



*St Edmundsbury*  
BOROUGH COUNCIL

# D192

## **Cabinet**

### **21 November 2012**

#### **Report of the Performance and Audit Scrutiny Committee held on 12 November 2012**

This meeting of the Committee also considered the:

- (a) Joint Anti-Money Laundering Policy; and
- (b) Joint National Fraud Initiative Strategy.

Separate reports relating to the above appear elsewhere on this Cabinet agenda.

#### **1. Mid Year 2012/2013 Internal Audit Progress Report**

- 1.1 This report advised Members of the work of the Internal Audit Section for the first six months of 2012/2013, including the variety of projects and corporate activities which were supported through the work of the team.
- 1.2 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', undertaken during the first six months of the financial year, five internal audit reports had been issued and a further five were in progress or nearing completion.
- 1.3 Summaries of the 11 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.
- 1.4 Members scrutinised the report, with particular emphasis on Appendix A which set out the summary of Internal Audit reports issued, questioning officers on a number of areas including Information and Communication Technology (ICT) back up arrangements and cash handling in the Abbey Gardens. No issues were required to be brought to the attention of Cabinet.

#### **2. Budget Monitoring Report: 1 April to 30 September 2012**

- 2.1 The Committee received the Quarterly Budget Monitoring Report which informed Members of the Council's financial position up to the end of September 2012, and highlighted significant variances. The latest overall position on the General Fund showed an underspend of

£269,000, with a forecast outturn of £191,000. A full analysis of budget variances was provided in the report, together with a summary of significant variances.

- 2.2 In terms of capital spending, £260,000 had been spent up to the end of September 2012. It was projected that the total capital expenditure in 2012/2013 would be £4.9 million. The capital disposals programme showed an achievement of £3.961 million to date against the full year disposals estimate of £3.810 million.
- 2.3 Additional information was requested by Members on a number of areas of the report, including under-achievement of market toll income, Members' travel and subsistence allowances, and The Apex salaries overspend, but no issues were required to be brought to the attention of Cabinet.

### **3. Key Performance Indicators: Second Quarter 2012/2013**

- 3.1 Members considered the second quarterly report for 2012/2013, covering the period April to September 2012. A total of 42 indicators were reported this quarter, of which 19 were green, 5 amber and 3 red. 15 were contextual indicators.
- 3.2 Members discussed a number of the indicators, with particular emphasis on those showing as 'red' under the traffic light system, and held discussions on the average stay in bed and breakfast accommodation, percentage of major planning applications determined within 13 weeks, and street and environmental cleanliness.

### **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, 21 corporate complaints had been received, compared to 23 during the same period last year.
- 4.2 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 88 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 2011/2012.
- 4.3 The Committee considered the digest and discussed some areas in more detail, and Members were pleased that the quantity of compliments received continued to significantly outnumber complaints.

**5. Mid Year Treasury Management Performance Report and Investment Activity 1 April to 30 September 2012**

- 5.1 Following the Treasury Management Sub-Committee's consideration of the above report on 5 November 2012, the Chairman of the Committee, also Chairman of the Treasury Management Sub-Committee, reported on the Sub-Committee's consideration of the above report.
- 5.2 The report provided an update on treasury management activity and performance for the period 1 April to 30 September 2012; advised the Committee of the extended counterparty lending limits, approved by the Chief Finance Officer in consultation with the Portfolio Holder for Performance and Resources and Treasury Management Sub-Committee Members in October 2012; and provided the Sub-Committee with an economic update for the first 6 months of 2012/2013, including revised interest rate forecasts. The Council's Treasury Management and Investment Strategy permits the Chief Finance Officer, in consultation with the Portfolio Holder and Members of the Treasury Management Sub-Committee, to approve changes to the Council's treasury management lending and counterparty limits, subject to those changes being reported to the next Treasury Management Sub-Committee meeting, and from there onto the Performance and Audit Scrutiny Committee, Cabinet and Council.
- 5.3 As at the end of September 2012 interest actually earned during the first half of the financial year amounted to £0.321 million against a profiled budget for the period of £0.297 million, a budgetary surplus of £0.024 million, due to the achievement of a higher than projected average rate of interest of 1.69%.
- 5.4 The extended counterparty lending limits referred to above, which need to be formally reported to both Cabinet and full Council, should enable the Finance Team to move a greater proportion of the Council's current investments into higher yield/fixed term investments, and it is estimated that over the course of a year the extended counterparty limits should yield about £70,000 additional interest.

The Committee **RECOMMENDED** that:

- (1) Cabinet note the content of Report D170, being the Mid Year Treasury Management Performance Report and Investment Activity 1 April to 30 September 2012, including the extended counterparty lending limits approved by the Chief Finance Officer, in consultation with the Portfolio Holder for Performance and Resources and the Members of the Treasury Management Sub-Committee in October 2012, as set out in Section 4.3.3 of Report D170, namely:**

- (a) increased lending limits with 'blue' Government-backed counterparties (namely, Lloyds and Royal Bank of Scotland Groups) from £12 million to £15 million; and**
  - (b) increased lending limits with 'green' counterparties (including banks such as Barclays and Santander) from £4 million to £6 million; and**
- (2) full Council also be asked to note Report D170 and the extended counterparty lending limits detailed above.**

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