

ST EDMUNDSBURY BOROUGH COUNCIL

PERFORMANCE AND AUDIT SCRUTINY COMMITTEE

**Minutes of a meeting held on Monday 24 January 2011 at 4.30 pm
in the Conference Chamber West F1R09, West Suffolk House, Western Way,
Bury St Edmunds**

PRESENT: Councillor J R Hale (Chairman)
Councillors Mrs Broughton, Cox, Mrs Levack, Nettleton, Redhead,
Mrs Richardson, Mrs Rushbrook and Spicer

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

39. Apologies for Absence

No apologies for absence were received.

40. Substitutions

No substitutions were declared.

41. Minutes

The minutes of the meeting held on 25 October 2010 were confirmed as a correct record and signed by the Chairman.

42. Declarations of Interest

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

43. Key Performance Indicators: Third Quarter 2010/2011

The Committee received and noted Report B437 (previously circulated) which was the third 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 31 December 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 33 indicators were reported to the Committee, 13 were annotated green, 12 were amber, 2 were red and the remaining 6 were contextual indicators.

Officers referred to an improvement in KPI 8, Processing Housing Benefit/Council Tax Benefit claims, as the previously reported figures had been commented upon by the Committee at its last meeting on 25 October 2010.

The Committee noted that the Government had announced the abolition of National Indicators (NI's) and that from April 2011 the Council would be able to choose which indicators it wished to report and manage. Officers were working with Forest Heath District Council to develop a list of Key Performance Indicators to be reported quarterly to respective Management Teams and Scrutiny Committees. Some of these KPIs would include former NI's, which would assist with long term performance comparison and benchmarking. Revised KPIs for 2011/2012 would be presented to a future meeting of this Committee.

Discussion took place on a number of KPIs and in particular:-

- (a) KPI N157 - Percentages of minor and major planning applications determined within 8 and 13 weeks respectively.

Some reservation was expressed about the achievability of the 100% targets being set in respect of the periods allocated for determining both minor and major planning applications. Reference was made to the situation that delays experienced in processing applications were sometimes outside the Council's control. It was also felt that there may be little incentive for staff to meet these targets in the knowledge that it was impossible for them to be achieved. Officers advised that performance had been low over the years 2008/2009 and 2009/2010 and therefore, in an attempt to improve upon the situation the percentage targets had been increased up to their current levels of 100%. Officers had accepted the targets set and there had been improvements in performance as a consequence.

- (b) KPI N181 - Time taken to process Housing Benefit/Council Benefit new claims.

Officers advised that in relation to the level of staff turnover referred to in this item that this was attributable to the departure of a number of staff employed on fixed term contracts. These staff had been engaged whilst the Benefits service was undergoing the transition to it being transferred to Anglia Revenues Partnership.

- (c) KPI Local – Number of Volunteers and Number of hours recorded in the Leisure Service.

The Committee felt it was very noteworthy that 150 volunteers had been involved in providing Leisure Services and that they had contributed a total of 1,731 hours. It was requested that this information be publicised.

44. Treasury Management Performance and Annual Treasury Management and Investment Strategy 2011/2012

The Committee considered Report B410 (previously circulated) which had also been the subject of deliberation by the Treasury Management Sub-Committee on 17 January 2011.

The report provided an update on treasury management activity and performance for the period 1 April to 31 December 2010, and sought approval for the Annual Treasury Management and Investment Strategy 2011/2012.

As at the end of December 2010 interest earned during the first 9 months of the financial year amounted to £0.410m against the profiled budget for the period of £0.445m, a budgetary deficit of £0.035m. The under achievement of interest on investments during this period had been due primarily to the continuation of historically low interest rates.

The Chairman of the Committee, also Chairman of the Treasury Management Sub-Committee, reported on the Sub-Committee's consideration of the above report and advised that the Annual Treasury Management and Investment Strategy was recommended for approval.



RECOMMENDED:-

That, subject to the approval of Cabinet and full Council, the Annual Treasury Management and Investment Strategy 2011/2012 and Prudential Indicators, as detailed in Appendix 2 of Report B410, be adopted.

45. Audit Commission – Presentation of Annual Audit Letter 2009/2010

The Committee received and noted the Annual Audit Letter dated November 2010 which was attached as an Appendix to Report B438 (previously circulated).

The Annual Audit Letter summarised the Auditor's findings from the 2009/2010 Audit in two parts:-

- (a) the audit of financial statements. On 29 September 2010 an unqualified opinion had been given on these and there were no significant issues arising from the audit; and
- (b) an assessment of the arrangements to achieve value for money in the use of resources. An unqualified value for money conclusion had been issued.

Neil Harris, District Auditor, presented the Audit Letter and answered Members' questions on points of detail. He took the opportunity to provide an update on the future of the Audit Commission following the Government's announcement that it would be abolished. He advised that the Audit Commission would continue its core financial audit function until 2012 but in the meantime other activities would be wound down and work on research and specific studies would be discontinued. The Commission would still undertake the Council's Audit for 2010/2011 and 2011/2012 but this would be limited to an examination of the accounts and undertaking value for money assessments. There would also be some assessment of the Council's financial resilience post the economic downturn. Thereafter audit work was to be taken over by the private sector. The Audit Commission was developing options whereby it would either be sold off, or be continued but under a mutual arrangement whereby employees would be stakeholders in the organisation. In the latter-mentioned situation consideration would have to be given to the level of fees to be charged as there would be strong competition for the work from the private sector. Views were being sought on the form future audits would take and final proposals would be embodied in a Public Audit Bill which would come forward in 2012/2013. Mr Harris undertook to keep the Council informed in relation to the options available to the Council for the making of external audit arrangements.

The Committee was pleased to see another positive report from the Audit Commission stating that the Council had good arrangements for preparing its accounts and for achieving value for money.

(Councillor Mrs Levack arrived at the meeting during the discussion of this item)

46. Anti-Money Laundering Policy, Revised National Fraud Initiative Strategy and Third Quarter Internal Audit Progress Report

The Committee considered Report B439 (previously circulated) which sought:-

- (i) adoption of the Anti-Money Laundering Policy which was attached as Appendix A to the Report; and
- (ii) endorsement of a Revised National Fraud Initiative (NFI) Strategy 2010/2011 which was attached as Appendix B.

The Committee was asked to note the Third Quarter Internal Audit Progress Report 2010/2011 which was attached as Appendix C.

Officers reported in relation to the Anti-Money Laundering Policy being advocated by the Chartered Institute of Public Finance and Accountancy (CIPFA) that the Council would be at a substantial reputational risk by not having this policy in place. The draft policy was based on a CIPFA model and it would ensure that there was compliance with the UK's anti-terrorist financing and anti-money laundering requirements. Whilst the risk of exposure to money laundering was considered to be low it was considered to be a prudent and responsible practice for the Council to have appropriate safeguards and reporting arrangements and this would be established by adopting and publicising the draft Policy. In response to a question officers advised that the Council handled relatively small amounts of cash.

The National Fraud Initiative Strategy had been revised in the light of guidance from the Audit Commission. Following the abolition of the Audit Commission the Council was still statutorily obliged to provide data in connection with NFI but there was currently discussion nationally regarding the transfer of NFI activity to another organisation. The Strategy ensured that the Council had the correct procedures in place to meet changes in legislation in relation to data matching and the prevention of fraud. The Code of Data Matching 2008 had been laid before Parliament and the Strategy set out the key activities and responsibilities of officers in relation to this Code.

The Third Quarter Internal Audit Progress Report referred to the situation that 19 final reports had been issued during 2010/2011 by Internal Audit and updated Members on progress being made in achieving the Audit Plan. This was noted along with a summary of Internal Reports issued which was included in Appendix C.



RECOMMENDED:- That,

- (1) subject to the approval of Cabinet, the Anti-Money Laundering Policy, as set out in Appendix A of Report B439, be adopted and communicated to all staff and Members; and***
- (2) the revised National Fraud Initiative Strategy 2010/2011, as set out in Annex B of Report 439, be endorsed.***

47. Budget Monitoring Report: 1 April to 31 December 2010

The Committee received and noted Report B440 (previously circulated) which was the Budget Monitoring Report for the period 1 April to 31 December 2010.

Attached to the report was the Revenue Budget Monitoring Report which indicated an overall underspend for the period of £391,000 as at 31 December 2010. A full analysis of budget variances over £10,000 was attached as Appendix A. An explanation of variances over £10,000 was attached as Appendix B. Favourable variances included underspends on the budget including salaries increase of 1% included in the estimates but not required (£118,000), and refuse and cleansing operational costs underspend (£138,000). There had also been income above budget realised in areas including industrial, commercial and shops rental income (£163,000), and car parking income (£127,000).

Adverse variances included budget overspends of £286,000, including £90,000 relating to costs remaining after responsibility for Highways reverted back to Suffolk County Council, and income below budget of £86,000, including £39,000 on underachieved investment income.

The Capital Budget Monitoring Report showed net expenditure of £3,554,000 for the period 1 April to 31 December 2010 compared to a full year revised capital budget of £8,594,000. The underspend was partly due to the fact that many of the budgets were not profiled, and a number of the projects were due to commence later in the financial year. The Capital Disposals Programme showed capital receipts for the period of £160,000 against a full year disposals estimate of £1,126,000. Details of disposals were shown at Appendix D.

The Committee asked that from the next financial year the costs of The Apex and Athenaeum be set out separately in the Theatre and Public Entertainment Section of the Revenue Budget Monitoring Report.

40. Corporate Risk Register: Quarterly Monitoring Report

The Committee received and noted Report B441 (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. One new risk had been added, Risk 52: Suffolk County Council's New Strategic Direction, to take into account of potential for unexpected changes in the delivery of services by Suffolk County Council. One risk had been deleted Risk 29: Project Management, as this was now considered to be embedded within Council procedures. Six residual risk colours had changed:-

- Risk 2: Service Delivery Method had increased from amber to red which reflected the intensity of progress with Phase 1 of Shared Services;
- Risk 7: Community Priorities had increased from green to amber to reflect changes resulting from the Government's Big Society agenda;
- Risk 15: Revenue Budget Management had increased from green to amber following the recent announcement of Local Government Finance Settlement for 2011/2012 and 2012/2013;
- Risk 16: Economic Downturn had decreased from red to amber since the probability of a continued recession had reduced;
- Risk 24: Community Safety had decreased from amber to green reflecting that St Edmundsbury was a safe place to live and the work being done to ensure this situation did not change; and
- Risk 44: Supply Chain Risk had decreased from amber to green reflecting the improved economic environment.

During this discussion the Committee was informed that:-

- (i) refurbishment work at Bury St Edmunds Leisure Centre was now in progress and the costs involved were the subject of arbitration; and
- (ii) in relation to Risk 33, Unsustainable Workload, this situation was being monitored because of the large number of projects being undertaken, a reduction in the number of staff and additional work being carried out on Shared Services.

49. Times of Future Meetings

The later commencement time of 4.30 pm was agreed for future meetings.

The meeting concluded at 5.58 pm.

**J R HALE
CHAIRMAN**