

Performance and Audit Scrutiny Committee

Minutes of a meeting of the **Performance and Audit Scrutiny Committee** held on **Thursday 23 November 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

John Augustine

Mike Chester

Nick Clarke

Ian Houlder

Andy Neal

Sue Perry

Karen Richardson

Phil Wittam

Substitutes attending for a full member

Pat Hanlon

In attendance

Diane Hind, Cabinet Member for Resources

Birgitte Mager

215. **Substitutes**

The following substitution was declared:

Councillor Pat Hanlon substituting for Councillor Janne Jarvis.

216. **Apologies for absence**

Apologies for absence were received from Councillor Janne Jarvis.

217. **Minutes**

The minutes of the meeting held on 28 September 2023 were confirmed as a correct record and signed by the Chair.

218. **Declarations of interest**

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

219. **Public participation**

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

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

The Cabinet Member for Resources presented report number PAS/WS/23/023, which informed the Committee at this stage on the approach and timescales for the 2024 to 2025 budget setting process and the medium-term financial strategy. The report set out the context to the 2024 to 2025 budget process; key budget assumptions; the 2024 to 2028 budget plans and proposed approach and timescales.

In the February 2023 Council meeting, the Budget and Council Tax Setting: 2023 to 2024 and Medium-Term Financial Strategy 2023 to 2027 report number ([COU/WS/23/003](#)) set out the indicative financial plan to 2027. This indicative plan set a balanced budget for 2023 to 2024 and 2024 to 2025 but included the following initiative budget gaps (which will be reviewed as part of this 2024 to 2025 budget process) in the subsequent years:

	2024 to 2025	2025 to 2026	2026 to 2027
Budget Gap	£0.00m	£2.67m	£3.69m

The Government’s Autumn Statement was announced on 22 November 2023. Assumptions contained in the report continued to reflect a working assumption regarding what the settlement for next year would be. As more detail becomes available from central government in late December 2023 these assumptions would be updated. Further reports to support the 2024 to 2028 Strategic Direction and Priorities and anticipated savings and initiatives needed to deliver a sustainable and balanced budget for 2024 to 2025 would be presented to the Performance and Audit Scrutiny Committee at its January 2024 meeting.

The Committee considered the report, the approach and timescales for the 2024 to 2025 budget setting process and the medium-term plans. Specifically, discussions were held on when the committee would receive the detailed budget numbers and proposals to support the development of the 2024 to 2025 budget setting process. In response the Cabinet Member for Resources stated that at this stage the report, which was not dissimilar to previous years reporting, was only setting out the process and the approach being taken. The detail was currently being worked through, for example new initiatives; fee structures, government settlement etc. All the supporting evidence and information would be available for the Committee to fully scrutinise in detail at its meeting in January 2024.

The Committee also questioned what the Council’s lobbying plan was for multi-year fairer funding settlements in relation to who was doing the lobbying; when; how and outcomes.

There being no decision required at this stage of the budget process, the Committee **noted** the contents of the report.

221. 2023 to 2024 Performance Report (Quarter 2)

The Cabinet Member for Resources presented report number PAS/WS/23/024, which set out the quarter two performance and the forecast 2023 to 2024 revenue and capital position for the period April 2023 to September 2023.

Attached to the report 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

The report included updates under the Key Performance Indicators (KPIs) on the cost of living; strategic housing; water consumption; fuel usage; waste and footfall monitoring.

The Cabinet Member highlighted a number of KPIs where there had been a sharp increase or decrease; a change over a number of months; or a change on a previous year, both positive and negative, being:

Car parking	There had been a year-on-year increase, meaning more activity in the town centres, however levels were still below pre-pandemic levels.
Number of young people Not in Education, Employment or Training (NEET)	The dashboards included an annual figure, the first since last September. There had been a concerning increase compared to previous years, for example more young people were going into poor quality employment.
Amount of debt over 90 days old	The figure had decreased due to a commercial property payment which was positive news.
Solar installations	The Council was already at 950 kWh capacity compared to last year's 285 kWh which was positive news in terms of environmental performance.
Abbeycroft memberships	Membership figures were continuing to increase, which was positive as more people used Abbeycroft's facilities and become more active.

The Cabinet Member for Resources then presented the financial element of the report and explained from a financial perspective the forecast year-end outturn as at quarter two showed a small overall deficit position of £37,000. This deficit included the release of the planned general fund budget of £0.8m. The general fund remained at the £5m policy level and officers are continuing to review the position as the year progressed in order to maintain the general fund at the stated policy level.

There were a number of variances to the budget, many of which had been reported to the Committee at its July 2023 meeting, including the impact of the agreed pay award; improved business rate income expectations; ongoing inflationary pressures, such as utility costs and an improving forecast for car parking and trade waste income.

The Committee considered the report in detail and asked a number of questions to which responses were provided. In particular discussions were held on external borrowing; the Council's General Fund balance; the number of KPI's being reported and whether these should be reduced to more manageable levels; and a future presentation to all councillors on the significant changes being made to recycling/waste in light of the Government's "Simpler Recycling" initiative.

Detailed discussions were also held on why footfall was monitored in Newmarket and Bury St Edmunds and not in other towns across West Suffolk. It was explained that monitoring was carried out in these towns by the Business Improvement Districts and the data passed to the council. at no cost. It was agreed that care was needed in making comparisons between the town centres which were very different. The Committee further suggested it would be useful to make a comparison of town centre footfall in response to the growth of retail parks.

In response to a question raised on the cancellation of the Western Way Development and what the saving was to residents, the Cabinet Member for Resources agreed to provide a written response.

In response to a question raised on the KPI on why the use of red diesel had not reduced more significantly considering the rules around the eligibility of its usage had changed in April 2022, the Cabinet Member for Resources agreed to provide a written response.

In response to a question raised on how much planning appeals were costing the Council, it was agreed this could be included as a new KPI and noted the Office of Local Government (Oflog) was also looking into data around planning appeals.

In response to a question raised on the KPI for Universal Credit the Committee suggested it would be helpful for members to have the information available for each town. Officers agreed to look into this further as to whether the information could be broken down by town.

In response to a question raised on the KPI for the number of car parking events, the Committee suggested it would be helpful for members to have the information broken down by town. Officers confirmed the information was available and would look to include this in future reporting.

The Committee considered Appendix E, the strategic risk register and felt there were too many red risk/high impact areas and insufficient evidence/suggested actions provided. In response officers agreed to look at reviewing the risk register.

At the conclusion of the discussions, the Committee **noted** the forecast 2023 to 2024 revenue and capital positions as detailed in Report number PAS/WS/23/024 and attached appendices and KPIs subject to the above comments.

222. **Internal Audit Mid-Year Progress Report 2023 to 2024**

The Cabinet Member for Resources presented report number: PAS/WS/23/025, which set out the work carried out by the internal audit team in the first half of 2023 to 2024 and concluded that sufficient progress was being made against the annual internal audit plan to give confidence that a robust internal audit opinion would be provided in the Internal Audit Annual Report in May 2024.

The report confirmed that in general, internal controls continued to work well, although there would always be areas where further improvements could and should be made.

One area which the Cabinet Member brought to the Committee's attention was that the Council had unfortunately been a victim of a supplier bank mandate fraud, details of which were set out in paragraph 5.14 to 5.19 of the report. She stressed that officers had confirmed that existing controls had subsequently been reinforced in this area and additional controls had also been introduced to significantly reduce the risk of it happening again.

The report also included information on the professional internal audit standards which the internal audit team must comply with and were likely to change significantly early next year and the effects of the changes would be reported to the Committee in May 2024.

The Committee considered the report and asked questions, to which responses were provided. Specifically, discussions were held on fraud and questioned what the total fraud figure was to the Council to which the Cabinet Member for Resources advised was just under £52,000.

There being no decision required, the Committee **noted** the contents of the report.

223. **Treasury Management Report (September 2023)**

The Cabinet Member for Resources presented report number: FRS/WS/23/005, which had been scrutinised by the Financial Resilience Sub-Committee on 13 November 2023. The report set out the position as at 30 September 2023. At this point the Council held £54.5m of investments and borrowing of £9.6m. Interest receivable in the first half of the financial year was driving a budget surplus of £914,425 due to rising interest rates and high levels of cash invested.

The surplus was being held in the Capital Projects Financing Reserve in order to mitigate the risk of future borrowing in the current interest rate environment. The Council's liability benchmark and cashflow forecast showed the Council would not need to borrow externally within the short to medium-term this financial year.

The Committee scrutinised the report and asked questions to which responses were provided. In particular discussions were held on the Council's external treasury advisors and questioned the advice they provided to the Council; specifically, around what the cost was to the Council; the length of the contract and whether a procurement exercise was carried out to appoint external advisors. In response the Cabinet Member for Resources agreed to provide a written response on the length of the contract and the cost to the Council.

Discussions were also held on the pressure the Committee had put on the previous administration to borrow externally which in turn had enabled the forecast for the Council to balance the budget due to interest earned and felt the Council should have borrowed more at the time.

It was then recommended by Councillor Phil Wittam, duly seconded by Councillor Pat Hanlon, and with the vote being unanimous,

RECOMMENDED

That subject to the approval of Cabinet and Council, the Treasury Management Report (September 2023), being report number FRS/WS/23/005, be approved.

224. Work programme update

The Committee received report number: PAS/WS/23/026, which updated members on the current status of its rolling work programme of items for scrutiny during 2024 (Appendix 1). The Committee considered its rolling work programme and did not raise any issues.

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

225. Exclusion of the Press and Public

See minute number 226 below.

226. 2023 to 2024 Performance Report Quarter 2 - EXEMPT Appendix F

The Performance and Audit Scrutiny Committee made no reference to Exempt Appendix F under report number PAS/WS/23/024, therefore, this item was not held in private session.

The meeting concluded at 7.02 pm

Signed by:

Chair
