

## **BUSINESS EFFICIENCY BOARD**

*At a meeting of the Business Efficiency Board held on Wednesday, 11 June 2014 at the Civic Suite, Town Hall, Runcorn*

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

Apologies for Absence: Councillor J. Bradshaw

Absence declared on Council business: None

Officers present: E. Dawson, M. Murphy, R. Rout and M. Simpson

Also in attendance: Mike Thomas, Grant Thornton.

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

		<i>Action</i>
BEB1	MINUTES	
	<p>The Minutes of the meeting held on 12 March 2013 were taken as read and signed as a correct record.</p>	
BEB2	BUSINESS EFFICIENCY BOARD WORK PLAN 2014 - 15	
	<p>The Board considered a report of the Strategic Director, Policy and Resources, which provided a draft work plan for the Business Efficiency Board (BEB) for 2014/15.</p> <p>The work plan was appended for information and outlined areas for consideration by the Board at each of its meetings over the financial year to help ensure that it met its responsibilities.</p> <p>It was noted that the work plan had been prepared taking into account a practical spread of issues across the year allowing for specific items that were determined by statutory or other prescribed timescales.</p> <p>Members were advised that the areas identified in the work plan were those known and anticipated at the current time.</p>	

In addition the Chair advised the Board of his intention to produce an annual report covering the work of the Board which would set out how the Board had met its responsibilities over the year.

RESOLVED: That the work plan for 2014-15 be approved.

BEB3 PROCUREMENT STRATEGY 2013-16 BI-ANNUAL REPORT

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

It was reported that the Council's Procurement Strategy provided a structured approach to procurement, in order to ensure efficient processes were followed which would deliver reduced costs whilst maintaining or improving service delivery.

The progress to date was detailed in the report for information and key highlights were reported to Members as follows:-

- utilisation of the Risk Based Sourcing (RBS) approach for spend below EU financial thresholds;
- the Council's commercial procurement concept was recognised nationally by being awarded 'Outstanding Achievement in Procurement' in 2013; and
- consultancy work was being delivered by Halton in two other Councils; Sefton MBC and Cheshire East, in addition to delivery of a procurement service to Halton Clinical Commissioning Group.

Members were advised of the commercial approach to procurement that would continue and was underpinned by six key Building Blocks as follows:

- organisation;
- governance and process;
- demand management;
- market engagement/supplier relationship management (SRM);
- category management; and
- purchase to pay/e-procurement.

The Board discussed income generated from consultancy work carried out for other Local Authorities and

it was reported that it was expected that Halton would meet the target for income generation.

Members further discussed opportunities to carry out consultancy work in other sectors including the private sector. It was noted that this could be investigated further, however there were legal and trading status matters that would need to be explored. Members also discussed the increase in Chest Registrations, revised timescales for the new EU procurement directive, and requested whether future reports could provide detail of Best and Final Offer (BAFO) to demonstrate further cost reductions.

RESOLVED: That the report, position statement and comments made be noted.

#### BEB4 EFFICIENCY PROGRAMME UPDATE

The Board considered a report of the Strategic Director, Policy and Performance which informed Members of progress made to date with the Efficiency Programme.

It was noted that up to date workstream information was available via the Efficiency Programme Office's team site at <http://hbc/Teams/EFFIC/Pages/Home.aspx>

The report set out updates on progress to date of current workstreams as follows:

- review of Adult Social Care (Intermediate Care) (Wave 4);
- review of Library Services (Wave 5);
- review of Learning and Achievement (Wave 5);
- review of Halton Supported Housing Network (Wave 5);
- supplier relationship review (Wave 5); and
- review of Highways Services (Wave 5)

The Chairman reported his wishes for future reports to include research of one or two previous workstreams as a case study to ascertain how much had been saved and what impact it had on services.

RESOLVED:

That the report and comments made be noted.

#### BEB5 INTERNAL AUDIT ANNUAL REPORT 2013-14

The Board received a report of the Operational

Director, Finance, which set out the Head of Internal Audit's annual opinion of the adequacy and effectiveness of the Council's control environment and the findings of the review of the effectiveness of the Council's internal audit. It was noted that the 'control environment' was the collective term used to describe the Council's risk management, control and governance process.

It was reported 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 one a year. The review provided members with a basis for determining the extent to which reliance could be placed on the internal audit opinion.

Members were advised that the internal audit work completed during the 2013/14 financial year was carried out in accordance with the Internal Audit Plan which was approved by the Board in February 2013.

The report further set out the following:

- opinion on the Council's Control Environment;
- summary of work supporting the Annual Opinion;
- statement on conformance with the Public Sector Internal Audit Standards; and
- the annual review of the effectiveness of internal audit;

A summary of the audit reviews finalised during the year was appended to the report for information. It was reported that of the 49 audit reports finalised during the year:

- 32 areas received substantial assurance;
- 33 areas received adequate assurance; and
- 3 audits received limited assurance.

It was further noted that eight 'follow up' audits had been completed which were set out in appendix 2 of the report submitted for information.

The Board acknowledged the internal work carried out during the year which provided assurance that the Council's main financial systems were operating effectively. Members further discussed the difficulties in how comparisons could be made with previous years' reports, and it was noted that it may be possible to add links to the reports providing the comparison data, this would be investigated further.

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 supported the opinion;
- 3) the statement of conformance with the Public Sector Internal Audit Standards;
- 4) that the required five-yearly external assessment of the Council's Internal audit arrangements be undertaken by another local authority in the region at a date to be agreed; and
- 5) the findings of the annual review of the effectiveness of internal audit.

*NB: Councillor MacManus declared a Disclosable Other Interest in the following item due to being a Governor of Saints Peter & Paul School.*

#### BEB6 ANNUAL GOVERNANCE STATEMENT 2013-14

The Board received a report of the Strategic Director, Policy and Resources, which enabled Members to consider and approve the draft Annual Governance Statement 2013/14.

It was reported that under the Accounts and Audit Regulations 2011 the Council had to produce an Annual Governance Statement (AGS), in a format recommended by CIPFA/SOLACE, to accompany the Statement of Accounts.

It was noted that the intention of the AGS was 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.

Members were 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.

It was reported that in preparing the AGS, assurances had been considered from a number of sources which were set out in the report for information.

Members considered the key governance issues identified in the document and endorsed the action plan proposed to address them.

RESOLVED: That the Board:-

- 1) Review the draft Annual Governance Statement (AGS);
- 2) confirm that the draft AGS accurately reflects the corporate governance arrangements in place at the Council;
- 3) note the key governance issues identified in the document and endorse the action plan proposed to address them; and
- 4) approve the draft Annual Governance Statement.

#### BEB7 PLANNED EXTERNAL AUDIT FEE LETTER 2014-15

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

It was reported that International Standards on Auditing (ISA) 260 required auditors to communicate to those charged with governance (i.e. the Business Efficiency Board). One of the requirements was for the Auditor to set out the fees to be charged for the audit and the factors considered in setting those fees.

The Board considered the Audit Fee letter which was appended to the report and set out the scale of fees, scope of the audit fee, value for money conclusion, certification of grant claims and returns, billing schedule and the outline audit timetable.

It was noted that the scale fee for the audit remained unchanged from 2013/14 at £139,322.

RESOLVED: That the 2013/14 external audit fee and the scope and timing of the planned external audit work be noted.

#### BEB8 EXTERNAL AUDIT UPDATE REPORT

The Board considered a report of the Operational Director, Finance, which updated the Board in regards to:

- progress Grant Thornton had made in delivering their responsibilities as the Council's external auditors;
- summary of national issues and developments that may be relevant to Halton as a Unitary Council; and
- a number of challenge questions in respect of the emerging issues, which the Board may wish to consider.

Arising from discussion of the information, the Board queried the extent of the reliance on the work of Internal Audit. In response it was noted they relied on the work where possible, particularly the work carried out the Council's financial systems.

RESOLVED: That the report be noted.

*NB: Councillors Stockton and McDermott declared Disclosable Other Interest in the following item due to being a Governor of a school.*

BEB9 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.

BEB10 INTERNAL AUDIT PROGRESS REPORT - QUARTER 4

The Board considered a report of the Operational Director, Finance, which provided a summary of Internal Audit work completed since the last progress report.

The report set out key issues and recommendations and results from the work undertaken following up the implementation of previous internal audit recommendations.

RESOLVED: That the Internal Audit work completed for quarter 4 be received.

*Meeting ended at 7.53 p.m.*