

Cabinet



Forest Heath
District Council

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| Title of Report: | Report of the Performance and Audit Scrutiny Committee: 25 November 2015 | |
| Report No: | CAB/FH/15/062 | |
| Report to and date: | Cabinet | 22 December 2015 |
| Portfolio Holder: | Stephen Edwards Portfolio Holder for Resources and Performance Tel: 01638 660518 Email: stephen.edwards@forest-heath.gov.uk | |
| Chairman of the Committee: | Colin Noble Chairman of the Performance and Audit Scrutiny Committee Tel: 07545 423795 Email: colin.noble@forest-heath.gov.uk | |
| Lead Officer: | Christine Brain Scrutiny Officer Tel: 01638 719729 Email: christine.brain@westsuffolk.gov.uk | |
| Purpose of report: | <p>On 25 November 2015, the Performance and Audit Scrutiny Committee held an informal joint meeting with members of Forest Heath's Performance and Audit Scrutiny Committee, and <u>considered the first five items jointly:</u></p> <ol style="list-style-type: none">(1) Mid Year Internal Audit Progress Report 2015-2016;(2) Subscription Charge for the Brown Bin Service;(3) Balanced Scorecard Quarter 2 Performance Report (2015-2016);(4) West Suffolk Strategic Risk Register Quarterly Monitoring Report – September 2015;(5) Work Programme Update;(6) Ernst and Young – Presentation of Annual Audit Letter (2014-2015); | |

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| | <p>(7) Financial Performance Report (Revenue and Capital) Quarter 2 – 2015-2016;</p> <p>(8) Delivering a Sustainable Budget 2016-2017 – Update; and</p> <p>(9) Mid Year Treasury Management Report and Investment Activity (1 April – 30 September 2015)</p> |
| Recommendation: | The Cabinet is requested to <u>NOTE</u> the contents of Report CAB/FH/15/062, being the report of the Performance and Audit Scrutiny Committee. |
| Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i> | <p><i>Is this a Key Decision and, if so, under which definition?</i></p> <p>Yes, it is a Key Decision - <input type="checkbox"/></p> <p>No, it is not a Key Decision - <input checked="" type="checkbox"/></p> <p>Report for information only.</p> |
| Consultation: | <ul style="list-style-type: none"> • See reports listed in Section 2 below. |
| Alternative option(s): | <ul style="list-style-type: none"> • See reports listed in Section 2 below |
| Implications: | |
| <i>Are there any financial implications? If yes, please give details</i> | Yes <input type="checkbox"/> No <input type="checkbox"/> Please see background papers. |
| <i>Are there any staffing implications? If yes, please give details</i> | Yes <input type="checkbox"/> No <input type="checkbox"/> Please see background papers. |
| <i>Are there any ICT implications? If yes, please give details</i> | Yes <input type="checkbox"/> No <input type="checkbox"/> Please see background papers |
| <i>Are there any legal and/or policy implications?</i> | Yes <input type="checkbox"/> No <input type="checkbox"/> Please see background papers. |
| <i>Are there any equality implications? If yes, please give details</i> | Yes <input type="checkbox"/> No <input type="checkbox"/> Please see background papers. |
| Risk/opportunity assessment: | Please see background papers. |
| Ward(s) affected: | Please see background papers. |
| Background papers: | Please see background papers, which are listed at the end of the report. |
| Documents attached: | None |

1. Key issues and reasons for recommendation

1.1 Mid-Year Internal Audit Progress Report 2015-2016 (Report No: PAS/FH/15/028)

1.1.1 The Committee received and **noted** the report, which advised Members of the work of the Internal Audit Section for the first half of 2015-2016 (Appendix A), including the variety of corporate projects and activities which were supported through the work of the team.

1.1.2 The report also included an update on progress made against the 2015-2016 Internal Audit Plan previously approved by the Committee in June 2015.

1.2 Subscription Charge for the Brown Bin Service (Report No: PAS/FH/15/029)

1.2.1 The Committee was asked to consider and approve in principle a West Suffolk subscription charge for the brown bin service to take place from April 2016.

1.2.2 Following the agreement of full Council to implement a subscription charging scheme between £35 and £50, additional work had been undertaken to ascertain the most appropriate charging level. Based on analyses contained within Report No: PAS/SE/15/029, it was recommended that the subscription charge be set at £40 per year, per bin, per household. Further details around the practicalities of the scheme were currently being worked through. However, it was anticipated that if households were allowed additional brown bins these would also be charged at £40 per year. The implementation and take-up of the scheme would be reviewed in three years or before, if necessary.

1.2.3 The £40 charge across West Suffolk had been established to reflect a range of variables and assumptions and had also taken into account:

- Experience elsewhere;
- Impact on the service revenue budget; and
- Enabling efficient payment transactions.

1.2.4 Members scrutinised the report in detail and asked a number of questions to which responses were duly provided. In particular discussions were held on:

- Whether the annual brown bin subscription charges should be set at £39 or £40;
- The administrative costs for the collection of the subscription charges;
- The types of payment system to be used for the collection of the subscription charges and how residents would be able to pay for this service; and
- For the scheme to be reviewed after a one year take-up.

1.2.5 As the final detail on some of the issues discussed were not currently available, Members requested a further update to be provided to the next

meeting of the Performance and Audit Scrutiny Committee on 28 January 2016.

1.2.6 It was **RECOMMENDED to the Head of Operations:**

That the Performance and Audit Scrutiny committee, approves, in principle, the £40 brown bin annual subscription charge, as detailed in Report No: PAS/FH/15/029, and agree to the implementation of the charge with effect from 1 April 2016 by the Head of Operations, in line with the Council's Fees and Charges Policy, subject to further consideration of:

- (1) the administrative costs for the collection of the subscription charges;
- (2) the types of payment systems to be used for the collection of the subscription charges and how residents would be able to pay for this service;
- (3) reviewing the scheme after a one year take-up; and
- (4) a further update be presented to the Performance and Audit Scrutiny Committee at its meeting on 28 January 2016.

1.3 **Balanced Scorecards Quarter 2 Performance Report 2015-2016 (Report No: PAS/FH/15/030)**

1.3.1 The Committee received noted Report No: PAS/SE/15/030, which set out the West Suffolk Balanced Scorecards being used to measure the Council's performance for 2015-2016 and an overview of performance against those indicators for the second quarter of 2015-2016. The six balanced scorecards (attached at Appendices A to F) were linked to the Head of Service areas, including the proposed performance measures, targets and quarter one data.

1.3.2 Most indicators reported performance against an agreed target using a traffic light system with additional commentary provided for performance indicators below optimum performance.

1.3.3 Across all service balanced scorecards, there were indicators measuring the performance of the transactional finance functions. These were "% of non-disputed invoices paid within 30 days" and "% of debt over 90 days old". In the first quarter of the year, against these indicators, all services areas had failed to meet the targets of more than 95% of non-disputed invoices paid with 30 days and less than 10% of debt over 90 days old.

1.3.4 The finance and performance team had been working with service areas to try and improve performance against both of these measures. As a result of this, performance against both of these indicators had improved across the council. Invoices paid within 30 days had risen from 78.50% in June to 87.96% in September. Debt over 90 days had dropped from 62.53% in June to 47.25% in September. Although these figures were still not within the target range, it shows improvements had been made.

1.4 **West Suffolk Strategic Risk Register Quarterly Monitoring Report – September 2015(Report No: PAS/FH/15/031)**

1.4.1 The Committee received and **noted** 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 in November 2015 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 and actions had been updated and those which were not ongoing and had been completed by September 2015 had been removed from the Register.

1.4.2 There had been no new risks or amendments made to any existing risk and no new risks had been closed since the Strategic Risk Register was last reported to the Committee.

1.4.3 Members scrutinised the report and asked questions to which officers duly responded.

1.5 **Work Programme Update (Report No: PAS/FH/15/032)**

1.5.1 The Committee received and **noted** its Work Programme which provided information on current items scheduled to be presented to the Committee during 2016.

1.6 **Ernst and Young – Presentation of Annual Audit Letter (2014-2015) (Report No: PAS/FH/15/033)**

1.6.1 The Committee received and **noted** this report which updated Members on the outcome of the annual audit of the 2014-2015 financial statements by Ernst Young as detailed in their Annual Audit Letter for 2014-2015, attached as Appendix 1 to Report No: PAS/FH/15/033. The letter was for information and confirmed the completion of the audit of the 2014-2015 financial statements.

1.6.2 It was reported that the planned audit fee for the year remained unchanged (£62,745). Works on the certification of claims and returns had not yet been completed and the final fee in relation to this work would be reported to its meeting on 28 January 2016.

1.6.3 The Committee were also informed that the Accounts and Audit Regulations 2015 had been laid before Parliament in February 2015. A key change in the Regulations now meant that from the 2017/2018 financial year, the timetable for the preparation and approval of accounts would be brought forward. Therefore, as a result, the Council would need to produce draft accounts by 31 May, for auditing by 31 July.

1.7 **Financial Performance Report (Revenue and Capital) Quarter 2 (2015-2016) (Report No: PAS/FH/15/034)**

1.7.1 The Committee received and **noted** the quarterly monitoring report which informed Members of the year end forecast financial position.

1.7.2 The current forecasted position for the Revenue Budget year end was expected to be on budget. Members noted the current position and the significant variances, as outlined in paragraph 1.3.1 of the report.

- 1.7.3 In terms of the Council's Capital financial position, the Council had spent £2,742,110 of its capital budget of £14,405,247 as at 30 September 2015. The table set in paragraph 1.3.2 of the report provided a high level summary of capital expenditure against budget for 2015-2016, as well as the year end forecast variances of £2,511,000. A summary of the earmarked reserves along with the forecast year end position for 2015-2016 was also included within the report.
- 1.7.4 The Resources Team would continue to work with Budget Holders to monitor capital spend and project progress closely for the remainder of the financial year and an updated position would be presented to the Performance and Audit Scrutiny Committee on a quarterly basis.
- 1.7.5 Members discussed the report and asked questions in relation to the report, to which responses were provided.

1.8 **Delivering a Sustainable Budget 2016-2017 – Update Report (Report No: PAS/FH/15/035)**

- 1.8.1 The Committee received and **noted** the report which updated members on progress made towards delivering a balanced budget for 2016-2017. The report included additional pressures and progress made to date in achieving the 2016-2017 savings target. These were now being incorporated into the budgets, over and above those items which had been brought to the Committee at its September 2015 meeting.
- 1.8.2 The update showed that there was currently a small budget gap in 2016-2017. Officers were confident that other proposals currently being finalised would close the gap.
- 1.8.3 The update also included an assumption of a Council Tax freeze for 2016-2017. However, this part of the budget setting process was subject to a full Council decision on 24 February 2016. The position was also prior to communication of the Finance Settlement announcement in December 2015 and could, therefore, change as a result. Figures contained within the report were also subject to final calculation of the tax base.

1.9 **Mid-Year Treasury Management Performance Report and Investment Activity (1 April to 30 September 2015) (Report No: PAS/FH/15/036)**

- 1.9.1 The Committee received and **noted** the mid-year report, which summarised the Treasury Management activity for the first six months of the 2015-2016 financial year.
- 1.9.2 The Committee scrutinised the report and asked questions to which responses were provided. In particular, the Committee requested for more information to be provided, in future reports, on the breakdown of the investment balances held and for these to be split between the Councils' Revenue, Capital and General Fund Reserves. The Acting Head of Resources and Performance confirmed that this would be included in future reporting, within the table which summarised the investment activities during the report period.

2. Background Papers

- 2.1.1 [Report No: PAS/FH/15/028](#) & [Appendix A](#) to the Performance and Audit Scrutiny Committee: Mid-year Internal Audit Progress Report 2015-2016
- 2.1.2 [Report No: PAS/FH/15/029](#) to the Performance and Audit Scrutiny Committee: Subscription Charge for the Brown Bin Service
- 2.1.3 [Report No: PAS/FH/15/030](#) & [Appendix A](#) (Resources and Performance), [Appendix B](#) (Families and Communities), [Appendix C](#) (HR, Legal and Democratic), [Appendix D](#) (Planning and Growth), [Appendix E](#) (Operations) and [Appendix F](#) (Housing) to the Performance and Audit Scrutiny Committee: Balanced Scorecards Quarter 2 Performance Report 2015-2016
- 2.1.4 [Report No: PAS/FH/15/031](#) & [Appendix 1](#) to the Performance and Audit Scrutiny Committee: West Suffolk Strategic Risk Register Quarterly Monitoring Report - September 2015
- 2.1.5 [Report No: PAS/FH/15/032](#) to the Performance and Audit Scrutiny Committee: Work Programme Update
- 2.1.6 [Report No: PAS/FH/15/033](#) & [Appendix 1](#) to the Performance and Audit Scrutiny Committee: Ernst and Young – Presentation of Annual Audit Letter 2014-2015
- 2.1.7 [Report No: PAS/FH/15/034](#) & [Appendix A](#), [Appendix B](#), [Appendix C](#) & [Appendix D](#) to the Performance and Audit Scrutiny Committee: Financial Performance Report (Revenue and Capital) Quarter 2 – 2015-2016
- 2.1.8 [Report No: PAS/FH/15/035](#) to the Performance and Audit Scrutiny Committee: Delivering a Sustainable Budget 2016-2017 Update
- 2.1.9 [Report No: PAS/FH/15/036](#) & [Appendices 1 to 3](#) to the Performance and Audit Scrutiny Committee: Mid-year Treasury Management Performance Report and Investment Activity (April – September 2015)