to a question raised by Members as to whether this annual charge could be collected through the Council Tax billing system, Officers explained that this charge would have to be collected separately as there would be legal practicalities with collecting this payment through that particular system. Officers were currently looking through the detail of the various payment options and it was anticipated that a separate billing system could be used as was the case for the collection of payments for bulky household waste. Officers were also considering online paperless Direct Debit as the primary route to pay the annual charge. However, Officers acknowledged that some residents preferred to pay through different methods and options would be considered.

A detailed discussion took place on whether the annual brown bin subscription charge should be £40 as being proposed by Officers or £39, as proposed by Councillor Nettleton, who indicated that he would be tabling, in their formal meeting, a motion for the St Edmundsbury Members to consider the approval of £39, as he considered that it would produce a better yield. He was keen to see a high take-up of the service and did not want residents putting garden waste into their black bins. Councillor David Bowman, FHDC Portfolio Holder for Operations advised the Committee that it would be desirable to have the same subscription charge for both Councils to assist with the marketing and administration of the service across West Suffolk.

Some Members considered that the various figures and variables set out Appendix B were unachievable due to only being able to collect a certain amount of garden waste in the bins. Officers advised the Committee that residents would have the option of paying for more than one bin, or alternatively residents could share bins. The Council would be looking to provide a single size bin at a flat rate of £40. There would not be a reduced rate for residents who

currently had the smaller brown bin. However, there would also be the option to upgrade to the larger bin size.

Members also suggested that any charge should be reviewed after one year and not set for three years. Members acknowledged that this was a difficult situation for the Council, however, it was important to ensure that the scheme was positively promoted and publicised to residents and the press to ensure the highest possible take-up.

As a matter of process, Members also questioned as to whether it was within the role of this Committee to actually approve the principle of this subscription charge, as its remit was to scrutinise, question and approve processes used by Officers and not for the approval of charges, which should be undertaken by the Cabinet/Council.

Members also considered that as the final detail with regard to some of the issues discussed was not currently available, it was proposed for a further update to be provided to the Committee at its next meeting scheduled for 28 January 2016.

3. **Balanced Scorecard and Quarter 2 Performance Report 2015-2016**

The Business Partner (Resources and Performance) presented the report, which set out the West Suffolk Balanced Scorecards being used to measure the Council's performance for 2015-2016 and an overview of performance against those indicators for the second quarter of 2015-2016. The six balanced scorecards (attached at Appendices A to F) were linked to the Head of Service areas, including the proposed performance measures, targets and quarter one data.

Most indicators reported performance against an agreed target using a traffic light system with additional commentary provided for performance indicators below optimum performance.

Across all service balanced scorecards, there were indicators measuring the performance of the transactional finance functions. These were "% of non-disputed invoices paid within 30 days" and "% of debt over 90 days old". In the first quarter of the year, against these indicators, all services areas had failed to meet the targets of more than 95% of non-disputed invoices paid with 30 days and less than 10% of debt over 90 days old.

The finance and performance team had been working with service areas to try and improve performance against both of these measures. As a result of this, performance against both of these indicators had improved across the council. Invoices paid within 30 days had risen from 78.50% in June to 87.96% in September. Debt over 90 days had dropped from 62.53% in June to 47.25% in September. Although these figures were still not within the target range, it showed improvements had been made.

Members considered the report and did not raise any issues.

4. **West Suffolk Strategic Risk Register Quarterly Report – September 2015**

The Acting Head of Resources and Performance presented 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 in November 2015 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).

Some individual controls or actions had been updated and those which were not ongoing and had been completed by September 2015 had been removed from the Register. There had been no new risks or amendments made to any existing risks or any existing risk closed since the Strategic Risk Register was last reported to the Committee.

Members scrutinised the report. In particular discussions were held on risk:

- WS8(b) – Failure to deliver growth agenda including coping with growth and increase in demand; and
- WS8(c) – Failure to deliver housing agenda, to which the Head of Housing provided responses.

5. **Work Programme Update**

The Acting Head of Resources and Performance presented the report, which provided information on the current status of each Committee's Work Programme for 2015-2016. Members were advised that an update report on Delivering a Sustainable Budget 2016-2017 and the Brown Bin Service would be included in its work programme for 28 January 2016.

On the conclusion of the informal joint discussions at 6.50pm, Members of Forest Heath District Council's Performance and Audit Scrutiny Committee withdrew from the Conference Chamber West to Conference Chamber East to hold their formal meeting.

The Chairman then formally opened the St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee in Conference Chamber West at 6.53pm.

Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Minutes of a meeting of the **Performance and Audit Scrutiny Committee** held on **Wednesday 25 November 2015** at **6.53pm** in **Conference Chamber West, West Suffolk House**, Western Way, Bury St Edmunds IP33 3YU

Present: **Councillors**

Chairman Sarah Broughton
Vice Chairman Patricia Warby

Carol Bull
Beccy Hopfensperger
Betty Mclatchy
Karen Richardson

Paula Wade
David Nettleton
Barry Robbins

By Invitation:

Ian Houlder, Portfolio Holder for Resources and Performance
Susan Glossop
David Roach

61. **Substitutions**

There were no substitutes declared.

62. **Apologies for Absence**

There were no apologies received.

63. **Minutes**

The minutes of the meeting held on 23 September 2015, were accepted by the Committee as an accurate record and signed by the Chairman.

64. **Public Participation**

Public participation had been included within the previous informal discussions and there had been no questions/statements from members of the public.

65. **Mid-Year Internal Audit Progress Report 2015-2016**

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/SE/15/028.

Members had scrutinised the report and there being no decision required, the Committee **noted** the Mid-Year Internal Audit Progress Report 2015-2016.

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66. **Subscription Charge for the Brown Bin Service**

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/SE/15/029.

During the informal discussions, Members had scrutinised the report in detail and had asked a number of questions to which responses were duly provided. In particular discussions had been held on:

- whether the annual brown bin subscription charges should be set at £39 or £40;
- the administrative costs for the collection of the subscription charges;
- the types of payment system to be used for the collection of the subscription charges and how residents would be able to pay for this service; and
- for the scheme to be reviewed after a one year take-up.

As the final detail with regard to some of the issues discussed were not currently available, Members also requested for a further update to be provided to the next meeting of the Performance and Audit Scrutiny Committee on 28 January 2016.

Councillor David Nettleton moved that a brown bin annual subscription charge of £39 be approved, contrary to the Officer recommendation of £40 and that the scheme should commence on 4 April 2016 with 26 collections per year. This was seconded by Councillor Paula Wade.

The Chairman then put this motion to the vote and with 4 voting for the motion and 5 voting against, the Chairman declared the motion lost.

It was then moved by Councillor Beccy Hopfensperger and seconded by Councillor Karen Richardson that the recommendation, as set out within Report No: PAS/SE/15/029, for a £40 brown bin annual subscription charge, be approved in principle and, with 5 voting for the motion and with 4 abstentions it was:

RECOMMENDED TO THE HEAD OF OPERATIONS:

That the Performance and Audit Scrutiny Committee, approves, in principle, to a £40 brown bin annual subscription charge, as detailed in Report No: PAS/SE/15/029, and agree to the implementation of the charge with effect from 1 April 2016, by the Head of Operations, in line with the Council's Fees and Charges Policy, subject to further consideration of:

- 1) The administrative costs for the collection of the subscription charges;
- 2) The types of payment systems to be used for the collection of the subscription charges and how residents would be able to pay for this service;
- 3) Reviewing the scheme after a one year take-up; and

- 4) A further update be presented to the Performance and Audit Scrutiny Committee at its meeting on 28 January 2016.

67. Balanced Scorecards Quarter 2 Performance 2015-2016

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/SE/15/030.

Members had scrutinised the report and there being no decision required, the Committee **noted** the Council's performance using the Balanced Scorecards for Quarter 2, 2015-2016.

68. West Suffolk Strategic Risk Register Quarterly Monitoring Report - September 2015

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/SE/15/031.

Members had scrutinised the report in detail and had asked a number of questions to which responses were duly provided.

There being no decision required, the Committee **noted** the contents of the Quarter 2 West Suffolk Strategic Risk Register monitoring report.

69. Work Programme Update

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/SE/15/032.

Members had scrutinised the report in detail and noted that an update on Delivering a Sustainable Budget and Brown Bin Service would be presented to its January 2016 meeting.

There being no decision required, the Committee **noted** the contents of the work programme for January and April 2016.

70. Ernst and Young - Presentation of Annual Audit Letter (2014-2015)

The Committee received Report No: PAS/SE/15 /033, presented by Melanie Richardson (External Auditor), which updated Members on the outcome of the annual audit of the 2014-2015 financial statements by Ernst Young as detailed in their Annual Audit Letter for 2014-2015, attached as Appendix 1 to the report. The letter was for information and confirmed the completion of the audit of the 2014-2015 financial statements.

It was reported that the planned audit fee for the year remained unchanged (£58,356). Works on the certification of claims and returns had not yet been completed and the final fee in relation to this work would be reported in January 2016.

Members asked questions, to which Melanie duly responded. In particular discussions were held on the new requirement to consider Highway Network Asset (formerly Transport Infrastructure Assets) which effected more County Council Highway Authorities than Borough/District Councils and the change to the valuation of the Apex resulting in an impairment of £4.8m.

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

71. Financial Performance Report (Revenue and Capital) Quarter 2 - 2015-2016

The Committee received Report No: PAS/SE/15/034, which set out the financial performance for the second quarter of the 2015-2016 and forecasted outturn position for 2015-2016.

The current forecast position for the Revenue Budget year end was showing an underspend of £83,500 (Appendix A and B). Members were requested to note the current position and the significant variances as outlined in paragraph 1.2.3 of the report.

In terms of the Council's Capital Financial position, the Council had spent £1,445,566 of its capital budget of £13,660,104 at 30 September 2015 (Appendix C). The table set in paragraph 1.3.2 of the report provided a high level summary of capital expenditure against budget for 2015-2016, as well as the year end forecast variances of £5,305,000.

Finally attached at Appendix D was a summary of the earmarked reserves along with the forecast year end position for 2015-2016.

The Resources Team would continue to work with Budget Holders to monitor capital spend and project progress closely for the remainder of the financial year and an updated position would be presented to the Performance and Audit Scrutiny Committee on a quarterly basis.

Members discussed the report in detail. In particular Members discussed Appendix B (Revenue Budget detail) relating to Off street car parks; Street furniture and Members Allowances and Expenses, to which officers duly responded.

Members also discussed Appendix C (Capital Budget summary) relating to Environmental Improvement Works, Risbygate Street (budget no longer needed); St Andrews Street South access arrangements (awaiting completion) and Peach Maltings (budget no longer needed), to which officers agreed to provide a written response.

There being no decision required, the Committee **noted** the quarter 2 financial performance report 2015-2016.

72. Delivering a Sustainable Budget 2016-2017- Update

The Committee received Report No: PAS/SE/15/035, which updated members on progress made towards delivering a balanced budget for 2016-2017.

The report included additional pressures and progress made to date in achieving the 2016-2017 savings target. These were now being incorporated into the budgets, over and above those items which had been brought to the Committee at its September 2015 meeting.

The update provided for a balanced budget position for 2016-2017. This included an assumption of a Council Tax freeze for 2016-2017. However, this part of the budget setting process was subject to a full Council decision on 23 February 2016. The position was also prior to communication of the Finance Settlement announcement in December 2015 and could therefore change as a result. Figures contained within the report were also subject to final calculation of the tax base.

The Committee scrutinised the report and there being no decision required, the Committee **noted** the progress made on delivering a balanced budget for 2016-2017.

73. **Mid-Year Treasury Management Performance Report and Investment Activity (April - September 2015)**

The Committee received Report No: TMS/SE/15/005, which had been considered by the Treasury Management Sub-Committee on 16 November 2015.

The Chairman provided a verbal update on the Sub-Committee's consideration of the report, which summarised the Treasury Management activity for the first six months of the 2015-2016 financial year. The Sub-Committee had scrutinised the investment activity for 1 April to 30 September 2015, asking questions of officers.

In particular the Sub-Committee discussed the increase in budgeted income for the period and suggested that more information should be provided in future reports on the breakdown of the investment balances held, in particular figures regarding the split between the Councils Revenue, Capital and General Fund Reserves. This would be included in future reports within the table summarising the investment activities during the report period.

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

The Meeting concluded at 7.20pm

Signed by:

Chairman
