

Informal Joint Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

**Notes of Informal Discussions held on Wednesday 26 November 2014
at 5.00pm in Conference Room West, West Suffolk House,
Western Way, Bury St Edmunds**

PRESENT: St Edmundsbury Borough Council (SEBC)

Councillors Sarah Broughton, Paul Farmer, Diane Hind, Beccy Hopfensperger, David Nettleton, Paula Wade, and Patricia Warby

Forest Heath District Council (FHDC)

Councillor Tony Wheble
(Chairman of the informal discussions)

Councillors John Bloodworth, Simon Cole, Tim Huggan and Bill Sadler

IN ATTENDANCE: SEBC – Councillor David Ray, Portfolio Holder for Performance and Resources

FHDC – Councillor Stephen Edwards, Portfolio Holder for Resources, Governance and Performance

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

- (1) Mid-year Internal Audit Progress Report 2014-15;
- (2) Key Performance Indicators and Quarter 2 Performance Report 2014-15;
- (3) West Suffolk Strategic Risk Register Quarterly Monitoring Report – September 2014;
- (4) Biannual Corporate Complaints and Compliments Digest;
- (5) West Suffolk Fees and Charges Policy;
- (6) Accounting for a single West Suffolk staffing structure and the move to a West Suffolk Cost Sharing Model; and
- (7) Work Programme Update

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 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.

SEBC's Performance and Audit Scrutiny Committee noted that under its Constitution, FHDC permitted public participation at its Performance and Audit Scrutiny meetings. Therefore, for the purpose of facilitating this Constitutional requirement, 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 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 2014-15**

The Senior Auditor presented the report, which advised Members of the work of the Internal Audit Section for the first half of 2014/2015 (Appendix A), and 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 2014/15 Internal Audit Plan previously approved by the Committee in May 2014. Five full audit reviews had been completed, and no significant risk exposures or control issues had been identified.

Members scrutinised the report in detail and asked questions to which responses were duly provided. It was suggested that future reports should include more detail on fee earning.

2. **Key Performance Indicators and Quarter 2 Performance Report 2014-15**

The Business Partner (Resources and Performance) presented the report, which set out the Key Performance Indicators (KPIs) being used to measure the Council's performance for 2014/2015. The report also included the second quarter indicators covering April to September 2014 for both Forest Heath and St Edmundsbury Borough Council, together with a combined performance for West Suffolk, where relevant.

Appendix A contained all the KPIs for both Councils and West Suffolk. The current quarter two performance summary for Forest Heath showed that of

24 indicators, 8 were green, 3 were amber, 5 were red and 8 were data only indicators. For St Edmundsbury, the current quarter two summary showed that of a total of 24 indicators, 9 were green, 3 were amber, 4 were red and 8 were data only indicators. For West Suffolk there were a total of 21 indicators, of which 7 green, 3 were amber, 4 were red and 7 were data only indicators.

It was reported that the general performance in dealing with the various planning applications was steadily improving. The performance improvement for Major projects was encouraging. The team were now getting to grips with the inherent back-log and the Council would be seeing sustained improvements across all categories of applications during the next two quarters.

Members scrutinised a number of the indicators, with particular emphasis on those showing 'red' under the traffic light system, and asked questions on a number of areas in the report, to which officers duly responded.

Discussions were held on the major and other planning indicators, the percentage of industrial units vacant; and the collection of council tax. In particular detailed discussions were held on:

- (1) **FAC001** - Income generated from leisure service activities which were council controlled. Members suggested that a value on income received from feed-in-tariff could be included.
- (2) **HOU005** - Time taken to make decisions on homelessness applications (days). Officers agreed to provide more detail and information as to why targets were not being met.
- (3) **COR006** - Percentage return on the investment of the council's reserves and balances. The Head of Resources and Performance agreed to discuss with the Head of Operations on how best to include the rate of return being achieved on council assets for 2015/16.

Members again discussed the issue of enforcement and suggested the inclusion of an indicator for monitoring enforcement. This would enable Members to understand how the service area was working and help Members to support officers with improving enforcement performance. The Head of Planning and Growth duly responded and it was agreed that further details on enforcement performance would be provided to Members.

3. **West Suffolk Strategic Risk Register Quarterly Monitoring Report – September 2014**

The Head of 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 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).

Since the last assessment report presented to the Committee on 31 July 2014, there had been no new risks identified and no risks had been amended or closed. However, some individual controls and actions had been updated and those which were not ongoing and had been completed by September 2014 had been removed from the Register.

Members scrutinised the report and held detailed discussions on the following risks, to which officers duly responded:

- **WS1B** – Financial planning.
- **WS4** - Staff retention (professional staff / technical staff) staff trust and goodwill (morale)
- **WS6** – Managing public / councillor expectations with less resources.
- **WS7a** – ICT integration
- **WS8a** – Delivery of the families and communities agenda.
- **WS8c** – Delivery of the housing agenda.

Members on this occasion did not make any suggestions for amendments to the Risk Register.

(Councillor Diane Hind arrived during the consideration of this item)

4. **Biannual Corporate Complaints and Compliments Digest**

The Head of Families and Communities, presented the report which provided an overview of the quantity and range of corporate complaints and compliments received during 1 April to 30 September 2014, which the Committee used to monitor the Council's effectiveness at responding to and learning from any mistakes which had been made. The report included information relating to Forest Heath District Council and St Edmundsbury Borough Council working together across West Suffolk, with data provided for the individual councils as appropriate.

For the first half of this financial year, across both councils, 26 corporate complaints and 59 compliments had been received, and data for the individual councils was provided.

The report provided a breakdown of the corporate complaints, including outcomes and lessons learned and also highlighted the compliments that had been received across the authority during the reporting period and outlined the Service or individuals who received them.

Members considered the digest in detail and asked questions to which responses were duly provided. In particular discussions were held on self-service and questioned how easy was it to register a complaint; the customer

services team and the number of calls they handled and suggested the council should be providing training courses for other councils.

Members expressed their delight in the number of compliments received in the reporting period to date and commended the customer services team.

5. **West Suffolk Fees and Charges Policy**

The Head of Resources and Performance, presented the report which informed Members of a Draft West Suffolk Fees and Charges Policy, attached as Appendix B, to create a single, clear and consistent approach to formulating, agreeing and reviewing the fees and charges set by the West Suffolk councils.

In the summer 2014, a review of the West Suffolk councils' fees and charges was carried out by the councils' Senior Auditors. The review examined the ways in which fees and charges were currently set by West Suffolk, when charging for the provision of a service. The review work only covered those fees and charges where the councils had control over their setting and excluded Council Tax and Business Rates. The report include at Appendix A the outcomes from the review.

It was reported that the West Suffolk fees and charges were agreed annually through the budget setting process for both councils. Recommendations made in the annual process came from officers, working with portfolio holders and within the councils' governance framework who undertook work to set fees and charges at an appropriate level. In order to improve the process a West Suffolk Fees and Charges Policy had been drafted.

Members scrutinised the Draft West Suffolk Fees and Charges Policy attached at Appendix B in detail and asked a number of questions, to which officers duly responded. In particular, discussions were held on the split of income generated from waste management and property and who reviewed the overall fees and charges.

6. **Accounting for a single West Suffolk staffing structure and the move to a West Suffolk Cost Sharing Model**

The Head of Resources and Performance, presented the report which informed Members that the allocation of the single staffing structure across the West Suffolk partnership between Forest Heath District Council and St Edmundsbury Borough Council had to date been driven by the level of savings generated from the baseline position back in 2012.

To date, the sharing of the savings had been deemed to be balanced across the two councils and acceptable to external auditors. However, recharging each council for the savings from shared services was a very labour intensive

and retrospective process which, once completed each quarter, typically resulted in an overall sharing of costs that could have been achieved more simply from cost sharing the operational costs (of salaries for example) at the outset. Also, the current process caused some confusion for members and officers when managing and monitoring budgets and considering future costs and savings for the partnership as information was not live.

Therefore, a new approach to cost sharing for West Suffolk was required that both recognised the shared nature of much of West Suffolk's service delivery and recognised that the councils remained separate legal entities. The West Suffolk cost sharing model must therefore be transparent and comply with external audit requirements.

The report included a proposed cost sharing model for income and employee costs as detailed in Table 2 and 3 and at paragraph 2.17 of reports PAS/SE/14/006 and PAS/FH/14/006. It was also proposed that the model should be reviewed annually as part of the budget setting process with any necessary amendments to the model (in order to secure delivery against the principles set out in paragraph 2.12 of the report) be reported to the Performance and Audit Scrutiny Committee in the Autumn.

Members scrutinised the report in detail and asked a number of questions, to which officers duly responded. In particular, discussions were held on the income from assets, which would be retained by the individual council. Members supported the report, which they felt was a very practical and could be reviewed, as necessary.

(Councillor Beccy Hopfensperger arrived during the consideration of this item).

7. 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 2015.

On the conclusion of the informal joint discussions at 6.20pm, 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's Performance and Audit Scrutiny Committee in Conference Chamber West at 6.25pm.

Performance and Audit Scrutiny Committee



Minutes of a meeting of the **St Edmundsbury Performance and Audit Scrutiny Committee** held on **Wednesday 26 November 2014 at 6.25 pm** at the **Conference Chamber, West Suffolk House**, Western Way, Bury St Edmunds

Present: **Councillors**

Chairman Sarah Broughton
Vice Chairman Patricia Warby

Paul Farmer
Diane Hind

Beccy Hopfensperger
David Nettleton

Paula Wade

In Attendance: Councillor David Ray, Portfolio Holder for Performance and Resources

Remembrance

The Committee observed a one minute silence in remembrance of the late Councillor Gordon Cox, a former Member of the Borough Council and Member of the Performance and Audit Scrutiny Committee.

1. **Apologies for Absence**

Apologies for absence were received from Councillors Derek Redhead and Karen Richardson.

2. **Substitutions**

The following substitutions were declared:

Councillor Diane Hind substituting for Councillor Derek Redhead.

3. **Minutes**

The minutes of the meeting held on 24 September 2014, were confirmed as a correct record and signed by the Chairman

4. **Mid-Year Internal Audit Progress Report 2014/15**

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report PAS/SE/14/001 (previously circulated).

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 report and the progress made against the 2014/15 Internal Audit Plan.

5. **Key Performance Indicators and Quarter 2 Performance Report 2014-15**

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report PAS/SE/14/002 (previously circulated).

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 performance against the Key Performance Indicators for Quarter 2, 2014-15.

6. **West Suffolk Strategic Risk Register Quarterly Monitoring Report - September 2014**

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report PAS/SE/14/003 (previously circulated).

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 West Suffolk Strategy Risk Register Quarterly Monitoring Report for September 2014.

7. **Biannual Corporate Complaints and Compliments Digest**

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report PAS/SE/14/004 (previously circulated).

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 Biannual Corporate Complaints and Compliments Digest.

8. **West Suffolk Fees and Charges Policy**

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report PAS/SE/14/005 (previously circulated).

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

With the being unanimous, it was

RECOMMENDED

That the West Suffolk Fees and Charges Policy, attached as Appendix B to Report PAS/SE/14/005 be approved.

9. **Accounting for a Single West Suffolk Staffing Structure and the move to a West Suffolk Cost Sharing Model**

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report PAS/SE/14/006 (previously circulated).

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

With the being unanimous, it was

RECOMMENDED

That:

- a) Subject to the approval of full Council, as part of the 2015/16 budget setting process and subject to external audit support, the proposed cost sharing model for income and employee costs as detailed in Table 2 and 3 and at paragraph 2.17 of Report PAS/SE/14/006, be approved.
- b) The proposed model, as detailed in Table 2 and 3 and at paragraph 2.17 of Report PAS/SE/14/006, be reviewed annually as part of the budget setting process with any necessary amendments to the model (in order to secure delivery against the principles set out in paragraph 2.12 of Report PAS/SE/14/006), be reported through to Performance and Audit Scrutiny Committee in the Autumn.

10. **Work Programme Update**

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report PAS/SE/14/007 (previously circulated).

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 work programme for 2015.

11. Ernst and Young Presentation of Annual Audit Letter 2013/14

The Committee received Report PAS/SE/14/008 (previously circulated), presented by Melanie Richardson (External Audit Manager) which updated Members on the outcome of the annual audit of the 2013/2014 financial statements by Ernst and Young (the Council's external auditors) as detailed in their Annual Audit Letter for 2013/2014, attached as Appendix 1 to the report. The letter was for information and confirmed the completion of the audit of the 2013/2014 financial statements.

It was reported that the final fee of £60,356 for work carried out, included two small additional sums totalling £2,900. The first additional sum of £2,000 reflected work undertaken by Ernst and Young over and above that planned due to extra time spent in undertaking the audit trail which supported the financial statements. Details of the work were included in the Annual Audit Letter at Appendix 1.

The second sum of £900 was an Audit Commission variation to the base scale fee to reflect the extra audit procedures required nationally, and further details were attached at Appendix 2.

Both of these additional fees had been agreed by the Section 151 Officer.

Members asked questions, to which Melanie Richardson duly responded. There being no decision require, the Committee **noted** the contents of the report.

12. Financial Performance Report (Revenue and Capital) Quarter 2 - 2014-15

The Committee received Report PAS/SE/14/009 (previously circulated), which updated Members on the current position with regard to the 2014-15 year end forecast financial position.

The latest Revenue Budget Summary for the year to date position after six months currently showed an underspend of £90,200 with a forecast position for the year end showing an underspend of £290,500. In terms of the Council's capital financial position, the first six months of 2014/15 showed an expenditure of £1,137,000. The Council had received £92,500 in capital receipts in the period to 30 September 2014, and the revenue reserves summary showed an opening balance of £12,612,806 with a forecast closing balance of £13,113,628.

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

Members discussed the Waste Management and Property Services underspend and questioned how many vacant posts were there and their role, to which officers agreed to provide a written response.

Members also discussed market tolls and officers agreed to provide in future reports year-on-year comparisons.

There being no decision required, the Committee **noted** the year end forecast financial position.

13. **Delivering a Sustainable Budget 2015-16 and Budget Consultation Results**

The Committee received Report PAS/SE/14/010 (previously circulated), which set out the context of the 2015/16 budget process, including a summary of the budget consultation focus group results and the proposed saving and income generation items for delivering a balanced budget for 2015/16.

The budget gap for the years 2015/16 to 2017/18 were projected in Table 1 of the report. The current budget assumptions for the 2015/16 and for the period of the Medium Term Financial Strategy were also detailed in Appendix B. The key budget assumptions continued to be reviewed as more accurate information became available.

Attached as Appendix A to the report, was the initial results of the budget consultation exercise which was carried out over the summer in order to inform the budget setting process and help councillors to make decisions about the 2015/16 budget. The purpose of the consultation was to gauge public opinion on the main savings/income generating options and to test views on a range of issues relating to council priorities and themes in the Medium Term Financial Strategy, such as channel shift, families and communities and our commercial approach.

The Performance and Audit Scrutiny Committee was asked to support the inclusion of a number of budget proposals set out in Table 2 of the report, taking into account the public consultation results outlined in Appendix A, in order to progress securing a balanced budget for 2015/16.

The Committee was further asked to support the removal of a number a proposals from the 2015/16 budget, set out in paragraph 1.5.2 of the report, following the public consultation exercise.

Members scrutinised the report and asked a number of questions to which officers duly responded. In particular detailed discussions were held on the proposal to change the bin collection days; charging for replacement bins and the use of volunteers.

The Committee also discussed the budget consultation areas set out in paragraph 1.5.3, which required further work. The Committee unanimously supported the exploration / individual business case for the markets; bus station building and money from development. However, in relation to the housing proposal, one member was against the proposal for the council to

invest in building houses to rent and sell as they felt the council should have more of an enabling role by supporting developers.

Members **noted** the progress made on delivering a balanced budget for 2015/16.

With the vote being unanimous, it was

RECOMMENDED

That taking into account the public consultation results outlined in Appendix A to Report PAS/SE/14/010, Cabinet:

- 1) includes the proposals, as detailed in Table 2 at paragraph 1.5.1 of Report PAS/SE/14/010.
- 2) removes the proposals, as detailed in paragraph 1.5.2 of Report PAS/SE/14/010.

14. **Mid-Year Treasury Management Report 2014-15 Investment Activity 1 April to 30 September 2014**

The Committee received Report TMS/SE/14/001 (previously circulated), which had been considered by the Treasury Management Sub-Committee on 17 November 2014.

The Chairman provided a verbal update on the Sub-Committee's consideration of the report, which summarised the Treasury Management activity for the first six months of the 2014/15 financial year. The Sub-Committee was advised that interest earned during the first six months of the financial year amounted to £0.176m against the profiled budget for the period of £0.264m; a budgetary deficit of £0.088m. This was due to a lower rate of interest than projected during the period. The reduction in the interest rates was primarily due to the continued low Bank of England base rate and subsequent poor investment rates being offered by the banks and building societies and financial institutions. In the current economic climate it is considered likely that the current low rates will continue for the remainder of this year.

The Sub-Committee had scrutinised the content of the report, asking questions of officers who duly responded. There were no issues or recommendations needed to be brought to the attention of the Performance and Audit Scrutiny Committee on this occasion.

The Performance and Audit Scrutiny Committee discussed the report and there being no decision required, **noted** the contents of the report.

The Meeting concluded at 7.28 pm

Signed by:

Chairman