

Performance and Audit Scrutiny Committee

Minutes of a meeting of the **Performance and Audit Scrutiny Committee** held on **Thursday 28 September 2023** at **5.00 pm** in the **Conference Chamber, West Suffolk House**, Western Way, Bury St Edmunds IP33 3YU

Present **Councillors**

Chair Peter Armitage

Vice Chair Frank Stennett

Richard Alecock

Nick Clarke

Mike Chester

Ian Houlder

Andy Neal

Phil Wittam

Substitutes attending for a full member

Pat Hanlon

Marilyn Sayer

In attendance

Donna Higgins, Cabinet Member for Families and Communities

Diane Hind, Cabinet Member for Resources

Gerald Kelly, Cabinet Member for Governance and Regulatory

204. **Substitutes**

The following substitution was declared:

Councillor Pat Hanlon substituting for Councillor Janne Jarvis.

Councillor Marilyn Sayer substituting for Councillor Sue Perry.

205. **Apologies for absence**

Apologies for absence were received from Councillors Janne Jarvis, Sue Perry and Karen Richardson.

206. **Minutes**

The minutes of the meeting held on 27 July 2023 were confirmed as a correct record and signed by the Chair.

207. **Declarations of interest**

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

208. **Public participation**

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

209. **Ernst and Young - Auditors Annual Report 2021 to 2022**

The Cabinet Member for Resources presented report number PAS/WS/23/017, which was the final version of the external audit report from Ernst and Young on the council's 2021 to 2022 final accounts. In July 2023 the Committee received a draft version which showed an unqualified audit opinion. Since then, these papers had been finalised and the letter of management representation had been signed off by the Chief Finance Officer in consultation with the Chair of Performance and Audit Scrutiny. This concluded the audit work for the 2021 to 2022 accounts and provided an unqualified opinion that the final accounts gave a true and fair view of the financial position of West Suffolk Council.

David Riglar, Partner at Ernst and Young (EY) wished to draw the Committee's attention to page 14, Appendix B which related to the audit fees. He explained that the scale fee of £55,050 was set a number of years ago by the Public Sector Audit Appointments (PSAA) and does not change. On top of this fee, EY was proposing an additional fee of £51,735 for additional hours undertaken by EY due to increased professional and regulatory requirements and changes in scope of work. However, the proposed additional fee had not yet been discussed with the council and still remained subject to determination by the PSAA.

The Committee scrutinised the report and asked questions to which responses were provided. In particular discussions were held on how the PSAA tendering process worked; what the audit process would look like if the council opted out of the PSAA; and the valuation of assets and the use of external valuers.

In response to a question raised on audit fees and what the council was doing to test the additional proposed fees as West Suffolk Council was deemed to be a low-risk authority, David Riglar explained that EY had to abide by a number of factors, for example EY had to provide a detailed account on all the additional fees proposed for the PSAA. He explained that the additional proposed fees for 2021 to 2022 were still to be agreed with the council and would also be subject to review by the PSAA.

At the conclusion of the discussion the Chair of the Committee asked if David Riglar could provide a written summary on how the fee system worked and what safeguards / checks were in place, which David Riglar agreed to provide.

There being no decision required, the Committee **noted** EY's Auditor's Annual Report for 2021 to 2022 attached as Appendix A to report number PAS/WS/23/017.

210. **Annual Governance Statement 2022 to 2023**

The Cabinet Member for Resources presented report number PAS/WS/23/018, which was the annual report prepared by the Officer Group that provided

assurances that West Suffolk Council had met the requirements of the Accounts and Audit Regulations 2015 and was an accompanying report to the next item on the agenda, the Draft Statement of Accounts.

Attached at Appendix A to the report was the West Suffolk Council Annual Governance Statement 2022 to 2023. A key function of the council's Performance and Audit Scrutiny Committee was to review and approve the draft annual governance statement prior to being signed by the council's Leader and Chief Executive. The draft annual governance statement was being presented this evening for comments, and the approval and signing would be sought at a later date and timed to take into account the timetable for the external audit of the 2022 to 2023 Statement of Accounts.

The Cabinet Member informed the Committee that there were no significant governance issues to report.

The Committee scrutinised the report in detail and asked questions to which comprehensive responses were provided.

In response to a question raised under "proposed activity, 2023 to 2024", seeking an explanation on what a Corporate Peer Challenge Review was. The Committee was informed that the last Peer Review was carried out in 2012. These were carried out by other local authority Chief Executive's, Section 151 Officers and Members. A formal report is issued following the review along with an action plan on how a council could further improve.

In response to a question raised in relation to other council's governance failings, the Cabinet Member informed members that Cabinet were reviewing with officers the key areas of focus and potential learning for local authorities.

In response to a question raised on working in partnership with other authorities to work towards finalising a potential Council Deal, the Cabinet Member agreed to seek a written response on the current position.

The Committee discussed bench marking, which officers agreed to include comparisons where necessary and available.

The Committee suggested including two additional items under "proposed activity for 2023 to 2024, being:

- Keeping a close watch on decarbonisation; and
- An analysis on cancelling the Western Way Development.

In response to the above the Monitoring Officer advised that the two suggestions would be raised with the relevant officers to seek clarification on whether and how they could be included in the draft Annual Governance Statement.

There being no decision required, the Committee **noted** the report, subject to the seeking clarification on the above two proposed suggestions.

211. **Draft Statement of Accounts 2022 to 2023**

The Cabinet Member for Resources presented report number PAS/WS/23/019, which was the draft set of accounts for the financial year ending 31 March 2023.

Regulations required that accounts should be submitted to the council's external auditors, Ernst and Young by the 31 May each year with a view that a final set of accounts could be scrutinised following the audit.

However, given that the current timetable for external audit was that it would not be auditing the accounts until November 2023 at the earliest, these were being brought to the Committee as a draft set of unaudited accounts in order for the Committee to have sight of them in a timely manner.

The headlines from the draft accounts for 2022 to 2023 was that as well as a budgeted use of the General Fund of £0.475m to offset ongoing Covid income recovery there was a further budget deficit of £0.57m being driven by inflationary pressures on fuel; utilities and supplies and services. There was also a £1.3m pressure from the local government pay award. However, following these impacts, the General Fund still finished the year at the targeted level of £5m.

The narrative report set out on pages 55 to 63 provided a full summary of all major items contained within the draft accounts. Following the decision made on the Western Way Development, a narrative would be included in the draft accounts.

The Director (Resources and Property) then drew the Committee's attention to the Balance Sheet, set out on page 73, and made specific reference to the long-term assets; current assets; and long-term liabilities.

The Committee scrutinised the draft accounts in detail and asked a number of questions to which comprehensive responses were provided. In particular discussions were held on the meaning of baseline funding; the council's five-year asset management plan in relation to leisure facilities and managing financial risks and understanding those risks.

In response to a question raised on whether the £5m was reflective of the council's reserve levels, the Committee was informed that the council's minimum policy level was £5m which related to the general fund. Alongside this amount, was also the earmarked reserves.

It was suggested that under the section "Overview of the financial year 2022 to 2023" that comparatives and projections for the following year should be included. In response the Committee were informed that the accounts were predominately backwards looking and followed a set format but officers would consider more comparative information in the narrative.

In response to a question raised regarding the Bury St Edmunds leisure centre, the Committee was advised that provision was in the budget and that would drive what the council would spend. The council had an investment plan to not borrow for longer than the life expectancy of any building.

At the conclusion of the discussion, it was suggested that the statement of accounts should include paragraph numbers to make it easier to read and navigate the statement of accounts.

There being no decision required the Committee **noted** the Draft Statement of Accounts for 2022 to 2023, subject to the inclusion of paragraph numbers within the final set of accounts.

212. Complaints and Local Government and Social Care Ombudsman: Annual Report 2002-2023

The Cabinet Member for Governance and Regulatory presented report number PAS/WS/23/020, which provided an overview of the type of complaints received and the action taken to remedy those complaints.

It was an annual requirement to report on the Local Government and Social Care Ombudsman's (LGSCO) annual report and the council had extended the report to advise on the corporate complaints considered by the council.

Generally, only when a complaint had progressed through the council's internal complaints procedure would the LGSCO investigate a complaint. Complaints were investigated even if they had already been upheld by the council.

During 2022 to 2023, 14 complaints were made to the LGSCO in the preceding 12 months only one was upheld. This complaint related to a parking appeal. The LGSCO found some fault with the council but no significant injustice to the complainant.

The Committee considered the report and did not raise any issues, only to commend the report.

There being no decision required, the Committee **noted** the annual report from the LGSCO for 2022 to 2023.

213. Regulation of Investigatory Powers Act 2000 - Annual Report and Review of the RIPA Guidance

The Cabinet Member for Governance and Regulatory presented report number PAS/WS/23/021, which was an annual requirement to review the council's Regulations of Investigatory Powers Act 2000 (RIPA) guidance and report on any authorisations granted.

RIPA provided a statutory mechanism for authorising certain types of covert surveillance. The overwhelming majority of surveillance undertaken by the council would be done overtly, meaning there would be nothing secretive or hidden about the way it was conducted. In many cases officers would be going about council business openly, for example a routine inspection by an Environmental Health Officer, or would have notified the subject of the investigation that they were likely to be under surveillance, for example where a noise maker was warned that noise would be recorded if continued.

However, the councils RIPA guidance made sure that when the council did use covert surveillance, for example persons subject to surveillance were unaware that it was or may be taking place to help prevent or detect crime or disorder the council did so in compliance with RIPA.

Local authority use of directed surveillance under RIPA was limited to the investigation of crimes which attract a six-month custodial sentence. The council would only carry out covert surveillance where such action was justified and proportionate and had a small pool of senior officers who were trained to authorise applications which must then be granted by a Magistrate. The council could also access communications data if justified and authorised accordingly.

Over the last year no authorisations had been applied for and the only amendment to the policy had been to strengthen the guidance in relation to the use of social media.

The Committee considered the report and did not raise any specific issues.

There being no decision required the Committee **noted** the annual report and review of the RIPA Guidance.

214. **Work programme update**

The Committee received report number: PAS/WS/23/022, which updated members on the current status of its rolling work programme of items for scrutiny during 2020-2021 (Appendix 1).

In response to a question raised on how the Committee could add items to its forward working programme in addition to statutory items, the Democratic Services Officer referred members to the Councils Constitution, Part 4, Procedure Rules, where it sets out under paragraph 7.1 how members could give notice that they wished an item relevant to the functions of the Committee to be included on its agenda. The Director (Resources and Property) further suggested that at its training session in February 2024 on "effective finance and budget scrutiny" the Committee could discuss with the training provider what more the Committee should be scrutinising.

There being no decision required, the Committee **noted** the update.

The meeting concluded at 6.35 pm

Signed by:

Chair
