

Report of the Performance and Audit Scrutiny Committee: 18 November 2021

Report number:	CAB/WS/21/054	
Report to and date:	Cabinet	7 December 2021
Cabinet member:	Councillor Sarah Broughton Portfolio Holder for Resources and Property 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	
Lead officer:	Christine Brain Democratic Services Officer (Scrutiny) Telephone: 01638 719729 Email: christine.brain@westsuffolk.gov.uk	

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/21/054, being the report of the Performance and Audit Scrutiny Committee, be noted.

1. Context to this report

1.1 On 18 November 2021, the Performance and Audit Scrutiny Committee considered the following items:

1. Formal decision making on “minded to” decisions
2. Ernst and Young - 2020-2021 Annual Results Report to those Charged with Governance
3. West Suffolk Annual Governance Statement 2020-2021
4. 2020-2021 Statement of Accounts
5. Arrangements for Appointment of External Auditors
6. Internal Audit Mid-Year Progress Report 2021-2022
7. 2021-2022 Performance Report (Quarter 2)
8. Delivering a Sustainable Medium-Term Budget
9. Treasury Management Report (September 2021)
10. Work Programme Update 2022

Separate reports are included on this Cabinet agenda for Items 5, 8 and 9 above.

2. Proposals within this report

2.1 **Formal decision making on “minded to” decisions**

2.1.1 Taking into account the ‘minded to’ decisions made during the non-decision-making virtual meeting of the Performance and Audit Scrutiny Committee on 30 September 2021, the Committee unanimously resolved the following matters:

1. Confirmed the minutes of the meeting held on 29 July 2021.
2. Approved the Council’s RIPA Guidance, taking into account the recommendations of the Investigatory Powers Commissioner’s Office (IPCO).

2.2 **Ernst and Young – 2020 to 2021 Annual Results Report to those Charged with Governance (Report number: PAS/WS/21/018)**

2.2.1 Prior to the consideration of the 2020 to 2021 Statement of Accounts, the Committee received the above report from Mark Hodgson (Associate Partner) from Ernst and Young (EY) on the results of EY’s work to date. A copy of the Audit Results Report was attached as Appendix A. Attached at Appendix B was the Letter of Representation on behalf of the Council in connection with the audit of the financial statements for the year ended 31 March 2021.

2.2.2 Mr Hodgson presented the report and explained that the overall materiality assessment was £1.992 million. He then drew the Committee’s attention

to the executive summary, which set out the status of the audit and updated the Committee on work which had been completed since the Audit Results Report was produced on 8 November 2021 and confirmed EY was working towards signing off the audit by 30 November 2021. He explained that there was a very limited number of corrections; EY had not identified any value for money risks; there were no matters to report under the audit opinion, and EY would be issuing its Annual Audit Opinion in December 2021.

2.2.3 Mr Hodgson advised the draft Financial Statements were robust and wished to thank Rachael Mann, Director (Resources and Property) and her team for their assistance during the audit.

2.2.4 The Committee then asked questions in relation to the report, to which Mr Hodgson duly responded. In particular discussions were held on the pension valuations, disclosures and the timing of the accounts.

2.2.5 The Committee then **Resolved**: That

1. The work in respect of the External Auditors unqualified audit opinion, as of today (18 November 2021) on the Financial Statements of West Suffolk Council for 2020 to 2021 (Appendix A) attached to Report number PAS/WS/21/018 was ongoing, be **noted**.
2. The External Auditors had no matters to report on the council's arrangements to secure economy, efficiency and effectiveness in its use of resources, issued by the Auditor, (Appendix A), be **noted**.
3. The Letter of Representation on behalf of West Suffolk Council (Appendix B) attached to Report number PAS/WS/21/018, be **approved**, before the Ernst and Young Associate Partner issues his opinion and conclusion.
4. The Chief Finance Officer, in consultation with the Chair of the Performance and Audit Scrutiny Committee be given **delegated authority** to conclude the signing of the 2020 to 2021 accounts.

2.3 **West Suffolk Annual Governance Statement 2020-2021
(Report number: PAS/WS/21/019)**

2.3.1 The Committee received Report number: PAS/WS/21/019, which sought Members' approval of the West Suffolk Annual Governance Statement (AGS) 2020 to 2021, attached as Appendix A, for signing by the Leader of the Council and the Chief Executive.

- 2.3.2 The AGS is designed to provide stakeholders of the Council with the assurance that the Council has operated within the law and that the Council has met the requirements of the Accounts and Audit Regulations 2015.
- 2.3.3 The draft AGS has been prepared by the Officer Governance Group and is West Suffolk Council's second AGS.
- 2.3.4 The Committee considered the report and did not raise any particular issues.
- 2.3.5 The AGS for 2020 to 2021, attached as Appendix A to Report number: PAS/WS/21/019 was **approved** for signing by the Leader of the Council and the Chief Executive.
- 2.4 **2020-2021 Statement of Accounts
(Report number: PAS/WS/21/020)**
- 2.4.1 The Committee scrutinised the 2020 to 2021 Statement of Accounts as contained within Report number: PAS/WS/21/020. Approval was sought for the accounts attached at Appendix A, in accordance with the powers delegated to it under the Council's Constitution.
- 2.4.2 The Statement of Accounts (Appendix A) had been amended, as appropriate to take on board issues raised by the audit process up to the date of distribution.
- 2.4.3 The covering report summarised financial highlights in 2020 to 2021; revenue expenditure; capital expenditure; usable reserves; pensions fund; annual governance statement and payments to councillors. The Director (Resources and Property) then drew the Committee's attention to a couple of key areas as set out in the report and Appendix A.
- 2.4.4 The Committee scrutinised the draft accounts and asked questions on the interest and investment income; Barley Homes Shares; the increase in external audit costs and senior officers' remuneration to which comprehensive responses were provided.
- 2.4.5 The Committee then **Resolved**: That
1. The 2020 to 2021 Statement of Accounts for West Suffolk Council (Appendix A), attached to Report number: PAS/WS/21/020, in accordance with the powers delegated to it under the Council's Constitution, be **approved**.

2. The Chair of the Performance and Audit Scrutiny Committee signs the certification for the 2020 to 2021 Statement of Accounts on behalf of the Committee.
3. The Chief Finance Officer, in consultation with the Cabinet Member for Resources and Property, be given **delegated authority** to make any changes that may be required up to the date of publication.

**2.5 Internal Audit Mid-Year Progress Report 2021 to 2022
(Report number: PAS/WS/21/022)**

- 2.5.1 The Committee received and **noted** the Internal Audit Mid-Year progress report 2021 to 2022, which updated members on progress made against internal audit's 2021 to 2022 work plan approved the Committee in May 2021.
- 2.5.2 The report 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 2021 to 2022.
- 2.5.3 The Committee considered the report and did not raise any questions.

**2.6 2021-2022 Performance Report – Quarter 2
(Report number: PAS/WS/21/023)**

- 2.6.1 The Committee received Report number: PAS/WS/21/023, which set out the impact of Covid-19 and the Quarter 2 performance and forecast year-end financial position for 2021 to 2022 up to 30 September 2021
- 2.6.2 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.
- 2.6.3 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 Department for Levelling Up, Housing and Communities 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 £4.3 million (costs of £1.8 million and lost income of £2.5 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, grant funded costs and costs savings have also been factored into the figures.

- 2.6.4 Covid-19 and our response to it has consequently impacted on a number of our local indicators, most noticeably around housing and homelessness. Within these figures, the income generated by the council in the current financial year through sales, fees and charges has reduced by £2.5 million, 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).
- 2.6.5 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, recovery to pre-covid income and expenditure levels and the replenishment of its earmarked reserves and general fund balances.
- 2.6.6 Attached to the Quarter 2 performance report were a number of appendices which set out the performance and financial outturn position for 2021 to 2022 up to 30 September 2021 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
- 2.6.7 Members considered the report in detail and asked questions of the Directors, to which responses were provided. Discussions were also held on:
- Appendix A: Total debt over 90 days (in particular relating to large debtors)
 - Appendix A: Income from commercial waste.
- 2.6.8 At the conclusion of the discussions, the Committee **noted** the:
- Impact of Covid-19 on the Council’s current financial year 2021 to 2022 (Section 1 of the report).
 - Forecast 2021 to 2022 Revenue and Capital positions as detailed in the report and appendices.
- 2.7 **Work programme update 2022 (Report number: PAS/WS/21/025)**
- 2.7.1 The Committee received Report number: PAS/WS/21/025, which provided information on the current status of its forward work programme for 2022.

- 2.7.2 The Committee **noted** the contents of its forward work programme for 2022.

5. Alternative options that have been considered

- 3.1 Please see background papers.

6. Consultation and engagement undertaken

- 4.1 Please see background papers.

7. Risks associated with the proposals

- 5.1 Please see background papers.

8. Implications arising from the proposals

- 6.1 Financial:

Please see background papers.

- 6.2 Equalities:

Please see background papers.

9. Appendices referenced in this report

- 7.1 Please see background papers.

10. Background documents associated with this report

- 8.1 Report number: [PAS/WS/21/018](#) and [Appendix A](#) and [Appendix B](#) to the Performance and Audit Scrutiny Committee: Ernst and Young - 2020-2021 Annual Results Report to those Charged with Governance.

- 8.2 Report number: [PAS/WS/21/019](#) and [Appendix A](#) to the Performance and Audit Scrutiny Committee: West Suffolk Annual Governance Statement 2020-2021

- 8.3 Report number: [PAS/WS/21/020](#) and [Appendix A](#) to the Performance and Audit Scrutiny Committee: 2020-2021 Statement of Accounts

- 8.4 Report number: [PAS/WS/21/021](#) to the Performance and Audit Scrutiny Committee: Arrangements for Appointment of External Auditors

- 8.5 Report number: [PAS/WS/21/022](#) and [Appendix A](#) to the Performance and Audit Scrutiny Committee: Internal Audit Mid-Year Progress Report 2021-2022
- 8.6 Report number: [PAS/WS/21/023](#) and appendices [A](#), [B](#), [C](#), [D](#), [E](#), [F](#), [G](#), [H](#) and [I](#) to the Performance and Audit Scrutiny Committee: 2021-2022 Performance Report (Quarter 2)
- 8.7 Report number: [PAS/WS/21/025](#) and [Appendix 1](#) to the Performance and Audit Scrutiny Committee: Work Programme Update 2022