

Cabinet 11 February 2014

Report of the Performance and Audit Scrutiny Committee: 29 January 2014

1. Summary and reasons for recommendation

1.1 On 29 January 2014, the Performance and Audit Scrutiny Committee considered the following items:

- (1) Third Quarter 2013/2014 Internal Audit Progress Report;
- (2) Key Performance Indicators and Quarter 3 Performance Report 2013/2014;
- (3) Interim Annual Performance Report for The Apex;
- (4) Budget Monitoring Report 1 April to 31 December 2013;
- (5) Corporate Risk Register Quarterly Monitoring Report: December 2013;
- (6) Investment Activity 1 April to 31 December 2013;
- (7) Annual Treasury Management and Investment Strategy Statements 2014/2015
- (8) Treasury Management Code of Practice; and
- (9) Work Programme Update.

1.2 Separate reports are included on this Cabinet agenda for Items **(7) and (8)** above.

2. Recommendation

2.1 The Cabinet is requested to **NOTE** the content of Report E269, being the report of the Performance and Audit Scrutiny Committee.

Contact details

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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

Third Quarter 2013/2014 Internal Audit Progress Report (Report E242)

4.1 Report E242 updated Members on the work of the Internal Audit Section in November and December 2013 (Annex A). Summaries of completed audits were included at Appendix A to the Annex, with progress made against the revised 2013/2014 Internal Audit Plan shown at Appendix B, which had previously been approved by the Committee in November 2013.

4.2 The summaries of the three audit reviews included in Appendix A to Annex A of the report had been completed to final report stage. They provided an indication of the issues arising from the reviews, as well as action taken in response to previous audit reports.

4.3 Members scrutinised the report, with particular emphasis on the audit review of payment cards, to which responses were provided.

4.4 No issues were required to be brought to the attention of Cabinet.

Key Performance Indicators and Quarter 3 Performance Report 2013/2014 (Report E243)

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

4.6 A total of 36 indicators for SEBC were reported this quarter, of which 16 were green, 2 were amber, 8 were red and 10 were data only indicators. For West Suffolk there were a total of 34 indicators, of which 12 were green, 7 were amber, 4 were red and 11 were data only indicators.

4.7 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 indicators and the process for setting targets, to which responses were provided.

4.8 No issues were required to be brought to the attention of Cabinet.

Interim Annual Performance Report for The Apex (Report E244)

4.9 The Committee received and noted Report E244, which was an interim report from The Apex Performance Panel. The Panel suggested that future performance reports be move to July, to tie in with the normal year-end reporting, allowing more meaningful assessments of performance. Therefore,

this was an interim report to bridge the gap until the first proper annual report would be presented in July 2014.

- 4.10 The report included an executive summary, Apex performance, Sodexo catering and hospitality contract, analysis of budgets and conclusion.
- 4.11 The Committee scrutinised the interim report in detail and asked a number of questions to which responses were provided. In particular discussions were held on the terms of reference for The Apex Performance Panel; the frequency of monitoring reports; the overall Apex budget; ticket prices; the Sodexo contract and the lack of public transport in rural areas in the evenings and weekends to Bury St Edmunds, to which responses were provided.
- 4.12 There being no decision required, the Committee **noted** the contents of the interim performance report and agreed that future performance reports would be presented to the Committee biannually, to align with normal year-end budget reporting, which would include a summary of the work of The Apex Performance Panel.

Budget Monitoring Report 1 April to 31 December 2013 (Report E245)

- 4.13 The Committee received and noted the quarterly monitoring report which informed Members of the Council's financial position for the first nine months of the financial year 2013/2014.
- 4.14 The latest Revenue Budget Summary indicated a current underspend of £737,000 with a forecast position for the year end showing an underspend of £163,500. In terms of the Council's capital financial position, the first nine months showed an expenditure of £1,410,000. The Council had received £232,000 in capital receipts in the period to 31 December 2013, and the Reserves Monitoring Report showed earmarked reserves of £10,874,000 with a projected year end balance of £9,854,000.
- 4.15 Members asked a number of questions in relation to the report to which responses were provided. In particular, discussions were held on the Capital Budget for 2013/2014, which was unlikely to be exhausted, and would therefore largely be rolled over into the 2014/2015 Capital Budget.

Corporate Risk Register Quarterly Monitoring Report: December 2013 (Report E246)

- 4.16 The Committee received and noted the third 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.
- 4.17 No new risks 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 December 2013 had been removed from the Register.
- 4.18 The Committee did not make any suggestions for amendments to the Register on this occasion.

Investment Activity 1 April to 31 December 2013 (Report E224)

- 4.19 Following the Treasury Management Sub-Committee's consideration of Report E224 on 20 January 2014, the Head of Resources and Performance verbally reported on the Sub-Committee's consideration of the report, which summarised the Treasury Management activity for the period 1 April to 31 December 2013.
- 4.20 The Sub-Committee had been advised that interest earned during the first nine months of the financial year 2013/2014 amounted to £0.355m against a profiled budget for the period of £0.463m; a budgetary deficit of £0.108m. This was due to a lower average rate of interest than projected during the period, i.e. an average rate of return of 1.054% against a target rate for the period of 1.50%. The reduction in the average interest rate was primarily due to the continued fall in rates being offered on both call accounts. In the current economic climate it was considered likely that the current low rates would continue for the remainder of this year.
- 4.21 The Sub-Committee scrutinised the content of the report and discussed the balance of £38.5m at 31 December 2013, and the recent article in the East Anglian Daily Times regarding the misconception that the amount reported at the end of March 2013 of £33.1m all belonged to the Council and was available to spend. In fact this relates to investment balances not reserves, as quoted in the article. The Council does hold reserves, but the majority of these were earmarked for specific purpose like repair and maintenance on the Council's assets or the purchase of waste freighters. The Council's reported investment balance does include the Council's reserves balances but it also includes other public sector funds such as the Council acts as a collection agency for Suffolk County Council, Suffolk Police and Central Government through council tax and business rates. It also questioned how the Interest Equalisation Earmarked Reserve worked and when it was last used to meet a budgetary shortfall in interest receipts.
- 4.22 There were no issues or recommendations needed to be brought to the attention of the Performance and Audit Scrutiny Committee on this occasion.
- 4.23 The Performance and Audit Scrutiny Committee questioned whether the average rate of return of 1.054% as set out in the report was correct, to which a written response would be provided to the Committee.
- 4.24 There being no decision required, the Committee **noted** the contents of the report, and that a statement would be included in future Outturn Reports summarising what monies belonged to the Council and what monies it held for other organisations as the collecting agency.

Work Programme Update (Report E247)

- 4.25 The Committee received and noted its Work Programme which provided items scheduled to be presented to the Committee during 2014/2015, subject to the scheduling of the mid-year report from The Apex Performance Panel for November 2014.

5. Other options considered

- 5.1 See Reports listed in Section 12 below.

6. Community impact

6.1 See Reports listed in Section 12 below.

7. Consultation

7.1 See Reports listed in Section 12 below.

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

8.1 See Reports listed in Section 12 below.

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

9.1 See Reports listed in Section 12 below.

10. Legal and policy implications

10.1 See Reports listed in Section 12 below.

11. Wards affected

11.1 All Wards.

12. Background papers

12.1 Report E242 to Performance and Audit Scrutiny Committee: Third Quarter 2013/2014 Internal Audit Progress Report

12.2 Report E243 to Performance and Audit Scrutiny Committee: Key Performance Indicators and Quarter 3 Performance Report 2013/2014

12.3 Report E244 to Performance and Audit Scrutiny Committee: Interim Annual Performance Report for The Apex

12.4 Report E245 to Performance and Audit Scrutiny Committee: Budget Monitoring Report 1 April to 31 December 2013

12.5 Report E246 to Performance and Audit Scrutiny Committee: Corporate Risk Register Quarterly Monitoring Report: December 2013

12.6 Report E224 to Treasury Management Sub-Committee: Investment Activity 1 April to 31 December 2013

12.7 Report E247 to Performance and Audit Scrutiny Committee: Work Programme Update

13. Documents attached

None.