

Report of the Performance and Audit Scrutiny Committee: 27 January 2022

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| Report number: | CAB/WS/22/004 | |
| Report to and date(s): | Cabinet | 8 February 2022 |
| 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/22/004, being the report of the Performance and Audit Scrutiny Committee, be noted.

1. Context to this report

1.1 On 27 January 2022, the Performance and Audit Scrutiny Committee considered the following items:

1. Ernst and Young – Auditor’s Annual Report 2020 to 2021.
2. Delivering a Sustainable Medium-Term Budget
3. Treasury Management Report (December 2021)
4. Financial Resilience – Strategy Statement 2022 to 2023 and Treasury Management Code of Practice
5. Work Programme Update 2022.
6. 2021 to 2022 Performance Report (Quarter 3)

Separate reports are included on the Cabinet agenda for Items 2, 3 and 4 above.

2. Proposals within this report

2.1 **Ernst and Young – Auditor’s Annual Report 2020 to 2021 (Report number: PAS/WS/22/001)**

2.1.1 The Committee received and **noted** the above report, which updated members on the outcome of the annual audit of the 2020 to 2021 financial statements by Ernst and Young (EY), the council’s external auditors as detailed in their Auditors Annual Report for the year ended 31 March 2021, attached as Appendix A. The Auditor’s Annual Report was for information and brought together all of the auditor’s work over the year, including commentary on West Suffolk’s value for money arrangements as well as their opinion on the 2020 to 2021 financial statements.

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

2.1.3 The Auditor’s Annual Report also contained the proposed final fee for the audit which incorporated the original planned scale fee of £55,050 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 Director (Resources and Property).

2.1.4 The Committee considered the report and asked questions to which responses were provided. In particular, reference was made to the Government delays which were preventing the Auditors from being able to issue their completion certificate on the audit of the Council’s financial statements/accounts. Discussions were also held around the valuation of the Solar Farm.

2.2 **Work programme update 2022 to 2023 (Report number: PAS/WS/22/003)**

2.2.1 The Committee received Report number PAS/WS/22/003, which provided information on the current status of its forward work programme for 2022 to 2023.

2.2.2 The Committee **noted** the contents of its forward work programme.

2.3 **2021-2022 Performance Report – Quarter 3 (Report number: PAS/WS/21/004)**

2.3.1 The Committee received Report number PAS/WS/22/004, which set out the impact of COVID-19 and the Quarter 3 performance and forecast year-end financial position for 2021 to 2022 up to 31 December 2021

2.3.2 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.

2.3.3 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, now bi-monthly returns to the Department for Levelling Up, Housing, 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.

2.3.4 COVID-19 and our response to it has consequently impacted on a number of our local performance indicators, most noticeably around housing and homelessness, income indicators and our aged debt amount. 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).

2.3.5 The level of debt over 90 days has been a focus for management during the year. Quarter 3 data shows that this now stands at a total of £978,244. This is an improvement of £68,173 on the Quarter 2 figures. Commercial Property debt made up £670,678 (68 percent) of this position

and £477,139 of this debt relates to just three tenants. We are continuing to work very closely with all our tenants to clear outstanding rent arrears. Exempt Appendix J shows the split of the Aged Debt by service area and a split of the commercial property debt.

2.3.6 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.

2.3.7 Attached to the Quarter 3 performance report were a number of appendices which set out the performance and financial outturn position for 2021 to 2022 up to 31 December 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
- Exempt Appendix J – Aged debt over 90 days

2.3.8 Members considered the report in detail and asked questions of the Directors, to which responses were provided, particularly in relation to small businesses, housing/homelessness, flytipping and Customer Services contacts. The Committee also discussed the total amount of aged debt over 90 days (as set out in Exempt Appendix J) and went into 'private' session to discuss this in more detail.

2.3.9 At the conclusion of the discussions, the Committee **noted** the:

- Impact of COVID 19 on the Council's current financial year 2021 to 2022.
- Forecast 2021 to 2022 Revenue and Capital positions, as detailed in the report and appendices.

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/22/001](#) and [Appendix A](#) to the Performance and Audit Scrutiny Committee: Ernst and Young – Auditor’s Annual Report 2020 to 2021

8.2 Report number: [PAS/WS/22/003](#) and [Appendix 1](#) to the Performance and Audit Scrutiny Committee: Work Programme Update 2022 to 2023

8.3 Report number: [PAS/WS/22/004](#) and appendices [A](#), [B](#), [C](#), [D](#), [E](#), [F](#), [G](#), [H](#), [I](#) and Exempt Appendix J to the Performance and Audit Scrutiny Committee: 2021 to 2022 Performance Report (Quarter 3)