

Cabinet



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Report of the Performance and Audit Scrutiny Committee: 31 January 2018	
Report No:	CAB/SE/18/017	
Report to and date:	Cabinet	27 March 2018
Portfolio holder:	Councillor Ian Houlder Portfolio Holder for Resources and Performance Tel: 07970 729435 Email: ian.houlder@stedsbc.gov.uk	
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Purpose of report:	<p>On 31 January 2018, 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 three items jointly</u>:</p> <ol style="list-style-type: none">(1) Balanced Scorecards and Quarter Three Performance Report 2017-2018;(2) West Suffolk Strategic Risk Register Quarterly Monitoring Report – December 2017;(3) Work Programme Update;(4) Financial Performance Report (Revenue and Capital) Quarter 3 – 2017-2018;	

	<p>(5) Delivering a Sustainable Medium Term Financial Strategy 2018-2021;</p> <p>(6) Ernst and Young – Certification of Claims and Returns Annual Report 2016-2017;</p> <p>(7) Ernst and Young – External Audit Plan and Fees 2017-2018;</p> <p>(8) Decision Relating to Complaint to Local Government Ombudsman;</p> <p>(9) Treasury Management Report 2017-2018 - Investment Activity 1 April to 31 December 2017; and</p> <p>(10) Annual Treasury Management and Investment Strategy Statements 2018-2019 and Treasury Management Code of Practice.</p> <p>Reports on Items (5), (9) and (10) above were considered by Cabinet on 6 February 2018.</p>
Recommendation:	It is <u>RECOMMENDED</u> that Report No: CAB/SE/18/017, being the report of the Performance and Audit Scrutiny Committee, be noted.
Key Decision:	No, it is not a Key Decision - <input checked="" type="checkbox"/> Report for information only.
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? If yes, please give details</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:	All Wards
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 Balanced Scorecards and Quarter 3 Performance Report 2017-2018 (Report No: PAS/SE/18/001)

- 1.1.1 The Committee received and **noted** Report No: PAS/SE/18/001, which set out the West Suffolk Balanced Scorecards being used to measure the Council's performance for 2017-2018 and an overview of performance against those indicators for the third quarter of 2017-2018. The five balanced scorecards (attached at Appendices A to E to Report No: PAS/SE/18/001) were linked to the Assistant Director's Service areas, which presented Quarter 3 2017-2018 performance.
- 1.1.2 Most indicators reported performance against an agreed target using a traffic light system with additional commentary provided for performance indicators below optimum performance.
- 1.1.3 Members considered the report and each appendix in detail and asked questions to which comprehensive responses were provided. In particular discussions were held on:
- Appendix B, (Families and Communities): "*household numbers in bed and breakfast*" and sought clarification on the distinction made between bed and breakfast and temporary accommodation.
 - Appendix E (Operations): blue bin recycling and the impact on China not accepting certain types of recyclable material, to which officers provided a comprehensive response.
- 1.1.4 No issues were required to be brought to the attention of Cabinet.

1.2 West Suffolk Strategic Risk Register Quarterly Monitoring Report – December 2017 (Report No: PAS/SE/18/002)

- 1.2.1 The Committee received and **noted** 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 2017 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 Strategic Risk Register (Appendix 1 to Report No: PAS/SE/18/002).
- 1.2.2 Some individual controls or actions had been updated and those that were not ongoing and had been completed by December 2017 had been removed from the register.
- 1.2.2 There had been no new risks or major amendments made to any existing risks since the Strategic Risk Register was last reported to the Committee. Also no existing risks had been closed since the Register was last reported to the Committee.
- 1.2.3 Members scrutinised the report and asked questions. In particular discussions were held on "Risk WS8(c) – Failure to deliver housing

agenda". Officers provided an explanation on the national challenges being faced in providing housing in the area.

1.2.4 No issues were required to be brought to the attention of Cabinet.

1.3 **Work Programme Update (Report No: PAS/SE/18/003)**

1.3.1 The Committee received and **noted** its Work Programme which provided items scheduled to be presented to the Committee during 2018-2019, subject to the inclusion of the following reports to its forward work programme:

- 1) Accounting Policies – 31 May 2018; and
- 2) Building Control – Improvement Plan (Follow-Up Report) – November 2018.

1.4 **Financial Performance Report (Revenue and Capital) Quarter 3 – 2017/2018 (Report No: PAS/SE/18/004)**

1.4.1 The Committee received and **noted** the third quarterly monitoring report which informed Members of the forecasted outturn position for 2017-2018.

1.4.2 Attached at Appendices A and B to the report were details of the Council's revenue performance and year end forecasted outturn position. The current forecast position for the year end was expected to be a benefit of £174,000 to the Council's General Fund, which equated to just 0.23% of the Council's gross expenditure. Explanations of the main year end forecast over / (under) spends were set out in the report at paragraph 1.2.3. Appendix C to the report set out the Council's capital financial position for the first nine months of 2017-2018, which showed expenditure of £12,785,000. Finally, a summary of earmarked reserves was attached at Appendix D, along with the forecast year end position for 2017-2018.

1.4.3 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 Committee on a quarterly basis.

1.4.4 Members scrutinised the report in detail, and asked a number of questions to which officers duly responded. In particular discussions were held on Appendix C. In particular clarification was sought on a number of items listed in the capital budget, and questioned whether it was exclusive to assets owned by the council, to which responses were provided.

1.5 **Ernst and Young – Certification of Claims and Returns Annual Report 2016-2017 (Report No: PAS/SE/18/006)**

1.5.1 The Committee received and **noted** a report from the Council's external auditor, Ernst and Young (EY), which updated Members on the outcome of the annual audit of grant claims, as detailed in their Annual

Certification of Claims and Returns Annual Report for 2016/2017
(Appendix A).

1.5.2 Mark Hodgson (Associate Partner) from EY attended the meeting and presented this report, which summarised the results of the certification work which had been undertaken as part of the annual audit of grant claims to government departments and also set out the fee for carrying out this work. He drew relevant details from the report to Members' attention and explained the one claim relating to the Housing Benefits Subsidy Claim. The Public Sector Audit Appointments Limited (PSAA) determined a scale fee each year for the audit of claims and returns. For 2016-2017 the indicative scale fee for the audit of the Housing Benefits subsidy claim was £22,583 and the actual fee would be unchanged from this level. For 2017-2018, the indicative scale fee had been set at £24,722.

1.5.3 EY had made no recommendations to Members as a result of the audit.

1.6 **Ernst and Young – External Audit Plan and Fees 2017-2018 (Report No: PAS/SE/18/007)**

1.6.1 The Committee received and **noted** a further report from EY, which provided the basis to review EY's proposed audit approach and scope for the 2017-2018 audit, along with the planned fees to complete the work, as set out in the Audit Plan attached at Appendix A to the report.

1.6.2 Mark Hodgson from EY presented this report, which summarised EY's assessment of the key risks which drive the development of an effective audit for the Council, and outlined their planned audit strategy in response to those risks. EY aimed to issue its audit opinion to Members by July 2018. He also drew Members' attention to the financial statement risks; the level of materiality set; the value for money conclusion; EY's audit process and strategy; and the planned fee for 2017-2018 (£68,489) set out on page 29 of Appendix A.

1.7 **Decision Relating to Complaint to Local Government Ombudsman (Report No: PAS/SE/18/008)**

1.7.1 The Committee received the above report which set out a complaint which had been referred to the Local Government Ombudsman in relation to the Local Planning Authority failing to notify Mr X about two planning applications and failing to keep Mr X updated on some of the actions it was taking. Members were informed that to date, Mr X had not taken up the offer of the compensation payment.

1.7.2 The Committee asked questions in relation to the complex history of the complaint; and remedies which had been put in place, to which responses were provided.

- 1.7.3 There being no decision required, the Committee **noted** the action taken by the Assistant Director (Planning and Regulatory Services) to remedy the findings of the Local Government Ombudsman (LGO) and the recommended payment of £400.00 in recognition of the uncertainty and outrage caused to him and his family.

2. Background Papers

- 2.1.1 Report No: [PAS/SE/18/001](#) and [Appendix A](#); [Appendix B](#); [Appendix C](#); [Appendix D](#); [Appendix E](#) to the Performance and Audit Scrutiny Committee: Balanced Scorecards and Quarter 3 Performance Report 2017-2018
- 2.1.2 Report No: [PAS/SE/18/002](#) and [Appendix 1](#) to the Performance and Audit Scrutiny Committee: West Suffolk Strategic Risk Register Quarterly Monitoring Report – December 2017
- 2.1.3 Report No: [PAS/SE/18/003](#) to the Performance and Audit Scrutiny Committee: Work Programme Update
- 2.1.4 Report No: [PAS/SE/18/004](#) and [Appendix A](#); [Appendix B](#); [Appendix C](#); [Appendix D](#) to the Performance and Audit Scrutiny Committee: Financial Performance Report (Revenue and Capital) Quarter 3 – 2017-2018
- 2.1.5 Report No: [PAS/SE/18/006](#) and [Appendix A](#) to the Performance and Audit Scrutiny Committee: Ernst and Young – Certification of Claims and Returns Annual Report 2016-2017
- 2.1.6 Report No: [PAS/SE/18/007](#) and [Appendix A](#) to the Performance and Audit Scrutiny Committee: Ernst and Young – External Audit Plan and Fees 2017-2018
- 2.1.7 Report No: [PAS/SE/18/008](#) to the Performance and Audit Scrutiny Committee: Decision Relating to Complaint to Local Government Ombudsman