

**ST EDMUNDSBURY BOROUGH COUNCIL**

**PERFORMANCE AND AUDIT SCRUTINY COMMITTEE**

**Minutes of a meeting held on Tuesday 25 September 2012 at 4.30 pm  
in the Conference Chamber West (F1R09), West Suffolk House,  
Western Way, Bury St Edmunds**

PRESENT: Councillor C J Spicer (Vice-Chairman in the Chair)  
Councillors Farmer, Mrs Hind, Pugh (substituting for  
Mrs Broughton), Redhead and Simner

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

**82. Apologies for Absence**

Apologies for absence were received from Councillors Mrs Broughton,  
Hale and Mrs Richardson.

**83. Substitution**

The following substitution was declared: -

Councillor Pugh substituting for Councillor Mrs Broughton.

**84. Minutes**

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

**85. Declarations of Interest**

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

**86. Audit Commission Interim Annual Governance Report**

The Committee considered Report D139 (previously circulated) which  
presented the results of the Audit Commission's work to date. A copy of the  
Interim Annual Governance Report 2011/2012 was appended to Report D139  
and was presented to the Committee by Neil Harris of the Commission. His  
report set out the key messages arising from the audit of the Council's  
financial statements, and included an assessment of the Council's  
arrangements for securing value for money in its use of resources. It was  
agreed that typographical errors in the report should be corrected prior to it  
being submitted to full Council.

Mr Harris reported that the 2011/2012 audit was still in progress, but  
to date there were no errors of significance that might impact on the  
Council's financial position or level of reserves. In addition, work on the audit  
of the Council's value for money arrangements had been completed and he  
was expecting to issue an unqualified conclusion stating that the Council had  
proper arrangements to secure economy, efficiency and effectiveness in its  
use of resources. However, he advised that, at the time of the meeting, there  
was one significant piece of work, regarding the Council's Collection Fund  
Statement, which was still incomplete, full details of which were set out in his

report. There was therefore a risk that he might not be in a position to issue his audit opinion by 28 September 2012. For this reason, the Annual Governance Report was only an interim report. As the final signing of the Annual Governance Report could not be completed at this meeting it was: -



**RECOMMENDED:-**

***That the sign-off of the final Audit Commission 2011/2012 ISA 260 Annual Governance Report to those charged with governance (including approval of the Council's letter of representation) be delegated to the Chairman or the Vice-Chairman of the Performance and Audit Scrutiny Committee.***

**87. Statement of Accounts: 2011/2012**

The Committee considered Report D140 (previously circulated), which sought recommendations that full Council approve the Statement of Accounts for 2011/2012, transfer a budget underspend for 2011/2012 to the General Fund and grant delegated authority for any presentational and non-material changes to the Statement of Accounts to be made up to the date of publication. A detailed list of the Council's assets was attached as Appendix 1 to the report. A schedule of payments to Councillors was attached as Appendix 2. The draft Statement of Accounts 2011/2012, the Annual Governance Statement 2011/2012 and the Council's Environmental Statement were also attached to the report.

The Performance and Audit Scrutiny Committee had responsibility for receiving and scrutinising the Statement of Accounts, prior to its approval by full Council, and to raise any concerns arising from the scrutiny of the Financial Statements with the Council. The Committee noted that full Council would consider the Statement of Accounts on 27 September 2012.

Report D140, in addition to providing supporting information regarding the preparation and presentation of the 2011/2012 Accounts, also provided a summary of financial highlights for the 2011/2012 financial year.

A significant change introduced by the 2011/2012 CIPFA Code of Practice was the requirement, for the first time, for the Council to include information within the Statement of Accounts on the nature and value of its heritage assets. Heritage assets included the Council's historic buildings and monuments, museums collections, civic regalia and public sculptures. In applying the new accounting policy, the Council had identified heritage assets to the value of £5.954 million that were previously not recognised in the Balance Sheet.

In October 2011 the Council approved the creation and implementation of a shared management team and officer structure between Forest Heath District Council and St Edmundsbury Borough Council for the purpose of delivering services across both councils' areas. In February 2012 a new joint Chief Executive was appointed and work had commenced on the establishment of a new joint management structure. At the date of authorisation for issue of the financial statements the process for the recruitment of candidates to the new leadership structure was still in progress. The proposals would achieve significant savings, the level of which would be dependent on final salary levels and individual redundancy costs, which at the time of authorisation of the accounts could not be assessed.

On paragraph 4.31 of the report it was agreed that the word 'As' should be deleted from the beginning of the penultimate sentence.

The Committee scrutinised the draft accounts and raised questions to which responses were given as follows: -

- (i) whilst Hamlet Croft Playing Field, Haverhill was shown as an 'Asset for Sale' in the Statement of Accounts 2011/2012, the sale itself did not take place until the financial year 2012/2013, and therefore the capital receipt would be shown in the 2012/2013 Accounts;
- (ii) it was confirmed that whilst the area of land forming Haverhill Bus Station was in this Council's ownership, passenger shelters and furniture were the property of the County Council;
- (iii) it would be investigated why Oakes Road Playing Field and Ingham Road Playing Field were not shown in the list of assets. The location of Mill Road Car Park listed would also be clarified;
- (iv) in relation to Members' mileage claims, it had been possible during April to July 2011 to include distances which were not a full mile (in other words 'point something' of a mile). Subsequent to this only whole number mileages could be claimed and this explained why some payments listed were for amounts that were not multiples of the current scheme allowance of 45 pence per mile;
- (v) a request that information be provided about income from trading/selling on services would be dealt with by way of a written reply;
- (vi) whilst Members' allowances had been 'frozen', salary increases to some staff had been on the basis of performance related pay and not a cost of living increase;
- (vii) information about informal open spaces owned by the Council was not included in the list of assets. A list of such areas was, however, available separately.
- (viii) in future balance sheets payments for personal expenses specific to the offices of Mayor and Deputy Mayor would be separated out from the ordinary allowances payable to these office holders as Councillors. Currently both types of allowance were shown as a total.

The possibility of capping Members' travelling claims with weighting for those travelling long distances to meetings etc was discussed but not supported. Reference was also made to the list of heritage assets which the Council was now required to produce and the question raised as to whether any of these could be disposed of. It was acknowledged that in many cases these assets had been gifts historically to be held by the Council on the terms of trusts and therefore it would be difficult to transfer responsibility for them. There had been suggestions that some of these assets were 'hidden' and Members referred to efforts being made to make them more accessible to the public. Any policy decision to dispose of heritage assets it was felt would need to be considered in accordance with the Council's Acquisition and Disposal Policy.



**RECOMMENDED:- That**

- (1) the Statement of Accounts 2011/2012, as attached to Report D140, be approved, subject to any changes that may need to be made as a result of the audit being finalised;**
- (2) the transfer of £0.138m budget underspend for 2011/2012 to the General Fund be approved; and**
- (3) the Chief Finance Officer, in consultation with the Portfolio Holder for Performance and Resources, be given delegated authority to make any changes to the Statement of Accounts that may arise from the finalisation of the audit process.**

**88. Delivering a Sustainable Budget 2013/2014**

The Committee received and noted Report D141 (previously circulated) which set out the context relating to, and outlined progress made on, delivering a balanced budget for 2013/2014.

The Borough Council had delivered significant savings over the last 8 years, as set out in Table 1 of the report. However, there was no let up in the financial pressures the Council faced and it was therefore critical that it continued to deliver savings and create new income opportunities through an increasingly commercial approach.

The Comprehensive Spending Review, combined with income pressures, would continue to have a direct and significant effect on the budget. The budget gaps for the years 2013/2014 to 2015/2016 were projected in Table 2. The gap in each year was derived from the Medium Term Financial Strategy (MTFS) at reference numbers 15-17. There were a number of uncertainties in the projections, and a range of assumptions incorporated which increased the sensitivities in terms of projecting forward. The main areas of uncertainty were set out in more detail in the report. The latest copy of the MTFS was attached at Appendix A of the report. The current list of budget assumptions was attached as Appendix B.

Members discussed aspects of the report and responses were given to questions as follows:-

- (i) Employer's pension contributions percentage increases. It was acknowledged that there were uncertainties surrounding these figures because of the implementation of shared services which would result in a reduction of posts. The percentage increases projected were, however, based on information provided by the Actuary appointed to oversee the Suffolk Pension Fund. In respect of the calculations upon which contributions to the Fund were based these were within the remit of the Suffolk Pensions Fund Committee. The next triennial review of the Fund was due to take place in 2013 when the future contributions of member councils would be set. Councillor John Hale was a member of this Committee as a co-optee nominated by the Suffolk Local Government Association.
- (ii) Projected income from interest from investments. Councillor Nettleton expressed a doubt about whether the figures were realistic. Officers responded by advising that the percentage rates of return had been

based on advice from Sector Treasury Services Ltd, the Council's external financial advisor.

Officers advised that a report would be submitted to the meeting on 12 November 2012 on proposals for closing the budget gap for 2013/2014.

The Chairman, on behalf of the Committee, congratulated Liz Watts, Chief Finance Officer, on her appointment as a Corporate Director under the joint management arrangements with Forest Heath District Council and thanked her for all her work with and advice to this Committee.

The meeting concluded at 6.13 pm.

**CHAIRMAN**