
(Informal Joint) Performance and Audit Scrutiny Committee



Notes of Informal Discussions held on Thursday 24 November 2016 at 5.00 pm in the Council Chamber, District Offices, College Heath Road, Mildenhall

PRESENT: St Edmundsbury Borough Council (SEBC)

Councillor Sarah Broughton
(Chairman of the informal discussions)

Councillors Betty Mclatchy, Ivor Mclatchy, David Roach, Barry Robbins,
Peter Thompson and Patricia Warby.

Forest Heath District Council (FHDC)

Councillors Michael Anderson, Louis Busuttil, Christine Mason and Peter Ridgwell.

IN ATTENDANCE: 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 four items:

- (1) Mid-year Internal Audit Progress Report 2016-2017;
- (2) Balanced Scorecards and Quarter 2 Performance Report 2016-2017
- (3) West Suffolk Strategic Risk Register Quarterly Monitoring Report – September 2016;
- (4) Work Programme Update.

All Members of St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee had been invited to attend the District Offices, Mildenhall to enable joint informal discussions on the above reports to take place between the two authorities.

The Chairman of Forest Heath's Performance and Audit Scrutiny Committee welcomed all those present to the District Offices, Mildenhall 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 St Edmundsbury'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 – 4 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 2016-2017**

[Councillor Peter Thompson arrived at 5.03 pm during the consideration of this item].

The Senior Auditor presented the report, which advised Members of the work of the Internal Audit Section for the first half of 2016-2017 (Appendix A) and which 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 2016-2017 Internal Audit Plan previously approved by the Committee in May 2016.

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 style 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 2016-2017 to date the team had assisted in the following work areas:

- Production of the West Suffolk Annual Governance Statement and its associated documents;
- West Suffolk Strategic Risk Register;
- Information governance;
- Records management;
- Input to corporate projects such as the Medium Term Financial Strategy Income and Contracts work streams; conducting "health checks" on electoral administration processes across West Suffolk; a number of pieces of work for the Operations service; Mildenhall Hub project; and financial due diligence related to areas of potential council investment.

Internal Audit had also responded to around 35 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. **Balanced Scorecards Quarter 2 Performance Report 2016-2017**

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 2016-2017 and an overview of performance against those indicators for the second quarter of 2016-2017. The six balanced scorecards (attached at Appendices A to F) were linked to the Head of Service areas, which presented the second quarter performance.

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

During the past quarter, there had been four new indicators added to the Planning and Growth scorecard, which aimed to provide a broader picture of the performance and the issues faced during the planning application process.

In Quarter 1, the performance against the "% telephone calls answered" indicators was below target levels across all areas. During Quarter 2, the performance against these indicators had increased and was now getting back towards the levels seen during the 2015-2016 financial year, despite call volumes still being higher than comparable periods last financial year.

There had been a slight drop corporately in the performance against the indicator "% of non-disputed invoices paid within 30 days" since Quarter 1. The figure in June 2016 was 93.17%, whereas in September 2016 the figure was 87.63%. The Finance and Performance Team would continue to work with the service areas to try and improve performance against this indicator, with monthly business intelligence reports being sent out with details of all invoices processed.

Another area where performance had dipped slightly since the Quarter 1 this year was in homelessness. An increase in homeless cases of 30% from the first Quarter had led to a slightly increased time taken to make homelessness decisions and an increased use of B&B accommodation in Quarter 2.

Members considered the report in detail. In particular discussions were held on the increase in homelessness cases presented. Members were informed that the general increase was due to the current economic climate and family breakdowns.

3. **West Suffolk Strategic Risk Register Quarterly Monitoring Report – September 2016**

The Service Manager (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 September 2016 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 2016 had been removed from the Register. There had been no new risks or amendments made to any existing risks or any existing risks closed since the Strategic Risk Register was last reported to the Committee.

With regards to the EU Referendum, the Group would continue to monitor the situation as it developed over the next quarter, amending existing and/or adding new risks where necessary. Any changes made would be reported at the next meeting of the Committee, in the normal manner.

Members considered the report and in particular discussed risk WS4 – staff retention. Members were advised that the Head of HR, Legal and Democratic Services had previously increased the risk due to a national and local issue around recruiting particular skilled staff. The Head of Service was keeping the risk under review.

4. **Work Programme Update**

The Head of Resources and Performance presented the report, which provided information on the current status of each Committee's Work Programme for 2017.

On the conclusion of the informal joint discussions at 5.14 pm, Members of St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee withdrew from the Council Chamber to the Training Room to hold their formal meeting.

The Chairman then formally opened the Forest Heath District Council's Performance and Audit Scrutiny Committee in the Council Chamber at 5.16 pm.

Performance and Audit Scrutiny Committee



Minutes of a meeting of the **Performance and Audit Scrutiny Committee** held on **Thursday 24 November 2016** at **5.16 pm** at the **Council Chamber, District Offices**, College Heath Road, Mildenhall, IP28 7EY

Present: **Councillors**

Chairman Louis Busuttil

Michael Anderson
Christine Mason

Peter Ridgwell

By Invitation:

Stephen Edwards, Portfolio Holder for Resources and Performance

116. **Substitutes**

There were no substitutes declared.

117. **Apologies for Absence**

Apologies for absence were received from Councillors Chris Barker, John Bloodworth, Rona Burt and Simon Cole.

Councillors Louise Marston and Colin Noble were also unable to attend the meeting.

118. **Minutes**

The minutes of the meeting held on 22 September 2016, were unanimously accepted by the Committee as an accurate record and signed by the Chairman.

119. **Public Participation**

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

120. **Mid-year Internal Audit Progress Report 2016-2017 (Report No: PAS/FH/16/025)**

Further to the joint informal discussions held prior to the meeting with St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/FH/16/025.

Members had scrutinised the report, and there being no decision required the Committee **noted** the Mid-Year Internal Audit Progress Report 2016-2017.

121. **Balanced Scorecards and Quarter 2 Performance Report 2016-2017 (Report No: PAS/FH/16/026)**

Further to the joint informal discussions held prior to the meeting with St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/FH/16/026.

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, 2016-2017.

122. **West Suffolk Strategic Risk Register Quarterly Monitoring Report - September 2016 (Report No: PAS/FH/16/027)**

Further to the joint informal discussions held prior to the meeting with St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/FH/16/027.

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.

123. **Work Programme Update (Report No: PAS/FH/16/028)**

Further to the joint informal discussions held prior to the meeting with St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/FH/16/028.

Members had scrutinised the report, and there being no decision required the Committee **noted** the contents of the work programme for January – May 2017.

124. **Ernst and Young - Presentation of Annual Audit Letter 2015-2016 (Report No: PAS/FH/16/029)**

The Committee received Report No: PAS/FH/16/029, presented by Mark Hodgson, Executive Director from Ernst and Young, which updated Members on the outcome of the annual audit of the 2015-2016 financial statements by Ernst and Young (EY) as detailed in their Annual Audit Letter 2015-2016, attached as Appendix 1 to the report. The letter was for information and confirmed the completion of the audit for the 2015-2016 financial statements.

No significant issues were noted by EY and, therefore, the planned audit fee of £47,059 for the year remained unchanged, other than a small additional fee which related to some work on the Council's proposed Minimum Revenue Provision policy. This work had been requested by management and a fee of £1,431 had been agreed by the S151 Officer.

Work on the certification of claims and returns had not yet commenced and the results of this work, along with the final fee would be reported in the Annual Certification Report.

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

125. **Annual Corporate Environmental Performance 2015-2016 (Report No: PAS/FH/16/030)**

The Committee received Report No: PAS/FH/16/030 which reported on the work which had been undertaken during 2015/2016 to improve the environmental performance in West Suffolk.

Appendix A to the report set out the Annual Environmental Statement covering environmental performance in 2015-2016. This Statement covered the operations of both Forest Heath District Council, St Edmundsbury Borough Council and the Leisure Trusts in West Suffolk in respect of energy and water consumption and renewable energy generation. The detailed performance against the objectives and targets were also set out in Appendix A. Officers had started a review of key targets, in particular with respect to Greenhouse Gas emissions, in the light of wider discussion with other public sector partners.

The Committee were particularly referred to paragraph 1.2.1 of the report which explained that the Councils continued to work to improve environmental performance during the year and also summarised the areas of key interest. Paragraph 1.2.2. of the report also summarised the community-focused environmental work.

The Committee considered the Statement and asked a number of questions to which Officers duly responded. In particular, Members raised concerns in relation to the air quality levels in Brandon and how these had been affected since the duelling of the A11.

There being no decision required, the Committee **noted** the report and supported the proposal to review the Council's environmental targets which would be the subject of a further report.

126. **Financial Performance Report (Revenue and Capital) - Quarter 2 (April to September 2016) (Report No: PAS/FH/16/031)**

The Committee received Report No: PAS/FH/16/031, which set out the financial performance for the second quarter of 2016-2017 and forecasted outturn position for 2016-2017.

Attached at Appendix A and B to the report were details of the Council's revenue performance and year end forecasted outturn position. Explanations of the main year end forecast over/(underspends) was set out within paragraph 1.2.3 of the report. Members were requested to note the current position and the significant variances over £25,000 (paragraph 1.2.3).

Appendix C to the report set out the Council's capital financial position for the six months of 2016-2017, which showed expenditure of £18,237,861. Finally, a summary of the earmarked reserves was attached at Appendix D, along with the forecast year end position for 2016-2017.

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 Committee on a quarterly basis. Officers also explained that in relation to Appendix A (Summary by Head of Service), the 'Variance to Date' column, would be amended to reflect the 'Year End Forecast'.

The Committee scrutinised the report in detail and asked a number of questions to which Officers duly responded.

There being no decisions required, the Committee **noted** the Quarter 2 performance and the 2016-2017 year end forecast financial position.

127. **Delivering a Sustainable Budget Medium Term Financial Strategy 2017-2020 (Report No: PAS/FH/16/032)**

The Committee received Report No: PAS/FH/16/032, which updated Members on progress made towards delivering a balanced budget for 2017-2018 and sustainable budget in the medium term.

Forest Heath continued to face considerable financial challenges as a result of increased cost and demand pressures and constraints on public sector spending (Revenue and Support Grant (RSG)) from central government, as evidenced by the proposed four year government settlement. It was clear that even without the proposed reductions in RSG, the Council had underlying net cost pressures that it needed to address.

The budget gap for years 2017-2018 to 2019-2020 were projected in Table 1 of the report. The current budget assumptions for 2017-2018 to 2019-2020 and for the period of the Medium Term Financial Strategy were detailed in Appendix A.

The Approach to Delivering a Sustainable Medium Term Financial Strategy 2016 report was approved by Council on 28 September 2016.

The Performance and Audit Scrutiny Committee was asked to support and recommend to Cabinet, the inclusion of a number of budget proposals, as set out in Table 2 of the report, in order to progress securing a balanced budget for 2017-2020.

The Committee was further asked to consider proposals, as set out in paragraph 5.3 to be treated as pending budgets requiring approval before being committed; removing items from the capital programme (paragraph 5.5) and reserve transfers as set out in paragraph 5.7 be approved.

Members scrutinised the report in detail and asked a number of questions to which officers duly responded.

The Committee **noted** the budget assumptions, budget timetable and progress made to date on delivering a balanced budget for 2017-2018 and sustainable budget in the medium term.

With the vote being unanimous, it was:

RECOMMENDED:

That:-

1. The proposals, as detailed in Section 5 and Table 2 at paragraph 5.1 of Report No: PAS/FH/16/032, be included, in securing a balanced budget for 2017/2020.
2. The items, as detailed in paragraph 5.3 of Report No: PAS/FH/16/032 be treated as pending budgets that will require the necessary approvals before they can be committed.
3. The items as detailed in paragraph 5.5 and Table 3 of Report No: PAS/FH/16/032, be removed from the Capital Programme.
4. The reserve transfers as detailed in paragraph 5.7 and Table 4 of Report No: PAS/FH/16/032, be approved.

128. Mid-Year Treasury Management Report and Investment Activity (April to September 2016) (Report No: PAS/FH/16/033)

The Committee received Report No: PAS/FH/16/033 which set out the Council's Mid Year Treasury Management Report and summarised the investment activities for the period to 30 September 2016.

The Committee scrutinised the report and asked questions to which responses were provided.

With the vote being unanimous, it was:

RECOMMENDED:

That, subject to the approval of full Council, the Mid-Year Treasury Management Report 2016-2017, attached at Appendix 1 to Report No: PAS/FH/16/033, be approved

The Meeting concluded at 5.48 pm

Signed by:

Chairman