

Cabinet



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Report of the Performance and Audit Scrutiny Committee: 4 June 2015	
Report No:	CAB/SE/15/036	
Report to and date:	Cabinet	23 June 2015
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Purpose of report:	On 4 June 2015, the Performance and Audit Scrutiny Committee held an informal joint meeting with members of Forest Heath's Performance and Audit Scrutiny Committee, and <u>considered the first seven items jointly:</u> (1) Internal Audit Annual Report (2014-2015) and Outline Internal Audit Plan (2015-2016); (2) West Suffolk Annual Governance Statement (2013-2014) Action Plan Update; (3) Key Performance Indicators and Quarter 4 Performance Report 2014-2015; (4) Performance Management Report 2015-2016;	

	<p>(5) West Suffolk Strategic Risk Register Quarterly Report – March 2015;</p> <p>(6) Biannual Corporate Complaints and Compliments Digest;</p> <p>(7) Work Programme Update;</p> <p>(8) Ernst and Young – Certification Report (2013-2014);</p> <p>(9) Ernst and Young – Presentation of External Audit Plan and Fees 2014-2015 and 2015-2016 Indicative Fees;</p> <p>(10) Financial Outturn Report (Revenue and Capital) 2014-2015; and</p> <p>(11) Decision Relating to Complaint to Local Government Ombudsman.</p>
Recommendation:	The Cabinet is requested to <u>NOTE</u> the contents of Report CAB/SE/15/036, being the report of the Performance and Audit Scrutiny Committee.
Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/> Report for information only.
Consultation:	<ul style="list-style-type: none"> • See reports listed in Section 2 below.
Alternative option(s):	<ul style="list-style-type: none"> • See reports listed in Section 2 below
Implications:	
Are there any financial implications? <i>If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> Please see background papers.
Are there any staffing implications? <i>If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> Please see background papers.
Are there any ICT implications? <i>If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> Please see background papers
Are there any legal and/or policy implications?	Yes <input type="checkbox"/> No <input type="checkbox"/> Please see background papers.
Are there any equality implications? <i>If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> Please see background papers.
Risk/opportunity assessment:	Please see background papers.
Ward(s) affected:	Please see background papers.
Background papers:	Please see background papers, which are listed at the end of the report.
Documents attached:	None

1. Key issues and reasons for recommendation

1.1 Internal Audit Annual Report (2014-2015) and Outline Internal Audit Plan (2015-2016) (Report No: PAS/SE/15/006)

1.1.1 This report summarised the work undertaken by Internal Audit during the year and provided details of the Outline Internal Audit Plan for 2015-2016. It also showed progress made during the year in developing and maintaining an anti-fraud and anti-corruption culture and actions taken where fraud or misconduct had been identified. Finally, the report showed the work undertaken to fulfil the requirement for an annual review of the effectiveness of internal audit.

1.1.2 The Committee considered the report, and endorsed the conclusion drawn in respect of the annual review of the effectiveness of internal audit. Finally, Members approved the Internal Audit Plan for 2015-2016, and noted the content of the Annual Internal Audit Report for 2014-2015 and the Managing the Risk of Fraud, Theft and Corruption Report.

1.2 Annual Governance Statement (2013-2014) Action Plan Update (Report No: PAS/SE/15/007)

1.2.1 The Committee received and noted an update on progress made in connection with the 2013-2014 Action Plan for the Annual Governance Statement.

1.3 Key Performance Indicators and Quarter 4 Performance Report 2014-2015 (Report No: PAS/SE/15/008)

1.3.1 The Committee received and noted the report, which set out the Key Performance Indicators (KPIs) being used to measure the Council's performance for 2014-2015. The report also included the fourth quarter indicators covering January to March 2015 for both Forest Heath and St Edmundsbury Borough Council, together with a combined performance for West Suffolk, where relevant.

1.3.2 For St Edmundsbury, the final quarter four performance showed that of a total of 25 indicators, 10 were green, 3 were amber, 2 were red and 10 were data only indicators. For West Suffolk, there were a total of 21 indicators, of which 8 were green, 4 were amber, 2 were red and 7 were data only.

1.3.3 Members discussed a number of the indicators, and asked questions to which officers duly responded. In particular discussions were held on (WS/HOU009) Private Sector Housing Lettings. Members questioned what was being done to promote the scheme and suggested that a future report on the future of the West Suffolk Lettings Partnership be included in its forward work programme.

1.4 Performance Management Report 2015-2016 (Report No: PAS/SE/15/009)

1.4.1 The Committee received and noted the report, which set out the Council's approach to Performance Management in 2015-2016 through the use of a recognised performance management tool, the Balanced Scorecard. The

report included information on the benefits of effective performance management; proposals for performance management arrangements; the proposed performance management tool for 2015-2016; progress made to date, next steps and timescales. It was envisaged the Balanced Scorecard report would replace a number of existing reports that currently went to the Performance and Audit Scrutiny Committee, such as the quarterly Key Performance Indicators; quarterly Strategic Risk Register Report and the Bi-annual Corporate Complaints and Compliments Report.

- 1.4.2 Members scrutinised the report and asked a number of questions to which officers duly responded. Members welcomed the move to the balanced scorecard but would like to see both performance systems running in parallel over the next few months and that the coloured rating system be included in the proposed balanced scorecard format.

1.5 **West Suffolk Strategic Risk Register Quarterly Report – March 2015 (Report No: PAS/SE/15/010)**

- 1.5.1 The Committee received and noted the fourth quarterly risk register monitoring report in respect of the West Suffolk Strategic Risk Register. The Register was updated regularly by the Risk Management Group and at its recent meeting the Group reviewed the target risk, the risk level where the Council aimed to be, and agreed a current risk assessment. These assessments formed the revised West Suffolk Risk Register (Appendix 1). Since the last assessment report presented to the Committee on 29 January 2015, there had been one new risk identified relating to the closure of RAF Mildenhall and one risk had been closed (WS9) following the review and adoption of the revised Constitution by both St Edmundsbury Borough Council and Forest Heath District Council.

Some individual controls and actions had been updated and those which were not ongoing and had been completed by March 2015 had been removed from the Register.

- 1.5.2 Members scrutinised the report and asked questions to which officers duly responded. In particular discussions were held on:
- (WS12) - Loss of a key employer. Members requested a written response on the types of engagement undertaken with employers.
 - (WS21) – Safeguarding Children. Members suggested that reference should be made to the Multi Agency Safeguarding Hub (MASH) as a preventative action.

1.6 **Biannual Corporate Complaints and Compliments Digest (Report No: PAS/SE/15/011)**

- 1.6.1 The Committee received and noted an overview of the quantity and range of corporate complaints and compliments received between October 2014 and March 2015, which the Committee uses to monitor the Council's effectiveness at responding to and learning from any mistakes which had been made. This report included information relating to Forest Heath District Council and St Edmundsbury Borough Council working together across West Suffolk, with

data provided for the individual Councils as appropriate.

- 1.6.2 During the reporting period, across both Councils, 27 corporate complaints and 49 compliments had been received, and data for the individual Councils was provided.
- 1.6.3 The report provided a breakdown of the corporate complaints, including outcomes and lessons learned and also highlighted the compliments that had been received across the authority during the reporting period and outlined the Service or individuals who received them.
- 1.7 **Work Programme Update (Report No: PAS/SE/15/012)**
- 1.7.1 The Committee received and noted its Work Programme which provided items scheduled to be presented to the Committee during 2015 subject to the inclusion of the Balanced Scorecard and a future report on the future of the West Suffolk Lettings Partnership.
- 1.8 **Ernst and Young – Annual Certification Report (2013-2014) (Report No: PAS/SE/15/013)**
- 1.8.1 The Committee received and noted a report from the Council's external auditor, Ernst and Young (EY), which updated Members on the outcome of the annual audit of grant claims, as detailed in their Annual Certification Report for 2013/2014.
- 1.8.2 Melanie Richardson (Manager) from EY attended the meeting and presented this report, which summarised the results of the certification work which had been undertaken as part of the annual audit of grant claims to government departments. She drew relevant details from the report to Members' attention and explained the one claim relating to the Housing Benefits Subsidy Claim.
- 1.9 **Ernst and Young – Presentation of External Audit Plan and Fees 2014-2015 and 2015-2016 Indicative Fees (Report No: PAS/SE/15/014)**
- 1.9.1 The Committee received and noted a further report from EY, which provided the basis to review EY's proposed audit approach and scope for the 2014/2015 audit, along with the planned fees to complete the work.
- 1.9.2 Melanie Richardson from EY presented this report, which summarised EY's assessment of the key risks which drive the development of an effective audit for the Council, and outlined their planned audit strategy in response to those risks. EY aimed to issue its audit opinion to Members by September 2015. She also drew Members' attention to the indicative audit fee for 2015/2016 and how the scale fee was based.
- 1.10 **Financial Outturn Report (Revenue and Capital) 2014-2015 (Report No: PAS/SE/15/015)**
- 1.10.1 The Committee received and noted the outturn report, which updated Members on the outturn revenue and capital position for 2014-2015.

- 1.10.2 Attached at Appendix A to the report was the revenue outturn position as at 31 March 2015, which showed an overall under spend of £109,000. A summary by Head of Service area was provided at Appendix A, including an analysis of the variances at Appendix B. The Council's capital outturn position for 2014-2015 was attached at Appendix C, which showed a net underspend of £3,735,000. This predominately related to the timing of capital projects. Appendix D to the report summarised the earmarked reserves for the year 2014-2015. As at 31 March 2015 the balance of the Council's reserves was £13,383,000.
- 1.10.3 The Committee scrutinised the report in detail and asked a number of questions to which officers duly responded.
- 1.10.4 There being no decision required, the Committee noted the 2014-2015 outturn revenue and capital outturn positions as set out in Appendices A and C to Report No: PAS/SE/15/015.

1.11 **Decision Relating to Complaint to Local Government Ombudsman (Report no: PAS/SE/15/016)**

- 1.11.1 The Committee received the above report which set out a complaint which had been referred to the Local Government Ombudsman and who had upheld part of the complaint.
- 1.11.2 There being no decision required, the Committee noted the Local Government Ombudsman decision and the payment of the recommended compensation of £100.

2. Background Papers

- 2.1.1 [Report PAS/SE/15/006 to the Performance and Audit Scrutiny Committee: Internal Audit Annual Report \(2014-2015\) and Outline Internal Audit Plan \(2015-2016\)](#)
- 2.1.2 [Report PAS/SE/15/007 to the Performance and Audit Scrutiny Committee: Annual Governance Statement \(2013-2014\) Action Plan Review](#)
- 2.1.3 [Report PAS/SE/15/008 to the Performance and Audit Scrutiny Committee: Key Performance Indicators and Quarter 4 Performance Report 2014-2015](#)
- 2.1.4 [Report PAS/SE/15/009 to the Performance and Audit Scrutiny Committee: Performance Management Report 2015-2015](#)
- 2.1.5 [Report PAS/SE/15/010 to the Performance and Audit Scrutiny Committee: West Suffolk Strategic Risk Register Quarterly Monitoring Report – March 2015](#)
- 2.1.6 [Report PAS/SE/15/011 to the Performance and Audit Scrutiny Committee: Biannual Corporate Complaints and Compliments Digest](#)
- 2.1.7 [Report PAS/SE/15/012 to the Performance and Audit Scrutiny Committee: Work Programme Update](#)

- 2.1.8 [Report PAS/SE/15/013 to the Performance and Audit Scrutiny Committee: Ernst and Young – Annual Certifications Report \(2013-2014\)](#)
- 2.1.9 [Report PAS/SE/15/014 to the Performance and Audit Scrutiny Committee: Ernst and Young – Presentation of External Audit Plan and Fees 2014-2015 and 2015-2016 Indicative Fees](#)
- 2.1.10 [Report PAS/SE/15/015 to the Performance and Audit Scrutiny Committee: Financial Outturn Report \(Revenue and Capital\) 2014-2015](#)
- 2.1.11 [Report PAS/SE/15/016 to the Performance and Audit Scrutiny Committee: Decision Relating to Complaint to Local Government Ombudsman](#)