

Report of the Performance and Audit Scrutiny Committee: 27 July 2023

Report number:	CAB/WS/23/036	
Report to and date:	Cabinet	19 September 2023
Cabinet member:	Councillor Diane Hind Portfolio Holder for Resources Telephone: 01284 706542 Email: diane.hind@westsuffolk.gov.uk	
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Decisions Plan: This item is not required to be included in the Decisions Plan.

Wards impacted: All Wards.

Recommendation: It is recommended that Report number: CAB/WS/23/036, being the report of the Performance and Audit Scrutiny Committee, be noted.

1. Context to this report

1.1 On 27 July 2023, the Performance and Audit Scrutiny Committee considered the following items:

1. Ernst and Young – 2021 to 2022 Audit Results Report to those Charged with Governance
2. 2023 to 2024 Performance Report (Quarter 1)
3. Annual Financial Resilience Management Report 2022 to 2023
4. Treasury Management Report (June 2023)
5. Annual Appointments to the Financial Resilience Sub-Committee and the Health and Safety Sub-Committee (2023 to 2024)
6. Work Programme Update 2023 to 2024

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

2. Proposals within this report

2.1 **Ernst and Young – 2021 to 2022 Audit Results Report to those Charged with Governance (Report number: PAS/WS/23/013)**

2.1.1 The Cabinet Member for Resources introduced the above report and David Riglar from EY, the Council's external auditors who was in attendance to present their final report, following the conclusion of the audit work on the 2021 to 2022 accounts.

2.1.2 The Council had received an unqualified opinion that the final accounts gave a true and fair view of the financial position of West Suffolk Council and an unqualified opinion on their value for money assessment. The accounts were therefore signed following the meeting.

2.1.3 David Riglar from EY then drew the Committee's attention to Appendix A and highlighted the following areas:

- Page 5 – Scope update: There were no issues to report.
- Page 5 - Status of the audit: Final signing of the accounts.
- Page 6 – Areas of audit focus having a higher risk:
 - Valuation of Mildenhall Hub (3G pitch valuation had been excluded).
 - Valuation of solar farm: Increase in value by an adjustment of £4.99m.
- Page 7 – Pensions liability valuation: Statement amended to reflect an increase in pension liability of £4.28m.
- Page 8- Value for Money: No significant risk and no exception to report.
- Page 9 – Audit differences: classification adjustment on balance sheet.

- Page 10 – Control observations: Did not identify any significant deficiencies in internal control.

2.1.4 The Committee considered the report in detail and asked questions to which responses were provided. In particular discussions were held on the solar farm and how it was valued and whether the valuation took into account the life of the solar panels; the Mildenhall Hub asset and the number of third-party leases unsigned; and the Mildenhall Hub 3G pitch.

2.1.5 There being no decision required, the Committee, **noted** that:

- 1) The work in respect of the audit opinion on the financial statements for West Suffolk Council for 2021 to 2022 had been completed.
- 2) The auditor had no matters to report on the Council's arrangements to secure economy, efficiency and effectiveness in the Council's use of resources.
- 3) The Chief Finance Officer, in consultation with the Chair of the Performance and Audit Scrutiny Committee had delegation to conclude the signing of the 2021 to 2022 accounts.

2.2 **2023 to 2024 Performance Report (Quarter 1) (Report number: PAS/WS/23/014)**

2.2.1 The Cabinet Member for Resources presented report number [PAS/WS/23/014](#), which included the forecast for the year-end 2023 to 2024 position and performance dashboard covering the period April to June 2023. The report included an update under the Key Performance Indicators (KPIs) on fuel used, which was raised at the Committee's June 2023 meeting.

2.2.2 The Cabinet Member then highlighted a number of KPIs, which members might wish to be aware of over the coming months, being:

- A new monitoring system was in place to provide more precise estimates on the Council's usage of gas and electricity.
- Universal Credit Claimants: The first quarter of the year had seen the highest number of claimants in West Suffolk over the four-year monitoring period. This was a contextual indicator provided by the DWP. However, it was important for the Council both in terms of anticipating increased demand for services such as homelessness and in terms of informing the design of programmes such as economic development and families and communities.
- Homelessness: The bottom right graph showed how the rates of homelessness acceptances in West Suffolk compared with Suffolk and England. There was a lag time associated with the figures as

they were produced by central government and where therefore not as timely as the Council's data but showed how things stood at the end of December 2022. This comparison was important in terms of planning the Council's homelessness and housing options services and how it needed to continue to focus on preventing homelessness.

2.2.3 Attached to the Quarter 1 performance and the forecast revenue and capital position for 2023 to 2024 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
- Exempt Appendix F: Aged debt over 90 days

2.2.4 The Committee considered the KPI's and asked questions. In particular discussions were held on why the fuel usage had increased; why there was no footfall data for Haverhill, Mildenhall, Brandon or Clare; and why the percentage of affordable housing units delivered on sites of ten or more units was showing as a flat line, to which comprehensive responses were provided.

2.2.5 The Cabinet Member for Resources then presented the financial element of the report and explained this was the first report for this financial year which showed the initial trends and variances against the budget which was agreed by Council in February 2023. Actual financial results up to 31 June 2023 had been used to forecast the full year delivery and rationale for any variances against the budget. At this stage in the year the forecast was for a deficit of £372,000 which was just over 1% of the Council's total income. Whilst this was a shortfall, management were looking at options to bring this back to a balanced position by the year end.

2.2.6 In comparison to previous years the major income lines were all forecast to be on or near budget. The variances that the Council was seeking were related to particular issues rather than larger nationwide trends. The variances included:

- The loss of income relating to some vacant retail units.
- Utility cost rises within the operational estate.
- The slowdown in local property market impacting on land charge; building control and section 106 income.
- There was a favourable variance coming from lower fuel costs currently available.

2.2.7 The Committee considered the financial aspects of the report and asked questions to which responses were provided. In particular discussions were held on expenditure (third party payments); the decrease in income and whether this was still related to covid; recycling rates and increasing

recycling in diverse materials; vacant properties; staff vacancies and exit interviews.

2.2.8 Detailed discussions took place on the Council's budget which was already in deficit in quarter one by £0.4m from a balanced budget at the start of the financial year 2023 to 2024 and wages were increasing. Some members were concerned about the early deficit and questioned whether tough decisions were being taken now as the Council needed to get to grips with the deficit at an early stage. The Cabinet Member explained that she was working with officers and other Cabinet Members to address the current in year deficit and a number of options were available.

2.2.9 There being no decision required, the Committee **noted** the forecast 2023 to 2024 revenue and capital positions as detailed in report number PAS/WS/23/014 and appendices and that Cabinet be asked to manage the deficit at an early stage to bring it back to a balanced budget.

2.3 **Annual Appointments to the Financial Resilience Sub-Committee and the Health and Safety Sub-Committee (2023 to 2024) (Report number: PAS/WS/23/015)**

2.3.1 The Committee received report number [PAS/WS/23/015](#) reminding members that at its meeting on 22 June 2023 the Committee deferred making a decision on appointing a substitute, which had not been allocated to a group on the Financial Resilience Sub-Committee. A decision to appoint six members and two substitute members to the Health and Safety Sub-Committee was also deferred.

2.3.2 The Committee considered the substitute place on the Financial Resilience Sub-Committee and agreed this should be left as a temporary substitute being appointed as and when needed by the Group Leader to the Monitoring Officer.

2.3.3 The Committee considered the appointments to the Health and Safety Sub-Committee and the nominations received, as set out in the report, as follows:

- Conservative Group: Councillors Mike Chester and Ian Houlder.
- Independents: Councillors Andy Neal and Phil Wittam.
- Progressive Alliance Grouping: Councillors Peter Armitage and Janne Jarvis.

2.3.4 Nominations were then sort for the Conservative and Independent substitute places on the Health and Safety Sub-Committee.

2.3.5 At the conclusion of the discussions the following nominations were put forward and **Resolved** as follows:

- 1) That in the event that a member of the Financial Resilience Sub-Committee was unable to attend a meeting, a temporary substitute would be nominated by the Group Leader to the Monitoring Officer
- 2) That Councillors Mike Chester and Ian Houlder (Conservative Group), Andy Neal and Phil Wittam (Independents), and Peter Armitage and Janne Jarvis (Progressive Alliance Group), be appointed as full members to the Health and Safety Sub-Committee for 2023 to 2024.
- 3) That Councillor Richard Alecock (Independents), be appointed as the substitute member to the Health and Safety Sub-Committee for 2023 to 2024.
- 4) That the Conservative substitute place on the Health and Safety Sub-Committee remains as a vacancy.

2.4 **Work programme update 2023 to 2024 (Report number: PAS/WS/23/016)**

- 2.4.1 The Committee received report number [PAS/WS/23/016](#), which provided information on the current status of its forward work programme for 2023 to 2024.
- 2.4.2 The Committee was informed the Government had published on 4 July 2023 a policy paper "Office for Local Government: Understanding Supporting Local Government Performance." A briefing note would be circulated to the Committee setting out information and the Council's views on the policy paper.
- 2.4.3 The Committee **noted** the update.

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/23/013](#) and [Appendix A](#) to the Performance and Audit Scrutiny Committee: Ernst and Young – 2021 to 2022 Audit Results Report to those Charged with Governance

8.2 Report number: [PAS/WS/23/014](#) and Appendices [A](#), [B](#), [C](#), [D](#) and [E](#) to the Performance and Audit Scrutiny Committee: 2023 to 2024 Performance Report – Quarter 1

8.3 Report number: [PAS/WS/23/015](#) to the Performance and Audit Scrutiny Committee: Annual Appointments to the Financial Resilience Sub-Committee and the Health and Safety Sub-Committee

8.4 Report number: [PAS/WS/23/016](#) and [Appendix 1](#) to the Performance and Audit Scrutiny Committee: Work Programme Update