

BUSINESS EFFICIENCY BOARD

At a meeting of the Business Efficiency Board held on Wednesday, 28 September 2011 at the Civic Suite, Town Hall, Runcorn

Present: Councillors Leadbetter (Chairman), M Lloyd Jones (Vice-Chairman), Balmer, Browne, Howard, A. Lowe, McDermott, Macmanus, Philbin and Rowe

Apologies for Absence: Councillor Roberts

Absence declared on Council business: None

Officers present: L. Cox, B. Dodd, E. Dawson, I. Leivesley, M. Lloyd, M. Simpson, C. Williams and M. Murphy

ITEMS DEALT WITH UNDER DUTIES EXERCISABLE BY THE BOARD

BEB12 MINUTES

The Minutes of the meeting held on 29 June 2011 were taken as read and signed as a correct record.

BEB13 PROCUREMENT STRATEGY HALF YEAR REVIEW

The Board considered a report of the Strategic Director, Policy and Resources which set out progress made to date on the delivery of the Council's Procurement Strategy.

The delivery Plan, which set out the improvements made to date, was appended to the report for consideration in addition to an outline of how the division will deliver the elements of work in progress.

The report provided information on progress overview, business community support, business engagement improvement, internal change, savings and school trading.

It was reported that the next stage was to inform the wider workforce, and to do this the division would facilitate

Action

workshops and drop in sessions to explain the procurement practice and 'The Chest' E Portal system, which sources quotations and processes tenders. It was further noted that training for school governors would also be provided.

It was further reported that activity through 'The Chest' had been audited and 38% of contracts over £50,000 had been awarded to local businesses. In relation to Building Schools for the Future (BSF) it was noted that contractors were encouraged to sub-contract to local companies, and this was being monitored through a Key Performance Indicator.

Members were advised that the procurement division had achieved its target of a saving of £600,000 in year 1, and was over half way to achieving the target for 2012/13.

In relation to the School Trading pilot it was reported that evidence from the pilot demonstrated how schools could considerably improve their procurement practice. The Board was advised that a full Trading Service would be offered to schools as of April 2012.

RESOLVED: That the progress made to date be noted.

(NB: Councillor MacManus declared a personal interest in the following item of business due to being employed by a company carrying out work for the Audit Commission. Councillor McDermott declared a personal interest in the following item of business due to being Chair of Mersey Gateway Group.)

BEB14 2010/11 ABSTRACT OF ACCOUNTS, ANNUAL GOVERNANCE REPORT AND LETTER OF REPRESENTATION

The Board considered a report of the Operational Director, Finance which sought approval of the Abstract of Accounts and set out the Audit Commission's 2010/11 Annual Governance Report and presented the Letter of Representation for approval.

Members were advised that the Abstract of Accounts, which detailed the Council's financial performance for the year in terms of revenue and capital spending and presented the year-end financial position, could not be signed off until the Annual Governance Report had been considered.

It was reported that the format of the Abstract was heavily prescribed by the Accounts and Audit Regulations and the Code of Practice on Local Authority Accounting (The Code). It was noted that for the first time the Abstract had been prepared in full compliance with the International Financial Reporting Standards (IFRS) following the two year transition period. As a result there had been significant changes to the financial statements and notes to the accounts, presented with the Abstract. It was further noted that the adoption of IFRS meant that some amounts presented in the 2009/10 Abstract differ from the equivalent figures shown in the 2010/11 Abstract.

The Board was advised that in overall terms the Council had underspent its 2010/11 budget by £120,000. In addition, the Council received an additional £72,000 of Government grant income, therefore the net result was that General Fund Balances would increase by £192,000 to £7,367,000.

The key elements of the Abstract were outlined in the report for Members' consideration as follows:

- Capital expenditure;
- School balances;
- Transition to IFRS;
- Comprehensive income and expenditure account;
- Council's balance sheet as of 31st March 2011;
- Movement in reserves statement;
- Cashflow statement;
- Notes to the core financial statement;
- Collection fund;
- Group accounts; and
- Statement of responsibilities.

The Board discussed these areas and considered the Abstract of Accounts in detail, robustly scrutinising its contents. In particular the following points were noted:

- With regard to equal pay, additional provision had been made and this was now considered sufficient to cover the potential costs;
- In relation to pension fund liability it noted that the pension calculation as at 31 March 2011 reflected the change and had reduced from £121.95m to £60.34m.

Members moved on to consider the Annual Governance Report which was set out in two parts, the Audit opinion and financial statements, and the review of the

arrangements for value for money.

Appended to the report for information and approval was the Letter of Representation from Mike Thomas, District Auditor. Members agreed to approve the Letter.

The Annual Governance report set out the Opinion, audit risks, significant weaknesses in internal control, quality of financial statements and recommendations.

It was reported that an unqualified audit opinion would be provided. Members were advised of two material errors identified, neither of which affected the reported year end financial position. It was further noted there was excellent liaison with officers during the audit with full and prompt responses to audit queries and good quality working papers were provided to support the entries in the account.

Members were advised of two further errors which the accounts department had decided not to amend as set out in the letter of representation. External Audit was satisfied with the reasons and the explanations as to why the errors were not being amended.

Arising from the discussion Members further considered the accounting arrangements associated with Mersey Gateway.

The Board acknowledged the amount of work carried out to produce the Abstract of Accounts and wished to place on record their thanks and congratulations to the Audit Commission and officers involved in the process.

RESOLVED: That;

- 1) The Audit Commission's 2010/11 Annual Governance Report in Appendix 1 be received;
- 2) The 2010/11 Abstract of Accounts be approved; and
- 3) The Letter of Representation in Appendix 2 be approved.

Operational
Director - Finance

(NB: Councillor MacManus declared a personal interest in the following item of business due to being employed by a company carrying out work for the Audit Commission.)

BEB15 SCHEDULE 12A OF THE LOCAL GOVERNMENT ACT 1972 AND THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

The Board considered:

- (1) whether Members of the press and public should be excluded from the meeting of the Board during consideration of the following item of business in accordance with Sub-Section 4 of Section 100A of the Local Government Act 1972 because it was likely that, in view of the nature of the business to be considered, exempt information would be disclosed, being information defined in Section 100 (1) and paragraph 3 of Schedule 12A of the Local Government Act 1972; and
- (2) whether the disclosure of information was in the public interest, whether any relevant exemptions were applicable and whether, when applying the public interest test and exemptions, the public interest in maintaining the exemption outweighed that in disclosing the information.

RESOLVED: That as, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, members of the press and public be excluded from the meeting during consideration of the following item of business in accordance with Sub-Section 4 of Section 100A of the Local Government Act 1972 because it is likely that, in view of the nature of the business, exempt information will be disclosed, being information defined in Section 100 (1) and paragraph 3 of Schedule 12A of the Local Government Act 1972.

BEB16 INTERNAL AUDIT PLAN - QUARTER 1

The Board considered a report of the Operational Director, Finance which provided a summary of internal audit work carried out during April to June 2011.

The report set out key issues and recommendations arising from the audits, details of other work completed by Internal Audit in the Quarter and the results of the work undertaken following the implementation of previous Internal Audit recommendations. The Board considered progress made against the Audit Plan and executive summaries of reports issued during Quarter 1.

RESOLVED: That the Internal Audit work completed

for Quarter 1 be noted.

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Meeting ended at 8.12 p.m.