

Performance and Audit Scrutiny Committee

Minutes of a meeting of the **Performance and Audit Scrutiny Committee** held on **Thursday 17 November 2022** at **5.00 pm** in the **Conference Chamber, West Suffolk House, Western Way, Bury St Edmunds IP33 3YU**

Present **Councillors**

Chair Ian Houlder
Vice Chair Karen Richardson

John Augustine
Nick Clarke
James Lay
Victor Lukaniuk
Andy Neal

Robert Nobbs
Peter Thompson
Cliff Waterman
Phil Wittam

In attendance

Sarah Broughton, Deputy Leader Cabinet Member for Resources and Property
David Riglar, Partner from Ernst and Young

145. **Substitutes**

No substitutions were declared.

146. **Apologies for absence**

No apologies for absence were received.

147. **Minutes**

The minutes of the meeting held on 29 September 2022 were confirmed as a correct record and signed by the Chair.

148. **Declarations of interest**

Members' declarations of interest are recorded under the item to which the declaration relates.

149. **Public participation**

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

150. **Internal Audit Mid-Year Progress Report (2022 to 2023)**

The Committee received Report number PAS/WS/22/020, which updated members on progress made against internal audit's 2022 to 2023 work plan approved by this committee in May 2022 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 2022 to 2023.

Based on the work completed to date, all audit opinions issued within the period had been "good" or "reasonable" with no "limited" or "no assurance" opinions being issued. Therefore, there were no areas of concern to highlight within the report.

The Committee considered the report and asked questions, to which responses were provided. Discussions were held on owned residential properties; and fee earning work which was charged at a rate to ensure the cost of the audit work was at least fully covered but also took into account the internal audit partnership working arrangements with the other Anglia Revenues Partnership councils.

In particular members wished to congratulate the audit team in relation to the positive outcomes gained from the various grants work carried out.

There being no decision required, the Committee **noted** the progress made against the 2022 to 2023 Internal Audit Plan.

151. **Delivering a Sustainable West Suffolk Council Budget (2023 to 2024)**

[Councillor Peter Thompson left the meeting at 5.25pm during the consideration of this item, and prior to the vote taking place].

At its meeting on 29 September 2022, report number PAS/WS/22/017 outlined the process and approach to setting the council's 2023 to 2024 budget and the principles and challenges faced in achieving this.

The Committee on 17 November 2022, received report number PAS/WS/22/021, which updated members on key budget assumptions proposed in the development of the 2023 2024 budget and medium-term plans.

Proposals and key budget assumptions to date, were set out in Section 2 of the report. The net impact of the key assumption changes to date were included in Table 1 of the report. In addition to the savings requirements set out in paragraph 1.6 of the report, gave rise to a working budget deficit for 2023 to 2024 of £2.53m (this excluded any provision to replenish the general fund from the utilisation for the 2022 to 2023 deficit, currently estimated at an additional £1.1m)

Significant work would continue to take place to achieve a 2023 to 2024 balanced budget by February 2023. It was report that a number of areas were already in progress, including:

- Use of the latest data available to conclude the income and expenditure line by line review and the identification of saving initiatives and opportunities.
- Modelling and reflecting the impact of any changes to central government funding.
- The setting of the councils Council Tax Base for council tax setting purposes – (Council decision, December 2022)
- The monitoring of the councils in year Council Tax Collection.

The Committee at its January 2023 meeting would receive an update on the Capital Programme which was currently being revised and updated with known changes.

The Committee considered the report in detail and asked questions to which comprehensive responses were provided. Discussions were held on pensions and the tri-annual pension report; recruitment freeze; pay award; outsourcing; the ground maintenance service and whether charging commercial rates, for example for grass cutting and the announcement made today (17 November 2022) in the media about a possible Devolution Deal for Suffolk and whether this would have an impact on the council's budget.

In response to a question raised regarding the £1.16m budget gap for 2023 to 2024, officers advised Cabinet had tasked officers at looking at balancing the budget for the next three years, but the main focus was for a balanced budget for 2023 to 2024.

In response to a question raised regarding car park revenue, officers advised that parking data was being reviewed to see if there had been any behavioural changes in parking at the Cattlemarket and multi-storey car parks in Bury St Edmunds.

In response to a question raised relating to the impact of the capital programme on the budget, officers advised that work was currently being carried out and reference would be included in the report at the committee's January 2023 meeting.

Detailed discussions were also held on street lighting. Councillors Andy Neal and Phil Wittam raised concerns that there was no financial provision made in the budget for the street lighting disparity and felt there was no definitive move to resolve the issue. Councillor Wittam felt sceptical that Cabinet would look at this further in 2023, as he had been assured in the past that this would be resolved. He felt that unless financial provision was made for street lighting for the medium-term, then it would slip again. In response officers advised that Cabinet on 8 November 2022 received a report on street lighting (report number: CAB/WS/22/058), which set out the timescales and the process. In terms of the budget, there was provision for street lighting for those currently in the council's ownership. The Cabinet Member for Resources and Property explained that when Forest Heath and St Edmundsbury councils joined up, street lighting had not been highlighted as

an issues. However, it was being looked at moving forward and asked that members bear with Cabinet and officers given the focus over the last few years, since becoming a single council, had been supporting the West Suffolk businesses and communities through a pandemic.

Councillor Phil Wittam felt that Cabinet should be made aware of the concerns raised on the absence of specific funding for street lighting and proposed that Cabinet notes the concerns raised. This was duly seconded by Councillor Andy Neal, and with the vote being unanimous, it was:

RECOMMENDED: That Cabinet:

- 1) Include the proposals as detailed in Section 2 and Table 1 at Paragraph 3.2 of report number PAS/WS/22/021, in the medium-term financial plans to 2027.**
- 2) Notes the concerns raised by some members of the committee of the absence of specific funding for street lighting in the former Forest Heath area.**

152. Treasury Management Report (September 2022)

[Councillor Andy Neal left the meeting at 6.25pm during the consideration of this item, and prior to the vote taking place].

The Committee received Report No: FRS/WS/22/005, which had been considered by the Financial Resilience Sub-Committee on 7 November 2022. The Service Manager (Finance and Performance) provided a verbal update on the Sub-Committee's consideration of the report, which provided a summary of investment activity for the first half of the 2022-2023 financial year.

The 2022 to 2023 Annual Treasury Management and Investment Strategy sets out the Council's projections for the current financial year. The budget for investment income for 2022 to 2023 was £45,000, which was based on a 0.25% target average interest rate of return on investments.

At the end of September 2022, interest earned during the first half of the financial year amounted to £317,734 against a profiled budget for the period of £22,500, a budget surplus of £295,234.

External borrowing as at 30 September 2022 remained at £13,875,000, a reduction of £125,000 from April 2022, with the council's level of internal borrowing increasing slightly to £41,699,661 as at 30 September 2022. Overall borrowing, weighted towards internal borrowing was expected to increase over the full financial year.

The report also included a summary of the borrowing activity during the period; borrowing strategy and sources of borrowing; borrowing and capital costs – affordability; borrowing and income – proportionality; borrowing and asset yields and market information.

Attached at Appendix 1 to the report was Arlingclose economic and interest rate forecast – September 2022.

The Sub-Committee has scrutinised the report on 7 November 2022, and asked questions to which responses were provided. In particular discussions were held on the current interest rate rises; what happened to the additional interest received on cash balances; the solar farm yield for 2021 to 2022 and the Barclays £4m loan.

The Performance and Audit Scrutiny Committee scrutinised the report in detail and asked questions to which responses were provided. In particular discussions were held on gilt yields and capital projects and investment levels.

In response to a question raised on what the council's policy was on lend to local authorities and whether this would continue, officers explained that the decision to lend to local authorities was embedded in the council's Treasury Management Strategy which was approved each year by Cabinet and Council. Lending to local authorities was considered low risk, but in future the council would carry out extra research in addition to the advice received from its external advisors, Arlingclose.

In response to a question raised on the £4m Barclays loan and whether the council has considered paying off early, officers advised that the council was looking at options and was in discussions with its advisors regarding this matter.

It was then proposed by Councillor Victor Lukaniuk, seconded by Councillor Robert Nobbs, and with the vote being unanimous, it was:

RECOMMENDED:

That subject to the approval of Council, the Treasury Management Report (September 2022), as contained in Report number: FRS/WS/22/005, be approved.

153. Work programme update

The Committee received report number: PAS/WS/22/022, which updated members on the current status of its rolling work programme of items for scrutiny during 2020-2021 (Appendix 1).

There being no decision required, the Committee **noted** the update and the additional meeting which had been rescheduled from 14 December 2022 to 8 March 2023.

154. 2022 to 2023 Performance Report (Quarter 2)

[Councillor Andy Neal left the meeting at 6.28pm during the consideration of this item.

Councillors John Augustine and Cliff Waterman left the meeting at 7.05pm during the consideration of this item].

The Committee received Report number PAS/WS/22/023, which set out income recovery, Quarter 2 performance and the forecast 2022 to 2023 revenue and capital positions.

The Covid-19 outbreak had had a significant impact on the council's financial position. Whilst the council was now in the process of recovering from the pandemic, the effects were likely to be felt for years to come. In addition, the cost-of-living crisis, which the Ukraine War had exacerbated, was not only impacting on communities and businesses, but also adversely putting pressure on the council's budgets.

All of these elements, as well as national public behavioural changes in travel, shopping and working created by these issues, had had an adverse impact on businesses, retail and public services nationally.

Income generation for public services across the UK had been severely impacted by a combination of all these challenges as well as recent issues, such as national and local lockdowns. West Suffolk Council was not alone in continuing to face these issues although there were good signs of recovery by services and areas – some stronger than others. This included income from leisure and cultural events; trade waste and the garden waste service. In addition, other services were recovering, such as car parks and markets. However, the challenges outlined effected services and localities in different ways.

For 2022 to 2023 the central government funding which had helped to partly mitigate the effects of the pandemic, such as the Sales, Fees and Charges Compensation and the Covid-19 Support Grant were no longer available, meaning the council had to make provision to fully cover any reduced income and increased costs from within its own budgets.

As part of the 2022 to 2023 budget setting process the made had made provision for the sum of around £0.5m in its budgets for the ongoing impacts of Covid-19. This provision was to be funded by a contribution from the council's general fund (a reserve fund that the council traditionally kept at around £5m to meet emergency issues such as this) and had been factored into the year-end forecasts in the report.

Attached to the Quarter 2 performance and forecast year-end financial position for 2022 to 2023 were a number of appendices as follows:

- Appendix A: Key Performance Indicator Dashboards
- Appendix B: Income and expenditure report
- Appendix C: Capital programme
- Appendix D: Earmarked reserves
- Appendix E: Strategic risk register (A revised risk register was circulated at the meeting and available on the council's website)
- Exempt Appendix F: Aged debt over 90 days

The Committee was advised that the above appendices for this report were completed before news of the agreed pay award was announced. On 1 November 2022, a pay rise of £1,925 per annum was agreed for all pay scales and was effective from 1 April 2022. The financial impact of this on

the financial year would be an additional costs of £1.3m and would be included in the figures for the Quarter 3 report.

The Chief Executive informed the Committee that this was an opportunity for members to scrutinise the council's performance; shape the performance management process by suggesting changes to key performance indicators (KPIs) and highlighting areas where it would like to receive further information. He then drew the Committee's attention to a number of KPIs as follows:

- Car parking:
 - Officers were working on more granular data, drawn direct from the parking and payment systems to better monitor trends across different towns and across the week.
- Website visitors and page views:
 - Officers were carrying out further work to look at the different websites the council had to understand more about what was happening underneath the top-level figures.
- Number of households prevented from becoming homeless:
 - The council was beginning to see more activity and demand on preventing homelessness after low figures since the beginning of the financial year. This was where, as a council, it wanted to be focusing its resources, rather than at the point of crisis when it was too late.
- Anglia Revenues Partnership (ARP) – Value of fraud collected:
 - This was the highest for the last four years and was positive that ARP's fraud identification approach was bearing fruit, whilst concerned that levels of fraud was high.
- Routine food hygiene inspections:
 - It was encouraging that there was movement on the food safety backlog following Covid.
- Number of contacts received face-to-face:
 - This increase was largely related to meetings. In future, officers would look into whether it would be appropriate to separate out meetings from customer contact. However, there was a 33 per cent increase in people presenting without an appointment, particularly for the housing, benefits and council tax and parking teams. Customer services continued to signpost, where appropriate to the public phones, parish council's or post box.
- Number of performances at the Apex:
 - This was a correction to the labelling – it should read "month on month" and not "year to date."
- Development management:
 - Changes had been made to the KPI's to try and focus them more sharply on the key aspects of performance, and officers would make further changes in future quarters.

The Committee considered the report in detail and asked a number of questions to which responses were provided. In particular discussions were held on registered housing providers and how they allocated their properties to people; the possible increase in Houses in Multiple Occupation (HMOs) and "hot bedding".

Discussions were also held on socially and privately rented properties and the number of people on the housing waiting list. Officers advised that at present there were 2,046 people on the housing waiting list. However, this was not a precise measure of demand as anybody could put their name forward to go on the list. Page 9 and 11 of the dashboards set out the number of households in temporary accommodation as at the last day of the month, and the number of households relieved from homelessness by securing accommodation for six months or more. The Chief Executive advised that officers would look at the data and speak with the Housing Service and the Portfolio Holder and create a narrative to describe the journey through the system and the relevant indicators, which would be sent to members of the committee.

In response to a question raised whether the council was measuring bin collections and grass cutting KPI's in a meaningful way, the committee was advised that the council monitored bin collections but there was no KPI for grass cutting, but agreed to look at a KPI, for example, variation from the grass cutting schedule.

In response to a question raised on how the council stood in relation to scrutinising housing stock held by Registered Providers, officers advised that the council could ask for their published KPI's. Also, the Overview and Scrutiny Committee on 7 November 2022 agreed to invite Havebury Partnership back to its meeting on 12 January 2023, which had been accepted. A work programme suggestion form in relation to Flagship (now Samphire) Housing was currently being looked into.

In response to a question raised relating to Houses in Multiple Occupation, officers confirmed the council was able to track trends and would include a narrative for future reporting and would also look at monitoring "hot bedding".

In response to a question raised as to why specific reference to Covid had been removed from the risk register, officers explained that the effect of Covid had now been spread across more appropriate areas within the risk register.

The Committee suggested once a year having one meeting solely dedicated to scrutinising performance. In response the Chief Executive agreed to take away and would look at the reporting structure further.

At the conclusion of the discussions, the Committee **noted** the forecast 2022 to 2023 revenue and capital positions as detailed in Report number PAS/WS/22/013 and attached appendices.

155. **Exclusion of press and public**

With the vote being unanimous, it was

Resolved:

That, under Section 100(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as prescribed in Part 1 of Schedule 12A of the Local Government Act 1972, and indicated against each item and, in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

156. **2022 to 2023 Performance Report (Quarter 2): Exempt Appendix F: Aged Debt Over 90 Days Monitoring (paragraphs 1 and 2)**

The meeting moved into private session to allow for the Committee to pose specific questions on the information which related to the aged debt over 90 days, as set out in this exempt Appendix.

Once the discussion was concluded, the Committee then moved back into the open session of the meeting.

157. **Re-admittance of press and public**

The press and public were re-admitted to the meeting.

The meeting concluded at 7.45pm

Signed by:

Chair
