

Joint Executive (Cabinet) Committee

Forest Heath & St Edmundsbury councils

West Suffolk
working together

Title of Report:	Report of the Forest Heath and St Edmundsbury Performance and Audit Scrutiny Committees: 31 January 2019	
Report No:	CAB/JT/19/009	
Report to and date:	Joint Executive (Cabinet) Committee	12 March 2019
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<p>Purpose of report:</p>	<p>On 31 January 2019, St Edmundsbury Borough Council’s and Forest Heath District Council’s Performance and Audit Scrutiny Committee’s held an informal joint meeting together, and <u>considered the following seven items jointly:</u></p> <ol style="list-style-type: none"> (1) West Suffolk Annual Governance Statement 2018-2019; (2) 2018-2019 Performance Report – Quarter 3; (3) West Suffolk Strategic Risk Register Quarterly Monitoring Report – December 2018; (4) Ernst and Young – Certification of Claims and Returns Annual Report 2017-2018; (5) Ernst and Young – External Audit Plan and Fees 2018-2019; (6) Approach to Delivering a Sustainable West Suffolk Budget 2019-2020 and Medium Term Plan; (7) Treasury Management Strategy Statement 2019-2020 and Treasury Management Code of Practice; <p>Items (6) and (7) above were considered by the Shadow Executive (Cabinet), at its meeting on 5 February 2019.</p> <p>Separate reports for each authority are included on this Joint Executive (Cabinet) agenda for Item (8) below.</p> <ol style="list-style-type: none"> (8) Treasury Management Report 2018-2019 and Investment Activity (April – December 2018). <p>Forest Heath’s Performance and Audit Scrutiny Committee also considered the following item separately:</p> <ol style="list-style-type: none"> (9) Local Government Ombudsman Decision.
<p>Recommendation:</p>	<p>It is <u>RECOMMENDED</u> that Report No: CAB/JT/19/009, being the report for both St Edmundsbury Borough Council’s and Forest Heath District Council’s Performance and Audit Scrutiny Committees, be <u>noted</u>.</p>

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:	
Are there any financial implications? <i>If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> Please see background papers.
Are there any staffing implications? <i>If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> Please see background papers.
Are there any ICT implications? <i>If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> Please see background papers.
Are there any legal and/or policy implications? <i>If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> Please see background papers.
Are there any equality implications? <i>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 West Suffolk Annual Governance Statement 2018-2019 - (Report Nos: PAS/SE/19/001 and PAS/FH/19/001)

- 1.1.1 The Committee received the above report, which sought Members' approval of the draft West Suffolk Annual Governance Statement (AGS) 2018-2019, attached as Appendix A, which had been produced following completion of the annual review of the council's governance arrangements.
- 1.1.2 It provided stakeholders of the Council with the assurance that the Council, has operated within the law and the Council has met the requirements of the Accounts and Audit Regulations 2015.
- 1.1.3 The AGS was prepared by the Officer Governance Group and was presented as a joint statement for St Edmundsbury Borough Council and Forest Heath District Council to reflect both councils working together and sharing services across West Suffolk.
- 1.1.4 Members were informed that the Secretary of State had issued a set of regulations that made arrangements for the transfer of functions and responsibilities from Forest Heath and St Edmundsbury Councils to West Suffolk Council. These regulations, the Local Government (Boundary Change) Regulations 2018, required that Forest Heath and St Edmundsbury approve an Annual Governance Statement for the year 2018/19 prior to the date of reorganisation that was by 31 March 2019. The timetable for approval had therefore been brought forward to achieve this; however, the Annual Governance Statement should include all relevant factors up to the end of the year. It was therefore recommended that the Service Manager – Finance and Performance be authorised (subject to consultation) to make changes to the approved Annual Governance Statement arising from any unexpected and significant governance issues between the date of this Committee and 31 March 2019.
- 1.1.5 The Committees considered the report and the AGS, and did not raise any issues.
- 1.1.6 Following the resolutions made by each Committee, the AGS for 2018-2019, attached at Appendix A to Report Nos: PAS/SE/19/001 and PAS/FH/19/001 were **approved** for signing by the Chief Executive and the Leaders of both Councils.

1.2 2018-2019 Performance Report – Quarter 3 (Report Nos: PAS/SE/19/002 and PAS/FH/19/002)

- 1.2.1 The Committees received and **noted** the report, which set out the performance for the third quarter and forecasted financial outturn position for 2018-2019.

- 1.2.2 This report showed the current Performance Indicators for the third quarter of 2018-2019, as set out in the following appendices, attached to the report:
- Appendix A: 2018-2019 Performance Indicators, Commentary;
 - Appendices B to E: Performance Indicators by Strategic Priority;
 - Appendix F: West Suffolk Income and Expenditure report;
 - Appendices G to K: Financial Performance for Forest Heath District Council;
 - Appendices L to P: Financial Performance St Edmundsbury Borough Council.
- 1.2.3 Each Assistant Director presented their performance indicators set out either in the commentary section or Appendices A to E and highlighted key areas for the Committees attention.
- 1.2.4 Members considered the report in detail and asked questions of the Assistant Directors on their indicators, to which comprehensive responses were provided. In particular discussions were held on the following:
- Appendix A: Number of households in Temporary Accommodation
 - Appendix A: Number of households in Bed and Breakfast
 - Appendix D: H5: Housing improvement - % of resolved service requests relating to poor housing standards
 - Appendix E: D32: Resolution of noise nuisance complaints
 - Appendix E: D37: Building Control market share
 - Appendix I: Development Control income
- 1.3 **West Suffolk Strategic Risk Register Quarterly Monitoring Report – December 2018 (Report Nos: PAS/SE/19/003 and PAS/FH/19/003)**
- 1.3.1 The Committees 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 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 2018 had been removed from the Register.
- 1.3.2 There had been no major amendments to current risks during the reporting period, and no existing risk had been closed since the Strategic Risk Register was last reported to the Committee. However, a new risk had been added as **WS24** to represent in once place the risks associated with the Brexit and associated mitigating actions.
- 1.3.3 The Committees did not raise any concerns which needed to be brought to the attention of the Joint Executive (Cabinet) Committee.

1.4 **Ernst and Young – Certification of Claims and Returns Annual Report 2017-2018 (Report Nos: PAS/SE/19/004 and PAS/FH/19/004)**

- 1.4.1 The Committees received and **noted** the above 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 2017/2018 (Appendix A – Forest Heath) and (Appendix B – St Edmundsbury).
- 1.4.2 Mark Russell from EY attended the meeting and presented the reports, 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.
- 1.4.3 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.

Forest Heath District Council: For 2017-2018, these arrangements required only the certification of the housing benefits subsidy claim with a total value of £14.28 million.

St Edmundsbury Borough Council: For 2017-2018, these arrangements required only the certification of the housing benefits subsidy claim with a total value of £26.62 million.

The certification works had found errors on the claims and these errors had been corrected by officers. Qualification letters setting out further errors and uncertainties was also reported to the Department for Works and Pensions. Relevant officers from both councils and the Anglia Revenues Partnership (ARP) had agreed the qualifications in respect of the 2017-2018 certification works, as detailed in Appendix A and Appendix B, and action by ARP had been undertaken to address the issues for 2018-2019.

- 1.4.4 In addition, the PSAA had determined a scale fee each year for the audit of claims and returns. For 2017-2018, these fees were set out in the table below as follows:

	Indicative Fee 2017/2018	Final Fee 2017/18
Forest Heath DC	£12,442	£12,442
St Edmundsbury BC	£24,722	£21,700

Mark Russell informed the committee's that EY had made no recommendations to members as a result of the audit.

1.5 **Ernst and Young – External Audit Plan and Fees 2018-2019 (Report Nos: PAS/SE/19/005 and PAS/FH/19/005)**

- 1.5.1 The Committees received and **noted** a further report from EY, which provided the basis to review EY's proposed approach and scope for the

2018-2019 audit, along with the planned fees to complete the work as set out in the Audit Plan attached at (Appendix A – Forest Heath) and (Appendix B – St Edmundsbury).

1.5.2 Mark Russell from EY presented this report, which summarised EY’s assessment of the key risks which drive the development of an effective audit for the Councils, 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 to come to an agreement over their treatment prior to issuing of the Annual Governance Report, and Audit Opinion to members by July 2019. He also drew Members’ attention to the planned audit fees for 2018/2019 which had been significantly reduced.

1.6 **Local Government Ombudsman Decision (Report No: PAS/FH/19/009)**

1.6.1 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’s lack of consultation in relation to the construction of two bungalows to the rear of the complainant’s property.

1.6.2 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 payment of £300 to settle the complaint.

2. Background Papers

2.1.1 Report No: [PAS/SE/19/001](#), [PAS/FH/19/001](#) and [Appendix A](#) to the Performance and Audit Scrutiny Committees: West Suffolk Annual Governance Statement 2018-2019

2.1.2 Report No: [PAS/SE/19/002](#) and [PAS/FH/19/002](#) to the Performance and Audit Scrutiny Committees: 2018-2019 Performance Report – Quarter 3

2.1.3 Report No: [PAS/SE/19/003](#), [PAS/FH/19/003](#) and [Appendix 1](#) to the Performance and Audit Scrutiny Committees: West Suffolk Strategic Risk Register Quarterly Monitoring Report – December 2018

2.1.4 Report No: [PAS/SE/19/004](#), [Appendix B](#) and [PAS/FH/19/004](#), [Appendix A](#) to the Performance and Audit Scrutiny Committees: Ernst and Young – Certification of Claims and Returns Annual Report 2017-2018

2.1.5 Report No: [PAS/SE/19/005](#), [Appendix B](#) and [PAS/FH/19/005](#), [Appendix A](#) to the Performance and Audit Scrutiny Committees: Ernst and Young – External Audit Plan and Fees 2018-2019

2.1.6 Report No: [PAS/FH/19/009](#) to the Performance and Audit Scrutiny Committee: Local Government Ombudsman Decision