

# Public Document Pack

**Steve Atkinson** MA(Oxon) MBA FIoD FRSA  
Chief Executive

Date: 13 June 2014



Hinckley & Bosworth  
Borough Council

*A Borough to be proud of*

**To: Members of the Finance, Audit & Performance Committee**

Miss DM Taylor (Chairman)  
Mr JS Moore (Vice-Chairman)  
Mr PR Batty  
Mrs R Camamile

Mr PAS Hall  
Mr R Mayne  
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 De Monfort Suite - Hub on **MONDAY, 23 JUNE 2014 at 6.30 pm** and your attendance is required.

The agenda for the meeting is set out overleaf.

**As requested by members at the previous meeting, there will be a pre-meeting for members of the committee at 6.00pm in the Members' Room to consider their achievements and performance in conjunction with the Annual Report.**

Yours sincerely

A handwritten signature in purple ink, appearing to read 'Helen Rishworth'.

Helen Rishworth  
Communications & Democratic Accountability Officer

**A G E N D A**

1. APOLOGIES AND SUBSTITUTIONS
2. MINUTES OF PREVIOUS MEETING (Pages 1 - 2)  
To confirm the minutes of the meeting of the Finance Audit & Performance Committee held on 12 May 2014.
3. ADDITIONAL URGENT BUSINESS BY REASON OF SPECIAL CIRCUMSTANCES  
To be advised of any additional items of business which the Chairman decides by reason of special circumstances shall be taken as matters of urgency at this meeting.
4. 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.**
5. QUESTIONS  
To hear any questions in accordance with Council Procedure Rule 10.
6. INTERNAL AUDIT BLOCK REPORT (Pages 3 - 18)  
Report of Internal Audit.
7. DRAFT ANNUAL GOVERNANCE STATEMENT (Pages 19 - 34)  
Report of the Deputy Chief Executive (Corporate Direction).
8. DRAFT OUTTURN 2013/14 (Pages 35 - 56)  
Report of the Deputy Chief Executive (Corporate Direction).
9. PERFORMANCE & RISK MANAGEMENT FRAMEWORK (Pages 57 - 74)  
Report of the Deputy Chief Executive (Corporate Direction).
10. ANNUAL REPORT & WORK PROGRAMME (Pages 75 - 88)
11. ANY OTHER ITEMS OF BUSINESS WHICH THE CHAIRMAN DECIDES HAVE TO BE DEALT WITH AS MATTERS OF URGENCY

# Agenda Item 2

## HINCKLEY AND BOSWORTH BOROUGH COUNCIL

### FINANCE, AUDIT & PERFORMANCE COMMITTEE

12 MAY 2014 AT 6.30 PM

PRESENT: Miss DM Taylor - Chairman  
Mr R Mayne – Vice-Chairman  
Mrs R Camamile, Mr PAS Hall, Mr JS Moore and Mr K Morrell

Officers in attendance: Sanjiv Kohli, Rebecca Owen and Katherine Plummer

#### 522 APOLOGIES AND SUBSTITUTIONS

Apologies were submitted on behalf of Councillor Batty.

#### 523 MINUTES OF PREVIOUS MEETING

RESOLVED – the minutes of the meeting held on 31 March 2014 be confirmed and signed by the Chairman.

#### 524 DECLARATIONS OF INTEREST

No interests were declared at this stage.

#### 525 INTERNAL AUDIT ANNUAL REPORT

Tim Ridout of CW Audit presented the Annual Internal Audit Report 2013/14 and highlighted the main areas covered. During discussion, the following points were raised:

- Members' allowances: a member asked which recommendations regarding the administration of members' allowances were outstanding. In response it was reported that the recommendations had now been completed and had related to the detail contained within the Constitution and the method of publication of the scheme;
- Car parking: in response to a member's question it was noted that the services noted in the Audit report had been re-tendered so a signed copy of the contract was available;
- Outstanding recommendations: It was noted that of the 144 recommendations made, 129 had been resolved and the remainder would be completed within two to three months.

RESOLVED – the report be noted.

#### 526 'PROTECTING THE PUBLIC PURSE' UPDATE

A report was presented to the committee which resulted from the request at the previous meeting for the 'Fighting Fraud Checklist' to be completed. During discussion, the following points were raised:

- Countering fraud: it was noted that a corporate fraud team was not usual in district authorities, but it was being considered, with the support of Internal Audit.
- Single Person Discount: Officers agreed to forward the total number of recipients of the discount to members following the meeting. It was noted that it was a self-certified discount and, whilst occasional checks were made when queries occurred, a full annual review of whether applicants were still eligible was not made. It was requested that a report be brought to a future meeting on this.

- Staff & member training: it was noted that training on anti fraud and whistleblowing policies was provided as part of the induction. With regard to member training it was reiterated that despite providing training on the request of members, there was often low turnout.

RESOLVED –

- (i) the report be noted;
- (ii) progress reports be provided on a six monthly basis;
- (iii) a report on reviews of the Single Person Discount be brought to a future meeting.

527 TREASURY MANAGEMENT

Members received a report on the Treasury Management activity in 2013/14.

RESOLVED – the report be noted.

528 AUDIT COMMITTEE PRACTICAL GUIDE

Members were provided with an update on the CIPFA publication 'Audit Committees – Practical Guidance for Local Authorities and Police' (2013). Discussion ensued amongst members regarding their need for increased knowledge as some items highlighted the lack of awareness and need for training. Officers again raised the problem of low attendance at training, and members also acknowledged that they had discovered as part of the Member Development Steering Group that members didn't like to admit the areas in which they required training.

Members felt it would be useful to have their performance as a committee assessed, including its effectiveness, and it was agreed that an annual report would be brought to the June meeting. It was also agreed that a meeting for members only would be held at 6pm on that evening for discussion on achievements as a committee. It was noted that this would also be a good introduction if there were any new appointments to the committee at Annual Council.

RESOLVED – an annual report be brought to the next meeting to assist members in assessing their effectiveness as a committee.

529 WORK PROGRAMME

The work programme was discussed in conjunction with the previous item. Concern was expressed that the work programme did not reflect the duties of the Council Services Select Committee which had been merged with the Finance & Audit Services Select Committee in 2011 to create the Finance, Audit and Performance Committee. In response it was confirmed that the work programme contained the essential items only, but it was also highlighted that the regular Performance and Risk Management Framework reports were included, and that should any areas of concern be noted, a more detailed report could be requested either to this committee or to the Scrutiny Commission.

RESOLVED – the work programme be noted.

(The Meeting closed at 7.34 pm)

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CHAIRMAN

# Hinckley & Bosworth Borough Council

## Internal Audit Progress Report 2014/15

June 2014

Page 3



Agenda Item 6

## 1. Introduction

This report summarises the work of Internal Audit to early June 2014. The purpose of the report is to update the Committee on progress made in delivering the 2014/15 audit plan, completing remaining 2013/14 work, and on the level of implementation of actions agreed by management in relation to audit recommendations.

## 2. Progress summary

The internal audit plan for the 2014/15 year totals 300 days (including work in relation to Leicestershire Revenues & Benefits Partnership (LRBP) systems and some days carried forward from 2013/14). Section 5 provides details of all the audit assignments included in the 2014/15 year, together with details of the quarter in which the assignments are planned for delivery at this stage, and an update on progress where assignments have commenced.

## 3. Summary of reviews completed

The following reviews have been completed and final reports agreed with management since the last meeting of this Committee. The tables below set out summaries of the outcomes and any high or medium risk issues raised, and agreed actions to address them.

Review	Summary	Level of assurance				
Housing Rents (2013/14 review)	This audit examined the key controls in relation to rent collection, arrears and system management. A Significant Assurance Opinion was provided, with 2 high, 2 medium and 3 low level recommendations made. The individual level of assurance for each system control objective reviewed is provided below.	Significant				
System control objective	Level of Assurance					
	Full	Significant	Moderate	Limited	No	
1. Rent is charged correctly on all properties in accordance with policy, and with documented calculations of gross and net rent for each property.	√					
2. Robust arrangements are in place for timely and complete collection of rent payments and crediting these to the correct accounts.		√				
3. Arrangements to deal with arrears comply with policy and ensure efficient recovery of outstanding sums.			√			
4. Access to system functions is restricted to authorised personnel and the security and integrity of the system is maintained.		√				

The high and medium level recommendations and management's response are set out below:

### System Control Objective 3: Arrangements to deal with arrears comply with policy and ensure efficient recovery of outstanding sums.

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
<b>3.1 Recovery Action</b>	<p>The Orchard system provides a weekly list of approximately 400 recommendations on recovery actions that need to be taken. Officers can use discretion, based on knowledge of tenants' specific circumstances, to reject system recommendations, but these will then automatically roll forward to the following week's recommendation list. It is also possible for officers to regress action to an earlier stage in the recovery process. It was however noted that decisions to reject recommendations or regress to an earlier stage in the recovery process are not subject to any further independent review by the Housing Rents and Options Manager.</p> <p>Sample testing of 10 overdue accounts with arrears values of more than £300 highlighted that in two instances formal debt recovery action in the form of warning letters or court action could have been taken earlier on during the period when the account was in arrears. Both accounts have been highlighted to the Rents and Arrears Officer.</p>	Recovery action may not be sufficiently regular, leading to rising debt levels and increased risk of unrecoverable debts.	2	It is probably impractical to suggest that all rejected recommendations are subject to review by the Housing Rents and Options Manager, but a system report should be developed for review by the Housing Rents and Options Manager for recommendations that have been rejected for three consecutive weeks, or which relate to accounts that are overdue by more than a pre-determined amount (e.g. £750). The same report should also clearly identify occasions when recovery action has been regressed to an earlier stage in the arrears process.	Agreed	Jo Wykes – Housing Rents and Options Manager	August 2014
<b>3.2 System Reporting</b>	One overdue account was noted where no formal action had been recorded on the Orchard system as having been taken since November 2010. Discussions with the Rents and Arrears Officer indicated that this account was not being flagged by the system as part of its automatic weekly arrears action recommendation routine, and had therefore been missed from any recovery action being taken. This account has been brought to the attention of the Rents and Arrears Officer, but it is possible that other accounts in arrears may also not be being identified by the system for recovery action.	Lack of recovery action on overdue accounts.	2	A reconciliation needs to be undertaken as a matter of urgency for all accounts that are in arrears to identify any that are not being flagged for automatic recovery recommendations by the Orchard system. The reason why some accounts are not being flagged for review and action needs to be investigated and resolved.	Agreed	Jo Wykes – Housing Rents and Options Manager	July 2014

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
<b>3.4 Reporting and Monitoring</b>	Monitoring information recorded on the Council's Performance Management system and reported to the Strategic Leadership Board focuses on the number of tenants evicted and rent collection rates against target. Arrears brought forward from previous years are added to the amount of rent to be collected in the current year and are therefore included in the overall rent collection rate, but specific data on the value of arrears and the Council's performance in collecting arrears is not reported on. Former tenant arrears are excluded from the collection rates performance data and are not therefore subject to any form of monitoring information.	Performance in collecting arrears not readily identifiable.	3	Specific data should be reported on regularly with regard to the value and age profile of rent arrears for both current and former tenants.	A corporate decision was taken to reduce the number of performance indicators reported on. Housemark is being introduced into the service and relevant data will be captured through this.	Jo Wykes – Housing Rents and Options Manager	September 2014
<b>3.5 Court Costs</b>	Discussions with the Chief Officer and the Housing Options and Rents Manager highlighted that the recommendation made in the 12/13 Internal Audit Report to add court costs to rent arrears was still under consideration.	Non-recovery of court costs.	3	Court costs should be added to accounts in arrears.	Agreed. Will be included in the new rent arrears policy.	Jo Wykes – Housing Rents and Options Manager	September 2014

Review	Summary	Level of assurance				
Payment Card Industry Data Security Standards compliance (2013/14 review)	This audit examined the Council's compliance with the requirements of the Standards. A Full Assurance Opinion was provided, with 2 low level recommendations made. The individual level of assurance for each system control objective reviewed is provided below.	<b>Full</b>				
System control objective	Level of Assurance					
	Full	Significant	Moderate	Limited	No	
1. The Council adheres to the PCI DSS requirements for security management, policies, procedures, network architecture, software design and other critical protective measures.	√					



Customer Services Reception (2013/14 review)

We carried out an advisory review to assess the extent to which the reception area at Hinckley Hub meets the needs of the Customer Services function, as well as to confirm that the quality of the service delivered has not been adversely affected by the move from Argents Mead and the impact of sharing the reception with Job Centre Plus (JCP) and Social Services. This review followed on from a similar audit undertaken at the end of the 2012/13 year that considered the Customer Service team’s preparations for moving to the Hub and the quality of the service being delivered prior to the move. We made no formal recommendations, but highlighted some matters for management consideration.

Review	Summary	Level of assurance				
Anti-social behaviour management system	This audit examined the adequacy of the control environment in relation to the operation of this shared system, within this Council. A Significant Assurance Opinion was provided, with 5 medium and 2 low level recommendations made. The individual level of assurance for each system control objective reviewed is provided below.	<b>Significant</b>				
System control objective	Level of Assurance					
	Full	Significant	Moderate	Limited	No	
1. All input to the Sentinel system is properly controlled and verified and processing is complete, accurate and timely.		✓				
2. All output is appropriate and enables the production of accurate management information.		✓				
3. Access to Sentinel system functions is restricted to authorised personnel and the security and integrity of the system is maintained.		✓				
4. Shared policies governing the use of the Sentinel system are complied with by the Council.		✓				

The 5 medium level recommendations made and management’s responses, are set out below:

**System Control Objective 1: All input to the Sentinel system is properly controlled and verified and processing is complete, accurate and timely.**

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
<b><u>1.1 Staff training on the system</u></b>	<p>Staff were concerned that both the basic and advanced training provided centrally has been poor and often "made no sense".</p> <p>Supplementary training is cascaded by one member of staff to other users, which may not be an effective method of training for a specialist / complex subject. Cascade training can be effective following specific "train the trainer" courses, backed up with comprehensive guides and documentation however this is not the case here.</p>	Staff may not be aware of or able to use all the functionality of the system.	3	<p>An evaluation of the current training should be undertaken.</p> <p>All Council staff using the system should be sent on regular update training.</p>	Update training would be useful, however, currently this is not available through the system owners. Bi-yearly internal sessions facilitated by experienced users to implemented. This will provide sentinel users with an opportunity to questions/concerns and develop skills.	Maddy Shellard	September 2014
<b><u>1.2 Manuals and guides</u></b>	We note that training manuals and guides have not been disseminated; very little system documentation is in place.	The system may not be used to maximum effectiveness	3	Training manuals and system guides should be produced so staff can refer to central guidance and materials.	Guidance and procedure information to be made available to all staff.	Maddy Shellard	August 2014

**System Control Objective 2: All output is appropriate and enables the production of accurate management information.**

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
<b><u>2.1 Access to report writing module</u></b>	The access to the report writing tool and reports file directory is restricted to specific access levels, however all reports are kept in a shared directory and not kept separate and private. All users who have access to reports could amend any report within the directory.	Reports can be altered or deleted without permission of the author, this includes police reports.	3	The system should restrict access to reports to those relating to a user's own organisation and to those properly needing access.	Progress this through the joint sentinel administrator group if felt necessary by other partners	Maddy Shellard	September 2014

**System Control Objective 3: Access to Sentinel system functions is restricted to authorised personnel and the security and integrity of the system is maintained/ System Control Objective 4: Shared policies governing the use of the Sentinel system are complied with by the Council.**

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
<b><u>3.1 System accessed in a secure environment</u></b>	<p>The Sentinel system is accessed from the Hinckley Hub, there are no specific desks allocated for the ASB staff and they use hot desks. The Hub is open plan and the desks used by the staff are on main walkways where displays could be overlooked. This contravenes the system operating procedures which state:</p> <p>“Careful consideration should be given to the positioning of Sentinel Users’ desks. Access to rooms should be restricted to authorised personnel at all times. Door entry controls must be treated as bearing the same protective marking – RESTRICTED – as the material they protect. Keys to rooms containing protectively marked material must be secured when not in use. Where access cannot be controlled in this way, consideration should be given to accommodating officers, who use Sentinel, away from main walkways where their screen display cannot be overlooked by anyone who does not have a need to know. Use of Sentinel should not take place in rooms/areas to which the public or other non professionals have access and PCs and laptops should be adequately screened.”</p>	Restricted information could be viewed by Council staff.	3	The Council should consider assigning the ASB team and police officer a set of desks that are away from the main footfall, where screens can not be overlooked.	Whilst we do appreciate that this suggestion would be ideal, it is not feasible given the number of officers with access to Sentinel across the whole of the Housing department and wider council. As 21 officers currently have access to the system, not just from the Community Safety Team, it remains impractical to situate all of these officers in one place. Officers from Community Safety, Street Scene and Environmental Health have access to the system. These officers work in different locations. As such, this suggestion would be detrimental to effective working practices. I think the responsibility lies with the officer accessing Sentinel to ensure that they do not leave their machine unattended. In doing so, this would prevent others from having sight of the system.		

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
<b><u>3.2 The Sentinel system is secured in emergencies</u></b>	<p>The fire alarm was sounded (false alarm and cancelled prior to full evacuation). We observed, despite there being several minutes of where people were deciding whether it was a real alarm or test (there was no threat to life), one ASB user's terminal was left logged into the Sentinel system. The system operating procedures state:</p> <p>"In an emergency situation, the primary aim is the safety and protection of personnel. In the event of an emergency (e.g. fire, flood, external threat attack), the first consideration <b>MUST</b> be the protection of life. Only if it is safe to do so, then the following ordered actions should be taken with regard to the Sentinel system:</p> <ul style="list-style-type: none"> <li>· Save any unsaved data</li> <li>· Log out of Sentinel</li> <li>· Shut down the work station</li> <li>· Switch off the power to the PC and monitor"</li> </ul>	Sensitive data left potentially open to view.	3	<p>Emphasise to staff the requirement that where it is safe to do so and there is no threat to life, they should ensure that they:</p> <ul style="list-style-type: none"> <li>· Save any unsaved data</li> <li>· Log out of Sentinel</li> <li>· Shut down the work station</li> <li>· Switch off the power to the PC and monitor</li> </ul>	All staff to be given instruction on this	Maddy Shellard	Immediate

## Fees and charges (2014/15 review)

We carried out an advisory review on the above; the overall objective of the review was to consider the current fees and charges regime, given existing policy, and to benchmark this against nearby Councils to identify any areas for further consideration. We made three recommendations – two medium and one low priority. The two medium priority matters are referred to below, together with management’s response:

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
1. <b><u>Corporate Charging Policy</u></b>	There is no Corporate Charging Policy.  The basis for setting fees and charges varies between service areas and within service areas.	Lack of clarity to the process of setting charges.	3	A Corporate Charging Policy should be developed to provide a framework for how HBBC approaches the setting of fees and charges for existing services and for any new services introduced.	Consideration will be given to including elements of the Corporate Charging Policy within the annual Budget Strategy.	Katherine Plummer	September 2014
2. <b><u>Income Review 2014</u></b>	Since the 2011 review, a number of the free services identified at that time have been implemented by HBBC and by other authorities, but there still appear to be a number of service areas not fully explored. The same is true for services not currently provided. Further detail on these areas is provided in Appendices 2 and 3.	Missed income generating opportunities	3	Consideration should be given to looking into the potential for charging for services currently provided free of charge or not currently provided.	The results of this report will be used as part of the Medium Term Financial Strategy training and also budget workshops with members as part of the 2015/2016 budget setting process to prompt questions around these areas of charging. It should be noted that decisions on charging are subject to member decision. Areas such as Green Waste have been noted for potential income but have been rejected by members. This is not a control weakness as such.	Katherine Plummer	September 2014

## 4. Recommendation tracking

CW Audit Services has implemented a system for tracking the actioning of agreed Internal Audit recommendations, as a management assurance tool for the Council and specifically this Committee. Managers are responsible for updating actions taken and other key information directly on the system. A further update for the Committee is provided below. This refers to all actions agreed and due by 31/5/14, which were made in 2013/14 or carried forward into 2013/14 audit year as still outstanding at that time.

The first table below represents the status of such agreed actions due to be implemented by 31/5/14, the second table the age of the outstanding recommendations (based on the original date due for implementation). The status shown is as advised by the relevant manager/Head of Service and does not imply that Internal Audit have verified the status, albeit where we have followed up our prior year recommendations we have dealt with these as closed or implemented where possible.

Summary	1 Critical	2 High	3 Medium	4 Low	Total
Due by 31/5/14	-	2	81	66	149
Implemented	-	1	60	52	113
Closed (effectively implemented or system changed)	-	1	12	6	19
Not completed yet	-	-	9	8	17

Time overdue for actions o/s or not complete	1 Critical	2 High	3 Medium	4 Low	Total
Less than 3 months	-	-	1	5	6
3 – 6 months	-	-	2	-	2
Greater than 6 months	-	-	6	3	9
Total	-	-	9	8	17

The 9 issues more than 6 months overdue are as follows:

Review	Recommendation	Risk Rating	Response	Current Status per update
2011/12 Homelessness	<u>Orchard System</u>  The Council should ensure there is a review of the effectiveness of the Orchard system for the Homelessness function.	3	A review of the Orchard system was planned.  . January 2012 - Jo Wykes	The Housing Options Service are using the Orchard System to record all cases. However, an upgrade is needed to use this fully and to meet the needs of the P1E statistical return. This will be incorporated in the system upgrade being implemented on 28th April 2014.
2013/14 Members Allowances	<u>Publication – Other</u>  Consideration should be given to increasing the detail given in relation to Members' Allowance.	4	The Remuneration Panel's report includes details of the roles Members have. Reference to Member Role descriptions will be made in the press release publicising the Scheme of Allowances 31/10/13 – Louisa Horton	The Remuneration Panel is not due to meet until Summer 2014

Review	Recommendation	Risk Rating	Response	Current Status per update
2012/13 Fuel Controls	<p><u>Navman</u></p> <p>Service departments should make further use of the NAVMAN system.</p>	3	<p>Investigate possible new system through the Procurement process</p> <p>31/5/13 – Ian Pinfold, Principal Public Space Officer</p>	<p>Navman system identified as inadequate to meet service needs. New system of vehicle telematics sourced and will be introduced across the fleet in April 2014. New system will enable driver behaviour to be studied to enable a reduction in fuel use.</p> <p>Revised implementation date: 30/4/14</p>
2012/13 Housing Repairs	<p><u>Tenant Recharge Policy</u></p> <p>The Council should consider introducing a tenant recharge policy that holds tenants accountable for the cost of repairs that have arisen through their negligence and ensure that processes are in place to enforce this.</p>	3	<p>A Recharge Policy will be introduced as part of the revised conditions of tenancy.</p> <p>30/11/12 - Ian Parsons, Housing Repairs Manager</p>	<p>Revised Tenancy Conditions (including a Recharge Policy) were agreed by Executive on 26th March 2014. They will now be subject to tenant consultation.</p>
2012/13 Housing Repairs	<p><u>Repairs Administration</u></p> <p>The Council should ensure that when implementing hand held devices, it automates as many processes as possible in order to reduce current administrative burden and improve overall efficiency.</p>	3	<p>The new Orchard Direct Works Module has been procured to assist with streamlining processes. Once in place, this should reduce the amount of manual processes as handheld devices will be used by engineers to receive and complete jobs.</p> <p>30/4/13 -Ian Parsons, Housing Repairs Manager</p>	<p>The Direct Works module is now due to start implementation over Summer 2014 due to main Orchard upgrade taking precedence.</p> <p>Revised date 29/8/14</p>



Review	Recommendation	Risk Rating	Response	Current Status per update
2012/13 Anti-Fraud	<p><u>Risk Assessment - NFA Fraud Loss Tool</u></p> <p>HBBC should use the NFA fraud loss tool to determine the Council's likely fraud risk exposure and ensure that all potential risks have been addressed.</p>	3	<p>Agreed. The Fraud loss tool will be assessed and we will adopt relevant elements.</p> <p>30/4/13 – Julie Kenny</p>	A fraud risk assessment was conducted through a workshop with External Audit and the revised anti fraud policy will be presented to Ethical Governance Committee in March 2014
2012/13 Anti-Fraud	<p><u>Resilience Check</u></p> <p>The LGFS also recommends that Councils use the free resilience tool on the National Anti-Fraud Network (NAFN) website to perform a resilience check of their current fraud response capabilities.</p>	3	<p>Agreed</p> <p>30/4/13 – Julie Kenny</p>	We have substituted this with the fraud awareness session that was performed by PwC and the fraud risk assessment that will be produced as a result (by March 2014).
2012/13 Case Management System	<p><u>Reports</u></p> <p>Management should monitor how the reporting tool is utilised on the IKEN system and ensure that reports that are required are fully utilised.</p>	4	<p>The use of the reporting tool will be included in the Post implementation review and a check made that sufficient use of the reporting function is being made.</p> <p>30/11/13 – (now) Emma Horton, Legal Services Manager</p>	The Legal Services Manager is tasked to undertake a review of the reporting within Iken. To be completed by end of September 2014.
2012/13 Case Management System	<p><u>Performance</u></p> <p>Management should ensure that a Post Implementation Review of the IKEN system is undertaken.</p>	4	<p>The system is subject to informal ongoing review through team feedback and a full 12 month post implementation review will be set up.</p> <p>30/11/13 – (now) Emma Horton, Legal Services Manager</p>	Iken has been in place for 1 year by November 2013. Since then we have appointed a new Legal Services manager who has been tasked to complete this review by end of September 2014.

## 5.2014/15 Internal Audit plan

Description of audit	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Current Status	Assurance level
Key Corporate Project assurance	✓	✓	✓	✓	Ongoing	
Efficiency/VFM reviews (Waste collection/recycling in 2014/15)			✓			
Fees and charges review	✓				Final report issued	<b>Narrative/advisory</b>
Budgetary Control			✓	✓		
Main Accounting			✓			
Council Tax – Leicestershire Revenues & Benefits Partnership			✓			
Business Rates – Leicestershire Revenues & Benefits Partnership			✓			
Benefits – Leicestershire Revenues & Benefits Partnership			✓	✓		
Financial Systems key controls			✓			
IT audit					Timing and scope to be agreed following current IT risk assessment	

Description of audit	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Current Status	Assurance level
Corporate Governance			✓			
Payroll & Expenses		✓			Scope agreed, starting July	
Electoral Register		✓				
Human Resources (Workforce planning advisory review in 2014/15)					Timing and scope to be agreed	
Housing Rents				✓		
Homelessness/Allocations					Timing and scope to be agreed	
Development Control (Process Review)		✓	✓			
Section 106 agreements/contributions		✓			Scope agreed, in progress	
Planning Policy/delivery		✓	✓			
Town Centre Management		✓				
Housing Repairs			✓			
Car Parks		✓				
Parking Enforcement		✓				

Description of audit	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Current Status	Assurance level
Asset Control			✓			



**DRAFT ANNUAL GOVERNANCE STATEMENT 2013/2014**

**REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE  
DIRECTION)**

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1. **PURPOSE OF REPORT**

- 1.1 To provide the committee with the draft Annual Governance Statement 2013/2014 ahead of formal approval in September 2013.

2. **RECOMMENDATION**

- 2.2 That the committee review the draft document ahead of formal approval in September 2013.

3. **BACKGROUND TO THE REPORT**

- 3.1 The Accounts and Audit Regulations 2011 establish requirements that all local authorities must adhere to in relation to systems of internal control. This has implications for the whole Council 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”.
- 3.2 The Council is required to review at least annually the effectiveness of the system of internal controls and make a statement on that alongside the Statement of Accounts.
- 3.3 Whilst the legislation requiring the statement is placed with the Accounts and Audit Regulations **this is not just an accounting or auditing issue. The Annual Governance Statement is a key measure of the overall effectiveness of the Authority.**
- 3.4 As part of the production of the Annual Governance Statement, assurance is required from all services regarding their current systems, procedures and accompanying controls operated. All services were therefore asked to complete a service assurance assessment which has formed part of this statement.
- 3.5 The draft Annual Governance Statement is attached in Appendix 1. There are no significant control weaknesses to bring to the attention of the Committee.

4. **FINANCIAL IMPLICATIONS (KP)**

Contained within the body of the report

5. **LEGAL IMPLICATIONS (EH)**

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 2011 have established the requirement that all local authorities must adhere to in relation to systems of internal control.

6. **CORPORATE PLAN IMPLICATIONS**

The governance arrangements of the Council impact all Corporate Plan objectives.

7. **CONSULTATION**

All members of COB and Middle Managers have been consulted in preparing the Statement. In addition, the Councils Internal Auditors (CW Audit) have been consulted on their input to the document.

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:

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

Background Papers:           Service Assurance Statements  
   Council Policies and Procedures

Author:                            Katherine Plummer Head of Finance ext 5609

Executive Member:           Councillor KWP Lynch



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## The Annual Governance Statement

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### **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, 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 and to ensure economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is 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>Councillors, democracy and elections*. One of the objectives of the Constitution is to "enable the Council to review its governance arrangements as required". A full review of the Constitution (11<sup>th</sup> edition) took place in December 2013.

This Annual Governance Statement (the Statement) explains how the Council has complied with the Constitution and also meets the requirements of regulation 4 (2) of the Accounts and Audit Regulations 2011. The Statement details the systems of corporate and operational governance as well as the procedures of internal control that are in place. This document relies on several assurance mechanisms including internal audit, the work of Council committees, risk and performance management processes and external audit

### **OVERALL SUMMARY**

This is a positive Statement for the financial year 2013/2014. No significant control weaknesses have been identified in year and those issues identified in 2012/2013 have been fully addressed and rectified. The Council continues to operate a robust governance framework which is designed in a way to address risk and operates effectively.

The governance framework outlined in this Statement has been in place at the Council for the year ended 31 March 2014 and up to the date of the approval of the Statement of Accounts

### **THE PURPOSE OF THE SYSTEM OF CORPORATE GOVERNANCE**

Corporate governance refers to the system by which an organisation is directed and controlled. The governance structure specifies the distribution of rights and responsibilities among stakeholders and specifies the rules and procedures for making decisions. Governance provides the structure through which organisations set and pursue their objectives, and reflects the mechanism for monitoring actions, policies and decisions and delivering appropriate, cost-effective services.

## Annual Governance Statement

The systems of corporate governance are 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 objectives, to evaluate the likelihood and impact of these risks, and to manage them efficiently, effectively and economically.

### **THE PURPOSE OF THE INTERNAL CONTROL ENVIRONMENT**

Internal control is a process for assuring achievement of an organisation's objectives through identifying and controlling risk. The Committee of Sponsoring Organisations (COSO) defines the framework of internal control as comprising of six components:

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring<sup>1</sup>

### **CIPFA GUIDANCE ON GOOD GOVERNANCE**

CIPFA's "*Delivering Good Governance in Local Government: Guidance Note for English Authorities*" outlines the principles of good governance. The addendum to this paper published in December 2012 <sup>2</sup> outlines these principles as:

- Identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users
- Reviewing the authority's vision and its implications for the authority's governance arrangements
- Translating the vision into objectives for the authority and its partnerships
- Measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources and value for money
- Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements
- Developing, communicating and embedding codes of conduct, defining the standards of behaviours for members and staff
- Reviewing the effectiveness of the authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality
- Reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability
- Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained
- Ensuring effective management of change and transformation
- Ensuring the authority's financial management arrangements confirm with the governance requirements of the *CIPFA Statement on the Role of the Chief*

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<sup>1</sup> Internal Control — Integrated Framework (1992) COSO

<sup>2</sup> Delivering Good Governance in Local Government: Framework – Addendum (2012) CIPFA

## Annual Governance Statement

*Financial Officer in Local Government (2010)* and, where they do not, explain why and how they deliver the same impact

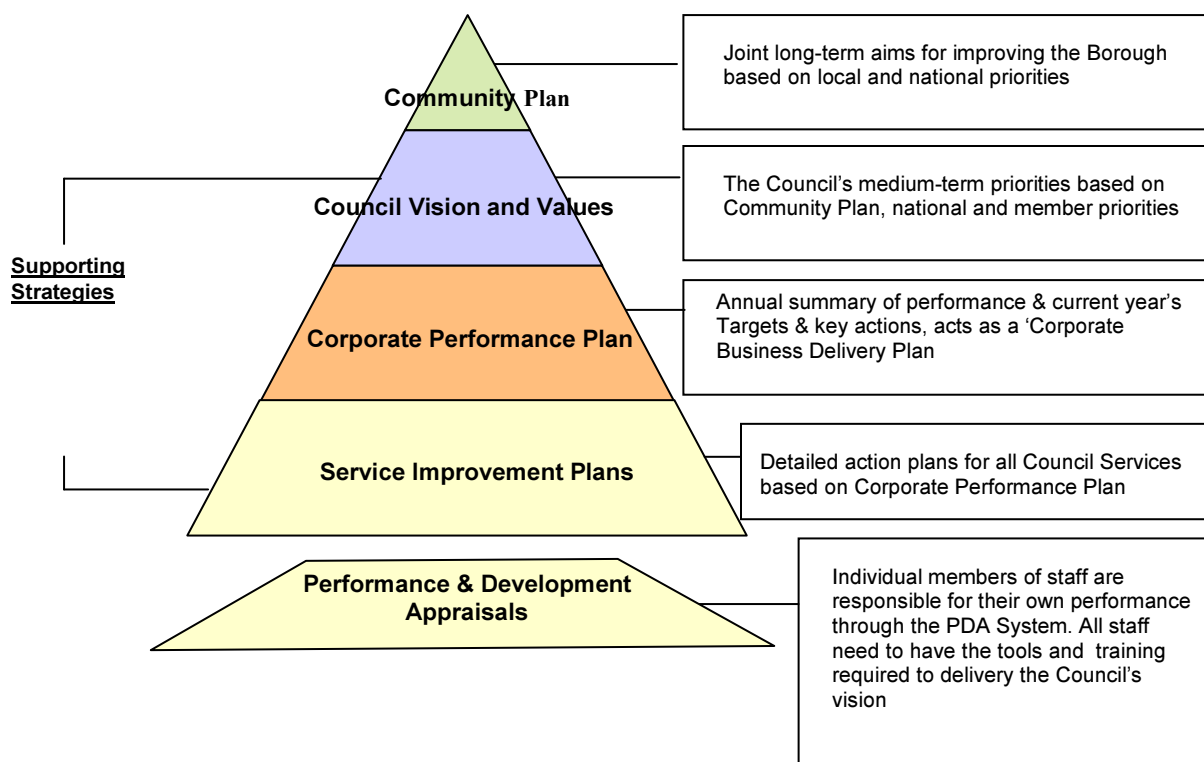
- Ensuring the authority's assurance arrangements conform with the governance requirements of the *CIPFA Statement on the Role of the Head of Internal Audit (2010)* and, where they do not, explain why and how they deliver the same impact
- Ensuring effective arrangements are in place for the discharge of the monitoring officer function
- Ensuring effective arrangements are in place for the discharge of the head of paid service function
- Undertaking the core functions of an audit committee as identified in CIPFA's *Audit Committees: Practical Guidance for Local Authorities*
- *Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful*
- *Whistleblowing and for receiving and investigating complaints from the public*
- *Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training*
- *Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation*
- *Enhancing the accountability for service delivery and effectiveness of other public service providers*
- *Incorporating good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements*

### **HINCKLEY AND BOSWORTH BOROUGH COUNCIL**

The key elements of the Council's internal control environment and governance framework are outlined below.

- The Council's Corporate Plan developed for the period 2013-2016 sets out the long-term aims of the Council and drives the corporate Performance Plan and Medium Term Financial Strategy. The Corporate Plan provides residents, members and staff with a clear vision to make Hinckley and Bosworth a 'Borough to be Proud Of'. The plan outlines four corporate aims and six corporate values which guide all decisions made by the Council and help to focus priorities.
- The Council uses plans and strategies at various levels to plan and monitor the achievement of its aims and objectives. This system is demonstrated by the Corporate Planning Framework which is represented by the diagram below. The objectives set out within the Corporate Plan are used to set targets for each department in their Service Improvement Plans (SIPS). Plans are refreshed annually and progress against targets is managed through the TEN performance management system on a monthly basis. Performance reports are produced quarterly and reported to the Joint Management Boards and Finance Audit and Performance Committee. All officers are required to reflect their departmental SIPS in individual personal development plans and are assessed against these annually.

**Hinckley & Bosworth Borough Council – Corporate Planning Framework**



- The Council's financial strategy, aims and objectives are outlined in the Medium Term Financial Strategy 2013/14-2016/17 which was approved by full Council in May 2014. The document outlines ten financial objectives which the Council looks to achieve whilst managing current financial risks. Alongside this, the Council has put in place a Housing Revenue Account (HRA) Business Plan which sets out how the organisation will finance and deliver affordable housing over the next thirty years. From a capital perspective, the Capital Programme and Asset Management Plan cover expenditure and financing plans for the Council over a period of three financial years. Finally a Treasury Management Strategy is approved annually by Council and details the organisations approach to borrowing and investing.
- The system of internal financial control reflects the budgetary control framework which is based on the following principals:
  - Preparation of comprehensive annual budgets, reserves review and a Medium Term Financial Strategy to examine the financial health of the Council
  - Robust financial regulations and authorisation limits to ensure accountable financial decisions
  - Allocation of financial resource to ensure that each budget holder meets with a dedicated accountant on a monthly basis
  - Production of monthly reporting packs which are discussed by Strategic Leadership Board and the Corporate Operations Board
  - Preparation of regular financial reports for member forums which indicate actual expenditure against forecast
  - Use of a comprehensive financial ledger and reporting tool which produces disaggregated financial reports at various levels (e.g. fund, cost centre,

## Annual Governance Statement

- expenditure type) to ensure that stakeholders receive information to inform decisions
- Inclusion of financial implications in all committee reports.
- The Council's budgetary control system is reviewed each year by Internal Audit and in 2013/14 received a "full assurance" rating based on achievement of the following control objectives:
  - The Council prepares a Medium Term Financial Strategy (MTFS) which is designed to deliver strategic priorities and contains robust key assumptions.
  - Budgets are set in a structured, comprehensive and robust manner in accordance with the organisation's plans and objectives and the MTFS.
  - Any changes to the start point budget are appropriately authorised, recorded and reported (including virements)
  - Responsibility for controlling budgets is delegated to trained and clearly defined budget holders who receive appropriate support from the finance department.
  - Accurate and complete financial information is produced in a timely manner to budget holders and committees for inspection, analysis and control of budget performance.
  - Budget variations are analysed, investigated, explained and acted upon.
  - Regular and robust forecasts are undertaken to project outturn against budget.
  - Any savings plans established to ensure a balanced budget are robust, and are reported upon and monitored at relevant committee and council level
- As a key element of internal control, the Internal Audit function operates in accordance with the CIPFA *Code of Practice and Statement on the Role of the Head of Internal Audit*. Internal Audit reviews are performed as set out in the annual audit Plan which reflects the Council's strategic risk register. Internal Audit review each scoped 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, and updates on recommendation implementation are reported to, and scrutinised by, the Finance, Audit and Performance Committee. This Committee undertakes the core functions of an Audit Committee as set out in CIPFA's *Audit Committees – Practical Guidance for Local Authorities and Police 2013 Edition*. Dedicated training was provided to this Committee in May 2014 to outline the content of this guidance and to review the effectiveness of the Committee as "those charged with governance".
- The Corporate Planning Framework is underpinned by a number of strategies which outline how the support services of the Council will reinforce and sustain front line provision. These include:
  - Asset Management Strategy (including the acquisition and disposals strategies)
  - Budget Strategy
  - People Strategy
  - ICT Strategy and Web Strategy
  - Medium Term Financial Strategy
  - Health and Safety Policy
  - Risk Management Strategy
  - Procurement Strategy
  - Communication and Consultation Strategy

## Annual Governance Statement

- Data Quality Policy
  - Corporate Debt Recovery Strategy
- The Council’s strategic documents outline how specific services will be provided to the Borough in the medium to long term. These strategies include the Environmental Management Strategy, Anti Poverty Strategy, Cultural Strategy, Green Space Strategy, Hinckley Town Centre Master Plan, Local Development Framework, Children and Vulnerable Adults Safeguarding Policy, Housing Investment Strategy and Business Case and Strategy for Children and Young People.
  - Council policies are produced in accordance with the Constitution and are recommended for approval following review by senior management. Decision-making that falls within the policy and budgetary framework rests with the Council’s Executive, whilst those falling outside the framework are referred to full Council. The “call-in” procedure enables the Scrutiny Commission to review decisions made by Executive and Council (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 standards of behaviour expected from members and officers are set out in member/officer codes of conduct. A register of members’ interests is maintained. All members and senior officers are required to complete ‘related party’ declarations at the end of the financial year in support of the statutory financial statements. Members’ allowances are published and reviewed annually by Council. The Ethical Governance and Personnel Committee monitors the performance of members, senior officers and the Council’s committees.
  - The Financial Procedure Rules, Whistleblowing Policy and Corporate Anti-Fraud Policy set the rules and standards within which Council business is conducted and provide the mechanisms for dealing with any potential fraud and corruption. The Corporate Anti-Fraud Policy was reviewed by the Council’s External Auditors (PricewaterhouseCoopersLLP) in 2013/2014 and has been updated to reflect the outcomes of an officer risk assessment and The Audit Commissions’ publication “Protecting the Public Purse” (2013)
  - The Constitution (Article 10) includes provisions for the governance of partnerships involving the Council. A separate constitution or terms of reference is in place for all partnerships which outlines their respective roles and responsibilities. Quarterly dashboards are produced to plot how partnerships are helping the Council achieve its strategic objectives. Significant partnerships that the Council is involved with are detailed below:

<b>Partnership</b>	<b>Purpose</b>	<b>Partners involved</b>
Think Family Partnership	<ul style="list-style-type: none"> <li>▪ Oversee delivery of SLF programme.</li> <li>▪ Improve outcomes for Children and Young People.</li> <li>▪ Oversee delivery of Sure Start programme.</li> </ul>	CYPS; Adult Services; Libraries; Youth Services; Police; Probation; VCS; Parents/carers; Health Services; Education; HBBC; DIG.

## Annual Governance Statement

<b>Partnership</b>	<b>Purpose</b>	<b>Partners involved</b>
Health and Wellbeing Partnership	Deliver the Health and Wellbeing Strategy	CCG; GP's; VCS; Public Health; HBBC; Local Sport & Health Alliance.
Hinckley and Bosworth & Blaby Community Safety Partnership	To oversee and deliver the Community Safety Strategy.	Police; Probation; LCC; Blaby; HBBC; Health; VCS; Fire.
Endeavour Tactical Group	To ensure emerging risk and threat is addressed in a timely manner. To co-ordinate campaigns and projects.	HBBC services, Police, Trading Standards, Fire Service, County Community Safety, Youth Service.
Housing Services Partnership	Developing integrated housing services.	Districts, Adult Services, Children's Services, RP's, County Community Safety, CAB.
Housing Offer for Health Project Board	To ensure development and delivery of Housing's offer for health.	District Councils, Adult Services, CCG's, First contact, Papworth Trust.
Cross Border Employment and Skills Partnership	To co-ordinate the delivery of cross border local economic and employment initiatives in accordance with LEP priorities.	HBBC; NBBC; NWBC; NWHC; Recruitment agencies; NAS; key local employers.
Hinckley & Bosworth Voluntary and Community Sector (VCS) Forum and Commissioning Board	<ul style="list-style-type: none"> <li>▪ To oversee and lead the establishment, development and sustainability of front line VCS service delivery organisations, and brokering of effective joint working between VCS and the public sector.</li> <li>▪ To oversee and develop VCS commissioning, via VCS Commissioning Board.</li> </ul>	Lead Partners: HBBC; Next Generation and Community Action Hinckley & Bosworth; plus 30 key/leading VCS organisations within the locality.
Hinckley Town Centre Partnership	To deliver the Hinckley Town Centre BID.	HBBC; LCC; Local retailers; Police.
Leicestershire Waste Partnership	<ul style="list-style-type: none"> <li>▪ To reduce CO2.</li> <li>▪ To reduce waste going to landfill by increasing recycling rates and residual weight reduction.</li> <li>▪ Keep neighbourhoods clean.</li> <li>▪ Co-ordinating waste and street cleaning</li> </ul>	All Districts, LCC

## Annual Governance Statement

Partnership	Purpose	Partners involved
	services across county.	
Hinckley & Bosworth Tourism Partnership	To deliver blueprint for action to promote visitor numbers and spend in the Borough.	HBBC; Leicestershire Promotions; LCC; Concordia Theatre; Hinckley Museum; Local accommodation providers; Twycross Zoo; Mallory Park.
LLRLRF	Emergency management.	All Cat 1 responders plus voluntary services e.g. Red Cross.

- The Council ensures compliance with established policies, procedures, laws and regulations through various channels. Two statutory officers (Section 151 Officer and the Monitoring Officer) and the Head of Paid Services have responsibility for ensuring that the Council does not act in an *ultra vires* manner. Management are supported by the internal audit service, which facilitates the management and mitigation of risk and provides assurance on matters of internal control. The Human Resources (HR) 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. All officers are required to complete annual appraisals and a process of 360 degree feedback has been introduced to widen the feedback process. The Council's financial management arrangements conform with the CIPFA *Statement on the Role of the Chief Financial Officer in Local Government (2010)*.
- The Communication and Consultation Strategy outlines how the Council will engage with local people and stakeholders through means such as the Citizens' Panel, Disabled Person's Forum, Parish Council Forum, Together for Tenants, Youth for You, Older Peoples Forum, Developer Forum and Registered Social Landlord Forum. A number of public consultations have taken place in 2013/2014 on pertinent issues including community safety, green spaces delivery, housing allocations and various conservation areas. The Council communicates to residents through the Borough Bulletin which is circulated to all residents each quarter. Regular staff communication is achieved through Chief Executives' briefing notes and staff feedback sessions.
- The Council's dedication to quality of service is embedded through relevant strategies and also in the Council's Customer Service Charter. The Council collates customer satisfaction results for face to face, telephone and website interaction. Targets were exceeded in 2013/2014.
- The Council regularly measures performance through a suite of performance indicators managed on the TEN Performance Management system. All indicators are mapped to corporate priorities and are embedded within individual Service Improvement Plans. Each month performance is entered by managers before the database is locked to maintain accuracy in reporting. Progress reports are presented to Strategic Leadership Board, Scrutiny Commission, Finance Audit and Performance Committee and the Executive. The reports provide the following information for each of these indicators:

  - Performance for current year
  - The target set for current year



## Annual Governance Statement

- Performance in the previous year
  - Targets for the next three years
  - An explanation of performance and the targets set
  - Data Quality Checks
- 
- All information produced by the Council is subject to Data Quality procedures. The Council's Data Quality Policy outlines how standards of data quality are maintained by the Council and respective responsibilities. Through implementation of this Policy, the Council is compliant with all relevant legislation including the Data Protection Act and Freedom of Information.
  - The Council is committed to continuous improvement. This was proved by the fact that in 2008/09 the Council sought a CPA re-assessment and was re-categorised as an "excellent" Authority. This was a recognition of all the work that had been undertaken since 2004 to implement and embed the improvement actions identified in the 2004 inspection. The Council continues to win awards which evidence high performance. In 2013/2014 these included:
    - Finalist in MJ Awards "Innovation in Finance" Category
    - Four\* rating for "Better Connected". The Council's website has been named in one of the top 20 for local authorities in the county
    - Gold Footprint award for dog warden surveys
    - Green Flag Award for Green Spaces;
  - The Council's performance management regime is supported by risk management processes. The Risk Management Strategy outlines how best practice risk management processes are embedded into the Council's operations. Operational risk registers are maintained on the TEN system and all managers are required to assess the impact and likelihood of risks as well as mitigating controls and action plans to reduce their severity. Quarterly reports on the risk position are taken to Finance, Audit and Performance Committee and Executive. Risk registers are also in place for significant projects, examples being the Leisure Centre and Crescent developments and the office relocation.

### **REVIEW OF EFFECTIVENESS 2013/2014**

The Council has responsibility for conducting a review of the effectiveness of the system of internal control annually. This review is reported by internal audit in their Annual Report, Chief Officers through their service assurance returns and also by comments made by the external auditors and other review agencies and inspectorates.

#### **Internal Audit**

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 Council's internal audit service has been outsourced to Coventry and Warwickshire Audit Services (CW Audit) for 2013/14. Internal audit delivers its work in accordance with best practice and complies with the requirements of the Government Internal Audit Standards, CIPFA Code and other relevant CCAB standards. CW Audit report through the section 151 officer as the responsible financial officer for the Council. The section 151 officer then submits reports to the

## Annual Governance Statement

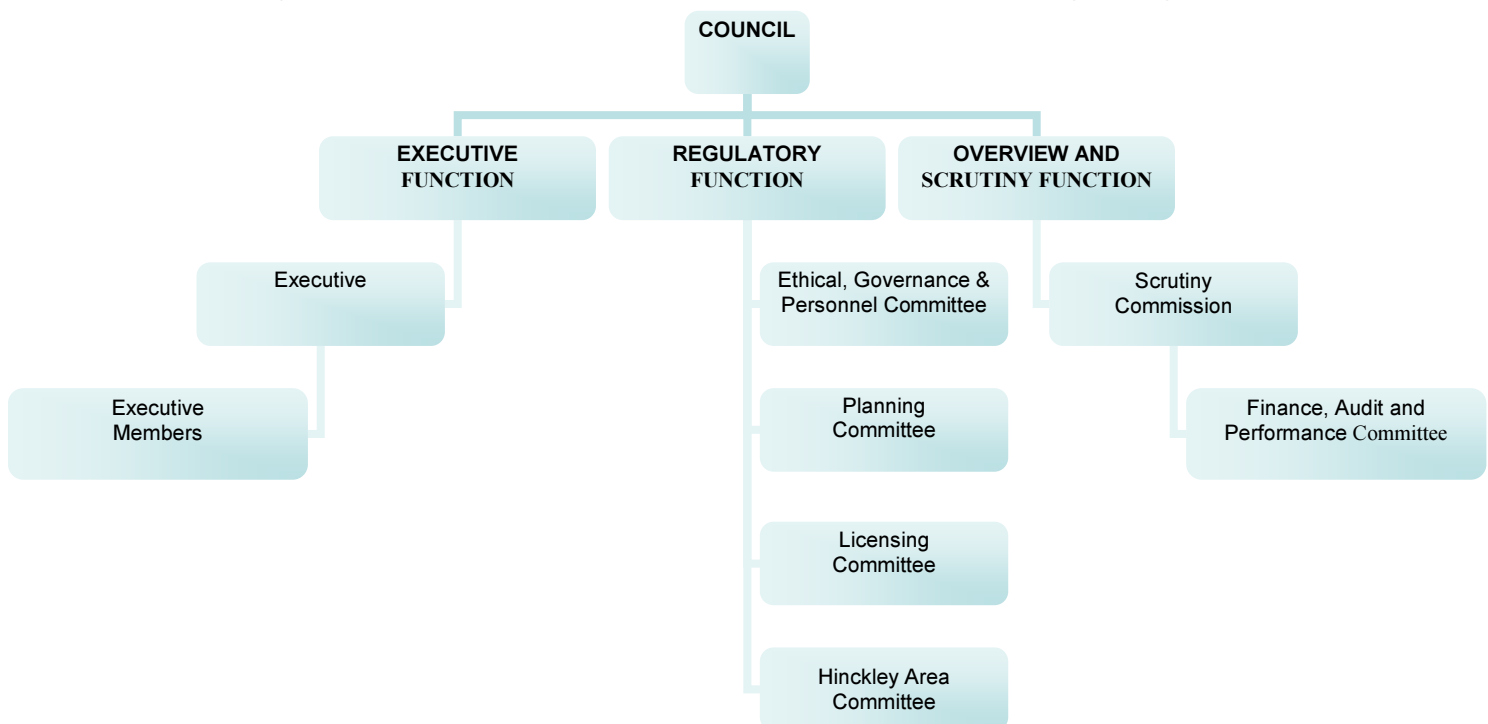
Finance, Audit and Performance Committee, which in turn derives its terms of reference from the Scrutiny Commission. Audit recommendations are followed up in a timely manner based upon the priority of the recommendation through the use of the “TeamCentral” recommendation tracking software.

CW Audit acting as Chief Internal Auditor and in accordance with the *CIPFA Statement on the Role of the Head of Internal Audit (2010)* provide an annual assurance opinion which comments on the adequacy and effectiveness of the system of internal control. In their 2013/14 Annual Audit Report presented to Finance Audit and Performance Committee on 12<sup>th</sup> May 2014, CW Audit issued a “significant assurance” rating for the Council’s internal control and identified no significant control weaknesses.

The effectiveness of the internal financial controls are also reviewed annually by the external auditor whose Annual Audit Letter is considered formally by the Finance, Audit and Performance Committee.

### Council Structure

The diagram below sets out the Council’s democratic decision making arrangements



The Constitution sets out the essential elements of the scrutiny processes that are administered by the Scrutiny Commission and the Finance, Audit and Performance Committee. It describes the functions and membership of the Commission and Committee and Scrutiny Procedure Rules. Decisions of the Executive are subject to scrutiny by the Scrutiny Commission and the Finance, Audit and Performance Committee. The Scrutiny arm also has a role in policy development. In addition, task groups are established to oversee ad-hoc projects. Examples of areas reviewed by the Scrutiny Commission in year include:

- Welfare Reform and the impact on residents

## Annual Governance Statement

- Green Space Delivery Plan
- Planning and Enforcement Decisions
- Leisure Centre Procurement
- Annual Budget
- Anti – Poverty Strategy
- Gypsy and Traveller Accommodation
- Medium Term Financial Strategy

The Scrutiny Commission publishes an Annual Report and a work programme. In accordance with Executive Arrangements regulations (meetings and access to information) the council publishes on its website key and private decisions which are due to be taken by the Executive with a 28 day notice period where possible.

Chapter 7 of the Localism Act 2011 outlined that there is no longer a statutory requirement to have a Standards Committee, however each Councils has to put in place arrangements dealing with complaints and standards issues. The Council adopted an individual own Code of Conduct in 2012/13 and formed an Ethical Governance and Personnel Committee which merged the remits of the previous Standards & Personnel Committees and covers conduct and complaints.

### Officers

Each year all service areas are required to conduct a self-assessment of the adequacy of controls in place to manage principal business risks. 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.

### **SIGNIFICANT INTERNAL CONTROL ISSUES**

The review of effectiveness has been considered in order to identify any significant control weaknesses that should be addressed by the Council. In addition an update should be provided on any issues identified in the previous Statement.

#### 2013/2014 Significant Control Weaknesses

No significant control weaknesses have been identified for reporting in 2013/2014. This has been confirmed by the Council's Internal Auditors in their year end opinion.

#### 2012/2013 Significant Control Weaknesses

During 2012/13, it was noted by the finance team that the budgets for both programmed and responsive repairs were considerably under-spent. Following preliminary investigation, it was established that the main reason for this under-spend was due to a backlog of "work in progress" held within Orchard (housing repairs system). This related to jobs that are in the various stages of completion but were yet to be closed off for payment on Civica (financial management system). To understand the reasons for the backlog, Internal Audit were asked to complete a specific review based on sample testing of the backlog, plus a sample of paid contractor invoices. A number of control weaknesses were identified through this work which have been raised in Internal Audit's Annual Audit Report for 2012/2013. The impact of the backlog meant that a large cost relating to previous years work

## Annual Governance Statement

was transferred in 2013/2014, creating a gross overspend on housing repairs (capital) of £290,102.

In response to this issue, a dedicated internal review of housing repairs controls and processes was conducted, lead by the Chief Officer for Finance, ICT, Asset Management, Audit and Procurement. A comprehensive action plan was developed which outlined improvements that were made to both operational and financial processes. In addition, a neighbouring Authority was commissioned to complete a high level peer assessment of the service to inform the action plan. Regular reports have been provided to the Finance, Audit and Performance Committee to provide assurance that actions have been put in place in line with timescales set. In order to address any value for money issues associated with housing repairs operations, an independent benchmarking exercise was performed on the internal "schedule of rates" and an "uplift" will be applied to rates from 2014/2015 as approved by the Finance, Audit and Performance Committee.

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

Date.....

.....  
Stuart Bray  
Leader of the Council

Date .....



Hinckley & Bosworth  
Borough Council

*A Borough to be proud of*

## FINANCE, AUDIT AND PERFORMANCE COMMITTEE – 23<sup>RD</sup> JUNE 2014

### REPORT OF THE DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)

#### RE: DRAFT OUTTURN 2013/2014

#### WARDS AFFECTED: ALL WARDS

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## 1 PURPOSE OF REPORT

- 1.1 To inform Finance, Audit and Performance Committee of the draft financial outturn for 2013/2014 ahead of reporting to Council on 1<sup>st</sup> July 2014. The final outturn will be reported following the conclusion of the Council's External Audit in September 2014.

## 2. RECOMMENDATIONS

- 2.1 That Finance, Audit and Performance Committee note the following recommendations that will be made to Council:
- That Council approves the draft General Fund outturn for 2013/2014 as outlined in section 3.2
  - That Council approves the transfers to earmarked reserves and balances outlined in sections **3.8-3.12** of the report and **Appendix 1**.
  - That Council approves the carry forwards of expenditure and income to 2014/2015 as detailed in **Appendix 2 and 3** and section **3.13-14**.
  - That Council approves the draft Housing Revenue and Housing Repairs Account (HRA) outturn for 2013/2014 and transfers to/from balances as set out in paragraph **3.16 -3.19**
  - That Council approves the recommendations in respect of the year end outturn for the General Fund capital programme and the Housing Revenue Account capital programme and those carry forwards detailed in **Appendix 5**
  - That Council note the outturn for the Leicestershire Revenues and Benefits Partnership for 2013/2014 outlined in section **3.27**
  - That Council note the link between the outturn report and the review of reserves contained elsewhere on this agenda

## 3. BACKGROUND TO THE REPORT

### General Fund

- 3.1 In February 2013 the Council adopted a General Fund budget for 2013/2014 which indicated that a net (gross service expenditure less gross service income) **£12,555,111** would be spent on services with **£166,199** to be transferred from General Fund balances and a net **£129,478** being transferred to earmarked reserves.
- 3.2 After taking account of adjustments to the budget, (e.g. virements and supplementary budgets) year end adjustments and savings identified in year, the provisional 2013/2014 outturn shows **£10,444,507** (before the transfer to

unapplied grants) being spent on services with **£1,315,077** being transferred to earmarked reserves and **£562,272** being transferred to General Fund balances. In considering this position it should be noted that a transfer of £568,000 from balances to reserves was approved by Council in September 2013. Taking this into account, a net under spend of **£1,296,472** is forecast for 2013/2014 as indicated below:

	<b>Transfer to/(from) Balances</b>
	<b>£</b>
Original Estimate	-166,199
Approved transfer to reserves	-568,000
Forecast position	-734,199
Draft outturn position	562,273
<b>(Under)/over spend</b>	<b>-1,296,472</b>

3.3 A summary of the provisional outturn is provided below:

	<b>Original Estimate</b>	<b>Latest Estimate</b>	<b>Provisional Out Turn</b>
	<b>2013/2014</b>	<b>2013/2014</b>	<b>2013/2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Central Services	3,150,770	2,506,293	1,651,347
Leisure & Environment	6,649,840	6,585,537	5,566,537
Housing (General Fund)	1,326,246	1,852,051	2,318,046
Planning	1,438,555	1,859,014	963,482
Direct Service Organisations	(10,300)	2,899	(54,905)
Regional Growth Funding Unapplied Grants	0	0	(10,534,000)
Further Savings Identified in Year	0	(439,263)	0
<b>Total Service Expenditure</b>	<b>12,555,111</b>	<b>12,366,531</b>	<b>(89,493)</b>
Special Expenses brought down	(614,430)	(624,723)	(615,453)
Capital Accounting Adjustment	(1,996,100)	(1,996,100)	(2,256,049)
Revenue Contributions to Capital	0	118,800	89,059
External Interest Paid /(Received)	134,240	127,240	638,139
IAS 19 Adjustment	(141,350)	(141,350)	(54,115)
Holiday Pay			24,928
Transfer to / (from) Pension Reserve	115,510	115,510	115,658
Transfer to / (from) carry forwards *	0	(139,439)	77,983
Transfer to / (from) unapplied grants	0	(620,568)	10,040,523
Transfer to Reserves	396,840	2,474,056	2,709,478
Use of Reserves	(267,362)	(1,300,178)	(1,394,401)
Transfer (from) / to General Balances	(166,199)	(363,519)	562,273
<b>HBBC Budget Requirement</b>	<b>10,016,260</b>	<b>10,016,260</b>	<b>9,848,531</b>

\* Reflects reversal of 2012/2013 carry forwards and 2013/2014 carry forwards detailed in section 3.13

3.4 The major variations (under spends and additional income) in year can be summarised as follows:

	<b>Under /(over) spend</b>
	<b>£'000</b>
<i>Expenditure Savings</i>	
Salary savings across all service areas	135
Reduction in audit fees and rebate from Audit Commission	45
Underspend on allocation of Discretionary Discount funding	44
Recycling savings following a full service review. Savings in areas including agency staff and equipment leasing.	38
Street cleansing - Fuel and leasing costs	32
Saving on minor works at the Leisure Centre	38
Successful NNDR appeal for Argents Mead	88
Balance on finance lease for Florence house – released following end of tenancy	77
Discretionary Relief funding now provided by Collection Fund	70
<i>Additional Income</i>	
Council Tax/NNDR - Additional legal costs recovered due to changes in recovery methods	121
Recycling - Additional income received from recycling credits and missed collection defaults	98
Street cleansing - Additional income from work on void properties	29
Additional trade waste income	34
Additional car parking income from Leicestershire County Council permits and Brunel Road car park (due to delay in Crescent development)	43
Additional development control income received for pre application advice and planning applications	101
Additional property rents	30

3.5 In addition to the above, the Council is forecasting retained growth in Business Rates of £176,935. Members will recall that the introduction of Business Rates Retention on 1<sup>st</sup> April 2014 means that additional Business Rates received over a set “baseline” are subject to a “levy” of 50%. The remaining 50% is retained in the General Fund. In 2013/2014, this Council collected £70,416 less Business Rates than predicted by Government. The reason for this decrease can be mainly attributed to the deferral of the decision to increase the small business rates multiplier. To compensate for this, this Council was awarded a grant of £424,098 which acts “de facto” as income from rates. When this is taken into account, the Business Rates gain for this Council is £353,870, before levy payments and therefore £176,935 following.

	<b>£</b>
Collected Business Rates in year (after reliefs)	27,077,526
District share (40%)	10,831,010
Tariff paid to Central Government	-8,630,986
District Business Rates for 2013/2014	2,200,024
Funding Baseline (expected income)	2,270,252
(Gain)/Loss	70,228
Small Business Rates Relief Grant	-424,098
Gain before levy	-353,870
Levy	176,935
Forecast gain	<b>-176,935</b>

3.6 In compiling the draft outturn, a number of transactions are required to reflect the requirements of the Code of Practice for preparing the Statement of Accounts and are shown within the cost of services line above. These transactions arise from the receipt of information during the closedown process and relate to matters that are not determinable at the time the budget is prepared so no provision is made. In each case, a corresponding entry is made for these amounts “below the line” and therefore they have no impact on the General Fund balance. These adjustments should be taken into account when interpreting the budget and are:

- Revaluation movements on the Property, Plant and Equipment
- Transfers to unapplied grants and contributions reserve. For 2013/2014, this includes £10.534 million of Regional Growth Funding which has been received but will not be spent until the forthcoming year
- Holiday Pay notional adjustments
- Transactions relating to leasing costs required for accounting purposes

3.7 Members have a choice as to whether they wish to transfer some or all of the realised under spend to specific earmarked reserves in 2014/2015 to address future pressures on service areas. A further report on these transfers will be presented to Council.

#### **Recommended Transfers to Earmarked Reserve**

3.8 When the original Budget was approved by Council in February 2013 it was proposed that a net £129,478 would be transferred to earmarked reserves to fund future spend. Following the annual review of reserves in September 2013, Council approved a further transfer to reserves from General Fund balances of £568,000.

3.9 Based on the current outturn position, it is forecast that a net £1,315,077 will be taken to earmarked reserves for 2013/2014.

3.10 After the suggested transfers, the total balance of earmarked General Fund reserves will be £6.472million (including Special Expenses). This balance also reflects transfers that have been made from reserves for capital purposes in year. A complete list of the forecast closing reserves position is set out in the table in **Appendix 1**.

3.11 A further review of earmarked reserves will be presented to Council.



### General Fund Balances

- 3.12 It is recommended that a total of £562,273 be transferred to General Fund balances at 31 March 2014. Based on this position, it is provisionally forecast that General Fund balances (including those relating to Special Expenses) will be £2.193 million for 2013/2014. The Medium Term Financial Strategy (MTFS) requires that at least 10% of the Council's budget requirement should be held in balances to ensure ongoing financial stability. On this basis, "excess" balances of £1.153 million are currently available:

	<b>Total</b>	<b>General Fund</b>	<b>Special Expenses</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balances at 1 April 2013	1,767	1,584	183
Forecast transfer to/from balances	426	562	-136
<b>Forecast Balances at 31 March 2014</b>	<b>2,193</b>	<b>2,146</b>	<b>47</b>
Net Budget Requirement	10,403	9,849	554
Minimum Balance requirement	1,040	985	55
Balance surplus /(requirement)	1,153	1,161	-8

### Carry Forward of 2013/2014 Budgets

- 3.13 In a number of cases budget managers have requested that the under spend in their budget(s) be carried forward to 2014/2015 because of delays in committing expenditure. Requests totalling £451,954 have been received (to be funded as detailed below).

<b>Source of Funding</b>	<b>Amount £</b>
General Fund Balances	217,422
General Fund Reserves (all LDF)	123,199
Housing Revenue Account balances	111,333
<b>Total</b>	<b>451,954</b>

Details of the requests received and those recommended for approval are shown in **Appendix 2**.

- 3.14 In addition to these amounts, budget holders have identified £265,079 of funding that has been allocated but not spent as at 31<sup>st</sup> March 2014. In these cases the unspent income has been transferred to "unapplied grants and contributions" in accordance with accounting standards. In addition to this amount, the Council is also required to transfer £10,534,000 of Regional Growth Funding received in year to this reserve as it will be spent in 2014/2015. Pending approval, budgets will be set up for these amounts in 2014/2015 and funding released accordingly from the Balance Sheet.

<b>Grant Allocation</b>	<b>Amount £</b>
General Fund	235,079
RGF	10,534,000
Housing Revenue Account	30,000
<b>Total</b>	<b>10,799,079</b>

Details of the requests received and those recommended for approval are shown in **Appendix 3**.

### **Housing Revenue Account**

3.15 The Housing Revenue Budget for 2013/2014 budgeted a deficit of £1,101,153 would be achieved in year. This allowed transfers to be made to the Regeneration Reserve and to reduce the HRA balance to the minimum level agreed in the HRA Business Plan (£250 per property). The draft outturn position reduces this deficit to £735,527 – an under spend of £365,626. The main reasons for this variance are as follows:-

	<b>Under /(over) spend £000's</b>
Salary savings from vacancies	69
Savings on central and administration overheads	46
Utilities savings on gas and electricity	26
Additional income received - including Supporting People Funding (£30,000) and (£16,000) from North West Leicestershire for an Older Persons review	57
Reduction in the provision for doubtful debts due to improved recovery	47
Reduced debt management costs	27
Other small savings	30

3.16 Based on this position, it is provisionally forecast that HRA balances will be £1.156million for 2013/2014. The HRA Business Plan requires that £250 per property should be held in balances to ensure ongoing financial stability of the HRA. A report on treatment of these balances is included elsewhere on this agenda.

3.17 In addition to Housing Revenue balances, the HRA has forecast earmarked reserves of £7.047 million as at 31<sup>st</sup> March 2014. The vast majority of this balance (£4.385 million) relates to the HRA Regeneration Reserve which will be used for new Affordable Housing projects going forward. A complete list of the proposed closing reserves position is set out in the table in **Appendix 4**.

### **Housing Repairs Account**

3.18 The approved housing repairs budget forecast that £16,233 would be taken from the account balance in 2013/2014. Following virements approved by Council, the revised budget for the housing repairs account reduced this to £5,173. The draft outturn position for the housing repairs account shows a provisional surplus of £241,824 (a net under spend of £246,997). This has principally arisen because of lower than anticipated contract costs and demand. Members will recall that a

recent review of the schedule of rates identified that the Council's charging structure is significantly lower than the market rate. This position also explains the under spend. In order to manage the impact of increasing the schedule of rates in 2014/2015 (an increase of 30% has been endorsed by Finance, Audit and Performance Committee), a carry forward of £100,000 has been requested as detailed in 3.13 and Appendix 2,

3.19 The housing repairs account forms part of the wider HRA reserves detailed in section 3.17. Based on the provisional outturn it is forecast that the housing repairs account will have a balance of £0.483million as at 31<sup>st</sup> March 2014.

### **Capital Programme – General Fund**

3.20 The provisional under spend for the General Fund Capital Programme is £4,294,798 against a budget of £10,264,678. The main variances are summarised below:

	<b>Under /(over) spend</b>
	<b>£000's</b>
Major and Minor Works - Alternative Public Health and Government (DECC) funding has been used to finance works in year.	126
Disabled Facilities Grants - Delays in receiving occupational health assessments has created slippage in spend. Process has now been reviewed. There is a strong commitment to spend funding ahead of changes to allocation methods going forward	157
Private Sector Leasing - Budget relates to contribution for phase 2 of works which has been deferred to 2014/2015	60
Green Deal/Fuel Poverty Grant - Funding received by HBBC as the accountable body in 2013/2014. Some delays have occurred with schemes in other districts. All funds must be defrayed/committed by 31st March 2015	430
Regional Growth Fund - Slippage to programme changes following allocation of Pinchpoint funding and associated impact on tender progress for main contractor and sub station provider. All RGF funding must be spent by 31st March 2015	3,048
Rural Broadband - Delays in release of funds from Leicestershire County Council. Monies now received	58
Burbage Common - Slippage due to weather conditions. Work to be completed in July 2014	29
Refuse Vehicle - Some difficulties encountered sourcing vehicle with correct specification. Monies to be spent in 2014/2015	75
Asset Management Enhancement works - Budget for cemetery works which have been delayed due to capacity. Work to commence in 2014/2015	34
Argents Mead and Depot Demolition - Works to be completed by May 2014	123
ICT General Renewals - Microsoft update deferred to 2014/2015 to allow time for Hub relocation	28

3.21 In the majority of cases, under spends are due to slippage and therefore will be committed in forthcoming years. If approved, the relevant financing for these schemes will be transferred to the 2014/2015 Capital Programme. Carry forwards totalling £4,164,263 have been made for the General Fund Capital Programme and are contained within **Appendix 5**. Those under spends not requested for carry forward (£130,535) will be released as savings.

### **Capital Programme – HRA**

3.22 The contractor arm of the in-house housing repairs service operates using a trading account within the General Fund. All expenditure incurred for in-house operations is posted to this code. Income is posted to the account following interfaces from Orchard which are calculated on the basis of schedule of rates held. At the year end, any surplus or deficit held on the trading account is removed and transferred to the housing repairs accounts. The balance is proportioned between capital and revenue based on the value of jobs completed to date. .

3.23 A break even position was not achieved in 2012/2013 and a deficit of £230,000 was charged to the housing repairs accounts. Members will recall that the forecast capital deficit for 2013/2014 in December 2013 was £232,959 and therefore various virements from contingency budgets were approved to ensure nil impact on the HRA overall.

3.24 As at 31<sup>st</sup> March 2014, this deficit has increased by £205,924, mainly due to issues with the schedule of rates outlined in section 3.18. The cost of this has been mitigated by release of further contingency budgets, savings in schemes such as kitchens and also the receipt of an insurance claim lodged earlier in year. The effect of all movements has created a £8,868 surplus on the housing repairs account .

### **Revenues and Benefit Partnership**

3.25 The outturn position for the Leicestershire Revenues and Benefits Partnership has been reported to the Partnership Joint Committee and is provided for members for reference.

3.26 The Joint Committee approved a budget for the Partnership for 2013/2014 which indicated that £3,685,009 would be spent on the Partnership, matched by income from the partners. Of the expenditure incurred, £78,980 of spend was funded through the Partnership “under-spend” reserve.

3.27 Actual spend as at 31<sup>st</sup> March 2014 is summarized below. As at the end of 2013/2014, the Partnership under spent against budget (following timing variances and carry forwards) by £68,028.

	<b>2013/2014 Budget</b>	<b>2013/2014 Actual</b>	<b>Variance to Date (Over) / Under Spend</b>	<b>Timing Differences</b>	<b>Forecast variance (Over) / Under Spend</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Expenditure	3,685,009	3,216,118	468,891	393,425	75,466
Carry forwards	0	0	0	38,000	-38,000

Income	-3,685,009	-3,274,278	-410,731	-441,293	30,561
<b>Total</b>	<b>0</b>	<b>-58,160</b>	<b>58,160</b>	<b>-9,868</b>	<b>68,028</b>

3.28 The Partnership Joint Committee have approved the transfer of this under spend to the Partnership reserve to fund the salary cost of an interim Partnership Director who is to be recruited to implement the recommendations resulting from a recent review of the Partnership. This contribution is split between the partners as indicated below. Members should not that this contribution has been budgeted for and therefore does not result in any additional cost for the Council.

	<b>Total</b>	<b>HDC</b>	<b>NWLDC</b>	<b>HBBC</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Contribution to Partnership Reserve	<b>68,028</b>	21,222	12,275	34,531

#### 4 FINANCIAL IMPLICATIONS (KP)

Contained in the body of the report.

#### 5 LEGAL IMPLICATIONS (EC)

5.1 This report is stated as being for information only.

5.2 The Local Government Act 2003 places a duty on the S151 Officer to report to members on the budget setting process and comment on the adequacy of the reserves allowed for.

#### 6 CORPORATE PLAN IMPLICATIONS

The budget and outturn contributes to the achievement of all Corporate Plan Priorities.

#### 7 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/decision were identified from this assessment:

<b>Management of Significant (Net Red) Risks</b>		
<b>Risk Description</b>	<b>Mitigating Actions</b>	<b>Owner</b>
Failure to successfully deliver the Medium Term Financial Strategy	The draft out turn position shows a year end forecast under spend of £550K. Majority of this will be allocated to earmarked reserves in order to smooth out the impact of further anticipated reduction (around 16%) in Formula Grant funding and the impact of LCC budget cuts (estimated at the top end at £500K. The budget for 2014/15 was agreed by full Council	S Kohli

	<p>on 20th February. Minimum amount taken from balances after including just over £300K in base savings and additional income.</p> <p>The draft MTFS is going to be considered by executive at the briefing on 16th April. This will then go to Scrutiny Commission (all Members invited) on 15th May and full Council on 20th May for approval. The financial position for 23015/16 and 2016/17 is extremely challenging ( made significantly worse by the announcements of County Council cuts that will affect Leicestershire District Councils)with the Council no longer able to work towards the "forecast" position. Instead the Strategy directs the Council to work towards moving to the "best case" forecast by making certain decisions.</p> <p>One further mitigating action being pursued by senior management is to negotiate a share of Business Rates uplift from the Enterprise Zone on the basis that this Council is not worse off from losing BR up lift that it would otherwise would have been entitled to if the Zone had not been established./</p>	
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8. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

There are no direct implications with the budget process. .

9. CORPORATE IMPLICATIONS

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

- Community Safety Implications
- Environmental Implications
- ICT Implications
- Asset Management Implications
- Human Resources Implications

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Background Papers:      Civica Authority Financials reports  
                                       Closedown files  
 Author:                      Katherine Plummer Head of Finance ext 5609  
 Executive Member:        Cllr KWP Lynch

## Appendix 1

## General Fund Earmarked Reserves

	Balance at 31st March 2012	Transfers out 2012/2013	Transfers in 2012/2013	Balance at 31st March 2013	Transfers out 2013/14	Transfers in 2013/2014	Balance at 31st March 2014
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Commutation and Feasibility	287	-120	0	167	-41	0	126
Benefits Reserve	272	0	208	480	-274	51	257
Local Plan	442	-34	73	481	-119	0	362
Historic Buildings	14	0	0	14	-14	0	0
Land Charges	51	-20	233	264	-45	0	219
Pensions Contributions	49	0	0	49	0	85	134
Building Control	134	0	0	134	-134	0	0
Waste Management Reserve	243	0	74	317	-54	0	263
ICT Reserve	253	-41	0	212	0	0	212
Project Management/Master plan	333	0	0	333	-130	0	203
Shared Services Reserve	74	0	0	74	-74	0	0
Housing and Planning Delivery Grant	172	-43	0	129	(68	0	61
Flexible Working	15	0	0	15	-15	0	0
Freedom of Information Act Training	3	-3	0	0	0	0	0
New Performance Improvement Set	10	-2	0	8	-8	0	0
Housing Energy Certificate Training	11	0	0	11	-11	0	0
Finance Capacity Fund	22	0	0	22	-22	0	0
Priority Improvement Fund	70	-70	0	0	0	0	0
Workforce Strategy	3	0	10	13	0	0	13
Elections	62	0	25	87	0	0	87
Grounds Maintenance Machinery Replacement	75	-16	25	84	-25	0	59
Transformation	50	0	0	50	-21	0	29
Relocation Reserve	317	-326	346	337	-406	170	101
Future Capital Projects	611	-611	0	0	0	0	0
Modern.Gov Reserve	2	0	0	2	-2	0	0
Greenfields Reserve	19	0	0	19	-19	0	0
Special Expenses	48	-74	177	151	-8	175	318
Carry Forwards	136	-136	139	139	-139	217	217
Hub Future Rental Management	250	0	0	250	-85	750	915
Business Rates Pooling	0	0	110	110	0	60	170
Leisure Centre	0	0	1,353	1,353	-27	1,325	2,651
Community Safety	0	0	3	3	-3	0	0
Troubled Families	0	-30	90	60	-30	0	30
Hinckley Club for Young People	0	0	5	5	0	0	5
Development Control	0	0	40	40	-40	0	0
Customer Services	0	0	0	0	-11	-11	0
Market Income management	0	0	0	0	0	15	15
Car Parking Income	0	0	0	0	0	25	25
<b>Total Earmarked Reserves</b>	<b>4,028</b>	<b>-1,526</b>	<b>2,911</b>	<b>5,413</b>	<b>-1,824</b>	<b>2,884</b>	<b>6,472</b>

Ref	Cost Centre Name	Detailed code name	Reserves	General Fund	HRA	Details
			£	£	£	
1	Neighbourhood Wardens	Hired & Contracted Services		2,689		Replacement CCTV camera that was ordered in Jan 14 with agreement to construct by March 14 , but now due to arrive late April.
2	Anti Social Behaviour - LAA	Minor projects		280		External area based grant funding to be spent on specifically on Community Safety
3	Community Safety	Hired & Contracted Services		4,000		Delay in purchase of cameras planned for ASB hotspot areas
4	Community Safety	Printing & Stationary		1,000		Delay in printing of domestic abuse literature in relation to Endeavour projects
5	Community Safety	Sentinel		750		Budget for Sentinel development
6	Asset Management	Asset Management		12,490		Budget for essential work to the roof at St. Mary's School. Due to the health & safety implications of the work it was arranged for out-of-term time – the nearest suitable date being Easter 2014. The work was originally programmed for 2013/2014 and budget was reserved to cover the full cost.
7	Planning Policy	Earl Shilton & Barwell SUE	58,986			Action Plan could not be completed in 2013/2014 due to delays with a Planning Inspectorate appointment
8	Planning Policy	Gypsy & Traveller Needs Assessment		10,070		Underspend in 2013/2014 whilst LDF guidance issued. Budget to be used for additional consultation in order to meet government guidance
9	Community Infrastructure Levy	Consultancy Fees		4,070		Group project with other districts delayed but likely to be needed next year



Ref	Cost Centre Name	Detailed code name	Reserves	General Fund	HRA	Details
			£	£	£	
10	E Shilton Masterplan Growth Pt	Consultancy Fees		4,050		Underspend in 2013/2014 whilst LDF guidance issued. Budget to be used for additional consultancy support in order to meet government guidance
11	Planning Policy	Site Allocations & Generic Development	64,213			Not possible to complete all work in 2013/2014 due to delays in preparing the DPD
12	Development Control - Enforcement	Salaries		13,260		Planning Enforcement Team only had one post filled in 2013/2014 instead of two, generating a large back-log of work. Request to use 2013-14 underspend to pay for additional hours in 2014-15 to clear backlog.
13	Development Control - Appeals	Sketchley Brook s106		25,000		S106 scheme required developer to provide affordable housing. Budget set aside to fund any legal costs associated with the defence of any claim against the council.
14	Development Control - Applications	Remote Access		2,340		To pay bi-annual fobs costs next year. No renewals occurred in year.
15	Development Control - Enforcement	Legal Fees		19,041		Inquiry for Good Friday gypsy site planning appeal delayed to June 2014
16	Development Control - Appeals	Legal Fees		9,771		Underspends in year requested to carry forward to defend the Council's interests for 3 appeals likely to occur next year relating to Barlestone, Hinckley &
17	Development Control - Enforcement	Hired & Contracted Services		3,000		Direct action to replace windows at a residential property that is causing considerable problems for local community.
18	Internal Audit	Audit fees		2,580		10 Audit days unused in 2013-14 to be used for 2014-15 Audit plan.

Ref	Cost Centre Name	Detailed code name	Reserves	General Fund	HRA	Details
			£	£	£	
19	Civic Budgets	Various		8,757		Request to carry forward the balance outstanding on the Mayors Budgets due to the mayoral year being different from the financial year
20	Hinckley Parks (SEA balances)	Parks tree works		3,684		This relates to tree works in the cemeteries (£3,006) and parks (£3,684) which were due in 2013/2014 but could not be completed due un-programmed work load.
21	Hinckley Cemetery (SEA balances)	Cemeteries Tree work		3,006		
22	Development Control - Applications	Hired & Contracted Services		4,810		Delayed appeals have prevented consultancy spending relating to Barlestone, Hinckley & Market Bosworth
23	Development Control - Applications	Consultancy Fees		5,556		
24	Development Control - Applications	Barwell SUE - legal fees		27,660		Delays in s106 work but required in 2014/2015
25	Mobile Speed Cameras			2,048		Delay in purchasing of mobile speed cameras
26	Fee Earning Building Inspection	Salaries		5,194		Vacancy - to be used for temporary post in 2014/2015 whilst OWBC shared service contract is considered further
27	Fee Earning Building Inspection	Computer Software Maintenance & Upgrade		10,067		Various supplies and services underspends - to be used (following virement) to fund temporary post as above
28	Staffing Restructure	Severance pay		32,249		Severance Pay budget unspent in 2013/2014 but may be required to fund restructures in 2014/2015
29	Neighbourhood Improvement Fund	Other			4,278	Delays in agreeing budget at the start of the year meant that the project could not be completed in 2013/2014. Funding necessary for continuation of the estate management function.

Ref	Cost Centre Name	Detailed code name	Reserves	General Fund	HRA	Details
			£	£	£	
30	Supervision & Management General	Other			3,755	Delay in setting up New Resident Groups. Now there are a large number of tenants involved which require training & resources to deliver tenant improvement projects these groups can be implemented in 2014/2015
31	Supervision & Management General	Contributions to Other bodies			3,300	Tenancy funding work required in 2014/2015
32	Responsive Repair	Specialist General			100,000	In order to manage the contractor deficit in 2013/2014, elements of non priority work has been deferred. This underspend will allow this work to be cleared on a timely basis in Q1.
	<b>TOTAL</b>		<b>123,199</b>	<b>217,422</b>	<b>111,333</b>	

**Appendix 3**

**Unapplied Income – Carry forward requests**

Ref	Cost Centre Name	Detailed code name	Unapplied Grants (General Fund)	Unapplied Grants (HRA)	Detail
			£	£	
1	Homelessness - General	Universal Credit Preparation	7,982		Grant to be used for salary costs when Universal Credit transition is confirmed
2	Comm Safety Partnership Delivery Grp	Contributions to other bodies	9,015		External income from BCU fund to be spent on specifically on Community Safety initiatives
3	Anti Social Behaviour - LAA	Minor projects	7,263		External Area Based Grant funding to be spent on specifically on Community Safety initiatives
4	CSP funding - seasonal	Minor projects	1,817		External income from PCC - ring fenced for seasonal campaigns
5	CSP funding - mental	Minor projects	2,000		External income from PCC - ring fenced for managing mental health
6	CSP funding - safety	Minor projects	1,319		External income from PCC - ring fenced for safety crew work
7	CSP funding - junior	Minor projects	327		External income from PCC - ring fenced for ASB work
8	Planning Aid - Neighbourhood Planning	NDP - Burbage	5,000		DCLG grant ring fenced for Neighbourhood Development Plans
9	Planning Aid - Neighbourhood Planning	NDP - Clarendon	1,231		DCLG grant ring fenced for Neighbourhood Development Plans
10	E Shilton Masterplan Growth Pt	Consultancy Fees	25,200		Government grant for development of SUE. Will be spent on consultancy support for future application

Ref	Cost Centre Name	Detailed code name	Unapplied Grants (General Fund) £	Unapplied Grants (HRA) £	Detail
11	Positive Activities for Young People	Positive Activities	12,580		The project is working on calendar years and not financial and therefore allocation will be spent in 2014/2015
12	515 Fund	Positive Activities	48,410		Funded provided for project spanning a 3 year period
13	Play Programme	Positive Activities	5,240		Funded provided for project spanning a 3 year period
14	Elections	Individual Electoral Registration (IER)	531		Individual Electoral Registration (IER) Cabinet Office funding. Restricted for use on implementing IER going forward
15	Physical Activity	Salaries	12,200		LCC grant for Sport & Physical Activity Commissioning - to fund salary costs in 2014/2015
16	Sportivate	Contributions to other bodies	55		LCC grant for Sportivate - underspend from 2013/2014 to be resolved in 2014/2015
17	GP Exercise Referral Scheme	Hired & Contracted Services	10,350		LCC grant received in 2013/2014 to be used over a number of years
18	Sports Development	Salaries	1,130		External funding received to fund Legacy Maker post until August 2014
19	Health & Well Being Partnership	Minor projects	21,750		Funding from LCC for various ongoing projects
20	Community Planning	Community Race Relation Forum	480		External contribution to the which should be ring-fenced for Forum spending activities
21	ICT Business Support Operations	Contributions from Outside Bodies	7,131		EU INSPIRE funding received for tailoring of sustainability information. To be implemented in 2014/2015
22	Environmental Health	Legal Fees	8,250		Income received from settlement of prosecution of Mallory Pak minus costs incurred in 2013/2014

Ref	Cost Centre Name	Detailed code name	Unapplied Grants (General Fund) £	Unapplied Grants (HRA) £	Detail
23	Rent Allowances	IT Costs	14,525		Data sharing and transitional relief funding. Work ongoing whilst welfare reform takes place.
24	General Grants	Community Right to Bid	7,860		No applications received in 2013/2014
25	General Grants	Community Right to Challenge	8,542		No applications received in 2013/2014
26	S & M Control Centre	Other		30,000	Additional Supporting People grant received which will be used to cover reduction in funding in 2014/2015
27	Private Sector Housing	Other	8,637		Renovation grant reimbursements received that will be spent on future projects.
28	s106	s106	6,254		s106 received in year for projects in 2014/2015
29	RGF Funding	-	10,534,000		RGF funding received in advance for works on A5 and substation.
	<b>TOTAL</b>		<b>10,769,079</b>	<b>30,000</b>	

## Appendix 4

## Housing Revenue Account Earmarked Reserves

	Balance at 31st March 2012 £'000	Transfers out 2012/2013 £'000	Transfers in 2012/2013 £'000	Balance at 31st March 2013 £'000	Transfers out 2013/14 £'000	Transfers in 2013/2014 £'000	Balance at 31st March 2014 £'000
Piper Balance	126	0	11	137	-12	10	135
Communal Furniture	4	0	0	4	0	0	4
Housing Repairs Account	472	-230	0	242	0	241	483
Regeneration Reserve	0	0	2,834	2,834	-389	1,940	4,385
Repayment Reserve	0	0	0	0	0	1,900	1,900
Pension Contributions	0	0	0	0	0	29	29
Carry forward Reserve	0	0	34	34	-34	111	111
<b>Total HRA Earmarked Reserves</b>	<b>602</b>	<b>-230</b>	<b>2,879</b>	<b>3,251</b>	<b>-435</b>	<b>4,231</b>	<b>7,047</b>

Appendix 5

Capital Carry Forward Requests

Ref	Scheme	Carry forward request £	Detail
1	Leisure Centre	13,852	Budget for consultants fees to be paid in 2014/2015 following contract award
2	Private Sector Leasing	60,000	Budget relates to contribution for phase 2 of works which have been deferred to 2014/2015
3	Disabled Facilities Grant	156,828	Delays in receiving occupational health assessments have created slippage in spend. Process has now been reviewed. There is a strong commitment to spend funding ahead of changes to allocation methods going forward
4	Minor Works Grants	20,000	Alternative Public Health and Government (DECC) funding has been used to finance works in year.
5	Fuel Poverty Capital Fund	404,250	Funding received by HBBC as the accountable body in 2013/2014. Some delays
6	Green Deal Capital Fund	25,940	have occurred with schemes in neighbouring districts. All funds must be
7	Resurfacing Car Parks	12,588	Delays in procurement process. Works commenced in February 14
8	RGF - Primary Substation	2,475,155	Under spend due to programme changes following allocation of Pinchpoint funding
9	RGF - Site off A5	572,918	and associated impact on tender progress for main contractor and sub station
10	Rural Broadband	58,000	Delay in confirmation from LCC as to when money would be released. Scheme now committed across the County.
11	Borough Improvements	2,828	Carry forward relates to that budget committed for works at year end. Remainder (approx £5k) released as saving.
12	Shop Front Improvements Barwell	6,698	Discussions ongoing with shop owners on when the fund is required.
13	Richmond Park Play Area	6,219	Delay in reinstatement works to pitches due to ground conditions. Work to commence in summer 2014.



Ref	Scheme	Carry forward request £	Detail
14	Burbage Common	28,896	Delays due to adverse weather conditions - Works should be completed by July 2014
15	Memorial Safety Programme	2,435	Ongoing works required in 2014/2015
16	Parish & Community Initiatives	16,488	Carry forward relates to awards where Council is awaiting confirmation that works have been completed before release of grant.
17	Refuse Collection Vehicle	75,000	Some difficulties encountered sourcing vehicle with correct specification. Monies to be spent in 2014/2015
18	Financial Systems	8,706	Budget required to procure Estates modules within asset management system.
19	Asset Management Enhancement Works	33,699	Budget for cemetery works which have been delayed due to capacity. Work to commence in 2014/2015
20	Council Office Relocation	22,442	Balance to be carried forward to yr14/15 to complete essential masonry and roofing repairs at Ashby Road Cemetery.
21	Depot Relocation	10,264	Budget required for any minor works after the defects period
22	Argents Mead Demolition	81,815	Argents Mead and Depot Demolition - Work to be completed by May 2014
23	Depot Demolition	41,071	
24	General Renewal - Extensions	28,172	Microsoft update deferred to 2014/2015 to allow time for Hub relocation
	<b>TOTAL</b>	<b>4,164,264</b>	

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**PERFORMANCE & RISK MANAGEMENT FRAMEWORK**  
**REPORT OF: CHIEF OFFICER FOR CORPORATE GOVERNANCE & CUSTOMER ENGAGEMENT**

**WARDS AFFECTED: ALL WARDS**

1. **PURPOSE OF REPORT**

- 1.1 To provide the council's year to date position on:
- Performance indicators
  - Service improvement plans
  - Corporate risks
  - Service area risks

2. **RECOMMENDATION**

That the members:

- 2.1 Note the end of year position for items listed at 1.1 above
- 2.2 Recommend actions to improve performance on indicators failing to meet target
- 2.3 Review red (risk score of 9, 8, or 7) risks to improve their risk scores

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 – End of year (April 2013 to Mar 2014)**

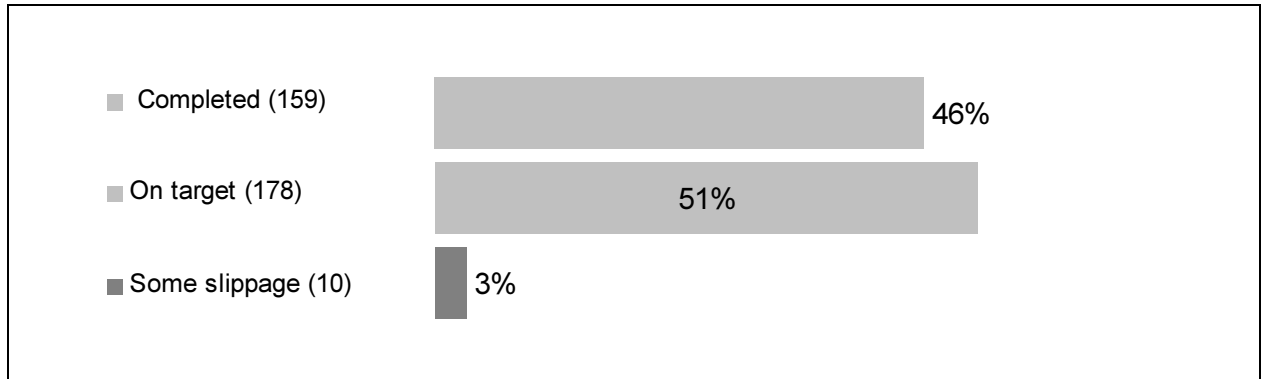
4.1 Performance indicators

<p><b>Targets – how have we performed to set targets</b> <i>(5 Indicators are still outstanding due to end of year calculations and/or are awaiting returns from County)</i></p>	<table border="1"> <thead> <tr> <th>Category</th> <th>Count</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Met target</td> <td>40</td> <td>68%</td> </tr> <tr> <td>Within 15% of target</td> <td>15</td> <td>25%</td> </tr> <tr> <td>Below 15% of target</td> <td>4</td> <td>7%</td> </tr> </tbody> </table>	Category	Count	Percentage	Met target	40	68%	Within 15% of target	15	25%	Below 15% of target	4	7%
Category	Count	Percentage											
Met target	40	68%											
Within 15% of target	15	25%											
Below 15% of target	4	7%											
<p><b>Benchmarking performance against other councils:</b> <i>LGEM (local Gov &amp; East Midlands ) have completed a project that allows benchmarking throughout East Midlands. Indicators have now been agreed. Definitions/guidelines have been distributed to all councils. It is not mandatory for all councils to input returns for all agreed indicators. Rather each council can sign up to which indicators they wish to input and benchmark. There is a further meeting in July 2014 to establish progress and readiness in using the LG Inform system to enable benchmarking exercises.</i></p>													
<p><b>Indicators awaiting returns:</b></p>													

- LI175 - No of hate crimes reported across all agencies
- LI23 - Total incidents of assault with less serious injury
- BV86 – Cost of household waste
- NI159 – Supply of ready to develop housing sites
- NI185 – C02 reductions from local authority operations

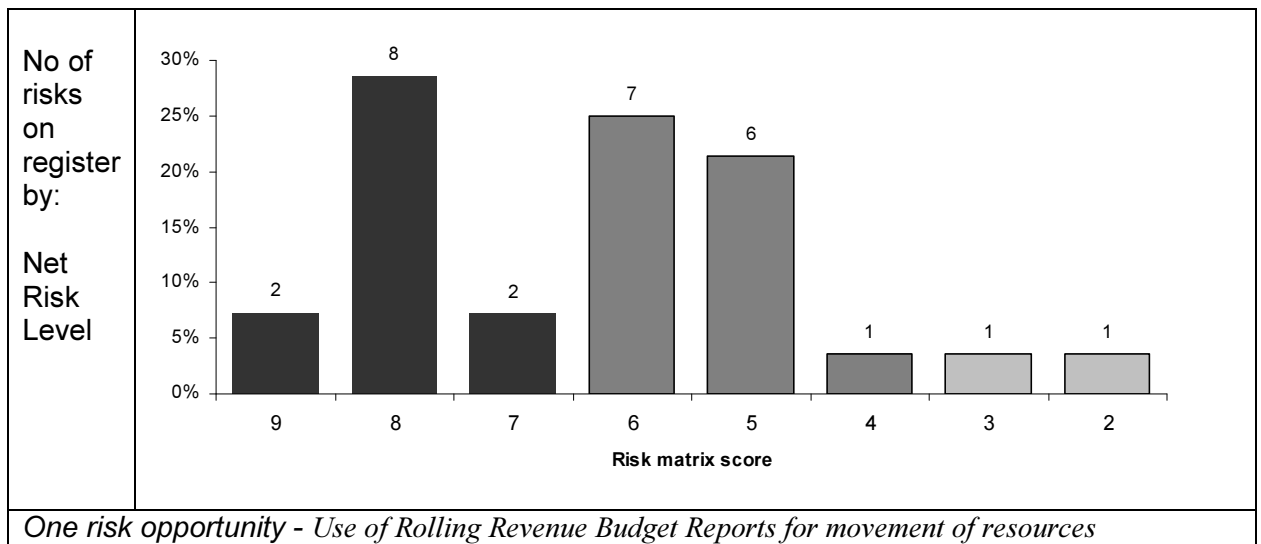
4.1.1 Details of indicators that missed target are provided at appendix 1

4.2 Service improvements plans



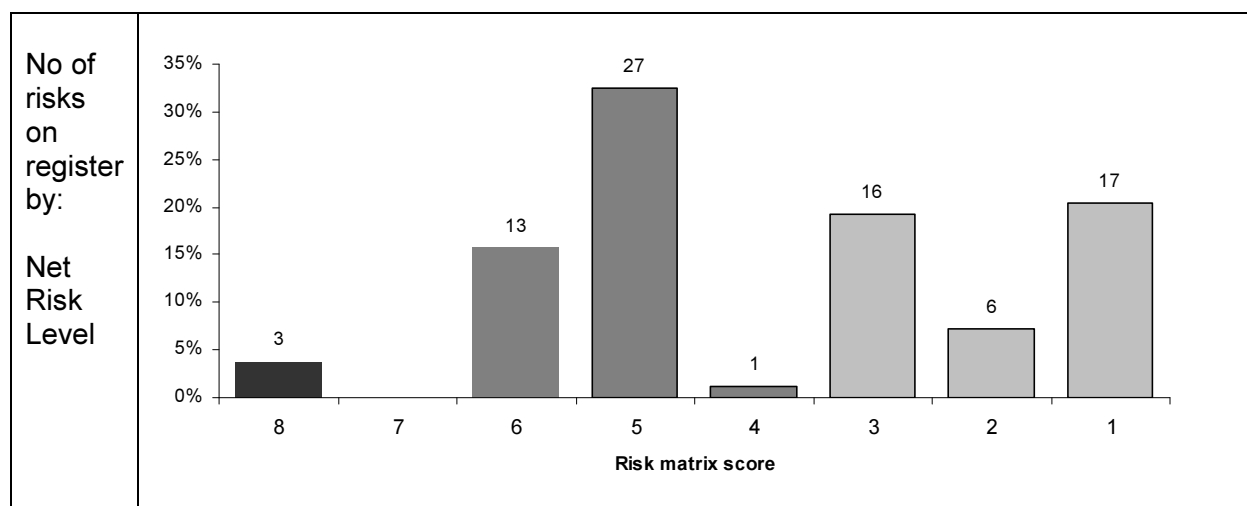
4.2.1 Details of Service Improvement Plans that showed a status of “slippage” at year end are provided at appendix 2

4.3 Corporate/Strategic risks



4.3.1 Details of significant (score of 9, 8, or 7) Corporate risks are provided at appendix 3

#### 4.4 Service area risks



4.4.1 Details of significant (score of 9, 8, or 7) service risks are provided at appendix 4

#### 5. FINANCIAL IMPLICATIONS [KP]

None

#### 6. LEGAL IMPLICATIONS [AB]

None

#### 6. CORPORATE PLAN IMPLICATIONS

The report provides an update on the achievement of the Council's vision and revised Corporate Plan 2013 - 2016. The issues covered in this report relate to, and support the achievement of all the Council's Strategic Aims:

- Creating a vibrant place to work and live
- Empowering communities
- Supporting individuals
- Providing value for money and pro-active services

#### 7. CONSULTATION

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

#### 8. RISK IMPLICATIONS

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

This report summarizes all risks, strategic and operational (SIP) and therefore considers the risk implications with regards to the Corporate Plan.

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

Equality and Rural implications are considered as part of the implementation of the Corporate Plan 2013-16.

10. **CORPORATE IMPLICATIONS**

None

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Background papers: None

Contact Officer: Cal Bellavia 📞5795

Executive Member: Councillor Ms BM Witherford





Appendix 1 - Indicators that missed target

Ref	Name	12/13 year end	Year end 13/14	Target 13/14	Mar 13/14 (Row Comment)	Good Performance ?
BV012	Working Days Lost due to Sickness Absence	8.94	10.37	8.00	By end of year, sickness level risen to 10.37, approaching the 12.47 of earlier years. There is a pressing need to address this far more stringently, both in relation to the existing framework and/or via a tighter framework. Discussion with the trade unions is being arranged.	Low
LRBP1	Council Tax in - year collection rate	97.93%	97.99%	98.10%	Collection Rate Without Credits Included: HBBC Current: 97.99% HBBC 2012/13 = 97.93% (0.06% increase in performance) HDC Current: 98.57% - HDC 2012/13 = 98.37% (0.20% increase in performance) NWLDC Current: 97.42% NWLDC 2012/13 = 97.54% (0.12% decrease in performance) Collection Rate With Credits Included: HBBC Current: 98.22% HBBC 2012/13 = 98.16% (0.08% increase in performance) HDC Current: 98.64% - HDC 2012/13 = 98.53% (0.11% increase in performance) NWLDC Current: 97.55% NWLDC 2012/13 = 97.76% (0.22% decrease in performance)	High
LRBP3	NNDR in year collection	96.93%	98.04%	98.30%	Collection Rate Without Credits Included: HBBC Current: 98.04% HBBC 2012/13 = 96.93% (1.11% increase in performance) HDC Current: 99.10% - HDC 2012/13 = 98.08% (1.02% increase in performance) NWLDC Current: 97.78% NWLDC 2012/13 = 97.61% (0.17% increase in performance) Collection Rate With Credits Included: HBBC Current: 98.37% HBBC 2012/13 = 97.74% (0.63% increase in performance) HDC Current: 99.70% - HDC 2012/13 = 98.35% (1.35% increase in performance) NWLDC Current: 98.22% NWLDC 2012/13 = 99.20% (0.98% decrease in performance)	High
LCUS1b	Lost calls	23.02%	16.61%	15.00%	Several staffing changes with 4 experienced team members acquiring new roles. Replacements made but taken time due to recruitment process. All new starters in situ and continue to train on all processes to gain the experience required. New starters also impact on remaining team members as they provide valuable ongoing support and guidance	Low
LCUS3	Appropriate person sees customer within 10 mins	75.30%	65.40%	85.00%	Several staffing changes with 4 experienced team members acquiring new roles. Replacements made but taken time due to recruitment process. All new starters in situ and continue to train on all processes to gain the experience required. New starters also impact on remaining team members as they provide valuable ongoing support and guidance	High
BV016a	% Employees with a Disability	4.64%	4.15%	4.50%	17/409	High
BV017a	% Ethnic minority employees	3.0%	2.90%	3.4%	Target was based on 14 employees out of 409 but two have since left HBBC.	High
LRBP7	Housing Benefit: overpayments collection rate	47.18%	40.78%	45.00%	In terms of overpayments we are measured against the amount raised (including the balance b/fwd) against the amount collected, unfortunately the £829,011 cf from 12/13 is older debt which is much harder to collect, this in conjunction with our success in identifying large numbers of overpayments both in terms of fraud and non declaration of changes in circumstances in December to February has left little time to collect the debt in year. This is particularly relevant where we are recovering from on-going benefit (we are limited to £10.80 a week for standard cases and £18.00 for fraud cases) and this has meant a lower collection figure this year.	High
LI184	Food establishments broadly compliant with food hygiene law	90%	89.00%	92%		High
LI20	Total recorded crime offences	5,225	4721.00	4,256	The main reason for this increase is due to the increase in burglary over the last 12 months. Burglary increased during particularly the back end of 2013. In roads have been made to stem this increase but it still remains a high priority for the partnership going into the next financial year.	Low
LI204	Planning Appeals dismissed	N/A	51.70%	60.0%		High
LI22	Total incidents of serious acquisitive crime	N/A	995.00	873		Low
NI156	No households living in Temp Accommodation	5	18.00	10	9 in the hostel, 3 in refuge, 1 in a voluntary hostel, 5 in B&B.	Low
NI191	Residual household waste per household	453	469.00	450	Outturn figure shown relates to February 2014 and remains subject to confirmation	LOW
SAP15	Total attendances - Sport & Activity Commissioning Plan	57,934	62690.00	69,427	Figures have been amended following analysis of the commissioned projects. A number of projects delivery mechanisms were changed during the year at targeted approach was undertaken rather than universal provision resulting in less participants.	High
NI155	Affordable homes delivered	11	103.00	105	Year end estimated, actual figures available in a month or so and should not fluctuate too far from these predicted figures	High
BV03	Overall Satisfaction	80%	78%	82%		High
BV119a	Satisfaction: Sports/Leisure facilities	72%	65%	72%	While the overall result has fallen short of target by over 15%, respondents from some wards in the borough were within 15% of the target, namely: Burbage 72% (all wards) Barwell 72% Ambien 72% Markfield Stanton & Field head 77% 65-84 year olds 75%	High
BV119e	Satisfaction: Parks/Open Space	81%	76%	81%		High

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Appendix 2 - Details of Service Improvement Plans that showed a status of “slippage” at year end

Corporate Services		
Support the provision of affordable homes through the s106 agreement linked to the Barwell Sustainable Extension	Emma Horton	 <p>Though Committee approval has been granted, the section 106 is still under negotiation and subject to change due to potential viability claims from the developer - the impact of viability on the provision of affordable housing deliverability will need to be assessed once submitted</p>
IT		
ICT03_Implement Windows 7 [3/14]	Paul Langham	 <p>[7/13] Planning will commence Sept 13, once Housing / R&amp;B servers have been upgraded. (PL)            [12/13] R&amp;B testing Win7 Desktop. Live rollout Jan 14. (PL)            [14/01] R&amp;B Live. HBBC servers being built - in test (PL)            [14/04] YE Commentary. Migration ongoing into 2014/15, Govt extension on support of XP therefore no risk associated with extension. (PL)</p>
ICT04__Upgrade MS Desktop Suite [3/14]	Paul Langham	 <p>[7/13] Planning will commence Sept 13, once Housing / R&amp;B servers have been upgraded. (PL)            [12/13] R&amp;B testing MS-Office. Live rollout Jan 2014. (PL)            [14/01] R&amp;B Complete, HBBC being tested (PL)            [14/04] YE Commentary. Migration ongoing into 2014/15, Govt extension on support of XP therefore no risk associated with extension. (PL)</p>
SS01_Explore opportunities for Savings through the shared services arrangement with OWBC and BDC [03/14]	Paul Langham	 <p>[13/07] Strategic meeting arranged for end July to discuss shared services opportunity. (PL)            [13/10] Steria have undertaken a savings recommendation report. To be discussed in Dec 13. (PL)            [14/01] The consolidation of Data Centre's has been put on hold until after the tender of the next ICT Contract. The shared web resource is being considered further with Steria colleagues, for a decision end Jan. (PL)            [14/03] Decision with Shared Service colleagues - to be progressed once decision has been made. Web Development work is continuing - this is simply a contractual arrangement. (PL)</p>

Appendix 2 - Details of Service Improvement Plans that showed a status of “slippage” at year end

Cultural Services		
<p>Increase footfall at Hinckley Leisure Centre, leading to users having improved health outcomes - links to LRS Strategy for Sport &amp; Physical Activity 2013 - 2017</p>	<p>Karen Mason</p>	<p>LRS Ambition 3 - supports 3.3 joint working with Leisure Contractors - page 22 Strategy for Sport &amp; Physical Activity 2013 - 2017</p> <p>Q1- 164,598 footfall in Q1 recorded. Footfall is down 3% compared to 2012/13 (170,036) .</p> <p>Q2 - 160,496 footfall in Q2 recorded. Footfall is down 4% compared to 2012/13 (167,668). Swimming participation for July has shown a positive increase of 3% compared to the same period last year. However, this has bucked the trend with swimming the main contributor to the reduction in footfall (6%).</p> <p>Q3 - 151,648 footfall in Q3 reported. Footfall for this period is up 0.5%, however for the YTD total it is showing footfall down 6.5% compared to 2012/13. This is being addressed with contractor (SLM) on 05/03/2014.</p> <p>Q4 - 179,106 foot fall in Q4 reported. Footfall for this period is up 4%. Year End total is 655848 and is down 1%</p>
<p>Support the new Wharf Community Consortium to develop the facility</p>	<p>Graeme Chilvers</p>	<p>Q1 - Awaiting legal agreement with Goodmans to be finalised</p> <p>Q2 - Awaiting legal agreement with Goodmans to be finalised.</p> <p>Q3 - Awaiting legal agreement with Goodmans to be finalised.</p> <p>Q4 - Awaiting legal agreement with Goodmans to be finalised.</p>

Appendix 2 - Details of Service Improvement Plans that showed a status of "slippage" at year end

Housing		
Review of which groups aren't accessing Choice Based Letting Scheme and develop plan to increase access for these groups	Patricia Lavender	<p>■ In response to this action next year we are to create a `prompt register` to remind those on the CBL register who have difficulties/ disabilities to bid for properties that are being advertised that may be suitable for them. This will be included as an action on next years SIP</p>
Street scene		
Prioritise measures to reduce the incidence of litter - target to have all measures implemented by June 2013 then ongoing	Lisa Kirby	<p>■ Includes 100 tidy businesses, additional litter bins, butt boxes, enforcement, etc.</p> <p>■ Target not yet met due to being one team member down for 6 months and then 6 months light duties</p>
Increase community engagement and co-production of clean neighbourhoods - Ongoing	Lisa Kirby	<p>■ Target 35 new litter volunteers, 30 community litter picks of which at least 10 are in the urban areas, joint work with 10 parish councils.</p> <p>All parish councils engaged with (all communicated with)</p> <p>17 Community Litter Picks</p> <p>11 New litter volunteers</p> <p>2 of the NW's are not fulfilling all of their JD which is impeding progress in this area, one of these was off for 6mths then on light duties for 6mths</p>
Estates & Assets		
Undertake review of Property Performance Data with a view to convening a Local comparator group.	Robert Vaughan	<p>■ Review to commence in June 2013. R.V met with ACES to review a benchmarking group and site visit Hinckley Hub. Awaiting response from interested parties. Little or no interest received and project put on hold until Jan 3014.</p> <p>RV met again with ACES but little interest in resourcing this work due to resource/financial pressures.</p> <p>ME to meet with LCC property officers to try an alternate approach.</p> <p>Focus of resource is now on data compliance with e PIMS Public Estate reporting</p>

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Appendix 3 - Details of significant (score of 9, 8, or 7) Corporate risks

Risk	Risk failure leads to:	Net Risk Level	Review commentary	Month last reviewed	Risk Owner
S.06 - Failure to implement the Town Centre Plan	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	9: Likelihood (high) - Impact (high)	GVD Orders linked to the CPO have now been served on owners and occupiers on the Bus Station site and the land will transfer in to Council ownership from early May 2014. Construction works are programmed to commence at the start of June. The contractor has been procured by the Tin Hat Partnership and recently announced in the local press. Positive representation at a recent Works Fayre was provided by Cineworld and the construction company. The Project Board arrangements remain in place to oversee the delivery of the scheme. A Working Group has been established to oversee and coordinate the implications of construction works,LTP3 initiatives and the leisure centre construction which will report up to the Project Board.	Apr 14/15	Bill Cullen
S.11 - Failure to successfully deliver the Medium Term Financial Strategy	Underperformance, inadequate cashflow, ineffective financial planning	8: Likelihood (medium) - Impact (high)	The draft out turn position shows a year end forecast under spend of £550K. Majority of this will be allocated to earmarked reserves in order to smooth out the impact of further anticipated reduction (around 16%) in Formula Grant funding and the impact of LCC budget cuts (estimated at the top end at £500K. The budget for 2014/15 was agreed by full Council on 20th February. Minimum amount taken from balances after including just over £300K in base savings and additional income. The draft MTFS is going to be considered by executive at the briefing on 16th April. This will then go to Scrutiny Commission (all Members invited) on 15th May and full Council on 20th May for approval. The financial position for 23015/16 and 2016/17 is extremely challenging (made significantly worse by the announcements of County Council cuts that will affect Leicestershire District Councils)with the Council no longer able to work towards the "forecast" position. Instead the Strategy directs the Council to work towards moving to the "best case" forecast by making certain decisions. One further mitigating action being pursued by senior management is to negotiate a share of Business Rates uplift from the Enterprise Zone on the basis that this Council is not worse off from losing BR up lift that it would otherwise would have been entitled to if the Zone had not been established./	Apr 14/15	Sanjiv Kohli

Appendix 3 - Details of significant (score of 9, 8, or 7) Corporate risks

Risk	Risk failure leads to:	Net Risk Level	Review commentary	Month last reviewed	Risk Owner
S.12 - Insufficient Business Continuity Management (incl Disaster recovery) arrangements	Inability to deliver services following fortuitous events, poor reputation, breach of Civil Contingencies Act	8: Likelihood (medium) - Impact (high)	All Business Continuity Plans have been re-written to reflect the requirements of the new BS25999 standard. COB has now reviewed the position to ensure progress is maintained	Apr 14/15	Steve Atkinson - Chief Executive
S.15 - Failure to successfully adopt and deliver the LDF leads to:	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	8: Likelihood (medium) - Impact (high)	The housing allocations and development management policy (DPD) submission document was formally approved by Council in January 2014. This has been subject to statutory six week consultation. A full review of representations is currently underway with a view to expediting the document with Officer recommendations to the Secretary of State in the Summer 2014. The resourcing implications for the Examination in to this document and the preparation of Gypsy and Traveller Needs DPD, along with the preparation of a new Local Plan has been factored in to the MTFs, which was approved by Council in February 2014. The Examination in to the AAP for Barwell and Earl Shilton took place in March 2014 and the Inspectors report is awaited	Apr 14/15	Bill Cullen
S.19 - Failure to improve sickness absence	Causes reduced capacity leading to failure/inability to deliver services/objectives efficiently	7: Likelihood (high) - Impact (medium)	By end of year, the sickness level had risen to 10.37; approaching the 12.47 of earlier years. There is a pressing need to address this far more stringently, both in relation to the existing framework and/or via a tighter framework. Discussion with the trade unions is being arranged.	Apr 14/15	Steve Atkinson - Chief Executive

Appendix 3 - Details of significant (score of 9, 8, or 7) Corporate risks

Risk	Risk failure leads to:	Net Risk Level	Review commentary	Month last reviewed	Risk Owner
S.22 - Failure of County Council Support/engagement for the Local Strategic Partnership	No recognition of local priorities at County level, Potential loss resource to assist delivery of objectives, missed advantage/opportunities	8: Likelihood (medium) - Impact (high)	LCC have still not responded to a request to complete its own benchmarking exercise for Leicestershire Together. However, LCC have recently announced a fundamental review of Leicestershire Together, with a view to reducing resourcing to the Partnership along with questions being raised by LCC Chief Executive over the effectiveness of the Partnership April update: LCC have not yet published outcomes of its review of Leicestershire Together.	Apr 14/15	Bill Cullen
S.33 - MIRA RGF Fund	Impact on development of MIRA on the A5	9: Likelihood (high) - Impact (high)	Electricity power upgrade works continue on programme. Works for the upgrade of the A5 link to the RGF programme have now commenced and are on target for completion by March 2015. The Highway Agency Pinch Point scheme for Dodwells/Longshoot junctions are programmed to commence September 2014 with completion scheduled for March 2015. In addition, MIRA have been successful in securing local infrastructure funding for the delivery of internal distributor roads to serve new building plots and for the provision of a new "Accelerator" building. A bid has also been submitted to the LLEP for the delivery of a new National Training Academy for the motor industry which has been submitted along with the Strategic Economic Plan to Government for consideration. Following a national review of Enterprise Zones, a senior DCLG Advisor has identified MIRA as having the most potential for world recognition. As a result, further strategic workstreams have been put in place to accelerate further major improvements to assist the early delivery of the Technology Park. This includes a multi-agency group charged with preparing a Business Case for the further substantial upgrade and dualling of the A5 between the M69 and M42. It is intended that this will be submitted to Government September 2014 for consideration in the Autumn Spending Round.	Apr 14/15	Bill Cullen

Appendix 3 - Details of significant (score of 9, 8, or 7) Corporate risks

<b>Risk</b>	<b>Risk failure leads to:</b>	<b>Net Risk Level</b>	<b>Review commentary</b>	<b>Month last reviewed</b>	<b>Risk Owner</b>
S.34 - Safeguarding of vulnerable adults, children & young people	Death or serious injury of a child, young and/or vulnerable adult	8: Likelihood (medium) - Impact (high)	Circa 107 referrals made during 2013 – this equates to one every 3 days In house Safeguard training is being rolled out to all – part of the 3 year re-fresh requirement Wider training opportunities advertised to employees via VAL Section 11 Audit completed for LCC Preparation to embed the new competency framework is underway.	Apr 14/15	Simon D. Jones
S.36 - Variances to Housing Repairs Account	Risk of additional expenditure	8: Likelihood (medium) - Impact (high)	Forecasts continue to be done on a regular basis and any required measures are implemented.	Apr 14/15	Julie Kenny
S.37 - Non delivey of capital projects which are interdependent	Issues to Town Centre plan and Leisure Centre Plans (S.06 and S.25)	8: Likelihood (medium) - Impact (high)	Bus Station redevelopment now confirmed and GVD issued and recorded. Construction scheduled to start on 2nd June 2014. Unlocked the scheme by purchasing block C (Leisure block) for £4.2m and providing the development partner with a rolling loan facility of £7m to assist with cash flow during land assembly and initial construction stages. Risk to the Council is with not being able to let the leisure (Restaurant) units and thereby not being able to service the debt adequately. This position will need to be kept under constant review during construction phase for pre- lets. Will also need external expertise to act as the Council's critical friend to ensure that development comes forward expediently and economically to maximise return to the Council. Leisure Centre DBOM contract awarded to DC Leisure and very positive with a revenue payback exceeding expectations. Argents Mead demolition 60% complete and construction to commence in May as planned.	Apr 14/15	Sanjiv Kohli



Appendix 3 - Details of significant (score of 9, 8, or 7) Corporate risks

Risk	Risk failure leads to:	Net Risk Level	Review commentary	Month last reviewed	Risk Owner
S.38 - Land Charges fees	Legal proceedings	7: Likelihood (high) - Impact (medium)	First Tier Tribunal decision has been received (in part) and we are waiting the decisions on the part referred to the European Court of Justice. The part decision has been favourable but we are awaiting a briefing on the implications. It may be that settlement negotiations start to progress within the next year	Apr 14/15	Emma Horton
S.43 - Leicestershire County Council budget cuts	Reduction in budgets for service delivery, therefore increasing the risk that services will be adversely impacted or charges may be required to recoup funding lost	8: Likelihood (medium) - Impact (high)	The County Council's need to deliver over £20m of savings has inevitably meant that their decisions on cost reduction are going to impact on this Council's budgets through Waste Recycling Credits, Voluntary Sector and Housing support. It is estimated that the impact on this Council could be around £500K of additional cost or loss income. These projections are included in the Council's revised MTFS which will be considered by Scrutiny Commission on the 15th of May and by Council on 20th May. The MTFS includes mitigating actions and decisions required from elected Members to move the Council's finances from the "forecast" position to the "best case" position.	Apr 14/15	Sanjiv Kohli

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Appendix 4 - Details of significant (score of 9, 8, or 7) service area risks

Risk	Risk failure leads to:	Net Risk Level	Review commentary	Month last reviewed	Risk Owner
DLS.42 - Meet the need of Gypsy and Travellers in the borough	Illegal incursions and as the five year supply would not be met there would be a presumption in favour of development which would result in less likely success defending at appeal.	8: Likelihood (medium) - Impact (high)	<p>A Gypsy and Traveller Accommodation Needs Assessment has been completed to identify the need within the borough up to 2027. Following this assessment, and to mitigate the risk the Council has employed a consultants to facilitate planning applications from existing gypsies and travellers who are residents of the borough on existing sites either by intensification or extensions. Additional sites are being explored as a number of existing sites which were identified as having potential for intensification or extension are unlikely to be deliverable, however work is still ongoing on these sites.</p> <p>The Council has adopted a new timetable for the production of a Gypsy and Traveller Allocations DPD which is due to start in the new year.</p>	Dec 13/14	Sally A Smith Nic Thomas
HCS.75 - PCC implementation	Reduced funding	7: Likelihood (high) - Impact (medium)	Funding to CSP's has been reduced. PCC Partnership Funding has been agreed for 2014-15. BCU funding has been cut which limits the partnerships access to funds to tackle emerging crime and disorder trends that may arise during 2014-15.	May 14/15	Sharon Stacey
HCS.79 - Private sector housing scheme	Investigation of establishment of scheme is dependant on draw down of grant	8: Likelihood (medium) - Impact (high)	First tenant is in occupation; three additional properties have been leased and prepared for occupation. Additional properties have been identified and works being procured. Scheme is being widely promoted to encourage owners to come forward and participate..	May 14/15	Rosemary Leach

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# Hinckley & Bosworth Borough Council

**Finance, Audit and Performance Committee**

**ANNUAL REPORT**  
2013/2014

## **CONTENTS**

- 1. Role and Responsibility**
- 2. Membership and Structure**
- 3. 2013/2014 Achievements**
- 4. Looking Forward**

## **1. ROLE AND RESPONSIBILITY**

- 1.1 The Finance, Audit and Performance Committee (FAP) operates as the Audit Committee for Hinckley and Bosworth Borough Council. The Chartered Institute of Public Finance and Accountancy (CIPFA) <sup>1</sup>states that “The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.”
- 1.2 Finance, Audit and Performance Committee (the Committee) operates alongside the Scrutiny Commission to perform the Overview and Scrutiny function for the Authority in accordance with the Local Government Act 2000.
- 1.3 The Committee assists in addressing the Authority’s responsibilities with regard to financial reporting, external and Internal Audits and controls. This includes reviewing the Authority’s annual Statement of Accounts, together with the periodic financial reports, together with monitoring and reviewing the effectiveness of the Internal Audit activities and systems of risk management and internal controls. The ultimate responsibility for reviewing and approving the Statement of Accounts, Annual Governance Statement and Budget remains with Council.
- 1.4 The principal functions of the Finance, Audit and Performance Committee are outlined in the CIPFA guidance as follows:
  - Be satisfied that the Council’s assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievements of the Council’s objectives (Assurance role)
  - In relation to the authority’s Internal Audit functions (Internal Audit Role):
    - oversee its independence, objectivity, performance and professionalism
    - support the effectiveness of the Internal Audit process
    - promote the effective use of Internal Audit within the assurance framework.
  - Consider the effectiveness of the authority’s risk management arrangements and the control environment. Review the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships with other organisations (Risk Management Role).
  - Monitor the effectiveness of the control environment, including arrangements for ensuring value for money and for managing the authority’s exposure to the risks of fraud and corruption (Value for Money Role/ Fraud and Corruption Role).
  - Consider the reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control (External Audit Role).
  - Support effective relationships between external audit and Internal Audit, inspection agencies and other relevant bodies, and encourage the active promotion of the value of the audit process (see both audit roles above).

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<sup>1</sup> “Audit Committees- Practical Guidance for Local Authorities and Police” (2013)

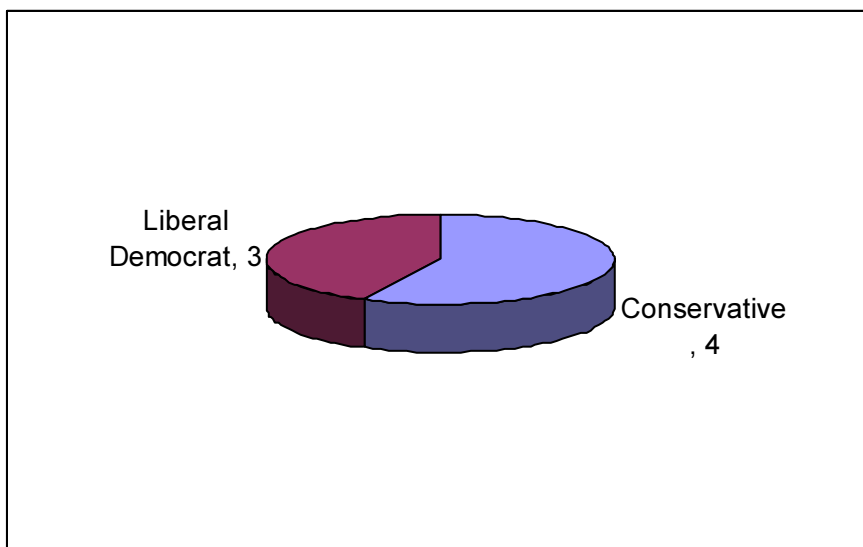
- Review the financial statements, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit (Financial Statement Role).

1.5 Further details of the role of the Committee and the terms of reference are contained in Part 2 Article 6 of the Council's Constitution.



## **2. MEMBERSHIP AND STRUCTURE**

- 2.1 Requirements for the structure of the Finance, Audit and Performance Committee are set out in the Constitution. As per Part 2, Article 6, section 6.5 “Finance, Audit & Performance Committee [should consist] of seven members of Council and ...be politically proportionate. The Mayor and members of the Executive may not be a member... The Chairmanship of the Scrutiny Commission will be allocated to a Councillor who is not from the majority group, by decision of the Council, and two Vice-Chairmen appointed from each of the other two Groups. One of these Vice-Chairmen will be Chairman of the Finance, Audit & Performance Committee. Non-Council members may be co-opted to Overview & Scrutiny bodies in a non-voting capacity for specific areas of investigation, by agreement of the Scrutiny Commission.
- 2.2 Chapter 7 of the CIPFA guidance states that “good” Audit Committees are characterised by the following membership attributes:
- A membership that is balanced, objective, independent of mind, knowledgeable and properly trained to fulfil their role
  - A membership that is supportive of good governance principles and their practical application towards the achievement of organisational objectives
  - A strong independently minded chair – displaying a depth of knowledge, skills and interest.
  - Unbiased attitudes – treating auditors, the executive and management fairly
  - The ability to challenge the executive and senior managers when required
- 2.3 The membership of Finance, Audit and Performance Committee for 2013/2014 is detailed below, along with the political makeup
- Councillor Miss DM Taylor (Chairman)
  - Councillor R Mayne (Vice-Chairman)
  - Councillor JS Moore
  - Councillor PR Batty
  - Councillor Mrs R Camamile
  - Councillor PAS Hall
  - Councillor K Morrell



2.4 The functions of the Committee are supported by Internal Audit, External Audit and the Council's finance officers who attend meetings as required. The key contacts of these parties are detailed below:

<b>Organisation</b>	<b>Name</b>	<b>Contact number</b>
Hinckley and Bosworth Borough Council – Finance	Sanjiv Kohli – Deputy Chief Executive (Corporate Direction) and s151 Officer	01455 255 607  01455 255 609
	Katherine Plummer – Head of Finance and Deputy s151 officer	
PricewaterhouseCoopers LLP – External Audit	Alison Breadon – Engagement Leader	07740 894817
	Sophia Mouyais – Audit Manager	0751 554 1313
Coventry and Warwickshire Audit Services – Internal Audit	Tim Ridout – Chief Internal Auditor	07590 960639

### 3. 2013/2014 ACHIEVEMENTS

3.1 An outline of the reports discussed at each meeting of the committee in 2013/2014 is included in Appendix 1.

3.2 The following table highlights how the committee has achieved each of the functions outlined in 1.4

<b>Role</b>	<b>Achievements</b>
Assurance Role	<ul style="list-style-type: none"> <li>Reviewed the draft Annual Governance Statement ahead of submission to Council for approval</li> <li>Monitored the implementation of the Housing Repairs Action Plan to ensure that actions had been taken to address a "significant control weakness" highlighted in the 2012/2013 Annual Governance Statement</li> <li>Received, as requested an update on progress against control issues identified within car parking</li> </ul>
Internal Audit Role	<ul style="list-style-type: none"> <li>Received and reviewed periodic Internal Audit reports which include recommendation tracking updates to ensure that any issues with internal control are identified</li> <li>Received the Annual Internal Audit report and considered any impact on the Annual Governance Statement</li> <li>Reviewed the Annual Internal Audit Satisfaction Survey, ensuring that the Council continues to achieve the required service from this outsourced function</li> </ul>
Risk Management / Performance Role	<ul style="list-style-type: none"> <li>Considered quarterly Performance Management reports to identify any issues with the achievement of corporate objectives</li> <li>Considered quarterly Risk Management reports</li> </ul>
Value for Money Role	<ul style="list-style-type: none"> <li>Monitored the General Fund, capital and Housing Revenue Account outturn reports; ensuring the Council maintains a strong financial position</li> <li>Reviewed quarterly Treasury Management reports; ensuring that the Council's investment and borrowing activities are prudent and secure</li> <li>Considered the financial position of Hinckley Club for Young People to ensure the ongoing stability of this organisation</li> <li>Monitored the financial performance of the Local Council Tax Scheme and Business Rates Pool</li> <li>Requested and received regular aged debt analysis, including information on recovery processes</li> <li>Requested and received a report on the outcomes of housing repairs "Schedule of Rates" review. The Committee endorsed the increase in rates arising from this review</li> <li>Requested an update on the introduction of a Tennant Recharge Policy, designed to recovery the cost of damage to Council properties</li> </ul>

	<ul style="list-style-type: none"> <li>• A joint meeting of Finance, Audit and Performance and the Scrutiny Commission was held on 16<sup>th</sup> January 2014 to consider the 2014/2015 budget ahead of submission to Council</li> </ul>
Fraud and Corruption Role	<ul style="list-style-type: none"> <li>• Received a presentation on the Audit Commissions “Protecting the Public Purse Survey” – an assessment against the checklist included in this report was requested by the Committee and was presented to members in the first meeting of 2014/2015</li> <li>• Received the updated Anti-Fraud and Corruption Policy</li> </ul>
External Audit Role	<ul style="list-style-type: none"> <li>• Received the ISA(260) Report as “Those Charged with Governance”</li> <li>• Received the External Auditor’s Annual Report and Audit Plan</li> <li>• Received the External Auditors Annual Grants Certification Report</li> </ul>
Financial Statements Role	<ul style="list-style-type: none"> <li>• Received training on the Statement of Accounts</li> <li>• Reviewed the annual Statement of Accounts ahead of submission to Council for approval</li> </ul>

#### **4. LOOKING FORWARD**

- 4.1 Looking forward, the Committee is keen to continue to develop its role as a key function of the Council's Scrutiny and assurance function. As such, a work programme will be developed to ensure that this is achieved
- 4.2 A work programme for is key to ensuring that the Committee's work is:
- Outcome focussed;
  - Prioritised accordingly;
  - Resourced properly; and
  - Project planned properly.
- 4.3 In devising the work programme for 2014/2015, the Committee should consider the following questions, many of which are highlighted by the CIPFA guidance:
- Is the Committee sufficiently trained to carry out its role? Is any further training required to support members?
  - Does the Committee robustly review the Annual Governance Statement and Statement of Accounts ahead of recommending these to Council for approval?
  - Does the Committee encourage ownership of the internal control and risk management framework by officers by requesting their attendance at meetings?
  - Is due attention given to ensuring that the Council obtains required support from both Internal and External Audit?
  - Does the Committee focus activity around risk?
  - Does the Committee review major projects and programmes to ensure that governance and assurance arrangements are in place?
  - How does the Committee ensure that fraud risks are identified and adequately addressed through both preventative and detective means?
  - Does the Committee ensure that assurance on value for money arrangements is included in the assurances received?
  - Does the Committee effectively challenge?

**10<sup>th</sup> June 2013**

- Internal Audit Progress Report
- Annual Internal Audit Report
- Annual Governance Statement
- Performance Management to 31 March 2013
- Prudential Code & Treasury Management Annual Report 2012/13
- Housing Repairs Review
- Hinckley Club for Young People.

**16<sup>th</sup> September 2013**

- Report to those charged with Governance (ISA260)
- Internal Audit Progress Report
- Internal Audit Annual Satisfaction Survey
- Revenue & Capital Outturn – 1<sup>st</sup> Quarter 2013/14
- Statement of Accounts 2012/13
- Annual Governance Statement 2012/13
- Performance & Risk Management Framework
- Local Council Tax Report & Business Rate Retention Quarter 1 2013/14
- Sundry Debts Update Report

**11th November 2013**

- Annual Audit Letter (External Audit)
- 2<sup>nd</sup> Quarter Treasury Management Report
- Housing Repairs Update
- Sundry Debts Update

**6<sup>th</sup> January 2014**

- Internal Audit Progress Report
- Draft Capital Programme
- 2nd Quarter Budget Monitoring
- Risk Management Framework
- Local Council Tax Support & Business Rates
- Sundry Debts Update
- Tenant Recharge Policy
- Hinckley Club for Young People

**31<sup>st</sup> March 2014**

- Protecting the Public Purse
- Anti Fraud and Corruption Policy
- Annual External Audit Plan
- Annual Grants Certification Report
- Internal Audit Progress Report
- Internal Annual Audit Plan
- 3<sup>rd</sup> Budget Monitoring
- 3<sup>rd</sup> Quarter Treasury Management

- Aged Debt Report
- Council Tax Report and Business Rates Update
- Housing Repairs Update – Schedule of Rates Review
- Car Parking Update
- Hinckley Club for Young People Update (Verbal Report)

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<b>Date of Meeting</b>	<b>Reports to be considered</b>
25 <sup>th</sup> June	<ul style="list-style-type: none"> <li>• Draft Annual Governance Statement</li> <li>• Draft year end outturn 2013/2014</li> <li>• Internal Audit Block Report (CWAudit)</li> <li>• Performance Management Framework</li> <li>• Risk Register and Assurance Framework review</li> <li>• Annual report &amp; work programme</li> </ul>
6 <sup>th</sup> August	<ul style="list-style-type: none"> <li>• Outturn 1<sup>st</sup> Quarter 2014/2015</li> <li>• Aged debt 1<sup>st</sup> Quarter 2014/2015</li> <li>• Treasury Management 1<sup>st</sup> Quarter 2014/2015</li> <li>• Business Rates and Pooling update 1<sup>st</sup> Quarter 2014/2015</li> <li>• Performance Management and Risk Framework 1<sup>st</sup> Quarter 2014/2015</li> </ul>
15 <sup>th</sup> September	<ul style="list-style-type: none"> <li>• ISA(260) (PwC)</li> <li>• Statement of Accounts and Annual Governance Statement 2013/2014</li> <li>• Internal Audit Block Report (CWAudit)</li> <li>• Fraud and Corruption Update</li> </ul>
3 <sup>rd</sup> November	<ul style="list-style-type: none"> <li>• Treasury Management 2<sup>nd</sup> Quarter</li> <li>• Outturn 2<sup>nd</sup> Quarter</li> <li>• Aged debt 2<sup>nd</sup> Quarter 2014/2015</li> <li>• Business Rates and Pooling update 2<sup>nd</sup> Quarter 2014/2015</li> <li>• Performance Management and Risk Framework 1<sup>st</sup> Quarter 2014/2015</li> <li>• Annual Audit Letter 2013/2014 (PwC)</li> </ul>
12 <sup>th</sup> January	<ul style="list-style-type: none"> <li>• Internal Audit Block Report (CWAudit)</li> </ul>
23 <sup>rd</sup> February	<ul style="list-style-type: none"> <li>• Treasury Management 3<sup>rd</sup> Quarter</li> <li>• Outturn 3<sup>rd</sup> Quarter</li> <li>• Aged debt 3rd Quarter 2014/2015</li> <li>• Business Rates and Pooling update 3rd Quarter 2014/2015</li> <li>• Performance Management and Risk Framework 1<sup>st</sup> Quarter 2014/2015</li> <li>• Internal Audit Plan 2015/2016 (CW Audit)</li> <li>• External Audit Plan 2014/2015 (PwC)</li> <li>• Annual Grants Certification Report 2013/2014 (PwC)</li> </ul>
13 <sup>th</sup> April	<ul style="list-style-type: none"> <li>• Internal Audit Block Report (CWAudit)</li> <li>• Fraud and Corruption update</li> </ul>

Note: A Joint meeting of FAP and Scrutiny will be held in Jan/Feb 2015 to discuss the draft 2015/2016 budgets

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