

## **BUSINESS EFFICIENCY BOARD**

*At a meeting of the Business Efficiency Board held on Wednesday, 3 June 2015 at the Civic Suite, Town Hall, Runcorn*

Present: Councillors Joe Roberts (Chairman), M. Lloyd Jones (Vice-Chairman), Cole, Fry, A. Lowe, MacManus and N. Plumpton Walsh

Apologies for Absence: Councillors J. Bradshaw, McDermott and J. Stockton

Absence declared on Council business: None

Officers present: S. Baker, A. Dalecki, E. Dawson, L. Derbyshire, I. Leivesley, M. Murphy and R. Rout

Also in attendance: Mr M Heap and Ms L Temple-Murray (Grant Thornton)

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

*Action*

#### **BEB1 MINUTES**

The Minutes of the meeting held on 25 February 2015 were taken as read and signed as a correct record.

#### **BEB2 EFFICIENCY PROGRAMME UPDATE**

The Board considered a report of the Strategic Director, Policy and Resources, which gave Members an update on the progress made to date on the Efficiency Programme and as set out in Appendix 1 to the report.

The Board noted the progress in relation to the review of:-

- Library Services (Wave 5);
- Learning & Achievement (Wave 5);
- Halton Supported Housing Network (Wave 5);
- Supplier Relationship (Wave 5);
- Highway Services (Wave 5); and
- Premium Pay, use of Agency Workers and use of Casual Staff (Wave 6).

The Board noted that the Library Service Review had

been successfully completed; the service would be monitored until October 2015 and an evaluation would also be undertaken to ensure the model was robust and efficient.

RESOLVED: That the report be noted.

#### BEB3 2013-16 PROCUREMENT STRATEGY UPDATE

The Board considered a report of the Strategic Director, Policy and Resources, which provided Members with an update regarding progress with the Council's Procurement Strategy 2013-16 targets and performance measures.

The Board noted the progress against key measures within the Strategy, set out in Appendix 1 to the report.

The Board was advised that for the remaining duration of the Strategy, the established commercial approach to procurement would continue and the Procurement Division would continue to respond to opportunities to work collaboratively with other organisations to promote and embed the principles of efficient commercial procurement.

The Board congratulated Officers on the excellent work that had been undertaken on the Social Value Procurement Framework and noted the benefits it provided to the community.

The Board noted the increase in the Local SME Registration. However, the Board also noted that there had been a reduction in the number of National SME's and discussed the possible reasons for this reduction.

RESOLVED: That the report and position statement be noted.

#### BEB4 2014/15 STATEMENT OF ACCOUNTS UPDATE

The Board considered a report of the Operational Director, Finance, which gave Members an update on the timetable of completing the 2014/15 Statement of Accounts, to review the changes to the accounting policies and to consider the key events that would have significant impact on the financial statements for 2014/15.

The Board was advised that the Statement of Accounts presented the overall financial position of the Council as at 31<sup>st</sup> March 2015, which should be prepared to present a true and fair view of the financial statements of the Council. The

accounts had been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15, also known as The Code. This was updated annually and specified the accounting principles and practices required to prepare a Statement of Accounts.

The Board noted the number of changes that had been made to the draft accounting policies from those which had been included in the 2013/14 Statement of Accounts and the events which would have a significant impact on the statements for 2014/15.

The Board was further advised that the draft 2014/15 Statement of Accounts would be certified by the Operational Director – Finance on 30 June 2015 prior to them being passed to the external auditor, Grant Thornton LLP.

It was reported that the Statement of Accounts would be available for public inspection from 1 July 2015 to 28 July 2015 when any person may inspect and make copies of them. From 29 July 2015, until the conclusion of the audit, a local government elector for the Council or his/her representative may ask the auditor questions about the accounts.

Furthermore, it was reported that the auditor was required by the Audit Commission Act 1998 to report on the Statement of Accounts before 30 September 2015. The Audit Findings report would be considered by the Business Efficiency Board on 23 September 2015, together with any amendments to the draft Statement of Accounts.

The Board noted that the Government were currently consulting on Business rates and that the Council would be providing a response to the Government before the deadline in July 2015. The Board also noted that a proposal in the report stated that valuation appeals for the period 2010 to 2015 had to be lodged with the Valuation Office Agency by 31 March 2015. The Council would increase the financial provision to cover the appeals, but if the appeals were dismissed, it would result in a financial benefit to the Council.

RESOLVED: That the report and comments raised be noted.

**BEB5 STRATEGIC RISK REGISTER 2015/16**

The Board considered a report of the Strategic Director, Policy and Resources, which sought comments on

a revised Strategic Register that had been developed for 2015/16 Municipal Year.

The Board was advised that in accordance with the Council's Risk Management Policy (previously approved by this Board) an annual review of the Council's Corporate Risk Register was required. This had been undertaken by the Council's Management Team and was presented to the Board for Members consideration.

In the revised register, the Board noted the revised scores which related to the Council's ability to continue to deliver its services to the required or expected level.

The Board was further advised that since the previous Coalition Government's austerity measures had commenced, the Council had been working hard to mitigate the effects of those budget reductions on the community by:

- delivery on its Efficiency Programme;
- focusing on its Procurement process;
- working with and sharing services with other authorities;
- pooling budgets;
- reducing the number of managers;
- reducing staff numbers and terms and conditions;
- and
- increasing income.

In conclusion, it was reported that the Council's ability to reduce the impact of budget reductions on the quality of frontline services through these initiatives was reaching its conclusion. Therefore, the scores in the risk register which related to the impact of budget reductions did not show any significant change after the mitigating actions had been taken. This demonstrated that there was a belief that subsequent grant reductions would now be felt more acutely on the community and the services it received. However, whilst every effort would continue to be made to protect those most vulnerable in the community and essential frontline services, given the magnitude of the grant reductions and the aggregation of previous grant losses, this would become more and more difficult to achieve.

The Board discussed the Government's summer budget due to take place on 9 July 2015 and the impact this could have on the Borough in respect of budgetary cuts. The Board noted the serious challenges facing the Council as a result of the cuts and the importance of ensuring that residents in the Borough were fully aware of the situation.

RESOLVED: That

- (1) the report and comments raised be noted;
- (2) the revised Strategic Risk Register 2015/16 be adopted; and
- (3) a progress report against the actions in the plan be presented to the Board in six months.

**BEB6 INTERNAL AUDIT ANNUAL REPORT 2014/15**

The Board considered a report of the Operational Director, Finance, which informed Members that the Public Sector Internal Audit Standards (PSIAS) required the Head of Internal Audit to deliver an annual audit opinion and report which could be used to inform the Annual Governance Statement. The annual report must provide:

- A conclusion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control;
- A summary of the work that supported the opinion;
- A statement on conformance with the PSIAS.

The Board was advised that the Accounts and Audit Regulations 2011 provided a requirement for local authorities to conduct a review of the effectiveness of its internal audit at least once each year. This review provided Members with a basis for determining the extent to which reliance could be placed on the internal audit opinion.

The Board noted information set out in the report relating to:-

- The Annual Opinion on the Council's framework of governance, risk management and control;
- A summary of work supporting the Annual Opinion;
- A Statement on conformance with the Public Sector Internal Audit Standards;
- The Internal Audit Quality Assurance and Improvement Programme; and

- The Annual review of the effectiveness of internal audit;

RESOLVED: That the Board note and approve:-

- (1) the Head of Internal Audit's opinion on the Council's framework of governance, risk management and control;
- (2) the summary of work that supports the opinion;
- (3) the statement on conformance with Public Sector Internal Audit Standards;
- (4) the outcomes from the internal Audit Quality Assurance and Improvement Programme; and
- (5) the findings of the annual review of the effectiveness of internal audit.

#### BEB7 EXTERNAL AUDIT FEE 2015-16

The Board considered a report of the Strategic Director, Policy and Resources, which provided Members with details of the scale fee, set by the Audit Commission, for the 2014/15 external audit.

The Board was advised that the Audit Commission published its work programme and scale of fees at the end of March 2015. The letter attached to the report, set out details of the audit fee for the Council along with the scope and timing of external audit work and the team that would be working on the audit.

RESOLVED: That the 2015/16 audit fee and the scope and timing of the planned external audit work be noted.

#### BEB8 EXTERNAL AUDIT PLAN

The Board considered a report of the Strategic Director, Policy and Resources which sought approval of the Audit Plan proposed by Grant Thornton.

The Board was advised that the attached report set out details of Grant Thornton's strategy and plan to deliver the 2014/15 audit of the Council's financial statements. It also provided details of their approach to the value for money conclusion.

RESOLVED: That the External Audit Plan be approved.

**BEB9 EXTERNAL AUDIT LETTER TO THOSE CHARGED WITH GOVERNANCE**

The Board considered a report of the Strategic Director, Policy and Resources, which provided Members with a proposed response to the annual letter to the Board from Grant Thornton, the Council's external auditors, regarding their year-end audit of accounts work.

The Board was advised that International Auditing Standards required the Council's external auditors, Grant Thornton, to raise with those charged with governance (i.e. the Business Efficiency Board) matters that may affect the Council's financial statements and to document the Board's response.

The Board was further advised that Appendix 1 to the report, presented a proposed response to a number of questions contained in a letter from Grant Thornton to the Chair of the Board. Grant Thornton attended the meeting to discuss, if required, questions further with the Board.

RESOLVED: That the proposed response to the Council's external auditors shown in Appendix 1 to the report be approved.

**BEB10 DRAFT ANNUAL GOVERNANCE STATEMENT 2014/15**

The Board considered a report of the Strategic Director, Policy and Resources, which enabled Members to consider and approve the draft Annual Governance Statement (AGS) for 2014/15.

The Board was advised that Under the Accounts and Audit Regulations 2015 the Council must produce an AGS which must be approved by the resolution of a Committee or Members of the authority meeting as a whole. The AGS must also be approved in advance of the Council approving the statement of accounts.

The Board was also advised that the Council's Constitution delegated the responsibility to review and approve the AGS to the Business Efficiency Board. Once approved, the AGS would be signed by the Council Leader and Chief Executive and published on the Council's website.

The Board was further advised that the AGS was

intended to identify any areas where the Council's governance arrangements needed to be developed and to set out any action that was proposed to strengthen those arrangements.

The Board noted the information in respect of the 2014/15 Annual Governance Statement.

RESOLVED: That

- (1) the draft Annual Governance Statement (AGS) be confirmed that it accurately reflects the corporate governance arrangements at the Council;
- (2) the action plan be endorsed; and
- (3) the draft Annual Governance Statement be approved.

#### BEB11 EXTERNAL AUDIT UPDATE REPORT

The Board considered a report of the Operational Director, Finance, which provided an update from Grant Thornton (External Auditors) regarding the following:-

- the progress made in delivering their responsibilities as the Council's external auditors; and
- a summary of emerging national issues and developments that may be relevant to the work of the Board.

Ms Liz Temple-Murray from Grant Thornton presented the report and various publications were circulated at the meeting, including details of workshops for Members to attend.

The Board was advised that a checklist had been established to aide Members when considering the accounts at the end of June 2015 and it was agreed that an electronic version would be circulated to Members of the Board.

RESOLVED: That the report be noted.

#### BEB12 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 Section 100A (4) 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 outweighed that 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 Section 100A(4) of the Local Government Act 1972 because it was likely that, in view of the nature of the business, exempt information would be disclosed, being information defined in Section 100 (1) and paragraph 3 of Schedule 12A of the Local Government Act 1972.

#### BEB13 INTERNAL AUDIT PROGRESS REPORT

The Board considered a report of the Operational Director, Finance, which provided Members with a summary of internal audit work completed since the last meeting of the Board.

RESOLVED: That

- (1) The executive summaries of the internal audit reports be noted; and
- (2) the progress made in regard to the implementation of previous internal audit recommendations be noted.

*Meeting ended at 7.50 p.m.*