



*St Edmundsbury*  
BOROUGH COUNCIL

# C268

## **Council** **13 December 2011**

### **CHAIRMAN'S REPORT** **PERFORMANCE AND AUDIT SCRUTINY COMMITTEE**

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

This report covers the meetings of the Committee held on 31 October and 28 November 2011.

**(A) 31 October 2011**

**1. Treasury Management Performance Report and Investment Activity: 1 April to 30 September 2011**

1.1 It is a requirement of the Chartered Institute of Public Finance and Accountancy's (CIPFA's) revised Code of Practice for Treasury Management, which has been adopted by this Council, for full Council to receive a mid-year report on Treasury Management and this is covered in agenda item 7, Referrals to full Council by Cabinet, Performance and Audit Scrutiny Committee and Democratic Renewal Working Party. However, I do commend you to read the full report on Treasury Management, Report C176 to the Committee on 31 October 2011.

1.2 Following the Treasury Management Sub-Committee's consideration of the above report on 24 October 2011 and the Committee's subsequent consideration on 31 October 2011, there are no issues or recommendations needed to be brought to the attention of the Council on this occasion.

**2. Mid Year 2011/2012 Internal Audit Progress Report**

2.1 The Committee discussed the work of the Internal Audit Section for the first six months of 2011/2012, including the variety of projects and corporate activities which were supported through the work of the team.

- 2.2 Summaries of the 18 audit reviews which had been completed to final report stage were discussed, and Members questioned officers on a number of areas, but no issues were required to be brought to the attention of Cabinet.

### **3. Key Performance Indicators (KPIs): Second Quarter 2011/2012**

- 3.1 Members considered the second quarterly report for 2011/2012, covering the period April to September 2011. A total of 40 indicators were reported this quarter, of which 14 were green, 3 amber and 8 red. 11 were contextual indicators, and 4 had data not available.
- 3.2 Members discussed a number of the indicators, including fly tipping, number of working days lost to sickness absence and percentage of planning applications determined within target. The Committee also requested an update on how the annual electoral canvass was progressing, and more detail on affordable homes delivered to be included in the next KPI report.

### **4. The Apex Performance**

- 4.1 The Committee considered a report which identified the current performance of The Apex and demonstrated the performance measures which would be used to chart the development of the project after the first year of operation.
- 4.2 The Venues Director had worked with the Financial Services Team to develop a method of budget monitoring which enabled costs associated with any event to be evaluated against income. Data would also be collected on numbers attending events and percentage occupancy.
- 4.3 The latest budget monitoring report indicated an overspend of just under £61K for the year to date, and the reasons for the variance were explained in detail in the report. The aspiration for the future was to target at least a break even position on concerts promoted by the Council, and to maximise profits from hired events, as well as targets relating to catering and building costs.

### **5. Bi-annual Corporate Complaints and Compliments Digest**

- 5.1 During the first half of this financial year, 23 corporate complaints had been received, compared to 30 during the same period last year. The Committee was advised of response times to these complaints, and provided with a breakdown of the complaints by Directorate, and details of each complaint. The 36 compliments that had been received during the reporting period were also highlighted. Finally, Members were provided with a report from the Local Government Ombudsman which summarised the complaints about the Council which were investigated in 2010/2011.
- 5.2 The Committee considered the digest and discussed some complaints in more detail, and noted that the quantity of compliments received remained high. The Committee was also pleased to note that none of the complaints referred to the Ombudsman had resulted in a finding of maladministration.

### **6. Delivering a Sustainable Budget 2012/2013**

- 6.1 The Committee considered the first of the sustainable budget reports to be brought for consideration as part of the budget setting process, which set out the context of the 2012/2013 budget.

6.2 The Chief Finance Officer took Members through the Medium Term Financial Strategy (MTFS), and explained how this was affected by the Government's Comprehensive Spending Review and the need for the Council to further significantly cut its budget. The budget gaps for 2012/13, 2013/14 and 2014/15 were £2m, £1.3m and £0.8m respectively. There were other uncertainties which affected the budget, and these were also discussed with Members. Potential areas of revenue and capital growth were set out, as well as the results of the public budget consultation.

6.3 As in previous years, a range of savings proposals would be brought to the Committee between now and January 2012, and there were also a number of savings which could already be progressed, which were set out in the report, and which delivered approximately £800K of the overall target across the three years. The Committee raised questions on a number of areas of the report, and noted the progress made on delivering a balanced budget for 2012/2013.

## **7. Local Government Resource Review: Commentary and Response to Consultation**

7.1 Members were advised of the significant changes proposed to the way in which local authorities were financed, through the "localisation" of business rates.

7.2 On 18 July 2011 the Government had issued a consultation paper on its proposals for business rate retention, and a report was provided outlining the changes proposed and providing a view of what this might mean for the Borough Council and to the other local authorities in Suffolk. The Council's response to the consultation was also provided, and the Committee will be kept informed of developments on this significant change to local authority financing as they become available.

## **8. Budget Monitoring Report: 1 April to 30 September 2011**

8.1 The Committee received the quarterly budget monitoring report which informed Members of the Council's financial position for the first half of 2011, and highlighted significant variances. Overall an underspend for the period of £335,000 was being reported, and all budget variances over £10,000 were explained in the report. Favourable variances included underspends on the budget of £384,000 and income above budget of £356,000, which was broken down in more detail for the Committee. Adverse variances included budget overspends of £243,000 and income below budget of £307,000, and again the reasons for these variances were discussed with officers.

8.2 The Capital Budget Monitoring report showed net expenditure of £83,000 for the first half year compared to a revised full year capital budget of £6,996,000. As in previous reports, the underspend was due to slippage in the programme. The capital disposals programme showed capital receipts for the period of £21,000 against a full year disposals estimate of £2,190,000. Finally, the reserves monitoring report showed that as at 30 September 2011 the Council had earmarked reserves of £11,904,000.

## **9. Corporate Risk Register: Quarterly Monitoring Report**

9.1 The second quarterly risk register monitoring report for 2011/2012 had been prepared following review by Management Team and Corporate Management Team. One new risk had been added to the register in this quarter, "Haverhill Office Refurbishment". No risks had been closed. Three residual risk colours had changed.

9.2 The Committee discussed some of the risks in this quarter's report, including "Commitment to Haverhill", specifically the refurbishment of Queen Street, but did not make any suggestions for amendments to the Register on this occasion.

**(B) 28 November 2011**

**1. Delivering a Sustainable Budget 2012/2013**

- 1.1 The Performance and Audit Scrutiny Committee plays an integral role in delivering a sustainable budget for the Council, by scrutinising recommendations for savings and growth. At this meeting the Committee considered progress made towards setting the 2012/13 budget. As reported at the previous meeting, the “banked” savings delivered approximately £800k of the overall target of £4.1m across the three years 2012/2013 to 2014/2015.
- 1.2 Following approval to progress with shared services, work had been undertaken to estimate the savings that would be delivered. Additionally, the Committee was asked to consider a number of other savings areas which had been progressed since the previous meeting of the Committee, which currently amounted to £247k for 2012/2013, £88k for 2013/2014 and £24k for 2014/2015. If all of these savings, plus shared services savings, were approved, the remaining gaps would be £482,500 for 2012/2013, £554,000 for 2013/2014 and £736,000 for 2014/2015. The Committee discussed each of the proposed savings in detail, and recommended that all items proposed be included in the 2012/2013 budget and beyond.
- 1.3 Finally, the Committee considered four proposed capital growth areas required to deliver some of the savings proposed, and recommended them for inclusion in the 2012/2013 budget. Final savings and any further growth will be brought to the Committee’s next meeting in January 2012.

**2. Review of the Capital Programme**

- 2.1 A formal review of the Council’s five year capital programme is undertaken annually as part of the budget setting process, with the aim of updating Members on the results of this work to date, and to seek approval of the updated and rescheduled capital programme.
- 2.2 The Committee carried out an initial review of the programme, which had been updated and rescheduled to take into account approved changes to the programme as well as latest estimates on the timing and scheduling of projects. Details of any further proposed changes to the capital programme, including further updates on the timing and scheduling of projects, will be brought to the Committee’s January 2012 meeting.

**3. Capital Programme Audited Accounts**

- 3.1 In accordance with the Council’s Financial Regulations, the Committee considered a report which notified Members of variations in cost between approved contract sums and completed schemes. The report included key projects (over £25k) undertaken by Property Services for which the accounts had been audited during the financial years 2010/2011 and the first half of 2011/2012.
- 3.2 The schemes varied in size and complexity, and included resurfacing footpaths in the Abbey Gardens, the construction of a new depot at Homefield Road, Haverhill, and the refurbishment of Haverhill Leisure Centre. An analysis of the figures showed that the total expenditure for the reporting period had a variation £438,879 below budget or 5.37%. Of the six schemes being reported, two projects varied significantly from the budget allocation, and these were discussed by the Committee. Members concluded that the reasons given for the variations were acceptable.

