



Council 14 December 2010

CABINET MEMBER REPORT TO FULL COUNCIL

Written report by Cllr John Griffiths, Resources and Efficiency Portfolio

Portfolio includes:

- Accountancy;
- Internal Audit;
- Use of Resources and Best Value;
- Benefits;
- Budget setting and management;
- Revenues and Investments;
- Payments;
- Payroll;
- Procurement; and
- ICT infrastructure and support.

Summary:

- **Outcome of Comprehensive Spending Review and implications for the 2011/2012 budget.**
- **Treasury Management.**
- **Council tax and National Non Domestic Rates (NDR) collection ahead of target collection rates.**
- **Anglia Revenues Partnership update.**
- **ICT Shared Services final business case approaching completion.**

1. **Financial Services**

1.1 **International Financial Reporting Standards (IFRS) Preparations**

- 1.1.1 Work is continuing on preparations for the implementation of IFRS with effect from 2010/2011. The production of IFRS compliant accounts, including the production of comparative financial statements for 2009/2010 on an IFRS basis for inclusion in the 2010/2011 accounts, represents a significant amount of additional work, particularly for the Finance and Property Services teams. In order to make best use of limited resources, and to share knowledge and best practice, a joint IFRS officer group has been established with members of the Finance Team from Forest Heath District Council (FHDC). The work of this group has included the joint provision of IFRS staff training and the joint procurement and implementation of specialist IFRS compliant capital accounting software.

1.2 Delivering a Sustainable Budget: Budget Setting 2011/2012

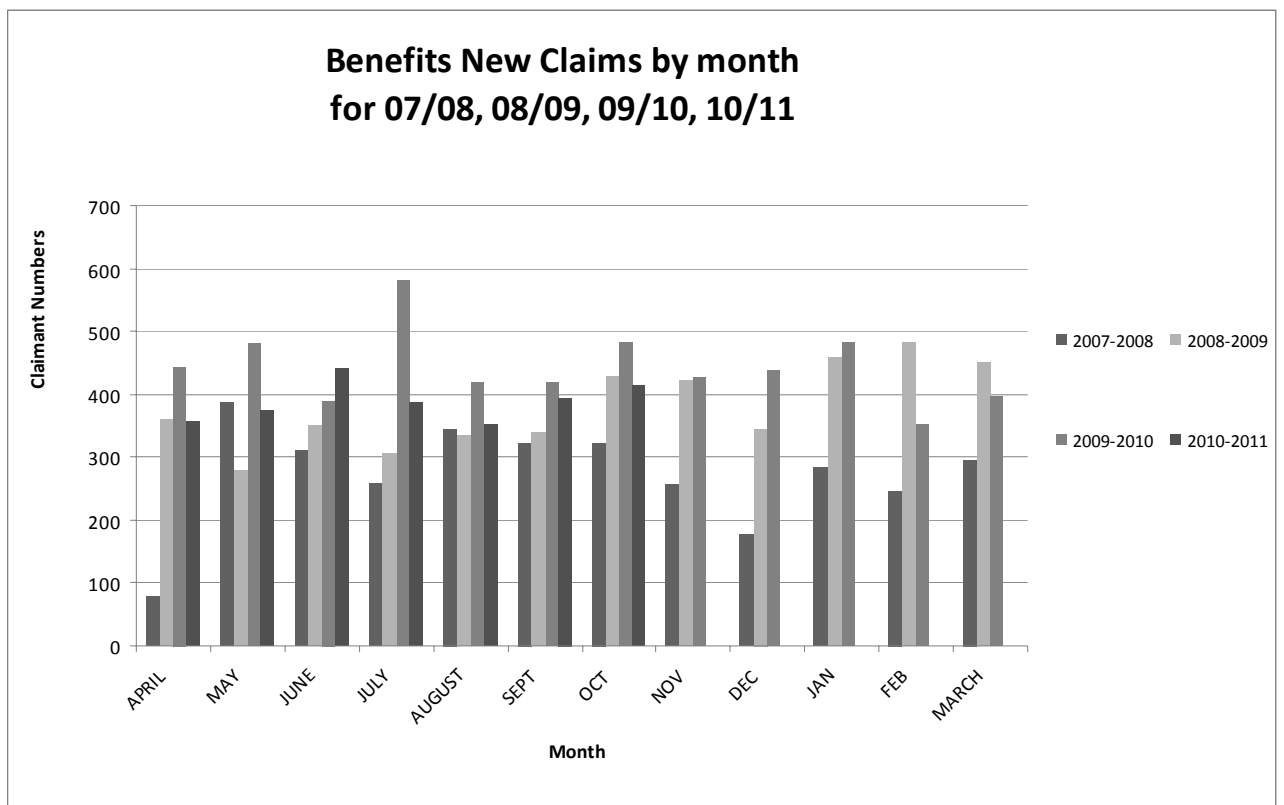
- 1.2.1 The announcements in the Comprehensive Spending Review on 20 October indicate that Councils are to face real terms grant cut in the order of 7.25% each year for four years. However, early indications suggest that this cut is likely to be front loaded and that the overall cut to district grants may be significantly more than other types of local authority (such as counties and unitaries). Until such time as further details are provided by the Government, we are still working on estimates. We have known for some time that grant cuts were inevitable and have been working over the past six months to ensure that we can deliver a balanced budget.
- 1.2.2 The Policy Development Committee continues to play an integral role in the development of the Council's revenue and capital budgets by receiving and scrutinising officer recommendations for savings and growth. On 24 November 2010 the Committee received a report on progress being made in delivering the Council's Dynamic Review – Innovation, Value and Enterprise (DR-IVE) savings targets for 2011/2012 and beyond (Report B313 refers).
- 1.2.3 The Committee received details of savings and increases in income proposals totalling £1.9m against the DR-IVE savings target for the year (after allowing for a £0.685m transfer from General Fund Reserves) of £1.961m. Proposals for growth totalling £258,500 (£58,000 above the amount allowed for in the Council's Medium Term Financial Strategy) were also considered. Work will continue on closing this gap.

1.3 Treasury Management

- 1.3.1 Due to continued volatility and uncertainty in the global banking and investment markets, investment returns in the first seven months of this financial year have remained under pressure. Budgeted investment income for 2010/2011 is £566,000 (£14.91 per Band D property), representing a target investment rate of 1.5%. This estimate was based on an assumption that the base rate would continue to be held at 0.5% (an historic low) until the final quarter of the year when it would start to rise. Actual investment income achieved during the period April and October 2010 was £312,946 against budgeted income for the period of £352,242, an underachievement in investment income of £39,295. This represents an average rate of return of just 1.27%.
- 1.3.2 The Treasury Management Sub-Committee are responsible for the scrutiny of the Council's Treasury Management Function and met on 18 October 2010 to consider the Council's Mid Year Treasury Management Performance Report (paper B224 refers). In addition to undertaking a review of investment performance over the period, the Sub Committee also considered proposed changes to the Council's approved lending criteria (included on this Council agenda for approval). These measures are aimed at ensuring that the Council maintains an adequate level of security and liquidity for public funds whilst at the same time providing improved investment opportunities and returns.

2. Revenues and Benefits

- 2.1 Processing of new claims is taking on average 22.48 days and changes of circumstances are taking on average 14.51 days. The performance has slipped below target, due to a number of factors including staff turnover, maternity absence, resources required to assist external audit and resources devoted to partnership working with the Anglia Revenues Partnership (ARP), including IT conversion work. The number of new claims received has increased again from September 2010 as shown in the chart. Additional temporary agency staff have now been employed to help clear the backlog of work and help bring improved performance.



2.2 Revenues

- 2.2.1 As at 30 November 2010, collection of Council Tax is at 68.63% against our target of 68.15%, although we are slightly down on last year's performance of 69.81% at the same point in time.
- 2.2.2 Again, as at 30 November 2010, collection of Non Domestic Rate is at 71.20% against our target of 69.86%, against last year's performance of 67.87% at the same point in time.

2.3 Anglia Revenues Partnership (ARP)

- 2.3.1 The task of migrating to a new IT platform (Academy) has started. There is a phenomenal amount of work to be undertaken in the next six months. Staff are meeting regularly to identify work practices that are currently different between the Borough Council and ARP and looking at ways to improve efficiency for all the partner councils and still retain high levels of customer care.

3. Internal Audit

3.1 Corporate Internal Audit Work

- 3.1.1 Internal Audit continues to support the shared services initiative wherever possible by, for example, one audit team member acting as a Shared Services Architect, while another member of the audit team is providing support to the finance workstream. In addition, a Collaborative Outcomes Workshop was organised, and attended by both the Borough Council's and Forest Heath District Council's Internal Audit Sections, to explore ways in which the two sections could work together more closely.

- 3.1.2 Internal Audit leads the work within the Council on the Audit Commission's regular National Fraud Initiative (NFI) exercise, the current round of which commenced in October 2010. All required data was reviewed and then securely uploaded to the Audit Commission within the specified deadline. This data has now been reviewed by the Audit Commission in preparation for data matching.
- 3.1.3 Internal Audit is currently preparing a draft Anti-Money Laundering Policy, with accompanying relevant forms to be completed by staff or Members in appropriate circumstances. This Policy will replace the current guidance notes and is needed to address recent changes in legislation.

3.2 Statutory Annual Audit Plan

- 3.2.1 Work on audits contained within the 2010/2011 Audit Plan continues to progress well. Audit work has been finalised on grant payments systems, data protection arrangements, national indicators, fees and charges, and a number of 'follow up' audits (mini audits to check that previously agreed recommendations have been actioned) including e-commerce, car parks, partnerships, ICT disaster recovery, West Suffolk House car parking arrangements, concessionary travel, parks, national indicators, cash handling at four locations, and laptop security.
- 3.2.2 In addition, a number of core financial systems and departmental systems audits are in progress including contract procedures, housing benefits, council tax, national non-domestic rates, internet controls, accounts payable, payroll, and main accounting system including budgetary control.
- 3.2.3 Where audit reports have been finalised, results of these audits will be reported to the Performance and Audit Scrutiny Committee in the Quarter Three 2010/2011 Internal Audit Progress Report in January 2011.

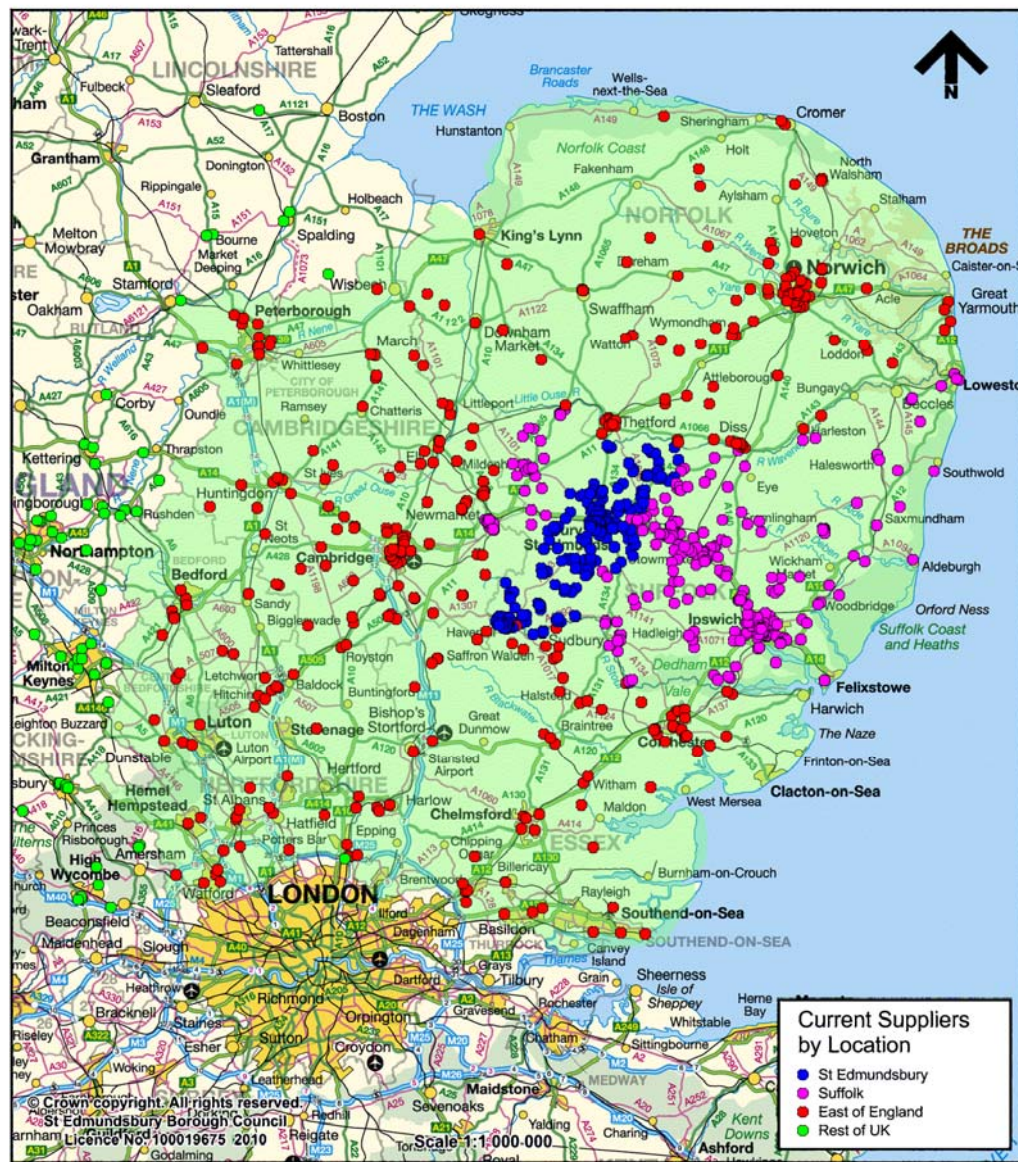
4. Procurement

4.1 Borough Council Supply Base analysis

- 4.1.1 A recent analysis of our supplier base has demonstrated that we have a strong local supply base, as is set out in the data and map below.

⇒ 56% of our Suppliers are from East of England, 44% are Rest of the UK.
⇒ 39% of our Suppliers are from Suffolk.
⇒ 25% of our Suppliers are from St Edmundsbury.

St Edmundsbury Borough Council - Current Suppliers by Location



4.2 Collaborative Procurement of Asset Management Software

4.2.1 The Borough Council and FHDC recently concluded a collaborative procurement exercise for Asset Management Software. 'Asset 4000' system was the preferred option for both Councils. The collaborative procurement approach succeeded in obtaining a 15% discount on the cost of this solution, which has been achieved mainly through joint project management and training arrangements. This procurement has opened the scope for the Property Services Teams to look to procure and implement the property management modules jointly, giving the potential for the development of a fully integrated asset management and capital accounting package.

4.3 Beer and Alcohol supply contract for The Apex and Athenaeum to Greene King

4.3.1 Following a competitive tender exercise the contract for beer and alcohol supply for The Apex and the Athenaeum has recently been awarded to local brewery Greene King. The Greene King bid offered attractive discounts for their entire product range, alongside marketing and sponsorship support to the Council.

5. ICT

- 5.1 Progress on the ICT shared service is on track to deliver a final business case to the Shared Services Steering Group in January 2011, with a view to a shared service being delivered from April 2011. This will be one of the key services to support all other services in joining up across the two authorities, and will also deliver savings itself as a result of a reduction in duplication and less management costs.

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