
(Informal Joint) Performance and Audit Scrutiny Committee



Forest Heath
District Council

**Notes of Informal Discussions held on Wednesday 31 January 2018 at
5.00pm in Conference Chamber West, West Suffolk House,
Western Way, Bury St Edmunds**

PRESENT: St Edmundsbury Borough Council (SEBC)

Councillors Sarah Broughton, Jane Midwood, Andrew Smith, Peter Thompson, and Patricia Warby.

Forest Heath District Council (FHDC)

Councillor Louis Busuttil
(Chairman of the informal discussions)

Councillors Chris Barker, John Bloodworth, Rona Burt, Colin Noble and Peter Ridgwell.

IN ATTENDANCE: SEBC – Councillor Ian Houlder, Portfolio Holder for Resources and Performance
FHDC – Councillor Stephen Edwards, Portfolio Holder for Resources and Performance

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

- (1) Balanced Scorecards and Quarter 3 Performance Report 2017-2018;
- (2) West Suffolk Strategic Risk Register Quarterly Monitoring Report – December 2017;
- (3) 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 the West Suffolk House, Bury St Edmunds 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.

Members noted that each Council permitted public participation at their Performance and Audit Scrutiny meetings. Therefore, for the purpose of facilitating these Constitutional requirements, 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 items 1 – 3 above. 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 authority's agenda.

1. **Balanced Scorecards Quarter 3 Performance Report 2017-2018**

The Assistant Director (Resources and Performance) introduced the report, which set out the current 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) were linked to the Assistant Director Service areas.

Most indicators reported performance against an agreed target using a traffic light system with additional commentary provided for performance indicators below optimum performance. Other KPIs reported a data value only in order to track performance over time.

It was reported that within the Resources and Performance, the "*% of non-disputed invoice paid within 30 days*" corporate indicator across both councils showed we had achieved positive results in the third quarter, reporting 94.15% of invoices paid within 30 days. However, the finance and performance team would continue to work with service areas to try and improve performance against this indicator to achieve the 95% target, with monthly business intelligence reports being sent out within details of all invoices processed.

Each Assistant Director then presented their individual Balanced Scorecard and highlighted key areas for the Committees attention.

Members considered the report in detail and asked a number of questions on each of the Balanced Scorecards. Discussions were held on Universal Credit; recruitment and pay; health and safety incidents; and the council's complaints process. 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, and agreed to continue promoting to residents the importance of recycling through the blue bin service and not placing recyclables in the black bins.

2. **West Suffolk Strategic Risk Register Quarterly Monitoring Report – December 2017**

The Service Manager (Finance and Performance) presented the third quarter 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 Risk Register (Appendix 1).

Some individual controls or actions had been updated and those which were not ongoing and had been completed by December 2017 had been removed from the Register. There had been no new risks or major amendments made to any existing risks or any existing risks closed since the Strategic Risk Register was last reported to the Committee.

With regards to the impact of Brexit, the group would continue to monitor the situation as it developed, amending existing and / or adding new risks where necessary. Any changes would be reported at each meeting of the Committee in the normal manner.

Members scrutinised the report and asked questions. Discussions were held on "Risk WS8(c) – Failure to deliver housing agenda", and officers provided an explanation on the national challenges being faced in providing housing in the area.

3. **Work Programme Update**

The Assistant Director (Resources and Performance) presented the report, which provided information on the current status of each Committee's Work Programme for 2018-2019. She informed the Committee on an additional report on Accounting Policies, which would be presented to the Committee in May 2018.

Members considered its forward work programme for 2018-2019, and Councillor Sarah Broughton suggested that a follow-up report on the Building Control Improvement Plan should be brought back to the Committee in November 2018, which was supported by all members.

On the conclusion of the informal joint discussions at 5.40 pm, 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 Forest Heath District Council Performance and Audit Scrutiny Committee in Conference Chamber East at 5.41 pm.

Performance and Audit Scrutiny Committee



Forest Heath
District Council

Minutes of a meeting of the **Performance and Audit Scrutiny Committee** held on **Wednesday 31 January 2018** at **5.41 pm** at the **Conference Chamber East, West Suffolk House, Western Way, Bury St Edmunds, IP33 3YU**

Present: **Councillors**

Chairman Louis Busuttill
Vice Chairman Colin Noble

Chris Barker
Rona Burt

John Bloodworth
Peter Ridgwell

By Invitation:
Stephen Edwards

(Portfolio Holder for Resources and Performance)

191. **Substitutes**

There were no substitutions declared.

192. **Apologies for Absence**

Apologies for absence were received from Councillors Michael Anderson, Simon Cole and Christine Mason.

Councillor Andrew Appleby was also unable to attend the meeting.

193. **Minutes**

The minutes of the meeting held on 29 November 2017 were unanimously accepted by the Committee as an accurate record and signed by the Chairman.

194. **Public Participation**

Public participation had been undertaken within the previous informal discussions and there had been no questions/statements from members of the public.

195. **Balanced Scorecards and Quarter 3 Performance Report 2017-2018 (Report No: PAS/FH/18/001)**

Further to the joint informal discussions held prior to the meeting with St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/FH/18/001.

Members had scrutinised the report in detail and asked questions, to which responses were provided. With there being no decision required, the Committee **noted** the Council's performance using the Balanced Scorecards for Quarter 3, 2017-2018.

196. **West Suffolk Strategic Risk Register Quarterly Monitoring Report - December 2017 (Report No: PAS/FH/18/002)**

Further to the joint informal discussions held prior to the meeting with St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/FH/18/002.

Members had considered the report and with there being no decision required, **noted** the contents of the Quarter 3 West Suffolk Strategic Risk Register Monitoring Report.

197. **Work Programme Update (Report No: PAS/FH/18/003)**

Further to the joint informal discussions held prior to the meeting with St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/FH/18/003.

Members considered the report and with their being no decision required **noted** the contents of the report 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) - November 2018.

198. **Ernst and Young - Certification of Claims and Returns Annual Report 2016-2017 (Report No: PAS/FH/18/004)**

The Committee received Report No: PAS/FH/18/004, which updated Members on the outcome of the annual certification of grant claims by Ernst and Young (EY), as detailed in their Certification of Claims and Returns Annual Report 2016-2017, attached as Appendix A.

Mark Hodgson (Associate Partner) from EY presented the report, which summarised the results of the certification work that had been undertaken by EY staff as part of the annual audit of grant claims to government departments and sets out the scale fee for carrying out this work.

From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns, and to prescribe scales of fees for this work, was delegated to the Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. For 2016-2017, these arrangements required only the certification of the housing benefits subsidy claim with a total value of £15.014 million.

Mark drew relevant details from the report to Members' attention, and explained the certification work had found errors on the claim and these errors had been corrected by Officers. A qualification letter setting out further errors and uncertainties was also reported to the Department for Works and

Pensions (DWP). The relevant Officers of the Council and Anglia Revenues Partnership (ARP) had agreed the qualifications in respect of the 2016-2017 certification work, as detailed in Appendix A. ARP had taken action to address the issues for 2017-2018.

He also informed Members that the 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 £15,203 and the actual fee would be unchanged from this level. For 2017-2018, the indicative scale fee had been set at £12,442

Members scrutinised the report and there being no decision required, the Committee **noted** the contents of the report.

199. **Ernst and Young - External Audit Plan and Fees 2017-2018 (Report No: PAS/FH/18/005)**

The Committee received Report No: PAS/FH/18/005, which set out how EY intended to carry out their responsibilities as the Council's external auditors (Appendix A). The purpose of the report was to provide the Committee with a basis to review EY's proposed approach and scope for the 2017-2018 audit along with the planned fees to complete the work as set out in the Audit Plan.

Mark Hodgson (Associate Partner) from EY presented this report, which summarised EY's assessment of the key risks which drive the development of an effective audit of the Council, and outlined their planned audit strategy in response to those risks. Officers would be working with EY over the coming months to ensure that these risks were managed and where possible, come to an agreement over the treatment prior to the issuing of the Annual Governance Report and Audit Opinion, due to be issued by EY by July 2018. Mark drew member's attention to the financial statement risks; the value for money conclusion; EY's audit process and strategy; and the planned for fee 2017-2018 (£59,501) set out on page 31 of Appendix A.

The Committee were also informed that following on from changes brought in by the Government, the Council's Statement of Accounts would now be accelerated for closure and publishing by 31 July of each year (rather than by 30 September). The Service Manager (Finance) provided an outline to the Committee of the changes which would be required to the Council's accounting policies and also explained that a further report would be presented to the Committee on 31 May 2018.

Members scrutinised the report and there being no decision required the Committee **noted** the contents of the report.

200. **Financial Performance Report (Revenue and Capital) Quarter 3 - 2017-2018 (Report No: PAS/FH/18/006)**

The Committee received Report No: PAS/FH/18/006, which set out the financial performance for the third quarter of 2017-2018 and forecasted outturn position for 2017-2018.

Attached at Appendix A and B to the report was details of the Council's revenue performance and year end forecasted outturn position. Explanations of the main year end forecast over/(under) spends was 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 £939,177,000. Finally, a summary of earmarked reserves was attached at Appendix D, along with the forecast year end position for 2017-2018.

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.

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

There being no decision required, the Committee **noted** the Quarter 3 financial performance and the 2017-2018 year end forecast financial position.

201. **Delivering a Sustainable Medium Term Financial Strategy 2018-2021 (Report No: PAS/FH/18/007)**

The Committee received Report No: PAS/FH/18/007, which updated Members on the progress which had been made towards delivering a balanced budget for 2018-2019 and a sustainable budget in the medium term.

Forest Heath continued to face considerable financial challenges as a result of increased cost and demand, plus pressures and constraints on public sector spending (Revenue Support Grant (RSG)) from central government, as evidenced by the proposed four year Government settlement. It was clear that even without the proposed reductions in RSG, the Council had underlying net cost pressures which it needed to address. Section 2 of the report also explained the increasing demand for support and advice relating to housing options and homelessness.

The Medium Term Financial Strategy (MTFS) 2017-2021, which was approved by Council on 22 February 2017 had also set out further current and future financial pressures and challenges facing Forest Heath.

The budget gap for years 2018-2019 to 2020-2021 were projected in Table 1 of the report, which showed a balanced budget position for Forest Heath as report in February 2017. However, there was further work to be carried out and the budget gap did not include at this stage any variation or profile changes either positively or negatively in respect of income/savings for the Council's significant growth projects such as delivering our growth agenda (£20m investment fund) and Mildenhall Hub. The current budget assumptions for 2018-2019 to 2020-2021 and for the period of the MFTS was detailed in Appendix A.

The Committee was asked to support and recommend to Cabinet, the inclusion of proposals/changes as set out in Section 5 and Table 2 of the

report, in order to progress securing a balanced budget for 2018-2019, over and above those items brought to Members' attention in November 2017 as part of Report No: PAS/FH/17/038.

Members scrutinised the report and particularly discussed Table 2 which set out the budget proposals for 2018-2021. Reference was made to the budget assumption changes in relation to the '*additional retail rental income to reflect actual performance*' and wished to receive further information as to why the income was projected to reduce from £47,000 in years 2018/2019 and 2019/2020 to £10,000 in 2020/2021. Officers confirmed that they would clarify this position and report back to Members accordingly.

The Committee **noted** the budget assumptions outlined in Appendix A, budget timetable and progress made to date on delivering a balanced budget for 2018-2019 and a sustainable budget in the medium term.

It was moved, duly seconded and with the vote being unanimous, it was

RECOMMENDED:

That the proposals, as detailed in Section 5 and Table 2 at paragraph 5.1 to Report No: PAS/FH/18/007, be included in securing a balanced budget for 2018-2019.

202. Treasury Management Report 2017-2018 and Investment Activity (April to December 2017) (Report No: PAS/FH/18/008)

The Committee received this report which provided a summary of investment activity for the first nine months of 2017-2018. Full details of treasury management activities during the period were attached at Appendix 1. It was reported as at 31 December 2017, the Council held £19,955,000 of investments.

The purchase of the Solar Farm last year, continued to have a knock-on effect on the funds available for investment (as cash balances were used instead of external borrowing to fund the purchase). This in turn had reduced the interest earned this year. Also, the reduced Average Rate of Return was due to the continuing low Bank of England base rate and resulting reduction of interest rates offered by institutions.

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

It was proposed, duly seconded and with the vote being unanimous, it was

RECOMMENDED:

That, subject to the approval of Council the Third Quarter Treasury Management Report for 2017-2018, attached as Appendix 1 to Report No: PAS/FH/18/008, be approved.

203. **Treasury Management Policy Statement and Investment Strategy Statements 2018-2019 and Treasury Management Code of Practice (Report No: PAS/FH/18/009)**

The Committee received this report which sought approval of the Treasury Management Policy Statement and Investment Strategy 2018-2019 (including Treasury related Prudential Indicators) (Appendix 1) and Treasury Management Code of Practice (Appendix 3).

In December 2017, the Chartered Institute of Public Finance (CIPFA) issued an updated Treasury Management in the Public Services Code of Practice and Cross-Sectional Guidance Notes. Consequently the Council had updated its Investment Strategy and Code of Practice in line with these, as set out in Section 1.2 of the report.

The report also included information on interest rate projections; counterparty ratings (Appendix 2) and the list of approved organisations for investment and lending criteria and limits (Appendix 4).

The Committee scrutinised the Treasury Management Policy Statement and Investment Strategy 2018-2019 and Treasury Management Code of Practice and asked questions of Officers, to which responses were provided.

It was proposed, duly seconded and with the vote being unanimous, it was

RECOMMENDED:

That:-

1. The updated (December 2017) Treasury Management in the Public Services Code of Practice and Cross-Sectional Guidance Notes, be adopted.
2. The Treasury Management Policy Statement and Investment Strategy 2018-2019, as set out in Appendix 1 and 2 to Report No: PAS/FH/18/009 be approved.
3. The Treasury Management Code of Practice 2018-2019, as set out in Appendix 3 and 4 to Report No: PAS/FH/18/009, be approved.

204. **Decision Relating to Complaint to Local Government Ombudsman (Report No: PAS/FH/18/010)**

The Committee received Report No: PAS/FH/18/010, which set out a complaint which had been referred to the Local Government Ombudsman in relation to the overall way the Local Planning Authority communicated with Ms X about a neighbouring planning development.

Councillor Rona Burt also stated that, in her capacity as Chairman of the Development Control Committee, she had not been made aware of this upheld complaint. Therefore, the Performance and Audit Scrutiny Committee requested Officers to ensure that where complaints relating to planning

matters had been upheld by the Local Government Ombudsman, for the Chairman and Vice Chairman of the Development Control Committee should also be informed. The Assistant Director (Planning and Regulatory) acknowledged this and agreed for this course of action to be undertaken in the future.

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 compensation to settle the complaint.

The Meeting concluded at 6.35 pm

Signed by:

Chairman
