



## Council 28 February 2012

### 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 meeting of the Committee held on 30 January 2012.

#### **1. Third Quarter Internal Audit Progress Report**

- 1.1 The Committee considered the third quarterly Internal Audit progress report, which updated Members on work undertaken within the third quarter of the financial year and the progress made in achieving the Audit Plan presented at the Committee's meeting in April 2011.
- 1.2 A review of Internal Audit work carried out during the nine months to December 2011 was discussed, alongside a summary of internal audit reports issued during 2011/2012.

#### **2. Audit Commission: Presentation of 2010/2011 Annual Audit Letter**

- 2.1 Neil Harris, District Auditor, attended the meeting and presented the Annual Audit Letter to the Committee, covering the 2010/2011 Audit. This document summarised the Audit Commission's findings from its audit of the Council's financial systems, and its assessment of the Council's arrangements to achieve value for money in its use of resources.
- 2.2 Members were pleased to see another positive report from the Audit Commission, praising the Council's achievement in publishing the final accounts before the 30 June 2011 statutory deadline, given the complexities involved with preparing accounting entries for the first time in line with International Financial Reporting Standards. Additionally, the District Auditor had concluded that the Council had adequate arrangements to secure economy, efficiency and effectiveness in its use of resources. Some elements of the document were discussed, including the audit fees.

### **3. Key Performance Indicators: Third Quarter 2011/2012**

- 3.1 The Committee received a short presentation demonstrating how they could access the Covalent Performance Management System via the internet, if they wished to more closely monitor the progress of individual indicators. Members then considered the third quarterly report for 2011/2012, covering the period April to December 2011, discussing a number of the indicators in more detail.
- 3.2 The Committee was also provided with a summary of affordable housing delivery against target, which had been requested at the previous meeting.

### **4. Treasury Management Performance and Annual Treasury Management and Investment Strategy 2012/2013**

- 4.1 Following the Treasury Management Sub-Committee's meeting on 23 January 2012, I reported on its consideration of the above report, which provided an update on treasury management activity and performance for the period 1 April to 31 December 2011, advised Members of changes made to the Council's lending criteria and of the outcome of the recent joint procurement exercise for the appointment of the Council's Treasury Management Advisers (Sector Treasury Services Ltd), and sought approval for the Annual Treasury Management and Investment Strategy Statements for 2012/2013 and Prudential Indicators.
- 4.2 As at the end of December 2011 interest earned during the first 9 months of the financial year amounted to £0.433m against the profiled budget for the period of £0.354m, a budgetary surplus of £0.079m. The average rate of interest achieved during the period was 1.45% against the target rate of 1.50%.
- 4.3 The Committee discussed a number of areas of the report, and recommended the Annual Treasury Management and Investment Strategy statements for 2012/2013 and Prudential Indicators for approval, which will be considered at this meeting of the Council under agenda item 8.

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

- 5.1 The Committee considered its final budget report for 2011/2012, which updated Members on progress made towards setting the 2012/2013 budget. The report presented the Dynamic Review – Innovation, Value and Enterprise (DR-IVE) targets and banked totals reported so far, as well as the remaining 2012/2013 gap of £556,500.
- 5.2 A number of further savings areas and new income opportunities had been progressed since the last meeting of the Committee, and these were discussed and recommended to Cabinet. In particular, a detailed discussion was held on a range of issues associated with car parking, including the times that charges applied, and also whether car parks when not the subject of a charge should be physically locked. It was recognised that each car park should be treated differently because of its utilisation, and there was a consensus that the current arrangements should continue.
- 5.3 A detailed discussion was also held regarding the Tourist Information Centre in Bury St Edmunds and its location. The Committee was informed that the Borough Council currently held a lease with the Bury Trust for the premises on Angel Hill, and it would be ill advised to relocate the Tourist Information Centre until a time when the Borough Council could vacate the premises without any financial penalty. There was a divergence of opinion as to whether the Tourist Information Centre should remain on Angel Hill or be relocated to Moyses Hall.

- 5.4 The Committee also recommended two proposed items of revenue growth. All recommendations from the Committee were incorporated into the sustainable budget report considered and endorsed by the Cabinet on 15 February 2012.
- 5.5 Finally, the Committee discussed a summary of the budget consultation exercise and outcomes, and noted that the preferences of the public had been followed in each instance.
- 6. Review of the Capital Programme**
- 6.1 A formal review of the Council's capital programme is undertaken annually as part of the budget setting process, and the resulting rescheduled and updated programme helps to determine the extent and timing of associated revenue implications.
- 6.2 A significant amount of work had been undertaken in updating the programme, prompted by the financial constraints that the Council faced, and the fact that the existing programme of major capital expenditure was coming to an end.
- 6.3 Members scrutinised the updated and rescheduled capital programme together with the revised capital strategy, and recommended them for approval as part of the 2012/2013 budget setting process. Cabinet endorsed the revised capital programme, which has been incorporated in the budget documents before you at this Council meeting.
- 7. Budget Monitoring Report: 1 April to 31 December 2011**
- 7.1 The Committee received the quarterly budget monitoring report which informed Members of the Council's financial position for the period to 31 December 2011, and highlighted significant variances. Overall an underspend for the period of £509,000 was being reported, and all budget variances over £10,000 were explained in the report.
- 7.2 The Capital Budget Monitoring report showed net expenditure of £396,000 for the period to 31 December 2011 compared to a revised full year capital budget of £7,192,000. As in previous reports, the underspend was due to some projects commencing later than originally programmed, or taking longer to complete or reach programmed stages. The capital disposals programme showed capital receipts for the period of £542,000 against a full year disposals estimate of £2,190,000.
- 8. Corporate Risk Register: Quarterly Monitoring Report**
- 8.1 The third quarterly risk register monitoring report for 2011/2012 was considered by the Committee. No new risks had been added to the register in this quarter, three had closed, two had been merged and three had changed residual risk colour.
- 8.2 The Committee discussed some of the risks in this quarter's report, and requested a schedule of the final capital project expenditure on The Apex (Capital) and West Suffolk House (Building).
- 9. Review of the impact on customers and stakeholders of the Council joining the Anglia Revenues Partnership**
- 9.1 Following a request from the Overview and Scrutiny Committee, the Committee nominated either its Chairman or Vice Chairman to join the Overview and Scrutiny Committee's Task and Finish Group which was to scrutinise the impact of the Council's Revenues and Benefits Team joining the Anglia Revenues Partnership.