

**THE MINUTES OF THE MEETING OF THE  
AUDIT COMMITTEE**

**HELD ON THURSDAY 13 NOVEMBER 2008**

Present: Councillor G Pinkney (Chair)  
Councillors B Bates, Mrs G Bleasdale, R Davison,  
G Johnson, K. McGonnell, Mrs M Nugent  
and B Quinn.

Apology: Councillor E Bell

1. **THE MINUTES OF THE LAST MEETING** held on 16 October 2008, a copy of which had been circulated to each Member, were confirmed.
2. **MATTER ARISING FROM THE MINUTES**

**Risk Management Progress Report  
Financial Position of the Council  
(Minute No. 2 refers)**

Further to the last meeting of the Committee T Bell, Director of Finance and Corporate Services was in attendance to brief Members on the Council's overall financial situation given the current volatility of the global financial markets.

He explained that a number of Councils had been affected by the recent Icelandic bank crisis, and whilst Easington had considerable investments across a number of sources with differing rates of interest, none of these were with those banks affected. He added that the Government had recently guaranteed bank deposits, therefore Easington's investments continued to be safe.

It was usual practice for local authorities to invest through a number of institutions to maximise the rate of return and to spread and mitigate risk.

Interest on investments would need to be monitored as over the last few weeks interest rates had fallen significantly as part of a strategy to address economic pressures and further falls were forecasted.

He continued that the Pension Fund was affected by high inflation, and by lower interest rates. In addition as an element of the Fund was invested in stocks and shares, the value of the Fund would have reduced given the decline in financial markets. At the end of March 2008 current assets were valued at around £1.5bn with liabilities of £1.9bn and whilst at the time this still represented a shortfall, the gap was narrowing. However given the recent downturn in the market it was likely that by March 2009 the position would be a lot worse.

He indicated that the government would be reviewing the Fund again in 2010 to ensure that it was sustainable.

With regard to debt collection, he advised that to date council tax and rent collection rates had not been affected by the current financial downturn. In terms of National Non-Domestic Rates (NNDR), he advised that assistance had been offered to some small companies in the District who were experiencing difficulties in meeting payments. Assistance could be in the form of deferred payments, arrangements to pay over a longer period or reviewing the amount of

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business space required by a company which could help to reduce the level of rates payable.

T Bell advised that the capital programme relied heavily on capital receipts from the sale of land and assets, and with the slow down in the rate of land being purchased by developers, receipts from disposals had virtually come to a standstill. Therefore to support the capital programme it was proposed to utilise the surplus on the HRA to finance the projects relating to decent homes and other ALMO works, and to transfer surplus and specific reserves no longer required to the Regeneration Reserve to provide financing options for the general fund schemes.

In terms of the Housing Revenue Account, he advised that the surplus shown at the end of September 2008 was mainly due to increased income from rents which was attributable to a fall in right to buy sales.

There was no downturn in the position on the General Fund which currently showed an underspend. This was mainly as a result of savings from vacant posts.

Following discussion it was **RESOLVED** that the information given, be noted.

### **3. Internal Audit Progress Report for 2008/2009**

Consideration was given to the report of the Internal Audit Manager which gave an update on progress made completing the 2008/2009 Internal Audit Plan for the months July to September 2008. A copy of the report had been circulated to each Member.

It was reported that in agreeing to the Annual Internal Audit Plan for 2008/2009 it was considered necessary to focus attention on the transition to the new Council but at the same time ensuring that the Council had an effective audit service. To accommodate the extra resources required for LGR during the year, the audit work had concentrated on the main financial systems of the Council and any urgent work, which had allowed LGR work to continue.

Appendix 1 summarised the planned audit work completed by Internal Audit for the period in respect of the following audits. The aims and objectives of both audits were shown, together with the conclusions and any recommended actions agreed with the auditee:-

Sundry Debtors  
Council Tax

Appendix 2 gave a list of the planned audit work currently in progress which would be carried forward to the next quarter. Four of the main financial systems audits were currently in progress.

**RESOLVED** that the information given, be noted.

### **4. Corporate Performance Report for Second Quarter 2008/9**

Consideration was given to the report of the Principal Corporate Development Officer which gave details of the Council's performance against the new National Indicator Set (NI's) and the Corporate Local Performance Indicators (PI's) for the

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first quarter of 2008/9. A copy of the report had been circulated to each Member.

M Readman, Principal Corporate Development Officer stated that, as Members were aware, the new NI set was introduced from 1 April 2008 replacing the previous National Performance Framework presented through the BVPI's. Many of the NI's were new indicators with no baseline data, therefore in these areas, it was difficult to gauge the level of performance or carry out any trend analysis at this stage.

For 2008/2009 there were a total of 198 NI's. From this, the Council previously agreed a Corporate reporting set, for performance management and monitoring purposes during the transitional year, based on 19 Place Survey Indicators, 24 Indicators for which the Council had responsibility for collection and reporting and 39 Key Local Area Agreement Indicators.

The Council's set also included 11 Corporate Local Indicators, comprising former Corporate Health BVPI's and key indicators from the Council's Corporate Plan.

Appendices 1 and 2 showed the current data available for the local and district level national indicators for the end of the second quarter, 2008/9. The Local Area Agreement indicators were shown in Appendix 3. As the Place Survey was currently in the process of being carried out on a Countywide basis, the results for these would be reported once they were available.

It was possible to determine some improvement trends which provided an emerging picture of performance across the new Framework.

Of the 11 Local Key Corporate Indicators, 3 were cumulative, although secondary and deliberate fires had shown a massive reduction for the first six months of the year. This reflected a successful campaign targeting 'hotspot' areas. Of the remaining 8 indicators, 7 had improved since year end and the other indicator had remained static at 0%.

M Readman made specific reference to former BVPI 12 in relation to sickness levels and advised that the figures had reduced from 9.99 days at the end of the last quarter and from 9.27 at the year end to an average of 9.12 days per employee at the end of the second quarter. It was also pleasing to note that former BVPI 212 – average re-let times for Council owned homes had further improved to 26 days, almost reaching the current top quartile position of 25 days.

With regard to the new NI's, she advised that there were 24 for which the Council had responsibility for collecting and reporting on, and the report gave a description of each, together with details of the results for the second quarter.

In terms of the areas identified for particular focus to improve performance during the transitional year, the report outlined the results for those indicators listed below:-

- NI 158 Percentage of non-decent homes
- NI 160 Satisfaction of tenants with landlord services
- NI 191 Kgs of Household Waste Collected (residual)
- NI 192 Household Waste Recycled and Composted
- NI 196 Fly Tipping

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It was pleasing to note that all those identified for particular focus were on track to meet the year end target.

To conclude, M Readman advised that the report showed a positive picture of improvement where data sets had been established and in those areas identified for specific attention, which was particularly pleasing in the transition towards the new single Council. Members concurred with this and commended Officers for continuing to strive to improve performance.

**RESOLVED** that the information given in relation to the Council's performance across the Corporate Indicators for the second quarter of 2008/9, be noted.

JE/CB/COM/AUDIT/081101  
19 November 2008