

Report of the Performance and Audit Scrutiny Committee: 28 January 2021

Report number:	CAB/WS/21/004	
Report to and date(s):	Cabinet	9 February 2021
Cabinet member:	Councillor Sarah Broughton Portfolio Holder for Resources and Performance Telephone: 07929 305787 Email: sarah.broughton@westsuffolk.gov.uk	
Chair of the Performance and Audit Scrutiny Committee:	Councillor Ian Houlder Performance and Audit Scrutiny Committee Telephone: 07597 961069 Email: ian.houlder@westsuffolk.gov.uk	
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Decisions Plan: This item is not required to be included on the Decisions Plan.

Wards impacted: All wards

Recommendation: It is recommended that Report number: CAB/WS/21/004, being the report of the Performance and Audit Scrutiny Committee, be noted.

1. **Context to this report**

1.1 On 28 January 2021, the Performance and Audit Scrutiny Committee held its virtual TeamsLive meeting, at which it considered the following items:

1. Ernst and Young – Annual Audit Letter 2019 to 2020.
2. 2020 to 2021 Performance Report (Quarter 3).
3. Delivering a Sustainable Medium-Term Budget.
4. Financial Resilience (December 2020).
5. Financial Resilience – Strategy Statement 2021 to 2022 and Treasury Management Code of Practice.
6. Work Programme Update

Separate reports are included on this Cabinet agenda for Items 3, 4 and 5 above.

2. **Proposals within this report**

2.1 **Ernst and Young – Annual Audit Letter 2019 to 2020 (Report number: PAS/WS/21/001)**

2.1.1 The Committee received and noted the above report, which updated members on the outcome of the annual audit of the 2019 to 2020 financial statements by Ernst and Young (EY), the council's external auditors as detailed in their Annual Audit Letters for the year ended 31 March 2020, attached as Appendix A. The letter was for information and confirmed the completion of the audit for the 2019 to 2020 financial statements for West Suffolk Council.

2.1.2 Following the completion of the audit, EY were required to issue an Annual Audit Letter to the council and external stakeholders, including members of the public, communicating the key issues arising from their work.

2.1.3 The letter also contained the proposed final fee for the audit which incorporated the original planned scale fee of £66,925 along with proposed further charges for both the scale fee and the additional work required over the course of the audit. The final fee was subject to ongoing discussions with, and agreement by, the Assistant Director (Resources and Performance).

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

2.2 2020 to 2021 Performance Report – Quarter 3 (Report number: PAS/WS/21/002)

2.2.1 The Committee received Report number: PAS/WS/21/002, which set out the impact of Covid-19; next steps and principles for future planning and the Quarter 3 performance and financial outturn position for 2020 to 2021 up to 31 December 2020.

2.2.2 Since the outbreak of Covid-19 in the UK, a number of events had occurred which had had a significant impact on West Suffolk Council's financial position. Some of these had been restrictions imposed by Government that had affected West Suffolk Council's investments and services; and others had been announcements of Government financial support.

2.2.3 The council has played its part in responding to Covid-19 in supporting businesses and the most vulnerable as well as running essential services. The monthly returns to the Ministry for Housing, Communities and Local Government have detailed the financial impacts of Covid-19, and generally the forecast impacts have remained consistent on a month by month basis. The latest submission shows a total impact of £11.3 million (costs of £3.1 million and lost income of £8.2 million). However, it should be noted that these are required to be gross figures and therefore an element of the additional costs such as internal staff redeployment and costs savings have also been factored into the figures.

2.2.4 Through the work of the council, funding of these costs through existing budgets and external grants the current forecast shows these variances to reduce to an overall impact of £1.4 million on the council's general fund balance. This had consequently impacted on a number of our local performance indicators, most noticeably around housing and homelessness. Within these figures, the income expected to be generated by the council in the current financial year through sales, fees, and charges was expected to reduce by £5.8m, mitigated to a certain extent by the sales, fees and charges compensation from central government. (Further details of the financial impacts of Covid-19 can be found in Appendix F).

2.2.5 The impact of Covid-19 is likely to be felt for years to come as the council will need to make provision in its medium-term budget plans for the impact on the collection fund deficits, and the replenishment of its earmarked reserves and general fund balances.

2.2.6 Attached to the Quarter 3 performance report were a number of appendices which set out the performance and financial outturn position for 2020 to 2021 up to 30 December 2020, as follows:

- Appendix A: Performance Indicators – Commentary
- Appendix B: Performance Indicators – Growth

- 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
- Appendix I: Strategic Risk Register

2.2.7 Members considered the report and asked questions to which responses were provided. In particular discussions were held on whether the temporary housing units in Olding Road, Bury St Edmunds were still being used; government grants; staff sickness reporting which had fallen and whether performance indicators for 2021 to 2022 would be adjusted upwards, for instance the Key Performance Indicator for the percentage of contacts made online or by email.

2.2.8 At the conclusion of the discussions, the Committee noted the:

- Impact of Covid-19 on the Council's current financial year 2020 to 2021 (Section 1 of the report).
- Next steps and principles for future planning (Section 2 of the report).
- 2020 to 2021 Revenue and Capital positions as detailed in the report and appendices.

2.3 **Work programme update 2021 (Report number: PAS/WS/21/004)**

2.3.1 The Committee received Report number: PAS/WS/21/004, which provided information on the current status of its forward work programme for 2021.

2.3.2 The Committee **noted** the contents of its forward work programme for 2021.

3. **Alternative options that have been considered**

3.1 Please see background papers.

4. **Consultation and engagement undertaken**

4.1 Please see background papers.

5. Risks associated with the proposals

5.1 Please see background papers.

6. Implications arising from the proposals

6.1 Financial:

Please see background papers.

6.2 Equalities:

Please see background papers.

7. Appendices referenced in this report

7.1 Please see background papers.

8. Background documents associated with this report

8.1 Report number: [PAS/WS/21/001](#) and [Appendix A](#) to the Performance and Audit Scrutiny Committee: Ernst and Young – Annual Audit Letter 2019-2020

8.2 Report number: [PAS/WS/21/002](#) and Appendices [A](#), [B](#), [C](#), [D](#), [E](#), [F](#), [G](#), [H](#) and [I](#) to the Performance and Audit Scrutiny Committee: 2020-2021 Performance Report – Quarter 3

8.3 Report number: [PAS/WS/21/004](#) and [Appendix 1](#) to the Performance and Audit Scrutiny Committee: Work programme update 2021