



## Cabinet 1 December 2010

### Report of the Performance and Audit Scrutiny Committee: 25 October 2010

1. **Mid Year Treasury Management Performance Report and Investment Activity 1 April to 30 September 2010: Verbal report of the Chairman**
  - 1.1 Following the Treasury Management Sub-Committee's meeting on 18 October 2010, the Chairman of the Committee, also Chairman of the Treasury Management Sub-Committee, reported on the Sub-Committee's consideration of the above Report B249.
  - 1.2 The report provided an overview of treasury management performance for the first half of the year, together with details of a change to the lending limit for the Santander UK group which was approved during September 2010, and proposals for an extension to the lending limits for highly rates banks and building societies.
  - 1.3 The Sub-Committee had scrutinised the content of the report, holding a wide ranging discussion on the operation of the Council's lending list. As a result of these discussions it was resolved that the proposed changes to the lending criteria, as set out in Report B249, should be recommended for approval by the Cabinet and Council, subject to one amendment which is included in the recommendation below. The Sub-Committee also asked the Treasury Management Team to investigate longer term investment options and report back to the Sub-Committee should opportunities arise, and this request was also supported by the Committee.
  - 1.4 Subject to the approval of full Council, the Committee **RECOMMENDS that approval be given to the proposals to vary the Council's lending criteria as set out in Section 7 of Report B249, subject to the maximum percentage limit of the Portfolio being reduced from 30% to 25% in the red colour code for both the Rated Banks and Institutions and the Rated Building Societies Sections.**
2. **Key Performance Indicators: Second Quarter 2010/2011**
  - 2.1 Members considered the second quarterly report for 2010/2011, covering the period April to September 2010. A total of 32 indicators were reported this quarter, of which 17 were green, 9 amber and 1 red. The final 5 were contextual indicators. Members discussed a number of the indicators, including the percentage of minor planning applications determined within 8 weeks, the percentage of municipal waste landfilled, time taken to process housing benefit/council tax benefit new claims and change events, effectiveness of dealing

with fly tipping, number of working days lost to sickness absence and number of shopmobility users in Haverhill.

### **3. Council Improvement Plan 2010/2011: Update**

- 3.1 In May 2010 Cabinet approved the Council Improvement Plan for 2010/2011. This Plan brought together a range of actions to help the Council achieve further improvements in performance. The Performance and Audit Scrutiny Committee periodically reviews progress against the Plan.
- 3.2 The Committee noted that some actions in the Plan were no longer relevant due to changes in focus of the new Government, and comments were included in the Plan where this was applicable. Further changes were expected following the full extent of the Comprehensive Spending Review becoming known, and where necessary further elements of the Plan would be amended. However, it was felt that the key themes remained relevant at this time.
- 3.3 The Committee discussed a number of areas of the Plan, including development of 20 year masterplans for Bury St Edmunds, Haverhill and the Rural Areas and the need for extensive public consultation on these, the shared services programme with Forest Heath District Council, and the need to promote democracy and active citizenship. The Committee noted that overall good progress had been made against the four improvement themes.

### **4. Biannual Corporate Complaints and Compliments Digest**

- 4.1 Twice yearly the Committee receives an overview of the quantity and range of corporate complaints received over the previous half year, which the Committee uses to monitor the Council's effectiveness at responding to and learning from any mistakes which have been made. For the first half of this financial year, 30 corporate complaints had been received (the same number as received during the whole of the previous year).
- 4.2 The report also highlighted the 30 compliments that had been received during the reporting period and also included a report from the Local Government Ombudsman which summarised the complaints about the Council which were investigated in 2009/2010.
- 4.3 The Committee considered the digest and discussed some complaints in more detail, and noted that the upward trend could in part be attributed to the current economic situation, as the number of complaints regarding housing issues in particular had increased. The Committee noted that the quantity of compliments received remained high, and was also pleased to note that none of the complaints referred to the Ombudsman had resulted in a finding of maladministration.

## **5. Mid Year 2010/2011 Internal Audit Progress Report**

- 5.1 This report advised Members of the work of the Internal Audit Section for the first six months of 2010/2011, including the variety of projects and corporate activities which were supported through the work of the team.
- 5.2 Under "core financial systems", three audit reviews had been completed and issued as final reports, and a number of other reviews were still in progress. Regarding "departmental systems reviews", during the first six months of the financial year ten internal audit reports had been issued, and a further five were in progress or nearing completion.
- 5.3 Summaries of the 13 audits which had been completed to final report stage were included in Appendix A to the report. One review had resulted in a limited assurance opinion being provided, and a follow-up of this review would take place next year.

## **6. Budget Monitoring Report: 1 April to 30 September 2010**

- 6.1 The Committee received the quarterly budget monitoring report which informed members of the Council's financial position for the second quarter of 2010/2011, and highlighted significant variances. Overall an underspend for the period of £453,000 was being reported, and budget variances over £10,000 were explained in the report. Favourable variances included underspends on the budget including salaries increase of 1% included in estimates but not yet agreed (£80,000), refuse and cleansing operational costs underspend (£90,000) and waste tipping charges underspend (£42,000). There had also been income above budget realised in areas including industrial, commercial and shops rental income (£202,000), and car parking income (£79,000).
- 6.2 Adverse variances included budget overspends of £94,000 and income below budget of £92,000, and the reasons for these variances were discussed with officers. The reserves monitoring appendix showed that as at 30 September 2010 the Council had earmarked reserves of £13,295,000.
- 6.3 A number of issues were discussed by the Committee, including capital expenditure underspend, the capital disposals programme and reasons for the overachievement of car parking income.

## **7. Corporate Risk Register: Quarterly Monitoring Report**

- 7.1 The second quarterly risk register monitoring report for 2010/2011 had been prepared following review by Management Team and Corporate Management Team. Two new risks had been added to the register in this quarter, "Apex Operational" and "Vibrancy of Bury Town Centre". One risk had been closed, "Cattle Market Development" (having been replaced by the wider-focused Vibrancy of Bury Town Centre). Three residual risk colours had also changed, and reasons for these were given in the report.
- 7.2 The Committee discussed some of the risks in this quarter's report, including refurbishment of the Bury St Edmunds Leisure Centre and provision of affordable housing, but did not make any suggestions for amendments to the Register on this occasion.

## **8. Overview and Scrutiny Structure**

- 8.1 The Committee considered a report which reviewed the structure of the Council's scrutiny committees. The report will be considered by all three scrutiny committees during October and November 2010, with comments and recommendations being brought to Cabinet and full Council in December 2010.
- 8.2 The Council's current overview and scrutiny structure had been in place since 2002, and had been reviewed in the past with little change taking place other than the introduction of the Performance and Audit Scrutiny Committee. In the current financial climate where all areas of the Council were being reviewed with regard to efficiency and reduction of bureaucracy it was considered an opportune time to look again at the scrutiny structure.
- 8.3 Full details of options were included in Report B270, and the Committee supported Option 2, a scrutiny restructure with the removal of the Policy Development Committee and policy reviews being carried out by "task and finish" groups of the Overview and Scrutiny Committee. One amendment to this option was proposed however, in that the Committee felt that the budget responsibilities of Policy Development Committee (such as DR-IVE and Policy Based Budgeting) should transfer to the Performance and Audit Scrutiny Committee rather than the Overview and Scrutiny Committee. This could be achieved with the introduction of an additional meeting of the Performance and Audit Scrutiny Committee in November each year.
- 8.4 The comments, suggestions and recommendations of all three scrutiny committees will be included in the final report to Cabinet and full Council in December.

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