

**ST EDMUNDSBURY BOROUGH COUNCIL**

**PERFORMANCE AND AUDIT SCRUTINY COMMITTEE**

**Minutes of a meeting held on Monday 30 July 2012 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, Farmer, Mrs Hind, Redhead, Mrs  
Richardson, Simner and Spicer

BY INVITATION: Councillor Ray, Portfolio Holder for Performance and Resources,  
and Councillors Cox and Pugh.

**70. Apologies for Absence**

Apologies for absence were received from Councillor Mrs R V Hopfensperger.

**71. Substitutions**

No substitutions were declared.

**72. Minutes**

The minutes of the meeting held on 30 April 2012 were confirmed as a correct record and signed by the Chairman.

**73. Declarations of Interest**

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

**74. Annual Governance Statement 2011/12**

The Committee considered Report D89 (previously circulated) which asked Members to review the draft Annual Governance Statement (AGS) for 2011/12 prior to it accompanying the Council's 2011/12 Statement of Accounts.

The report advised that the Council was required to produce and publish an Annual Governance Statement, which covered six laid down core governance principles, and was to be approved by full Council, and signed by the Leader of the Council and the Chief Executive Officer. The AGS for 2011/12 accompanied the Statement of Accounts, and covered the Council's responsibilities in terms of the governance framework, St Edmundsbury's governance environment relating to the six laid down corporate governance principles, and the effectiveness of St Edmundsbury's arrangements and any significant areas of weakness identified, with proposed actions to address these.

The governance framework was designed to facilitate the achievement of the Council's policies, aims, and objectives, and to identify and manage risk to a reasonable level. The governance framework was embedded within the Constitution and the systems, policies, procedures and operations in place throughout the Council.

The Committee scrutinised the report, and suggested some minor textual amendments to the evidence to support the key principles at Annex A to the report. Members also asked officers to check that the Memorandum of Understanding referred to in Section 2 of Annex A had not lapsed.



**RECOMMENDED:-**

- (1) *that the draft Annual Governance Statement (AGS) for 2011/12, as set out in Report D89, be recommended for approval by full Council prior to accompanying the Council's 2011/12 Statement of Accounts; and***
- (2) *that the process used to compile the Annual Governance Statement be endorsed.***

**75. Budget Outturn and Financial Highlights Report: 2011/12**

The Committee considered Report D90 (previously circulated), which provided Members with an overview of the Council's budget outturn and financial highlights for the 2011/12 financial year.

The Accounts and Audit Regulations 2011 required the Council to submit draft accounts to its external auditors by 30 June each year, with Member scrutiny and approval of the accounts required once the audit had been concluded (normally by 30 September each year). The draft accounts had been prepared, and the Committee considered a report providing Members with an overview of the Council's budget outturn and financial highlights for the 2011/12 financial year. The audited financial statements would be presented to the Committee at its meeting on 25 September 2012, for scrutiny prior to approval by full Council on 27 September 2012.

The report included a financial commentary on the year, details of revenue and expenditure including budgeted and actual expenditure and an explanation of the main variances, and details of how services were paid for. Capital income and expenditure was also discussed, as well as reserves and treasury management.

A number of areas of the report were discussed, and in response to questions Members were advised that:

- (1) the three indented items showing under Neighbourhood Management and Development on Page 1 of Appendix A should actually be under Leisure Services; and**
- (2) under Table 4, Capital Expenditure, only 50% purchase of Haverhill Offices was shown because Suffolk County Council owned the other 50% of the offices.**

**76. Budget Monitoring Report – 1 April 2012 to 30 June 2012**

The Committee considered Report D91 (previously circulated) which was the budget monitoring report for the period ended 30 June 2012.

The Committee received the quarterly budget monitoring report which informed Members of the Council's financial position for the first quarter of 2012, and highlighted significant variances. The latest overall position on the General Fund showed an underspend of £251,000. A full analysis of budget variances was provided in the report, together with a summary of the major variances. The report did not include a forecast outturn, as it was a little early in the year for this, however the forecast outturn would be reported to the next meeting of the Committee.

Significant variances included overspend on the Bury St Edmunds Festival of £42,000, which was a timing issue and an estimated year end position was forecast to be £10,000 overspend; and corporate property overspend of £33,000. In terms of capital spending, £86,000 had been spent up to the end of June 2012. It was projected

that the total capital expenditure in 2012/13 would be £4.9 million. The capital disposals programme showed nil actual value of disposals to 30 June 2012, against a full year disposals estimate of £3,810,000, however, officers were confident that the target disposal would be achieved during the year.

Members discussed a number of areas of the report, and requested that for future reports, more detailed information be provided on the areas included under Heritage Services and Other Theatre & Public Entertainment in Appendix A.

## **77. Key Performance Indicators: First Quarter 2012/2013**

The Committee considered Report D92 (previously circulated) which was the first quarterly performance monitoring report for 2012/2013 for the Key Performance Indicators (KPIs).

Attached as Appendix A to Report D92 was the quarterly report of Key Performance Indicators data covering the period to 30 June 2012.

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 a short description;
- (2) 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 KPI, quarterly performance against target;
- (5) the short term trend arrows, which compared the current quarter with the previous quarter. A downward arrow indicated a negative trend regardless of calculation method of indicator;
- (6) performance year to date;
- (7) the comparison column showed the previous year's performance as a comparison; and
- (8) the notes column provided an opportunity to explain performance and identify any actions to improve performance.

The report provided KPIs in respect of 45 items, of which 3 had red indicators, 6 amber, 18 green, and 18 contextual indicators.

The Committee discussed the number of indicators, and in response to questions was informed that:-

- (1) with regard to the visitor numbers to parks and museums shown at Appendix A, comparison figures for previous and equivalent quarters would be provided in future reports, together with a trend arrow, and clarification of the figure for visitors to West Stow Country Park;
- (2) the drop in performance with regard to percentage of planning applications determined within 8 weeks had been due to a number of factors, including the implementation of a new planning system which had resulted in processing delays, and a high turnover of staff pending moving to a single shared planning service, during which time vacancies had been held. The next three months

should see a move towards the new shared service, which would bring stability back into the service;

- (3) with regard to improved street and environmental cleanliness, on-street parking had a significant effect on the ability to clean to the edge of the road and to deal with kerbside weeds, and this had an impact on that indicator, as did the recent prolonged inclement weather;
- (4) there were 45 indicators in the report, as these were the indicators agreed for measurement with Heads of Service and Portfolio Holders, and were also shown in the Corporate Plan, however the number could be increased or reduced in the future should monitoring requirements change;
- (5) information on fly tipping enforcement and effectiveness was based on a national data gathering system, and the data showed that the number of incidents had reduced considerably over the past 5 years, perhaps due in part to a number of high profile prosecutions. Additionally, incidents of fly tipping were carefully examined in order to find evidence of who may have tipped the rubbish. Sanctions were generally fines, however, Central Government was consulting on increasing the levels of fines for these and other environmental crimes; and
- (6) a pragmatic approach was taken with regard to fly tipping on private land, with the Council assisting, where possible, with removal of rubbish if this did not have an impact on operational services and budgets, for example if the rubbish was near a highway or on a usual route. Additionally, across the County officers were looking at a system whereby private land owners would be able to take tipped rubbish to Household Waste Recycling Centres at minimal cost.

*(With the agreement of the Chairman, the following items were considered in a different order to that published in the agenda.)*

#### **78. Annual Treasury Management Report 2011/12 and Investment Activity 1 April to 30 June 2012**

The Committee received and noted Report D67 (previously circulated) which had been considered by the Treasury Management Sub-Committee on 23 July 2012.

The Vice Chairman of the Committee, who had chaired the meeting of the Treasury Management Sub-Committee, reported on the Sub-Committee's consideration of the report, which summarised the investment activities for the year 2011/12, and also provided a summary of investment activity for the first three months of the 2012/13 financial year.

The Treasury Management Report showed the total amount invested at 1 April 2011 as £32.4 million, and at 31 March 2012 £32.0 million, due primarily to the net effect of the Council's capital expenditure and asset disposals programmes. Budgeted income from investments in 2011/2012 was £457,000, and as at 31 March 2012 interest earned amounted to £582,000, an over achievement of £125,000 against the budget. The average rate of interest achieved for the year was 1.48% against the target rate of 1.50%.

The 2012/2013 Annual Treasury Management and Investment Strategy showed the budget for investment income in 2012/2013 as £569,000, based on a continuation of the previous year's 1.5% target rate of return on investments. The Sub-Committee had scrutinised the content of the report, asking questions of officers as necessary. No issues or recommendations needed to be brought to the attention of the Performance and Audit Scrutiny Committee on this occasion.



**RECOMMENDED:-**

***that the Annual Treasury Management Report 2011/2012, attached as Appendix A to Report D67, be approved through Cabinet and full Council.***

**79. Corporate Risk Register: Quarterly Monitoring Report**

The Committee received and noted Report D94 (previously circulated), which was the 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) whether 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. No new risks had been added this quarter, and no risks had been closed, however, three residual risk colours had changed and these were set out in the report.

In response to questions, Members were advised that:

- (1) with regard to Risk 33, "unsustainable workload", this was constantly monitored and mitigating actions put in place, and the planned major restructure was intended to create capacity over the two authorities. Additionally a staff survey was currently underway asking staff for their perception of the impact of shared services and issues around stress, and the results of the survey would show up any pressure points, which would then be dealt with;
- (2) several risks remained red on residual risk, and these tended to be risks with external influences which were not completely within the Council's control; and
- (3) regarding Risk 45, "provision of sites for gypsy and traveller communities", although work was due to commence on the site at Depden, this risk remained red as it covered general provision for gypsies and travellers.

**80. Whistleblowing Policy**

The Committee received and noted Report D96 (previously circulated) which presented a revised joint Whistleblowing Policy between Forest Heath District Council and St Edmundsbury Borough Council.

Good governance required organisations to take malpractice seriously and to ensure that employees and others had adequate means to raise concerns about such malpractice. St Edmundsbury Borough Council had in place a Whistleblowing Policy which set out its commitment and described the protection available to those who raised matters of concern. The Council's current Whistleblowing Policy was last revised in February 2006, and it was good practice to review arrangements from time to time,

and as such a review of the Policy had been undertaken to ensure it continued to reflect best practice, legislation and shared services arrangements.

The revised joint Policy aimed to reassure employees and others that if they were faced with serious concerns regarding either Council, they could feel confident that their allegation would be treated in a correct and proper manner without fear of repercussions. Members were advised that the joint Policy had been recommended for approval by Forest Heath District Council's Performance and Audit Committee on 19 July 2012.



**RECOMMENDED:-**

- (1) that the revised joint Whistleblowing Policy between Forest Heath District Council and St Edmundsbury Borough Council, as set out in Appendix A to report D96, be adopted through Cabinet and full Council; and***
- (2) that the Portfolio Holder for Performance and Resources be given delegated authority to amend the officer post titles where necessary regarding the reporting of whistleblowing concerns referred to within the Policy, following the upcoming senior management restructure.***

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**EXEMPT INFORMATION – EXCLUSION OF PUBLIC**

**RESOLVED:-** That under Section 100(A)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 1, 2 and 3 of Part 1 of Schedule 12(A) of the Act.

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**81. The Apex – Report of the Venues Director**

The Committee received and noted Report D90 (previously circulated) which identified the current performance of the Apex after a year and a half's operation. The majority of this report was considered in public session, however Members resolved to go into private session at the point where they wished to discuss the exempt appendices to the report.

This performance report, which had been requested by the Committee, was presented at a time when the outcomes from a two year management review were being considered. The full report to the 25 July 2012 meeting of Cabinet was therefore attached to the report, in order to ensure Members had all background information. Members were also advised that a Member briefing was to be provided on 13 August 2012 by the consultant working on the wider review of the arts in Bury St Edmunds.

The Venues Director had worked closely with the consultants carrying out the review on behalf of the Borough Council, Theatre Royal, Arts Council and Suffolk County Council, and it had been concluded that the Apex had made a positive impact on the cultural offer of West Suffolk, with an estimated value to the local economy of approximately £5 million a year, in addition to the community benefits.

The initial findings of the review suggested that the management option which would offer the greatest strategic benefits and efficiency savings was likely to be the transfer of the management of the Apex to a wider arts trust which would also manage the Theatre Royal, and the Committee was advised that Cabinet had endorsed these findings in principle, and a detailed business plan would be put together for the consideration of full Council and other partners in the autumn.

The budget outturn for 2011/12 for the Apex was considered, which showed net expenditure of £736,457 for the year, and the overall overspend of £153,307 was considered in detail in the report. For the current financial year, budget monitoring figures up to June 2012 indicated that the Apex was currently attaining its overall budget target.

The Committee endorsed the conclusion of the performance report that the staff at the Apex had done a good job in establishing its reputation and role in the region, and a strong foundation from which the business could develop.

In response to questions, Members were advised that:

- (1) the summary budget information provided in the tables of Report D93 could be further broken down from the standard net figure into income and expenditure detail if required by Members. This information for 2011/12 and the first quarter of 2012/13 would be provided in writing to Members, and the format of any future committee reports would be reviewed;
- (2) the £153,307 total net overspend consisted mainly of: delayed start of the business plan to generate the targeted hired income, which was now on track; under-achievement on catering and bar income of £43,795 (partly linked to the under-achievement of hired income); and box office events expenditure, which should also reduce in future years as the programme was refined;
- (3) a 500-seat venue providing a professional programme of music would probably always need some form of public subsidy, however this needed to be balanced against the impact such a venue had on the local economy, estimated to be £5 million a year and the community benefits;
- (4) the £5 million impact on the local economy was calculated as a conservative estimate, taking into account the knock-on benefits of such a venue, such as the spend of the average Apex visitor in the local economy, goods and services purchased by the Apex from local suppliers etc, and was a nationally recognised assessment tool developed by academics for the Arts Council; for example on evenings where the Apex was open, it was clear that some restaurants in the town were busier than on other evenings;
- (5) a written response would be provided with regard to reasons for the £35,000 increase in service charges from the arc's owners, including steps taken by the Council to mitigate this increase;
- (6) discussions would be held with Forest Heath District Council regarding the potential for them to engage with the proposed arts trust in respect of an outreach arts development programme;
- (7) as part of due diligence, all parties to the business case would need to have access to each others' accounts;
- (8) the building was performing better than expected with regard to energy consumption; solar energy was being considered but would require consultation with the arc owners; and

- (9) progress was being made with regard to improvements in signage (including plans for a backlit door sign and display screens to replace the current posters) and use of the space outside the Apex (with plans for seating and planting under discussion with the arc owners).

RESOLVED:-

That a written response be provided in connection with issues (1) and (5) above, ie a further breakdown of the summary budget information, and reasons for the £35,000 increase in service charges from the arc's owners.

The meeting concluded at 6.45 pm.

**J R HALE  
CHAIRMAN**