

## BABERGH DISTRICT COUNCIL

**From: Head of Corporate Organisation**

**Report Number:**

**M5**

**To: Council**

**Date of Meeting:**

**24 April 2012**

### **ANNUAL REPORT OF THE OVERVIEW AND SCRUTINY (STEWARDSHIP) COMMITTEE**

#### **1. Purpose of Report**

- 1.1 In accordance with the Constitution, the Committee must report annually to Council on its work during the last year and make recommendations for future work programmes and if appropriate, amended working methods.

#### **2. Recommendations**

- 2.1 That the Overview and Scrutiny (Stewardship) Committee's Annual Report for 2011/12 be noted.
- 2.2 That the Overview and Scrutiny (Stewardship) Committee's Work Plan for 2012/13 be approved.

#### **3. Financial Implications**

- 3.1 There have been no financial implications to date other than the costs of officer time and normal allowances for Members that are included in the budget.
- 3.2 Any development of the work of in-depth scrutiny, including items such as the payment of out of pocket expenses for expert and other witnesses, can be accommodated within existing budgets for 2012/13. The position for future years will be addressed through the Strategic Financial Planning Process, if that is necessary.

#### **4. Risk Management**

- 4.1 This report is an update on work completed during 2011/12, together with a draft programme for 2012/13. Risk management considerations for individual topics will be included in reports to the Committee as the year progresses.

#### **5. Consultations**

- 5.1 Officers and Members have been involved in identifying topics for consideration during 2012/13.

#### **6. Equality Analysis**

- 6.1 There are no equality implications with this report. Equality analysis considerations for individual topics will be included in reports to the Committee as the year progresses.

## 7. **Shared Service/Partnership Implications**

- 7.1 A Joint Scrutiny Committee has been established to keep the overall implementation plan under review. Shared Service/Partnership implications for individual topics will be included in reports to the Committee as the year progresses.

## 8. **Key Information**

### 8.1 Work in 2011/12

The following is a summary of the Committee's main achievements during the year:

- a) Quarterly reports have been received providing the Committee with an exception-based strategic assessment of the Council's achievements across a range of areas including Finance, Risk Management and various aspects of Performance linked to the 2011/12 Delivery Plan. The following were among the points discussed:
- Contaminated land – information requested on the amount of contaminated sites in the Babergh area
  - Planning Performance and appeals allowed against the authority's decision to refuse a planning application – refer this issue and associated performance concerns to Development Committee
  - Average time to re-let local authority housing – refer the issue of voids management to the Housing Panel
  - A cleaner and greener Babergh – provide a list of which open space sites are failing to meet target
  - Annual review of performance indicators for 2012/13 should consider the relevance of the measures to core activities of the Council and the potential cost implications of increasing performance
  - Homelessness – refer to Housing Panel for further review and analysis of the issue
  - Trade Waste – information requested on what the barriers to improving performance are and what is being done to improve take-up of the service.
- b) The Committee considered the External Auditor's (PKF) proposed Audit Fee for 2011/12. The proposed fee (excluding grant claims work) represents, as stipulated by the Audit Commission, a 5% reduction on the previous year. Representatives from PKF were present for this item to answer questions from Members. The following were among the points noted:
- Babergh and Mid Suffolk had submitted a joint response outlining that the proposed reduction does not go far enough as it does not reflect the reduction in work associated with the ending of the comprehensive assessment
  - Discussions have also taken place between PKF and the Director of Finance on the fee which is higher than some other Councils in Suffolk, particularly Mid Suffolk. They have suggested, however, that internal audit could do grant claims work if that was agreed and that such an approach would reduce fee/costs overall. They also indicated their willingness and desire to look at ways of achieving further fee reductions in future years.

- c) The Committee scrutinised the 2010/11 Statement of Accounts and the following were among the points raised:
- Pension fund – further details required on age, salary and valuation basis
  - HRA – Rental figures and increase in average rent needed clarifying
  - Asset Valuations – clarification required on individual assets.

Members also indicated that a workshop on the Statement of Accounts should be organised to consider issues raised and that a report on the Pension Fund should be submitted to a future meeting of the Committee.

- d) The Committee received the External Auditor's (PKF) Annual Governance Report, the Grant Claim Certification Report and their Annual Audit Letter for 2010/11. The following were among the points noted:
- The Council had successfully introduced International Financial reporting Standards (IFRS)
  - An unqualified audit opinion on the accounts and proper arrangements in place to secure economy, efficiency and effectiveness in the use of resources for 2010/11.
- e) A considerable amount of work was again undertaken by the Strategic Financial Planning (SFP) Task Group and the Overview and Scrutiny Committees in relation to the Budget and agreeing areas for savings, efficiencies and additional income generation. A joint meeting of the two Overview and Scrutiny Committees was held and the key budget options for 2012/13 were scrutinised. The Committee's views on the key issues were reported to Strategy Committee and other suggestions for savings made.
- f) The Committee considered the Annual Treasury Management Report for 2010/11 as well as the mid-year report which provided the Committee with a comprehensive assessment of the position on Treasury Management activities in 2011/12. The 2012/13 Treasury Management Strategy and Prudential Indicators were recommended to Strategy Committee for approval.
- g) The 2012/13 Treasury Management Strategy and Prudential Indicators included the approach to managing the additional Council Housing debt as a result of the Government's self-financing reforms. Representatives from the Council's Treasury Advisors (Arlingclose Ltd) were present for this item to answer questions from Members.
- h) The Internal Audit annual report for 2010/11 was considered which outlined the Head of Audit's opinion on the overall adequacy and effectiveness of the Council's internal control environment and a summary of audit work undertaken to formulate that opinion. The Committee also approved the Annual Governance Statement (AGS) for 2010/11. It was noted that the AGS had been revised to further reflect the integration of the Council's governance arrangements with Mid Suffolk District Council in 2010/11 and beyond.
- i) An Interim Internal Audit Report for 2011/12 was considered informing the Committee of work undertaken by Internal Audit for the period 1 April to 30 September 2011 and the results from reviews completed to date. The joint Internal Audit Plan with Mid Suffolk was also considered and approved.

- j) The Committee considered a report outlining the current arrangements in place to ensure there is a proactive corporate approach to preventing fraud and corruption and creating a culture where fraud and corruption will not be tolerated. The report also provided details of proactive work undertaken by Internal Audit and the Fraud Team to deter, prevent and detect fraud and corruption. It was noted that the public will be made aware of any changes to legislation that would have an impact on them.
- k) The Committee considered whether Article 7.02 of the Councils Constitution should be amended to allow Members of Strategy Committee to substitute for Members of Overview and Scrutiny Committees, and vice versa. The Committee gave consideration to the amendment of the Constitution and did not agree to Members of Strategy Committee being able to substitute for Members of Overview and Scrutiny Committees and vice versa or felt it appropriate to remove the requirement in Article 7.02 of the Constitution that Deputy Group Leaders must be named substitutes for Group Leaders on Strategy Committee.
- l) The Committee considered an annual report providing an update on progress of the third year of the Procurement Strategy Action Plan included in the Council's Procurement Strategy and Framework document (2008-2011). It was noted that further work is being undertaken with Mid Suffolk District Council and the Countywide Procurement Group on future plans and that these would be reflected in subsequent updates.
- m) The Committee considered a report outlining the Pension Fund position in relation to the potential for any savings or reductions in employer contributions over the next 3 years and the impact of reducing staffing levels as part of the integration and transformation programme. The Corporate Finance Manager from Suffolk County Council and the Chairman of the Babergh Branch of Unison were present for this item and answered questions from Members. The following were among the questions and issues raised:
- Having already fixed actuarial contributions for the next 3 years, is there any scope to revisit this and therefore reduce Babergh's extra payments into the Pension Fund?
  - Clarity needed on the Investment Strategy, matching liabilities/assets and any cross-subsidy between Councils
  - The differences between the Financial Reporting Standard 17 (FRS17) pension figures in the Statement of Accounts and the actuarial assumptions
  - Statutory requirements regarding the LGPS and funding.
- n) The Committee monitored formal complaints for 2010/11, including those referred to the Local Government Ombudsman.
- o) The Committee scrutinised an application for authorisation of surveillance activities under RIPA in accordance with the revised Codes of Practice provided by the Home Office.

8.2 Work Plan for 2012/13

Appendix 1 sets out a list of items of work that Members and Officers have identified for consideration by the Committee during 2012/13.

9. **Appendices**

Title	Location
Appendix 1 – Overview and Scrutiny (Stewardship) Committee: Proposed Work Plan for 2012/13	Attached

10. **Background Documents**

None.

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**BABERGH DISTRICT COUNCIL**

**From: Head of Corporate Organisation      Report Number:**

**To: Overview and Scrutiny  
(Stewardship) Committee      Date of Meeting:**

**WORK PLAN FOR 2012/13**

**DATE OF COMMITTEE – 15 MAY 2012**

<b>Topic</b>	<b>Purpose</b>	<b>Decision or Recommendation to Strategy/Council</b>	<b>Lead Officer</b>
Joint Internal Audit Report 2011/12	To consider the outcomes of the audit work in 2011/12	Decision	John Snell
External Audit Plan 2011/12	To consider	Decision	Barry Hunter
Finance, Risk and Performance Management 2011/12 Quarter 4 Report	To monitor key budget, risk and performance issues	To be determined	Sue Smith John Snell and Jon Seed

**DATE OF COMMITTEE – 17 JULY 2012**

<b>Topic</b>	<b>Purpose</b>	<b>Decision or Recommendation to Strategy/Council</b>	<b>Lead Officer</b>
2011/12 Annual Governance Statement	To consider and review 2011/12 statement	Decision	John Snell
HRA Finances – Budgets, costs, etc	To consider and raise any issues	To be determined	Barry Hunter

**DATE OF COMMITTEE – 20 SEPTEMBER 2012**

<b>Topic</b>	<b>Purpose</b>	<b>Decision or Recommendation to Strategy/Council</b>	<b>Lead Officer</b>
External Auditors Annual Governance Report	To consider findings	To be determined	Barry Hunter

<b>Topic</b>	<b>Purpose</b>	<b>Decision or Recommendation to Strategy/Council</b>	<b>Lead Officer</b>
Finance, Risk and Performance Management 2012/13 Quarter 1 Report	To monitor key budget, risk and performance issues	To be determined	Sue Smith John Snell and Jon Seed
Pension Fund	Update on funding position	To be determined	Barry Hunter
Procurement	To consider progress on savings and future opportunities	To be determined	Ryan Jones

**DATE OF COMMITTEE – 13 NOVEMBER 2012**

<b>Topic</b>	<b>Purpose</b>	<b>Decision or Recommendation to Strategy/Council</b>	<b>Lead Officer</b>
Joint Internal Audit Mid-Year Review	To consider current position	Decision	John Snell
Finance, Risk and Performance Management 2012/13 Quarter 2 Report	To monitor key budget, risk and performance issues	To be determined	Sue Smith John Snell and Jon Seed

**DATE OF COMMITTEE – 11 DECEMBER 2012  
JOINT MEETING WITH OVERVIEW AND SCRUTINY  
(COMMUNITY SERVICES) COMMITTEE (IF REQUIRED)**

<b>Topic</b>	<b>Purpose</b>	<b>Decision or Recommendation to Strategy/Council</b>	<b>Lead Officer</b>
2013/14 Budget - Report of the Strategic and Financial Planning Task Group	To consider the Group's recommendations	To be determined	Barry Hunter

**DATE OF COMMITTEE – 22 JANUARY 2013**

<b>Topic</b>	<b>Purpose</b>	<b>Decision or Recommendation to Strategy/Council</b>	<b>Lead Officer</b>
External Audit Report - Annual Audit Letter	To consider	To be determined	Barry Hunter

<b>Topic</b>	<b>Purpose</b>	<b>Decision or Recommendation to Strategy/Council</b>	<b>Lead Officer</b>
Budget Proposals 2013/14	To scrutinise further (if necessary)	To be determined	Barry Hunter
Integration process/costs	To advise on the latest position	To be determined	TBA

**DATE OF COMMITTEE – 19 MARCH 2013**

<b>Topic</b>	<b>Purpose</b>	<b>Decision or Recommendation to Strategy/Council</b>	<b>Lead Officer</b>
The Committee's Annual Report	To consider draft Annual Report for 2012/13	Recommendation to Council	Karen Sayer
Joint Internal Audit Plan 2013/14 with MSDC	To consider proposed Internal Audit Plan for the next financial year	Decision	John Snell
External Auditors Grant Claim Report	To consider findings	To be determined	Barry Hunter
Finance, Risk and Performance Management 2012/13 Quarter 3 Report	To monitor key budget, risk and performance issues	To be determined	Sue Smith John Snell and Jon Seed

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