

Informal Joint Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

**Notes of Informal Discussions held on Thursday 31 January 2019
at 5.00pm in Conference Chamber West, West Suffolk House,
Bury St Edmunds**

PRESENT: St Edmundsbury Borough Council (SEBC)

Councillors Sarah Broughton, Beccy Hopfensperger, Clive Pollington, Karen Richardson, David Roach, Barry Robbins, Andrew Smith and Patricia Warby.

Forest Heath District Council (FHDC)

Council Louis Busuttil
(Chairman of the informal discussions)

Councillors Simon Cole, Colin Noble and Peter Ridgwell.

IN ATTENDANCE: FHDC – Councillor Stephen Edwards, Portfolio Holder for Resources and Performance

SEBC – Councillor Ian Houlder, Portfolio Holder for Resources and Performance

SEBC- Councillor Susan Glossop, Portfolio Holder for Planning and Growth

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

- (1) West Suffolk Annual Governance Statement 2018-2019;
- (2) 2018-2019 Performance – Quarter Three;
- (3) West Suffolk Strategic Risk Register Quarterly Monitoring Report – December 2018;
- (4) Ernst and Young – Certification of Claims Annual Report 2017-2018;
- (5) Ernst and Young – External Audit Plan and Fees 2018-2019;
- (6) Approach to Delivering a Sustainable West Suffolk Budget 2019-2020 and Medium Term Plan; and
- (7) Treasury Management Strategy Statement 2019-2020 and Treasury Management Code of Practice.

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 – 7 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. **West Suffolk Annual Governance Statement 2018-2019**

The Service Manager (Finance and Performance) presented the report which sought member's approval of the draft Annual Governance Statement for 2018-2019, attached at Appendix A to Report Nos: PAS/SE/19/001 and PAS/FH/19/001. The draft Annual Governance Statement had been produced following completion of the annual review of the councils' governance arrangements.

The document (Appendix A) had been prepared by 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.

A key function of the council's Performance and Audit Scrutiny Committee was to review and approve the draft Annual Governance Statement prior to it being signed by the Chief Executive and the Leaders of both councils.

It was reported that the Secretary of State had issued a set of regulations that made arrangements for the transfer of functions and responsibilities from Forest Heath and St Edmundsbury Councils to West Suffolk Council. These regulations, the Local Government (Boundary Change) Regulations 2018, required both councils to approve an Annual Governance Statement for the Year 2018-2019 prior to the date of reorganisation, which was 31 March 2019. The timetable for approval had therefore been brought forward to achieve this; however, the Annual Governance Statement should include all relevant factors up to the end of the year. It was therefore recommended that the Service Manager (Finance and Performance) be authorised (subject to consultation) to make changes to the approved Annual Governance Statement 2018-2019 arising from any unexpected and significant governance issues between 31 January 2019 and 31 March 2019.

Members considered the report and in particular discussed the revised key performance indicators within the balanced scorecards and how they were determined, to which officers duly responded.

2. **2018-2019 Performance Report – Quarter Three**

The Service Manager (Finance and Performance) presented the report, which set out the performance for the third quarter and forecasted financial outturn position for 2018-2019.

This report showed the current Performance Indicators for the third quarter of 2018-2019, as set out in the following appendices, attached to the report:

- Appendix A: 2018-2019 Performance Indicators, Commentary;
- Appendices B to E: Performance Indicators by Strategic Priority;
- Appendix F: West Suffolk Income and Expenditure report;
- Appendices G to K: Financial Performance for Forest Heath District Council;
- Appendices L to P: Financial Performance St Edmundsbury Borough Council.

Each Assistant Director then presented their performance indicators set out either in the commentary section or Appendices B to E and highlighted key areas for the Committees attention.

Members considered the report and asked questions of the Assistant Directors on their indicators, to which comprehensive responses were provided. Discussions were held on the Disabled Facilities Grant; flytipping; recruitment and sickness levels; NVQs and development control income.

In particular detailed discussions were held on:

Appendix A - (Number of households in bed and breakfast and temporary accommodation) – Members questioned how these were classified and how long families on average stayed in bed and breakfast/temporary accommodation and the cost of family breakdown.

In response, members were informed that the council had a whole range of temporary accommodation, which were mostly contained. Both councils had also increased its temporary accommodation, and officers agreed to provide a written response of the breakdown.

In relation to bed and breakfast accommodation, the maximum length of stay was six weeks. Currently there were 14 in bed and breakfast, eight of which was under severe weather conditions.

In response to a question raised regarding the housing register, members were informed that the council writes to everyone on the register via email; texting and social media reminding people to re-register so they keep their place on the housing register.

Appendix B – (Retail / High Street and broadband) – members questioned how the council was helping retail and broadband.

In response to retail, members were informed that the council offered a small business rates relief and other reliefs could be applied for. Also, the council had a clear approach in helping the high street. The government had recently stepped in to help with business rates. The council was working with a number of partners to encourage people to visit town centres.

In response to broadband, members were informed that the council was working in partnership with Suffolk County Council for Better Broadband. Alongside that, the council was still pursuing its own key broadband targets. The target for broadband coverage was now 98%, and the last 2% was technically difficult to get to in rural areas.

Members were surprised to hear that the rural areas was only 2%. Not every household could afford to pay for the high fibre broadband, and questioned whether the target was being measured correctly.

Appendix D – (H5: Housing improvement - % of resolved service requests relating to poor housing standards).

Members were informed that this related to the number of housing interventions and how quickly the backlog of cases could be resolved. Overall, the council was helping more people and a new enforcement tool had recently been introduced in the use of the enforcement orders.

Appendix E – (D31 – Planning enforcement cases, numbers (new and closed) and resolution).

The Assistant Director (Planning and Growth) explained that at its meeting in November 2018, members asked for a breakdown of planning enforcement cases by date. A breakdown of cases was circulated at the meeting showing timescales from under one month to over three years.

Appendix E - (D32: Resolution of noise nuisance complaints) – members questioned the red indicator.

In response members were informed that there had been a significant resource issue and this had now been addressed. Members were assured that the red indicator was temporary and the next quarter would show an improvement.

3. **West Suffolk Strategic Risk Register Quarterly Monitoring Report – December 2018**

The Service Manager (Resources and Performance) presented the third 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 December 2018 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 December 2018 had been removed from the

Register. There had been no existing risks closed since the Strategic Risk Register was last report to the Committee.

However, one new risk had been added as **WS24** to represent in one place the risks associated with Brexit and the associated mitigating actions. These risks had previously been contained within other broader identified risks, but had now been gathered together for clarity and focus.

The Group would continue to monitor the impact of Brexit as it developed, amending existing and /or adding new risks where necessary. Any changes would be reported at each meeting of the Committee in the normal manner.

Members considered the report, and did not raise any issues which needed to be brought to the attention of the Joint Executive (Cabinet) Committee.

4. **Ernst and Young – Certification of Claims Annual Report 2017-2018**

The Committee received the above report, which updated members on the outcome of the annual certification of grant claims by Ernst and Young (EY), as attached in their Certification of Claims Annual Report 2017-2018 (Appendix A for Forest Heath District Council) and (Appendix B for St Edmundsbury Borough Council).

Mark Russell from EY presented the report, which summarised the results of the certification work that had been undertaken by EY staff as part of the annual audit of grant claims to government departments and also set out the scale fee for carryout this work.

From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns, and to prescribe scales of fees for this work, was delegated to the Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government.

Forest Heath District Council: For 2017-2018, these arrangements required only the certification of the housing benefits subsidy claim with a total value of £14.28 million.

St Edmundsbury Borough Council: For 2017-2018, these arrangements required only the certification of the housing benefits subsidy claim with a total value of £26.62 million.

Mark Russell explained that the certification works had found errors on the claims and these errors had been corrected by officers. Qualification letters setting out further errors and uncertainties was also reported to the Department for Works and Pensions. Relevant officers from both councils and the Anglia Revenues Partnership (ARP) had agreed the qualifications in respect of the 2017-2018 certification works, as detailed in Appendix A and Appendix B. ARP had taken action to address the issues for 2018-2019.

In addition, the PSAA had determined a scale fee each year for the audit of claims and returns. For 2017-2018, these fees were set out in the table below as follows:

	Indicative Fee 2017/2018	Final Fee 2017/18
Forest Heath DC	£12,442	£12,442
St Edmundsbury BC	£24,722	£21,700

Mark Russell informed the committee's that EY had made no recommendations to members as a result of the audit.

Members scrutinised the report and did not raise any particular issues.

5. **Ernst and Young – External Audit Plan and Fees 2018-2019**

The Committee received the above report, which provided members with a basis to review EY's proposed approach and scope for the 2018-2019 audit, along with the planned fees to complete the work as set out in the Audit Plan attached at (Appendix A – Forest Heath) and (Appendix B – St Edmundsbury).

Mark Russell from EY presented this report, which summarised EY's assessment of the key risks which drive the development of an effective audit for the Councils, and outlined their planned audit strategy in response to those risks. Officers would be working with EY over the coming months to ensure that these risks were managed and where possible to come to an agreement over their treatment prior to issuing of the Annual Governance Report, and Audit Opinion to members by July 2019. He also drew Members' attention to the planned audit fees for 2018/2019 which had been significantly reduced.

Members scrutinised the report, and did not raise any particular issues.

The Portfolio Holder for Resources and Performance, Councillor Edwards wished to thank all staff, particular ARP in their work, and he also welcomed the reduction in audit fees.

6. **Approach to Delivering a Sustainable West Suffolk Budget 2019-2020 and Medium Term Plan**

The Service Manager (Finance and Performance) presented the report, which updated members on progress made towards delivering a balanced budget for 2019-2020 and sustainable budget in the medium term.

At the Committee's meeting held on 28 November 2018, the budget position was reported as a gap of £41k for 2019-2020 and £391k for 2020-2021, and included the following set of trends:

- The lower growth trend in car parking income as seen in 2018-2019 and anticipated to continue into 2019-2020.
- The increased cost relating to recycling charge per tonne.
- The estimated impact of revising the pay-line.
- The new business case for Barley Homes.
- Improving pricing fixed for 2019-2020 on the Solar Farm tariffs.
- Increased income generated from Trade Waste and other Operations activities.

This position had been updated to account for the revised capital programme and cash-flow assumptions. This information gave rise to a budget that was balanced

for 2019-2020 and 2020-2021. However, the budget gap for future years beyond 2021 was significant.

The updated position for each year was set out in Section 2, Table 1 of the report (proposals for budget gap closure for 2019-2023). The report also included information on the capital programme, reserve balances and timescales and next steps.

The Committee was asked to support and recommend to the Shadow Executive (Cabinet) the inclusion of the proposals, as set out in Section 2 and Table 1 of the report.

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

In particular members discussed Key Performance Indicators for projects and the need to ensure they were on target; on track and delivered on time. Officers explained that projects would be reported through the Balance Scorecard.

7. Treasury Management Strategy Statement 2019-2020 and Treasury Management Code of Practice

The Service Manager (Finance and Performance) presented the above report, which sought members approval of the Treasury Management Strategy Statement (including Treasury related Prudential Indicators) (Appendix 1) and the Treasury Management Code of Practice (Appendix 2).

The Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management Code of Practice required that, prior to the start of each financial year, the Council formally approves a Treasury Management Policy Statement and Investment Strategy setting out its treasury management policy and strategy for the forthcoming year.

The report included information on the Treasury Management Strategy Statement; Treasury Management Code of Practice; treasury advisors; counterparty ratings; approved investment counterparties and limits and interest rate projections.

Members scrutinised the report, and did not raise any particular issues.

On the conclusion of the informal joint discussions at 6.25pm Members of Forest Heath District Council's Performance and Audit Scrutiny Committee withdrew from Conference Chamber West to Conference Chamber East to hold their formal meeting.

The Chairman then formally opened the St Edmundsbury Borough Council Performance and Audit Scrutiny Committee in Conference Chamber West at 6.30pm.

Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Minutes of a meeting of the **Performance and Audit Scrutiny Committee** held on **Thursday 31 January 2019** at **6.30pm** at the **Conference Chamber, West Suffolk House, Western Way, Bury St Edmunds IP33 3YU**

Present: **Councillors**

Chairman Sarah Broughton
Vice Chairman Patricia Warby

Beccy Hopfensperger
Clive Pollington
David Roach

Karen Richardson
Andrew Smith
Barry Robbins

By Invitation:

Susan Glossop, Cabinet Member for Planning and Growth
Ian Houlder, Cabinet Member for Resources and Performance

30. **Substitutions**

There were no substitutions declared.

31. **Apologies for Absence**

Apologies for absence were received from Councillor Jane Midwood.

Councillor Peter Thompson was also unable to attend the meeting.

32. **Minutes**

The minutes of the meeting held on 28 November 2018, were unanimously accepted by the Committee as an accurate record of the meeting and signed by the Chairman.

33. **Public Participation**

This item was taken in the informal joint session, where there were no questions/statements from members of the public.

34. **West Suffolk Annual Governance Statement 2018-2019**

Further to the informal joint 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/19/001.

Members had considered the report in detail and did not raise any issues.

PAS.SE.31.01.2019

Councillor Patricia Warby then moved the recommendation, this was duly seconded by Councillor David Roach and with the vote being unanimous, it was

RESOLVED: That

- 1) The Draft 2018-2019 Annual Governance Statement, attached at Appendix A to Report No: PAS/SE/19/001, be approved for signing by the Chief Executive and the Leader of the Council.
- 2) The Service Manager (Finance and Performance), in consultation with the Chair of the Performance and Audit Scrutiny Committee and the Portfolio Holder for Resources be authorised to make any necessary changes to the approved Annual Governance Statement, to take into account any unexpected and significant governance issues arising between the date of this Committee (31 January 2019) and 31 March 2019.

35. **2018-2019 Performance Report (Quarter 3)**

Further to the informal joint 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/19/002.

Members had considered the report and there being no decision required, the Committee **noted** the 2018-2019 Performance Report (Quarter 3).

36. **West Suffolk Strategic Risk Register Quarterly Monitoring Report (December 2018)**

Further to the informal joint 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/19/003.

Members had considered the report and there being no decision required, the Committee **noted** the West Suffolk Strategic Risk Register Quarterly Monitoring Report (December 2018).

37. **Ernst and Young - Certification of Claims and Returns Annual Report (2017-2018)**

Further to the informal joint 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/19/004.

Members had considered the report and there being no decision required, the Committee **noted** the Certification of Claims Annual Report 2017-2018 attached at Appendix B to Report No: PAS/SE/19/004.

38. **Ernst and Young - External Audit Plan and Fees 2018-2019**

Further to the informal joint 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/19/005.

Members had considered the report and there being no decision required, the Committee **noted** the External Audit Plan and Fees 2018-2019 attached at Appendix B to Report No: PAS/SE/19/005

39. **Approach to Delivering a Sustainable West Suffolk Budget 2019-2020 and Medium Term Plan**

Further to the informal joint 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/19/006.

The Committee **noted** the approach and timescales for the 2019-2020 budget setting process and medium term plans for the West Suffolk Council.

Councillor Beccy Hopfensperger moved the recommendation, this was duly seconded by Councillor Clive Pollington and with the vote being unanimous, it was

RECOMMENDED:

That subject to the approval of the Shadow Council, the proposals, as detailed in Section 2 and Table 1 of Report No: PAS/SE/19/ 006, be approved.

40. **Treasury Management Policy Statement and Investment Strategy 2019-2020 and Treasury Management Code of Practice**

Further to the informal joint discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: TMS/SE/19/002.

Councillor Beccy Hopfensperger then moved the recommendation, this was duly seconded by Councillor Clive Pollington and with the vote being unanimous, it was

RECOMMENDED: That

1) Subject to the approval of the Shadow Council, the Treasury Management Strategy Statement 2019-2020 attached at Appendix 1 to Report No: TMS/SE/19/002, be approved.

2) Subject to the approval of the Shadow Council, the Treasury Management Code of Practice attached at Appendix 2 to Report No: TMS/SE/19/002, be approved.

41. **Treasury Management Report 2018-2019 Investment Activity (April - December 2018)**

The Service Manager (Finance and Performance) presented the report which summarised the investment activities for the period to 31 December 2018.

The total amount invested at 1 April 2018 was £36.35m and at 31 December 2018 £44.30m. The increase in balances over this period was due primarily to timing differences in respect of the collection of local taxes, the payment of precepts and changes in the profile of the Capital Programme.

The 2018/19 Annual Treasury Management and Investment Strategy Statements sets out the Council's projections for the current financial year. The budget for investment income in 2018/19 was £308,000 which was based on a 0.70% target average rate of return on investments.

As at the end of December 2018 interest actually earned during the first nine months of the financial year amounted to £255,665 against a profiled budget for the period of £231,000; a budgetary surplus of £24,665.

The report also included assumptions on borrowing for capital projects included within it. The borrowing was based around four specific projects as per their agreed business cases. The report included a summary of the capital borrowing budget for 2018-2019, and a summary of capital borrowing for quarter three – all of which was currently internally borrowed from the Councils overall cash balances. As at the end of quarter three, there had been no requirement to borrow externally, therefore there was no interest payable.

The Committee considered the report and was pleased to hear that following a procurement exercise that new Treasury Advisors (Arlingclose Ltd) had been appointed to the West Suffolk Councils.

Councillor Beccy Hopfensperger then moved the recommendation, this was duly seconded by Councillor Clive Pollington and with the vote being unanimous, it was

RECOMMENDED:

That subject to the approval of Council, the Treasury Management Report 2018-2019 for the period 1 April to 31 December 2018 (Report No: TMS/SE/19/001), be approved.

The Meeting concluded at 6.37pm

This was the last meeting of the Performance and Audit Scrutiny Committee before its dissolution on 6 May 2019. As a result, the minutes of the meeting remain as drafted following the meeting and cannot be confirmed by the Performance and Audit Scrutiny Committee and signed by the Chair. This is consistent with all other dissolved committees and bodies.

**Signed by:
Chairman**

