



Cabinet 10 December 2013

Report of the Performance and Audit Scrutiny Committee: 27 November 2013

1. Summary and reasons for recommendation

1.1 On 27 November 2013 the Performance and Audit Scrutiny Committee considered the following items:

- (1) Ernst and Young: Presentation of Annual Audit Letter 2012/2013;
- (2) Mid-Year Internal Audit Progress Report 2013/2014;
- (3) Key Performance Indicators and Quarter 2 Performance Report 2013/2014;
- (4) Biannual Corporate Complaints and Compliments Digest;
- (5) Budget Monitoring Report 1 April to 30 September 2013;
- (6) Delivering a Sustainable Budget 2014/2015;
- (7) Corporate Risk Register Quarterly Monitoring Report: September 2013;
- (8) Investment Activity 1 April to 30 September 2013 and Review of the Council's Treasury Management Strategy; and
- (9) Work Programme Update.

1.2 A separate report is included on this Cabinet agenda for Item (8) above.

2. Recommendation

2.1 The Cabinet is requested to **NOTE** the content of Report E193 being the report of the Performance and Audit Scrutiny Committee.

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3. Corporate priorities

3.1 The recommendation meets the following, as contained within the Corporate Plan:

(a) Corporate priority 3: *'Working together for an efficient Council'*.

4. Key issues

Ernst and Young: Presentation of Annual Audit Letter 2012/2013 (Report E172)

4.1 This report updated Members on the outcome of the annual audit of the 2012/2013 financial statements by Ernst and Young (the Council's external auditors) as detailed in their Annual Audit Letter for 2012/2013, attached as Appendix A to Report E172. The letter confirmed the completion of the audit of the 2012/2013 financial statements. No significant issues were noted by Ernst and Young, therefore the planned audit fee for the year remained unchanged.

Mid-year Internal Audit Progress Report 2013/2014 (Report E173)

4.2 This report advised Members of the work of the Internal Audit Section for the first six months of 2013/2014 (Appendix A), including the variety of projects and corporate activities which were supported through the work of the team.

4.3 The report also included an update on progress made against the 2013/2014 Internal Audit Plan (Appendix B) previously approved by the Committee in April 2013 and sought approval for changes to the Audit Plan, attached as Annex A, paragraphs 3.1 – 3.4, in order to accommodate additional Internal Audit assistance with various corporate and finance projects.

4.4 Summaries of the 19 audit reviews which had been completed to final report stage were included in Appendix A to the report. The summaries provided an indication of the issues arising from the reviews, as well as action taken in response to previous audit reports.

4.5 Members scrutinised the report, with particular emphasis on Annex A and the changes proposed to the 2013/2014 Audit Plan and questioned officers on a number of areas including cash handling audits, staff training relating to the Money Laundering Regulations and Internal Audit resources.

4.6 The Committee **RESOLVED that: the amendments set out in Annex A to Report 173 to reflect changes in priority and service needs, be approved.**

Key Performance Indicators and Quarter 2 Performance Report 2013/2014 (Report E174)

4.7 This report set out the Key Performance Indicators (KPIs) used to measure the Council's performance for 2013/2014. The report included the second quarter indicators covering April to September 2013 for St Edmundsbury Borough Council (SEBC) together with a combined performance for West Suffolk, where relevant.

4.8 A total of 37 indicators for SEBC were reported this quarter, of which 16 were green, 3 were amber, 9 were red and 9 were data only indicators. For West

Suffolk there were a total of 35 indicators, of which 14 were green, 3 were amber, 8 were red and 10 were data only indicators.

- 4.9 Members discussed a number of the indicators, with particular emphasis on those showing 'red' under the traffic light system, and held discussions on the planning and homelessness indicators. Additional information was requested by Members on the fly-tipping contextual indicators.
- 4.10 Members also discussed the merits of introducing new KPI indicators for planning enforcement. Officers advised that enforcement issues and caseloads would be presented to Development Control on a quarterly basis under the new planning and building control processes, and agreed to look at how this information could be fed into the Performance and Audit Scrutiny Committee.
- 4.11 No issues were required to be brought to the attention of Cabinet.

Biannual Corporate Complaints and Compliments Digest (Report E175)

- 4.12 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, 27 corporate complaints had been received, compared to 21 during the same period last year.
- 4.13 The report detailed response times to those complaints, and provided a breakdown of the complaints by Service and details of each complaint, and also highlighted the 73 compliments that had been received across the authority during the reporting period and outlined the Teams and Services who received them.
- 4.14 The Committee considered the digest and discussed some areas in more detail. In particular, discussions were held on what was recorded in the reporting figures as a complaint.
- 4.15 Members expressed their delight in the number of compliments received in the reporting period to date.

Budget Monitoring Report 1 April to 30 September 2013 (Report E176)

- 4.16 The Committee received and noted the quarterly monitoring report which informed Members of the Council's financial position up to the end of September 2013 and highlighted significant variances.
- 4.17 The latest Revenue Budget Summary indicated a current underspend of £609,000 with a forecast position for the year end showing an underspend of £113,500. In terms of the Council's capital financial position, the first six months showed an expenditure of £939,000. The Council had received £232,000 in capital receipts in the period to 30 September 2013, and the Reserves Monitoring Report showed earmarked reserves of £10,449,000 with a projected year end balance of £9,110,000.
- 4.18 Members asked a number of questions in relation to the report to which responses were provided. In particular, discussions were held on the significant revenue variances relating to 'industrial properties' and 'car park income'.

Delivering a Sustainable Budget 2014/2015 (Report E177)

- 4.19 The Committee received Report E177 and noted the progress made towards delivering a balanced budget for 2014/2015, following its last update on 26

September 2013, where the Committee had received Report E123, which had set out the context for the 2014/2015 budget, including details of savings targets and known pressures for 2014/2015 and future years.

- 4.20 The latest budget projections, additional pressures and the progress made to date in achieving the 2014/2015 savings target were set out in Table 1 of Report E177 and Table 2, set out the budget gaps for the years 2014/2015 to 2016/2017. The current budget assumptions for 2014/2015 and for the period of the Medium Term Financial Strategy were also detailed in the report.
- 4.21 Members were advised that the comprehensive spending round, combined with other pressures was continuing to have a direct and significant effect on the Council's budget.
- 4.22 Members asked a number of questions in relation to the report. In particular discussions were held on the decreased pension contributions and the reduction in car parking income.

Corporate Risk Register Quarterly Monitoring Report – September 2013 (Report E178)

- 4.23 The Committee received and noted the second quarterly risk register monitoring report in respect of the Corporate Risk Register. The Register was updated regularly by the Risk Management Group and at its recent meeting the Group reviewed the inherent risks, the risk level prior to any mitigating actions being taken and the residual risk following actions put in place to reduce the risk.
- 4.24 No new risk had been identified and no risk had been amended or closed. However, some controls and actions had been updated and those which were not ongoing and had been completed by September 2013 had been removed from the Register.
- 4.25 The Committee discussed some of the risks in this quarter's report, including the 'provision of affordable housing' and 'ICT integration', but did not make any suggestions for amendments to the Register on this occasion.

Work Programme Update (Report E179)

- 4.26 The Committee received and noted its Work Programme which provided items scheduled to be presented to the Committee during 2013/2014.

5. Other options considered

- 5.1 See Reports listed in Section 12.1 below.

6. Community impact

- 6.1 See Reports listed in Section 12.1 below.

7. Consultation

- 7.1 See Reports listed in Section 12.1 below.

8. Financial and resource implications (including asset management implications)

- 8.1 See Reports listed in Section 12.1 below.

9. Risk/opportunity assessment (*potential hazards or opportunities affecting corporate, service or project objectives*)

9.1 See Reports listed in Section 12.1 below.

10. Legal and policy implications

10.1 See Reports listed in Section 12.1 below.

11. Wards affected

11.1 All Wards.

12. Background papers

12.1 Report E172 to Performance and Audit Scrutiny Committee: Ernst Young – Presentation of Annual Audit Letter 2012/2013

Report E173 to Performance and Audit Scrutiny Committee: Mid-Year Internal Audit Progress Report 2013/2014

Report E174 to Performance and Audit Scrutiny Committee: Key Performance Indicators and Quarter 2 Performance Report 2013/2014

Report E175 to Performance and Audit Scrutiny Committee: Biannual Corporate Complaints and Compliments Digest

Report E176 to Performance and Audit Scrutiny Committee: Budget Monitoring Report 1 April to 30 September 2013

Report E177 to Performance and Audit Scrutiny Committee: Delivering a Sustainable Budget 2014/2015

Report E178 to Performance and Audit Scrutiny Committee: Corporate Risk Register Quarterly Monitoring Report September 2013

Report E179 to Performance and Audit Scrutiny Committee: Work Programme Update

13. Documents attached

None.