

# Performance and Audit Scrutiny Committee



**Minutes** of a meeting of the **Performance and Audit Scrutiny Committee** held on **Wednesday 20 September 2017** at **5.00 pm** in **Conference West Chamber, West Suffolk House, Western Way, Bury St Edmunds IP33 3YU**

Present: **Councillors**

**Chairman** Sarah Broughton

Beccy Hopfensperger  
Betty Mclatchy  
Jane Midwood  
David Roach

Barry Robbins  
Andrew Smith  
Peter Thompson

**Substitutes attending:**  
Susan Glossop

**By Invitation:**  
Ian Houlder, Cabinet Member for Resources and Performance

## 163. **Substitutions**

The following substitution was declared:

Councillor Susan Glossop for Councillor Patricia Warby.

## 164. **Apologies for Absence**

Apologies for absence were received from Councillors Karen Richardson and Patricia Warby.

## 165. **Minutes**

The minutes of the meeting held on 27 July 2017, were unanimously accepted by the Committee as an accurate record and signed by the Chairman.

## 166. **Public Participation**

There were no questions/statements from members of the public.

## 167. **Ernst and Young - ISA 260 Annual Results Report to those Charged with Governance**

The Committee received Report No: PAS/SE/17/020, which presented the results of Ernst and Young's (EY) audit of the financial statements for 2016-2017.

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The report set out those issues they were formally required to report on to those charged with governance.

The report also included the results of the work that EY had undertaken to assess the Council's arrangements to secure value for money in the use of its resources.

The Council's unaudited 2016-2017 statement of accounts, signed by the Council's Chief Finance Officer (Section 151 Officer) on 12 June 2017, had been updated to reflect adjustments recommended by EY from their audit work. Members were advised that the adjustments were all immaterial to the overall financial position of the Council and were in most cases merely presentational changes.

A copy of the Audit Committee summary was attached at Appendix A, and were presented to the Committee by Mark Hodgson (Executive Director) and Mark Russell (Assistant Manager) from EY. Also attached as Appendix B to the report was a Letter of Representation, on behalf of the Council in accordance with the audit of the financial statement for St Edmundsbury Borough Council for the year ended 31 March 2017.

Mr Hodgson confirmed that all work on the audit of the Councils 2016-2017 financial statements had been concluded and no further errors had been identified. Therefore, EY would be issuing an unqualified opinion on the Financial Statements for 2016-2017 this afternoon (20 September 2017) prior to the statutory deadline of 30 September 2017 stating the Council had proper arrangements in securing economy, efficiency and effectiveness in its use of resources. He wished to thank the Assistant Director (Resources and Performance) and her team who had been helpful and instrumental in making this a very smooth audit for EY.

However, he wished to draw the Committee's attention to five key areas:

- 1) On page 19 – EY would be working towards a £1.3m materiality;
- 2) On page 20 – there had been no unadjusted audit differences.
- 3) On page 21 – only the standard representations had been requested.
- 4) Section 2 (Risks) – there were no significant risks to report.
- 5) Section 5 (Value for Money) – no risks had been identified.

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

The Committee noted that from April 2017 that the Accounts and Audit Regulations had changed requiring the Council in future would have to submit draft accounts to EY by 31 May each year, with member scrutiny and approval of the accounts required once the audit had been concluded by 31 July each year.

The Chairman, on behalf of the Committee wished to thank the Assistant Director (Resources and Performance) and the Finance Team for their outstanding work and also wished to thank EY for their audit work, and presenting a positive report.

Councillor David Roach moved the recommendation, this was duly seconded by Councillor Beccy Hopfensperger and with the vote being unanimous, it was:

**RESOLVED:** That

- 1) The unqualified opinion on the Financial Statements for 2016-2017 (as set out in the Audit Results Report – Appendix A), issued by the Auditor be noted.
- 2) The Value for Money conclusion stating that the Council had proper arrangements in securing economy, efficiency and effectiveness in its use of resources (Appendix A) issued by the Auditor be noted.
- 3) The Letter of Representation on behalf of the Council (Appendix B) be approved before the Audit Director (EY) issues his opinion and conclusion.
- 4) The Chief Finance Officer, in consultation with the Chairman of the Performance and Audit Scrutiny Committee be given delegated authority to conclude the signing of the accounts.

**168. West Suffolk Local Code of Corporate Governance**

The Committee received Report No: PAS/SE/17/021, which informed members that following the re-issue of the CIPFA Guidance for local authorities, officers had developed a revised West Suffolk Local Code of Corporate Governance.

The West Suffolk Local Code of Corporate Governance was last produced jointly by Forest Heath District Council and St Edmundsbury Borough Council in 2013. Following the updating of the CIPFA/Solace guidance, it was time for both councils to review their Code to make sure it was still effective, transparent and relevant.

Attached at Appendix A to the report was the proposed draft West Suffolk Local Code of Corporate Governance.

The report sought views from the Performance and Audit Scrutiny Committee on the draft Code, before it was presented to Cabinet and to Council for approval.

The Committee considered the draft Code and did not identify any areas where it felt the document could be strengthened.

Councillor Andrew Smith moved the recommendation, this was duly seconded by Councillor Betty Mclatchy and with the vote being unanimous, it was:

## **RECOMMENDED:**

That subject to the approval of Council the West Suffolk Local Code of Corporate Governance, attached as Appendix A to Report No: PAS/SE/17/021, be adopted.

### **169. West Suffolk Annual Governance Statement 2016-2017**

The Committee received Report No: PAS/SE/17/022, which sought members approval of the draft Annual Governance Statement 2016-2017, attached as Appendix A.

The Annual Governance Statement provided stakeholders with the assurance that the Council had operated within the law and that they had met the requirements of the Accounts and Audit Regulations 2015. The Annual Governance Statement accompanied the Statement of Accounts.

The document had been prepared by the Officer Governance Group and was presented as a joint statement for St Edmundsbury Borough Council and Forest Heath District Council to reflect both councils working together and sharing services across West Suffolk.

The Assistant Director (Resources and Performance) informed the Committee that the West Suffolk Annual Governance Statement was presented in the usual format. However, she wished to draw the Committee's attention to two key areas set out in Appendix A:

- 1) Page 15 – there were no significant governance issues to disclose for 2016-2017; and
- 2) Page 15 - Section 5 – set out the focus for its governance arrangements 2017-2018;

She then wished to thank the Officer Group for all their work involved in pulling the West Suffolk Annual Governance Statement for 2016-2017 together.

The Committee was asked to review and approve the draft Annual Governance Statement prior to it being signed by the Chief Executive and Leaders of the councils.

The Committee considered the draft West Suffolk Annual Governance Statement for 2016-2017, and asked questions to which comprehensive responses were provided by the Assistant Director (Resources and Performance).

In response to particular questions raised, members were advised that:

- 1) Page 15 (Focus – Information Governance Working Group): New General Data Protection Regulations rules would come into effect from May 2018 for both the public and private sector. A report on the implications of the new data protection rules would be presented to Cabinet shortly.

- 2) Page 17 (Recruitment): The HR team continued to work on those roles and skills post that were proving difficult to recruit too.
- 3) Page 17 (Recruitment – IR35 / intermediaries legislation): Due to HMRC taxation changes made in April 2017, the council had carried out assessments internally to ensure the council was compliant with the new rules.

Councillor Betty Mclatchy moved the recommendation, this was duly seconded by Councillor Jane Midwood and with the vote being unanimous, it was:

### **RESOLVED**

That the West Suffolk Annual Governance Statement for 2016-2017, attached as Appendix A to Report No: PAS/SE/17/022 be approved for signing by the Chief Executive and the Leader of the Council.

#### **170. 2016-2017 Annual Statement of Accounts**

The Committee received Report No: PAS/SE/17/023, which sought members approval of the 2016-2017 Statement of Accounts, attached as Appendix A, in accordance with powers delegated to it under the Council's Constitution. Also attached at Appendix B, was a detailed schedule of payments made to Councillors during the financial year 2016-2017.

EY had commenced the audit of the Council's draft Statement of Accounts in August 2017, with a view to its completion prior to the 30 September 2017 deadline for publication. The results of EY's review of the accounts were provided in the Annual Results Report, which was included on the Committee's agenda (PAS/SE/17/020). The attached Statement of Accounts (Appendix A) had been amended as appropriate, to take on board issues raised by the audit process up to the date of distribution.

EY had confirmed that the audit of St Edmundsbury Borough Council had been concluded and would be issuing an unqualified opinion on the financial statements and the value for money conclusion that the Council had made the appropriate arrangements to secure economy, efficiency and effectiveness in the Council's use of resources this afternoon (20 September 2017). This meant the Committee was in a position to sign the 2016-2017 Statement of Accounts off.

The Assistant Director (Resources and Performance) informed the Committee that from April 2017 the Accounts and Audit Regulations had changed requiring the Council to submit draft accounts to its external auditors by 31 May each year, with member scrutiny and approval of the Accounts required once the audit had been concluded by 31 July each year. Therefore, this change will affect the 2017-2018 Statement of Accounts.

She then drew the Committee's attention to a couple of key areas set out in Appendix A:

- 1) Page 3 – Material items: There had been a change in the valuation of the Bury Leisure Centre and Moreton Hall Community Centre by the District Value, which had resulted in a net revaluation gain.
- 2) There had been no change to the general fund budget since it was reported to the Committee on 27 July 2017.
- 3) Page 15 – Balance sheet: Long term liabilities movement related primarily to pensions

Finally, she wished to thank the Finance Team for all their work involved in pulling the accounts together and also thanked EY.

The Committee scrutinised the draft accounts and members payments in detail and asked a number of questions to which officers duly responded. In particular, the Committee raised questions to which responses were given as follows:

- 1) Pensions: The continual impact of the economy had impacted on pensions. Two reasons for the impact was the increase in life expectancy and the decrease in the Government's Bond deal.
- 2) Valuations: The Council's assets were valued over a five year period, which was a rolling programme.
- 3) Verse: Set up as a commercial company of which the Council was a shareholder.
- 4) Members Mileage: The Council had seen an overall reduction in mileage claimed.

The Committee wished to convey its thanks and commended the Assistant Director (Resources and Performance) and her team in the work involved in closing the accounts.

Councillor Andrew Smith moved the recommendation, this was duly seconded by Councillor Barry Robbins and with the vote being unanimous, it was:

**RESOLVED:** That

- 1) The 2016-2017 Statement of Accounts, attached as Appendix A to Report No: PAS/SE/17/023 be approved in accordance with the powers delegated to it under the Council's Constitution.
- 2) The Chairman of the Performance and Audit Scrutiny Committee signs the certification of the 2016-2017 Statement of Accounts on behalf of the Committee.
- 3) The Chief Finance Officer, in consultation with the Portfolio Holder for Resources and Performance, be given delegated authority to make any presentational and non-material changes that may be required up to the date of publication.

## 171. **Annual Corporate Environmental Statement 2016-2017**

The Committee received Report No: PAS/SE/17/024 which reported on the work which had been undertaken during 2016-2017 to improve the environmental performance in West Suffolk.

Attached at Appendix B to the report was the Annual Environmental Statement covering environmental performance in 2016-2017. This Statement covered the operations of both St Edmundsbury Borough Council and Forest Heath District Council and the Leisure Trusts in West Suffolk in respect of energy and water consumption and renewable energy generation.

Attached at Appendix A was a supporting dashboard.

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 outcome of the review and any recommended changes would form part of the future corporate planning process.

There were ongoing resource implications to deliver this work with environmental improvement generally delivering financial returns through reduced resource use. These continue to be reviewed and considered in the light of the Council's Medium Term Financial Strategy.

The Committee considered the Statement and asked a number of questions to which Officers duly responded. In particular, the Committee raised questions to which responses were given as follows:

- 1) Water consumption: the difference in water consumption between Forest Heath and St Edmundsbury was due to each council's asset base and stock. St Edmundsbury had 35 sites, and Forest Heath had 10 sites.
- 2) Water efficiency: this was one of the main areas of focus for 2017-2018.
- 3) Staff mileage: staff had been encouraged to use their cars less to reduce mileage claims by using video conferencing where sites allowed; car sharing and using pool cars.
- 4) Renewable energy generation: officers agreed to revise the housing figure to read "3,200 homes" and not "3,500 homes".

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

## 172. **Work Programme Update**

The Committee received Report No: PAS/SE/17/025, which provided information on the current status of the Committee's work programme. Attached as Appendix 1 to the report were details of items scheduled to be presented to the Committee during 2017-2018.

The Committee considered its work programme, and there being no decision required, **noted** the contents of the report.

The Meeting concluded at 5.40 pm

**Signed by:**

**Chairman**

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