



Council 28 June 2011

CABINET MEMBER REPORT TO FULL COUNCIL

Written report by Cllr David Ray, 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:

- **Work nearing completion on the production of Financial Statements in accordance with new International Financial Reporting Standards.**
- **Investment returns remain under pressure.**
- **Revenues and Benefits team settling in to the Anglia Revenues Partnership.**
- **Increased joint working between the audit teams of the Borough Council and Forest Heath District Council.**
- **ICT shared service business case awaiting approval by Forest Heath District Council.**

1. Financial Services

1.1 Financial Statements 2010/2011

- 1.1.1 The main focus of the Financial Services team's work over the past three months has been the preparation of the Council's 2010/2011 financial statements, which, for the first time, are required to be produced in accordance with International Financial Reporting Standards (IFRS).
- 1.1.2 The production of IFRS compliant accounts, including the production of comparative financial statements for 2009/2010 on an IFRS basis, has represented a significant amount of additional work, particularly for the Financial Services and Property Services teams.
- 1.1.3 In accordance with the new requirements for the reporting and approval of the financial statements, as set out in the Accounts and Audit Regulations 2011, the financial statements are to be certified by the Council's Responsible Finance Officer and presented

for external audit review by the 30 June statutory deadline. The previous requirement for the financial statements to be approved by Members prior to audit has now been removed. However, the Performance and Audit Committee will still be required to receive and scrutinise the audited statements of account prior to submission to full Council for approval (normally by 30 September) and subsequent publication.

- 1.1.4 This brings local authorities into line with practice within the private sector where the directors and board are made aware of the findings of the audit prior to approval of the accounts.

1.2 Treasury Management

- 1.2.1 Due to continued volatility and uncertainty in the global banking and investment markets, investment returns have remained under pressure.
- 1.2.2 Budgeted investment income for 2010/2011 was £566,000 (£14.91 per Band D property), representing a target investment rate of 1.5%. Actual investment income achieved during the 2010/2011 financial year was £541,825, an underachievement in investment income of £24,175. This represented an average rate of return for the year of 1.28%.
- 1.2.3 Looking to the current financial year, it is estimated that in 2011/2012 Treasury Management activity will generate income of £457,000 (which is equivalent to £11.97 for each Council Tax Band D property). The target investment rate for the year remains unchanged at 1.5%, which reflects current market expectations of a continuation of the historically low rates of interest through to the final quarter of the year.
- 1.2.4 The reduction in investment income compared to the 2010/2011 estimate also takes into account the reduction in Council's balances arising from the impact of the Council's capital expenditure programme and reduced asset disposals programme.
- 1.2.5 Income achieved during April and May 2011 was £84,278 against budgeted income for the period of £80,412, an overachievement of income of £3,866. This marginal overachievement of income was due primarily to a slightly better than projected average cash flow position for the period. The average rate of interest achieved during these two months was 1.35% against the target rate for the year of 1.5%.

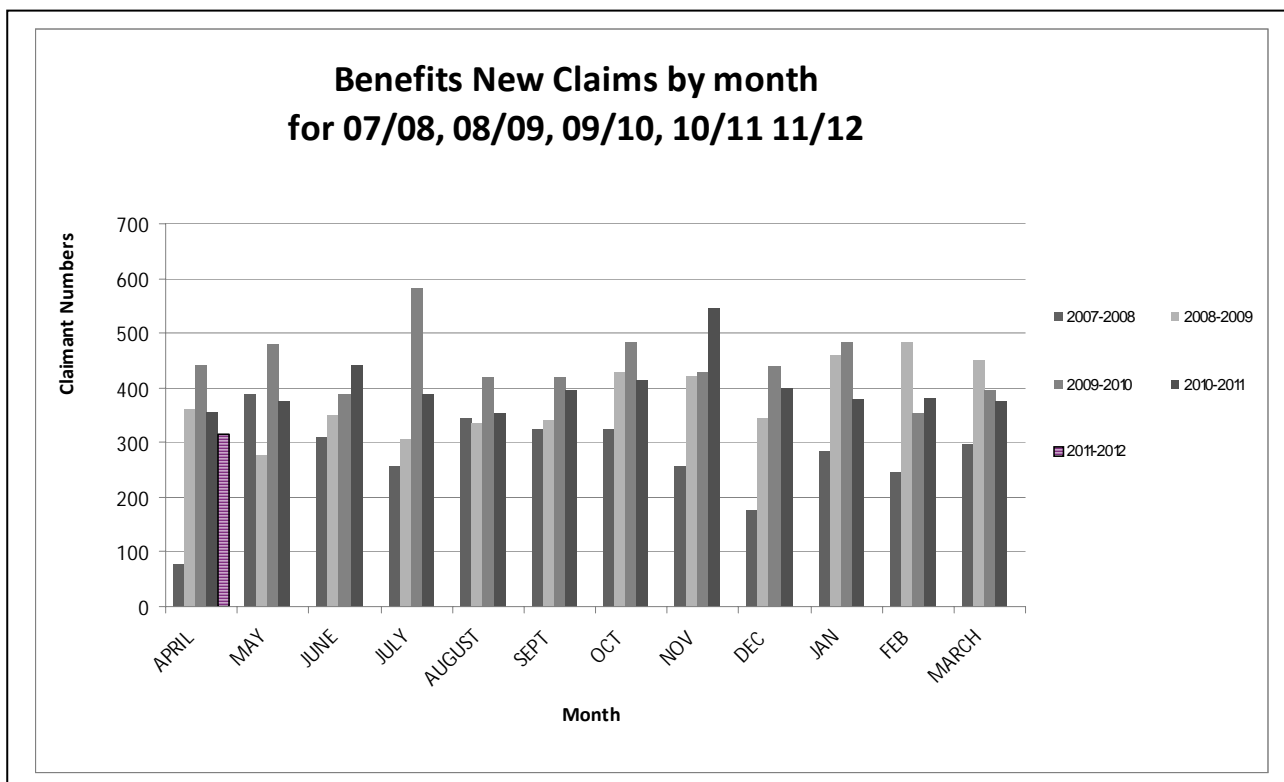
2. Revenues and Benefits

2.1 Anglia Revenues Partnership (ARP)

- 2.1.1 The Revenues and Benefits team are settling into the ARP, and initial teething problems are being ironed out. The timeframe for migrating the Borough Council's software to the ARP software has been delayed by about 6 weeks. There is a dip in performance, as was predicted, due to the intense workload of both the staff moving to Thetford and the ICT migration. ARP is confident that previous levels of performance across all authorities will be recovered in the near future.
- 2.1.2 The first Joint Committee of the ARP meeting was on 16 June 2011, and the Borough Council is represented by Councillors Anne Gower and Robert Everitt.

2.2 Benefits

- 2.2.1 Processing of new claims is taking an average of 25.10 days and changes of circumstances are taking an average of 14.52 days. The trend for the beginning of the financial year averages out as follows:



2.3 Revenues

- 2.3.1 Collection rates are as follows:

	Collected by 31 May 2011	Target to 31 May 2011	Comparator figure for 2010/2011 to 31 May 2010
Council Tax			
Net liability: £51,025,717.91	20.96%	20.94%	20.86%
NNDR (business rates)			
Net liability: £44,860,977.91	19.78%	20.97%	22.40%

National Non Domestic Rates (NNDR) collection is below target for all ARP authorities, but this is primarily related to the phasing out of Small Business Rate Relief in September, and profiling of the debt.

3. Corporate Internal Audit Work

- 3.1.1 Collaborative working between the Borough Council's and Forest Heath District Council's (FHDC) Internal Audit Sections has begun in earnest with the Borough Council's staff assisting FHDC staff to complete their fundamental systems audits in time for external audit review around the year end. This was under the direction of the Audit Manager who, in addition to his responsibilities at the Borough Council, continues to also work as Acting Internal Audit Manager at FHDC.
- 3.1.2 Internal Audit lead on producing the Annual Governance Statement and the accompanying supporting evidence. Work on this is at an advanced stage and we are well on track for these documents to be presented to the Performance and Audit Scrutiny Committee in July 2011 for their consideration in advance of approval by Full Council and signing of the Annual Governance Statement itself by the Leader of the Council and Chief Executive in September 2011.
- 3.1.3 Internal Audit continues to lead the work within the Council on the Audit Commission's regular National Fraud Initiative (NFI) exercise. Current work on this is focusing on ensuring that relevant officers are accessing key reports for investigation of data matches to check for potential error or fraud.

3.2 Statutory Annual Audit Plan

- 3.2.1 The Annual Internal Audit Report 2010/2011 was presented to Performance and Audit Scrutiny Committee in April 2011. The report included information on the role and performance of the Section and also work undertaken during the year. The summarised results of the work undertaken during the year formed the basis of the Audit Manager's annual audit opinion on the Borough Council's control environment for the year, which was also included in the report. This annual audit opinion forms an important part of the framework of assurances for the Annual Governance Statement.
- 3.2.2 The team has commenced a number of follow up audit reviews whereby they are checking progress on agreed actions, these currently include West Suffolk House Car Parking Arrangements, E-commerce, Parks Cash Handling, and ICT Disaster Recovery.
- 3.2.3 Work has also commenced in relation to full audits that are included in the 2011/2012 Audit Plan approved by Performance and Audit Scrutiny Committee in April 2011, including a multi-service review of Cash Handling, and a review of Procurement Regulations.

4. Procurement

4.1 Savings from competitive tendering of window cleaning contracts

- 4.1.1 The Borough Council recently conducted an Open Procedure Tender for providing window cleaning services to its locations, including the West Suffolk House, depot building, The Apex, other public buildings owned by the Council, Bus Stations and shelters at Bury St Edmunds and Haverhill. The tender was divided into 3 different Lots, to enable smaller businesses to participate in the Tender. The Council used '*Contracts Finder*' website to advertise the tender opportunity, which created a lot of interest. 22 suppliers were invited to tender and 8 suppliers returned the tenders. This competitive tender resulted in achieving savings of £20,000 per annum (61% of the previous contract value).

4.2 Suffolk E-Sourcing System is launched

- 4.2.1 Suffolk County Council, and all Suffolk district councils are collaboratively implementing a new E-Sourcing System to manage their Procurement and Contract management activities. It is an online tool for managing the whole procurement process electronically, from inviting bids to evaluating expressions of interest and awarding contracts. The website can be accessed using the following link: www.suffolksourcing.co.uk
- 4.2.2 Initially it will be mainly used by Borough Council procurement officers, but as the training is given more officers will start using it. It is also a useful site for suppliers and even the general public, to spot opportunities and see how public money is being spent. The system will reduce costs and time taken in the tendering process and should allow more suppliers to bid for contracts.
- 4.2.3 The business benefits associated with use of this system are:-
- (a) to improve suppliers' access to Suffolk Local Authority tendering activities and contract information;
 - (b) reduced tendering timescales through use of an electronic tendering system; and
 - (c) to reduce the overall cost of the tendering process.

4.3 Website updated with '*Winning the Contract*' course for Suppliers

- 4.3.1 The Government has launched an on-line procurement course '*Winning the Contract*'. This is a free resource to help businesses (and in particular Small and Medium Enterprises) learn about public procurement and how to bid for public sector contracts. The course can be accessed via the Business Link webpage at: www.businesslink.gov.uk/procurement;
- 4.3.2 The procurement section of the Borough Council's website is now updated with a link to above. <http://www.stedmundsbury.gov.uk/sebc/work/procurement.cfm>;
It is expected that it will provide additional help and guidance for suppliers in understanding and winning public sector contracts.

5. ICT Infrastructure and Support

5.1 Shared Services

- 5.1.1 Appointments to the new structure for the shared ICT service with Forest Heath District Council (FHDC) were expected to start with the ICT Manager post on 14 April 2011. Following a deferment of the paper seeking approval of the full ICT shared service business case at FHDC on 13 April, this process has now been delayed. It is expected that the business case will now go to FHDC meeting of full Council on 29 June 2011. If approved, it is anticipated that the process will resume with appointments taking place during July 2011.
- 5.1.2 As of 1 May 2011 the Borough Council's ICT team has taken on a contract for the support of Breckland District Council's ICT network equipment.

5.2 **Anglia Revenues Partnership**

- 5.2.1 The Team is continuing to support ICT migration to the Anglia Revenues Partnership (ARP). Subject to final acceptance testing the Borough Council should go live on the new ARP revenues and benefits software at the beginning of August 2011. After migration the Borough Council's ICT team will continue to provide support for the revenues and benefits applications, working with IT staff from Breckland District Council.

5.3 **Telephony**

- 5.3.1 The Borough Council is currently in the process of upgrading our telephone system software. Phase one was completed at the end of May 2011 and the final phase is scheduled to be completed by the end of June 2011. When complete it will allow us to use the latest features within the core telephone server, a replacement voicemail server and introduction of Audio Web conference facilities to the desk / meeting rooms. The Borough Council's staff will also benefit from upgrades for home working telephony along with contact centre hot desking.

5.4 **Ongoing projects**

- 5.4.1 Good progress is being made on the Planning system migration to new ICT software and the work with the Payroll Sections in both the Borough Council and FHDC to bring the two payroll systems into line with each other.