

# Performance and Audit Scrutiny Committee

**Minutes** of a meeting of the **Performance and Audit Scrutiny Committee** held on **Thursday 30 January 2020** at **5.00 pm** in the **Council Chamber, College Heath Road, Mildenhall, Suffolk, IP28 7EY**

Present: **Councillors**

**Chair** Ian Houlder  
**Vice Chair** Karen Richardson

Richard Alecock  
John Augustine  
Trevor Beckwith  
Mary Evans

Victor Lukaniuk  
Elaine McManus  
Robert Nobbs  
Cliff Waterman

**In attendance:**

Sarah Broughton, Cabinet Member for Resources and Performance

42. **Substitutes**

No substitutions were declared.

43. **Apologies for Absence**

Apologies for absence were received from Councillor John Smith.

44. **Minutes**

The minutes of the meeting held on 28 November 2019 were confirmed as a correct record and signed by the Chair.

45. **Public Participation**

There were no members of the public in attendance on this occasion.

46. **2019-2020 Performance Report (Quarter 3)**

The Committee received Report No: PAS/WS/20/001, which set out the current performance for the third quarter and forecasted financial outturn position for 2019-2020.

The report showed the current performance indicators for the third quarter, as set out in the following appendices attached to the report:

- Appendix A: Performance Indicators – Commentary
- Appendix B: Performance Indicators – Growth

- Appendix C: Performance Indicators – Families and Communities
- Appendix D: Performance Indicators – Housing
- Appendix E: Performance Indicators – Day to Day
- Appendix F: Income and Expenditure Report
- Appendix G: Capital Programme
- Appendix H: Earmarked Reserves
- Appendix I: Strategic Risk Register

Proposed performance targets for 2020-2021 had also been included in appendices B – E.

Members considered the report and asked questions of the Assistant Directors/Service Managers, to which responses were provided. In particular discussions and responses were provided on the following:

- Appendix A: % of customers satisfied with the overall journey and rate of return on investments.
- Appendix B: Debt over 90 days.
- Appendix C: Number of households in bed and breakfast and temporary accommodation (showing as a green value)
- Appendix E: Costs of current external borrowing, and update on pre-application advice; and
- Appendix F: Income and expenditure – supplies and service costs (mobile phone)

In response to a question raised regarding Appendix C, fly-tipping clearance, officers advised that the council had a duty to investigate fly-tipping incidents reported. However, if the incident was found to be on private land, then it was the land-owners responsibility to remove and dispose of correctly.

When considering Appendix G (Capital Programme) Councillor Lukaniuk suggested that more consideration should be given to property investments in Brandon. In response, officers explained that when making investments the council was not just looking at achieving a financial return, it also considered the wider social and economic return. Each proposed investment was considered on its own merits, and officers had looked at potential property investments in Brandon.

With regards to the redundant Bank in Brandon, officers had investigated this, at Councillor Lukaniuk's request, and concluded that it was not deemed to be a viable investment. However, officers wished to encourage all members to bring forward any ideas/propositions they had for investment across West Suffolk to their attention.

In response to a question raised regarding Appendix H, time limits on Section 106 reserves (S106). Officers advised that that each S106 had its own time limit. West Suffolk had an excellent record in spending its S106 monies and had not had to pay any back, unlike some local authorities in England.

The Committee **noted** the contents of the report.

It was then proposed by Councillor Cliff Waterman, and duly seconded by Councillor Victor Lukaniuk, and with the vote being 5 for, 1 against and 3 abstentions, it was

**RECOMMENDED:**

**That Cabinet be asked to consider Brandon as a special case and looks at property investments in Brandon.**

**47. Delivering a Sustainable Medium Term Budget**

The Committee received Report No: PAS/WS/20/002, which explained that at its meeting on 26 September 2019, the Performance and Audit Scrutiny Committee (PASC) agreed the principles and approach for delivering a balanced budget in 2020-2021 and a medium-term financial plan for the years up to 2023-2024. Those principles were:

- The 2020-2021 budget and medium-term financial plans will continue to follow the West Suffolk Council Strategic Framework (three priorities) and Medium-Term Financial Strategy (MTFS) (six themes).
- The budget and MTFS will reflect any new initiatives developed as part of the revised Strategic Plan.
- The budget and MTFS will include the forecast impact of initiatives that address our financial challenges and seize opportunities to reduce the existing budget gaps.
- The process will continue to communicate the overall West Suffolk financial challenges and opportunities through the MTFS to Leadership Team, staff, cabinet and all councillors.

Workshops took place during August-December 2019 alongside a detailed "line by line" review of each services cost base to ensure that budgets were only set for planned and understood expenditure. A report setting out the changes in cost and income assumptions that had been identified at that point through that process was presented to PASC on 28 November 2019.

The Committee on 30 January 2020 was updated on the workshops and line by line reviews which had now concluded and any further proposed changes in cost and income assumptions, as a result had been included in Table 1 of the report, including those relating to budget assumption changes:

- Confirmation received for the continuation of the Rural Services Delivery Grant in the Spending Round.
- Confirmation of the increase in the tax base for council tax setting purposes (number of properties chargeable for council tax)
- Known changes to property lease changes and renewals (retail and industrial units)

- An additional year of Housing Support Grant allocation to fund the additional resources within the housing team.

The net impact of each of these assumption changes was included in Table 1 of the report. These changes and the outcomes from the Budget Challenge workshops gave rise to a budget gap (cumulative) of £0.06m for 2020-2021, £1.7m for 2021-2022, £2.2m for 2022-2023 and £2.7m for 2023-2024. Officers explained that at this stage, the report did not include any assumptions on the final outcomes of the Parking Review Group or Council Tax.

The report also included information on corporate reviews – expenditure; corporate reviews – income assumptions; the current outlook; timescales and next steps.

The Committee considered the report, which included Table 1 and the budget assumptions changes.

Discussions were held on the budget gaps from 2021-2022 to 2022-2023; precepts; savings realised from the creation of the West Suffolk Council and the budget briefings being held on 4 February 2020 at West Suffolk House and 10 February 2020 in Mildenhall.

Councillor Victor Lukaniuk then moved the recommendation, this was duly seconded by Councillor Ian Houlder, and with the vote being unanimous, it was

#### **RECOMMENDED:**

**That subject to the approval of Council, as part of the budget setting process, the proposals detailed in Section 2 and Table 1 of Report No: PAS/WS/20/002, be included in securing a balanced budget for 2020-2021 and the medium-term financial plans.**

#### **48. Treasury Management - December 2019**

*[Councillor Mary Evans arrived at 6.15pm during the consideration of this item and prior to the vote taking place].*

The Committee received Report No: PAS/WS/20/003, which set out the Treasury Management Activities of West Suffolk Council from 1 April 2019 to 31 December 2019.

It was reported that the total amount invested at 1 April 2019 was £42,750,000 and at 31 December 2019 it was £43,900,000.

The 2019-2020 Annual Treasury Management and Investment Strategy Statements sets out the Council's projections for the current financial year. The budget for investment income for 2019-2020 was £142,141 which was based on a 0.90% target average rate of return on investments.

As at 31 December 2019, interest actually earned during the first nine months of the financial year amounted to £288,512 against a profiled budget for the period of £106,606 a budgetary surplus of £181,931. The surplus related to higher than expected cash balances due to slippages in the Capital programme and also the favourable interest rates secured on the investments carried over from the previous councils.

As at the end of December 2019 there had been no requirement for any additional external borrowing over and above the long-term £4m Barclays loans. As at the end of December 2019 a total of £16.8m had been borrowed internally from available cash balances which reflects the council's underlying need to borrow.

The report included assumptions on borrowing for the capital projects included within it, alongside the current £4m external borrowing in respect of the previous Newmarket Leisure Centre build. This new borrowing requirement was based around three specific projects and totalled £63.4m, being:

- Investing in our Growth Fund – including specific projects agreed from the fund
- Mildenhall Hub
- West Suffolk Operational Hub, Bury St Edmunds.

The report also included a summary of the capital borrowing budget for 2019-2020; a summary of capital borrowing for quarter three; borrowing and income – proportionality; borrowing and asset yields; external borrowing as at 31 December 2019 and other market considerations.

The Committee considered the report and did not raise any issues or concerns.

Councillor Ian Houlder then moved the recommendation, this was duly seconded by Councillor Elaine McManus, and with the vote being unanimous it was:

**RECOMMENDED:**

**That subject to the approval of Council, the Treasury Management Report – December 2019, being Report No: PAS/WS/20/003, be approved.**

**49. Treasury Management - Strategy Statement 2020/21 and Treasury Management Code of Practice**

The Committee received Report No: PAS/WS/20/004, which sought members approval of the Treasury Management Strategy Statement 2020-2021 (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; revised Building Society limits and interest rate projections.

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

Discussions were held on the Council's potential borrowing for this financial year and future years as set out in Appendix 1; the affordability and repayment of any future loans; forward starting loans; higher yielding assets and credit ratings.

Councillor Victor Lukaniuk then moved the recommendation, this was duly seconded by Councillor Elaine McManus, and with the vote being unanimous it was:

**RECOMMENDED: That**

**1) Subject to the approval of Council, the Treasury Management Strategy Statement 2020-2021, attached as Appendix 1 to Report No: PAS/WS/20/004, be approved.**

**2) Subject to the approval of Council, the Treasury Management Code of Practice, attached as Appendix 2 to Report No: PAS/WS/20/004, be approved.**

**50. Reappointments to the Financial Resilience and the Health and Safety Sub-Committees (2019-2020)**

Council at its meeting on 17 December 2019 considered an item for the appointment of Councillors to committees on a politically balanced basis following the Monitoring Officer receiving notification that Councillors Frank Warby and David Nettleton had joined the Conservative Group. The Monitoring Officer had also received notification that the remaining Members of the Spectrum Group had joined the Independent Group. This meant the Spectrum Group ceased to exist and therefore a review of the allocation of seats on committees was required.

The Committee received Report No: PAS/WS/20/005, which sought re-appointments to the Financial Resilience Sub-Committee and the Health and Safety Sub-Committee for the remainder of the 2019-2020 civic year.

Attached at Appendix 1 and Appendix 2 to the report were the terms of reference for the Financial Resilience Sub-Committee and the Health and Safety Sub-Committee. The Committee was asked to:

- 1) Re-appoint three members and one substitute member from the members of the Performance and Audit Scrutiny Committee to sit on

the Financial Resilience Sub-Committee for the remainder of the 2019-2020 civic year; and

- 2) Re-appoint six members and two substitute members from the members of the Performance and Audit Scrutiny Committee to sit on the Health and Safety Sub-Committee for the remainder of the 2019-2020 civic year.

The Committee considered the report and the proposed seating allocations for each sub-committee, and in doing so sought to make appointments that reflected the political balance as far as practically possible.

Councillor Elaine McManus moved the recommendations, this was duly seconded by Councillor Richard Alecock, and with the vote being unanimous, it was:

**RESOLVED:** That

- 1) Councillors Ian Houlder and Elaine McManus (Conservative Group), and Victor Lukaniuk (Independent Group), be appointed as full members to the Financial Resilience Sub-Committee, and Councillor Robert Nobbs (Conservative Group) as the Substitute Member for the remainder of the 2019-2020 civic year.
- 2) Councillors Ian Houlder, Karen Richardson, and Robert Nobbs (Conservative Group), Trevor Beckwith and John Smith (Independent Group), and Cliff Waterman (Labour Group) be appointed as the full members to the Health and Safety Sub-Committee, and Councillors John Augustine (Conservative Group) and Richard Alecock (Independent Group) as the Substitute Members for the remainder of the 2019-2020 civic year.

#### 51. **Work Programme Update**

The Committee received Report No: PAS/WS/20/006, which updated Members on the current status of its rolling work programme of items for scrutiny during 2020-2021 (Appendix 1).

The Committee considered the report, and there being no decision required, the Committee **noted** the update.

The meeting concluded at 6.44pm

**Signed by:**

**Chair**

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