

# Performance and Audit Scrutiny Committee

**Minutes** of a meeting of the **Performance and Audit Scrutiny Committee** held on **Thursday 28 November 2019** at **5.00 pm** in the **Conference Chamber West (FR1-09), West Suffolk House**, Western Way, Bury St Edmunds IP33 3YU

Present: **Councillors**

**Chair** Ian Houlder  
**Vice Chair** Karen Richardson

Richard Alecock  
Trevor Beckwith  
Victor Lukaniuk  
Elaine McManus

Robert Nobbs  
John Smith  
Peter Thompson

**In attendance:**

Sarah Broughton, Cabinet Member for Resources and Performance

**32. Substitutes**

The following substitutions were declared:

Councillor Stephen Frost substituting for Councillor Mary Evans.  
Councillor Pat Hanlon substituting for Councillor Cliff Waterman.

**33. Apologies for Absence**

Apologies for absence were received from Councillors John Augustine, Mary Evans and Cliff Waterman.

**34. Minutes**

The minutes of the meeting held on 26 September 2019 were confirmed as a correct record and signed by the Chair.

**35. Public Participation**

There were no members of the public in attendance on this occasion.

**36. Internal Audit Mid-Year Progress Report 2019-2020**

The Service Manager (Internal Audit) presented Report No: PAS/WS/19/017, which updated members on progress made against internal audit's 2019-2020 work plan approved by this committee in May 2019 and provided a flavour of the work undertaken in the year to date.

Attached at Appendix A to the report was the Mid-year Internal Audit progress report 2019-2020.

During the period, Internal Audit had completed seven added value reviews; six audits and eleven follow-up audits. There were also eleven audits/added value reviews in progress. Where audit findings were raised, action plans were agreed between Internal Audit and the relevant service to address the findings, and progress against these action plans was monitored by Internal Audit via follow-up audit reviews. Overall, progress against the annual Audit Plan was in line with expectations.

Based on the work completed to date, it was considered that generally the control environment remained good. All audit opinions issued within the period had been "good" or "reasonable" with no "limited" or "no assurance" opinions being issued. There were no other areas of particular concern to highlight.

Members considered the report and asked questions to which responses were provided.

The Committee discussed the "Payment Card Industry Data Security Standard" and questioned whether following the original audit had staff training and awareness been provided. Officers agreed to look into whether training had been actioned and would provide a written response following the meeting.

There being no decision required, the Committee **noted** the progress made against the 2019-2020 Internal Audit Plan.

### 37. **Health and Safety Sub-Committee (Verbal Report)**

[The Chair agreed for this item to be brought forward on the agenda].

The Service Manager (Health and Safety) informed the Committee that the Health and Safety Sub-Committee had met on two occasions.

At its first meeting the Sub-Committee received a detailed presentation on corporate health and safety responsibilities.

At its second meeting the Sub-Committee received an update on corporate health and safety across the authority, incident statistics and the Christmas Fayre 2019 Event Safety Plan.

In future the Committee would receive an annual report in May from the Sub-committee.

The Committee considered the update. In particular discussions were held on the knock-on effect of adverse parking during the Christmas Fayre event, and issues around parking dispersal which was also raised at the Health and Safety Sub-Committee meeting on 21 October 2019. In response, the Service Manager (Health and Safety) stated he had spoken with Suffolk County Council regarding this issue, and they were made aware of the Christmas Fayre event.

There being no decision required, the Committee **noted** the verbal update.

38. **2019-2020 Performance Report (Quarter 2)**

The Committee received Report No: PAS/WS/19/019, which set out the current performance for the second quarter and forecasted financial outturn position for 2019-2020.

The report showed the current performance indicators for the second quarter, as set out in the following appendices attached to the report:

- Appendix A: Performance Indicators - Commentary
- Appendix C: Performance Indicators – Families and Communities
- Appendix D: Performance Indicators – Housing
- Appendix E: Performance Indicators – Day to Day
- Appendix F: Income and Expenditure Report
- Appendix G: Capital Programme
- Appendix H: Earmarked Reserves

Members considered the report and asked questions of the Assistant Directors/Service Managers, to which comprehensive responses were provided.

Discussions were held on debt over 90 days; the number of households prevented from being homeless and temporary accommodation; the uptake in people wanting to register to vote since the election was called; the percentage of customers satisfied with the overall journey and supply and service costs.

In response to a question raised regarding fly-tipping and whether incidents could be broken down by area, officers explained that incidents were reported by land use type, which was set by the Department for Environment, Food and Rural Affairs (DEFRA). However, officers would look into incidents by ward area.

There being no decisions required the Committee **noted** the contents of the report.

39. **Delivering a Sustainable Medium-Term Budget 2020-2021**

The Committee received Report No: PAS/WS/19/019 which explained that at its meeting on 26 September 2019, the Performance and Audit Scrutiny Committee (PASC) agreed the principles and approach for delivering a balanced budget in 2020/21 and a medium-term financial plan for the years up to 2023/24. Those principles were:

- The 2020/21 budget and medium-term financial plans will continue to follow the West Suffolk Council Strategic Framework (three priorities) and Medium-Term Financial Strategy (six themes).
- The budget and MTFS will reflect any new initiatives developed as part of the revised Strategic Plan.

- The budget and MTFS will include the forecast impact of initiatives that address our financial challenges and seize opportunities to reduce the existing budget gaps.
- The process will continue to communicate the overall West Suffolk financial challenges and opportunities through the medium-term financial strategy to Leadership Team, staff, cabinet and all councillors.

The Committee was updated of changes in assumptions and cost and income changes which had been identified through the budget process to date, which were set out in Section 2 of the report. The net impact of assumption changes were included in Table 1 of the report. These changes and the outcomes from the Budget Challenge workshops gave rise to a budget gap of £0.3m for 2020-2021. £2.0m for 2021-2022, £3.0m for 2022-2023 and £3.1m for 2023-2024.

Work was still ongoing, which would significantly impact on this outlook. The key elements that were yet to be finalised included:

- Revised income assumptions based on current trends and outcomes of Fees and Charges reviews.
- A small number of savings and/or initiatives from the budget challenge workshops that are yet to be quantified.
- Outcome of the Service Delivery plans focusing on benefits realisation of existing projects and transforming our processes and the way we work.
- Outcome of the two taskforces – Environmental and Rural.
- Civil Parking Enforcement costs and incomes.
- Minimum Revenue Provision and Interest Payable based on a revised capital programme and PWLB interest rates.

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

Councillor Stephen Frost then moved the recommendation, this was duly seconded by Councillor Peter Thompson, and with the vote being unanimous, it was

**RECOMMENDED:**

**That, subject to the approval of Council as part of the budget setting process, the proposals detailed in Section 2 and Table 1 of Report No: PAS/WS/19/019, be included in securing a balanced budget for 2020/2021 and the medium-term financial plans.**

#### 40. **Treasury Management - September 2019**

The Committee received Report No: FRS/WS/19/004, which had been scrutinised in detail by the Financial Resilience Sub-Committee on 18 November 2019. The Chair of the Sub-Committee provided a verbal update on the Sub-Committee's consideration of the report, which summarised the treasury management investment activities for the first six months of 2019-2020.

It was reported that the total amount invested at 1 April 2019 was £42,750,000 and at 30 September 2019, £46,900,000.

The 2019-2020 Annual Treasury Management and Investment Strategy Statements, sets out the Council's projections for the current financial year. The budget for investment income for 2019-2020 was £142,141 which was based on a 0.90% target average rate of return on investments.

As at 30 September 2019, interest actually earned during the first six months of the financial year amounted to £194,249, against a profiled budget for the period of £71,070 a budgetary surplus of £123,179. The surplus related to higher than expected cash balances due to slippages in the Capital programme and also the favourable interest rates secured on the investments carried over from the previous councils.

As at the end of September 2019 a total of £14.5m had been borrowed internally from available cash balances. This had meant the Council had not had any additional borrowing over the long-term £4 loan.

The report included assumptions on borrowing for the capital projects included within it, alongside the current £4m external borrowing in respect of the previous Newmarket Leisure Centre building. This new borrowing requirement was based around three specific projects, as per their agreed business cases:

- West Suffolk Operational Hub, Bury St Edmunds
- Mildenhall Hub
- Investing in our Growth Fund.

The report also included a summary of the capital borrowing budget for 2019-2020; a summary of capital borrowing for quarter two; borrowing and income – proportionality; current borrowing and other market considerations (central government's announcement on 9 October 2019 to raise the margin applied to Public Works Loans Board (PWLB) loans by 1%).

At the beginning of the year it was assumed that the council would need to borrow £63.4m for investments. However, the forecasted borrowing assumption had decreased to £39m for the financial year 2019-2020.

The Sub-Committee had scrutinised the report in detail and asked a number of questions to which comprehensive responses were provided.

The Committee considered the report and discussed the low interest rates; investing in properties; and the solar farm to which responses were provided.

Councillor Ian Houlder then moved the recommendation, this was duly seconded by Councillor Peter Thompson, and with the vote being 9 for, 1 against and 1 abstention, it was

**RECOMMENDED:**

**That subject to the approval of Council, the Treasury Management Report – September 2019, being Report No: FRS/WS/19/004, be approved.**

41. **Work Programme Update**

The Committee received Report No: PAS/WS/19/020, which updated Members on the current status of its rolling work programme of items for scrutiny during 2019-2020 (Appendix 1).

There being no decision required, the Committee **noted** the update.

The meeting concluded at 6.20 pm

**Signed by:**

**Chair**

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