



Cabinet

23 November 2011

Report of the Performance and Audit Scrutiny Committee: 31 October 2011

- 1. Treasury Management Performance Report and Investment Activity:
1 April to 30 September 2011**
 - 1.1 Following the Treasury Management Sub-Committee's consideration of Report C176 on 24 October 2011, the Chairman of the Committee, also Chairman of the Treasury Management Sub-Committee, reported on the Sub-Committee's deliberations.
 - 1.2 The report provided an update on Treasury Management activity and performance for the period to 30 September 2011, an economic update for the first 6 months of 2011/2012, including revised interest rate forecasts, and advised Members of a joint procurement exercise being undertaken to appoint a Treasury Management Advisor to the Council from April 2012.
 - 1.3 The Sub-Committee had been advised that interest earned during the first 6 months of the financial year amounted to £280,000 against the profiled budget for the period of £238,000, due primarily to higher than projected average cash holdings during the period. The average rate of return on investments was 1.44% against the target rate for the year of 1.5%.
 - 1.4 The Sub-Committee had scrutinised the contents of the report, asking questions of officers as necessary, and no issues or recommendations needed to be brought to the attention of the Performance and Audit Scrutiny Committee on this occasion.
- 2. Mid Year 2011/2012 Internal Audit Progress Report**
 - 2.1 This report advised Members of the work of the Internal Audit Section for the first six months of 2011/2012, including the variety of projects and corporate activities which were supported through the work of the team.
 - 2.2 Under "core financial systems", six 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 twelve internal audit reports had been issued, and a further four were in progress or nearing completion.

- 2.3 Summaries of the 18 audit reviews which had been completed to final report stage were included in Appendix A to the report. The summaries provided indications of the issues arising from the reviews, as well as action taken in response to previous audit reports.
- 2.4 Members scrutinised the report, questioning officers on a number of areas including corporate work undertaken, the procedures relating to the Council making and monitoring grants, updating of Members' Registers of Interest, and risk procedures on Council sites where cash was handled. No issues were required to be brought to the attention of Cabinet.

3. Key Performance Indicators: Second Quarter 2011/2012

- 3.1 Members considered the second quarterly report for 2011/2012, covering the period April to September 2011. A total of 40 indicators were reported this quarter, of which 14 were green, 3 amber and 8 red. 11 were contextual indicators, and 4 had data not available.
- 3.2 Members discussed a number of the indicators, including fly tipping and number of working days lost to sickness absence. There had been a decline in the percentage of major planning applications determined within 13 weeks and percentage of minor applications determined within 8 weeks, and the reasons for this were discussed with officers, who explained that fluctuations in workload, staffing changes and a major project of installing a new back office system had caused difficulty with dealing with applications, but that these issues were now passing and officers hoped that performance will improve in the future. The Committee also requested an update on how the annual electoral canvass was progressing, via a written response, and more detail on affordable homes delivered to be included in the next KPI report.

4. Apex Performance

- 4.1 The Committee considered a report which identified the current performance of The Apex and demonstrated the performance measures which would be used to chart the development of the project after the first year of operation. The report also indicated what the expectations were with regard to future performance.
- 4.2 The Venues Director had worked with the Financial Services Team to develop a method of budget monitoring which enabled costs associated with any event to be evaluated against income. Data would also be collected on numbers attending events and percentage occupancy.
- 4.3 Concerning current performance, the latest budget monitoring report indicated an overspend of just under £61K for the year to date, and the reasons for the variance were explained in detail in the report. The aspiration for the future was to target at least a break even position on concerts promoted by the Council, and to maximise profits from hired events, as well as targets relating to catering and building costs.

- 4.4 The Committee discussed a number of areas of the report, including the catering contract and targets for reducing the budget overspend. Members felt that, as The Apex had only been running for a year, the standard and quality of events which had already taken place was very positive, and that as this increased, and the catering contract came into operation, financial performance should improve.

5. Biannual Corporate Complaints and Compliments Digest

- 5.1 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, 23 corporate complaints had been received, compared to 30 during the same period last year.
- 5.2 The report detailed response times to these complaints, and provided a breakdown of the complaints by Directorate, and details of each complaint, and also highlighted the 36 compliments that had been received during the reporting period. Finally, Appendix A provided a report from the Local Government Ombudsman which summarised the complaints about the Council which were investigated in 2010/2011.
- 5.3 The Committee considered the digest and discussed some complaints in more detail, and noted that the quantity of compliments received remained high. The Committee was also pleased to note that none of the complaints referred to the Ombudsman had resulted in a finding of maladministration.

6. Delivering a Sustainable Budget: 2012/2013

- 6.1 This was the first of the sustainable budget reports to be brought to the Committee as part of the budget setting process, and set out the context of the 2012/2013 budget. The report began by setting out the savings already achieved through Dynamic Review-Innovation, Value and Enterprise (DR-IVE) since it began in 2005/2006, and the reduction in staff numbers since DR-IVE began.
- 6.2 The Chief Finance Officer took Members through the Medium Term Financial Strategy (MTFS), and explained how this was affected by the Government's Comprehensive Spending Review and the need for the Council to further significantly cut its budget. The budget gaps for 2012/2013, 2013/2014 and 2014/2015 were £2m, £1.3m and £0.8m respectively. There were other uncertainties which affected the budget, and these were also discussed with Members. Potential areas of revenue and capital growth were set out, as well as the results of the public budget consultation.
- 6.3 As in previous years, a range of saving proposals would be brought to the Committee between now and January 2012, and there were also a number of savings which could already be progressed, which were set out in the report, and which delivered approximately £800K of the overall target across the three years. The Committee raised questions on a number of areas of the report, including the public budget consultation, the grant to Abbeycroft Leisure and car parking charges, and noted the progress made on delivering a balanced budget for 2012/2013.

7. Local Government Resource Review: Commentary and Response to Consultation

- 7.1 This report set out the significant changes proposed to the way in which local authorities were financed, through the "localisation" of business rates.
- 7.2 On 18 July 2011, the Government had issued a consultation paper on its proposals for business rate retention, and the report considered the changes proposed and provided a view of what this might mean for the Borough Council and to the other local authorities in Suffolk. The Council's response to the consultation was also provided, and the Committee will be kept informed of developments on this significant change to local authority financing as they become available.

8. Budget Monitoring Report: 1 April to 30 September 2011

- 8.1 The Committee received the quarterly budget monitoring report which informed Members of the Council's financial position for the first half of 2011/2012, and highlighted significant variances. Overall an underspend for the period of £335,000 was being reported, and all budget variances over £10,000 were explained in the report. Favourable variances included underspends on the budget of £384,000 and income above budget of £356,000, which was broken down in more detail for the Committee. Adverse variances included budget overspends of £243,000 and income below budget of £307,000, and again the reasons for these variances were discussed with officers.
- 8.2 The Capital Budget Monitoring report showed net expenditure of £83,000 for the first half year compared to a revised full year capital budget of £6,996,000. As in previous reports, the underspend was due to slippage in the programme. The capital disposals programme showed capital receipts for the period of £21,000 against a full year disposals estimate of £2,190,000. Finally, the reserves monitoring report showed that as at 30 September 2011 the Council had earmarked reserves of £11,904,000.

9. Corporate Risk Register: Quarterly Monitoring Report

- 9.1 The second quarterly risk register monitoring report for 2011/2012 had been prepared following review by Management Team and Corporate Management Team. One new risk had been added to the register in this quarter, "Haverhill Office Refurbishment". No risks had been closed.
- 9.2 Three residual risk colours had changed: "Risk 10: The Apex (Capital)", as the final account was almost complete and within budget and therefore the inherent and residual risks had decreased accordingly; "Risk 41: Waste Handling", as Suffolk County Council had announced they were not in a position to sign the Inter Authority Agreement, which had increased both the inherent and residual risks for the Borough Council; and "Risk 50: The Apex (Operations)", where the residual risk had reduced in line with the view that the risk was less likely to materialise.

- 9.3 The Committee discussed some of the risks in this quarter's report, including "Commitment to Haverhill", specifically the refurbishment of Queen Street, but did not make any suggestions for amendments to the Register on this occasion.

Contacts:

John Hale, Chairman of Performance and Audit Scrutiny Committee, (01359-221141)
Christopher Spicer, Vice Chairman of Performance and Audit Scrutiny Committee, (01359-230800)
Liz Watts, Chief Finance Officer, (01284-757252)
Davina Howes, Policy, Performance and Customer Service Manager, (01284-757070)
Jon Snares, Audit Manager, (01284-757239)
Adriana Stapleton, Scrutiny Manager, (01284-757613)

W:\Democratic WP Services\Committee\Reports\Cabinet\2011\11.11.23\C219 Report of the Performance and Audit Scrutiny Committee 31 October 2011.doc