

Performance and Audit Scrutiny Committee

Minutes of a meeting of the **Performance and Audit Scrutiny Committee** held on **Thursday 26 January 2023** at **5.00 pm** in the **Conference Chamber, West Suffolk House**, Western Way, Bury St Edmunds IP33 3YU

Present **Councillors**
 Chair Ian Houlder

John Augustine
Nick Clarke
James Lay
Victor Lukaniuk

Andy Neal
Robert Nobbs
Cliff Waterman
Phil Wittam

In attendance

Sarah Broughton, Cabinet Member for Resources and Property

158. **Substitutes**

No substitutions were declared.

159. **Apologies for absence**

Apologies for absence were received from Councillor Karen Richardson.

Councillor Peter Thompson was also unable to attend the meeting.

160. **Minutes**

The minutes of the meeting held on 17 November 2022 were confirmed as a correct record and signed by the Chair.

161. **Declarations of interest**

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

162. **Public participation**

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

163. **Delivering a Sustainable Medium-Term Budget**

At its meeting on 17 November 2022, report number PAS/WS/22/021 provided an updated position on 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 26 January 2023, received report number PAS/WS/23/001 which provided a further update on assumptions and anticipated savings and initiatives proposed or already delivered to date to deliver a sustainable and balanced budget for 2023 to 2024 and included details of the medium-term budget estimates. This would not only deliver services but also the strategic vision and priorities of the council whilst meeting future challenges. This robust approach would enable the authority to invest in initiatives to meet its goals around areas such as the environment and managing growth whilst helping increase the health and economic wellbeing of West Suffolk.

The proposed key budget assumptions and Table 1 were set out in Section 2 of the report.

The Committee was informed that the West Suffolk pension fund stood at 102% funded as at the end of March 2023. As a result of the triannual review the Council was in a position to reduce its contribution to the pension fund as an employer, with the pension fund still having a significant chance of being fully funded over the next three years.

The medium-term budget plans, beyond April 2024 were being prepared in the context of significant uncertainties around the current economic climate and Government policy. The council would continue to lobby Government over financial support and funding together with partners and other local authorities.

Overall, the budget position showed a balanced budget for the next two years.

The Performance and Audit Scrutiny Committee considered the report in detail and asked questions to which comprehensive responses were provided.

In particular discussions were held on the process carried out with staff to look at potential savings; the impact of capital investments; replenishing the general reserves fund which had been used for challenges such as Covid and the current cost of living crisis; the council's asset management plan; electric vehicle charging points and whether £80k for investment per year was sufficient; efficiency savings; income generated from Barley Homes and street lighting.

Detailed discussions were also held on the Western Way Development. In response to a question raised in relation to leisure and whether any research had been carried out on what residents wanted, officers advised that research had been done and in response to that the leisure element would have flexible space which could be adapted to trends and demands around leisure activity. In response to a question raised on electric vehicle charging points and whether £80k for investment per was sufficient, officers stated there was some flexibility and would take advice from car parking colleagues if there was a need to increase funding due to demand.

Some members again raised the issue of street lighting and questioned whether the council was going to renew the street lighting contract. The Cabinet Member for Resources and Property informed the Committee that the Cabinet had already made its decision on street lighting, and the call-in

period had expired, and the decision was now being implemented. The agreed talks with town and parish councils and the County Council were underway where these had been requested, and the issue of which streetlights West Suffolk Council itself owned was going to be included in the wider review of our relationship with town and parish councils in 2023. Councillor Carol Bull had also sent all councillors a detailed briefing just before Christmas. Therefore, most members were very familiar with the details, and there was not much more that could be explained or said at this stage.

The Chair then thanked members for raising the issue of street lighting, which was also raised and discussed in detail at its last meeting on 17 November 2022. As per the minutes attached to the agenda, the Committee voted and recommended that Cabinet notes the concerns of some members of the committee on the matter of street lighting in the former Forest Heath area. This was raised with Cabinet on 6 December 2022 and previously at full Council and was being taken forward by Cabinet and for that reasons he was not keen to take too much time on this at tonight's meeting.

At the conclusion of the discussions, it was then proposed by Councillor John Augustine, seconded by Councillor Nick Clarke, and with the vote being 4 for, 4 against and 1 abstention, the Chair was called upon to make his casting vote.

Accordingly, it was resolved on the Chair's casting vote that it was:

RECOMMENDED

That Cabinet include the proposals as detailed in Section 2 and Table 1 at Paragraph 3.4 of report number PAS/WS/23/001, in the 2023 to 2024 budget.

[Councillor Andy Neal left the meeting at 6.05pm at the conclusion of this item].

164. 2022 to 2023 Performance Report (Quarter 3)

The Committee received Report number PAS/WS/23/002, which set out income recovery, Quarter 3 performance and the forecast 2022 to 2023 revenue and capital positions.

The performance management framework sought to give councillors, officers, partners, stakeholders and residents greater understanding of progress towards the achievements of the council's strategic priorities set out in the West Suffolk Council Strategic Framework 2020 to 2024. In addition, it also provided an insight into the delivery of the broad range of day-to-day services to the residents and businesses of West Suffolk. Effective use of performance management information supported transformation and enabled choice to be made about the use of resources.

Financial performance information and key performance indicators (KPIs) sat alongside other elements of the council's performance framework which could be viewed on the performance webpage.

The purpose of the evolution and development of the performance management framework was to ensure that performance information supplied to the Performance and Audit Scrutiny Committee, Cabinet and Leadership Team clearly showed:

- Progress towards strategic goals
- Insight on initiatives which would ensure future progress
- Areas that require decisions and actions to keep on track to their goals
- Items with a significant level of risk associated with them
- Flexibility in approach allowing the escalation of performance successes and challenges
- The relationship between performance indicators and financial delivery.

Attached to the Quarter 3 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

Appendices G to J provided information on four queries raised at the Committee's meeting on 17 November 2022, which officers committed to providing further details:

- Appendix G: Performance monitoring mechanisms for grass cutting
- Appendix H: Oversight of registered providers of housing
- Appendix I: The role of the council with regard to Houses in Multiple Occupation and issues such as hot-bedding
- Appendix J: Performance monitoring of housing options and homelessness.

The Chief Executive advised that in response to a request from the Committee at its last meeting to review the colours used in the dashboard to increase the contrast, a mocked-up slide was presented at slide 9 for the Committee's feedback. Also, further information on a number of topics at its last meeting were attached as additional appendices. He then drew the Committee's attention to a number of KPI's as follows:

- Fuel and gas use:
 - Reduced fuel usage by grounds maintenance in December 2022 and increased gas usage, both of which were due to the cold weather.
- Car parking:
 - Car parking events were 1.3 per cent higher in December 2022 compared to December 2021, but was still 16 per cent down on December 2019. Officers were keeping this indicator under review.

- Universal Credit claimants:
 - Officers were seeing a steady rise through 2022 to 2023. Claims were not at the same levels as in January 2021 which was due to Covid lockdown.
 - Housing and homelessness:
 - Appendix H provided details on housing and homelessness KPIs, and performance management of Registered Providers.
 - Houses in Multiple Occupation:
 - Appendix I provided details on HMOs.
 - Governance:
 - The annual canvass had been completed at a rate of 98.47 per cent, compared to 98.44 per cent last year.
 - Toggam:
 - Toggam solar farm had generated 9 per cent more energy than was originally forecast.
 - Recycling:
 - The council had seen a reduction in the percentage of household waste being recycled and composted. Of the 3,043 tonnes reduction in recycling and composting:
 - Approximately 600 tonnes was due to a reduction in dry recycling; and
 - The remainder was due to a reduction in garden waste composting.
- The latest reduction was likely due to a combination of a slight reduction in garden waste subscribers, and the spell of extremely hot weather during the summer which slowed organic growth and ensured the waste was drier than normal.
- Grass cutting:
 - Appendix G provided details on grass cutting KPIs.

The Committee considered the report in detail and agreed that the colours in the mocked-up slide 9 were much clearer to read. Members asked a number of questions to which responses were provided. In particular discussions were held on bin collections; fly-tipping incidents compared to 2020 to 2021 and vacant shops.

Detailed discussions also took place on voter ID which was required for the first time at elections being held on 4 May 2023. Members were advised the Council had received funding from the new Burdens Fund to help with promoting voter ID. Information had recently been sent to all Councillors to promote voter ID with their parish councils. An update was due to be included in Members News on the Council's engagement plan; and a leaflet on voter ID was also going to be included with council tax billing. The voter ID would be promoted through the council's telephone number; social media pages; working with local partners and other local authorities and advertising

material was available from the Electoral Commission. In response, members suggested that voter ID could be promoted through the council's bin service and by Registered Providers using their repair/care services. It was also brought to officers' attention that there was an anomaly with the Oyster card as a form of identification which officers were not aware of and agreed to look into further.

In response to a question raised on dentistry, members advised that the Western Area Alliance was starting to focus on some of the key health issues, which included dentistry and would ask for an update on dentistry.

The Committee did not raise any specific issues in relation to the financial section of the report.

At the conclusion of the discussions the Committee **noted** the forecast 2022 to 2023 revenue and capital positions and the Quarter 3 performance update.

165. **Treasury Management Report (December 2022)**

The Committee received report number FRS/WS/23/001, which had been considered by the Financial Resilience Sub-Committee on 16 January 2023. 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 nine months of the 2022 to 2023 financial year.

The 2022-2023 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 per cent target interest rate of return on investments.

The council held investments of £71,500,000 as at 31 December 2022. Interest earned during the first nine months of the financial year amounted to £639,193.67 against a budget for the period of £33,750.

External borrowing as at 31 December 2022 was £13,750,000 a reduction of £250,000 from 1 April 2022, which relates to the repayment plan for the recent PWLB £10m 40-year loan, with the council's level of internal borrowing increasing slightly to £42,309,057 as at 31 December 2022. Overall borrowing, weighted towards internal borrowing is 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.

The Sub-Committee scrutinised the investment activity for 1 April 2022 to 31 December 2022, and asked questions to which responses were provided. In particular discussions were held on the current volatility of the markets; future borrowing requirements and options for paying off the Barclays £4m.

Since the Sub-Committee met the Council has received further information on repaying the Barclays loan off early. Due to the rise in interest rates the early repayment premium for this loan has come down from previous quotes received. The current Treasury Management Strategy allows the Portfolio Holder for Resources and Property and the Director of Resources and Property to consult and exercise powers for paying off the loan early. The Council had cash available at the present time to repay the loan and sought the Committee's support in doing this.

The Committee considered the report and in particular discussed the Barclay's loan, which the Committee supported repaying back early.

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

RECOMMENDED:

That subject to the approval of Council, the Treasury Management Report (December 2022) as contained in report number FRS/WS/23/001, be approved.

166. Financial Resilience - Strategy Statement 2023 to 2024 and Treasury Management Code of Practice

The Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management Code of Practice required that, prior to the start of the financial year, the Council formally approved a Treasury Management Policy Statement and Investment Strategy setting out the Council's treasury management policy and strategy for the forthcoming year.

The proposed Treasury Management Strategy Statement 2023 to 2024 was attached as Appendix 1 to Report number: FRS/WS/23/002, along with the Treasury Management Code of Practice at Appendix 2, which was considered by the Financial Resilience Sub-Committee on 16 January 2023.

A new Treasury Code of Practice was published on 20 December 2021 and changes from this Code had been incorporated into the Treasury Management Strategy 2023 to 2024. The key changes made were around knowledge and skills, as well as the inclusion of some extra treasury management prudential indicators, mainly around the liability benchmark.

The report also included additional supporting information on treasury advisors; borrowing strategy; investment strategy counterparty ratings and interest rate projections.

The Sub-Committee had scrutinised the report in detail and asked questions to which comprehensive responses were provided. In particular they discussed the meaning of short-term borrowing; capital financing which was based on the current programme of planned spending and local authority lending and local authorities who are subject to a Section 114 notice.

The Performance and Audit Scrutiny Committee considered the report and did not raise any issues.

It was then proposed by Councillor John Augustine, seconded by Councillor Ian Houlder and with the vote being unanimous, it was

RECOMMENDED

That:

- 1) Subject to the approval of Cabinet and Council, the Treasury Management Strategy Statement 2023 to 2024, attached as Appendix 1 to Report number: FRS/WS/23/002, be approved.**
- 2) Subject to the approval of Cabinet and Council, the Treasury Management Code of Practice, attached as Appendix 2 to Report number: FRS/WS/23/002, be approved.**

167. Work programme update

The Committee received report number: PAS/WS/23/003, which updated members on the current status of its rolling work programme of items for scrutiny during 2023 (Appendix 1).

The Committee was informed that its meeting on 8 March 2023 to consider the Statement of Accounts would need to be rescheduled. The Director would liaise with the Chair of Performance and Audit Scrutiny to identify a suitable date in April 2023. Ernst and Young had started some of its audit work on the Accounts but would not be able to complete all the work by the 8 March 2023 meeting.

There being no decision required, the Committee **noted** the work programme update and its meeting on 8 March 2023 to be rescheduled to late March/April 2023.

168. Exclusion of press and public

See Minute 169 below.

169. 2022 to 2023 Performance Report (Quarter 3): Exempt Appendix F: Aged Debt Over 90 Days Monitoring (paragraphs 1 and 2)

The Performance and Audit Scrutiny Committee made no reference to Exempt Appendix F under report number PAS/WS/23/002, therefore, this item was not held in private session.

The meeting concluded at 6.58pm

Signed by:

Chair