

ST EDMUNDSBURY BOROUGH COUNCIL

PERFORMANCE AND AUDIT SCRUTINY COMMITTEE

**Minutes of a meeting held on Tuesday 26 April 2011 at 4.30 pm
in the Ground Floor Meeting Room (GFR14), West Suffolk House,
Western Way, Bury St Edmunds**

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

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

50. Apologies for Absence

Apologies for absence were received from Councillors Mrs Broughton and Mrs Levack.

51. Substitutions

The following substitutions were declared:-

Councillor Mrs Bone for Councillor Mrs Levack.

52. Minutes

The minutes of the meeting held on 24 January 2011 were confirmed as a correct record and signed by the Chairman.

53. Declarations of Interest

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

54. Key Performance Indicators – Fourth Quarter 2010/2011

The Committee received and noted Report B566 (previously circulated) which was the fourth quarterly Performance and Monitoring Report for 2010/2011 for Key Performance Indicators.

Attached as Appendix A was the fourth quarterly report of Key Performance Indicators. The columns included in the table, and a description of the data they contained, were as follows:-

- (1) the performance indicator giving details of what was being reported, including indicator code and short description;
- (2) column showing the annual target;
- (3) columns showing the performance (value) and target for each quarter;
- (4) the quarterly traffic light icon which reflected the status of the indicator:-
 - (a) red was below target;
 - (b) amber was below target but within an agreed tolerance;

- (c) green was on or exceeding the target; and
 - (d) showed a contextual indicator;
- (5) column showed the year end performance, status and long term trend arrows which compared the current year with the previous year. A downward arrow indicated a negative trend regardless of calculation method of indicator;
- (6) the comparison column showed the 2010/2011 performance against 2009/2010; and
- (7) the notes column provided an opportunity to explain performance and identify any actions to improve performance.

The report provided the KPIs in respect of 36 items, of which 16 had green indicators, 6 amber, 6 red and 8 were contextual indicators.

Members discussed a number of the indicators, including the number of visitors to heritage sites and the number of minor planning applications determined within eight weeks. Members also suggested that some of the quarterly targets should be profiled to reflect their seasonality, such as the number of Shopmobility users and levels of detritus.

55. Council Improvement Plan

The Committee received and noted Report B567 (previously circulated) which gave information on progress made against the key actions in the Council's Improvement Plan 2010/2011.

In April 2010 Cabinet approved the Council's Improvement Plan for 2010/2011. The Plan brought together a range of actions to help the Council to achieve further improvements in its performance. An end of year progress report on the implementation of the Council's Improvement Plan 2010/2011 was attached as Appendix A to the report.

The Committee was advised that an Improvement Plan for 2011/2012 may be developed by the new administration following the elections in May 2011, if this was considered appropriate.

Members discussed some of the actions in the Plan and noted that several were now no longer relevant due to changes in national policy. The Committee accepted that it was logical for the new administration following the Borough Council elections to take responsibility for developing an Improvement Plan for 2011/2012. The Committee also observed that the document may be more relevant for review by the Overview and Scrutiny Committee, and this would be discussed at the next briefing between the Leadership and Scrutiny Chairs.

56. Bi-Annual Corporate Complaints and Compliments Digest

The Committee received and noted Report B568 (previously circulated) which was the bi-annual Corporate Complaints and Compliments Digest covering the period from 1 October 2010 to 31 March 2011.

The aim of the digest was to provide an overview of the quantity and range of corporate complaints monitored by the Chief Executive's Office, as well as monitoring effectiveness at responding to and learning from any mistakes that had been made. 19 corporate complaints had been received during this half of the financial year. In total, 49 had been received during 2011/2012 compared to 30 during 2009/2010 and 42 in 2008/2009.

The report set out the number of corporate complaints received, details of response times to those complaints, a breakdown of the complaints by Directorate and also details of the complaints received. In addition, the report highlighted 42 compliments which had been received across the authority during the reporting period and outlined the teams and services who had received them. In total, 72 compliments were received during 2010/2011.

Members considered the digest and discussed some complaints in more detail, and asked for clarification on when a service suggestion became a complaint. A discussion on the cyclical maintenance cycle in the Council's Tree Strategy led to a request for a briefing note on how to deal with common queries to be included in a future Members' Bulletin. The Committee also noted that the quantity of compliments received remained high.

57. Audit Commission – Presentation of Audit Plan – Audit 2010/2011

The Committee received and noted Report B569 (previously circulated) which set out the 2010/2011 audit work which the Commission proposed to undertake for the audit of financial statements and the value of money conclusion. A proposed timetable for the audit was noted by Members, as well as details of fees to be charged, and reports to be received by the Committee across the year.

58. Internal Audit Annual Report 2010/2011 and Outline Audit Plan 2011/2012

The Committee received and noted Report B570 (previously circulated) which provided an overview of the work of the Internal Audit Section during 2010/2011 and sought approval of an outline Internal Audit Plan for 2011/2012.

The report contained background information on the role of internal audit including the statutory and regulatory requirements for the maintenance of an effective internal audit function. An overview of the work of the Internal Audit Section during 2010/2011 was set out in Appendix A to the report. Details on the progress during 2010/2011 in developing anti-fraud arrangements and actions taken in respect of identified fraud or misconduct were attached as Appendix B. The draft outline Internal Audit Plan for 2011/2012 was attached as Appendix C. A list of auditable areas which were not core financial systems or fundamental reviews but which had been included in the outline Audit Plan 2011/2012 was attached as Appendix D.

The Audit Manager provided information to Members on the role of, and requirement for internal audit, and resources available to the team. Work covered during 2010/2011 included areas of corporate work, as well as financial and information systems audits involving audit reviews of 31 areas of the Council's work. The Committee discussed the main findings of the audits undertaken.

Additionally, the Audit Manager gave his audit opinion to the Committee, and based on the work undertaken during the year, internal audit could provide reasonable assurance that the systems of internal control and risk management systems were operating adequately and effectively.

The outline Internal Audit Plan for 2011/2012 provided for the annual review of all the main financial systems, together with Corporate Governance Review and support, and the audit of a number of operational areas chosen using a risk based methodology.

RESOLVED:- That

The Outline Audit Plan for 2011/2012, as detailed in Appendix C to Report B570, be approved.

59. Budget Monitoring Report – 1 April 2010 to 28 February 2011

The Committee received and noted Report B571 (previously circulated) which was the Budget Monitoring Report for the period from 1 April 2010 to 28 February 2011.

Attached to the report was the general Budget Monitoring Report which showed an underspend of £603,000 at as 28 February 2011. Also attached was the Capital Budget Monitoring Report which showed net expenditure of £3,815,000 for the period against a four year revised capital budget of £8,534,000. The Capital Disposals Programme showed capital receipts for the period of £164,000 against a full year disposal estimate of £1,126,000.

Attached as Appendix A to the report were the detailed budget variances, which also included details of commitments. Commitments were where orders had been placed for goods or services but either the goods or services had not been received or paid for. The inclusion of commitments in the Budget Monitoring Report assisted managers to understand and monitor the level of their remaining and uncommitted budget and help minimise the risk of overspending.

Appendix B provided the major variances over £10,000 between budget and actual income and expenditure. Section 2.1 of Report B571 outlined the key areas that had contributed to favourable and adverse variances.

Appendix C provided details on the Capital Programme.

Appendix D listed details of capital receipts.

The Committee discussed a number of issues, including the over and underspends relating to The Apex which balanced out to a £17,000 overspend, and underspends in Environmental Health and Community Development.

60. International Financial Reporting Standards (IFRS) Preparations

The Committee received and noted Report B572 (previously circulated) which updated Members on the Audit Commission's latest national survey and the Council's progress on the implementation of International Financial Reporting Standards (IFRS).

The 2007 HM Treasury Budget report announced that UK public sector organisations would in future be required to adopt IFRS standards in the presentation of their annual accounts. For Local Authorities, the first IFRS based financial statements were required to be produced for the 2010/2011 financial year. The production of IFRS compliant accounts represented a significant amount of additional work, and preparatory work for the implementation of IFRS, including the implementation of specialist capital accounting software, was progressing well.

The Committee considered an overview of the main findings of the Audit Commission's latest national survey on Local Authorities' IFRS preparations, an update on the Council's preparations for the implementation, and information on the changes in arrangements for the reporting of financial statements to Members.

The Committee was pleased to note that the Audit Commission had indicated that the Council's IFRS preparations were assessed as 'on track'. However, in common with most other councils surveyed by the Audit Commission, the Council's original IFRS programme had suffered delays due to factors including a delay in the publication of guidance and the implementation of specialist software. It was therefore imperative that the Finance Team prioritise the IFRS accounts closure work. The Accounts and Audit Regulations 2011 had made changes to the accounts approval process, which, as far as the Committee was concerned, meant there was no longer a requirement for Members to scrutinise the draft financial statements in June each year. The Committee was still

required to receive and scrutinise the audited statement of accounts prior to submission to full Council and publication. The Committee approved the future arrangements for the scrutiny and approval of the Council's financial statements, which would mean the Committee no longer reviewing draft statements prior to their submission to external audit for review. The audited Statement of Accounts would be submitted for Committee scrutiny at a special meeting in September each year prior to full Council approval and publication, normally by 30 September each year.

RESOLVED:- That

The proposals set out in paragraph 4.3 of Report B572, regarding future arrangements for the scrutiny and approval of the Council's financial statements be approved.

61. Corporate Risk Register – Quarterly Monitoring Report

The Committee received and noted Report B573 (previously circulated) which was the Quarterly Monitoring Report in respect of the Corporate Risk Register.

This 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 risks 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;
- (3) red indicated a high risk.

The latest copy of the revised Risk Register prepared by the Corporate Risk Management Group was attached as an Appendix to the report. A new risk had been added regarding the Localism Bill and Public Sector Reform Bill (Risk 53).

One risk had been closed regarding Concessionary Fares (Risk 43). This risk had been closed because the responsibility for concessionary fares had passed to Suffolk County Council as of 1 April 2011, and at the same time, the Council had been informed that there was no longer any risk of further legal action by bus companies in respect of previous payments.

Two risks had moved from amber to red:-

- (1) local authority leadership role (Risk 14); and
- (2) public sector spending cuts (Risk 49).

The Committee discussed a number of the risks in the report, including the move towards shared services, refurbishment of Bury St Edmunds Leisure Centre, commitment to Haverhill, unsustainable workload and provision of sites for Gypsy and Traveller communities. Councillor Cox raised a concern regarding parking and pedestrian conflict in the Queen Street area of Haverhill. The Chairman suggested that he raise his concerns with the Cabinet.

62. Annual Procurement Report 2010/2011

The Committee received and noted Report B574 (previously circulated) which provided an annual update on progress with the Council's procurement during 2010/2011 and the procurement savings record for the period 2010/2011.

Highlights of the progress made on the Council's procurement activities during 2010/2011 were detailed in Section 4 of the report. Procurement savings of £433,071 had been delivered through the year. The procurement savings record for 2010/2011 was attached as Appendix A to the report. The Procurement Strategy was also attached for reference.

Progress achieved during 2010-2011 included an annual spend analysis and spend review meetings with relevant departments to set procurement priorities and saving plans; production of a procurement newsletter; and procurement of an electronic tendering and contract management system which would be rolled out in May/June 2011. There had also been a number of collaborative procurement initiatives which were set out in the report.

Members discussed the savings made through the Facilities Management Services Contract and the Operational Buildings Cleaning Services Contract and a more detailed breakdown of where the savings were made was requested.

The meeting concluded at 6.18 pm.

CHAIRMAN