

ST EDMUNDSBURY BOROUGH COUNCIL

PERFORMANCE AND AUDIT SCRUTINY COMMITTEE

**Minutes of a meeting held on Monday 28 January 2013 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, Farmer, Mrs Hind,
Redhead, Mrs Richardson, Simner and Spicer

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

101. Apologies for Absence

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

102. Substitution

No substitutions were declared.

103. Minutes

The minutes of the meeting held on 12 November 2012 were confirmed as a correct record and signed by the Chairman.

104. Declarations of Interest

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

105. Third Quarter 2012/13 Internal Audit Progress Report

The Committee received and noted Report D259 (previously circulated) which updated on the work undertaken by Internal Audit within the first nine months of 2012/2013, and sought to provide an understanding of the variety of projects and corporate activities which were supported through the work of the team. An overview of Internal Audit work during the period was attached as Appendix A of the report.

Under 'Core Financial Systems', eight audit reviews had been completed and issued as final reports, and a number of other reviews were still in progress. Regarding 'Departmental Systems Reviews', seven internal audit reports had been issued and a further two were in progress or nearing completion.

A summary of the audit reviews which had been completed to final report stage during the third quarter of the financial year were included in Annex A to the Appendix. This provided indications of the issues arising from the reviews, as well as action taken in response to previous audit reports.

The Committee scrutinised the report and questions were raised on use of the Council's Whistleblowing Policy, valuation of heritage assets and the audit of "Cash Handling – Bury Festival", which were answered by officers.

No issues were required to be brought to the attention of Cabinet, but Members requested that a list of heritage assets be provided to Members of the Committee.

106. Key Performance Indicators: Third Quarter 2012/2013

The Committee received and noted Report D260 (previously circulated) which was the third quarterly Performance Monitoring Report for 2012/2013.

Attached as an Appendix A to the report was the quarterly report of Key Performance Indicator data covering the period 1 April to 31 December 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, i.e. 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) the comparison column showed the 2012/2013 performance to date against the 2011/2012 performance; and
- (7) the notes column provided an opportunity to explain performance and identify any actions to improve performance.

The report provided KPIs in respect of 42 items, of which 9 had red indicators, 2 amber, 17 green and 14 which were contextual indicators.

The Committee discussed a number of the indicators, with particular emphasis on those showing red under the traffic light system, and asked questions on a number of areas, to which officers duly responded.

Questions to which a response could not be provided at the meeting were promised a written response, as follows:

- (1) a more detailed explanation of the calculation of Indicator 9, "Improved street and environmental cleanliness – measure of cleanliness – litter";
- (2) regarding Indicator 3, "Number of affordable homes delivered", how many S106 sites are waiting to be developed?;

Additionally, regarding Indicator 2, "Average stay in bed and breakfast in weeks", Members asked that if alternative accommodation to bed and breakfast was used which affected the indicator, details of the numbers in such alternative accommodation should be provided in the notes column.

107. Budget Monitoring Report – 1 April 2012 to 31 December 2012

The Committee received and noted Report D261 (previously circulated) which was the Budget Monitoring Report for the period 1 April 2012 to 31 December 2012. Attached to the report was the General Budget Monitoring

Report which indicated an underspend of £299,000 with a forecast outturn of £244,000 underspend. A full analysis of the budget variances was provided at Appendix A. An explanation of variances over £10,000 was attached as Appendix B.

In terms of capital spending, £295,000 had been spent up to the end of December 2012, and it was projected that the total capital expenditure in 2012/13 would be £708,000. Details of each individual capital scheme were provided at Appendix C. A review of the capital programme had taken place as part of the budget and council tax setting process, full details of which would be considered by Cabinet on 13 February 2013.

The Capital Disposals Programme showed capital receipts of £4,341,000 against a full year disposals estimate of £3,810,000. Details of disposals were provided at Appendix D.

Questions were raised by Members on a number of areas of the report, which were duly responded to by officers. Additionally, an update was requested on progress with the disposal of 6 Angel Hill, Bury St Edmunds, and a written response would be provided in respect of this issue.

108. Delivering a Sustainable Budget 2013/14

The Committee received and noted Report D262 (previously circulated) which provided Members with details of progress on delivering a balanced budget for 2013/14.

The Committee had a key role in the scrutiny of the budget process and proposals for achieving a balanced budget, and in September 2012 had received a report setting out the context of the 2013/14 budget, including details of savings targets for 2013/14 and future years. At that point Members had been advised that the key strategy to deliver savings over the next two years was the shared services initiative with Forest Heath District Council, together with a range of other local savings initiatives.

Table 1 at 4.2.2 of the report showed the savings projections as at the end of December 2013, showing the split between shared services savings and local savings. Table 2 at 4.3.2 showed shared services savings projections for 2012/13 and 2013/14, which were significant to the delivery of a sustainable budget for 2013/14 and beyond. Finally, Table 3 at 4.4.2 showed local savings projections for 2013/14. Members were asked to scrutinise the proposals and make any recommendations to Cabinet as appropriate.

Members asked questions on a number of areas of the report, to which officers duly responded, and requested that a breakdown be provided of "various leisure services initiatives" shown in Table 3, local savings projections. Members also requested that for future years, more detail be provided of all proposals for local savings.

An update was given on progress with the transfer of the remaining community centres in the Council's ownership, following the successful transfer of Southgate Community Centre to the Southgate Community Partnership. Councillor Cox requested an update with regard to the potential transfer of Chalkestone Community Centre, Haverhill.

Additionally, a discussion took place on the proposed saving of £125,000 shown in Table 2, shared services savings projections, for the Planning Service. The Committee expressed its concern that any shared services savings in development control should not diminish the Council's

planning enforcement capacity. Officers explained that the need for a robust enforcement function had been built into the business case for the new shared planning service, and that this new structure was currently being implemented. The Committee felt that the Cabinet should ensure that, in setting next year's budget, sufficient resources for planning enforcement were being provided.

109. Treasury Management Performance and Annual Treasury Management and Investment Strategy 2013/14

The Committee considered Report D252 (previously circulated) the purpose of which was to:

- (1) provide an update on treasury management activity and performance for the period 1 April to 31 December 2012; and
- (2) seek approval for the Annual Treasury Management and Investment Strategy Statements for 2013/14 and Prudential Indicators.

Report D252 was to have been considered by the Committee's Treasury Management Sub-Committee on 21 January 2013, however, that meeting had been cancelled due to adverse weather conditions. It had not been possible to re-arrange the meeting prior to the meeting of Performance and Audit Scrutiny Committee, however, the Chairman of the Sub-Committee, Councillor Hale, advised that the three Members of the Sub-Committee had informally considered the report immediately prior to this meeting.

Considering investment activity 1 April to 31 December 2012, the total amount invested at 1 April 2012 was £32.0 million and at 31 December 2012 was £42.45 million. The increase in balances over this period was due primarily to timing differences in respect of the collection of local taxes and the payment of precepts. At the end of December 2012 interest actually earned during the first nine months of the financial year amounted to £499,000 against the profiled budget for the period of £440,000, a budgetary surplus of £59,000. A full list of investments held as at 31 December 2012 was shown at Appendix 1 to the report.

Turning to the Annual Treasury Management and Investment Strategy 2013/2014, it was estimated that in 2013/2014 treasury management activity would generate income of £554,000, representing a target investment rate for the year of 1.5%. This estimate took account of Sector's views on future interest rate levels as well as revised projections for Council balances taking into account the updated and rescheduled capital expenditure and asset disposals programmes, and the maturity dates for the Council's current fixed term investments.

The Committee asked questions on a number of areas of the report, which were duly answered by officers.



RECOMMENDED:

That the Annual Treasury Management and Investment Strategy for 2013/2014, attached as Appendix 2 to Report D252, be approved.

The meeting concluded at 6.08 pm.

**J R HALE
CHAIRMAN**