

Date: 2 September 2011

To: Members of the Finance & Audit Services Select Committee

Mr PAS Hall (Chairman)
Ms DM Taylor (Vice-Chairman)
Mrs R Camamile
Mr DM Gould

Mr MS Hulbert
Mr J Moore
Mr K Morrell

Copy to all other Members of the Council

(Other recipients for information)

Dear Councillor

There will be a meeting of the Finance, Audit & Performance Committee in the Council Chamber, Council Offices, Hinckley on **Monday, 12 September 2011 at 6.30 pm**, and your attendance is required.

The agenda is set out overleaf.

Yours sincerely

Denise Bonser
Democratic Services Officer

FINANCE, AUDIT & PERFORMANCE COMMITTEE

12 SEPTEMBER 2011

A G E N D A

1. APOLOGIES AND SUBSTITUTIONS

2. DECLARATIONS OF INTEREST

To receive verbally from members any disclosures which they are required to make in accordance with the Council's code of conduct or in pursuance of Section 106 of the Local Government Finance Act 1992. **This is in addition to the need for such disclosure to be also given when the relevant matter is reached on the Agenda.**

3. MINUTES OF PREVIOUS MEETING

To confirm the minutes of the meeting of the Finance & Audit Services Select Committee held on 25 July 2011. Copy attached marked 'FAP7'.

4. INTERNAL AUDIT PROGRESS REPORT

Report of RSM Tenon attached marked 'FAP8' (pages 1 - 25).

5. HBBC REPORT TO THOSE CHARGED WITH GOVERNANCE ((ISA 260) (UK&I))

Report of Price Waterhouse Coopers marked 'FAP9' (to follow).

6. ANNUAL GOVERNANCE STATEMENT 2010/11

Report of Deputy Chief Executive (Corporate Direction) attached marked 'FAP10' (pages 26 - 35).

7. REVENUE AND CAPITAL OUTTURN 1ST QUARTER 2011/12

Report of Deputy Chief Executive (Corporate Direction) attached marked 'FAP11' (pages 36 - 54).

8. STATEMENT OF ACCOUNTS 2010/11

Report of Deputy Chief Executive (Corporate Direction) attached marked 'FAP12' (pages 55 - 60).

9. PERFORMANCE MANAGEMENT FRAMEWORK

Report of Chief Executive attached marked 'FAP13' (pages 61 - 72). *Colour copies available on website or by contacting Cal Bellavia on ext 5795.*

10. WORK PROGRAMME 2011/12

Attached marked 'FAP14' (pages 73 - 80).

HINCKLEY & BOSWORTH BOROUGH COUNCIL
FINANCE & AUDIT SERVICES SELECT COMMITTEE

25 JULY 2011 AT 6.35 PM

PRESENT: Mr PAS Hall – Chairman
Miss DM Taylor – Deputy Chairman

Mr PS Bessant, Mr DM Gould, Mr MS Hulbert, Mr J Moore
and Mr K Morrell.

In accordance with Council Procedure Rule 4.2 Mr MR Lay and Mr BE Sutton also attended the meeting.

Officers in attendance: Mrs D Bonser, Mr D Bunker, Mr S Kohli, Mr T Oglesby and Mr P Scragg.

Colin Roxburgh and Chris Williams of RSM Tenon were also in attendance.

71 APOLOGIES

An apology for absence was submitted on behalf of Mrs R Camamile with the following substitution authorised in accordance with Council Procedure Rule 4.1:

Mr PS Bessant for Mrs R Camamile.

72 DECLARATIONS OF INTEREST

No interests were declared at this stage.

73 MINUTES (FAP1)

On the motion of Mr Gould, seconded by Miss Taylor it was

RESOLVED – the minutes of the meeting held on 18 April 2011 be agreed and signed by the Chairman.

74 INTRODUCTION OF INTERNAL AUDIT

To assist new members of the Committee Chris Williams gave a brief introduction to the internal audit functions carried out by RSM Tenon

Mr Hulbert entered the meeting at 6.45 pm

75 INTERNAL AUDIT PROGRESS REPORT (FAP2)

The Committee received the internal audit progress report presented by RSM Tenon. It was stated that seven of the fifteen recommendations were classed as medium priority, and all recommendations had been accepted

by management.

Members expressed concern over a number of issues arising from the report. Colin Roxburgh explained the reconciliation and collection of monies relating to car parking had been revised and a new contract would be drawn up with the contractors.

Discussion took place as to the accountability of managers' implementation of the recommendations. The Accountancy Manager informed the Committee that a spreadsheet could be produced showing recommendations and actions taken.

RESOLVED -

- i) The new car park contract be brought to the next meeting;
- ii) A spreadsheet be produced on the 4 action plus system and presented as a regular agenda item;
- iii) A disc be made available containing the reports on the Masterplan for Earl Shilton and Barwell.

76 THE PRUDENTIAL CODE FOR CAPITAL FINANCE IN LOCAL AUTHORITIES – SETTING OF PRUDENTIAL INDICATORS 2011/12 AND TREASURY MANAGEMENT STRATEGY 2011/12 (FAP3)

The Accountancy Manager gave a brief outline of the four key legislative requirements for prudential indicators for 2011/12 – 2013/14. The policies and parameters used provide an approved framework within which officers undertake capital and treasury activities.

RESOLVED –

The Committee endorses the report and recommends it to Council for approval.

77 STATEMENT OF ACCOUNTS 2010/11 (FAP4)

It was reported that in common with all other principal local authorities Hinckley & Bosworth Borough Council was now preparing its Statement of Accounts using International Financial Reporting Standards. The differences between IFRS Accounts and the former UKGAAP Accounts and the significant points in the accounts were explained to Members.

RESOLVED – the Committee notes the report.

78 FINAL OUTTURN 2010/11

The Committee was presented with a copy and explanation of the report sent to Council on 5 July 2011.

RESOLVED – the report be noted.

79 BURBAGE COMMON AND HOLLYCROFT PARK INCOME (FAP6)

Information was presented to Committee on the income at Hollycroft Park and Burbage Common Visitor Centre. It was explained that both venues were run on a 'not for profit' basis but on providing accessible amenities for the community.

It was noted that assets were not being used to their full potential and to encourage the usage of the facilities offered, comparisons could be sought from neighbouring authorities.

RESOLVED – consultation with neighbouring authorities sought.

80 WORK PROGRAMME

The Accountancy Manager distributed the work programme and asked for any additions and comments to be brought to the next meeting.

81 TERMS OF REFERENCE

A copy of the Terms of Reference for the Overview and Scrutiny function was circulated to Members. The Chairman asked that any queries on this be brought to the next meeting of the Committee.

82 MEETING DATES

Members noted the revised 2011/12 meeting dates.

(The meeting closed at 8.26 pm)

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RSM Tenon

HINCKLEY AND BOSWORTH BOROUGH COUNCIL

Internal Audit Progress Report

Finance and Audit Select Committee Meeting – 12th September 2011

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	▪ Rent Collection and Arrears	
	▪ Community Safety	
	▪ Enforcement	

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regard to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

This report is prepared solely for the use of Board and senior management of Hinckley and Bosworth Borough Council. Details may be made available to specified external agencies, including external auditors, but otherwise the report should not be quoted or referred to in whole or in part without prior consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended for any other purpose.

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1. INTRODUCTION

- 1.1 The periodic internal audit plan for 2011/12 was approved by the Finance and Audit Select Committee on 14th February 2010. This report summarises the outcome of work completed to date against that plan, and Appendix A provides cumulative data in support of internal audit performance.

2. FINAL REPORTS ISSUED

- 2.1 We have finalised 4 reports since the last Committee meeting; these are in the areas of:

- Budgetary Control and Budget Setting
- Rents Collection and Arrears
- Community Safety
- Enforcement

- 2.2 The executive summaries and agreed action plans for recommendations classified as 'High' and 'Medium' risk are included at Appendix B. Full reports of all recommendations including 'Low' risk can be provided upon request. The 'Low' risk recommendations are not included in this report, as it is felt that time and attention should be focused on the more significant risks facing the Authority (i.e. 'High' and 'Medium' recommendations).

3. KEY FINDINGS FROM INTERNAL AUDIT WORK

- 3.1 We have raised 11 recommendations across the 4 reviews that are being presented to this Committee; one recommendation has been classified as 'High' Risk, four recommendations have been classified as 'Medium' Risk and the remaining six have been classified as 'Low' Risk.

- 3.2 The High and Medium Risk recommendations raised as part of the reviews relate to:

- **Community Safety** (See Pages 14 - 18) - There was inconsistency in the information input into the case recording system; especially regarding dates. Consistency is needed so as to enable the effective monitoring of the days taken to process an incident. In addition, our testing found instances of inaccurate information being input at the initial complaint stage, and these need to be addressed. (MEDIUM RISK)
- **Community Safety** – Audit confirmed that only three cases had been reviewed before closure. In addition to this, in five instances a Closed Report Form was not completed or scanned onto the Anite system. The Council should ensure that in all cases a closure report is completed and considered by a Team Leader when reviewing the closure. (MEDIUM RISK)
- **Enforcement** (See Pages 19 – 23) - Conditions / enforceable decisions that are set at the planning stage are monitored for key delivery dates. (HIGH RISK)
- **Enforcement** - The new Enforcement Protocol states that all cases will be graded High, Medium or Standard depending on their severity. We were informed that there are no plans to grade the current 197 enforcement cases that are already logged on the system in line with the new Protocol. This recommendation has not

been accepted by management on the grounds that it would not be an effective use of staff resource and time would be better spent resolving existing cases. (MEDIUM RISK)

- **Enforcement** - Performance against defined targets is compiled on a monthly basis. On average, for the last quarter only 84% of cases were responded to within 15 days, against a 100% target. (MEDIUM RISK)

4. WORK IN PROGRESS OR PLANNED

- 4.1 For all remaining audits, audit commencement dates have been agreed with the auditees and all assignment planning sheets have been issued.
- 4.2 Six audits have been completed and draft reports have been issued. These relate to Risk Management, Health and Safety, Community Safety, Project Management, Enforcement, and Key Performance Indicators. No audits are currently in progress.

5. LIAISON WITH MANAGEMENT AND EXTERNAL AUDIT

- 5.1 Our management staff meet regularly with the Deputy Chief Executive (Corporate Direction), as well as other members of senior management to discuss the progress of the internal audit work.

6. CHANGES TO OUR PLAN

- 6.1 There have been no major changes to the Plan since the last Committee meeting.

APPENDIX A: HINCKLEY AND BOSWORTH BOROUGH COUNCIL – OPERATIONAL PLAN PERFORMANCE 2011/12

Detailed below is a summary of the work undertaken in 2011/12 to date, showing the levels of assurance given and the number of recommendations arising. Reports being considered at this Committee are shown in ***bold and italics***. Definitions with regard to the levels of assurance and the classification of recommendations are provided overleaf.

Auditable Area	Start Date	Debrief date	Draft report issued	Responses received	Final report issued	Audit Committee	Audit approach	Audit Days	Assurance level given	Number of Recommendations Made					
										H	M	L	In Total	Agreed	
Work completed to date															
<i>Budgetary Control and Budget Setting</i>	<i>11/07/11</i>	<i>15/07/11</i>	<i>25/07/11</i>	<i>11/08/11</i>	<i>11/08/11</i>	<i>12/09/11</i>	<i>Key Controls</i>	<i>8</i>	<i>GREEN</i>	<i>0</i>	<i>0</i>	<i>1</i>	<i>1</i>	<i>1</i>	
<i>Rent Collection and Arrears</i>	<i>11/07/11</i>	<i>22/07/11</i>	<i>08/08/11</i>	<i>10/08/11</i>	<i>11/08/11</i>	<i>12/09/11</i>	<i>Key Controls</i>	<i>5</i>	<i>GREEN</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	
<i>Community Safety</i>	<i>25/07/11</i>	<i>29/08/11</i>	<i>17/08/11</i>	<i>19/08/11</i>	<i>22/08/11</i>	<i>12/09/11</i>	<i>Key Controls</i>	<i>5</i>	<i>AMBER / GREEN</i>	<i>0</i>	<i>2</i>	<i>2</i>	<i>4</i>	<i>4</i>	
<i>Enforcement</i>	<i>01/08/11</i>	<i>05/08/11</i>	<i>17/08/11</i>	<i>24/08/11</i>	<i>24/08/11</i>	<i>12/09/11</i>	<i>Key Controls</i>	<i>6</i>	<i>AMBER / RED</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>6</i>	<i>5</i>	
Car parks	09/05/11	16/05/11	02/05/11	16/06/11	16/06/11	25/07/11	Key Controls	6	GREEN	0	3	0	3	3	
Trade Waste (new VAT allowances)	31/05/11	08/06/11	16/06/11	27/06/11	28/06/11	25/07/11	Key Controls	6	GREEN	0	0	2	2	2	
Performance Management	06/06/11	10/06/11	22/06/11	01/07/11	01/07/11	25/07/11	Key Controls	6	GREEN	0	0	3	3	3	
Local Development Framework	16/05/11	23/06/11	N/A	N/A	4/07/11	25/07/11	Key Controls	5	GREEN	0	0	0	0	0	
Financial Regulations	31/05/11	23/06/11	03/07/11	14/07/11	18/07/11	25/07/11	Key Controls	4	GREEN	0	3	1	4	4	

Auditable Area	Start Date	Debrief date	Draft report issued	Responses received	Final report issued	Audit Committee	Audit approach	Audit Days	Assurance level given	Number of Recommendations Made				
										H	M	L	In Total	Agreed
Master Plan	16/05/11	24/06/11	05/07/11	14/07/11	18/07/11	25/07/11	Key Controls	5	GREEN	0	0	0	1	1
Supporting people / Wardens	13/06/11	17/06/11	7/07/11	13/07/11	14/07/11	25/07/11	Key Controls	6	GREEN	0	2	0	2	2
Totals to date:								62		1	10	11	22	21

Auditable Area	Start Date	Debrief date	Draft report issued	Responses received	Final report issued	Audit Committee	Audit approach	Audit Days	Assurance level given	Number of Recommendations Made				
										H	M	L	In Total	Agreed
<i>Work in progress or yet to start (including reports still in draft)</i>														
Risk Management	11/07/11	19/08/11					Advisory	5						
Health and Safety	18/07/11	04/08/11					Key Controls	8						
Project Management	25/07/11	29/08/11					Key Controls	5						
Key Performance Indicators	01/08/11	05/08/11	17/08/11				Key Controls	5		0	2	2	4	
Corporate Governance	03/10/11							5						
VAT	01/11/11							8						
Treasury Management	12/09/11							6						
General Ledger/ Main Accounting System	14/11/11							8						
Asset Register	03/10/11							8						
Creditors	05/09/11							8						
Income and Debtors	05/09/11							8						
Payroll	31/10/11							8						
Housing Benefit (shared service)*	31/10/11							70*						
Council Tax (shared service)*	28/11/11							-*						
NNDR (shared service)*	28/11/11							-*						
IT Strategy	12/09/11							6						

Auditable Area	Start Date	Debrief date	Draft report issued	Responses received	Final report issued	Audit Committee	Audit approach	Audit Days	Assurance level given	Number of Recommendations Made				
										H	M	L	In Total	Agreed
IT Contract Maintenance /	12/09/11							10						
Data Protection and Freedom of Information	17/10/11							6						
New Council Office Development	03/10/11							5						
Public Consultations / Citizens Panel	12/12/11							6						
Planning	12/09/11							6						
Housing Allocations & Voids	05/09/11							7						
Housing Repairs	05/12/11							10						
Homelessness	12/09/11							6						
Contracts Review	On-going							10						
Counter Fraud	TBC							10						
Follow Up	On-going							10						
Spot Checks (Bank Accounts at Sheltered Housing Schemes)	On-going							5						
Audit Management	N/A							25						
TOTAL								290						

NB * Shared Service Revenues and Benefits Reviews Days – 70 = total number of days for combined review of three audit areas, Council Tax, NNDR, and Housing Benefits. Final costs are to be apportioned between each of the three District Councils.

APPENDIX B: HINCKLEY AND BOSWORTH BOROUGH COUNCIL – EXECUTIVE SUMMARIES AND ACTION PLANS

BUDGETARY CONTROL AND BUDGET SETTING

1. EXECUTIVE SUMMARY

1.1 INTRODUCTION

An audit of Budgetary Control and Budget Setting was undertaken as part of the approved internal audit periodic plan for 2011/12.

The budget setting process initially commences during September each year, with the preparation of a budget strategy. Faced with the consequences of the Comprehensive Spending Review, announced on 20th October 2010, the Council established a Budget Options Process, to identify all service areas where savings could be achieved.

When setting the annual budget for 2011-12, the Council was faced with making budget reductions of over £900,000, mainly due to reductions in grants from central government. The Council has been able to set a balanced budget without hitting frontline services, by making efficiencies totalling £725,000 with the remainder being secured from staff savings and contributions from balances and reserves. Fees and charges, which account for approximately 20% of the Council’s income have been reviewed and approved in line with the budget setting process.

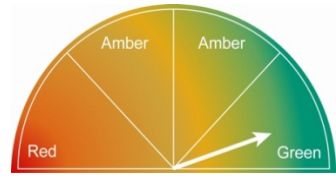
The Budget requirement for 2011-12 has been stated at £9.677m, compared with the final outturn (net budget requirement) for 2010-11, which is expected to be £10.634m. Although some reserves have been utilised in the 2011-12 budget, the total balance remaining, of General Fund Reserves, amounts to £4,119m, with General Fund balances at 31st March 2011, amounting to £1.982m. Therefore the Council is continuing to maintain a healthy level of reserves, although it must be noted that many of the General Fund Reserves are hypothecated to specific purposes.

Actual performance against budget is closely monitored and monthly outturn reports are produced and issued to Budget Managers. Formal budgetary performance review meetings are between Accountancy and each Budget Manager. Details from the monthly outturn reports are reported to Strategic Leadership Board (SLB) monthly and are discussed in quarterly joint meetings with Corporate Operations Board (COB).

The audit was designed to assess the controls in place to manage the following objectives and risks:

Objective	To ensure that the Council's budgets are set in an effective manner and that budget monitoring and control is effective.
Risk	Budget cuts lead to lack of resources.

1.2 CONCLUSION



Taking account of the issues identified, the Authority can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review. The key findings from this review are as follows:

Design of control framework

- Formal sign-off and acceptance of their budget allocation should be obtained from budget holders and evidenced.

Application of and compliance with control framework

- There has been good compliance with budget setting and monitoring framework in place.

1.3 SCOPE OF THE REVIEW

To evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion. Control activities are put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively. When planning the audit, the following limitations were agreed:

Limitations to the scope of the audit:

- We will undertake an assessment of the adequacy of aspects of the control framework and undertake limited testing to confirm its operation in practice;
- Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

The approach taken for this audit was a Risk-Based Audit.

1.4 RECOMMENDATIONS SUMMARY

The following tables highlight the number and categories of recommendations made.

Recommendations made during this audit:

Our recommendations address the design and application of the control framework as follows:

	Priority		
	High	Medium	Low
Design of control framework	0	0	0
Application of control framework	0	0	1
Total	0	0	1

The recommendations address the risks within the scope of the audit as set out below:

Risk	Priority		
	High	Medium	Low
Budget cuts lead to lack of resources.	0	0	1
Total	0	0	1

Recommendations implemented since the previous audit in this area:

Date of previous audit: October 2010			
Assurance:	Fundamental	Significant	Merits Attention
Number of recommendations made during previous audit	0	0	1
Number of recommendations implemented	0	0	1
Recommendations not yet fully implemented:	0	0	0

2. ACTION PLAN – No ‘High’ or ‘Medium’ Risk Recommendations were raised as part of this review.

RENT COLLECTION AND ARREARS

1. EXECUTIVE SUMMARY

1.1 INTRODUCTION

An audit of Rent Collection and Arrears was undertaken as part of the approved internal audit periodic plan for 2011/12.

The total rent due to the Council for 2011/12 is approximately £10.4m. As of July 2011 the total amount collected stood at £2.7m. The Council's rent collection rate as of July 2011 was at 97.82% against their annual performance target for 2011/12 at 98.48%. This is reported on a quarterly basis, and although current performance is below target this is not a cause for concern at this stage of the year.

Annual rent increases are calculated by the Finance Department using central Government policy and formulae. For the financial period 2011/12, the calculated rent increase was 6.79%. However due to the current economic climate, this was reduced, and an average rent increase of 3.9% was approved by Council in February 2011. The Council notified all tenants of the rent increase four weeks prior to the change coming into effect in April 2011. The new rates are automatically entered into the Orchard housing system.

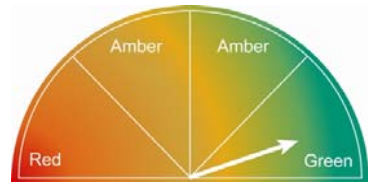
The Council uses the Orchard system for recording all information regarding housing properties, and the system acts as a rent management and rent recovery system. There are set 'milestones' within Orchard for monitoring rent accounts showing arrears and the progress of arrears recovery action.

With the closure of the Cashiers Office within the Council, alternative methods of payment have been provided to tenants. These include pay-points, internet, telephone, direct debits and standing orders, and these methods are clearly advertised to Council tenants.

The audit was designed to assess the controls in place to manage the following objectives and risks:

Objective	To ensure accurate and timely billing and collection of rental income, and that overdue accounts are identified and appropriate recovery action is taken.
Risk	<p>Financial procedures and relevant housing legislation are not being adhered to.</p> <p>Council tenants are not legally notified of rent increases leading to loss of rental income.</p> <p>Rent arrears are not identified/monitored and recovery action taken in accordance with internal procedures and relevant legislation.</p> <p>Collection levels are not monitored</p>

1.2 CONCLUSION



Taking account of the issues identified, the Authority can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review. The key findings from this review are as follows:

Design of control framework

- Regular monitoring is undertaken of all that tenant accounts that are in arrears.
- There are up to date procedures relating to the rent collection function.

Application of and compliance with control framework

- Sample testing of accounts in arrears showed satisfactory compliance in practice with control framework.

1.3 SCOPE OF THE REVIEW

The objective of our audit was to evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion. Control activities are put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively. When planning the audit, the following controls for review and limitations were agreed:

Limitations to the scope of the audit:

- We will undertake an assessment of the adequacy of aspects of the control framework and we will undertake limited testing to confirm its operation in practice. Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist. The approach taken for this audit was a Risk-Based Audit.

1.4 RECOMMENDATIONS SUMMARY

No recommendations were made as a result of our audit.

Recommendations implemented since the previous audit in this area:

Date of previous audit: October 2010			
Assurance:	Fundamental	Significant	Merits Attention
Number of recommendations made during previous audit	0	0	3
Number of recommendations implemented	0	0	3
Recommendations not yet fully implemented:	0	0	0

The previous audit included recommendations relating to the dating of policies and procedures, and to the authorisation of write-offs. We noted in this audit that that review dates have been added to the rents procedures but not to the policy, and we have thus reiterated this as a suggestion. The recommendation relating to write-offs has also been implemented.

1.5 ADDITIONAL FEEDBACK

We have made one suggestion where we have identified innovation or good practice at other organisations that Hinckley and Bosworth Borough Council may wish to consider:

Suggestions Made During the Audit

The Council should ensure a date of review is recorded on all policies.

2. ACTION PLAN – No ‘High’ or ‘Medium’ Risk Recommendations were raised as part of this review.

COMMUNITY SAFETY

1. EXECUTIVE SUMMARY

1.1 INTRODUCTION

An audit of Community Safety was undertaken as part of the approved internal audit periodic plan for 2011/12.

The Council has a priority commitment to reduce crime and disorder and the fear of crime and disorder in the Borough. The Community Safety team deal with an array of problems such as anti-social behaviour, violence, neighbourhood disputes, rowdy behaviour and intimidation and harassment. Following on from the Pilkington Case, it has been evident that there has been a significant change in the volume, the types and the complexity of cases that have been brought forward for the Community Safety team to deal with. There has been an increase in the number of vulnerability cases and it is the responsibility of the Council to refer these cases on to the appropriate external agency. However there is pressure on the Community Safety team to follow up on these cases and to ensure that the agencies are dealing with them appropriately to limit the reputational risk the Council could face if the agency does not discharge its duties effectively.

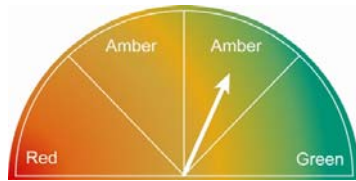
The Uniform system is used to record information regarding incidents, including complainant and alleged offender details. In addition to Uniform, the Council utilises the Anite system to electronically document records for the electronic case file. We noted that Uniform can only be used for limited management reporting purposes, although a new system, Sentinel, is due to be implemented in November. Sentinel is a web based system that will allow the Council and Leicestershire Police Force to maintain Community Safety records on the same system.

When a victim contacts the Council regarding a complaint this is logged into Uniform and is allocated to an appropriate member of staff, and individual Council Officers specialise in dealing with certain types of problem, for instance alcohol abuse. When action is undertaken against a case the details are recorded on the Uniform system. Documentation relating to the case is then recorded on the Anite electronic case file for future reference. Once the case has been fully investigated and all necessary actions have been completed, a closure report form is compiled for the Team Leader to review before the case is formally closed. Information and updates are provided to the complainant as much as possible throughout the investigation.

The audit was designed to assess the controls in place to manage the following objectives and risks:

Objective	To ensure that a comprehensive ASB case management procedure is in place and is operating effectively and in line with statutory and any other requirements.
Risk	Safety issues raised by tenants are not addressed in a timely and effective manner

1.2 CONCLUSION



Taking account of the issues identified, the Council can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

However we have identified issues that, if not addressed, increase the likelihood of the risk materialising.

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review.

The key findings from this review are as follows:

Effectiveness

- The Council monitor the number of days taken to process a complaint from the date it is first reported.

Design of control framework

- There are policies and procedures in place for this area. However updates are required, as not all of the current working practices have been included, and in particular, duties surrounding the closure of cases were not identified. In addition, when the Sentinel system comes into operation in November the procedural notes will need to be updated to reflect the changes in system application.

Application of and compliance with control framework

- Testing was completed following the process through from receiving a complaint, reviewing the actions recorded against the case, through to completion and closure of the case. Through testing we noted that it was not always possible to review details of all actions or supporting documentation on the Uniform system or in the electronic case file.
- Monthly meetings are held with the Joint Action Group (JAG) to discuss sensitive cases with multiple agencies, to review actions undertaken to date, and to decide whether further assistance from one of more agencies will be required.

1.3 SCOPE OF THE REVIEW

The objective of our audit was to evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion. Control activities are put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively. When planning the audit, the following controls for review and limitations were agreed:

Limitations to the scope of the audit:

- We will undertake an assessment of the adequacy of aspects of the control framework and we will undertake limited testing to confirm its operation in practice.
- Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

The approach taken for this audit was a Risk-Based Audit.

1.4 RECOMMENDATIONS SUMMARY

The following tables highlight the number and categories of recommendations made. The Action Plan at Section 2 details the specific recommendations made as well as agreed management actions to implement them.

Recommendations made during this audit:

Our recommendations address the design and application of the control framework as follows:

	Priority		
	High	Medium	Low
Design of control framework	0	0	0
Application of control framework	0	2	2
Total	0	2	2

The recommendations address the risks within the scope of the audit as set out below:

Risk	Priority		
	High	Medium	Low
Safety issues raised by tenants are not addressed in a timely and effective manner	0	2	2
Total	0	2	2

Recommendations implemented since the previous audit in this area:

Date of previous audit: 1 August 2011			
Assurance:	Fundamental	Significant	Merits Attention
Number of recommendations made during previous audit	0	3	1
Number of recommendations implemented	0	2	1
Recommendations not yet fully implemented:	0	1	0

It was confirmed through the completion of the audit, that the two significant recommendations made previously had been implemented. These related to the introduction of a time frame for implementing and monitoring the cases and training of Officers on the Uniform system.

One Medium recommendation was partially implemented. The closure report form had been introduced, but these are not always being completed, and thus the finding has been re-raised in this report.

The Low recommendation was seen to be implemented as an update of the partnership was seen to be reported to the Strategic Leadership Board.

1.5 ADDITIONAL FEEDBACK

We have also made suggestions where we have identified innovation or good practice at other organisations that Hinckley and Bosworth Borough Council may wish to consider:

Suggestions Made During the Audit

We understand that the Council did previously send out satisfaction forms once a case had closed. However this process has now ceased following a corporate decision to reduce the number of satisfaction surveys carried out. In the future it may be advantageous for the Council to consider ways of monitoring the satisfaction of the tenants after a case has been closed.

2 ACTION PLAN

The priority of the recommendations made is as follows:

Priority	Description
High	Recommendations are prioritised to reflect our assessment of risk associated with the control weaknesses.
Medium	
Low	
Suggestion	These are not formal recommendations that impact our overall opinion, but used to highlight a suggestion or idea that management may want to consider.

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
1	a) The Council should ensure that there is consistency in the information input into the 'incident date' field and the 'Logged date' field. The incident date should be the date the complaint has been received and the 'logged date' details the date when the first action was completed. The date of the actual incident should be recorded within the description of the complaint. This will also aid in the effective monitoring of the days taken to process an incident.	Medium	Y	Officers will be informed of the requirement for each field.	August 2011	Sharon Stacey
	b) The Council should ensure that, going forward, all information is input correctly when initially receiving the complaint.			To be monitored at one to one meetings with Officers.	August 2011	Maddy Shellard / Jo Wykes
2	The Council should ensure that in all cases a closure report is completed and considered by a Team Leader when reviewing the closure. All documents should be retained.	Medium	Y	To one picked up at one to one meetings and incorporated into the new procedures.	August 2011 for one to one meetings	Maddy Shellard / Jo Wykes

ENFORCEMENT EXECUTIVE SUMMARY

1.1 INTRODUCTION

An audit of Enforcement was undertaken as part of the approved internal audit periodic plan for 2011/12.

Enforcement falls under the responsibility of the Head of Planning. It is managed on a day to day basis by the Development Control Manager who is responsible for the two Enforcement Officers.

The Enforcement Team investigate alleged breaches of planning control. These include breaches of planning conditions, unauthorised changes of use of land and buildings, and unauthorised development. Where breaches have occurred the Enforcement Team have the power to issue Enforcement Notices that must be adhered to by law.

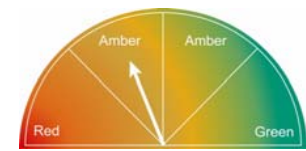
Currently, there are 197 open Enforcement cases, of which 108 have been opened since April 2011. All cases are logged on the Uniform system which generates a unique reference number. The case is then assigned to an Enforcement Officer.

A new Planning Enforcement Protocol has recently been introduced at the Council. It was approved by the Planning Committee in June 2011. The Protocol states that cases are to be graded dependent upon their priority, i.e. High, Medium or Standard. It is hoped that the new grading system will focus the attention of the Enforcement Officers time to the High and Medium priority cases.

The audit was designed to assess the controls in place to manage the following objectives and risks:

Objective	To ensure compliance with all Council planning decisions.
Risk	Planning decisions are not enforced.

1.2 CONCLUSION



Taking account of the issues identified, whilst the Council can take some assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective, action needs to be taken to ensure this risk is managed.

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review.

The key findings from this review are as follows:

Effectiveness

- A performance indicator is in place for the percentage of enforcement complaints acknowledged within three days. Currently 100 per cent of complaints are acknowledged within three days.
- A performance indicator is in place for the percentage of enforcement complaints responded to within fifteen working days. Currently 84 per cent of complaints are responded to within 15 working days.

Design of control framework

- Decisions and conditions set at the planning stage are not monitored for key delivery dates.
- The Uniform system is not used to formally monitor enforcement notices issued.

Application of and compliance with control framework

- Enforcement cases going forward are to be graded High, Medium and Standard. Currently there are no plans to grade all of the 197 previous cases that are still currently open.
- The Uniform system does not have any restrictions for the closing of enforcement cases. The Enforcement Officers are able to close off cases, thus meaning the case may not have been reviewed and authorised to be closed by the Development Control Manager.

1.3 SCOPE OF THE REVIEW

To evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion. Control activities are put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively. When planning the audit, the following limitations were agreed:

Limitations to the scope of the audit:

- We will undertake an assessment of the adequacy of aspects of the control framework and we will undertake limited testing to confirm its operation in practice.
- Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

The approach taken for this audit was a Risk-Based Audit.

1.4 RECOMMENDATIONS SUMMARY

The following tables highlight the number and categories of recommendations made. The Action Plan at Section 2 details the specific recommendations made as well as agreed management actions to implement them.

Recommendations made during this audit:

Our recommendations address the design and application of the control framework as follows:

	Priority		
	High	Medium	Low
Design of control framework	1	0	0
Application of control framework	0	2	3
Total	1	2	3

The recommendations address the risks within the scope of the audit as set out below:

Risk	Priority		
	High	Medium	Low
Planning decisions are not enforced.	1	2	3
Total	1	2	3

2 ACTION PLAN

The priority of the recommendations made is as follows:

Priority	Description
High	Recommendations are prioritised to reflect our assessment of risk associated with the control weaknesses.
Medium	
Low	
Suggestion	These are not formal recommendations that impact our overall opinion, but used to highlight a suggestion or idea that management may want to consider.

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
1	Conditions / enforceable decisions set at the planning stage should be monitored for key delivery dates. This monitoring should be documented, for the event that issues with the planning arise at a later date.	High	Partly	It may be possible for Enforcement to be advised of commencements by Building Control which would enable monitoring of permissions where building regulations was also required. However it is not possible to monitor all decisions proactively due to staff resources, in order to do this an additional member of staff would be required.	1 Jan 2012	T Miller

2	An exercise should be undertaken to grade all existing enforcement cases High, Medium or standard in line with the new Enforcement Protocol.	Medium	N	This will not be good use of officer time and we do not have the resources to do so, not only would the uniform record need to be changed but so to would the anite file which would be too time consuming. Officer time would be better spent resolving existing cases so that cases not on the new protocol are eventually phased out. Grading in line with new protocol would be pointless as the existing cases are already part way through the process.	n/a	n/a
3	The Enforcement Team should visit 100% of cases within 15 days. Where this is not achieved management should investigate the reason for non-achievement of the target and agree a course of action to ensure that the visit is undertaken at the earliest opportunity.	Medium	Y	This is already being monitored and this target improved last month.	Aug 2011	T Miller

FINANCE, AUDIT & PERFORMANCE SELECT COMMITTEE – 12 SEPTEMBER 2011

REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)
RE: ANNUAL GOVERNANCE STATEMENT 2010/11

1. **PURPOSE OF REPORT**

To seek the approval of the Annual Corporate Governance Statement and seek endorsement of the recommendation to Council to approve this statement

2. **RECOMMENDATION**

That the Select Committee approve the statement and endorse Council approval of the Annual Corporate Governance Statement.

3. **BACKGROUND TO THE REPORT**

Regulations have placed emphasis on all local authorities to ensure they have sound systems of internal control. The Accounts and Audit Regulations 2011 have established requirements that all local authorities must adhere to in relation to systems of internal control. This has implications for the whole authority and all its services. The regulations require councils to “have a sound system of internal control which facilitates the effective exercise of the council’s functions and which include the arrangements for the management of risk”.

The Council is required to review at least annually the effectiveness of the system of internal controls and make a statement on that within the Statement of Accounts.

Whilst the legislation requiring the statement is placed with the Accounts and Audit Regulations **this is not just an accounting or auditing issue. The Statement on Corporate Governance is a key measure of the overall effectiveness of the Authority.**

As part of the production of the statement on corporate governance, assurance is required from all services regarding their current systems, procedures and accompanying controls operated. All services have therefore been asked to complete a service assurance assessment and produce an accompanying service assurance statement. The statements have been taken into account in drawing up the Statement of Internal Control.

4. **FINANCIAL IMPLICATIONS [DB]**

None.

5. **LEGAL IMPLICATIONS [LH]**

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which it functions, having regard to a combination of economy efficiency and effectiveness.

In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the council's functions and which includes arrangements for the management of risk. The Accounts and Audit Regulations 2003 have established the requirement that all local authorities must adhere to in relation to systems of internal control.

6. **CORPORATE PLAN IMPLICATIONS**

This report contributes to the achievement of the following Strategic Aim

"Proud of our Probity and Honesty in Governance and Management"

7. **CONSULTATION**

All members of SLB, COB and Middle Managers have been consulted in preparing the Statement.

8. **RISK IMPLICATIONS**

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
None		

9. **KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS**

None

10. **CORPORATE IMPLICATIONS**

By submitting this report, the report author has taken the following into account:
[if you require assistance in assessing these implications, please contact the person noted in parenthesis beside the item]

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

Background Papers: Statement of Corporate Governance
Statement of Accounts

Contact Officer: David Bunker Accountancy Manager ext 5609

Executive Member Cllr K W P Lynch

The Annual Governance Statement

SCOPE OF RESPONSIBILITY

Hinckley and Bosworth Borough Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of corporate governance which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

Hinckley and Bosworth Borough Council has approved and adopted a code of corporate governance (The Constitution) which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the Constitution can be found on the Council's website at Services>Council & Democracy. This statement explains how the Council has complied with the code and also meets the statutory and other requirements in relation to the publication of an annual governance statement.

THE PURPOSE OF THE SYSTEM OF CORPORATE GOVERNANCE

The system of corporate governance is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of corporate governance is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework comprises the systems processes and culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievements of its strategic objectives whether those objectives have led to the delivery of appropriate, cost-effective services

The governance framework has been in place at the Council for the year ended 31 March 2011 and up to the date of the approval of the Statement of Accounts

Improvements to the System of Internal Control have been made during 2010/11 and will be further developed in future years.

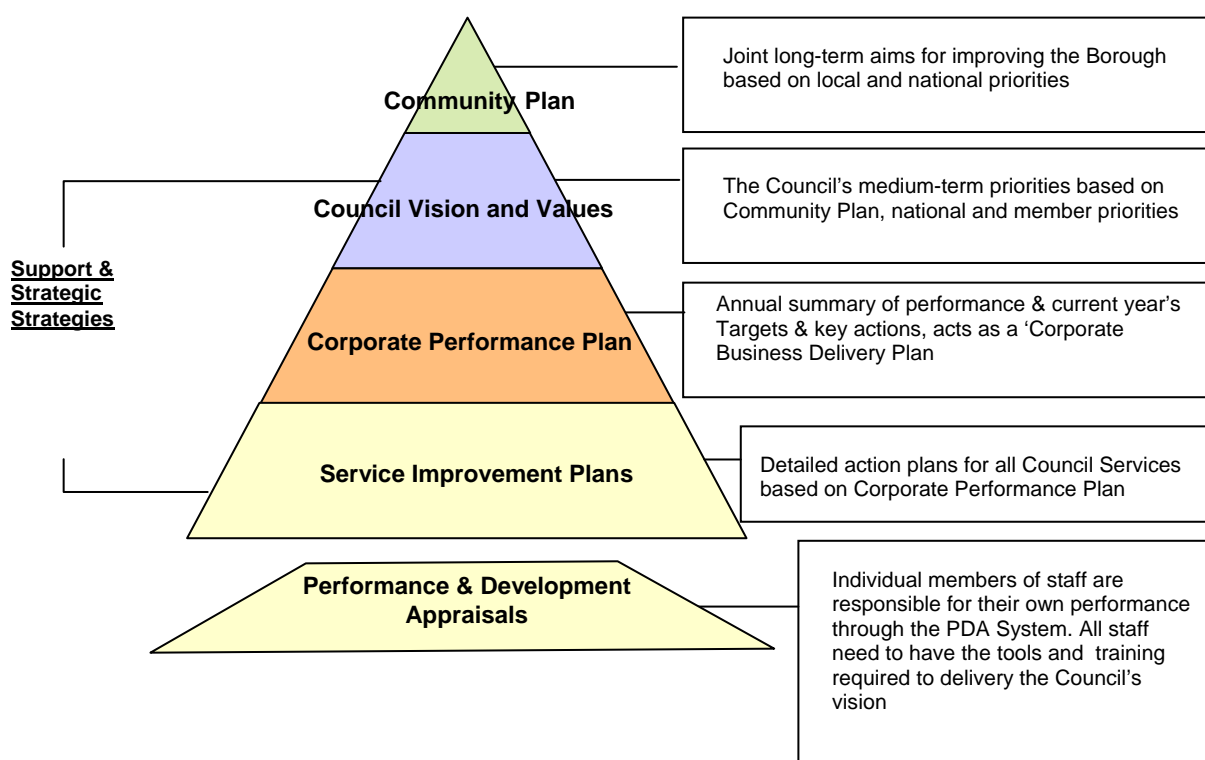
THE INTERNAL CONTROL ENVIRONMENT

The key elements of the Council's internal control arrangements are as follows:

The Annual Governance Statement (continued)

- The Council's Community Plan developed by the Local Strategic Partnership for the period 2007/12 sets out the long-term aims of the Borough and drives the Corporate Performance Plan and Medium Term Financial Strategy. The Council's Corporate Performance Plan for the period 2008/13 focuses on the Council's development of its services based around an agreed set of priorities developed through cross-party engagement by the Council's Executive. The objectives are reflected in the Service Improvement Plans developed by the Service Managers and the Strategic Leadership Board. Progress achieved against the objectives is continuously managed through the Performance Management Framework on a quarterly basis and annually in the Corporate Performance Plan. The financial implications arising out of the implementation of the corporate performance plan are set out in the Medium Term Financial Strategy.
- The Council uses different plans and strategies at all levels of the organisation to plan and monitor the achievement of its objectives. The framework is represented by the diagram set out below and a simple explanation is given for each element.

Hinckley & Bosworth Borough Council – Corporate Planning Framework



The Annual Governance Statement (continued)

- The Corporate Planning Framework is underpinned by a number of support and strategic documents which outline in detail how particular aspects of the Council's business are going to be delivered. The Council's support strategies identify how the support services of the Council will reinforce and sustain the services that the Council provides and consist of Human Resources Strategy, ICT Strategy, Medium Term Financial Strategy, Risk Management Strategy and Procurement Strategy.
- The Council's Strategic documents outline how specific services will be provided to the Borough in the medium to long term and these strategies consist of Cultural Strategy, Green Space Strategy, Hinckley Town Centre Master Plan, Local Development Framework and Leicestershire Waste Management Strategy.
- Council policies are produced in accordance with the principles set out in the Council's Constitution and recommended for approval following review by senior management in consultation with Heads of Service. Decision-making that falls within the policy and budgetary framework rests with the Council's Executive whilst those falling outside the framework are reserved to full Council. The call-in procedure enables the Scrutiny Commission to review decisions made by Executive (although the major focus of the overview and scrutiny function involvement is through policy development rather than policy review). Day to day decision-making is carried out by appropriate officers in accordance with the Scheme of Delegated Powers and the Financial Procedure Rules. These arrangements all contribute to the economic, efficient and effective operation of the Council.
- The Council's Constitution includes provisions relating to the conduct of elected members and officers of the Council and provides details of a complaints procedure.
- The Council's Constitution also includes provisions for the governance of partnerships the Council is part of.
- The Council ensures compliance with established policies, procedures, laws and regulations through various channels. Two statutory officers (Section 151 Officer and the Monitoring Officer) have responsibility for ensuring that the Council does not act in an ultra vires manner, supported by the Internal Audit function, which facilitates the management and mitigation of risk and provides assurance on matters of internal financial control. The Human Resources function, through the use of workforce development reviews assesses and provides a means of improving competencies to ensure that officers are equipped to discharge their duties in accordance with the requirements of the Council.
- In 2008/09 the Council sought a CPA re-assessment and was recategorised as an "excellent" authority. This was a recognition of all the work that had been undertaken since the previous inspection to implement and embed the improvement actions identified in the 2004 inspection. The Council continued its continuous improvement drive in delivering its services together with a number of regeneration projects in 2010/11

The Annual Governance Statement (continued)

- The Council's service and financial planning process ensures that resource allocation is aligned to the priorities identified in the Corporate Performance Plan and annual Service Improvement Plans. The Council has in place Contract Standing Orders and Financial Procedure Rules designed to ensure that the Council achieves value for money in discharging its procurement requirements.
- The Council's revised Medium Term Financial Strategy was approved by Council in February 2010 and will be reviewed in the autumn of 2011. The financial management of the authority will be guided by the Medium Term Financial Strategy and three-year financial forecast, which will provide a framework for the Council to work within when considering strategic financial decisions. The annual Treasury Management Strategy statement determines the Council's approach to investment and borrowing during the course of the financial year. The detailed Financial Procedure Rules provide the rules, regulations and procedures that govern the day-to-day financial affairs of the Council.
- The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures, management supervision, and a system of delegation and accountability. Senior officers within the Council undertake development and maintenance of the system and its effectiveness is reviewed by both external and internal audit. In particular, the system includes:
 - As a minimum an adequate system of budgetary control;
 - Regular reviews of periodic and annual financial reports which indicate financial performance against the forecasts;
 - The preparation of regular financial reports which indicate actual expenditure against the forecasts;
 - Clearly-defined capital expenditure guidelines;
 - As appropriate, formal project management disciplines;
 - Regular performance management reports;
 - Data Quality Checks;
 - Embedded Risk Management
- Financial management information is provided to members of the Executive on a regular basis throughout the year in order that they can monitor the specific portfolio areas for which they have responsibilities. The Strategic Leadership Board and other officers receive regular detailed reports on variances and the systems and procedures in place are designed to prevent avoidable adverse variances. The Internal Audit function operates a risk-based approach to its work and carries out its duties in accordance with the CIPFA Code of Practice. Internal Audit reports are produced in blocks in accordance with the approved Plan. Internal Audit reviews each area against a set of system controls agreed with management at the start of the visit and within the overall framework of system control objectives. The findings of Internal Audit, including any recommendations are reported to, and scrutinised by, the Finance and Audit Services Select Committee in a six-week cycle. The Finance and Audit Services Select Committee undertakes the core functions of an Audit Committee as set out in CIPFA's *Audit Committees – Practical Guidance for Local Authorities*

The Annual Governance Statement (continued)

- The Council has in place an agreed clear and coherent framework for managing performance. Management arrangements are in place to evaluate performance. A computer-based system has also been established for the regular management of performance indicators that are reported to officers and members. Each month figures are entered by Heads of Service before the database is locked to maintain accuracy in reporting. These reports show all performance indicators in an accessible format of charts and figures and are allocated to individual Executive Member leads. The reports provide the following information for each of these indicators:
 - performance for current year
 - the target set for current year
 - performance in the previous year
 - targets for the next three years
 - an explanation of performance and the targets set
 - Data Quality Checks

The reports are presented to Strategic Leadership Board, Scrutiny Commission and the Executive.

The Council's financial management arrangements conform with the governance arrangements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)

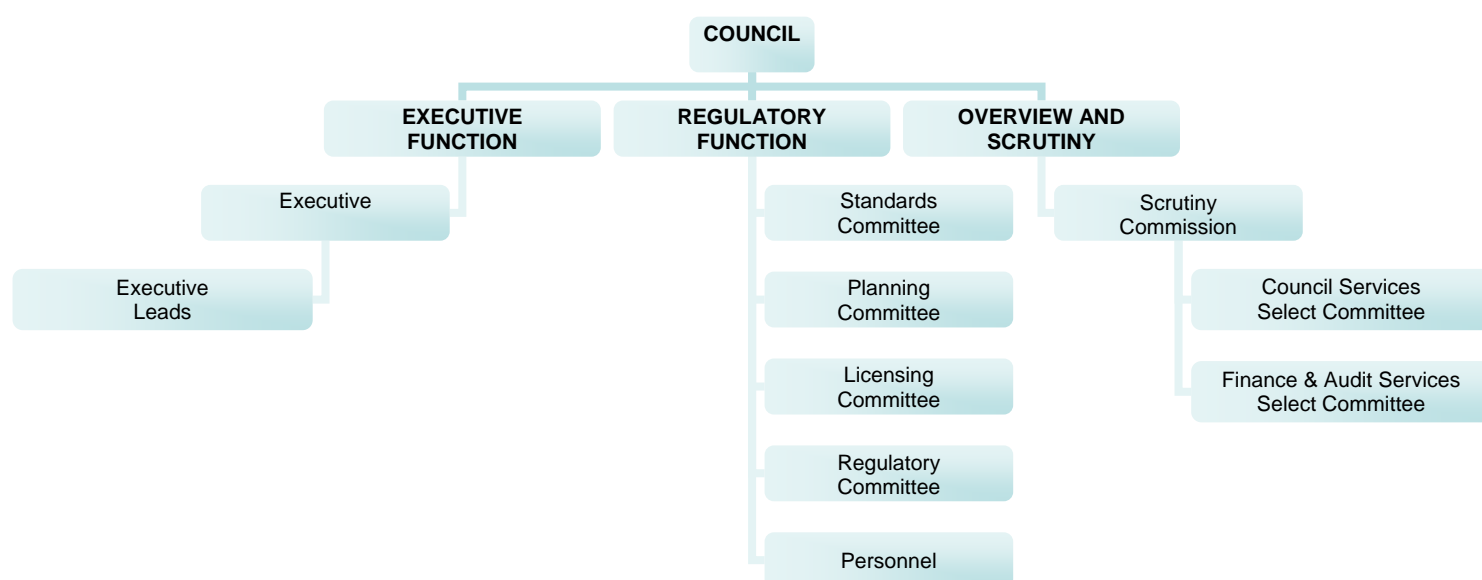
REVIEW OF EFFECTIVENESS

The Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is reported by internal audit and the executive managers within the Authority who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates.

- Internal Audit is provided in accordance with the statutory responsibility under S151 of the Local Government Act 1972, the Accounts and Audit Regulations 2011 and to the professional standards of the CIPFA Code of Practice for Internal Audit in Local Government.
- The internal audit service has been outsourced to RSM Tenon, for 2010/11. Internal Audit delivers its work in accordance with best practice and complies with the requirements of the Government Internal Audit Standard, CIPFA Code and other relevant CCAB standards. RSM Tenon report through the responsible financial officer, who then submits reports to the Finance and Audit Select Committee, which in turn derives its terms of reference from the Scrutiny Commission. Audit recommendations are followed up in a timely manner based upon the priority of the recommendation. RSM Tenon acting as Chief Internal Auditor provide and amend assurance statements containing an opinion on the adequacy and effectiveness of the system of internal control, drawing upon the work completed during the year and the extent of the internal audit strategy covered.

The Annual Governance Statement (continued)

- Internal Audit objectively examines, evaluates and reports on the adequacy of internal controls as a contribution to the proper, economic and effective use of resources. During 2010/11, this responsibility was carried out by following an approved risk based annual audit plan covering the period 2010 to 2013. RSM Tenon provides an independent opinion on the adequacy and effectiveness of the system of internal financial control. In their Annual Audit Report presented to Finance and Audit Services Select Committee on 18 April 2011 2010 RSM Tenon reported a positive opinion on the system of Internal Control.
- The Council is committed to the principle of open government and everyone is welcome to attend meetings (when no confidential information is being discussed) and to receive details of non-confidential items. The diagram below sets out the Council's democratic decision making arrangements



- The Council's Constitution sets out the essential elements of the scrutiny processes that are administered by the Scrutiny Commission and the Select Committees. It describes the functions and membership of the Select Committees and refers to the Select Committee and Scrutiny Procedure Rules. Decisions of the Cabinet are subject to scrutiny by the Scrutiny Commission and two Select Committees, one responsible for Council Services and the other for Finance and Audit. The Scrutiny Commission and Select Committees also have a role in policy development. In addition, task groups are established to oversee ad-hoc projects. The Scrutiny Commission publishes an Annual Report and a Work Programme; this is available on the Council's website (www.hinckley-bosworth.gov.uk/scrutiny) and from the Council on request.

The Annual Governance Statement (continued)

- The Council publishes a rolling Forward Plan. This Plan provides details of the key decisions that are planned to be taken over the following four month period. The Council has improved upon this process in 2010/11 and endeavours to include all decisions that it plans to make over a four month period. The information is available on the Council's website: www.hinckley-bosworth.gov.uk/forwardplan and decisions of particular interest are included in the Borough Bulletin.
- Each year all services are required to conduct a self-assessment of the adequacy of controls in place to manage principal business risks – a Service Assurance Statement. This Statement evaluates the effectiveness of procedures, systems and controls, highlights areas for improvement and actions intended to address these. Action plans are incorporated in the service planning process.

The effectiveness of the internal financial controls are also reviewed annually by the external auditor whose Management Letter is considered formally by the Executive.

SIGNIFICANT INTERNAL CONTROL ISSUES

The Council continued to have on-going financial monitoring and billing issues with the housing repairs service provider, Willmott Dixon,. These issues have been closely monitored by the Council's Chief Officer for Contracts and Streetscene Services and subsequent to the financial year end an agreement has been reached with Willmott Dixon for full and final settlement of all historical financial amounts. The housing repairs service will be brought back in house from September 2011.

An instance of a breach of Financial Procedure Rules came to light within the Planning Service area in 2010/11 in that services were procured without sufficient budgetary provision being available to cover the cost, proper procurement procedures were not followed, the scope of the work increased but again no budgetary provision was identified and procurement procedures not followed. Finally the invoices for the work were not processed within laid down procedures or in a timely manner. This breach has been dealt with under the Council's Disciplinary Procedures

We have been advised on the implications of the review of the effectiveness of the system of internal control by the Executive and plan to address weaknesses and ensure continuous improvement of the system is in place.

.....
Steve Atkinson MA(Oxon) MBA FioD FRSA
Chief Executive

Date.....

.....
Stuart Bray
Leader of the Council

Date

FINANCE, AUDIT & PERFORMANCE SELECT COMMITTEE – 12 SEPTEMBER 2011

REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)

RE: REVENUE AND CAPITAL OUTFURN 1ST QUARTER 2011/12

1. **PURPOSE OF REPORT**

To inform members of the revenue and capital outturn at the end of the first quarter 2011/12

2. **RECOMMENDATION**

That the Select Committee notes the report

3. **BACKGROUND TO THE REPORT**

Attached to this report are detailed schedules showing a comparison of actual and budgeted income and expenditure for the quarter ended 30 June 2011.

General Fund

When the budget was approved by Council in February 2011 it was anticipated that £202,960 would be taken from balances and £400,000 taken from Reserves. Since that date £214,064 of supplementary budgets have been approved (£128,720 of which relates to carry forwards of budget from 2010/11 approved by Council on 28 June 2011 due to expenditure in that year being unavoidably delayed and £91,730 will be financed from reserves). Provision was made in the budget for a Pay Award and incremental advancement of employees in 2011/12, neither of these events occurred and this has resulted in a saving of £226,310. Other estimated savings totalling £540,860 have been identified and the major items are detailed below. It is suggested that £124,000 of the saving be transferred to reserves to meet future specific expenditure needs which would leave £520,836 to be transferred to General Balances.

Major variations (+ve = saving –ve, = additional cost)	£'000
Salary Savings	148
Additional Recovery of Benefit overpayments	170
Recycling – deferment of food waste scheme and additional Income from bin rental	133
Reduced cost of Borough Election	30

Capital

Variations in the Capital Programme mainly result from timing issues in that expenditure is not being incurred when it was anticipated in the phased budget. At the present time it is not anticipated that there will be a significant variation at outturn

Housing Revenue Account

At the present time it is anticipated that the HRA outturn deficit will be £190,058 as against the latest approved budget of £236,808. This reflects a net underspend of £46,758. Details of the variations are included on the attached schedule

4. **FINANCIAL IMPLICATIONS [DB]**

There are none arising directly from the report

5. **LEGAL IMPLICATIONS [AB]**

There are none arising directly from the report

6. **CORPORATE PLAN IMPLICATIONS**

None

7. **CONSULTATION**

None

8. **RISK IMPLICATIONS**

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
None		

9. **KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS**

There are none arising from the report

10. **CORPORATE IMPLICATIONS**

By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

Background papers: Civica Authority Financials reports

Contact Officer: David Bunker – Accountancy Manager –ext 5609



Hinckley & Bosworth Borough Council

Monthly Outturn Reports

For the period 1 April to 30 June 2011

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Budget Monitoring Summary 2011/12

Service	Budget as per Feb 11 budget Book	Supplementary Budgets/virements approved to date	Latest Budget used for Monitoring ledger	Budget per Monitoring Report	Estimated Outturn Variations	Estimated Outturn
Central Services	3,083,350	8,615	3,091,965	-1,360,020	1,731,945	3,031,965
Leisure & Environment	6,540,290	27,742	6,568,032	-1,456,130	5,111,902	6,435,032
Housing (GF)	1,319,890	1,670	1,321,560	-288,800	1,032,760	1,162,560
Planning	1,219,680	133,407	1,353,087	-999,280	353,807	1,341,087
Direct Services Organisation	54,200	0	54,200	-102,790	-48,590	54,200
Support Services	100,470	42,630	143,100	4,207,020	4,350,120	129,600
Estimated Salary Savings	0	0	0	0	0	-148,360
Increments and Pay award budget adj	0	-226,310	-226,310	0	-226,310	0
Corporate Savings	-175,000	0	-175,000	0	-175,000	0
TOTAL SERVICE EXPENDITURE	12,142,880	-12,246	12,130,634	0	12,130,634	-525,860
Special Expenses	-531,080	0	-531,080	-531,080		-531,080
Capital Accounting	-1,133,060	0	-1,133,060	-1,133,060		-1,133,060
External Interest - Net	52,010	0	52,010	52,010	-15,000	37,010
FRS 17 adjustment	-285,280	0	-285,280	-285,280	0	-285,280
Transfer to Pension Reserve	115,470	0	115,470	115,470	0	115,470
Transfer to Reserves	133,000	0	133,000	133,000	124,000	257,000
Use of Reserves	-563,000	-91,730	-654,730	-654,730		-654,730
BUDGET REQUIREMENT	9,930,940	-103,976	9,826,964	0	9,826,964	-416,860
Financing						
Council Tax	3,584,333		3,584,333	3,584,333		3,584,333
Council Tax Freeze Grant	105,260		105,260	105,260		105,260
Revenue Support Grant	1,410,200		1,410,200	1,410,200		1,410,200
National Non-Domestic Rate	4,562,237		4,562,237	4,562,237		4,562,237
Area Based Grant	0		0	0	0	0
Collection Fund Surplus	15,000		15,000	15,000		15,000
TOTAL RESOURCES	9,677,030	0	9,677,030	0	9,677,030	0
Movement in General Fund Balances	-253,910	103,976	-149,934	-149,934	416,860	266,926
Special Expenses						
Expenditure	531,080	0	531,080	531,080	0	531,080
Council Tax Income	612,030		612,030	612,030		612,030
Movement in Special Expenses Balances	80,950	0	80,950	0	0	80,950
Special Expenses to Reserves	30,000		30,000	30,000		30,000
Special Expenses mvt in Balances	50,950	0	50,950	50,950		50,950
Total Movement in Balances	-202,960	103,976	-98,984	0	-98,984	317,876
Balance at 1 April 2011 Council Feb 11	1,746,000	0	1,746,000	1,746,000		1,746,000
Year 10/11 underspend	0	237,000	237,000	237,000		237,000
Revised Balance 1st April 2011	1,746,000	237,000	1,983,000	0	0	1,983,000
Balance at 31 March 2012	1,543,040	103,976	1,884,016	1,884,016	416,860	2,300,876
NBR	10,462,020	-103,976	10,358,044	0	10,358,044	-416,860

General Fund Service Area 2011/12 Monthly Outturn to 30/06/11

Level 5			Estimate to Date	Actual to Date	Variance to Date	Timing Differences	Variance excluding timing Differences	Est 2011/12	Forecast Outturn	Forecast Variation to Year End	REF
as45	Central Services	Corporate Management	158,749	54,901	103,848	98,000	5,848	696,275	696,275		1.1
as40		Corporate Management (Civic)	11,726	8,170	3,556		3,556	47,180	47,180		
ag35		Council Tax Benefit	4,358,748	4,364,277	-5,529	-12,000	6,471	86,200	56,200	30,000	1.2
as75		Council Tax / NNDR	166,186	64,301	101,885	104,000	-2,115	332,760	332,760		
as90		Emergency Planning	3,797	2,444	1,353		1,353	40,070	40,070		
as65		General Grants	59,917	6,000	53,917	52,000	1,917	276,560	276,560		
as70		Local Land Charges	6,139	6,217	-78		-78	10,010	10,010		
as60		Register and Borough Elections	123,113	102,290	20,823		20,823	242,890	212,890	30,000	1.3
	Central Services		4,888,375	4,608,601	279,774	242,000	37,774	1,731,945	1,671,945	60,000	
cs04	Direct Services Organisation	DSO Grounds Maintenance	-2,951	-41,214	38,263	22,000	16,263	-48,590	-48,590		2.1
	Direct Services Organisation		-2,951	-41,214	38,263	22,000	16,263	-48,590	-48,590	0	
ag40	Housing (Gen Fund)	Benefits Fraud	1,504	-27,261	28,765	33,000	-4,235	-22,450	-22,450		
ag50		Contribution to Housing Rev Ac	5,202	5,200	2		2	20,800	20,800		
ag20		Forest Road Garages	-1,275	-1,493	218		218	-5,100	-5,100		
ag55		Homelessness	46,707	-81,002	127,709	126,000	1,709	158,250	158,250		
ag10		Housing Advances	187	187	0		0	250	250		
ag80		Housing Strategy	11,306	11,512	-206		-206	46,010	46,010		
ag70		Private Sector Housing	19,887	33,795	-13,908	-17,000	3,092	735,420	735,420		
ag30		Rent Allowances	31,408	-298,141	329,549	250,000	79,549	99,580	-59,420	159,000	3.1
	Housing (Gen Fund)		114,926	-357,203	472,129	392,000	80,129	1,032,760	873,760	159,000	
ac65	Leisure & Environment	Allotments	-616	-1,243	627		627	4,700	4,700		
ac05		Cemeteries	43,226	31,870	11,356	8,000	3,356	165,010	165,010		
ac90		Children and Young People	45,315	17,082	28,233	26,000	2,233	46,660	46,660		
as85		Community Safety	100,546	41,875	58,671	47,000	11,671	386,588	386,588		4.1
ac70		Countryside Management	32,458	33,787	-1,329	-10,000	8,671	114,560	114,560		4.2
ac87		Creative Communities	9,548	13,507	-3,959		-3,959	26,030	26,030		
ac45		Dog Warden Service	13,693	13,426	267		267	39,980	39,980		
ac35		Environmental Health	137,512	136,932	580		580	575,070	575,070		
aq40		Land Drainage	4,084	5,176	-1,092		-1,092	28,876	28,876		
ac60		Leisure Centre	66,884	67,589	-705		-705	215,380	215,380		
ac89		Leisure Promotion	6,763	6,706	57		57	49,845	49,845		
ac95		Licences	14,720	8,010	6,710		6,710	7,845	7,845		4.3
ac68		Parks	151,630	84,634	66,996	61,000	5,996	582,740	582,740		4.4
ac30		Pest Control	10,516	10,896	-380		-380	54,755	54,755		
ac10		Public Conveniences	19,964	19,214	750		750	37,335	37,335		
cs03		Waste Business improvements	47,267	32,831	14,436	9,000	5,436	172,010	172,010		4.5
ac20		Recycling	3,537	-147,430	150,967	55,000	95,967	743,683	610,683	133,000	4.6
ac15		Refuse Collection	242,522	260,609	-18,087	-29,000	10,913	878,980	878,980		4.7
ac83		Sports Development	8,059	-5,673	13,732	14,000	-268	123,445	123,445		
ac25		Street Cleansing	232,806	222,055	10,751	-2,000	12,751	858,410	858,410		4.8
	Leisure & Environment		1,190,434	851,853	338,581	179,000	159,581	5,111,902	4,978,902	133,000	

General Fund Service Area 2011/12 Monthly Outturn to 30/06/11

Level 5			Estimate to Date	Actual to Date	Variance to Date	Timing Differences	Variance excluding timing Differences	Est 2011/12	Forecast Outturn	Forecast Variation to Year End	REF
aq15	Planning	Building Inspection	18,618	-5,137	23,755	6,000	17,755	55,950	51,950	4,000	5.1
aq20		Car Parks	14,391	-17,323	31,714	47,000	-15,286	-236,050	-235,050	-1,000	5.2
aq70		Community Planning	16,037	14,129	1,908		1,908	74,190	74,190		
aq11		Development Control	-10,149	-11,289	1,140		1,140	315,254	315,254		
aq14		Economic Development	38,790	38,546	244		244	173,826	173,826		
aq13		Environmental Initiatives	1,369	1,988	-619		-619	42,616	42,616		
aq05		Highways Miscellaneous	15,325	5,531	9,794	7,000	2,794	75,372	75,372		
aq35		Industrial Estates	-109,342	-111,983	2,641	-2,000	4,641	-606,870	-616,870	10,000	5.3
ac75		Markets	16,589	19,066	-2,477		-2,477	-9,814	-9,814		
aq30		Misc Property	35,607	10,236	25,371	16,000	9,371	-19,780	-18,780	-1,000	5.4
aq12		Planning Policy	13,511	2,853	10,658	9,000	1,658	433,043	433,043		
aq25		Public Transport	5,889	24,782	-18,893	-19,000	107	1,580	1,580		
aq75		Sustainable Development	12,995	10,460	2,535		2,535	54,490	54,490		
	Planning		69,630	-18,141	87,771	64,000	23,771	353,807	341,807	12,000	
as05	Support Services Holding A/c	Asset Management	72,489	69,118	3,371		3,371	384,970	384,970		
as07		Communications & Promotion	42,006	40,108	1,898		1,898	192,090	192,090		
as45		Corporate Management	158,001	151,504	6,497		6,497	617,040	617,040		6.2
as25		Council Offices	256,055	229,467	26,588		26,588	617,170	603,670	13,500	6.1
as15		Finance Support	206,764	203,249	3,515		3,515	823,840	823,840		6.3
as20		I.T. Support	506,182	458,957	47,225	34,000	13,225	1,408,410	1,408,410		6.4
as10		Legal /Administration	361,765	325,279	36,486	-5,000	41,486	1,407,260	1,407,260		6.5
as06		Performance & Scrutiny	16,863	8,671	8,192		8,192	75,730	75,730		6.6
		HRA element of Support Services	-234,277	-216,792	-17,485		-17,485	-1,134,150	-1,134,150		
		Revs & Benefits Partnership	-10,560	-10,560	0		0	-42,240	-42,240		
	Support Services Holding A/c		1,385,848	1,269,562	116,286	29,000	87,286	4,350,120	4,336,620	13,500	
	Adjust for unallocated savings target							-175,000	-175,000		
	Increments and pay awards							-226,310	-226,310		
	Position as at 30/06/11		7,646,262	6,313,457	1,332,805	928,000	404,805	12,130,634	12,154,444	377,500	
	Estimated salary underspend									148,360	
	Adjust for unallocated savings target										
<hr/>											
525,860											

Variances as at 30/06/2011

	Forecasted year end variations	Variation To Date	Forecasted Yr End Variance
1	Central Services	33,000	60,000
1.1	➤ Corporate Mangement - (£5k) Provisional Capital Costs of Early Retirement, £4k Members Allowances, £6k Subscription due to a saving on the 'Subscription to the EM Council 2011/12' and 'LGA Subscription 2011/12', £1k minor variances	6,000	
1.2	➤ Council Tax Benefit - £4k Saving on Contributions to the Partnership, £2k Minor variances Subsidy Impact - Reduction in income - Council Tax	6,000	30,000
1.3	➤ Register & Borough Elections £19k Local Elections- Saving to date on Local Elections (Year End £25k), £2k Minor variances. Year End £5k Canvasser salary payments saving	21,000	30,000
2	Direct Service Organisations	16,000	0
2.1	➤ DSO Grounds Maintenance - £10k Salaries under spend, £5k underspend on Equipment Purchase & Maintenance, £1k minor variances	16,000	
3	Housing (General Fund)	80,000	159,000
3.1	➤ Rent Allowances - £80k Additional recovery of benefit overpayments Subsidy Impact - Additional Income - Housing Benefit	80,000	170,000 (11,000)
4	Leisure & Environment	159,000	133,000
4.1	➤ Community Safety - £12k Salaries Variance, £2k Earl Shilton Community House - funding from Town Council not budgeted as unpaid last year, (£2k) Minor Variance	12,000	
4.2	➤ Countryside Management - £6k Salaries - Saving vacant Post, £3k Minor variances	9,000	
4.3	➤ Licences - £4k Salaries, £2k Income for Premises Licence Fees higher than anticipated, £1k Minor Variances	7,000	
4.4	➤ Parks - £3k Salary underspend, £3k minor variances	6,000	
4.5	➤ DSO Waste Management- £2k Salaries underspend, £3k Street Cleansing - additional unbudgeted income	5,000	
4.6	➤ Recycling- £18k Salaries/Agency under spend, £4k Fuel cost slightly below estimate , £5k brown bin lease saving due to contract ending , £39k Recycling improvements - eg defferment of food waste scheme, £2k additional income from Brown bins, £31k Additional Blue bin rental income, (£8k) Recycling invoices rased in 2010/11 reversed in 2011/12, £5k minor variances Year End - Recycling Improvements £100k defferment of food waste scheme, Additional income from Brown Bins £2k, Surplus income from Blue Bins £31k	96,000	133,000
4.7	➤ Refuse Collection- £9k Salary/Agency under spend, (£2k) Insurance Overspend, £4k minor variances	11,000	

	Forecasted year end variations	Variation To Date	Forecasted Yr End Variance
4.8	➤ Street Cleansing- £20k Salaries vacancies and Agency under spends, (£6k) Fuel - Usage slightly higher than budgeted, (£1k) minor variances	13,000	
5	Planning	17,000	12,000
5.1	➤ Building Inspection - £10k Salaries & Car Allowances, £2k refund of training expenses due to employee leaving the authority, £4k Building Control Income higher than anticipated (Year End £4k), £2k Minor variances	18,000	4,000
5.2	➤ Car Parks - (£10k) NNDR - Charges in excess of budget year end variance, (£5k) minor variances	(15,000)	(1,000)
5.3	➤ Industrial Estates - (£2k) Overspend on NNDR - some of this may be recouped as NNDR is paid on empty Industrial units for the full year but when properties are rented HBBC will receive a refund, £6k Rents higher than anticipated, £1k Minor variances Year End - Additional Rental Income £10k	5,000	10,000
5.4	➤ Miscellaneous Properties - (£1k) Salaries, £10k NNDR for Atkins Building Saving for year, (£5k) Income from Utilities at Atkins, £1k Metered Water, £1k Equipment Purchase, £3k Minor variances Year End - Rents at Akins Building (£5k), Services charges at the Atkins Building £4k	9,000	(1,000)
6	Support Services Holding A/c	99,000	13,500
6.1	➤ Council Offices - £2k Salaries, £22k Gas and Electricity, £3k Minor variances Year End - Rent on Florence House (3 Months at £4,500)	27,000	13,500
6.2	➤ Corporate Mangement - £2k Salaries, £2k Training, £2k Minor variances	6,000	
6.3	➤ Finance - £4k Variance on Employee Costs	4,000	
6.4	➤ IT Support- £8k Salaries - Vacant Gis Officer Post for Oadby & Wigston, £3k HBBC Salaries, £2k Flexible working savings identified during 2010/11	13,000	
6.5	➤ Legal & Admin- £38k Salaries- Vacant Posts & Corporate Services restructure, £3k Minor variances (less than £1k)	41,000	
6.6	➤ Performance & Scrutiny- £7k Salary saving on vacant Performance Post, £1k Minor variances	8,000	
	Total (over)/underspend	404,000	377,500
	Estimated salary (over)/underspend		148,360
	Forecasted year end saving		525,860

Summary of Timing Differences in Variations

Monthly Outturn Report 1st April to 30th June 2011

Underspend/(Overspend) caused by timing differences

Corporate Management	Audit Invoices not yet received for 2010/11 to cover accrual	12,000
	Audit Invoices not yet received for 2011/12	34,000
	Bank Charges paid earlier than anticipated	5,000
	Accrual for Redunancy provisions not yet paid	38,000
	Accrual from 2010/11- Income re LLRIEP Funding not yet recieved	(9,000)
	Delay in making contribution to 'Prospect Leicestershire 2011/12'	18,000
	Contributions to be made to the Revenues & Benefits Partnership	65,000
	Additional Subsidy not yet received	(77,000)
Council Tax/ NDR	Contributions to be made to the Revenues & Benefits Partnership	104,000
General Grants	Delay in payment of CAB Grant	27,000
	Delay in payment of CVS Grant	25,000
DSO Grounds Maintenance	Equipment Purchase & Maintenance- awaiting invoice from Suppliers	8,000
	Invoices received late for Hire Charges	4,000
	Delay in processing of Hitachi rental invoices	5,000
	Income - additional income received against profiled budget	5,000
Benefit Fraud	Contributions to be made to the Revenues & Benefits Partnership	33,000
Homelessness	Contribution for Next Generation worker not yet invoiced	15,000
	Homeless prevention contribution invoiced due to the Cashiers closing, but will be paid over a number of years	36,000
	Bond repayments invoiced due to the Cashiers closing, but will be paid over a number of years	58,000
	Mortgage support scheme spend will be later than profiled	17,000
Private Sector Housing	Computer software spend earlier than profiled	(1,000)
	Consultancy spend will be later than profiled	4,000
	Energy Conservation Promotions Spend will be later than anticipated	3,000
	Government grants will be received later than profiled	(23,000)
Rent Allowances	Contributions to be made to the Revenues & Benefits Partnership	51,000
	Discretionary Housing Payment Received earlier than anticipated	4,000
	Additional Subsidy Received	195,000
Cemeteries	Tree works - work not included inline with budget profile	3,000
	Computer software - invoice not yet received from supplier (invoice in dispute)	8,000
	Income variance assumed to be budget profiling	(3,000)
Children & Young People	Expenditure for the Locality Partnership Coordinator scheme will be later than profiled.	17,000
	PAYP projects not currently being carried out due to all available time being spent on the EU exchange visit.	9,000
Community Safety	Contribution to other bodies-Community Safety Partnership later than profiled	4,000
	Beacon spend will be later than profiled	10,000
	CCTV maintenance will be later than profiled	5,000
	Domestic violence - minor project spend will be later than profiled	3,000
	Contributions from other bodies received earlier than profiled	25,000
Countryside Management	Income - work not profiled in line with budget	(10,000)
Parks	Grounds maintenance - work not profiled in line with budget	8,000
	Tree Works - work not profiled in line with budget	7,000
	Electricity - invoice awaited from supplier	21,000
	Effluent Treatment - work done not yet invoiced	7,000
	Equipment Maintenance - LCC Street Lighting invoices awaited	7,000
	Materials - work not profiled in line with budget	10,000
	Non Developer Capital Income - re works at Burbage Common	4,000
	Income budget to be reprofiled	(3,000)
Waste Service Improvements	Salaries to be recoded from Recycling	4,000
	Streetscene - Recycling Improvements - spend not in line with budgte profile	5,000

Recycling	Salary & Agency 2 months yet to be charged from NBBC and agency invoices processed later than profile. Misposting to be moved to Waste Management Repairs & Maintenance Invoices from Suppliers not yet paid Leasing costs - SFS invoices prepaid to 30 Sept Collection Contracts - Invoices not processed in line with budget profile Kerbside Recycling - two months invoices outstanding Green Waste Disposal Fees - Two months invoices outstanding Cardboard / Plastic Recycling - Budget profiling needs changing LCC Recycling Credits - Additional income	8,000 (4,000) 4,000 (60,000) 4,000 75,000 21,000 3,000 4,000
Refuse Collection	Salary & Agency 2 months yet to be charged from NBBC and agency invoices processed later than profile. Repairs & Maintenance - Invoices not yet paid Fuel budget to be reprofiled to allow for opening stock value Vehicle invoices prepaid to 30 Sept Advertising - spend not in line with budget profile	8,000 6,000 (9,000) (37,000) 3,000
Sports Development	Physical Activity funding for July received in June Expenditure for Open & Training schemes (sport activities) will be later than profiled. Expenditure for the GP Exercise Referral scheme will be later than profiled.	6,000 4,000 4,000
Street Cleansing	Leasing Costs - SFS invoices prepaid to 30 Sept Minor projects (Pride in Barwell) - Spending not in line with budget profile Hired & Contracted Services - LCC Fly tipping invoice not yet received	(9,000) 3,000 4,000
Building Inspection	Awaiting invoice from Oadby & Wigston for Chief Building Control Officer	6,000
Car Parks	Market Bosworth Car Park Notice Processing Unit charges from LCC - made quarterly in arrears CPE staffing charges from Harborough DC - invoices not yet received Penalty Notice income - not yet received from LCC Contract - Charges not yet processed Electricity - Charges incurred but not yet invoiced Sewer & Environmental - Budget profile not in line with expenditure Equipment Maintenance - LCC Street Lighting invoices awaited	4,000 5,000 19,000 (10,000) 3,000 5,000 (5,000) 26,000
Highways Miscellaneous	Accrual for queried LCC street lighting invoices from 09/10 and 10/11	7,000
Industrial Estates	Accrual for queried LCC street lighting invoices from 09/10 and 10/11 Electricity Costs - Awaiting Credit notes Repayment of NNDR paid on Vacant Property - now tenanted refund to be received	2,000 (1,000) (3,000)
Miscellaneous Properties	Security Service Maintenance Callout - to be reprofiled Atkins Utility invoices not yet received Fire Alarm Contract - to be reprofiled Rents not yet invoiced for April to June PAT Testing - to be reprofiled	2,000 14,000 2,000 (4,000) 2,000
Planning Policy	Awaiting Capita Lovejoy invoice for traffic modelling advice Expenditure for consultantancy fees will be later than profiled. Awaiting invoice for PPG17 study	4,000 3,000 2,000
Public Travel	Awaiting 10/11 Concessionary fares reimbursement from LCC	(19,000)
IT Support	ICT Contract - April & May RPI differential added to June invoice Invoice not received for Senior Systems Analyst for May Annual Maintenance for Remote support for the Academy system charged to Revenues & Benefits Shared Service as part of annual licence fee. Costs to be recharged in July Annual support invoice for CRM system not yet received	3,000 5,000 24,000 2,000
Legal/Administration	Delay in training courses after appraisal process completed Postal Franking Machine account in Credit. Payment made in advance	1,000 (6,000)
TOTAL TIMING DIFFERENCES		

DSO GROUND CARE SERVICES

FINANCIAL POSITION AS AT 30 JUNE 2011

	Budget to Date £	Actual to Date £	Variance £	Variance %
Total Employee Costs	149,695	131,283	18,412	12.3%
Premises Related Expenditure	123	-	123	100.0%
Transport	38,610	30,414	8,196	21.2%
Supplies and Services	22,404	6,726	15,678	70.0%
Total Costs	210,832	168,423	42,409	20.1%
Total Income	-218,118	-223,348	5,230	-2.4%
Position to Date	-7,286	-54,925	47,639	-653.8%
Central & Administration (see detail below)	25,615	23,553	2,062	8.0%
Capital Charges	-	4,438	-	
Net Expenditure	18,329	-26,934	49,682	271.1%

<u>Central & Administration Charges</u>	Budget to Date £	Actual to Date £	Variance £
Public Offices recharge	-	-	-
Depot Recharge	2,811	3,762	-951
Accountancy recharge	1,782	2,013	-231
Contact Centre Recharge	1,287	1,271	
Photocopying Recharge	3	-	
Central Stationery recharge	6	3	3
Reprographic Section recharge	33	24	9
Central Postages recharge	44	55	-11
Corporate Support services rec	54	27	27
Internal Audit Recharge	519	-66	585
Central IT Recharge	1,902	1,609	293
IEG Recharge	208	388	-180
Chief Exec & Sec Recharge	769	716	53
Creditors Management	1,794	1,574	220
Debtors Management	216	195	21
Cashiers Dept.	45	65	-20
Communication & Promotion Recharge	4,506	3,860	646
Human Resources	5,991	5,264	727
Health & Safety	1,392	1,218	174
Performance and Scrutiny	2,253	1,575	678
	25,615	23,553	2,043

Capital Programme Summary
30th June 2011

Description	Original Budget	Latest Budget	Budget to Date	Actual	Variance
General Fund					
Community Direction	736,350	986,180	184,230	47,696	136,534
Business, Contract and Streetscene Services	591,750	762,170	148,047	77,912	70,135
Corporate Direction	696,520	1,268,477	49,664	125,541	-75,877
	2,024,620	3,016,827	381,941	251,149	130,792
HRA	2,593,880	3,035,450	759,432	-21,992	768,914
Grand Total	4,618,500	6,052,277	1,141,373	229,156	899,707

30th June 2011
Community Direction

Code	Description	Orig Budget	Latest Budget	Budget to Date	Actual	Variance
roa	Major Works Grants	190,000	190,000	47,538	0	47,538
rob	Disabled Facilities Grant	369,000	581,450	92,322	38,058	54,264
roc	Grant to Home Improvement Agency	37,350	37,350	9,342	4,731	4,611
rod	Decent Homes Projects	0	23,340			0
roh	Minor Works Grants	90,000	90,000	22,518	0	22,518
		686,350	922,140	171,720	42,789	128,931
rjc	Borough Improvements	50,000	64,040	12,510	4,907	7,603
		50,000	64,040	12,510	4,907	7,603
	Grand Total	736,350	986,180	184,230	47,696	136,534

Business, Contract and Streetscene Services

rab	Queens Park	0	6,610	0	0	0
raf	Richmond Park Play Area	228,190	218,560	57,093	0	57,093
rbc	Burbage Common	155,500	264,300	38,904	9,906	28,998
ran	Memorial Safety Programme	0	5,770	0	0	0
ray	Cemeteries Booking System	0	0	0	1,044	(1,044)
raz	Churchyard Repairs	0	2,370	0	0	0
rba	Hollycroft Park	0	670	0	0	0
rci	Grounds Maintenance Machinery	0	2,580	0	0	0
rfn	Parks : Major Works	40,350	40,350	10,092	3,350	6,742
rfp	Billa Barra Footpath Enhancement	0	10,980	0	0	0
rgg	Parish & Community Initiatives	100,000	130,710	25,020	10,375	14,645
rkt	Resurfacing Car Parks	6,000	17,560	1,500	0	1,500
rce	Recycling Containers	61,710	61,710	15,438	53,238	(37,800)
		591,750	762,170	148,047	77,912	70,135

30th June 2011
Corporate Direction

Code	Description	Orig Budget	Latest Budget	Budget to Date	Actual	Variance
ssd	Financial Systems	0	15,730	0	0	0
		0	15,730	0	0	0
ssf	Web Development					0
sud	Customer First Project	17,190	17,190	4,301	0	4,301
		17,190	17,190	4,301	0	4,301
rjd	Atkins Building Conversion	0	31,460	0	(7,604)	7,604
rje	Atkins Partisioning	0	50,000	0	38,633	(38,633)
spg	Greenfields Development	0	2,830	0	(108,390)	108,390
spj	Electronic Meter Reading	0	20,000	0	0	0
spv	Asset Management Enhancement Works	95,000	95,000	23,766	0	23,766
sqc	Council Office Relocation	498,000	498,000	0	1,495	(1,495)
		593,000	697,290	23,766	(75,866)	99,632
ssl	HR/Payroll System	2,960	2,880	741	0	741
		2,960	2,880	741	0	741
ssa	General Renewal -Extensions	14,000	35,100	3,501	0	3,501
ssg	Members IT	39,370	39,370	9,849	0	9,849
ssj	GIS Upgrade	0	6,520	0	0	0
ssk	Public & Consultee ICT Access Upgrade	0	0	0	(3,750)	3,750
ssx	Rolling Server Review	30,000	43,230	7,506	0	7,506
		83,370	124,220	20,856	(3,750)	24,606
suh	Shared Revenues and Benefits	0	357,126	0	206,778	(206,778)
stp	Flexible Working/Relocation	0	5,000	0	0	0
stt	Mobile Working/Flexible Working Project	0	0	0	96	(96)
su	Transformation	0	49,041	0	0	0
suk	Revnues and Benefits Relocation	0	0	0	(1,717)	1,717
		0	411,167	0	205,157	(205,157)
		696,520	1,268,477	49,664	125,541	(75,877)

30th June 2011

HRA

Code	Description	Orig Budget	Latest Budget	Budget to Date	Actual	Variance
rgm	Barwell Community House Project	0	0	0	180	(180)
saa	Adaptation Of Dwellings	357,150	429,150	107,369	9,591	97,778
sab	Communal Furniture					0
sac	Upgrade Lifts in Warden Assisted Area		50,000	12,510		
sae	Major Void Enhancements	922,690	922,690	230,856	(17,932)	248,788
saf	Programmed Enhancements	536,830	536,830	134,310	5,976	128,334
sah	Electrical Testing/Upgrading	109,110	134,110	33,546	(32,575)	66,121
sai	Windows : Single to Double Glazing	62,120	62,120	15,540	26,117	(10,577)
sak	Re-Roofing	32,910	32,910	8,232	(16,799)	25,031
sal	Alexander Gardens - New Build	0	232,070	58,062	0	58,062
sam	Northfield car park improvements	0	0	0	(1,052)	1,052
san	Tenant Led Community Projects	0	20,000	5,004	0	5,004
sbh	Kitchen Upgrades	248,110	290,610	72,703	(52,318)	125,021
sbw	Boiler replacement	282,620	282,620	70,707	52,052	18,655
sbx	Low maintenance doors	42,340	42,340	10,593	4,767	5,826
Total		2,593,880	3,035,450	759,432	(21,992)	768,914

Housing Revenue Account

	2011/12 Latest ESTIMATE £	2011/12 BUDGET To Jun 11 £	ACTUAL TO To Jun 11 £	VARIANCE %	VARIANCE £	TIMING DIFFERENCE	VARIANCE £	ESTIMATED OUTTURN £
SUMMARY HOUSING REVENUE ACCOUNT								
INCOME								
Dwelling Rents (iab/t1005)	(10,620,540)	(2,560,613)	(2,520,392)	-2%	(40,221)		(40,221)	(10,580,319) 1
Non Dwelling Rents(Total r-Dwelling-t1085)	(69,800)	(25,262)	(24,943)	-1%	(319)		(319)	(69,800)
Contributions to Exp(t5025,t5030,t5035)	(15,290)	(3,825)	(3,823)	0%	(2)		(2)	(15,290)
Transfer from Major Repairs Reserve (t5020)	(2,007,900)	(501,975)	(501,975)	0%	0		0	(2,007,900)
	(12,713,530)	(3,091,675)	(3,051,133)	-1%	(40,542)	0	(40,542)	(12,673,309)
EXPENDITURE								
Supervision & Management (General)	1,541,175	415,228	340,369	-18%	74,859	0	74,859	1,497,601
Supervision & Management (Special)	757,680	191,277	64,523	-66%	126,754	0	126,754	714,283
Contribution to Housing Repairs A/C	2,400,000	600,000	600,000	0%	0		0	2,400,000
Depreciation (Item 8 Debit) (q1015)	4,060,170	1,015,043	1,015,043	0%	(1)		(1)	4,060,170
Capital Charges : Debt Management (q1020)	7,260	1,815	2,013	11%	(198)		(198)	7,260
Increase in Provision for Bad Debts (g9045)	50,000	12,500	12,500		0		0	50,000
Negative HRA Subsidy (g96)	4,083,163	816,633	845,543	4%	(28,910)		(28,910)	4,083,163 2
	12,899,448	3,052,496	2,879,991	-6%	172,504	0	172,504	12,812,477
Net Cost of Services	185,918	(39,180)	(171,142)		(131,962)	0	(131,962)	139,168
Interest Receivable (t 3030 & t 3049)	(9,640)	0	0	0%	0		0	(9,640)
Capital cost of retirement	0	0	0	0%	0		0	0
FRS17 Adjustment (b 70)	37,240	0	0	0%	0		0	37,240
Net Operating Expenditure	213,518	(39,180)	(171,142)		(131,962)	0	(131,962)	166,768
CONTRIBUTIONS								
Contribution to Piper Alarm Reserve (q)	10,400	0	0	0%	0	0	0	10,400
Contribution to Pension Reserve	12,890	0	0	0%	0	0	0	12,890
(Surplus) / Deficit	236,808	(39,180)	(171,142)		(131,962)	0	(131,962)	190,058

Explanations for Variances

- 1 - Dwelling rent in line with void properties (40)
 2 - payment adjustment to be made in October (29)

	2011/12 LATEST ESTIMATE £	2011/12 BUDGET To Jun 11 £	ACTUAL TO To Jun 11 £	VARIANCE %	VARIANCE £	TIMING DIFFERENCES	VARIANCE £	ESTIMATED OUTTURN £
SUPERVISION & MANAGEMENT (GENERAL)								
Employees	656,600	165,891	122,317	-26%	43,574		43,574	613,026
Premises Related Expenditure	91,390	73,089	70,877	-3%	2,212		2,212	91,390
Transport Related Expenditure	32,300	8,082	8,078	0%	4		4	32,300
Supplies & Services	119,200	51,414	35,380	-31%	16,034	0	16,034	119,200 1
Central & Administrative Expenses	672,470	118,708	110,365	-7%	8,343		8,343	672,470
Gross Expenditure	1,571,960	417,184	347,017	-17%	70,167	0	70,167	1,528,386
Revenue Income	(30,785)	(1,956)	(6,648)	240%	4,692		4,692	(30,785)
Net Expenditure to HRA	1,541,175	415,228	340,369	-18%	74,859	0	74,859	1,497,601
SUPERVISION & MANAGEMENT (SPECIAL)								
Employees	699,550	170,293	126,896	-25%	43,397	0	43,397	656,153
Premises Related Expenditure	411,358	113,419	91,306	-19%	22,113	0	22,113	411,358 2
Transport Related Expenditure	15,470	3,878	4,535	17%	(657)		(657)	15,470
Supplies & Services	145,540	39,346	12,302	-69%	27,044	0	27,044	145,540 3
Central & Administrative Expenses	137,570	34,490	29,725	-14%	4,765		4,765	137,570
Gross Expenditure	1,409,488	361,426	264,764	-27%	96,662	0	96,662	1,366,091
Revenue Income	(601,328)	(157,519)	(187,621)	19%	30,102		30,102	(601,328) 4
Recharges	(50,480)	(12,630)	(12,620)	0%	(10)	0	(10)	(50,480)
Total Income	(651,808)	(170,149)	(200,241)	18%	30,092	0	30,092	(651,808)
Net Expenditure to HRA	757,680	191,277	64,523	-66%	126,754	0	126,754	714,283

Explanations for Variances

£000's

1 - strategic tenant participation needs re-profiling	11
computer software payment earlier than profiled	(6)
tenancy fraud work not yet invoiced	3
Choice Based Lettings spend will be later than profiled	8
	16
2 - Salix adapters spend will be later than profiled	9
underspend on gas	15
timing - council tax	(2)
	22
3 - piper spend will be later than profiled	13
equipment purchase will be later than profiled	8
equipment maintenance will be later than profiled	5
printing and stationery not yet spent	1
	27
4 - supporting people income higher than budgeted	32

Housing Revenue Account

	2011/12 LATEST ESTIMATE £	2011/12 BUDGET To Jun 11 £	ACTUAL TO To Jun 11 £	VARIANCE %	VARIANCE £	TIMING DIFFERENCES	VARIANCE £	ESTIMATED OUTTURN £
HOUSING REPAIRS ACCOUNT								
Administration								
Employee Costs	353,010	83,584	47,079	-44%	36,505		36,505	353,010
Transport Related Expenditure	26,220	7,342	6,442	-12%	900		900	26,220
Supplies & Services	162,470	47,009	24,876	-47%	22,133		22,133	162,470 1
Central Administrative Expenses	312,600	78,199	73,901	-5%	4,298		4,298	312,600
Total Housing Repairs Administration	854,300	216,134	152,298	-30%	63,836		63,836	854,300
Programmed Repairs (bg 51)	536,630	134,259	49,749	-63%	84,510		84,510	536,630 2
Responsive Repairs(bg 52)	1,039,670	260,125	16,227	-94%	243,898		243,898	1,039,670 2
GROSS EXPENDITURE	2,430,600	610,518	218,274	-64%	392,244	0	392,244	2,430,600
Contribution from HRA (t4060)	(2,400,000)	(600,000)	(600,000)	0%	0	0	0	(2,400,000)
Interest on Cash Balances (t3030)	(2,020)	0	0	0%	0	0	0	(2,020)
Other Income (t1010 & t4062)	(2,000)	(501)	0	-100%	(501)	0	(501)	(2,000)
FRS17 Adjustment	10,610	0	0	0%	0	0	0	10,610
TOTAL INCOME	(2,393,410)	(600,501)	(600,000)	0%	(501)	0	(501)	(2,393,410)
NET EXPENDITURE	37,190	10,017	(381,726)	-3911%	391,743	0	391,743	37,190

Explanations for Variances

£000's	
1- timing - consultancy fees	15
timing - legal fees	10
	25

2 - invoices late/disputed Willmott Dixon

FINANCE, AUDIT AND PERFORMANCE COMMITTEE – 12 SEPTEMBER 2011

REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)
RE: STATEMENT OF ACCOUNTS 2010/11

1. **PURPOSE OF REPORT**

To seek Select Committee approval of the Draft Statement of Accounts for 2010/11 and to seek endorsement of the recommendation to Council.

2. **RECOMMENDATION**

- i) That the select Committee approve the Statement of Accounts for the year 2010/11

And

- ii) that the Select Committee endorse the following recommendation to Council

That Council approve the Draft Statement of Accounts for the year 2010/11

3. **BACKGROUND TO THE REPORT**

Under the terms of the Accounts and Audit Regulations each Local Authority is required to prepare a Statement of Accounts by 30 June following the end of the year to which they relate. This draft statement is signed by the Section 151 Officer as being a True and Fair Statement of the authority's financial performance during the year and of its financial position at the year end. This has been achieved for 2001/11 and the draft statement is attached to this report.

The Accounts and Audit Regulations also require that the Accounts are approved by members and published by 30 September each year. Between June and September the accounts will be subject to external audit and the auditors findings will be brought before members at this meeting and full Council on 21 September 2011

The statement has been prepared according to the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom (the code). For the first time the requirements of the code have been prepared on the basis of the reporting requirements of International Financial Reporting Standards (IFRS) rather than UK Generally Accepted Accounting Practice (UKGAAP). In his Budget Statement in 2006 the then Chancellor of the Exchequer announced that from April 2008 for Central Government bodies (including the NHS) and 2009 for Local Government

and similar bodies (e.g. Police and Fire Authorities) the published statement of accounts was to be based on IFRS principles rather than UKGAAP. These deadlines were later put back by 12 months so that Central Government bodies produced their first IFRS accounts for the year 2009/10 and Local Government is producing its first set of IFRS accounts for 2010/11.

The application of Accounting Standards to published accounts is nothing new and started in the commercial sector in the 1970's with the development of domestic Statements of Standard Accounting Practice (SSAP's). These were developed in order to aid the comparability of accounts ensuring that they were prepared on a consistent basis and to avoid misstatements that may impact on the users of the accounts decisions. Local Government started to adopt SSAP's in the 1980's and has more recently adopted a Statement of Recommended Practice (SORP) which was based on UKGAAP which is the practical application of SSAP's and Financial Reporting Standards that have superseded them. Standards are set by the Financial Reporting Council, which is made up of representatives of the various Accountancy bodies.

The application of Accounting Standards to Local Authority Accounts has in the past resulted in a conflict as to what needs to be included in the cost of services from an accounting point of view and the costs actually incurred in delivering the services for which the council collects Council Tax and is paid Central Government Grant. In order to avoid increases in local taxation resulting purely from changes in accounting practice and convention Central Government have made regulations that allow local authorities to take out the amounts included to comply with Accounting Standards and include the amounts that comply with statute. These adjustments are made through unusable reserves. Examples of this are Charges for the use of fixed assets where depreciation is included in the Cost of services above the line but taken out below the line and replaced with an interest charge and Minimum Revenue provision for the repayment of borrowing to reflect the financing costs of acquiring the asset and the charge for pensions where the cost of the annual accrual of benefits by employees is included in cost of services but taken out below the line and replaced by the employers contribution to the Pension Fund

The application of International Accounting Standards is intended to ensure comparability between published accounts for all organizations on a worldwide basis.

The presentation of the information in the statement has changed radically from that used for 2009/10 as well as the treatment of certain items within the accounts which are detailed below. Comparative figures for 2009/10 have been restated to reflect the new presentation and accounting treatment.

The statement comprises the Main Financial Statements

- Statement of Movements in Reserves
- Comprehensive Income and Expenditure Statement
- Balance Sheet

- Cash Flow Statement
Plus accompanying notes

Together with the following supplementary Statements

- Housing Revenue Account
 - Housing Repairs Account
 - Collection Fund
- Plus accompanying notes

The Statement also includes

- An explanatory foreword
- Statement of Accounting Policies
- Glossary of Terms

The main areas of change in accounting practice that affect this Council are

a) Leases

Leases can be defined as operating or finance leases. A finance lease can be defined as lease where the lessor uses the majority of the economic life of an asset over the lease or acquires the benefits and liabilities of ownership, an operating lease is a lease that is not a finance lease. Under a finance lease the asset is included in the balance sheet and is depreciated in the normal way. The financing cost is charged to income and expenditure.

The main area of impact for this Council related to the Waste Management Service Vehicles which were treated as being acquired under an operating lease but when tested turned out to be a finance lease. In the past the full payment to the leasing company has been charged to the service under IFRS the following transactions are required

At the inception of the lease create an asset and an equal long term liability

Each year the following transactions are required

In the Cost of Services the maintenance element of the lease payment and the charge for depreciation

In the Financing and investment income and expenditure the interest element of lease payment

In the Reserve movements statement the reversal of the depreciation and a charge for minimum revenue provision equal to the capital element of the lease payment.

b) Compensating absence provisions

It is assumed that employees accrue leave entitlement evenly throughout the year but actually take the leave in discreet blocks so that if the employee's leave year and the organisation's financial year do not coincide, at the end of the financial year for each employee there will be an amount of leave either under or overtaken. IFRS requires organisations to accrue for this variation in the accounts so there is a charge in the cost of services but regulations allow local authorities to reverse the charge out to a reserve.

c) Grants unapplied

In certain cases grant awarding bodies pay grants to the council before the expenditure they are intended to finance has been incurred. In the past these grants have been held in a Grants unapplied account in the balance sheet until they have been required to finance expenditure. Under IFRS if the grant conditions have been met and there is no longer a requirement to repay the grant the authority needs to recognize the income in the Income and Expenditure Account and transfer the unused proportion to reserves. When the grant is required it will require a transfer from reserves to finance the expenditure.

Notable items in the Accounts for 2010/11

1. Non distributed costs

This item includes a credit of £5,716,000 in respect of a past pension service gain arising from the Chancellor of the Exchequer's announcement in the Emergency Budget in June 2010 that Public Sector Pensions would be uprated by the Consumer Prices Index (CPI) rather than the Retail Prices Index which has been traditionally higher than the CPI. This in effect reduces the long term liability in the scheme as going forward the amount of pensions payable will be lower than previously anticipated. This amount is included in the Income and Expenditure Account but reversed out under statute to the Pensions Reserve.

2. Planning

This head includes a charge of £7,156,000 in respect of a market value impairment on the Atkins Building which was previously carried at cost and is now carried at a valuation as the work has been completed. Revaluations are normally dealt with via a revaluation reserve but in this case there were insufficient previous upward revaluations in the reserve relating to this asset to absorb the impairment. Under accounting practice this impairment is charged to the Income and Expenditure Account but reversed out under statute to the Capital Adjustment Account both the Revaluation Reserve and Capital Adjustment Account are unusable reserves that cannot be used to support future service expenditure.

3. Housing Revenue Account

Included within the Expenditure on the Housing Revenue Account is £45,852,000 in respect of a market value impairment of the value of the Council's

Housing Stock. For accounting purposes the Housing Stock is valued at Existing Use Value – Social Housing (EUV-SH). This is to reflect the fact that the property has a sitting tenant with a secure tenancy and to reflect the fact that the rents charged for social housing are lower than those charged in the open market. The EUV-SH valuation is arrived at by determining the market value of the property then applying a discount factor. For 2010/11 the Department of Communities and Local Government set a valuation factor of 34% for authorities in the East Midlands against the previous factor of 50%. Again accounting conventions require this amount to be charged to the Income and Expenditure Account and regulations allow for the charge to be taken out to unusable reserves.

The statement presented is subject to audit and hence should be considered as a draft. The Council's external auditors, Price Waterhouse Coopers are currently carrying out their audit work and publication of the Accounts will take place following their approval by the External Auditors.

4. **FINANCIAL IMPLICATIONS [DB]**

There are no other financial implications other than those set out in this report by way of explanation of the completion of the Statement of Accounts under International Financial Reporting Standards.

5. **LEGAL IMPLICATIONS [LH]**

None other than those contained in the body of the report

6. **CORPORATE PLAN IMPLICATIONS**

This report contributes to the Council's Corporate Objective

"Proud of our
Probity and Honesty in Governance and Management
And
Value in Service Delivery & Investment in people"

7. **CONSULTATION**

None

8. **RISK IMPLICATIONS**

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this

decision / project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
None		

9. **KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS**

There are none

10. **CORPORATE IMPLICATIONS**

By submitting this report, the report author has taken the following into account:
[if you require assistance in assessing these implications, please contact the person noted in parenthesis beside the item]

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

Background Papers

Civica Authority Financials/Business Objects Reports
Accounts and Audit Regulations 2011
Cipfa Code of Practice on Local Authority Accounting in the United Kingdom

Contact Officer – David Bunker, Accountancy Manager

Executive Member : Councillor K W P Lynch

FINANCE AUDIT & PERFORMANCE SELECT COMMITTEE – 12 SEPTEMBER 2011

**REPORT OF CHIEF EXECUTIVE
RE: PERFORMANCE MANAGEMENT FRAMEWORK**

1. PURPOSE OF REPORT

- 1.1 To provide the Council's 1st Qtr position on:
- Performance Indicators
 - Service Improvement Plans
 - Strategic Risks

2. RECOMMENDATION

The Finance Audit and Performance Select Committee:

- (i) Note the Council's 1st Qtr performance information for:
 - Indicators predicting not to meet target
 - Indicators predicting below average performance against current benchmarking data
- (ii) Note Service Improvement Plans that will/may not meet end target date (March 2012)
- (iii) Note Net Strategic Risks

3. BACKGROUND TO THE REPORT

- 3.1 The Council reports quarterly on progress against its Performance Management Framework and Strategic Risk Management.
- 3.2 This report considers current performance with regard to the Corporate Plan Strategic aims.

4. OVERALL SUMMARY

- 4.1 Performance Indicators: The 1st Qtr (April to June 2011) position is:

Performance Indicators comparable year on year (11/12 v's 10/11)	57% (28) improved on 2010/11 08% (4) same as 2010/11 35% (17) worse than 2010/11
Performance indicators v's target	94% (45) will meet target 04% (2) will not meet target by <15% 02% (1) will not meet target by >15%

Comparable indicators v's latest data available from Local Government website (All English District councils)	60% (6) are in top quartile 40% (4) are above average 00% (0) are below average
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4.2 Service Improvement action plans: The 1st Qtr position is:

Action Plans on target for completion by end target date (March 2012)	93% (400)
Action Plans showing slippage and may not meet end target date	6% (24)
Action Plans that will not meet end target date	1% (6)

4.3 Strategic Risks: The 1st Qtr position is:

Net Green Risks (6 monthly monitoring)	6% (1)
Net Amber Risks (Quarterly monitoring)	61% (11)
Net Red Risks (Monthly monitoring)	33% (6)
<i>One Risk opportunity - Use of Rolling Revenue Budget Reports for movement of resources</i>	

5. **SUMMARY OF PERFORMANCE OUTTURN – 1st Qtr 2011/12**

- 5.1 Details of those indicators that are below average performance or will not meet target, are provided at appendix 1.
- 5.2 Details of Service Improvement plans that are showing some slippage or will not meet end target date are provided at appendix 2.
- 5.2 Details of net Strategic Risks are provided at appendix 3.

Performance Indicators achieving high performance

5.4 Performance indicators achieving high levels of performance are detailed below:

Number	Narrative	Result
LHE20a	Percentage of reported Fly Tips Collected within 5 Days	100%
NI157a	Processing Planning applications (major)	100%
LHE32a	% Licenses issued in 30 days (excluding hackney carriage driver licenses)	100%
LIB070bi	% of enforcement complaints acknowledged within 3 days	100%

6. **DATA QUALITY MANAGEMENT**

- 6.1 The performance information provided is in compliance with the council's data quality management strategy:

“ensure that data is managed to the highest quality”

When providing performance information data owners agree that they are managing data quality in accordance with the Data Quality Management Policy. In addition, the Corporate Performance service provides a 'help desk' facility and scrutinise Performance Indicator outturn returns for compliance.

7. **FINANCIAL IMPLICATIONS [DB]**

None arising directly from this report

8. **LEGAL IMPLICATIONS [AB]**

None arising directly from this report

9. **CORPORATE PLAN IMPLICATIONS**

The report provides an update on the achievement of the Council's vision and revised Corporate Plan 2010 – 2015. The issues covered in this report relate to, and support the achievement of all the Council's Strategic Aims:

- Cleaner and greener neighbourhoods
- Thriving economy
- Safer and healthier borough
- Strong and distinctive communities
- Decent, well managed and affordable housing.

and values:

- Life quality and the environment within our community is further improved
- Improved effectiveness working in partnership at a competitive price
- Vulnerable people are safeguarded
- Equality and fair treatment for all

10. **CONSULTATION**

Each Service Manger has contributed information to the report and the performance outturn information is available on the Intranet via the TEN system

11. **RISK IMPLICATIONS**

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

The Strategic Risk Register identifying the significant risks for the council is considered alongside the reporting of performance and financial management.

12. **KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS**

Equality and Rural implications are considered as part of the implementation of the Corporate Plan. The Corporate Plan 2010-15 priorities are informed by a borough wide consultation exercise completed in summer 2009.

13. **CORPORATE IMPLICATIONS**

- None

14. **APPENDICES**

Appendix 1 - Indicators below average performance or will not meet target

Appendix 2 – Service Improvement Plans showing slippage or will not meet end target date

Appendix 3 – Strategic Risks with a net risk level status of Amber or Red

Background papers:-

Contact Officer: Cal Bellavia ☎5795

Executive Member: Councillor Ms BM Witherford

Appendix 1 - Indicators below average performance or will not meet target

All groups

Reference	Name	Year end actual 2010/11	Outturn Jun 11/12	Jun 10/11	Yr End Est	Jun 11/12 (Above Target)	All English District quartile - source LG group	Good Performance ?	Jun 11/12 (Row Comment)	Baseline
LCUS1a	85% of calls answered to be answered within 45 seconds'.	71.81%	67.19%	89.23%	67.30%	85.00%	N/A	High - Monthly	There are many factors affecting the performance of Customer Services including staff changes and training required. The face to face team are now able to support the contact centre which helps the teams targets. We continue to try and reduce our lost calls which are currently 11.98% against a target of 15%	YEAR TO DATE CALLS RECEIVED 38,777, YEAR TO DATE CALLS ANSWERED - 34,104, YEAR TO DATE CALLS ANS 45 SECS 22,913
LCUS3	Ensure an appropriate person will see the customer within 10 minutes	80.60%	77.40%	70.70%	76.90%	85.00%	N/A	High - Monthly	There is no transactional data from 14.06.11 due to IT issues. Less pods are now available to customer services staff since target established. Ongoing staff training is also impacting on performance of this indicator	estimated 19,200 customers per year. Actual 4,574 customers seen (No figures available for June 2011)
LCUS6b	Provide a courteous response to enquiries and sustain 85% customer satisfaction - Face to Face	81.72%	85.29%	87.99%	79.34%	85.00%	N/A	High - Monthly	There is no transactional data available from 14.06.11 due to IT issues	1387 customers chosen to give feedback via govmmetric (up to and including 13.06.11)

Appendix 2 – Action plans showing slippage or will not meet end target date

Outcome	Action	Progress
Accounts		
Continuous organisational improvement & support	Appropriate input is made to the Medium Term Financial Strategy to be completed by 30 June 2011	Work not yet started on MTFS revision. Revised end date?
Continuous organisational improvement & support	Implementation of IPF Asset Register	Live system now available Accty as at 14th July will be available to Estates and Asset Management for data input 15th July 2011
Corporate Services		
Continuous organisational improvement & support	03 - Implement an agenda management process to improve access to the decision making process by June 2011	Target date not met. Implementation date to be agreed, but now proceeding with project.
Continuous organisational improvement & support	11 - Review Occupational Health provision	Joint award to Health Management - county and city now signed up. HBBC has option to join. Report to be drafted for COB as it has implications for how we currently management our occupational health provision
Estates & Asset Management		
CP07 - Minimise environmental nuisances in the borough	Relocation of Council Depot Facility	Two potential options being considered. Feedback obtained from County and Highways regarding both sites; further confirmation of feasibility required for Council owned site. Pre-application planning consultation meeting in mid May. Awaiting further direction from SLB. Feasibility study of two preferred sites (Limekilns and Former Crem. allocation) returned as unviable. Project now being reviewed in terms of scope, stakeholders and approach. Potential Partnership options with LCC and recycling operations currently being explored
CP13 - Improve Hinckley town centre	Relocation of Council Offices incorporating key Partners (1st quarter 2012)	First major Partner 'signed-up' in principle (Police). Awaiting decisions from Probation Service and Primary Health Trust (July 2011) Negotiations continue with County Relocation Working Group established. Middle managers to agree workstation numbers. Modification to draft layouts awaiting feedback. Partners are jointly reviewing an alternative proposal leaving HBBC with two options to consider. Police have now rejected the Hinckley Hub as a relocation option. LCC & LPT still in positive talks and showing strong commitment to the co-location project. Legal agreements being drawn up with a view to confirm agreements prior to 24th August Probation Services still considering their involvement in the scheme.
CP16 - Maintain high levels of performance in comparison to similar authorities particularly for publicly determined priority services	Develop and populate CIPFA Asset Management Property Database (03/11 go live target date)	Delayed due to Capital Accounting procedures requiring CIPFA update. Feasibility for additional support/training from CIPFA being investigated.
Procurement & Payments		
Continuous organisational improvement & support	Complete pilot for Goods Receipting by July 2011	01 - This has not been achieved on time due to capacity issues in the team (down by 50%) Resource now identified and new timescale for pilot to be completed is end December 2011
Continuous organisational improvement & support	Introduce Direct Debits as the preferred payments method for Sundry Debts by July 2011	01 - Civica have been on site and work is progressing well. 02 - Delays in programme are due to issues and delays from the bank. 03 -All of the testing is now complete. Mandates will be issued to industrial tenants with September invoices with the first DD run collecting for October. Will then be rolled out further.
Continuous organisational improvement & support	Support HR with review of Occupational Health service by June 2011	Awaiting meeting with alternative contractor

Appendix 2 – Action plans showing slippage or will not meet end target date

Outcome	Action	Progress
Development Services		
CP07 - Minimise environmental nuisances in the borough	Facilitate the delivery of the Earl Shilton and Barwell Sustainable Urban Extensions Area Action Plan ensuring the provision of public transport, walking and cycling links. Target Completion Adoption July 2012	<p>The AAP programme is as follows:</p> <ul style="list-style-type: none"> • Consultation on Submission Document - August/September 2011 • Submission to Secretary of State - November 2011 • Pre-examination Meeting January 2012 • Commencement of Examination February 2012 <p>The Programme is currently being revised due to issues with highways / STW (updated 23/08/11)</p>
CP14 - Improve Earl Shilton and Barwell	Facilitate the delivery of the Earl Shilton and Barwell Sustainable Urban Extensions Area Action Plan ensuring the provision of accessible shops and health and sports facilities in line with the Core Strategy to provide employment opportunities within the urban extensions and enhancements to the existing settlement centres to attract new investment - Target Completion Adoption July 2012	<p>The AAP programme is as follows:</p> <ul style="list-style-type: none"> • Consultation on Submission Document - August/September 2011 • Submission to Secretary of State - November 2011 • Pre-examination Meeting January 2012 • Commencement of Examination February 2012 <p>AAP in development. Timetable set out in the LDS. Proposed adoption July 2012.</p> <p>Timetable being reviewed due to issues with Highways and STW (updated 23/08/11)</p>
CP14 - Improve Earl Shilton and Barwell	Facilitate the delivery of the Earl Shilton and Barwell Sustainable Urban Extensions Area Action Plan ensuring the provision of employment land in line with the Core Strategy to provide employment opportunities within the urban extensions and enhancements to the existing settlement centres to attract new investment - target completion Adoption July 2012	<p>The AAP programme is as follows:</p> <ul style="list-style-type: none"> • Consultation on Submission Document - August/September 2011 • Submission to Secretary of State - November 2011 • Pre-examination Meeting January 2012 • Commencement of Examination February 2012 <p>AAP will provide the planning policy framework for future development in Earl Shilton and Barwell. Timetable set out in LDS. Proposed adoption date July 2012.</p> <p>Timetable under review due to issues with Highways and STW - updated 23/08/11</p>
CP28 - Improve neighbourhoods and quality of life for residents	Facilitate delivery of Earl Shilton and Barwell Urban extensions area action plan ensuring new development integrates with existing communities to act as catalyst to reg the existing settlement centres. develop improvement plans for existing centres to create enhanced environment - Target Adoption July 2012	<p>The Earl Shilton and Barwell SUE Masterplan was delivered in December 2010 and Project now focusing on preparation of the AAP.</p> <p>The timetable for the AAP is currently being reviewed due to issues with Highways and STW - updated 23/08/11</p>
CP28 - Improve neighbourhoods and quality of life for residents	Facilitate the delivery of the Earl Shilton and Barwell Sustainable Urban Extensions Area Action Plan ensuring the provision of public transport, walking and cycling links in order to strengthen the existing communities and integrate the new development with the existing to promote cohesive communities. The AAP will be completed June 2012.	<p>The Masterplan was completed in December 2010 and incorporated sustainable travel options. These will be delivered by the AAP.</p> <p>the AAP timetable is currently being revised due to issues with Highways and STW - updated 23/08/11</p>
Continuous organisational improvement & support	"Process map all parts of the development control process (administration; validation; determination) to ensure consistency and to enable easier identification of potential improvements to the process in order to meet performance standards - Target Completion Sept 2011	<p>Identified as a BPR project in conjunction with fee setting.</p> <p>BPR initial meeting has been arranged with a consultant to map process - updated 23/08/11</p>
Continuous organisational improvement & support	Process map the pre-application enquiry process incorporating changes to the system to fully utilise the Uniform computer package and introduce standards of delivery to improve customer service. - Target completion end 2012	<p>This is to commence on completion of the BPR for Planning Processes - This change is due to staff level pressures.</p> <p>BPR exercise due to commence Sept 11 - updated 23/08/11</p>







Appendix 2 – Action plans showing slippage or will not meet end target date

Outcome	Action	Progress
Housing & Community Safety		
CP18 - Ensure people are safer	Implement the "revised tiered approach" to ensure continued ASB delivery in terms of prevention, diversion and intervention (March 2012)	Quarter 1: The review has been delayed. MS part of the county working group. To implement following review outcome
CP21 - Reduced offending and re-offending levels in the borough	Provide a positive diversionary project for young offenders and repeat offenders or those most at risk of offending (March 2012)	Quarter 1: Last chance project is no longer running. MS exploring other diversions
CP34 - Support residents to help them to remain in their homes	Maximise limited DFG resources by developing a partnership agreement with RSL Partners (March 2012)	Quarter 1 Possible issue with funding from housing associations
Environmental Health		
CP04 - Reduce CO2 emissions in the borough	CO 2 emissions from council operations are reduced through implementation of the Carbon Management plan (3/12)	Ability to meet target highly dependant on weather temperature and impact on gas use at H Leisure Centre. Poor performance in 2010-11 affects ability to meet ongoing target required to achieve 20% by 2014.
CP25 - Protect public health	Complete a programme of interventions in all food premises as determined by the Councils risk rating schemes and Environmental Health Service Delivery Plans (3/12)	Intervention target of 557 set for 2011/12. First Quarter achieved 95.
CP25 - Protect public health	Complete a programme of interventions in all health and safety premises as determined by the Councils risk rating schemes and Environmental Health Service Delivery Plan (3/12)	Intervention target for 2011/12, 478. First quarter achieved 40.
CP25 - Protect public health	Participate in at least one joint initiative with other county borough/districts and Health and Safety Executive to promote an health and safety initiative using flexible warrants. (3/12)	Flexible warrants have yet to be signed off by HSE. HSE undergoing significant reorganisation and cut backs since Comprehensive Spending Review and it is not known whether Flexible Warrants is a priority at moment with HSE.
Continuous organisational improvement & support	Increase income from Pest Control Contracts by £3000	New commercial pest contracts are proving difficult to obtain. Approx £800 additional to date despite advertising. Trying schools again in new term plus businesses through Hinckley BID. Have not lost contracts on renewal.
Business, Contract & Streetscene		
CP02 - Improve facilities in our parks and open spaces	Renew gym club lease on Clarendon Park to provide community facility - Due June 2011	An independent valuation is being arranged so we can progress the lease renewal
CP02 - Improve facilities in our parks and open spaces	Work with LCC to improve Narrows footpath where it passes through Ashby road cemetery - September 2011	footpath diversion is underway with legal to make current temporary diversion a definitive right of way to allow for improvement works.
CP02 - Improve facilities in our parks and open spaces	Improvements to pitches at Richmond Park to increase quality of facilities - Due March 2012	Project on hold until 2012/13, due to lack of current funding from FA.
CP03 - All parks are maintained to a high standard with 75% meeting the local quality standard by 2014	Change working practices to increase biodiversity and natural green space within HBBC managed sites - Due Sept 2011	This was piloted at the Cemetery with concerns raised by the public and councillors. The Cemetery is now being maintained in line with standards at other green spaces.
CP05 - Impact on the environment from service operations is reduced	Move to a new Operational HQ (if financially viable) - March 12	No suitable location for the Organisation has been identified. A new property search has now commenced




Appendix 3 - Strategic Risks with a net risk level status of Amber or Red

Risk Name	Risk failure leads to:	Last reviewed		Risk Control	Review comments
<u>Failure to focus on priorities and initiatives</u>	<u>Underperformance and no corporate direction</u>	Jun 11/12	■	<u>Tolerate</u>	With the return of the same political Administration in May 2011, the priorities and initiatives remain largely the same, but with an increased emphasis on delivery: Hinckley Hub (2012), Bus Station development (2014), Argents Mead Enhancements (2012) and Residents' Car Parking.
<u>Failure to implement the Town Centre Plan</u>	<u>lack of member support, private sector investment interest, public sector funding, public support, planning permission for the development and Lack of progress on Town Centre regeneration</u>	Jun 11/12	■	<u>Tolerate</u>	The risk register for the Atkins Site continues to be managed as a dedicated Major Project. The Atkins project was completed in Sep on time and in budget. The project board continues to meet to oversee the successful occupation of the building and the interface with the new college development. The new college is currently due for completion in Sep 2011 and is currently on programme. Residents Parking Schemes area currently being progressed for the Druid Quarter and Trinity Lane areas of the Town Centre to mitigate any potential impact from the College opening. New bus stop facilities are planned to be installed by LCC in time for the College opening. A risk register has been established for management in respect of the Bus Station project. Bus station scheme received planning consent in Dec 2010 and progress is now being made towards the CPO. The period for judicial review concludes at the end of April 2011. Tesco's have indicated it is unlikely to JR following productive discussions with Director of Tescos. Good progress is being made on the CPO and arrangements are being made to have the CPO Inquiry convened in December 2011.
<u>Insufficient Business Continuity Management (incl Disaster recovery) arrangements</u>	<u>Inability to deliver services following fortuitous events, poor reputation, breach of Civil Contingencies Act</u>	Jun 11/12	■	<u>Tolerate</u>	The review process is ongoing and no major issues have been identified.
<u>Failure to successfully adopt and deliver the LDF leads to:</u>	<u>Penalties from govt, loss of Planning Delivery Grant, uncontrollable development pressure, unsustainable development, no clear spatial strategy, loss of employment/housing opportunities, impact on environment</u>	Jun 11/12	■	<u>Tolerate</u>	Positive progress has been made during 2010/11 on the adoption of the town centre AAP and affordable housing DPD and rural needs DPP all delivered on programme. A thorough review of LDF budgets and commitments from 2010/11 to 2014 has been undertaken and financial impacts are now included within the MTFS agreed by Council FEB 2011. Key risk going forward is the programme for delivery of the housing allocation DPD and impacts arising from any change following the May local elections. Good progress has also been made on the SUE AAP and Masterplan which was adopted for consultation Dec 2010. As a result of new LCC transport modeling requirements, the programme for progressing the AAP is currently being revised and will result in slippage for submission to the Secretary of State and for inviting planning applications in for the development to early 2012. This is being managed to facilitate progress. Financial pressures continue to be monitored, linked to the evidence based technical work which is required in support of this document. HCA are engaged with this process and are providing financial support, dialogue is underway through the developer forums chaired by the HCA to continue to secure private sector funding towards this work. The MTFS adopted in Feb 2011 has been taken into account progressing the document through to Examination. Developers have recently agreed to fund transport modeling work to facilitate the completion of the final AAP document and to underpin their planning applications.
<u>Failure to adhere to Health and Safety Legislation/ Regulations</u>	<u>Prosecution, Poor reputation, increase in absences, disruption to services, civil compensation claims</u>	Jun 11/12	■	<u>Tolerate</u>	The H&S Officer continues support to the depot to a minimum of 2 days per week and is progressing a review of corporate Health and Safety for the Council. H&S audits of other work areas are continuing along with BCM preparedness. He is also assisting with the preparations for the transfer of the Housing Repairs function in-house. Legionella risk continues to be monitored in conjunction with SLM Ltd





Appendix 3 - Strategic Risks with a net risk level status of Amber or Red

Risk Name	Risk failure leads to:	Last reviewed		Risk Control	Review comments
<u>A reduction in Benefit Subsidy as a result of error and/or poor performance impacting on Medium Term Financial Strategy</u>	<u>Local Authority having to pay back subsidy as a result of a high error rates or poor benefit processing times.</u>	Jun 11/12		<u>Tolerate</u>	Because of the possible impact on the LA this risk will be continued to be monitored however our claim for 2009/10 was paid in full with no subsidy clawback..
<u>Failure to improve sickness absence</u>	<u>Causes reduced capacity leading to failure/inability to deliver services/objectives efficiently</u>	Jun 11/12		<u>Tolerate</u>	At year end, the absence position had significantly improved as compared with 2009/10 (6.49 days per employee, compared to 7.80 days during 2009/10. Rate at start of year consistent with overall rate for 2010/11, but slight upward trend requires that issues continue to be addressed by the Chief Executive with relevant managers.
<u>Failure of County Council Support/ engagement for the Local Strategic Partnership</u>	<u>No recognition of local priorities at County level, Potential loss resource to assist delivery of objectives, missed advantage/opportunities</u>	Jun 11/12		<u>Tolerate</u>	The County council have committed to stay as a partner to the HBBC LSP and have been party to agreeing the new priorities going forward to 2011/12. However, there is no commitment for senior Officer representation from LCC to the LSP.
<u>Failure to reduce future possibility of over-spend on HRA Capital spend and ensure continuous improvement of housing maintenance partnership</u>	<u>inefficiencies and damage to reputation</u>	Jun 11/12		<u>Tolerate</u>	An independent financial forensic examination of Willmott Dixons financial management has been concluded. Final discussions have now taken place between senior management and Willmott Dixon. 2010/11 year was managed within budget. Close financial monitoring continues on the Responsive Repairs Contract continues
<u>Failure to provide a fit for purpose Leisure Centre</u>	<u>increased running/ maintenance costs impacting on MTFS - Facilities not being adequate or modern enough to meet user needs and expectations - A missed opportunity for the provision of a major new sporting hub</u>	Jun 11/12		<u>Tolerate</u>	SLB have considered potential options for procuring the delivery of either a refurbished or new leisure centre and agreed to revisit the recommendations of the joint report of the Cultural services manager and Estate and Assets manager following the outcomes of the May local elections. Discussions are underway with potential investment companies and KPMG to review potential financing models for a new leisure centre. It is anticipated that proposals will be brought forward to Members for consideration later this year.
<u>Failure to deliver / ensure sustainability to My Place Project</u>	<u>missed opportunity to deliver enhanced community services and improve quality of life</u>	Jun 11/12		<u>Tolerate</u>	The Hinckley club for young people project was successfully completed on time and within budget and opened Sep 2011. The scheme was host to a royal visit in April 2011. A joint project board between HBBC and HC4YP continues to monitor progress on delivery of the business plan. The agents for HC4YP are currently managing the implications for the maintenance period for the scheme arising from the liquidation of the contractor post completion of the works. Membership of the Club is continuing to increase, helping to underpin the Business Case.

Appendix 3 - Strategic Risks with a net risk level status of Amber or Red

Risk Name	Risk failure leads to:	Last reviewed	Risk Control	Review comments
<u>Damage to Reputation/adverse publicity</u>	<u>Lack of Stakeholder confidence, High staff turnover, low morale, inability to recruit, lack of confidence in our ability from our partners</u>	Jun 11/12	 <u>Treat</u>	Litigation on the Pilkington case is being pursued by the family, but minimal impact thus far. The litigation is being strongly defended by HBBC. EHRC now working collaboratively with the Council via a Section 23 Agreement (as a formal assessment). Joint publicity on this will be in terms of outcomes only. Drug/Alcohol Unit location is still being pursued with provider, to assist their meeting their contractual obligation to the commissioning group. Otherwise, net positive media coverage has been maintained
<u>Failure to successfully deliver the Medium Term Financial Strategy</u>	<u>Underperformance, inadequate cashflow, ineffective financial planning</u>	Jul 11/12	 <u>Treat</u>	<p>The Councils budget for 2011/12 has been approved by Council. The budget was delivered under unprecedented economic cut backs announced by the new coalition government under CSR 2010. The Finance Settlement for 2011/12 reduced formula grant by over 14% with a further reduction of around 9% announced provisionally for 2012/13. Assuming further 5% decreases for 2013/14 and 2014/15 to take us to the end of this parliament will reduce the Council's formula grant by around 33%. The budget for 2011/12 has been balanced after identifying base line savings of around £1.3m and by taking from earmarked reserves and balances a total of £653K. The Council adopted this approach to safeguard jobs and meet the pledge given to staff that there would be no compulsory redundancies until April 2012. The medium term forecast is that there will be a further deficit to fund of just under £1m by 2012/13. Work has already commenced on bridging this gap. Detailed discussions have taken place with all 3 trade unions and a recent ballot agreed to no increments for 2011/12 and for a representative working group to be set up to review the Council's Travel Policy. The target savings given to this working group is £130,000. This saving, together with the saving from not paying increments, the non payment of budgeted increase of £250 for all employees being paid under £21,000 (a proposal announced by the Chancellor in the emergency budget but subsequently withdrawn for local government), the allocation of the New Homes Bonus and additional income from Shared Services will go towards reducing this gap significantly. Additionally, since most of the proposals will be implemented in 2011/12 then the draw down of the £653K from Balances and Reserves will be extended over the next 3 years as opposed to all being utilised in 2011/12. The monitoring of the savings already built into the 2011/12 budget and the successful implementation of changes to the terms and conditions of employment with respect to the existing travel policy will be critical in safeguarding future front line services.</p> <p>Pressure from Members to allocate the New Homes Bonus to Localities is being considered and presentations made to Senior Leaders and the Parish Forum to explain the impact over the long term of allocating substantial amounts of the Bonus to localities rather than supporting front line services. The gap between the reduction in the Finance Settlement and the allocation of NHB over the 6 year period is a reduction in funding of £9m. Adding inflation at an average of 3% means that even if the Council retained 100% of its allocation of NHB, there would need to be a reduction in service budgets of around 19%. This message is to be communicated to the Parish Forum and elected Members</p>
<u>Failure to Manage Partnership working :</u>	<u>non-delivery of objectives , poor reputation, lack of stakeholder confidence, financial costs for partnership liabilities</u>	Jun 11/12	 <u>Tolerate</u>	Progress has been made on establishing a joint Community safety partnership with Blaby DC and a joint community safety plan has been adopted. Delivery Plans have now been developed and endorsed by the CSP. The LSP has reviewed its priorities for 2011/12 and agreed to focus on priority neighbourhoods and employment and skills development and oversee 5 key delivery partnerships. A review will take place at the September meeting of the LSP in respect of its role linked to locality based working.

Appendix 3 - Strategic Risks with a net risk level status of Amber or Red

Risk Name	Risk failure leads to:	Last reviewed	Risk Control	Review comments
<u>Failure to Manage Partnership working :</u>	<u>non-delivery of objectives , poor reputation, lack of stakeholder confidence, financial costs for partnership liabilities</u>	Jun 11/12	 <u>Tolerate</u>	Progress has been made on establishing a joint Community safety partnership with Blaby DC and a joint community safety plan has been adopted. Delivery Plans have now been developed and endorsed by the CSP. The LSP has reviewed its priorities for 2011/12 and agreed to focus on priority neighbourhoods and employment and skills development and oversee 5 key delivery partnerships. A review will take place at the September meeting of the LSP in respect of its role linked to locality based working.
<u>Dealing with numerous Public Enquiries</u>	<u>Increased costs, Impact on staff resource and performance, Questions over credibility of Masterplan, Payment of costs awarded by inspector</u>	Jun 11/12	 <u>Treat</u>	A number of key Public Inquiries have been held in respect of major housing schemes despite two positive decisions more recently, the Inspectorate has allowed two key appeals which will give challenges over the coming months in respect of speculative developments and potential further appeals which will need to be managed.
<u>Loss of contract for Supporting People funded services</u>	<u>Possible reduction/change in provider of support for vulnerable people, damage to reputation of loss of contract/control and impact on staff resources</u>	Jun 11/12	 <u>Treat</u>	Joint working at NWLDC to develop existing best practice within current service arrangements to ensure meet requirement standards for future tendering.Consideration of a joint control centre with NWLDC to position ourselves to bid for the single county contract for control centres... New additional mitigation plan added - undertake viability of all sheltered schemes to ensure they are fit for purpose
<u>Review by the Equalities Commission for Human Rights of disability issues</u>	<u>Damage to reputation, negative impact on peer assessment</u>	Jun 11/12	 <u>Treat</u>	Section 23 Agreement now in place and has commenced. It is being implemented over much shorter timescales than originally envisagedMuch more positive and collaborative approach now adopted by EHRC. Opportunity to comment on the EHRC Inquiry into Disability Harassment has been taken.



A Borough to be proud of

Hinckley & Bosworth
Borough Council

Finance, Audit & Performance Committee Work Programme 2011/2012

ISSUE 2011/02: September 2011

FINANCE, AUDIT & PERFORMANCE COMMITTEE WORK PROGRAMME 2011/2012

1. Internal Audit Work Programme

- Consider each Internal Audit Block and recommendations and ensure that recommendations are implemented and followed up

2. Financial and Budget Monitoring

- Final Accounts 2010/11 (July 2011)
- Quarterly Budget Monitoring (September & December 2011, March 2012)
- Capital Programme ??? (December 2011 ???)
- Budget Proposals / Council Tax (February 2012)
- Prudential Code (March 2012)
- Treasury management Report (May 2012)

3. Corporate Management

- Risk Management ??? (December 2011)
- Annual Audit Plan (March 2012)
- ISA260 Annual Audit Letter (September 2011)
- Annual Audit Report (May 2012)

Finance, Audit & Performance Committee – Monday 12 September 2011					
Function	Activity/ Objective	Reason	Desired Outcome	Vision, Values and Aims	Responsible (member/officer)
Scrutiny Topics					
Performance Management Information	Internal Audit Progress report	Ensure findings are considered	Recommendations are implemented	All Corporate Aims	Deputy Chief Exec (Corp. Direction) / Internal Audit
	ISA 260 Report	Review work of External Auditors	Ensure matters raised by External Auditors are considered by Members	All Corporate Aims	Deputy Chief Exec (Corp. Direction)
	Budget monitoring – 1 st quarter	Quarterly update report	Ensure Members are aware of current issues with regard to the budget	Thriving Economy	Deputy Chief Exec (Corp. Direction) / Accountancy Manager
Tracking of implementation with previous recommendations					
Committee Management Issues	Work Programme 2011/12	To review the Committee's workload	To ensure timely consideration of reports and consistency of distribution of workload	All Corporate Aims	Accountancy Manager/ Chairman

Finance, Audit & Performance Committee – Monday 31 October 2011					
Function	Activity/ Objective	Reason	Desired Outcome	Vision, Values and Aims	Responsible (member/officer)
Scrutiny Topics					
Performance Management Information	Internal Audit Progress report	Ensure findings are considered	Recommendations are implemented	All Corporate Aims	Deputy Chief Exec (Corp. Direction) / Internal Audit
	Treasury Management Performance report	Ensure value for Money	Ensure the Executive delivers good value improving Services	All Corporate Aims	Deputy Chief Exec (Corp. Direction) / Accountancy Manager
Tracking of implementation with previous recommendations					
Committee Management Issues	Work Programme 2011/12	To review the Committee's workload	To ensure timely consideration of reports and consistency of distribution of workload	All Corporate Aims	Accountancy Manager/ Chairman

Finance, Audit & Performance Committee – Monday 12 December 2011					
Function	Activity/ Objective	Reason	Desired Outcome	Vision, Values and Aims	Responsible (member/officer)
Scrutiny Topics					
Performance Management Information	Internal Audit Progress Report	Ensure findings are considered	Recommendations are implemented	All Corporate Aims	Deputy Chief Exec (Corp. Direction) / Internal Audit
	Budget monitoring – 2 nd quarter	Quarterly update report	Ensure Members are aware of current issues with regard to the budget	Thriving Economy	Deputy Chief Exec (Corp. Direction) / Accountancy Manager
	Capital Programme 2011/12 to 2013/14	Backbench input to Capital Programme	Ensure the Executive provides good value improving services	All Corporate Aims	Deputy Chief Exec (Corp. Direction) / Accountancy Manager
	Annual Audit Letter	Review work of External Auditors	Matters reported by External Auditors are considered by Elected members	All Corporate Aims	Deputy Chief Exec (Corp. Direction)
	Risk management progress report	To provide an update on Risk management activities in the Council	To ensure Risk management stays embedded in the Council	All Corporate Aims	Principal Performance and Risk Management Officer
Tracking of implementation with previous recommendations					
Committee Management Issues	Work Programme 2011/12	To review the Committee's workload	To ensure timely consideration of reports and consistency of distribution of workload	All Corporate Aims	Accountancy Manager/ Chairman

Finance, Audit & Performance Committee – Monday 30 January 2012					
Function	Activity/ Objective	Reason	Desired Outcome	Vision, Values and Aims	Responsible (member/officer)
Scrutiny Topics					
Performance Management Information	Internal Audit Progress Report	Ensure findings are considered	Recommendations are implemented	All Corporate Aims	Deputy Chief Exec (Corp. Direction) / Internal Audit
	Revenue Budget and Council Tax Proposals 2012/13	Ensure Value for Money and allow backbench input into the Budget and Council Tax setting process	Ensure the Executive delivers good value improving services	All Corporate Aims	Deputy Chief Exec (Corp. Direction) / Accountancy Manager
	Capital Programme 2011/12 to 2013/14	Backbench input to Capital Programme	Ensure the Executive provides good value improving services	All Corporate Aims	Deputy Chief Exec (Corp. Direction) / Accountancy Manager
	Treasury Management Performance report	Ensure value for Money	Ensure the Executive delivers good value improving Services	All Corporate Aims	Deputy Chief Exec (Corp. Direction) / Accountancy Manager
Tracking of implementation with previous recommendations					
Committee Management Issues	Work Programme 2011/12	To review the Committee's workload	To ensure timely consideration of reports and consistency of distribution of workload	All Corporate Aims	Accountancy Manager/ Chairman

Finance, Audit & Performance Committee – Monday 19 March 2011					
Function	Activity/ Objective	Reason	Desired Outcome	Vision, Values and Aims	Responsible (member/officer)
Scrutiny Topics					
Performance Management Information	Internal Audit Progress Report	Ensure findings are considered	Recommendations are implemented	All Corporate Aims	Deputy Chief Exec (Corp. Direction) / Internal Audit
	Budget monitoring – 3 rd quarter	Quarterly update report	Ensure Members are aware of current issues with regard to the budget	Thriving Economy	Deputy Chief Exec (Corp. Direction) / Accountancy Manager
	Annual Audit and Inspection Letter	Review work of External Auditors	Matters reported by External Auditors are considered by Elected members	All Corporate Aims	Deputy Chief Exec (Corp. Direction)
	Prudential code	Ensure value for Money	Ensure the Executive delivers good value improving Services	All Corporate Aims	Deputy Chief Exec (Corp. Direction) / Accountancy Manager
	Annual Audit Plan	Provide the plan for external audit	Plan approved	All Corporate Aims	Deputy Chief Executive (Corporate Directoin)
Tracking of implementation with previous recommendations					
Committee Management Issues	Work Programme 2011/12	To review the Committee's workload	To ensure timely consideration of reports and consistency of distribution of workload	All Corporate Aims	Accountancy Manager/ Chairman

Finance, Audit & Performance Committee – Monday 30 April 2011					
Function	Activity/ Objective	Reason	Desired Outcome	Vision, Values and Aims	Responsible (member/officer)
Scrutiny Topics					
Performance Management Information	Internal Audit Progress Report	Ensure findings are considered	Recommendations are implemented	All Corporate Aims	Deputy Chief Exec (Corp. Direction) / Internal Audit
	Annual Audit Report 2011/12 (internal)	To provide assessment of internal control	Assurance of internal control and risk management	All Corporate Aims	Deputy Chief Executive (Corporate Direction) / Internal Audit
	Treasury Management Performance report	Ensure value for Money	Ensure the Executive delivers good value improving Services	All Corporate Aims	Deputy Chief Exec (Corp. Direction) / Accountancy Manager
Tracking of implementation with previous recommendations					
Committee Management Issues	Work Programme 2011/12	To review the Committee's workload	To ensure timely consideration of reports and consistency of distribution of workload	All Corporate Aims	Accountancy Manager/ Chairman