

ST EDMUNDSBURY BOROUGH COUNCIL

PERFORMANCE AND AUDIT SCRUTINY COMMITTEE

**Minutes of a meeting held on Monday 25 October 2010 at 4.00 pm
in Room GFR13, West Suffolk House, Western Way,
Bury St Edmunds**

PRESENT: Councillor J R Hale (Chairman)
Councillors Beckwith, Cox, Houlder, Redhead, Mrs Richardson,
F J Warby and Mrs P A Warby

BY INVITATION: Councillor Ray, Portfolio Holder for Performance and
Organisational Development

27. Apologies for Absence

Apologies for absence were received from Councillors Rout and Spicer.

28. Substitutions

No substitutions were declared.

29. Minutes

The minutes of the meeting held on 27 September 2010 were confirmed as a correct record and signed by the Chairman.

30. Declarations of Interest

Members' declarations of interest are recorded under the item to which the declaration relates.

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

The Committee considered an oral report from Councillor Hale, the Chairman of the Treasury Management Sub-Committee, on the Council's Treasury Management activities as detailed in Report B249 (previously circulated).

On 18 October 2010, the Sub-Committee had considered Report B249 which:-

- (1) presented the Mid Year Treasury Management Performance Report summarising investment activities for the first six months of the 2010/2011 financial year;
- (2) advised the Sub-Committee of changes made to the Council's lending criteria since its last meeting held on 19 July 2010; and
- (3) provided details of proposed changes to the Council's lending criteria for consideration by the Sub-Committee.

Councillor Hale informed the Committee that income from investments during the first six months of 2010/2011 totalled £264,000 against the profiled budget for the period of £304,000, which represented a budgetary deficit of £40,000. This was due to the continuation of historically low interest rates, and ongoing problems in finding attractive rates of interest with financial institutions that could deliver the required level of security. It was against this background that officers were now working with the

Council's Treasury Management Advisors, Sector, to review the Council's risk appetite, and were looking to extend the lending limits of highly rated Banks and Building Societies. As part of this process, specific approval was obtained in September 2010 for an extension to the duration limits applicable to the Santander UK Group. This enabled the Council to reinvest a total of £2 million at 2.5%, which was 0.6% above the next best available option, representing additional income of £12,000 over the 12 month duration of this investment.

Councillor Hale continued by stating that building on this approach, the Report set out proposals for an extension to the Council's lending limits for all highly rated Banks and Building Societies. The Sub-Committee held a wide ranging discussion regarding the operation of the Council's lending list and the need to maintain adequate security and liquidity of Council funds, whilst also aiming to optimise investment income. As a result of these discussions it was decided that the proposed changes to the lending criteria, as set out in Report B249, should be recommended for approval by the Cabinet and Council subject to one key amendment, namely that the increased limits for organisations falling within Sector's red colour rating should be subject to an upper limit of 25% of the Portfolio instead of the 30% which was proposed within the Report. The Sub-Committee also asked the Treasury Management Team to investigate longer term investment options and to report back to the Sub-Committee should opportunities arise.



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.

RESOLVED:-

That the Treasury Management Team be requested to investigate longer term investment options and to report back to the Sub-Committee if such opportunities arise.

(Councillor Mrs Richardson arrived during the discussion on this item.)

32. Key Performance Indicators: Second Quarter 2010/2011

The Committee received and noted Report B264 (previously circulated) which was the second quarterly report of monitoring Key Performance Indicators (KPIs) for 2010/2011.

Attached as Appendix A to the Report was the quarterly report of Key Performance Indicator data covering the period 1 April to 30 September 2010. The columns included in the table contained descriptions of the data and performance for each quarter. The performance of each KPI was also colour coded which indicated that:-

- (a) red was below target;
- (b) amber was just below target; and
- (c) green was at or above target.

A total of 32 indicators were reported to the Committee, 17 were annotated green, 9 were amber, 1 was red and the remaining 5 were contextual indicators.

The Policy, Performance and Customer Service Manager informed the Committee that the percentage shown in quarter 1 for KPI Number 1, *Percentage of Minor Planning Applications Determined Within 8 weeks*, should have read 88% and not 84%.

Discussions were held on a number of KPI's, and in particular:-

- (a) KPI 2 *'Municipal Waste Landfilled'*, KPI 23 *'Household Waste Recycled and Composted'* and KPI 9 *'Improved Street Scene and Environmental Cleanliness – Fly tipping'*.

There was a general discussion held about the Waste Management Performance Indicators. It was stated that the Waste Management Section had set particularly challenging targets but these were considered to be achievable. There was also a discussion regarding the financial performance of Waste Management and the Committee was informed that the less household waste that was recycled and/or composted the more adverse the impact on the income to the Borough Council. The Committee was pleased to note a reduction in the number of fly tipping incidents which was attributable to prompt response of staff to remove the items and also the increase in enforcement action.

- (b) KPI 8 *'Time Taken to Process Housing Benefit/Council Tax Benefit New Claims and Change Events'*

The Committee noted that the Revenues and Benefits Section had been the subject of staff turnover, in part due to relocating to Thetford, and maternity leave had impacted upon performance. A discussion was held regarding the arrangements for the Borough Council joining the Anglia Revenues Partnership and the continuing impact this would have upon the performance of the Section. The Committee concluded that it was better for the staff to ensure that the claims were processed accurately in the first instance as this would benefit both the client and the Council even if that processing took a little longer than the target time.

33. Council Improvement Plan 2010/2011 Update

The Committee received and noted Report B265 (previously circulated) which gave information on progress made against key actions in the Council's Improvement Plan 2010/2011.

In May 2010 the 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 and the Committee was tasked with reviewing progress against the Plan. Attached as Appendix A to the Report was a copy of the Improvement Plan 2010/2011.

The Committee noted that the Improvement Plan had been developed prior to the General Election in May 2010. The changes already implemented by the new Coalition Government had an impact on many of the drivers for improvement that were considered when drafting the Plan, especially the abolition of the Audit Commission and the halting of the Review of Local Government Structures in Suffolk, which meant that the actions relating to the County Constitutional Convention were no longer relevant. Further changes were expected once the full extent of the Comprehensive Spending Review was known. Constantly changing the environment which the Council was facing meant that some elements of the actions identified in the Improvement Plan may need to be amended in the future. However, it was felt that the key themes remained relevant but reference to Place Shaping in Theme 2 may need to be reconsidered in light of the Localism Bill which was due later this year.

A detailed discussion was held on a number of key objectives including:-

- (a) Theme 1: No 4 *Develop Masterplans for Bury St Edmunds, Haverhill and the Rural Areas*. The Committee was informed that the consultation with communities which would be subject to masterplans could not be undertaken until the Core Strategy was approved by full Council in December 2010. Reservations were expressed regarding the consultation that had already taken place on the Core Strategy and the influence that the residents could have on any proposed masterplans. It was recognised that the forthcoming Localism Bill could have an impact especially on consultation regarding planning matters.
- (b) Theme 2: No. 1 *Delivery of Shared Service Programme with Forest Heath District Council*. Concerns were expressed that most Councillors considered that they were not sufficiently informed on the progress of the Shared Services agenda and, therefore, did not 'feel part of the process'. There were also some reservations expressed that membership of Joint Committees was restricted to members of the Cabinet.
- (c) Theme 3: No. 5 *Percentage of People who feel that they can influence decisions in their locality*. The Committee noted that the Place Survey had been abolished and this indicator would no longer be measured.
- (d) Theme 3: No. 8 *Promote Democracy/Elective Citizenship*. It was considered that oral communication with young people was the most effective form of communication to promote democracy and elective citizenship.
- (e) Theme 3: No. 2 *Haverhill Performance Clinic*. The Committee was informed that this Clinic was convened by Suffolk County Council and not the Borough Council.

There was a general consensus amongst the Committee that the Council needed to continue with its Improvement Plan as a fundamental tool for improving its performance even when the Coalition Government requirements for Comprehensive Area Assessments ceased.

34. Biannual Corporate Complaints and Compliments Digest

The Committee received and noted Report B266 (previously circulated) which was the Biannual Corporate Complaints and Compliments Digest covering the period from 1 April to 30 September 2010.

The aim of the digest was to provide an overview of the quantity and range of corporate complaints, in addition to the monitoring of the effectiveness at responding to and learning from any mistakes that had been made. 30 corporate complaints were received during this half of the financial year. In addition, the Report provided details of the 30 compliments that had been received across the authority during the reporting period.

Attached as Appendix A was a report from the Local Government Ombudsman which summarised the complaints about the Council which had been investigated in 2009/2010. A total of 9 enquiries and complaints had been received, which was a reduction from 14 in the previous year. The Ombudsman considered 2 were premature and 2 enquiries were given advice. 5 complaints were passed to the investigation team to consider. 2 of these were about planning applications. The other complaints related to an environmental case about conditions at a public house, planning enforcement and the maintenance of grass verges outside the complainants' home. The Ombudsman found no case of maladministration.

In the current financial year 30 complaints had been received up to 30 September 2010. In the same period last year 20 complaints had been received and in the whole of last year the Council received and responded to 30 complaints.

The Committee examined the list of complaints and compliments, and was pleased to note that the Ombudsman had found no significant substance to the complaints which had been investigated.

35. Mid Year 2010/2011 Internal Audit Progress Report

The Committee received and noted Report B267 (previously circulated) which advised the Committee of the work of the Internal Audit Section for the first six months of 2010/2011 and the position regarding progress made towards achieving the 2010/2011 Audit Plan.

The Senior Auditor informed the Committee that during the period 13 Audit Reviews had been completed to final report stage. Audit Reports were issued as final when their contents had been agreed with client management, in particular on responsibility for actions and timescales. Appendix A to the report contained a summary of the content of the Internal Audit Reports issued during the current financial year. Each summary provided an indication of the issues arising from the reviews as well as action taken in response to previous Audit Reports. The conclusion of the reports to date were mainly able to provide substantial assurance but the audit of the Data Protection arrangements concluded that only limited assurance could be provided. The Audit Review concluded that a Data Protection Policy should be drafted to illustrate how the Council endorsed and sought to adhere to the principles of data protection, as set out in the Data Protection Act 1998. The Review also concluded that a member of staff should be formally nominated to act as the Council's Data Protection Officer who was then able to carry out/delegate a number of actions included within the Internal Audit Report. Following the Audit it had been agreed that the Head of Legal and Democratic Services would act as the Council's Data Protection Officer.

In response to questions the Committee was informed that:-

- (1) it was understood that the National Fraud Initiative would continue and that when the Audit Commission was disbanded then it was likely that a different organisation would take forward this initiative;
- (2) when the Audit Commission was disbanded the Borough Council's finances would still be subject to some form of external audit; and
- (3) with effect from 1 April 2011 the responsibility for managing the concessionary travel scheme would be transferred to Suffolk County Council and the Borough Council staff would basically have the role of directing customers to the appropriate location.

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

The Committee received and noted Report B268 (previously circulated) which was the Budget Monitoring Report for the period 1 April to 30 September 2010.

Attached to the Report was the General Budget Monitoring Report which indicated an overall underspend of £453,000 as at 30 September 2010. A full analysis of budget variances was attached as Appendix A. An explanation of variances over £10,000 was attached as Appendix B. Favourable variances included underspends on budget of £325,000 and income above budget of £314,000. Adverse variances included overspends on budget of £94,000 and income below budget of £92,000.

The Capital Budget Monitoring Report showed net expenditure of £2,858,000 for the period 1 April to 30 September 2010 compared to a full year revised capital budget of £11,229,000. The underspend was partly due to slippage in the Capital Programme, but also due to many of the budgets not being profiled and a number of projects were due to commence later in the financial year. The Capital Disposals Programme showed capital receipts for the period of £114,000 against the full year disposal estimate of £1,126,000. Details of these disposals were provided as Appendix D.

The Reserves Monitoring Report, at Appendix E, showed that as at 30 September 2010 the Earmarked Reserves totalled £13,295,000.

Discussions were held on a number of issues and in response to questions, the Committee was informed that:-

- (a) the over achievement of car parking income was largely attributable to the first year of trading of the arc and the budget was fixed on a conservative estimate. Income in respect of parking in Haverhill was slightly below the budget, which maybe attributable to free parking being offered at the newly opened superstore;
- (b) car parking charges were a tool for the effective management of the Council's car park and also acted as a return on investment;
- (c) the significant current underspend on the Capital Programme was similar to previous reports in that the underspend was anticipated at this stage, however the significant shortfall between actual disposals to date against the annual budget was of greater concern;
- (d) the Borough Council still undertook cleansing duties on behalf of Havebury Housing Partnership; and
- (e) the capital expenditure in respect of the Nowton Park Visitor Centre was attributable to the design of the centre.

37. Corporate Risk Register: Quarterly Monitoring Report

The Committee received and noted Report B269 (previously circulated) which was a quarterly monitoring report in respect of the Corporate Risk Register. The Committee had the responsibility of keeping the Corporate Risk Register under quarterly review and for advising the Cabinet whether:-

- (a) the actions planned to mitigate the identified risk were adequate; and
- (b) there were any other risks that should be added to the register.

The Report provided a traffic light system whereby:-

- (1) Green indicated a low risk;
- (2) Amber indicated a medium risk; and
- (3) Red indicated a high risk.

The latest copy of the revised risk register was attached as Appendix A to the report. Two new risks had been added:-

- Risk 50: The Apex Operational; and
- Risk 51: Vibrancy of Bury St Edmunds Town Centre.

Both these risks had appeared before under different titles. Given that The Apex was complete, it was considered advisable to separate the capital risk, that of building The Apex, from the operational risk. The previous risk regarding Bury St Edmunds Town Centre was linked very much to the Cattle Market Development, and the Strategic Risk Management Group considered that the risk was no longer focussed so specifically on the impact of the construction of the arc but on the vibrancy of Bury St Edmunds Town Centre as a whole.

One risk had been closed, Risk 11, Cattle Market Development.

The Chief Finance Officer informed the Committee that a number of the risk indicators had changed:-

- Risk 10: *The Apex (Capital)*, had moved from Red to Amber which reflected the completion of the building;
- Risk 34: *Emergency Situations and Local Authority Response*, had changed from Green to Amber to reflect the advice given to the Council from the Suffolk Resilience Forum; and
- Risk 45: *Provision of Sites for Gypsy and Traveller Communities*, had moved from Amber to Red, given the possible eviction from a large site in Essex, and the possible impact that this may have on the Borough.

During this discussion the Committee was informed that:-

- (1) the final account for the refurbishment of the Bury St Edmunds Leisure Centre was now expected in December 2010; and
- (2) it was the intention to hold a briefing session for all Members on the implications of the Comprehensive Spending Review on affordable housing and revenues and benefits.

38. Overview and Scrutiny Structure

The Committee considered Report B270 (previously circulated) which sought consideration of options for the future Overview and Scrutiny Structure within St Edmundsbury.

The Scrutiny Manager informed the Committee that the Council's Improvement Plan for 2010/2011 included an action to '*Review Committee and Scrutiny Structure to ensure that it is fit for purpose*'. The Council's current Overview and Scrutiny Structure had been in place since the implementation of the Local Government Act 2000 in May 2002. Other than the formation of the Performance and Audit Scrutiny Committee in 2007 the structure had remained largely unchanged for nine years. The Report reviewed the structure of the Council's Scrutiny Committees, taking into account good practice from other councils and the changes to the focus of the Council's scrutiny work which had taken place in recent years following the introduction of new legislation. The options outlined in the Report took into account the increased resource constraints upon the Council and the achievement of value for money through reduction of bureaucracy. It was the intention that all three Scrutiny Committees would consider this report and a composite report arising from the deliberations of the three Committees would be presented to the Cabinet prior to consideration by full Council on 14 December 2010.

A detailed discussion was held in which there was a consensus that the new structure should include an Overview and Scrutiny Committee supported by ad hoc Members/Officers Working Groups to carry out reviews and to develop new policies and a Performance and Audit Scrutiny Committee with a Treasury Management Sub-Committee. However, there was also a consensus of opinion that the work on

formulating budget proposals, including the Dynamic Review – Innovation Value and Enterprise (DR-IVE) process should be undertaken by the Performance and Audit Scrutiny Committee and not the Overview and Scrutiny Committee. A suggestion was made that with the proposal to increase the membership of the Overview and Scrutiny Committee from 13 to 16 Councillors there should also be an increase in the membership of the Performance and Audit Scrutiny Committee. It was recognised that it was important for this Committee to have a membership that was interested in the detailed monitoring work that was required to fulfil its function. However, it was considered more beneficial for the current vacancies amongst the list of substitutes be filled.



RECOMMENDED:-

That the proposed new Scrutiny Structure be based on Appendix B to Report B270 amended for the budgeting responsibilities, including the Dynamic Review – Innovation Value and Enterprise (DR-IVE) exercise being undertaken by the Performance and Audit Scrutiny Committee.

The meeting concluded at 5.46 pm.

**J R HALE
CHAIRMAN**