

## **BUSINESS EFFICIENCY BOARD**

*At a meeting of the Business Efficiency Board held on Thursday, 28 June 2007 at the Civic Suite, Town Hall, Runcorn*

Present: Councillors Leadbetter (Chairman), Lloyd Jones (Vice-Chairman), Cross, Findon, Jones, A. Lowe, Sly and Worrall

Apologies for Absence: Councillor Norddahl

Absence declared on Council business: None

Officers present: C. Halpin, E. Dawson, R. Mackenzie, M. Murphy and J. Viggers

Also in attendance: None

### **ITEMS DEALT WITH UNDER DUTIES EXERCISABLE BY THE BOARD**

*Action*

#### **BEB1 MINUTES**

The minutes of the meeting held on 28<sup>th</sup> February 2007, having been printed and circulated, were signed as a correct record.

In relation to BEB28 the Board considered possible efficiency topics which could be investigated as part of the workstream programme.

RESOLVED: That

- (1) the minutes be noted; and
- (2) authority be delegated to the Chairman, in consultation with the Strategic Director, Corporate and Policy, to agree efficiency topics and membership of any topic groups that are established.

#### **BEB2 STATEMENT ON INTERNAL CONTROL 2006/7**

The Board considered a report seeking approval for the Council's draft 2006/7 Statement on Internal Control (SIC), which had been prepared in accordance with Regulation 4 of the Accounts and Audit Regulations 2003.

Internal Control was the means of providing assurance that:

- the Council's policies were put into place;
- Laws and regulations were complied with;
- the Council's values were met;
- published information is accurate and reliable
- agreed procedures were followed;
- human, financial and other resources were managed efficiently and effectively; and
- high quality services were delivered.

The SIC for 2006/7 was attached and was based on the best practice format as determined by CIPFA. The compilation of the SIC involved the Council:

- reviewing the adequacy of its governance arrangements;
- knowing where it needs to improve these arrangements;
- communicating to users and stakeholders how better governance leads to better quality public services.

The SIC approved by the Board in 2006 identified four areas where further work was required to strengthen control. Section 5 of the 2006/7 SIC provided a summary of the action that had been taken to strengthen control in these areas.

It was noted that the Council's overall system of control was considered to be robust. No further significant control weaknesses had been identified through this year's review.

RESOLVED: That the 2006/7 Statement of Internal Control be approved.

### BEB3 ABSTRACT OF ACCOUNTS

The Board considered a report seeking approval of the Council's 2006/7 Draft Abstract of Accounts. It was noted that the Abstract set out the Council's financial performance for the year in terms of revenue spending and presented the year-end financial position as reflected in the balance sheet. The format of the Abstract was heavily prescribed by the Accounts and Audit Regulations, which made it a very technical document and not particularly easy to understand. The regulations had required several significant changes to the content and layout of the Abstract this year. The key

elements were, therefore, outlined in the report for Members consideration. These included:

- the Council's financial performance for 2006/7, including capital expenditure and borrowing;
- general balances;
- school balances;
- HRA balances;
- the Income and Expenditure Account (previously called the Consolidated Revenue Account);
- total net cost of services, the adjustment made by appropriations and how this was met;
- the significant general fund balances, provisions and reserves;
- the total recognised gains and losses;
- the cashflow statements;
- the Collection Fund and associated notes;
- the Group Accounts presenting the consolidating of the Council's accounts with those of its related companies;
- the Statement of Responsibilities;
- the Cashflow Statement and associated notes which provided an overall analysis of the movements in cash and cash equivalents during the year;

The Board considered these highlighted areas and then went through the draft Abstract of Accounts in detail, robustly scrutinising its contents. In particular, the following points were raised:

- overall, the Council's finances were in a sound condition, which was a helpful starting point given the uncertain position of the Revenue Support Grant (RSG) funding due to the Comprehensive Spending Review;
- how spending in departments was monitored through the quarterly monitoring reports;
- that the ALD budget, which was overspent by £1m last year, was now in balance, and that this was partly due to a one off payment from the PCT;
- the capital expenditure was over 90% of the total programme, with the only significant underspends being on the major projects being undertaken by the Council and that this was to be expected on schemes of this size and complexity;
- the difference in net expenditure between 2005/6 and 2006/7 on the Income and

Expenditure Account being primarily due to the introduction of the Direct Schools Grant;

- that the 'Invest to Save' fund had been established to generate revenue savings and would provide pump priming for schemes which could demonstrate such savings.

RESOLVED: That the 2006/7 Draft Abstract of Accounts be approved.

#### BEB4 INTERNAL AUDIT PLAN 2007/08

The Board received a report which provided details of the proposed Internal Audit Annual Plan for 2007/8, outlining the programme of work to be completed by Internal Audit during the year.

The Code of Practice for Internal Audit in Local Government required that the annual Internal Audit plan be considered and approved by the Council's Audit Committee.

RESOLVED: That the proposed Internal Audit plan for 2007/8 be approved.

#### BEB5 ANNUAL EFFICIENCY STATEMENT 2007/8 FORWARD LOOK

The Board was provided with details of the Annual Efficiency Statement – Forward Look 2007/8, which was submitted to the Government in April 2007.

A target of £6.45bn in efficiency gains had been set by Central Government for the local government sector. This had to be achieved over a three year period to 31 March 2008. Each local authority was required to make 2.5% efficiency gains each year. For Halton, the target equated to annual gains of £2.5m and a total of £7.5m over three years.

The report detailed guidance from Government explaining how efficiency gains could be achieved, the percentage of cashable gains needed and how this would be achieved. It was noted that there was requirement to complete an Annual Efficiency Statement including the three parts it would comprise of, namely;

- the Forward Look;
- the Mid-Year Update; and
- the Backward Look.

RESOLVED: That the Annual Efficiency Statement –

Forward Look 2007/8 be noted.

BEB6 CPA 2007 TO CAA 2009

The Board was provided with a summary of the Audit Commission's consultation on the move from the current Comprehensive Performance Assessment (CPA) regime to the new Comprehensive Area Assessment (CAA) in 2009.

The recent Local Government White Paper announced that from 1 April 2009 the current CPA would be replaced with a new performance framework, the CAA. The Audit Commission believed that CPA still had an important part to play in continuing to support improvement, and that the last set of CPA results in 2008/9 would aid in making the first set of new CAA judgements in 2009/10.

The Audit Commission published a consultation document on 4<sup>th</sup> April 2007, which covered the arrangements for CPA in 2007/8, outlined the proposals for CAA in 2009/10 and proposals for the transitional year 2008/9. The consultation also gave details of the draft service assessment framework for the Environment, Housing and Culture Service Blocks in CPA 2007.

It was noted that the consultation closed on 14 June 2007 and that on 7 June 2007 the Executive Board agreed a response to the consultation. The consultation and the Council's response were described in more detail in the report. Of particular importance was Annex 4 to the report which gave details of performance indicators that were judged to be a high risk for Halton in 2007 under the service assessment which the consultation proposed.

RESOLVED: That the report and the consultation response submitted by the authority be noted.

BEB7 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 items 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.

#### BEB8 ANNUAL INTERNAL AUDIT REPORT FOR 2006/7

The Board received a report relating to the Internal Audit Annual Report, which gave details of;

- performance against the 2006/7 Internal Audit Plan;
- an audit opinion on the adequacy of internal controls;
- Internal Audit performance against its performance indicators; and
- the results of an Internal Audit self-assessment against the revised CIPFA Code of Practice for Internal Audit in Local Government in the UK.

RESOLVED: That

- (1) the Internal Audit Annual Report for 2006/7 be accepted; and
- (2) the internal audit opinion that the Council's internal control arrangements are considered generally sound be noted.

#### BEB9 2006/07 INTERNAL AUDIT PLAN – QUARTER 4 PROGRESS REPORT

The Board received a report which gave a summary

of the work undertaken by Internal Audit for the period January to March 2007.

RESOLVED: That

- (1) the Internal Audit Quarter 4 progress report be noted; and
- (2) the Board note that there are no outstanding issues identified through the audit work completed in Quarter 4 where further support is required by the Board.

*Meeting ended at 8.25 p.m.*