
Council



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Report by Cllr Sarah Broughton Chairman of Performance and Audit Scrutiny Committee	
Report No:	COU/SE/14/012	
Report to and date:	Council	16 December 2014

This report covers the meeting of the Committee held on 24 September 2014 and 26 November 2014.

24 September 2014

1. Ernst and Young – Presentation of 2013-2014 ISA 260 Annual Governance Report to those Charged with Governance

- 1.1 Prior to considering the 2013/2014 Statement of Accounts, the Committee received a presentation from Neil Harris (External Audit Director) and Melanie Richardson (External Audit Manager) from Ernst and Young (EY) on the results of EY's work to date. A copy of the Audit Committee summary was appended to Report F134 as Attachment 1 and provided at Attachment 2, was a Letter of Representation on behalf of the Council, in connection with the audit and financial statement for the year ended 31 March 2014.
- 1.2 Mr Harris confirmed that all work on the audit of the Council's 2013/2014 financial statements had been completed and no further errors had been identified. Therefore, EY would be issuing an unqualified opinion and certificate by the deadline of 30 September 2014, on both the Council's 2013/2014 financial statements and arrangements in securing economy, efficiency and effectiveness in its use of resources.
- 1.3 The Committee noted the unqualified opinion on the Financial Statements for 2013/2014, and the Value for Money conclusion, and Resolved: That the Letter of Representation on behalf of the Council be approved, before the Audit Director issued his opinion and conclusion.

2. Local Code of Corporate Governance / Annual Governance Statement 2013-2014

- 2.1 The Committee received report F135, which included a revised West Suffolk Local Code of Corporate Governance (Appendix A) and the Annual Governance Statement for 2013-2014 (Appendix B).

Local Code of Corporate Governance

- 2.2 The Local Code of Corporate Governance sets out the principles of how the Council ensures compliance with statutory requirements and best practice guidance on corporate governance. Whilst the adoption of a Local Code is not a statutory requirement it represents best practice and is a key element of a councils overarching governance arrangements and its commitment to good corporate governance. The Local Code of Corporate Governance was subject to annual review to ensure it remained up to date. Minor adjustments had been made to the document (Appendix A) to Report F135, which now reflected a joint West Suffolk Local Code of Corporate Governance between St Edmundsbury Borough Council and Forest Heath District Council.
- 2.3 The Committee scrutinised the revised joint West Suffolk Local Code of Corporate Governance and recommended that subject to the approval of full Council, the West Suffolk Local Code of Corporate Governance as contained in Appendix A to Report F135, be adopted.

Annual Governance Statement 2013-2014

- 2.4 Report F135 (Appendix B) sought Members approval of the Annual Governance Statement (AGS) for 2013-2014. The AGS was 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 2011. This year, the Annual Governance Statement was prepared by a Joint Governance Group and was presented as a joint statement for St Edmundsbury Borough Council and Forest Heath District Council to reflect both councils working together and sharing services across West Suffolk.
- 2.5 The Legal Services Manager drew the Committee's attention to page 13 of Appendix B, paragraph 10.3, which highlighted a small number of areas where improvements could be made. Members were advised that these were included in the Council's Corporate Project Plan and would be subject to management and Member scrutiny, as appropriate.
- 2.6 The Committee Resolved: That the Annual Governance Statement for 2013-2014, attached as Appendix B to Report F135, be approved for signing by the Chief Executive and the Leader of the Council.

3. 2013-2014 Annual Statement of Accounts

- 3.1 Following the presentation from EY, the Committee scrutinised the 2013-2014 Statement of Accounts as contained within Report F136 (Appendix 1), which sought Members approval of the accounts in accordance with the powers delegated to it under the Council's Constitution. Attached at Appendix 2 was a schedule of payments made to Members.

- 3.2 The Committee scrutinised the draft accounts and Members' payments and asked questions to which officers duly responded. The Committee then resolved: That
- (i) The 2013/2014 Statement of Accounts, be approved in accordance with the powers delegated to it under the Council's Constitution;
 - (ii) The Chairman of the Performance and Audit Scrutiny Committee signs the certification of the 2013/2014 Statement of Accounts on behalf of the Committee; and
 - (iii) The Chief Finance Officer, in consultation with the Portfolio Holder for Resources and Performance, be given delegated authority to make any presentational and non-material changes to the Statement of Accounts that may be required up to the date of publication.

26 November 2014

1. Mid-year Internal Audit Progress Report 2014/15

- 1.1 The Committee received and noted the report, which advised Members of the work of the Internal Audit Section for the first half of 2014/2015 (Appendix A), including the variety of corporate projects and activities which were supported through the work of the team. The report also included an update on progress made against the 2014/15 Internal Audit Plan previously approved by the Committee in May 2014.

2. Key Performance Indicators and Quarter 2 Performance Report 2014-15

- 2.1 Members considered the second quarterly report for 2014/15, covering the period April to September 2014 for both Forest Heath and St Edmundsbury Borough Council, together with a combined performance for West Suffolk, where relevant. A total of 24 indicators for St Edmundsbury were reported this quarter, of which 9 were green, 3 were amber, 4 were red and 8 were data only indicators. For West Suffolk there were a total of 21 indicators, of which 7 were green, 3 were amber, 4 were red and 7 were data only indicators.
- 2.2 Members discussed a number of indicators, with particular emphasis on those showing 'red' under the traffic light system, and asked questions on a number of areas in the report, to which officers duly responded. In particular, discussions were held on the major and other planning indicators; the percentage of industrial units vacant; the time taken to make decisions on homelessness applications; the percentage return on the investment of the council's reserves and balances and the collection of council tax.
- 2.3 Members again raised the issue of enforcement and suggested the inclusion of an indicator for monitoring enforcement. This would enable Members to understand how the service area was working and help Members to support officers with improving enforcement performance. The Head of Planning and Growth duly responded and it was agreed that further details on enforcement performance would be provided to Members.

3. West Suffolk Strategic Risk Register Quarterly Monitoring Report – September 2014

- 3.1 The Committee received and noted the second quarterly risk register monitoring report in respect of the West Suffolk Strategic Risk Register, which had been prepared following a review by the Risk Management Group. No new risks identified and no risks had been amended or closed. However, some individual controls and actions had been updated and those which were not ongoing and had been completed by September 2014 had been removed from the Register.
- 3.2 The Committee discussed some of the risks in this quarter's report, but did not make any suggestions for amendments to the Register on this occasion.

4. Biannual Corporate Complaints and Compliments Digest

- 4.1 Twice yearly the Committee receives an overview of the quantity and range of corporate complaints and compliments received during 1 April to 30 September 2014, which the Committee uses to monitor the Council's effectiveness at responding to and learning from any mistakes which had been made. The report for the first time included information relating to Forest Heath District Council and St Edmundsbury Borough Council working together across West Suffolk, with data provided for the individual councils as appropriate.
- 4.2 Across both councils, 26 corporate complaints and 59 compliments had been received, and data for the individual councils was provided. The report provided a breakdown of the corporate complaints, including outcomes and lessons learned and also highlighted the compliments that had been received across the authority during the reporting period and outlined the Service or individuals who received them.
- 4.3 Members expressed their pleasure in the number of compliments received in the reporting period to date.

5. West Suffolk Fees and Charges Policy

- 5.1 The Committee received report PAS/SE/14/005, informing Members of a Draft West Suffolk Fees and Charges Policy (Appendix B) to create a single, clear and consistent approach to formulating, agreeing and reviewing the fees and charges set by the West Suffolk councils.
- 5.2 The Committee scrutinised the Draft Policy and recommended that the West Suffolk Fees and Charges Policy as contained in Appendix B to Report PAS/SE/14/006, be approved.

6. Accounting for a single West Suffolk staffing structure and the move to a West Suffolk Cost Sharing Model

- 6.1 The Committee received report PAS/SE/14/006, which informed Members of the:
- i) allocation of the single staffing structure across the West Suffolk partnership between Forest Heath District Council and St Edmundsbury Borough Council

has to date been driven by the level of savings generated from the baseline position back in 2012; and

- ii) a new approach to cost sharing for West Suffolk which recognises the shared nature of much of West Suffolk's service delivery and recognises that the councils remain separate legal entities. The West Suffolk cost sharing model must therefore be transparent and comply with external audit requirements.

6.2 The Committee scrutinised the report in detailed and asked a number of questions to which responses were duly provided, and recommended that:

- a) subject to the approval of full Council, as part of the 2015/16 budget setting process and subject to external audit support, the proposed cost sharing model for income and employee costs as detailed in Table 2 and 3 and at paragraph 2.17 of Report PAS/SE/14/006, be approved.
- b) the proposed model, as detailed in Table 2 and 3 and at paragraph 2.17 of Report PAS/SE/14/006, be reviewed annually as part of the budget setting process with any necessary amendments to the model (in order to secure delivery against the principles set out in paragraph 2.12 of Report PAS/SE/14/006), be reported through to Performance and Audit Scrutiny Committee in the Autumn.

7. Ernst and Young Presentation of Annual Audit Letter 2013/14

7.1 The Committee received and noted Report PAS/SE/14/008 which updated Members on the outcome of the annual audit of 2013/14 financial statements by Ernst and Young (the Council's external auditors) as detailed in their Annual Audit Letter for 2013/14, attached as Appendix A to the report. The letter confirmed the completion of the audit of the 2013/14 financial statements.

7.2 The report set out the final fee of £60,356 for work carried out, which included two small additional sums totalling £2,900. The first additional sum of £2,000 reflected work undertaken by Ernst and Young over and above that planned and the second sum of £900 was an Audit Commission variation to the base scale fee to reflect the extra audit procedures required nationally.

7.3 Both additional fees had been agreed with the Section 151 Officer.

8. Financial Performance Report (Revenue and Capital) Quarter 2 – 2014-15

8.1 The Committee received the quarterly monitoring report which informed Members of the Councils capital financial position for the first six months of 2014/15 and highlighted significant variances. The latest Revenue Budget Summary indicated a current underspend of £90,200, with a forecast position for the year end showing an underspend of £290,500.

8.2 In terms of the Council's Capital financial position the first six months showed an expenditure of £1,137,000. The Council had received £92,500 in capital receipts in the period to 30 September 2014, and the revenue reserves

summary showed an opening balance of £12,612,806 with a forecast closing balance of £13,113,628.

9. Delivering a Sustainable Budget 2015-16 and Budget Consultation Results

- 9.1 The Committee received Report PAS/SE/14/010, which set out the context of the 2015/16 budget process, including a summary of the budget consultation focus group results and the proposed saving and income generation items for delivering a balanced budget for 2015/16. The budget gap for the years 2015/16 to 2017/18 were set out in the report, including the current budget assumptions for the 2015/16 and for the period of the Medium Term Financial Strategy. The key budget assumptions continued to be reviewed as more accurate information became available.
- 9.2 The report also included the initial results of the budget consultation exercise (Appendix A), which was carried out over the summer in order to inform the budget setting process and help councillors to make decisions about the 2015/16 budget.
- 9.3 The Committee scrutinised the consultation results in detail and asked questions to which responses were provided,
- 9.4 The Committee **noted** the progress made on delivering a balanced budget for 2015/16, and recommended that taking into account the public consultation results outlined in Appendix A to Report PAS/SE/14/010, Cabinet:
- 1) includes the proposals, as detailed in Table 2 at paragraph 1.5.1 of Report PAS/SE/14/010; and
 - 2) removes the proposals, as detailed in paragraph 1.5.2 of Report PAS/SE/14/010

10. Mid-year Treasury Management Report 2014/15 Investment Activity 1 April to 30 September 2014

- 10.1 The Treasury Management Sub-Committee met on 17 November 2014 and considered the above report, which summarised the Treasury Management activity for the first six months of the 2013/14 financial year.
- 10.2 The Sub-Committee was advised that interest earned during the first six months of the financial year amounted to £0.176m against the profiled budget for the period of £0.264m; a budgetary deficit of £0.088m. This was due to a lower rate of interest than projected during the period. The reduction in the interest rates was primarily due to the continued low Bank of England base rate and subsequent poor investment rates being offered by the banks and building societies and financial institutions. In the current economic climate it is considered likely that the current low rates will continue for the remainder of this year.
- 10.3 The Sub-Committee had scrutinised the content of the report, asking questions of officers as necessary. There were no issues or recommendations needed to be brought to the attention of the Performance and Audit Scrutiny Committee on this occasion.