



St Edmundsbury
BOROUGH COUNCIL

B381

Council 14 December 2010

CHAIRMAN'S REPORT PERFORMANCE AND AUDIT SCRUTINY COMMITTEE

***Written report by Cllr John Hale
Chairman of the Performance and Audit
Scrutiny Committee***

This report covers the meetings of the Committee held on 27 September and 25 October 2010.

(A) 27 September 2010 meeting

1. Audit Commission presentation of 2009/2010 ISA 260 Annual Governance Report to those charged with governance

- 1.1 The Committee's September meeting is held each year to enable the Audit Commission to formally present its Annual Governance Report to the Committee.
- 1.2 Neil Harris (District Auditor) took Members through the report, drawing their attention to the main points. The first element of the governance report, audit of the Council's financial statements, was now substantially completed and, subject to satisfactory completion of outstanding work, the District Auditor planned to issue an unqualified financial statement opinion on 30 September 2010. The District Auditor had also assessed the Council's value for money arrangements, and as a result of his assessment intended to issue an unqualified value for money conclusion.
- 1.3 The report set out the draft letter of representation on behalf of the Council before the District Auditor issued his opinion and conclusion, and this was approved by Members. The Chairman of the Committee signed the draft letter of representation, and Members also agreed the Chief Finance Officer's response to the proposed Action Plan.
- 1.4 The District Auditor congratulated the Council on another good performance, and the Committee acknowledged that this was down to the performance of the Finance Team, and congratulated the Chief Finance Officer and her team.

(B) 25 October 2010 meeting

1. Mid Year Treasury Management Performance Report and Investment Activity: 1 April to 30 September 2010

- 1.1 Following the Treasury Management Sub-Committee's meeting on 18 October 2010, I gave the Committee a verbal update on the Sub-Committee's consideration of the above report.
- 1.2 The report provided an overview of treasury management performance for the first half of the year, together with details of a change to the lending limit for the Santander UK group which was approved during September, and proposals for an extension to the lending limits for highly rates banks and building societies.
- 1.3 The Sub-Committee recommended that approval be given to the proposals to vary the Council's lending criteria as set out in Section 7 of Report B249, subject to the maximum percentage limit of the Portfolio being reduced from 30% to 25% in the red colour code for both the Rated Banks and Institutions and the Rated Building Societies Sections. The Committee and Cabinet endorsed this recommendation, and Council is being asked to approve it at this meeting because it is a change to the approved Annual Treasury Management and Investment Strategy 2010/2011.
- 1.4 The Sub-Committee also asked the Treasury Management Team to investigate longer term investment options and report back to the Sub-Committee should opportunities arise, and these recommendations were supported by the Committee.

2. Key Performance Indicators: Second Quarter 2010/2011

- 2.1 Members considered the second quarterly report for 2010/2011, covering the period April to September 2010. A total of 32 indicators were reported this quarter, of which 17 were green, 9 amber and 1 red. The final 5 were contextual indicators.
- 2.2 Members discussed a number of the indicators, including the percentage of minor planning applications determined within 8 weeks, the percentage of municipal waste landfilled, time taken to process housing benefit/council tax benefit new claims and change events, effectiveness of dealing with fly tipping, number of working days lost to sickness absence and number of shopmobility users in Haverhill.

3. Council Improvement Plan 2010/2011: Update

- 3.1 In May 2010 Cabinet approved the Council Improvement Plan for 2010/2011. This Plan brought together a range of actions to help the Council achieve further improvements in performance. The Performance and Audit Scrutiny Committee periodically reviews progress against the Plan.
- 3.2 The Committee noted that some actions in the Plan were no longer relevant due to changes in focus of the new Coalition Government, and that further changes were expected following the full extent of the Comprehensive Spending Review becoming known, and where necessary further elements of the Plan would be amended. However, it was felt that the key themes remained relevant at this time.
- 3.3 The Committee discussed a number of areas of the Plan, and noted that overall good progress had been made against the four improvement themes.

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, 30 corporate complaints had been received (the same number received during the whole of the previous year).
- 4.2 The report also highlighted the 30 compliments that had been received during the reporting period, and appended a report from the Local Government Ombudsman which summarised the complaints about the Council which were investigated in 2009/2010.
- 4.3 The Committee considered the digest and discussed some complaints in more detail, and noted that the upward trend could in part be attributed to the current economic situation, as the number of complaints regarding housing issues in particular had increased. The Committee noted that the quantity of compliments received remained high, and was also pleased to note that none of the complaints referred to the Ombudsman had resulted in a finding of maladministration.

5. Mid Year 2010/2011 Internal Audit Progress Report

- 5.1 The Committee considered the work of the Internal Audit Section for the first six months of 2010/2011. Under 'core financial systems', three 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 ten internal audit reports had been issued, and a further five were in progress or nearing completion.
- 5.2 Summaries of the 13 audits, which had been completed to final report stage, were included in Appendix A to the report. One review had resulted in a limited assurance opinion being provided, and a follow-up of this review would take place next year.

6. Budget Monitoring Report: 1 April to 30 September 2010

- 6.1 The Committee received the quarterly budget monitoring report which informed Members of the Council's financial position for the second quarter of 2010/2011, and highlighted significant variances. Overall an underspend for the period of £325,000 was being reported, and budget variances over £10,000 were explained in the report.
- 6.2 A number of issues were discussed by the Committee, including capital expenditure underspend, the capital disposals programme and reasons for the overachievement of car parking income.

7. Corporate Risk Register: Quarterly Monitoring Report

- 7.1 The second quarterly risk register monitoring report for 2010/2011 had been prepared following review by Management Team and Corporate Management Team. Two new risks had been added to the register in this quarter, 'Apex Operational' and 'Vibrancy of Bury Town Centre'. One risk had been closed, 'Cattle Market Development' (having been replaced by the wider-focused Vibrancy of Bury Town Centre). Three residual risk colours had also changed, and reasons for these were given in the report.
- 7.2 The Committee discussed some of the risks in this quarter's report, including refurbishment of the Bury St Edmunds Leisure Centre and provision of affordable housing, but did not make any suggestions for amendments to the Register on this occasion.

8. Overview and Scrutiny Structure

- 8.1 The Committee considered a report which reviewed the structure of the Council's scrutiny committees. The report was considered by all three scrutiny committees during October and November 2010, with comments and recommendations being brought to Cabinet and this meeting of full Council.
- 8.2 The Committee supported Option 2, a scrutiny restructure with the removal of the Policy Development Committee and policy reviews being carried out by 'task and finish' groups of the Overview and Scrutiny Committee. One amendment to this option was proposed however, in that the Committee felt that the budget responsibilities of Policy Development Committee (such as Dynamic Review – Innovation, Value and Enterprise (DR-IVE) and Policy Based Budgeting) should transfer to the Performance and Audit Scrutiny Committee rather than the Overview and Scrutiny Committee. This could be achieved with the introduction of an additional meeting of the Performance and Audit Scrutiny Committee in November each year.

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