

# Report of the Performance and Audit Scrutiny Committee: 30 May 2024

<b>Report number:</b>	<b>CAB/WS/24/029</b>	
<b>Report to and date:</b>	<b>Cabinet</b>	9 July 2024
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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/24/029, being the report of the Performance and Audit Scrutiny Committee, be noted.

## 1. Context to this report

1.1 On 30 May 2024, the Performance and Audit Scrutiny Committee considered the following items:

1. Ernst and Young – update on the external audit of the 2022 to 2023 financial statements and interim value for money report to those charged with governance
2. Ernst and Young – presentation of external audit plan and fees 2023 to 2024
3. 2023 to 2024 performance report (quarter four)
4. Internal audit annual report 2023 to 2024
5. Outline internal audit plan 2024 to 2025
6. Local Code of Corporate Governance
7. Co-opting non-elected independent members
8. Annual report from the Health and Safety Sub-Committee
9. Annual re-appointments to the Financial Resilience Sub-Committee
10. Work programme update

A separate report is included on this Cabinet agenda for item 6. above.

## 2. Proposals within this report

2.1 **Ernst and Young – update on the external audit of the 2022 to 2023 financial statements and interim value for money report to those charged with governance (Report number: PAS/WS/24/007)**

2.1.1 The Committee received report number PAS/WS/24/007 presented by David Riglar from Ernst and Young (EY), the Council's external auditors. Members were updated on the audit of the 2022 to 2023 financial statements and through the attached interim report (Appendix A to PAS/WS/24/007), explained the work the external auditor had undertaken to assess the Council's value for money arrangements for the period 1 April 2022 to 31 March 2023 and highlighted any significant weaknesses identified along with recommendations for improvement.

2.1.2 Mr Riglar then drew the Committee's attention to Appendix A and highlighted the following areas:

- Page 21 - Executive summary: There was no change to the purpose of the audit. He explained that auditors no longer provided a conclusion, reporting only by exception, to which there were none for West Suffolk Council.
- Page 22 – Risk procedure: This had been considered and no risks had been identified.
- Page 23 – No significant risks had been identified under the reporting criteria.

2.1.3 The Committee considered the report and did not raise any issues. There being no decision required, the Committee:

1. **Noted** the update on the external audit of the 2022 to 2023 financial statements.
2. **Noted** that at this stage, the audit had concluded that the Council had proper arrangements in place in 2022 to 2023 to secure economy, efficiency and effectiveness in its use of resources attached as Appendix A to report number PAS/WS/24/007.

## 2.2 **Ernst and Young – Presentation of external audit plan and fees 2023 to 2024 (Report number: PAS/WS/24/008)**

2.2.1 The Committee received report number PAS/WS/24/008 presented by David Riglar from EY, the Council's external auditors. EY were required to provide an audit plan, attached at Appendix A to the report, which covered the work they planned to perform in order to provide the Council with:

- An audit opinion on whether the financial statements of the Council gave a true and fair view of the financial position at 31 March 2024 and of the income and expenditure for the year ended.
- Commentary on the Council's arrangements to secure value for money on its use of resources.

2.2.2 The report summarised EY's assessment of the key issues which drive the development of an effective audit for the Council. The report also considered the likely impact of Government proposals to clear the backlog in local audit and put the local audit system on a sustainable footing. He then drew the Committee's attention to Appendix A and highlighted the following areas:

- Pages 48 to 49: Set out the three phases to address local audit delays:
  - Phase 1 – Reset
  - Phase 2 – Recovery
  - Phase 3 - Reform
- Pages 50 to 51: Audit risks and areas of focus
- Pages 52 to 53: Council materiality
- Page 56: Value for money – no risk had been identified
- Page 82: Timetable of communication and deliverables
- Pages 92 to 93: Appendix C – set out the new auditing standards

2.2.3 The Committee scrutinised the report and asked questions to which responses were provided.

2.2.4 At the conclusion of the discussions, and there being no decision required, the Committee **noted** EY’s Audit Planning Report for the year ended March 2024.

2.3 **2023 to 2024 performance report (quarter four) (Report number: PAS/WS/24/009)**

2.3.1 The Cabinet Member for Resources presented report number PAS/WS/24/009, which set out the final quarter performance for the year 2023 to 2024 both in financial results and key performance indicators (KPIs). The financial results and performance dashboards included in the report and accompanying information covered the period of April 2023 to March 2024.

2.3.2 The Cabinet Member then highlighted a number of KPIs, being:

Number of residents (per 1,000 head of population aged 65 plus) in receipt of Housing Benefit and / Pension Credit.  Number of residents (per 1,000 head of population aged 18 to 64) in receipt of Universal Credit or Housing Benefit.	Following a request by the Committee the number of residents (per thousand head of population) on Universal Credit, Pension Credit and/or Housing Benefit for the five largest settlements had been included.  The two new indicators were split between residents aged 65+ and working age (18 to 64).
Social media	Two new KPIs had been included in quarter four, around the number of followers of West Suffolk social media channels (people who choose to follow the Council’s accounts) and the number of social media accounts reached by West Suffolk Council posts.
Number of staff vacancies	Following a request by the Committee a new KPI had been included to measure the number of staff vacancies.
Planning appeals	Following a request by the Committee two new planning appeal KPIs had been including to measure the percentage of major appeals allowed out of all appeals and the percentage of minor/other appeals allowed out of all appeals. Both KPIs were monitored by the Office for Local Government.

2.3.3 Attached to the Quarter three performance and forecast year-end financial 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
- Appendix Ei: West Suffolk Risk Management Toolkit
- Exempt Appendix F: Aged debt over 90 days summary
- Appendix G: List of available Key Performance Indicators (KPIs)
- Appendix H: Environment and Sustainability Reference Group quarterly progress report
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- 2.3.4 The Cabinet Member for Resources then presented the financial perspective of the year-end outturn as at quarter four, which showed an overall balanced position. This result included the release of £315,000 of the planned top-up to the general fund of £800,000. This meant the general fund would increase to £5.5 million by the year end. Without the use of the general fund allowance during the year, the deficit would have been £0.3 million. This was made up of a number of variances to the budget, including the impact of the agreed pay award, improved business rate income expectations, ongoing inflationary pressures and an improved result from car parking and trade waste income.
- 2.3.5 The Council had spent £13.0 million of its total available capital budget of £48.5 million for 2023 to 2024, as a result of project timings, mainly the timing of investment of the 'Investing in Growth' fund projects, for example, the innovation units at Suffolk Business Park and the use of the Barley Homes loan facility. There were also 'carry forward' proposals for the majority of this unspent budget totalling £34.2 million.
- 2.3.6 The Council's reserve position remained strong with a forecast balance of £44.4 million against a budgeted closing balance of £36.7 million. The majority of the variance related to timing of expenditure into the next financial year related to capital programme phasing. The net under-utilisation was primarily due to savings on borrowing costs, high interest receivable and a backdated VAT payment from HMRC.
- 2.3.7 At the most recent assessment of the risk register, two new risks had been included to reflect the upcoming impact of the recycling legislation and the wider governance issues that had been faced by councils that had issued s114 notices. These being:
- WS24: Implementation of 'Simply Recycling' linked to the requirements of the Government's Resource and Waste Strategy (RAWS) and the Environment Act 2021.
  - WS25: Governance

- 2.3.8 The Committee considered the report in detail and asked a number of questions to which responses were provided. In particular, discussions were held on the KPIs at the financial year-end and the risk register.
- 2.3.9 A discussion took place on the KPI relating to the 'number of residents (per 1,000 head of populations aged 65 plus' in receipt of Housing Benefits and/or Pension Credit and it was highlighted that Clare had not been included in the data presented. In response, officers explained that the data for the KPI were provided by the DWP and were only available by ward. The towns that had been included were all comprised of multiple wards, whereas the ward in which Clare was located also covered Hundon and Kedington so the data could not be isolated for the town of Clare. However, officers agreed to look into the data further to produce a heat map for the whole of West Suffolk showing the proportions of local populations in receipt of benefits.
- 2.3.10 In response to a question raised relating to Haverhill, a member asked to what extent people who were entitled to benefits were not claiming them, as the KPI data only covered those in receipt of benefits. Officers advised that a Suffolk-wide project was underway to explore the potential of a data tool called LIFT (Low Income Family Tracker) which looked at this issue and would include a note on the LIFT tool at its next meeting.
- 2.3.11 In response to a question raised on what constituted low income for Council Tax relief, officers agreed to provide a written response.

In response to a suggestion relating to understanding the location of fly-tipping incidents, officers agreed to include a note on fly-tipping hot spots at its next meeting.

In response to a question raised in relation to Appendix B, income and expenditure on the £18,000 Gypsy and Travellers Study on 'what was it for' and 'what did the study say', officers agreed to provide a written response.

- 2.3.12 At the conclusion of the discussions the Committee **noted** the year end 2023 to 2024 revenue and capital position as detailed in the report and appendices and did not raise any issues for Cabinet's consideration.
- 2.4 **Internal audit annual report 2023 to 2024 (Report number: PAS/WS/24/010)**
- 2.4.1 The Committee received and **noted** report number PAS/WS/24/010 which provided members with an overview of the work carried out by Internal Audit for the year ending 31 March 2024.
- 2.4.2 Appendix A provided a brief update on the new Global Internal Audit Standards which were the professional standards which would apply to all internal audit teams from next year. The Council's internal audit team

would be working towards complying with the new standards over the coming months.

2.4.3 Attached at Appendix B was the Annual Fraud Report which summarised the work which had taken place during 2023 to 2024 to prevent and detect fraud, theft and corruption. The report confirmed that further internal audit work had recently been carried out to check that controls relating to bank account changes were working as expected so that the risk of any future bank mandate fraud was minimised.

2.4.4 The Committee then considered the report and asked questions on what types of attempted frauds the Council had successfully stopped, to which comprehensive responses were provided.

2.5 **Outline internal audit plan 2024 to 2025 (Report number: PAS/WS/24/011)**

2.5.1 Report PAS/WS/24/011, provided members with a proposed 2024 to 2025 audit plan, attached at Appendix B to the report. Attached at Appendix A was the covering Internal Audit Plan Report. The proposed audit plan was a risk-based plan which provided a framework for ensuring that audit resources were focused on activities that would help support the Council's priorities, and also enable the internal audit team to provide a robust annual internal audit opinion at the end of the year. It was important that the audit plan was flexible and able to adapt to changing circumstances and changing risks, therefore there might be changes to the planned work during the year.

2.5.2 The Committee considered the report and **approved** the outline internal audit plan for 2024 to 2025.

2.6 **Co-opting non-elected independent members (Report number: PAS/WS/24/013)**

2.6.1 The Chair presented report number PAS/WS/24/013, which followed on from that presented to the Committee on 25 January 2024 setting out proposals regarding the co-opting of non-elected independent members to the Performance and Audit Scrutiny Committee. At that meeting the Committee:

- Agreed the principle of co-opting two non-elected members to the Committee; and
- Approved the approach, including the next steps to co-opting independent members.

2.6.2 Report number PAS/WS/24/013 set out progress made and sought the Committee's approval for the recruitment process; recruitment pack; and appointment of an interview panel. The recruitment pack comprised a person specification attached as Appendix A and a timeline for the recruitment process at Appendix B to the report.

2.6.3 The Committee considered the report and asked questions to which responses were provided. In response to a question raised, officers advised that they would not be asking candidates their political preferences, however checks would be carried out as per CIPFA guidance.

2.6.4 At the conclusion of the discussions the Committee **voted** to:

1. **Approve** the Person Specification attached as Appendix A and the timeline at Appendix B to report number PAS/WS/24/013.
2. **Approve** the recruitment approach as set in Section 2.4 of report number PAS/WS/24/013.

2.7. **Annual report from the Health and Safety Sub-Committee (Report number: PAS/WS/24/014)**

2.7.1 The Committee received and **noted** the above report which summarised the work carried out by the Health and Safety Sub-Committee during 2023 to 2024.

2.7.2 The Health and Safety summary report attached at Appendix A was produced to identify and document West Suffolk Council's health and safety performance and work carried out during the year to ensure legal compliance.

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

2.8 **Annual re-appointments to the Financial Resilience Sub-Committee (Report number: PAS/WS/24/015)**

2.8.1 The Committee received the above report, which sought appointments to the Financial Resilience Sub-Committee. The Committee was asked to:

- Appoint three members and one substitute member from the members of the Performance and Audit Scrutiny Committee to sit on the Financial Resilience Sub-Committee for 2024 to 2025.
- The Committee was advised that the substitute place on the Sub-Committee had not been allocated to a group. The Committee may appoint a member to the group. If it was deemed not practical to do so then in the event that a member of the Sub-Committee could not



attend a temporary substitute may be nominated by the relevant group leader to the Monitoring officer.

2.8.2 The Committee considered the appointments, and at the conclusion of the discussions the following nominations were put forward and **resolved** as follows:

That:

1. Councillors Ian Houlder (Conservative Group), Frank Stennett (Independents) and Peter Armitage (Progressive Alliance Group), be appointed as full members to the Financial Resilience Sub-Committee for 2024 to 2025.
2. The appointment of a substitute to the Financial Resilience Sub-Committee be nominated by the group leader to the Monitoring officer, as required.

2.9 **Work programme update (Report number: PAS/WS/24/016)**

2.9.1 The Committee received and **noted** report number PAS/WS/24/016 and Appendix 1, which provided information on the current status of its forward work programme for 2024.

### **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/24/007](#) and [Appendix A](#) to the Performance and Audit Scrutiny Committee: Ernst and Young – Update on the External Audit of the 2022 to 2023 Financial Statements and Interim Value for Money Report to those Charged with Governance
- 8.2 Report number: [PAS/WS/24/008](#) and [Appendix A](#) to the Performance and Audit Scrutiny Committee: Ernst and Young – Presentation of External Audit Plan and Fees 2023 to 2024
- 8.3 Report number: [PAS/WS/24/009](#) and [Appendix A](#), [Appendix B](#), [Appendix C](#), [Appendix D](#), [Appendix E](#), [Appendix Ei](#), [Appendix G](#) and [Appendix H](#) to the Performance and Audit Scrutiny Committee: 2023 to 2024 Performance Report (Quarter 4)
- 8.4 Report number: [PAS/WS/24/010](#) and [Appendix A](#) and [Appendix B](#) to the Performance and Audit Scrutiny Committee: Internal Audit Annual Report 2023 to 2024
- 8.5 Report number: [PAS/WS/24/011](#) and [Appendix A](#) and [Appendix B](#) to the Performance and Audit Scrutiny Committee: Outline Internal Audit Plan 2024 to 2025
- 8.6 Report number: [PAS/WS/24/013](#) and [Appendix A](#) and [Appendix B](#) to the Performance and Audit Scrutiny Committee: Co-opting Non-elected Independent Members
- 8.7 Report number: [PAS/WS/24/014](#) and [Appendix A](#) to the Performance and Audit Scrutiny Committee: Annual Report from the Health and Safety Sub-Committee.
- 8.8 Report number: [PAS/WS/24/015](#) and [Appendix 1](#) to the Performance and Audit Scrutiny Committee: Annual Re-Appointments to the Financial Resilience Sub-Committee
- 8.9 Report number: [PAS/WS/24/016](#) and [Appendix 1](#) to the Performance and Audit Scrutiny Committee: Work Programme Update