

SCRUTINY & AUDIT COMMITTEE
MINUTES OF THE MEETING HELD IN THE NPA MEETING ROOM, BUILDING 8,
JUBILEE HOUSE, WYMONDHAM, NORFOLK ON
THURSDAY, 10 FEBRUARY 2011 AT 10.00 A.M.

Present:

Mr R Chapman
Mr P Hardy
Mr B Hannah
Mr H Humphrey – Chairman
Mr B Iles
Ms J McKibben
Mr P Wells

In Attendance:

Mr S Bailey	Deputy Chief Constable, Norfolk Constabulary
Mr P Best	Senior Analyst, Norfolk Constabulary
Mr R Birtles	Assistant Chief Officer (Resources), Norfolk Constabulary
Miss M Buttery	VFM Accountant, Norfolk Constabulary
Mr N Harris	Audit Commission
Mr C Hewitt	Audit Commission
Mr M Hill	Assistant Chief Executive, Norfolk Police Authority
Mr S Hills	Analyst, Norfolk Constabulary
Mrs D Dring	Committee Administrator, Norfolk Police Authority
Mr R Summers	Treasurer, Norfolk Police Authority

Also present:

Mr J Mann NALC Representative

1. Apologies for absence

Apologies were received from Mrs V Jenkins.

2. Declarations of Interest

There were none.

3. Minutes of the meeting held on 11 November 2010

The minutes of the meeting held on 11 November 2010 were agreed as a correct record and signed by the Chairman.

4. Matters of Urgent Business

None

5. Annual Investment & Treasury Management Strategy 2011 - 12

The Treasurer presented the report of the Annual Investment and Treasury Management Strategy for the year ahead which followed the CIPFA Code of

Practice, the Local Government Act 2003 and the Communities and Local Government's Investment Guidance.

The Treasurer reminded members that the primary objectives of the Authority's Investment Strategy were to ensure the security of principal invested, the adequate liquidity for cash flow and generation of investment yield. He outlined the difficulties faced during the current economic and financial climate and in particular the overriding risk from counterparty security, and recommended that in the current uncertain times throughout the world, it was advisable to maintain the status quo, through the careful management and timing of borrowing and restricting financial activity to high credit quality UK counterparties.

Members noted that as a result of internal strategic review of consultancy services, the treasury management consultancy services had been transferred from ICAP Securities Ltd to Sector Treasury Services with effect from 4 October 2010 until August 2011.

An economic overview for the year 2011- 12 was provided to Members showing the expected movement in investment and borrowing rates over the next 5 years, with short-term interest rates likely to rise during late 2011 and medium to long term rates expected to increase gradually over the next 5 years.

Members were apprised of the criteria for selecting investment counterparties, which was restricted, depending on current banking conditions, to counterparties considered to be of highest credit quality. The Treasurer advised that investment was currently restricted to high quality UK banks and financial institutions until such time as the banking situation was considered more stable. However, he pointed out that, in order to provide greater flexibility and advantage, investment was made in Money Market Funds, which had the highest credit rating although an element of them is invested overseas.

The Treasurer advised that investments would not be made for more than a period of one year, and that where feasible cash balances would be used to postpone borrowing and make the existing funds work as effectively as possible. He reassured members that he would continue to adopt a cautious approach and only undertake borrowing to fund the approved capital programme, where there is a clear business case for doing so. Risks associated with any borrowing would be assessed and discussed with the Chair of Scrutiny & Audit Committees and the Lead Finance Member for Finance.

RESOLVED:

- i) That the contents of the report be noted;
- ii) To approve the Treasury Management Strategy for 2011 -12 prior to presentation to the Police Authority

6. Proposed Revised Terms of Reference and Committee Programme 2011/12

The Treasurer advised members that the Police Authority had undertaken a realignment of the committee structure to provide a more efficient and cost effective system. The Scrutiny and Audit Committee would take on responsibility for the capital assets programme of work and the Terms of Reference and committee

programme had been revised accordingly. The committee would be renamed Scrutiny, Audit and Assets Committee.

The Assistant Chief Executive advised that as a result of the changes, performance monitoring, target setting and the annual policing plan would become responsibility of the Performance and Engagement Committee (formerly Citizens Focus Committee). He confirmed that the annual governance report would continue to be the responsibility of the Scrutiny, Audit and Assets Committee.

RESOLVED

- i) That the revised Terms of Reference for 2011/12 be approved.
- ii) To agree the SAC programme for 2011/12

Mr P Hardy arrived at the meeting at 10.10am

7. Scrutiny Development Plan 2011/12

The Assistant Chief Executive presented the report of the Authority's Scrutiny Development Plan which was part of the ongoing self-improvement Corporate Plan 2010 – 11, and had followed a substantial review of scrutiny requirements.

Members noted the recommendations for scrutiny improvements as provided in the report and the checklist format for scrutiny assessment with suggested amendments.

RESOLVED:

That the Scrutiny Development Plan be approved.

8. Audit Plan 2010/11

The external Audit Manager presented the Audit Plan 2010/11, which set out in more detail the approach to the audit of the financial statements and the value for money conclusion. He explained that the scale audit fee would be £89,000 but after rebates relating to a subsidy for the cost of transition to IFRS and the new arrangements for local value for money audit work, the fee would be reduced to an estimated £82,300. However, the fee did not include work relating to the new PFI custody suite at Aylsham, accounting and extra work relating to estimates, journals and 3rd party risk areas.

The Audit Manager explained the process by which he came to his opinion on the audit of the accounts, through the identification of any risk relating to material misstatement in the financial statements, and assessing the organisation's control and management procedures. He advised that there may be some changes to the audit process following the introduction of the new International Financial Reporting Standards on Accounting (UK and Ireland).

The Audit manager provided information on the specific risks he had identified relevant to the audit opinion 2010 - 11 namely; compliance of financial statements with International Financial Reporting Standards (IFRS); reporting transactions in correct financial period; compliance with CIPFA's code of practices in relation to the PFI project; collaboration disclosure information; payroll controls; and sufficiency of

internal audit system relating to Annual Governance Statement. He outlined the testing strategy based on the risk identified and members were provided with the audit timetable.

RESOLVED:

That the contents of the report be noted.

9. Value for Money Conclusion – Our New Approach

The Audit Manager outlined the new approach to the Value for Money (VFM) conclusion and explained that VFM was no longer scored on a 1 to 4 scale but instead an overall conclusion would be made on whether the NPA had proper arrangements in place to secure financial resilience and achieve economy, efficiency and effectiveness. He advised that the work to determine the VFM conclusion would start in April after the HMIC had made their 'Valuing the Police' assessment of the Police Authority, and was expected to conclude in September.

The Audit Manager explained that he would be working closely with the HMIC to ensure there was no duplication or additional burden and that the two reports would be distinct pieces of work. He would refer to the HMIC VFM profiles for information.

The Treasurer commented on the repetitive nature of the two assessments and that there was a potential issue that the Auditor could be quality assuring the HMIC rather than the Authority. The Audit Manager reassured members that this was not the intention and he had raised the potential risk of duplication with the HMIC. The Treasurer asked that this matter be pursued further.

RESOLVED:

That the contents of the report be noted

10. Norfolk Police Authority & Norfolk Constabulary Value for Money (VFM) and VFM Working Group Notes

The VFM Accountant presented the report of the VFM Profiles for all police forces produced by the HMIC, which provided benchmarking data on police expenditure, staffing levels by grade and function and policing outputs and outcomes in a comparable format. She pointed out that the VFM Profiles had shown that Norfolk Constabulary achieved VFM for its residents. In particular the force achieved better than the averages for both the all force and Most Similar Group results in a variety of strategic areas.

The VFM Accountant explained that further analysis undertaken in the areas where the Force was shown as an outlier, that is where they are significantly different from the average and fall within 10% of the top or bottom forces and with a financial value of over £1million, had shown that many of the outlier areas related to ongoing collaborative work.

The Assistant Chief Officer (Resources) (ACOR) added that in addition to carrying out a self assessment form the identified outliers, the Force was also carrying out a self assessment using the Audit Commission Police Force Efficiency Tool. The tool was designed to help forces achieve/improve transformational efficiency and achieve

greater savings. Work on this was underway and a report would be presented initially to the VFM Working Group.

In response to members queries relating to progress with improving the outliers, the ACOR said that all of these were being looked at and further updated profiles would be issued at a later date. Members were advised that some of the forces compiled statistics in different ways and that further work was needed to achieve consistency and accuracy.

RESOLVED:

That the contents of the VFM report and the VFM Working Group Notes be noted.

11. Performance Monitoring 3rd Quarter

The Assistant Chief Executive advised members that this would be the last time that Performance Monitoring report on the Policing Plan was presented to this committee as the Performance and Engagement Committee would be taking on responsibility for this area of work, albeit, a performance summary would still be provided for information. He advised members that the Policing Plan would no longer have specific targets but would have priorities and measures.

The Senior Analyst presented the report of the force performance against target for the last quarter. Members noted that crime reduction continued to be strong, and although 1.2% worse than the quarter target, was 3.2% better than the year to date target of no more than 34,411 crimes. Members were provided with a breakdown of crimes by area and type and the action taken to overcome these.

Overall the Force was meeting 4 out of the 9 target areas. The areas where targets were not achieved were detections of serious violent and sexual offences, anti-social behaviour perception and public satisfaction. Confidence targets were down by 1.4% from the previous quarter, which it was believed, reflected public views in general.

Members discussed the Analysis of Policing and Community Safety (APACS) statistics and potential trends going forward. In response to member's queries regarding the fluctuations in crime levels reported in Kings Lynn and Great Yarmouth, the Deputy Chief Constable explained that the increase in crime had been addressed by targeted operations in both areas.

Members were pleased to note that the rate of Restorative Justice Disposals had increased by an additional 3.1% since last year, and it was agreed these would continue to be monitored through future reports.

RESOLVED:

That the contents of the report be noted

12. NPA Efficiency & Productivity Plan 2010/11

The VFM Accountant presented the report of Efficiency and Productivity to December 2010 and said that there was no significant change since the last report;

overall corporate spending was within budget. She highlighted the areas in the forecast plan where it had been identified that it would be unlikely to achieve the value this financial year e.g. Communications and Public Affairs (relating to less sales from goods and services than anticipated), and Support Services (the £35k from the removal of portakabins would not be achieved as they still were needed for storage). However, members noted that even if these areas do not meet target the constabulary is expected to over exceed the 10.3% year target by the end of the financial year.

The Chairman drew member's attention to the planned savings as a result of the collaboration work which resulted in a reduction of 2 posts and a saving of £120k.

Resolved:

That the contents of the report were noted.

13. Norfolk Constabulary/Norfolk Police Authority Risk Management Update

The Treasurer presented the report on the management of risk and progress with the Corporate Risk Register. He emphasised the importance of managing risk when the organisation was going through such a major period of change, to mitigate any potential threat and take advantage of identified opportunities.

Members requested two amendments to the updated risk register to reflect the change in personnel since DCC Bailey was now the responsible officer for control, and that the likelihood of the risk of 'failure to deliver collaboration project objectives and joint/partnership working would result in failure to deliver savings and priorities' was 'possible' rather than 'likely'.

Resolved:

That the contents of the report were noted.

14. Any Other Items of Business

The Chairman proposed a vote of thanks to Brian Hannah who was stepping down as a member of the Police Authority, for his invaluable contribution to the Committee and, in particular his work as Lead Member on Restorative Justice.

15. Date of next meeting

The next meeting would be held on Thursday, 17th March 2011.

CHAIRMAN

The meeting closed at 11.55am