

Performance and Audit Scrutiny Committee

Minutes of a meeting of the **Performance and Audit Scrutiny Committee**
held via **MS TeamsLive** remote meeting platform on
Thursday 30 July 2020 at 5.00 pm

Present: **Councillors**

Chair Ian Houlder
Vice Chair Karen Richardson

John Augustine
Mary Evans
Victor Lukaniuk
Andy Neal
Robert Nobbs

John Smith
Peter Thompson
Cliff Waterman
Phil Wittam

In attendance:
Sarah Broughton, Cabinet Member for Resources and Performance

12. **Welcome**

The Chair formally commenced the meeting and welcomed all present and those externally viewing the remotely held West Suffolk Performance and Audit Scrutiny Committee.

A number of housekeeping matters and remote meeting guidance were highlighted to all by the Chair.

13. **Substitutes**

No substitutions were declared.

14. **Apologies for Absence**

Apologies for absence were received from Councillor Elaine McManus.

Following which, the Democratic Services Officer verbally outlined all Members of the Committee who were present, together with any attending Councillors and Officers supporting the meeting.

15. **Minutes**

The minutes of the meeting held on 28 May 2020 were confirmed as a correct record by the Chair.

16. **Declarations of Interest**

No declarations of interest were declared.

17. **Public Participation**

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

18. **2020-2021 Performance Report (Quarter 1)**

[Councillor Karen Richardson arrived at 5.18pm, during the consideration of this item].

[Councillor Andy Neal left the meeting at 5.48pm, during the consideration of this item].

Prior to the presentation of the Quarter 1 performance report, the Assistant Director (Resources and Performance) set out the context around Covid-19. Since the outbreak of Covid-19 in the UK, a number of events had occurred which had had a significant impact on West Suffolk Council's financial position. Some of these had been restrictions imposed by Government that had affected West Suffolk Council's investments and services; and others had been announcements of Government financial support.

The Council had played its part in responding to Covid-19 in supporting businesses and the most vulnerable as well as running essential services. Appendix J provides an infographic of the support role West Suffolk had and continued to play. However, this had come at a cost of £2.2m and had also impacted on a number of the local performance indicators, most notably around housing and homelessness. Furthermore, money expected to be generated by the Council in the current financial year through income was expected to reduce by £8m.

Funding so far received from the Government was £2.1m (updated numbers provided to members at the meeting following receipt of third tranche of government funding) of which £0.3m was used to fund the 2019-2020 shortfall, and did not cover the financial gap which, with funding so far, was a total of £8.4m, a loss of 15% of the Council's gross budget for 2020-2021. This unprecedented event would therefore require the Council to not only utilise to its full extent its £4.9m general fund reserve in-year, but with £3.5m still left to cover, the Council needed to plan for in-year savings and the potential use of its earmarked reserve balances. The impact of Covid-19 was likely to be felt for years to come as the Council would need to make provision in its medium-term budget plans for the replenishment of its earmarked reserves, given they were earmarked for other purposes, and the general fund balances to manage/cover future budget risks.

The Service Manager (Finance and Resources) then presented Report No: PAS/WS/20/012, which set out the Quarter 1 performance and financial outturn position for 2020-2021 up to 30 June 2020, and the impact of Covid-19; Covid-19 Government support received to date; next steps and principles for future financial planning.

Attached to the report were a number of appendices, as follows:

- 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
- Appendix J: Covid-19 Infographic.

Members considered the report in detail and asked questions of the Assistant Directors on their indicators, to which comprehensive responses were provided. Discussions were held on the budget deficit, contingency plans in case there was a second wave of Covid-19, and options for selling council assets to support the financial gap.

In particular, detailed discussions were held on:

Appendix A: (Income from entire property portfolio) – Members questioned how property tenants were coping with payments, and whether they had asked for payment holidays or reductions in rent, which might affect the current green indicator in future quarterly reports.

Members were informed, that as a result of Covid-19 the council's approach to debt management had been adapted. The Council was working with its customers who owed money and was offering different payment plans, where appropriate.

There were a range of remedies which were available to potential commercial property tenants who might be struggling financially. Some of that was around the deferment of rents and putting tenants onto payment plans. However, this was a developing situation month-by-month. Invoices were being issued on a quarterly basis, which were due for payment about now. The Council would then be able to monitor any issues around any defaulters.

Appendix C: (Number of fly-tipping incidents recorded in West Suffolk) – Members were pleased to see the action being taken in tackling fly-tipping, but suggested the council needed to make a point of educating people not to discard their PPE (gloves and masks), due to Covid-19.

Members were informed that the matter of discarded PPE had been discussed recently at the Suffolk Partnership in terms of carrying out some countywide communication to address the issue.

Appendix E: - The Chair referred to the green indicators listed in Appendix E and wanted to congratulate all council staff on their hard work in operating through these difficult times.

Appendix E: (% Collection of Council Tax in West Suffolk) – With further job losses expected due to Covid-19 and the impact on unemployment, did the Council foresee any issues around residents not being able to pay their council tax.

Members were informed that council tax was a big discussion point at present, particularly as the Council had started to see a number of payment plans being utilised by residents. The Council had suspended its recovery of council tax but was now looking at restarting the recovery process as it wanted to have a dialog with its residents to see what could be done to support them. The Council had also recently applied the £150 Hardship Fund which was made available from Government which would also provide support for residents. However, council tax was a statutory charge, but the council would provide help and options around payments.

Appendix F: (Other income below budget: Solar income variance) – Members sort clarification on the £215K income variance due to the lower unit rate from the auction process.

Members were informed that there was a decrease in the council's income forecast. An annual auction was held to set the unit rate, which typically takes place after the council sets its budget. Estimates were therefore made on the current market conditions on what the council thinks it might get. However, in the last auction round held, the unit rate was about 10% less than what was set in the council's budget.

Appendix F: (Fees – car parking) – Members sort clarification on the £263k anticipated shortfall from Civil Parking Enforcement.

Members were informed that the Council had assumed that CPE would start from 1 April 2020 in its budget, and that there would be normal parking activity, which had not been the case. However, where CPE had been implemented it was working well and the second quarter reporting should show an evolving picture.

Appendix G: (Housing Solutions) – Members asked for an update on the purchase of units in Thetford Road, Brandon as the units had not yet been built.

Members were informed that the council had an agreement with Havebury Housing with regards to the two bungalows to be built on the site, which would be used for temporary accommodation, particularly for those with disability issues. The council's contribution to that develop was £406,133 and the council would only pay those costs on a staged approach. An evaluation was undertaken, and the council had looked at the cost of two new bungalows in what they would cost in terms of purchase, and the valuers came up with the evaluation. The former Forest Heath District Council had a covenant on that particular site, so West Suffolk Council released the covenant as part of the deal.

Appendix I: (Risk Register – General) – Councillor Mary Evans wished to complement officers on the work which had gone into the risk register and given the frank analysis, was very impressive.

Councillor Karen Richardson, Vice-Chair felt the Council should not be beating itself up. She explained that so many of the parishes have been so grateful for the speed and the action to resolve issues, which were put forward and that should be fed back to all the officers and all the departments.

Councillors had also had an increase in their locality budgets which was very helpful for Covid-19 and had been put to good use in their communities. It was essential as a lot of groups were struggling and it would unfortunately continue going forward. Throughout the lockdown, she personally had nothing but great support from all the officers whenever she asked for it, and the parish councils were very grateful for that and all the volunteers have been wonderful and she commended officers for all the support given.

The Assistant Director (Families and Communities) thanked both Councillors Evans and Richardson for their kind words and would pass these on to the team. In response to the voluntary and community comments, there was a real mixed picture with some organisations which might struggle and others that have found a new lease of life. The council was working very closely with colleagues at Community Action Suffolk and the Suffolk Association of Local Councils (SALC) to try and understand that picture and the Grant Working Party had met to look at all the different grants which were awarded last year to find out how different organisations were impacted by Covid-19 and whether or not they could continue with their projects. Some volunteer and community groups had benefited from the business grants issued by the Council. The Council would continue to support its voluntary sector and help them to adapt to this new reality.

At the conclusion of the discussions the Chair wished to congratulate all officers for their hard work during this difficult period.

There being no decision required, the Committee **noted** the:

- Impact of Covid-19 on the Councils current financial year 2020-2021 (Section 1 of the report).
- The next steps and principles for future planning (Section 2 of the report).
- The 2020-2021 Revenue and Capital positions as detailed in the report and appendices.

19. **Annual Financial Resilience Report (2019-2020)**

The Committee received Report No: FRS/WS/20/001, which had been considered by the Financial Resilience Sub-Committee on 13 July 2020. The Service Manager (Finance and Performance) provided a verbal update on the Sub-Committee's consideration of the report, which summarised the Annual Financial Resilience and Investment Activities for the year 2019-2020.

The report included tables which summarised the interest earned and the average rate of return achieved during 2019-2020; investment activity during the year; investments held as at 31 March 2020; capital borrowing budget

2019-2020; borrowing and income proportionality; borrowing and asset yields; borrowings and temporary loans, and other market considerations.

The budget for investments income in 2019-2020 was £142,141, which was based on a 0.90% target average rate of return on investments. At the end of March 2020 interest actually earned during the financial year totalled £389,892 (average rate of return of 0.828%), against a budget for the year of £142,141, budgetary surplus of £247,751.

The Sub-Committee had scrutinised the Annual Financial Resilience Report 2019-2020, and asked questions to which responses were provided.

The Performance and Audit Scrutiny Committee considered the report and did not raise any issues to be brought to the Cabinets attention.

It was then proposed by Councillor John Augustine, seconded by Councillor Karen Richardson, and with the vote being unanimous, it was:

RECOMMENDED:

That subject to Council the Annual Financial Resilience Report 2019-2020, being Report No: FRS/WS/20/001, be approved.

20. Financial Resilience - June 2020

The Committee received Report No: FRS/WS/20/002, which had been considered by the Financial Resilience Sub-Committee on 13 July 2020.

The Service Manager (Finance and Performance) provided a verbal update on the Sub-Committee's consideration of the report, which provided a summary of investment activity for the first three months of the 2020-2021 financial year.

The total amount invested at 1 April 2020 was £29,900,000 and at 30 June 2020 £32,650,000. The 2020-2021 Annual Treasury Management and Investment Strategy sets out the Council's projections for the current financial year. The budget for investment income in 2020-2021 was £142,141, which was based on a 0.65% target interest rate of return on investments.

At the end of June 2020, interest earned during the first quarter of the financial year amounted to £31,947.08 against a profiled budget for the period of £35,535, a budget deficit of £3,587.92. The budgetary deficit related to reducing interest rates as a result of the Covid-19 pandemic which started in mid-March 2020.

As at the end of June 2020, the Council had not had any additional external borrowing over the long-term £4m loan.

The Sub-Committee had scrutinised the investment activity for 1 April 2020 to 30 June 2020, and asked questions to which responses were provided. They discussed the HM Debt Management Office, which was Government backed and was a new investment account being used by the Council.

The Performance and Audit Scrutiny Committee considered the report and also discussed the HM Debt Management Office. Members did not raise any issues to be brought to the Cabinets attention.

It was then proposed by Councillor Phil Wittam, seconded by Councillor Peter Thompson, and with the vote being unanimous, it was:

RECOMMENDED:

That subject to the approval of Council the Financial Resilience Report (June 2020), being Report No: FRS/WS/20/002, be approved.

21. **Work Programme 2020-2021**

The Committee received Report No: PAS/WS/20/013, which updated Member 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, **noted** the update.

The meeting concluded at 6.48pm

Signed by:

Chair
