



St Edmundsbury
BOROUGH COUNCIL

D312

Council **26 February 2013**

CHAIRMAN'S REPORT **PERFORMANCE AND AUDIT SCRUTINY COMMITTEE**

Report by Cllr John Hale
Chairman of the Performance and Audit
Scrutiny Committee

This report covers the meeting of the Committee held on 28 January 2013.

1. Third Quarter 2012/13 Internal Audit Progress Report

- 1.1 This report updated Members 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.
- 1.2 A summary of the audit reviews which had been completed to final report stage during the third quarter of the financial year was discussed, and questions raised on a number of areas of the report including use of the Council's Whistleblowing Policy, valuation of heritage assets and the audit of "Cash Handling – Bury Festival".

2. Key Performance Indicators: Third Quarter 2012/2013

- 2.1 The Committee considered the third quarterly Performance Monitoring Report for 2012/2013. A total of 42 indicators were reported this quarter, of which 9 had red indicators, 2 amber, 17 green and 14 which were contextual indicators.
- 2.2 The Committee discussed a number of the indicators, with particular emphasis on those showing red under the traffic light system.

3. Budget Monitoring Report: 1 April 2012 to 31 December 2012

- 3.1 The Committee discussed the Budget Monitoring Report for the period 1 April 2012 to 31 December 2012. The General Budget Monitoring Report indicated an underspend of £299,000, with a forecast outturn of £244,000 underspend. A full analysis of the budget variances was provided, together with an explanation of variances over £10,000.
- 3.2 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, and a review of the capital programme had taken place as part of the budget and council tax setting process. The Capital Disposals Programme showed capital receipts of £4,341,000 against a full year disposals estimate of £3,810,000.

4. Delivering a Sustainable Budget 2013/14

- 4.1 The Performance and Audit Scrutiny Committee has a key role in the scrutiny of the budget process and proposals for achieving a balanced budget. A report was considered which showed the savings projections as at the end of December 2012, showing the split between shared services savings and local savings. Shared services savings projections were significant to the delivery of a sustainable budget for 2013/14 and beyond, and the Committee scrutinised the proposals for both shared services and local savings proposed for the 2013/14 budget and beyond.
- 4.2 A detailed discussion took place on the proposed saving of £125,000 shown 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.
- 4.3 The Committee felt that the Cabinet should ensure that, in setting next year's budget, sufficient resources for planning enforcement were being provided.

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

- 5.1 The Committee considered an update on treasury management activity and performance for the period 1 April to 31 December 2012, together with the Annual Treasury Management and Investment Strategy Statements for 2013/14 and Prudential Indicators. 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. 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 provided and discussed.
- 5.2 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.

- 5.3 The Committee's recommendation for approval of the Annual Treasury Management and Investment Strategy for 2013/14 appears in the Schedule of Referrals from Cabinet at Report D301 on this full Council agenda.