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Steve Atkinson MA(Oxon) MBA FIoD FRSA
Chief Executive

Date: 02 December 2011



Hinckley & Bosworth
Borough Council

A Borough to be proud of

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

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

Mr MS Hulbert
Mr JS Moore
Mr K Morrell

Copy to all other Members of the Council

(other recipients for information)

Dear Councillor,

There will be a meeting of the **FINANCE, AUDIT & PERFORMANCE COMMITTEE** in the Council Chamber, Council Offices, Argents Mead on **MONDAY, 12 DECEMBER 2011 at 6.30 pm** and your attendance is required.

The agenda for the meeting is set out overleaf.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Denise Bonser'.

Denise Bonser
Democratic Services Officer

A G E N D A

1. APOLOGIES AND SUBSTITUTIONS

2. DECLARATIONS OF INTEREST

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

3. MINUTES OF PREVIOUS MEETING (Pages 1 - 2)

To confirm the minutes of the meeting of the Finance Audit & Performance Committee held on 31 October 2011.

4. ANNUAL AUDIT LETTER (Pages 3 - 18)

5. INTERNAL AUDIT PROGRESS REPORT (Pages 19 - 62)

6. PERFORMANCE MANAGEMENT FRAMEWORK (Pages 63 - 80)

7. CAPITAL PROGRAMME 2011/12 TO 2013/14 (Pages 81 - 98)

8. AUDIT RECOMMENDATIONS TRACKING (Pages 99 - 104)

9. REVENUE & CAPITAL OUTTURN 2ND QUARTER 20.11/12 (Pages 105 - 126)

10. WORK PROGRAMME 2011/12 (Pages 127 - 132)

Agenda Item 3

HINCKLEY AND BOSWORTH BOROUGH COUNCIL

FINANCE, AUDIT & PERFORMANCE COMMITTEE

31 OCTOBER 2011 AT 6.30 PM

PRESENT: Mr PAS Hall - Chairman
Miss D Taylor – Vice Chairman
Mr DM Gould, Mr MS Hulbert, Mr JS Moore, Mr K Morrell and Mr Bessant

In accordance with Council Procedure Rule 4.2 Mr MR Lay was also in attendance.

Officers in attendance: David Bunker, Sanjiv Kohli, Cal Bellavia and Sharon Stacey

Also in attendance: Robert Barnett and Colin Roxburgh RSM Tenon

231 APOLOGIES AND SUBSTITUTIONS

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

Mr PS Bessant for Mrs R Camamile.

232 DECLARATIONS OF INTEREST

No interests were declared at this stage.

233 MINUTES OF PREVIOUS MEETING

On the motion of Mr Hall, seconded by Mr Morrell it was

RESOLVED – the minutes of the meeting held on 12 September 2011 be agreed and signed by the Chairman.

234 INTERNAL AUDIT PROGRESS REPORT

Mr Bessant and Mr Lay entered the meeting at 6.35 pm

The Committee received the internal audit progress report presented by RSM Tenon. Nine new audits had been undertaken and 48 recommendations made.

Although risk management and homelessness were areas of concern it was reported that many of the issues had been addressed and recommendations implemented.

RESOLVED – the committee endorse the report and agree a report be brought to the next meeting on the progress regarding risk management.

235 TREASURY MANAGEMENT ACTIVITY HALF YEAR TO 30 SEPTEMBER 2011

Members were informed of the council's treasury management activity during the half year to 30 September 2011. Members were reminded that interest rates were still low, which impacted on investment income. Councillor Bessant asked for information on the

capital programme and the position going forward.

RESOLVED – the committee note the report and a further report be brought to the next meeting outlining the position of the capital programme.

236 BUDGET STRATEGY 2012/13

The committee were informed of the setting of the budget strategy for 2012/13. Mr Lay asked if the payment for employees earning under £21,000 discussed at the last meeting had been accounted for and if anything had been agreed on this issue. It was reported that the council was awaiting agreement with the unions on this issue. Mr Morrell asked how many staff would benefit from this payment. The Deputy Chief Executive (Corporate Direction) agreed to circulate the figures to members.

RESOLVED – the report be noted.

237 AUDIT RECOMMENDATION TRACKING

The committee were informed of the progress in implementing audit recommendations. The committee found the report informative but asked that future reports be more precise on the current situation.

RESOLVED – the report be noted

238 CAR PARKS COLLECTION CONTRACT

The Accountancy Manager gave a verbal report on progress with this contract. He informed members that this was currently in the tender stage and due to be finalised shortly.

239 WORK PROGRAMME 2011/12

Members had no comment on the current work programme.

(The Meeting closed at 7.34 pm)

Government and Public Sector

***Hinckley and
Bosworth Borough
Council***

Annual Audit Letter

November 2011

2010/11 Audit

DRAFT

PricewaterhouseCoopers LLP
Donington Court
Pegasus Business Park
Castle Donington
East Midlands
DE74 2UZ

The Members
Hinckley and Bosworth Borough Council
Council Offices
Argents Mead
Hinckley
Leicestershire
LE10 1BZ

30 November 2011

Ladies and Gentleman

We are pleased to present our Annual Audit Letter summarising the results of our 2010/11 audit. We look forward to presenting it to the Finance, Audit and Performance Committee at its meeting on 12 December 2011.

Yours faithfully

PricewaterhouseCoopers LLP

Code of Audit Practice and Statement of Responsibilities of Auditors and of Audited Bodies

In March 2010 the Audit Commission issued a revised version of the 'Statement of Responsibilities of Auditors and of Audited Bodies'. It is available from the Chief Executive of each audited body. The purpose of the statement is to assist auditors and audited bodies by explaining where the responsibilities of auditors begin and end and what is to be expected of the audited body in certain areas. Our reports and letters are prepared in the context of this Statement. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the audited body and no responsibility is taken by auditors to any member or officer in their individual capacity or to any third party.

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Introduction

The purpose of this letter

The purpose of this letter is to provide a high level summary of the results of the 2010/11 audit work we have undertaken at Hinckley and Bosworth Borough Council, in a format that is accessible for Members and other interested stakeholders.

We have already reported the detailed findings from our audit work to 'those charged with governance', which in the case of the Council has previously been agreed as being the Finance, Audit and Performance Committee (formerly the Finance and Audit Services Select Committee), in the following reports:

- Audit Plan 2010/11 – April 2011; and
- report on the results of our audit of the 2010/11 financial statements under the requirements of the International Standard on Auditing (ISA) (UK and Ireland) 260 (ISA (UK&I) 260) – September 2011.

Any work undertaken since the September 2011 Finance, Audit and Performance Committee meeting is reported in this Audit Letter.

Scope of work

Our audit work is conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

The Council is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. As auditors we are responsible for:

- forming an opinion on the financial statements;
- reviewing the Annual Governance Statement;
- forming a conclusion on the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources;
- considering any questions or objections raised by local electors to the financial statements; and
- undertaking any other work specified by the Audit Commission.





Our 2010/11 audit work has been undertaken in accordance with the Audit Plan that we discussed and agreed with the former Finance and Audit Select Services Committee at its meeting on 18 April 2011.





We have set out in the rest of this report what we consider to be the most significant matters arising from our audit. A summary of the key recommendations that we have made can be found in the Appendix to this letter.

Audit Scorecard

The following scorecard summarises our views across the main areas of our audit using the following key:

Key**Red** – significant improvements required**Amber** – some improvements required**Green** – no or some minor improvements required

Audit Area		Comments
Financial statements	 	<p>In our audit plan we highlighted the risk to delivery of the accounts brought about by the challenge of transition to International Financial Reporting Standards (IFRS) within the required deadlines, particularly given the other competing priorities for the finance team. We worked with the Finance Team to undertake some early work on the IFRS transition and to provide support to them in determining the treatment of some complex and potentially material areas. We are pleased to report that the Council met the required deadlines and the IFRS restated balance sheets and comprehensive income and expenditure statement were of a good standard.</p> <p>The Council prepared its accounts on a timely basis and a first draft of the accounts was available at the start of the audit. Working papers were available for audit on time and were of a good standard. Our audit identified no significant issues with respect to the quality of the draft accounts presented for audit, though some adjustments to the accounts were requested and agreed.</p> <p>A number of disclosure amendments were also identified which were amended appropriately. The volume of amendments required was significant and consistent with prior years; however, this is considered a relative improvement given the additional work required to account under (IFRS) for the first time in 2010/11. Further improvement in the quality of disclosures within the first draft of the accounts could help improve the efficiency of our audit in future.</p> <p>The finance team responded positively to our audit questions and requests for information. The Finance Team worked hard to meet the timescales and were helpful in resolving our queries.</p> <p>We issued an unqualified audit opinion on 30 September 2011.</p>
Significant audit and accounting issues		<p>Our audit identified no significant audit and accounting issues. A small number of issues were identified during our work, which are explained later in this Audit Letter.</p> <p>The Council adjusted its accounts for all identified misstatements. The net impact of the adjustments made to the accounts as a result of the audit was to decrease the balance of the Council's General Fund by £49,000, and the Housing Revenue Account by £32,000. Net assets were also reduced by £48,000.</p>
Whole of Government Accounts		<p>Our work on the Whole of Government Accounts consolidation pack concluded that it was consistent with the financial statements for the year ended 31 March 2011.</p>

<p>Financial standing/Going concern</p>		<p>We concluded that in overall terms the Council had sufficient resources available to meet its commitments for at least a 12-month period after the date of our audit opinion. We therefore concluded that the use of the going concern assumption was appropriate in the preparation and presentation of the financial statements.</p>
<p>Internal Controls</p>	 	<p>We reviewed the effectiveness of internal controls over key financial processes. One issue was identified in relation to the reconciliation of the Council dwelling listing maintained by the external valuer back to the Council's records to ensure the accuracy and completeness of the underlying data used in valuing the Council's housing stock.</p> <p>We reviewed the Annual Governance Statement to consider whether it complied with relevant guidance and whether it might be misleading or inconsistent with other information known to us from our audit work. We found no areas of concern to report in this context.</p>
<p>Use of Resources (Value for Money) conclusion</p>		<p>Our work was focussed so that we could give a conclusion based on two criteria:</p> <ul style="list-style-type: none"> • that the Council had proper arrangements for securing financial resilience: and • that it had proper arrangements for challenging how it secures economy, efficiency and effectiveness. <p>At the date of our use of resources conclusion an update to the Medium Term Financial Strategy (MTFS) had yet to be produced. This reflected a conscious decision to delay the formal update of the MTFS to allow the Council sufficient time to respond to further changes in its funding. Further information is provided on pages 12-13.</p> <p>We concluded that the assumptions used in financial planning were reasonable and comparable with those made by other similar local authorities and the Council had maintained a robust process of financial planning in the preparation of, and consultation on, various working documents prior to preparation of a refreshed and updated MTFS.</p> <p>We obtained sufficient evidence that the Council had put proper arrangements in place for challenging how it secures economy, efficiency and effectiveness in its use of resources.</p> <p>In overall terms, based upon the work that we performed, we concluded positively on the two stated criteria. We issued an unqualified conclusion on the Council's use of resources on 30 September 2011.</p>

Grant certification

A

So far we have certified five claims and returns relating to the 2010/11 financial year. **Three claims were certified without requiring amendment and/or a qualification letter. Two claims were amended and these same claims also required qualification letters to set out issues arising following certification work undertaken.** The most significant issue arising from our grants' certification work relates to the Housing Revenue Account Base Data Subsidy Return which was one of the two claims referred to above and was certified with a qualification letter and significant amendments. The Council is responding positively to this and further information on this and the Council's subsequent response is provided on page 14.

In the 2009/10 Annual Audit Letter we reported that the Department for Work and Pensions (DWP) intended to recover up to £118,000 from the Council following the certification of the 2008/09 Housing Benefit and Council Tax Benefit claim qualified in November 2009. As a result of further representations made by the Council, **the DWP confirmed in March 2011 that the Secretary of State had noted the Council's comments and, under the circumstances, had '...decided to exercise his powers of estimation.'** **As a result the DWP confirmed that it would recover a sum of £1,532 which has now resolved the matter.**

Audit findings

Accounts

We audited the Council's Statement of Accounts in line with approved Auditing Standards during July, August and September 2011. We reported the detailed findings from our audit of the financial statements to the Council's Finance, Audit and Performance Committee at its meeting on 12 September 2011 and subsequently issued an **unqualified audit opinion** on 30 September 2011.

Accounts preparation

In our audit plan we highlighted the risk to delivery of the accounts brought about by the challenge of transition to International Financial Reporting Standards (IFRS) within the required deadlines, particularly given the other competing priorities for the Finance Team. We worked with the Finance Team to undertake some early work on the IFRS transition and to provide support to them in determining the treatment of some complex and potentially material areas. We are pleased to report that the Council **met the required deadlines** and the IFRS restated balance sheets and comprehensive income and expenditure statement were of a good standard.

The Council **prepared its accounts on a timely basis** and a first draft of the accounts was available at the start of the audit. **Working papers were available for audit on time and were of a good standard.** Our audit identified **no significant issues** with respect to the quality of the draft accounts presented for audit, though some adjustments to the accounts were requested and agreed.

A number of disclosure amendments were also identified which were amended appropriately. The volume of amendments required was consistent with prior years; however, this is considered a relative improvement in the context of the additional work required to prepare the accounts under IFRS for the first time in 2010/11. In future, improvement in the quality of disclosures within the first draft of the accounts could help improve the efficiency of our audit.

The Finance Team responded positively to our audit questions and requests for information. The Finance Team worked hard to meet the timescales and were helpful in resolving our queries. We would like to thank the Finance Team for their support and assistance during the audit.

Accounting issues

Valuation of non-current assets

The valuation of the Council's property assets was one of the most significant estimates in the financial statements. As at 31 March 2011, the value of such assets included in the Council's financial statements presented for audit was as follows:

- Council Dwellings - £106.3 million
- Other land and buildings – £13.9 million
- Investment properties - £10.0 million

The Council engaged the services of Sturgis, Snow & Astill LLP, chartered surveyors and valuers, to assess the value of the properties on management's behalf. We reviewed the assumptions applied by the valuer and concluded that they were reasonable. We also sought to validate the accuracy of the underlying data upon which the valuation was based for each of the categories of assets referred to above.

Council dwellings

The Council applies the 'beacon principle' in assessing the value of its housing stock. The beacon principle is a common valuation method for housing stock, involving the valuation of a representative sample of properties and extrapolation over other properties that are deemed to have the same characteristics. Guidance issued by the Department for Communities and Local Government (DCLG) recommends the use of regional adjustment factors to reduce market value down to tenanted market value. This factor has decreased from 50% to 34% between 2009/10 and 2010/11 resulting in a reduction of approximately £46m in the carrying value of the housing properties in the Council's financial statements.

A key assumption in using the beacon principle is that all properties are recorded in the correct category of asset according to the property type and number of bedrooms within. The valuer's listing did not reconcile directly to the Council's own housing records and no recent reconciliation of the data had been performed. A reconciliation was performed at our request which identified 70 properties that may have been misclassified on the valuer's listing due to changes made to the properties in recent years. The valuer estimated that the impact upon the valuation of total housing dwellings would be an increase of £130,000.

We were satisfied that any potential misclassification would not give rise to a material misstatement in the total valuation of housing dwelling assets. We have also discussed with the Council potential actions to ensure that this information is updated for future valuations to ensure an accurate extrapolation of beacon property values. Our recommendation is set out in Appendix A.

Other land and buildings

We validated the gross internal areas used by the valuer in his calculations back to records maintained by the Council. No issues were identified.

Investment Properties

The main component of the Council's investment property portfolio consists of industrial estates. Such assets are valued based on the estimated future rental income they will generate. We tested a sample of rental income figures to tenancy agreements and identified one misstatement in the rental values provided to the valuer, which had an impact on the valuation of £52,000. This was corrected in the accounts and there was no impact on the General Fund balance as a result of correcting this misstatement.

Unadjusted and adjusted misstatements

The Council **adjusted its accounts for all identified misstatements**, therefore, there were no identified misstatements that remained unadjusted within the financial statements. **The net impact of the adjustments made to the accounts as a result of the audit was to decrease the balance the General Fund by £49,000, and the Housing Revenue Account by £32,000. Net assets were also reduced by £48,000.**

Whole of Government Accounts

We undertook our work on the Whole of Government Accounts consolidation pack as prescribed by the Audit Commission. The work was completed and the audited pack was submitted on 30 September 2011 in line with the national deadline for submission. Our work on the Whole of Government Accounts consolidation pack concluded that it was **consistent with the financial statements** for the year ended 31 March 2011.

Financial standing/Going concern

Financial standing/Going concern

The Council is responsible for ensuring that it has arrangements in place to secure its financial standing. One of our key responsibilities as auditors is to fully consider the financial standing of the Council.

We concluded that the Council had sufficient resources available to meet its commitments for at least a 12-month period after the date of our audit opinion. We therefore concluded that the use of the going concern assumption was appropriate in the preparation and presentation of the financial statements.

Current year position

The financial outturn for the three months to the end of June 2011 was reported to the Finance, Audit and Performance Committee on 12 September 2011. This highlighted that:

- there was **an estimated year-end underspend against the agreed General Fund budget of £525,860;**
- this was primarily due to salary savings, increased recovery of Housing and Council Tax Benefit overpayments and income from bin rental;

- there was an estimated year-end underspend against the agreed Housing Revenue Account budget of £46,758; and
- no significant variation was anticipated on the year-end capital outturn.

We will continue to monitor the Council's financial resilience and performance against budget and against its savings plans as a routine part of our 2011/12 audit procedures.

Internal Controls

Accounting systems and systems of internal control

It is the responsibility of the Council to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. We review these arrangements for the purposes of our audit of the financial statements and our review of the Annual Governance Statement.

During the audit process we identified one issue in relation to **the reconciliation of the Council dwelling listing maintained by the external valuer back to the Council's records to ensure the accuracy and completeness of the underlying data used in valuing the Council's housing stock**. This was also referred to earlier in this Audit Letter under the heading 'Accounting issues'. Our recommendation to management on this issue has been summarised in the Appendix to this Audit Letter.

Annual Governance Statement

Local authorities are required to produce an Annual Governance Statement (AGS) that is consistent with guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE). The AGS accompanies the Statement of Accounts.

We reviewed the AGS to consider whether it complied with the CIPFA/SOLACE guidance and whether it might be misleading or inconsistent with other information known to us from our audit work. **We found no areas of concern to report in this context.**

Use of Resources

Economy, efficiency and effectiveness

Our Use of Resources Code responsibility required us to carry out sufficient and relevant work in order to conclude on whether the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources.

In accordance with guidance issued by the Audit Commission, in 2010/11 our conclusion was based on two criteria:

- the organisation has proper arrangements in place for securing financial resilience; and
- the organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

Unlike in previous years, we were not required to reach a scored judgment in relation to these criteria and the Audit Commission did not develop 'key lines of enquiry' for each criteria. Instead, we determined a local programme of audit work based on our audit risk assessment, informed by these criteria and our statutory responsibilities.

Summary of findings

All local government organisations are faced with increased challenges in their medium term financial outlook. Hinckley and Bosworth Borough Council had planned for a scenario of reduced formula grants and budgets ahead of other similar organisations, and has delivered on savings plans in recent years to help secure financial resilience. Announcements by the Government over the past year have signalled reductions in funding available to local government bodies that are greater than the worst case forecast in the Council's 2010-13 Medium Term Financial Strategy (MTFS). Throughout 2011, the Council has worked to assess the impact of these changes; however, at the

time we issued our audit opinion in September 2011 the Council had not formally updated its MTFS following these revised funding announcements, although many others Councils have now done so.

The Council made a conscious decision to delay the finalisation of the MTFS until the position of future Revenue Support Grant (RSG) funding for 2013-14 and 2014-15 becomes clear at the next Settlement announcement. The decision to delay is also because of the current uncertainty over the financial impact of the Resources Review on Localisation of Council Tax Benefit, Business Rates and Community Budgets.

We are satisfied that in recent months, updated financial planning documents have been presented to a number of forums within the Council. Managers, staff and Members have been regularly briefed on the short and medium term position of the Council's finances, and the Council has performed work on its financial budgets and strategy to secure financial resilience whilst a fully revised MTFS is prepared.

Assumptions applied to forecasts can often have a significant impact on balancing budgets. The Council has a history of delivering good financial management and being ahead of many others in anticipating and responding to change. However, the current economic climate is difficult and with so many assumptions being applied there is an increased risk that one of the influencing factors may vary significantly from the assumptions applied. We reviewed the key assumptions in financial planning documents against either benchmark figures or our own expectations in order to consider their reasonableness. In overall terms we were able to conclude that the assumptions used were reasonable in comparison to others.

We also concluded that the Council had made proper arrangements for securing financial resilience. However, there was a need for the Council to formally update its Medium Term Financial Strategy document through the Autumn/Winter of 2011.

In recent years the Council has demonstrated good performance in ensuring it achieves economy and efficiency in its use of resources. The Council maintained this performance in 2010/11, including benchmarking itself against others and performing detailed service reviews of its key operations. The Council also effectively challenged how it delivers effective services, including consulting with residents and user groups, and responding to these in determining service priorities and then demonstrating good performance in these areas.

Conclusion

Although an update to the MTFS had yet to be produced at the time we issued our conclusion on the Council's use of resources, the Council had maintained **a robust process of financial planning in the preparation of, and consultation on, various working documents prior to preparation of a refreshed and updated Medium Term Financial Strategy.** Our overall conclusion was that, in general, the assumptions used in financial planning were reasonable and comparable with those made by other similar local authorities. However, **there remained a need for the Council to formally update its Strategy for consultation and agree it with members.**

We obtained sufficient evidence that the Council had put **proper arrangements in place for challenging how it secures economy, efficiency and effectiveness** in its use of resources.

In overall terms, based upon the work that we performed, we concluded positively on the two stated criteria. We issued an unqualified conclusion on the Council's use of resources on 30 September 2011.

Grant claims and returns certification

So far we have certified five claims and returns relating to the 2010/11 financial year. **Three claims were certified without requiring amendment and/or a qualification letter. Two claims were amended and these same claims also required qualification letters to set out issues arising following certification work undertaken.** One further claim remains to be certified for which the deadline is 31 December 2011.

The most significant issue arising from our grants' certification work relates to the Housing Revenue Account Base Data Subsidy Return which was one of the two claims referred to above certified with a qualification letter and significant amendments. The absence of a comprehensive audit

trail for a number of claim entries and the inability to reconcile fully the base data to the Council's housing system or the valuer's listing of Council dwellings may impact on the calculation of the self-financing one-off financial settlement that is due to come into effect from April 2012. The DCLG wrote to the Council on 24 October 2011, following receipt of our qualification letter, and work is currently underway within the Council to reconcile relevant records and obtain an updated valuation listing.

In response to the letter from DCLG, the Council has started work on the points raised and is engaging external surveyors/valuers to provide more accurate data on the Council's housing stock to satisfy the base data audit requirements. The Council intends to provide details of the planned scope of this work to us and to the Council's valuer prior to the valuation being undertaken. The Council is confident that having obtained this valuation it will be able to satisfy DCLG that no material adjustments will be required to the self financing settlement figure.

In the 2009/10 Annual Audit Letter we reported that the Department for Work and Pensions (DWP) intended to recover up to £118,000 from the Council following the certification of the 2008/09 Housing Benefit and Council Tax Benefit claim qualified in November 2009. **As a result of further representations made by the Council, the DWP confirmed in March 2011 that the Secretary of State had noted the Council's comments and, under the circumstances, had '...decided to exercise his powers of estimation..' As a result the DWP confirmed that it would recover a sum of £1,532 which has now resolved the matter.**

Electors' questions or objections

We received no questions or objections from local electors relating to the 2010/11 accounts.

Appendix - Summary of Recommendations

Deficiency	Recommendation	Management's response
<p>Council Dwellings</p> <p>Changes to the structure and layout of council dwellings are communicated to the valuer on an ad-hoc basis. Since the initial data was supplied to the valuer over 10 years ago, there is no evidence that a reconciliation has been performed between the valuer's listing and the Council's housing records to ensure that all changes have been communicated completely and accurately between both parties.</p> <p>A reconciliation performed by the Council at our request identified 70 properties as being potentially misclassified on the valuer's listing.</p> <p>The valuation of council dwellings under the beacon principle relies upon correct categorisation of properties and hence any inaccuracies in the underlying records may result in asset values being misstated.</p>	<p>Following the results of the reconciliation performed at our request, we recommend that those properties identified as discrepancies should be reviewed in 2011/12 to ensure they are categorised correctly in both the Council's and the valuer's listings.</p> <p>A validation process should be embedded into the Council's procedures (perhaps by using existing processes such as housing repairs visits) to verify the correct categorisation of properties on an ongoing basis.</p>	<p>Accept recommendation.</p> <p>Work will be undertaken in conjunction with the Housing Service and the valuer to clarify and correct the classification of properties where there is currently a discrepancy.</p> <p>A system will be put in place where Accountancy are notified by Housing of any changes to property types for onward transmission to the valuer. Accountancy will cross reference with Housing to ensure that no changes have been missed.</p>

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RSM Tenon

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HINCKLEY AND BOSWORTH BOROUGH COUNCIL

Internal Audit Progress Report

Finance and Audit Select Committee Meeting – 12th December 2011

Agenda Item 5

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

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

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1. INTRODUCTION

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

2. FINAL REPORTS ISSUED

- 2.1 We have finalised 9 reports since the last Committee meeting; these are in the areas of:

- Risk Management Follow-up;
- IT Contract;
- Corporate Governance;
- Atkins Building – Commercial Income;
- Income and Debtors;
- Creditors;
- Asset Register;
- Payroll;
- General Ledger.

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

3. KEY FINDINGS FROM INTERNAL AUDIT WORK

- 3.1 We have raised 24 recommendations across the 9 reviews that are being presented to this Committee; two recommendations have been classified as 'High' Risk, five recommendations have been classified as 'Medium' Risk and the remaining 17 recommendations have been classified as 'Low' Risk.
- 3.2 The High and Medium Risk recommendations raised as part of the reviews relate to:
- **Risk Management** (Pages 8 - 10) - (Recommendation No.1). At the time of our follow-up audit, the management refresher training had yet to be completed. However, this was undertaken in the last week of November 2011, and is thus no longer outstanding. (Medium Risk)
 - **Risk Management** – (Recommendation No.2) There was lack of evidence that the detailed review of controls to mitigate identified risks had been undertaken in all cases. (High Risk)
 - **Risk Management** – (Recommendation No.3) Further discussion of this area during the follow-up review noted that although resources do not allow regular independent check of all details compiled by managers regarding risks, there is scope for an annual review by the Risk Officer, ideally during the course of the business planning process. (Medium Risk)
 - **Risk Management** – (Recommendation No.4) At the time of the follow-up audit, there had been no further reports to Committee linking risks to the TEN performance and Risk Management system, although we understand that as per the response, the reporting templates have now been adjusted to prompt this. (High Risk)
 - **Atkins Building – Commercial Income** (Pages 17 – 20) – (Recommendation 1) It was confirmed through discussion with the Commercial Estates Surveyor that customers are provided with the Risk Assessment and are notified of limitations such as; room capacity. However, it was confirmed that customers do not sign to confirm they fully understand and will comply with the Risk Assessments presented. (Medium Risk)
 - **Creditors** (Pages 25 – 29) – (Recommendation 1) - Our review of a sample of 30 purchases confirmed that, where applicable, a valid PO was in place that had been authorised in-line with the delegated authority limits. However, we did note that eight of the 30 purchases had a PO raised retrospectively (i.e. after receipt of the invoice from the supplier). There is a risk that spending is occurring without appropriate authorisation. (Medium Risk)
 - **Asset Register** (Pages 30 – 34) – (Recommendation 1) We confirmed that the transfer of information from the spread-sheet to the CIPFA database has taken place for the period ending 2009/10 Asset Register, but no further. This was due to that period being reviewed by external audit. Now that the 2010/11 Fixed Asset Register has been reviewed and agreed by external audit the details of this can be entered onto the CIPFA system. (Medium Risk)

4. WORK IN PROGRESS OR PLANNED

- 4.1 For all remaining audits, commencement dates have been agreed with the auditees and all assignment planning sheets have been issued.
- 4.2 Four audits are in progress. These relate to Data Protection, Housing Benefits, Council Tax, and National Non-Domestic Rates.

5. LIAISON WITH MANAGEMENT AND EXTERNAL AUDIT

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

6. CHANGES TO OUR PLAN

- 6.1 There have been no changes to the Internal Audit Plan 2011/12 since the last Committee meeting.

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

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

Auditable Area	Start Date	Debrief date	Draft report issued	Responses received	Final report issued	Audit Committee	Audit approach	Audit Days	Assurance level given	Number of Recommendations Made					
										H	M	L	In Total	Agreed	
Work completed to date															
<i>Risk Management Follow-up</i>	<i>15/11/11</i>	<i>N/A</i>	<i>23/11/11</i>	<i>29/11/11</i>	<i>29/11/11</i>	<i>12/12/11</i>	<i>Follow-up</i>	<i>1</i>	<i>ADEQUATE PROGRESS</i>	<i>2</i>	<i>2</i>	<i>0</i>	<i>4</i>	<i>4</i>	
<i>IT Contract</i>	<i>12/09/11</i>	<i>16/09/11</i>	<i>18/10/11</i>	<i>26/10/11</i>	<i>27/10/11</i>	<i>12/12/11</i>	<i>Key Controls</i>	<i>10</i>	<i>GREEN</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	
<i>Corporate Governance</i>	<i>03/10/11</i>	<i>15/10/11</i>	<i>28/10/11</i>	<i>11/11/11</i>	<i>11/11/11</i>	<i>12/12/11</i>	<i>Key Controls</i>	<i>5</i>	<i>GREEN</i>	<i>0</i>	<i>0</i>	<i>4</i>	<i>4</i>	<i>4</i>	
<i>Jenkins Building – Commercial Income</i>	<i>03/10/11</i>	<i>14/10/11</i>	<i>17/10/11</i>	<i>02/11/11</i>	<i>08/11/11</i>	<i>12/12/11</i>	<i>Key Controls</i>	<i>5</i>	<i>GREEN</i>	<i>0</i>	<i>1</i>	<i>1</i>	<i>2</i>	<i>2</i>	
<i>Income and Debtors</i>	<i>05/09/11</i>	<i>15/10/11</i>	<i>26/10/11</i>	<i>31/10/11</i>	<i>01/11/11</i>	<i>12/12/11</i>	<i>Key Controls</i>	<i>8</i>	<i>GREEN</i>	<i>0</i>	<i>0</i>	<i>2</i>	<i>2</i>	<i>2</i>	
<i>Creditors</i>	<i>05/09/11</i>	<i>15/10/11</i>	<i>21/10/11</i>	<i>31/10/11</i>	<i>01/11/11</i>	<i>12/12/11</i>	<i>Key Controls</i>	<i>8</i>	<i>GREEN</i>	<i>0</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>3</i>	
<i>Payroll</i>	<i>31/10/11</i>	<i>04/11/11</i>	<i>10/11/11</i>	<i>23/11/11</i>	<i>23/11/11</i>	<i>12/12/11</i>	<i>Key Controls</i>	<i>8</i>	<i>GREEN</i>	<i>0</i>	<i>0</i>	<i>2</i>	<i>2</i>	<i>2</i>	
<i>General Ledger</i>	<i>06/11/11</i>	<i>11/11/11</i>	<i>18/11/11</i>	<i>23/11/11</i>	<i>25/11/11</i>	<i>12/12/11</i>	<i>Key Controls</i>	<i>5</i>	<i>GREEN</i>	<i>0</i>	<i>0</i>	<i>2</i>	<i>2</i>	<i>2</i>	
<i>Asset Register</i>	<i>03/10/11</i>	<i>15/10/11</i>	<i>19/10/11</i>	<i>7/11/11</i>	<i>22/11/11</i>	<i>12/12/11</i>	<i>Key Controls</i>	<i>8</i>	<i>AMBER / GREEN</i>	<i>0</i>	<i>1</i>	<i>5</i>	<i>6</i>	<i>6</i>	
<i>Risk Management</i>	<i>11/07/11</i>	<i>19/08/11</i>	<i>02/09/11</i>	<i>02/09/11</i>	<i>12/09/11</i>	<i>31/10/11</i>	<i>Advisory</i>	<i>5</i>	<i>N/A</i>	<i>8</i>	<i>2</i>	<i>1</i>	<i>11</i>	<i>11</i>	
<i>Health and Safety</i>	<i>18/07/11</i>	<i>04/08/11</i>	<i>07/09/11</i>	<i>13/09/11</i>	<i>13/09/11</i>	<i>31/10/11</i>	<i>Key Controls</i>	<i>8</i>	<i>AMBER / GREEN</i>	<i>0</i>	<i>0</i>	<i>7</i>	<i>7</i>	<i>7</i>	
<i>Project Management</i>	<i>25/07/11</i>	<i>29/08/11</i>	<i>13/09/11</i>	<i>22/09/11</i>	<i>22/09/11</i>	<i>31/10/11</i>	<i>Key Controls</i>	<i>5</i>	<i>AMBER / GREEN</i>	<i>0</i>	<i>2</i>	<i>4</i>	<i>6</i>	<i>6</i>	

Auditable Area	Start Date	Debrief date	Draft report issued	Responses received	Final report issued	Audit Committee	Audit approach	Audit Days	Assurance level given	Number of Recommendations Made				
										H	M	L	In Total	Agreed
Key Performance Indicators	01/08/11	05/08/11	17/08/11	08/09/11	08/09/11	31/10/11	Key Controls	5	AMBER / GREEN	0	2	4	6	6
Planning	12/09/11	16/09/11	27/09/11	12/10/10	12/10/11	31/10/11	Key Controls	6	GREEN	0	1	1	2	2
Housing Allocations & Voids	05/09/11	09/09/11	28/09/11	05/10/11	11/10/11	31/10/11	Key Controls	7	GREEN	0	0	2	2	2
Homelessness	12/09/11	16/09/11	27/09/11	14/10/11	14/10/11	31/10/11	Key Controls	6	AMBER / GREEN	0	3	4	7	7
Treasury Management	12/09/11	16/09/11	26/09/11	17/10/11	17/10/11	31/10/11	Key Controls	6	GREEN	0	0	5	5	5
IT Strategy Review	12/09/11	23/09/11	10/10/11	18/10/11	18/10/11	31/10/11	Key Controls	6	GREEN	0	0	2	2	2
Budgetary Control and Budget Setting	11/07/11	15/07/11	25/07/11	11/08/11	11/08/11	12/09/11	Key Controls	8	GREEN	0	0	1	1	1
Rent Collection and Appeals	11/07/11	22/07/11	08/08/11	10/08/11	11/08/11	12/09/11	Key Controls	5	GREEN	0	0	0	0	0
Community Safety	25/07/11	29/08/11	17/08/11	19/08/11	22/08/11	12/09/11	Key Controls	5	AMBER / GREEN	0	2	2	4	4
Enforcement	01/08/11	05/08/11	17/08/11	24/08/11	24/08/11	12/09/11	Key Controls	6	AMBER / RED	1	2	3	6	5
Car parks	09/05/11	16/05/11	02/05/11	16/06/11	16/06/11	25/07/11	Key Controls	6	GREEN	0	3	0	3	3
Trade Waste (new VAT allowances)	31/05/11	08/06/11	16/06/11	27/06/11	28/06/11	25/07/11	Key Controls	6	GREEN	0	0	2	2	2
Performance Management	06/06/11	10/06/11	22/06/11	01/07/11	01/07/11	25/07/11	Key Controls	6	GREEN	0	0	3	3	3
Local Development Framework	16/05/11	23/06/11	N/A	N/A	4/07/11	25/07/11	Key Controls	5	GREEN	0	0	0	0	0

Auditable Area	Start Date	Debrief date	Draft report issued	Responses received	Final report issued	Audit Committee	Audit approach	Audit Days	Assurance level given	Number of Recommendations Made				
										H	M	L	In Total	Agreed
Financial Regulations	31/05/11	23/06/11	03/07/11	14/07/11	18/07/11	25/07/11	Key Controls	4	GREEN	0	3	1	4	4
Master Plan	16/05/11	24/06/11	05/07/11	14/07/11	18/07/11	25/07/11	Key Controls	5	GREEN	0	0	1	1	1
Supporting people / Wardens	13/06/11	17/06/11	7/07/11	13/07/11	14/07/11	25/07/11	Key Controls	6	GREEN	0	2	0	2	2
TOTALS TO DATE:								174		11	27	61	99	98

Auditable Area	Start Date	Debrief date	Draft report issued	Responses received	Final report issued	Audit Committee	Audit approach	Audit Days	Assurance level given	Number of Recommendations Made					
										H	M	L	In Total	Agreed	
<i>Work in progress or yet to start (including reports still in draft)</i>															
Housing Benefit (shared service)*	07/11/11							70*							
Council Tax (shared service)*	28/11/11							-.*							
NNDR (shared service)*	28/11/11							-.*							
Data Protection	21/11/11							6							
Public Consultations / Citizens Panel	12/12/11							6							
Housing Repairs	05/12/11							10							
AT	19/12/11							8							
Contracts Review	On-going							10							
Counter Fraud	TBC							10							
Follow Up	On-going							9							
Spot Checks (Bank Accounts at Sheltered Housing Schemes)	On-going							5							
Audit Management	N/A							25							
TOTAL								159							

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

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

RISK MANAGEMENT FOLLOW-UP

1. EXECUTIVE SUMMARY

1.1 INTRODUCTION

An Internal Audit review of the Council's Risk Maturity was undertaken in August 2011, and a Final report was issued in September 2011. The report contained eleven recommendations, of which eight were categorised as 'High', two as 'Medium' and one as 'Low'.

Due to the seriousness of the findings, it was agreed at the Finance and Audit Services Select Committee 31st October 2011 that a special follow-up audit should be undertaken to review progress made by Hinckley and Bosworth Borough Council to implement the previous internal audit recommendations. It was also important to re-visit this area, as the audit opinion of risk may influence or be used to inform the Annual Head of Internal Audit opinion.

According to management responses to the original audit, all recommendations should have been implemented by the end of October 2011. Overall we noted that eight recommendations have been fully implemented, two are in the process of being implemented, and one has yet to require full implementation. We have also made one further medium risk recommendation regarding the introduction of independent review of risks during the annual business planning process. Whilst we have reiterated the recommendations that have yet to be fully implemented, we would note that there is clear evidence that the Council has made good progress in each of these areas, but that full completion is largely dependent on the completion of the senior management training (for the purposes of this Committee report, we would note that this training was completed in the last week of November 2011) and subsequent further management review of details for all risks.

Staff members responsible for the implementation of recommendations were interviewed to determine the status of agreed actions. Where appropriate, audit testing has been completed to assess the level of compliance with this status and the controls in place.

1.2 CONCLUSION

Taking account of the issues identified in the remainder of the report and in line with our definitions set out in Appendix A, in our opinion Hinckley and Bosworth Borough Council has demonstrated adequate progress in implementing actions agreed to address internal audit recommendations.

There are no high or medium recommendations that we consider to be receiving inadequate management attention.

We have reiterated recommendations where these have not yet been fully implemented. We have made one additional recommendation, and this is detailed in the action plan.

1.3 LIMITATIONS TO THE SCOPE OF THE AUDIT

This review only examined actions taken in relation to the recommendations agreed in the earlier full Risk Management review reported in September 2011, and did not review the whole risk maturity control framework. Therefore, we are not providing assurance on the entire risk and control framework.

This review did not comment on whether individual risks were appropriately managed, or whether the organisation had identified all of the risks and opportunities facing it.

We do not endorse a particular means of risk management. It remains the responsibility of management to agree and manage information needs and to determine what works most effectively for the organisation.

Where testing has been undertaken, our samples have been selected over the period since actions were implemented or controls enhanced.

Our work does not provide any guarantee or absolute assurance against material errors, loss or fraud.

2 ACTION PLAN

The priority of the recommendations made is as follows:

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

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	Recommendation	Categorisation	Accepted Y/N	Management Comment	Implementation Date	Manager Responsible
1	The Council should develop a risk management training and awareness programme to ensure that all staff / Members are aware of and understand the principles laid down in the Risk Management Strategy.	Medium	Y	Management training has now been completed based on the revised Risk Strategy and changes within the TEN system.	Complete	LH

	Recommendation	Categorisation	Accepted Y/N	Management Comment	Implementation Date	Manager Responsible
2	Risk owners should undertake a review of all controls and action plans to ensure the controls in place are relevant and effective to manage the risk and also all actions are up to date and assigned to an action owner	High	Y	This has formed part of the training, we have explained the importance of full reviews of controls and action plans	December 2011	LH and Service Managers
3	<u>(New Recommendation)</u> The Council should ensure that during the annual business planning process, risks compiled by managers are reviewed, checked, and up-dated as necessary by an independent officer. However, managers should note that this exercise should be undertaken only as an addition to their own, regular reviews, and should not be relied upon as a fall-back check.	Medium	Y	Risk reviews have been incorporated into Service Improvement Plans and a new Tab has been inserted into each SIP action so that risk is considered alongside each project	Complete in terms of the TEN system – March 2011 for new Service Improvement Plans	LH and Service Managers
4	All risks identified on papers to committees and groups should be linked back to the “TEN” system to ensure they are managed effectively by a risk owner.	High	Y	There has been a change to the report template prompting this	Complete	LH

IT CONTRACT

1. EXECUTIVE SUMMARY

1.1 INTRODUCTION

An audit of the IT services contract performance was undertaken as part of the approved internal audit periodic plan for 2011/12.

The Council have a fully outsourced ICT Services contract through Steria; support services delivered include hardware and software, business applications and server management and support.

The IT Managed Services contract was awarded to Steria in 2006, with the contract being agreed on a fixed-term contract basis. The contractual terms have been renegotiated on two occasions in 2008 and 2011; the contract is due to expire in 2016.

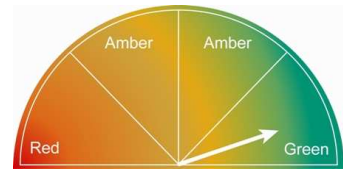
There is a Service Level Agreement (SLA) in place which forms the basis of the contract with Steria and sets out how Steria are to provide on-going support for a range of IT services within the Council and the required quality of the service, particularly in terms of response and resolution times.

Monitoring the Service Level Agreement ensures that the performance of the contract can be assessed objectively, against the key performance indicators (KPI's) included in the agreement. Quarterly reports of performance against the KPIs are produced by Steria and are presented at quarterly contract meetings between the parties which facilitates the regular review and monitoring of performance improvement.

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

Objective	The IT Services contract is appropriately resourced, organised and administered to meet the requirements of the Council.
Risk	Roles, responsibilities and expectations of each party (including overall fees and any additional costs) are not clearly defined in a Service Level Agreement, leading to miscommunication and poor service; Relationship owners/key contacts have not been defined, increasing the time to resolve problems; Objective KPIs or metrics have not been agreed, limiting the ability to monitor service standards against expectations; and Problems/issues are not addressed in a timely manner as per agreed Service Level Agreements (SLAs).

1.2 CONCLUSION



Taking account of the issues identified, the Council can take substantial assurance that the controls upon which it relies to manage this area is suitably designed and consistently applied.

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

Design of control framework

We have found the following well-designed control.

- HBBC has an agreed Service Level Agreement in place with Steria with appropriate arrangements for the on-going monitoring of performance against agreed KPIs.

Application of and compliance with control framework

We have identified the following examples of consistently applied controls:

- Key contacts on behalf of HBBC and Steria have been identified within the contract.
- The SLA clearly states the agreed minimum performance targets. These are contained in 'Schedule 2-16 Special Term D' document which incorporates the KPI structure and the 14 agreed key performance indicators.
- KPIs are included within regular service reports for HBBC, Blaby District Council and Oadby & Wigston Borough Council.
- Regular contract review meetings take place to discuss and monitor progress made against the contractual KPI's in place.
- IT related issues are raised and logged within the Steria IT Helpdesk and issues are prioritised within the Helpdesk system in line with the SLAs in place between HBBC and Steria.

1.3 SCOPE OF THE REVIEW

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

Areas that this audit focused on:

- Service Level Agreement in relation to the expected service standards;
- Roles and responsibilities of each party;
- Resource allocations;
- Key Performance Indicators (KPIs);
- Performance monitoring in relation to reports and meetings;
- Arrangements for reviewing service; and
- Problem management and reporting.

Limitations to the scope of the audit:

- The arrangements for authorising changes to the IT Infrastructure were examined, but compliance testing was not undertaken as part of the scope of this review.
- Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

The approach taken for this audit was a Key-Controls Audit.

1.4 RECOMMENDATIONS SUMMARY

No recommendations were made arising from this audit.

1.5 ADDITIONAL FEEDBACK**Good Practice Identified During the Audit**

HBBC IT staff review the Steria IT incident logs on a monthly basis to ensure accurate incidents are being recorded.

2 ACTION PLAN

There were no recommendations arising from this audit.

CORPORATE GOVERNANCE

1. EXECUTIVE SUMMARY

1.1 INTRODUCTION

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

This audit focussed on the controls surrounding the induction and on-going training of the 34 current Members, to ensure that they are fully aware of their roles and responsibilities, and that they are suitably equipped to fulfil such roles, especially with regards to membership of and contribution to the Committee structure.

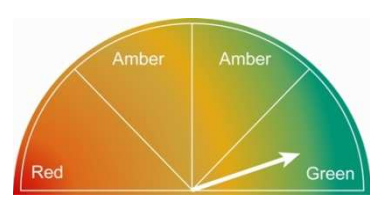
The audit noted that in the last twelve months, both Members and Council Officers have worked to improve arrangements in these areas, with the Member Steering group making a number of suggestions and recommendations. As a result, the induction process for new members was reviewed prior to the last elections, and training has been made mandatory in areas of Finance (for all Members) and Planning/Licensing (for Planning/Licensing Committee Members). A review of training records shows that Members are co-operating fully with the training programme, although a number of Members have yet to attend the Finance training.

The audit also reviewed the implementation of the Modern.Gov system. This is intended to ‘fully automate processes, reduce risk and ensure openness and transparency in production and publication of information’. The system incurred an initial capital cost of £17,500, with further annual running costs of £6,250, but is forecast to realise savings within three years.

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

Objective	The Council operates an effective programme of Governance that complies with documented guidance and regulations.
Risk	Insufficient preparation for Members prior to taking up their responsibilities

1.2 CONCLUSION



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

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

Effectiveness

- The introduction of the Modern.Gov system is forecast to realise savings to the Council within three years of its initial acquisition.

Design of control framework

- Roles, responsibilities and all other relevant details relating to the Council's Committees and the Members are clearly and easily available to the general public via the internet.
- Members are fully informed of their roles and responsibilities by the provision of a Members handbook, and associated induction training. Thereafter further training is also provided in specialist areas.
- Finance training is mandatory for all Members, as is training on planning related issues for all members of the Planning committee.
- The Modern.Gov system has been introduced with the aim to 'fully automate processes, reduce risk and ensure openness and transparency in production and publication of information'.

Application of and compliance with control framework

- Documented training records show that all new Members of the Council have undergone induction training.
- Testing noted that all Members of the Planning Committee have attended a training session in this area since the last elections. However, 18 out of 34 Members have yet to attend Finance training in 2011.

1.3 SCOPE OF THE REVIEW

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

Limitations to the scope of the audit:

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

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

1.4 RECOMMENDATIONS SUMMARY

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

Recommendations made during this audit:

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

	Priority		
	High	Medium	Low
Design of control framework	0	0	2
Application of control framework	0	0	2
Total	0	0	4

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

Risk	Priority		
	High	Medium	Low
Insufficient preparation for Members prior to taking up their responsibilities	0	0	4
Total	0	0	4

Recommendations implemented since the previous audit in this area:

Date of previous audit: July 2010			
Assurance:	High	Medium	Low
Number of recommendations made during previous audit	0	1	0
Number of recommendations implemented	0	1	0
Recommendations not yet fully implemented:	0	0	0

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

ATKINS BUILDING – COMMERCIAL INCOME

1. EXECUTIVE SUMMARY

1.1 INTRODUCTION

An audit of Atkins Building – Commercial Income was undertaken as part of the approved internal audit periodic plan for 2011/12.

The Atkins Building is a Grade Two listed building which was refurbished and was opened on the 28th September 2010. There are three members of staff who are responsible for the running and maintenance of the Atkins building. The Atkins Building currently houses six meeting rooms for customers to hire and utilise, and houses eighteen tenants on three floors.

The Atkins Building has a range of tenants including; Creative Hinckley, Café Impressions and Leicester City Council. The building is open to external business and promotes Atkins tenants to utilise other areas within the building for a discounted rate. There is a 76% occupancy rate within the building and is receiving £141,000 in rent.

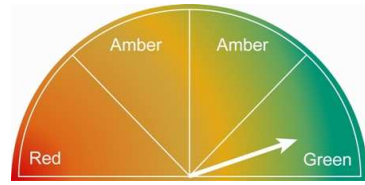
Due to the Atkins building being open for a year, the Council has utilised other resources in order to produce a budget forecast. Completing research through analysing costs from contractors, using comparative information from other competitors and also using the running costs analysis from Hinckley’s Contact Centre budget forecasts have been determined. Regular meetings with the Accounts department are held to monitor the monthly budgeting. The Atkins building is currently within budget by £7,416.

If a tenant requires a property, a process is followed whereby a meeting and a tour is arranged. If the tenant is interested an offer letter is provided and consequently a lease is signed prior to usage of the space acquired. The Legal Services and the Revenues and Benefits Officers are notified of the new tenant and the rent charge. If a customer is requiring the use of the other facilities such as, the meeting rooms, the various rates are provided to the customer along with information including the risk assessments. Customers pay via invoices produced from the Debtors team on a monthly basis.

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

Objective	To manage the usage of space and facilities within the Atkins Building in the most efficient and economically beneficial manner.
Risk	Available space within the Atkins building is not managed effectively, resulting in a loss of potential income to the Council.

1.2 CONCLUSION



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

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

Effectiveness

- Marketing the facilities of the Atkins Building is currently on hold due to a recruitment process. Once the vacancy has been filled the Estates team can continue with marketing the facilities available.

Design of control framework

- There is no evidence of the customer being provided with Risk Assessment information.

Application of and compliance with control framework

- There are procedures in place for fire risk's and contractors however there are no procedures in place in regards to completing tasks should a member of staff be of absent for a period of time.
- There are monthly budgetary monitoring meetings between the Finance department and the Atkins Estates staff.
- Testing a sample of customers, illustrated that invoices were being raised by the Debtors team to external customers and tenants within the Atkins Building.
- All actions required to be completed within the Fire Risk Assessment was completed immediately.

1.3 SCOPE OF THE REVIEW

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

Control activities relied upon:

- Risk Assessments
- Lease Documentation
- Income from commercial activities
- Budgetary Monitoring and expenditure

Limitations to the scope of the audit:

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

1.4 RECOMMENDATIONS SUMMARY

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

Recommendations made during this audit:

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

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

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

	Priority		
Risk	High	Medium	Low
Available space within the Atkins building is not managed effectively, resulting in a loss of potential income to the Council.	0	1	1
Total	0	1	1

2 ACTION PLAN

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
1	<p>A document should be produced that provides information and disclaimers with regards to the hiring of rooms. Prior to the usage of the rooms this should be signed by the customer.</p> <p>The document should contain information such as; the agreed price for the room, date of payment, main elements of the Risk Assessment, general housekeeping rules, actions taken due to non-compliance, penalties for cancellation or damages etc.</p>	Medium	Y	Licence agreement to be utilised from W/C 14/11/11	14th November 2011	ME

INCOME AND DEBTORS

1. EXECUTIVE SUMMARY

1.1 INTRODUCTION

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

The objective of the audit was to ensure that income is received in a timely manner in order to minimise losses, debtors' analysis is frequent and that recovery is performed with a minimum cost and maximum effectiveness.

The raising of invoices is undertaken by Council departments as well as by the Debtors team. The recovery of debts is undertaken centrally by the Debtors team within the Procurement and Payments section. Procurement and Payments staff use the Civica financial management package to raise invoices, track payments and write-off outstanding balances.

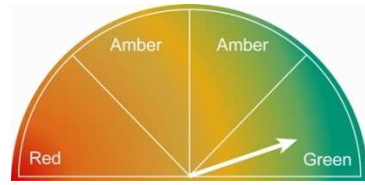
An Aged Debtors report is produced monthly which shows all outstanding debts owed to the Council. In 2011/12 to date, a total of approximately £1,869,000 is owed to the Authority from over 4,000 separate, current and past debts. Reminder letters are sent out to debtors with amounts outstanding after 14-21 days, and a second, more formal letter, after a further 14-21 days.

A monthly report is also produced which lists all debts that have not been cleared after 90 days. From this report, the Debtors team make a judgement on the economic viability of pursuing the debtor through the County Courts, or writing-off the debt as unrecoverable. Communication between the Debtors team and other internal departments allows a co-operative decision to be made as to any potential action to be taken against debtors. Authorisation from senior management is sought when debts are written-off.

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

Objective	To ensure income is received in a timely manner in order to minimise losses; debtors' analysis is frequent and recovery is performed with a minimum cost and maximum effectiveness.
Risk	<p>Financial loss to the organisation due to the lack of identification of monies due.</p> <p>Income is not received as expected, resulting in loss of funds to the organisation.</p> <p>Bad debts are written off where there is a chance of recovery of funds, resulting in a loss of income.</p>

1.2 CONCLUSION



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

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

The key findings from this review are as follows:

Design of control framework

- There are up-to-date operating procedures in place, but the overall Corporate Debt Recovery Strategy has not been up-dated since 2007.
- Although there is a regular reporting apparatus in place for general recovery of debts, there is room for further analysis of data in this area to identify trends and to monitor performance.

Application of and compliance with control framework

- Testing did not find any discrepancies regarding the follow-up of outstanding debts.
- Write-off authorisation and explanation was in line with documented procedures for the sample examined.

1.3 SCOPE OF THE REVIEW

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

Limitations to the scope of the audit:

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

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

1.4 RECOMMENDATIONS SUMMARY

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

Recommendations made during this audit:

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

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

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

Risk	Priority		
	High	Medium	Low
Financial loss to the organisation due to the lack of identification of monies due.	0	0	1
Income is not received as expected, resulting in loss of funds to the organisation.	0	0	1
Bad debts are written off where there is a chance of recovery of funds, resulting in a loss of income.	0	0	0
Total	0	0	2

Recommendations implemented since the previous audit in this area:

Date of previous audit: November 2010			
Assurance:	High	Medium	Low
Number of recommendations made during previous audit	0	2	2
Number of recommendations implemented	0	2	1
Recommendations not yet fully implemented:	0	0	1

A 'Low' risk recommendation relating to the review and up-date of the Corporate Debt Recovery Strategy has not been fully implemented and has thus been reiterated as part of this audit.

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

CREDITORS

1. EXECUTIVE SUMMARY

1.1 INTRODUCTION

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

During the course of the audit we reviewed the Financial Regulations and Creditor procedure notes, and examined a sample of payments with regards to the matching and authorisation of invoices, the payment of invoices, the segregation of duties, and basic access levels and protection over the Creditors system.

Between 1st April and 31st August 2011, the Council processed 3,141 invoices, of which 3,118 were paid within 30 days. This equates to 99.2% which is an improvement over the prior year's 98.7% for the comparable time period. The target of invoices paid within 30 days is 99%. Performance against targets is reported through the senior management teams on a monthly basis.

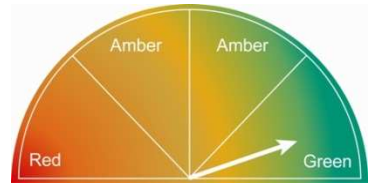
Our sample testing of payments by both BACS and by cheque showed that these were completed in line with the documented Financial Procedure Rules, which were last up-dated in June 2010 (in accordance with the procedural requirement for update at least every 2 years).

Financial Procedure Rules are in place at the Council that form part of the Constitution. They specify responsibilities for staff involved in creditors and define the Council's delegated authority limits. Invoices and payments to suppliers are checked electronically, and we note from the most recent Service Improvement Plan that a pilot Goods Receipting process is scheduled to be tested in December 2011.

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

Objective	To ensure that all creditor payments are valid, accurate, timely and are only in respect of goods and services ordered and received by the organisation.
Risk	<p>Budgets are not controlled as expenditure is not recorded at the time of commitment.</p> <p>Financial loss to the organisation through unnecessary and inappropriate invoices being paid.</p> <p>Non-compliance with public sector best practice, resulting in damage to reputation.</p>

1.2 CONCLUSION



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

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

The key findings from this review are as follows:

Effectiveness

- Audit testing of a sample of payments showed good levels of compliance with the systems in place;
- Performance monitoring in this area shows a high level of invoices are paid in a timely manner;
- Credit notes are applied timely and appropriately;
- User access to systems needs to be updated and monitored more frequently; and
- Audit testing of purchase orders showed staff were not consistently completing purchase orders prior to placing the order.

Design of control framework

- The system of controls is properly documented and the Financial Procedure Rules have been recently up-dated.

Application of and compliance with control framework

- Sample testing of the controls in operation showed that these were being properly applied in practice.

1.3 SCOPE OF THE REVIEW

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

Control activities relied upon:

- Payment is not made to the supplier until confirmation has been received in Finance from the relevant individual/department.
- Payments are only made to suppliers on receipt of an authorised invoice.
- Only specific staff can set up new suppliers on the finance system and this is not individuals who process invoices.
- A performance indicator has been determined for the Finance department covering the percentage of invoices which have to be paid in 30 days.
- Credit Notes are applied timely and appropriately.

Limitations to the scope of the audit:

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

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

1.4 RECOMMENDATIONS SUMMARY

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

Recommendations made during this audit:

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

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

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

Risk	Priority		
	High	Medium	Low
Budgets are not controlled as expenditure is not recorded at the time of commitment.	0	0	0
Financial loss to the organisation through unnecessary and inappropriate invoices being paid.	0	1	1
Non compliance with public sector best practice, resulting in damage to reputation.	0	0	1
Total	0	1	2

Recommendations implemented since the previous audit in this area:

Date of previous audit: 1 January 2011			
Assurance:	High	Medium	Low
Number of recommendations made during previous audit	0	0	2
Number of recommendations implemented	0	0	1
Recommendations not yet fully implemented:	0	0	1

There has been successful implementation of a control around the £250 tolerance level of variances between purchase order and invoice amount. However, this has only been deemed partially implemented since the Financial Procedure Rules have not been updated to reflect the control.

2 ACTION PLAN

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
1	<p>Staff involved in purchasing must complete purchase orders for all purchases and have them appropriately approved prior to placing an order.</p> <p>Invoices that are received without a corresponding PO should be reported, at an appropriate level, so that those concerned can be reminded of the process to follow.</p>	Medium	Y	Reminders will be circulated via managers of the requirement to raise Pos in advance	December 2011	Julie Kenny

ASSET REGISTER

1 EXECUTIVE SUMMARY

1.1 INTRODUCTION

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

The Council implemented a new asset management system CIPFA Asset Manager.net earlier in the year which went live in August 2011, the system is also known as CAPS Accounting. At the time of audit the database had been populated with the data from the previous spread-sheet version of the Fixed Asset Register from 2009/10.

The Principal Building Surveyor has conducted a review of all Council property to ensure that the land and buildings reported in the Fixed Asset Register are up-to-date. Information regarding ownership has been obtained from the Fixed Asset Register spread-sheet, the land registry records maintained by Legal Services and through liaison with other departments. Assets have been visited to confirm the legal boundaries are accurate and that all estates which require maintaining have been captured. Where the property is no longer owned or controlled by the Council the asset is removed from the Principal Building Surveyor’s list of property in query.

As well as using the Asset Manager.net software for Fixed Asset Register purposes, Estates will use the system to record property for estates management purposes. Sub-elements of assets (e.g. the car park at Burbage Common, or a building at Hinckley Cemetery) have been added to make them more easily identifiable, however these have a nil value for financial reporting purposes as the value is included in the main heading.

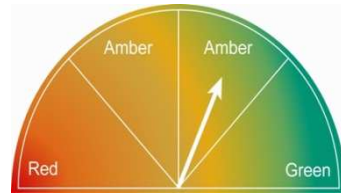
The Fixed Asset Register for 2010/11 was reported using the spread-sheet and we confirmed that external audit had reviewed this and were now satisfied with the values reported. The update of the Fixed Asset Register spread-sheet takes place annually in preparation for the reporting of the statement of accounts. It is proposed that, using the Asset Manager.net, the system can be updated with acquisitions, disposals and depreciation, etc. on a monthly basis. The database is required to be up to date to aid calculation of budgeted depreciation for 2012/13, once the budget setting process begins in October / November.

The Council was also required to restate the Fixed Asset Register using International Financial Reporting Standards for 2010/11. Adjustments were required where a component of that asset has a significantly different economic life; these were for windows and roofs on significant buildings. Going forward these will be required to be reported separately in the Fixed Asset Register and will therefore be required to be added as a sub category within the Asset.Manager.net system.

The audit was designed to assess the controls in place to manage the following objective and risk:

Objective	To ensure that all fixed assets owned by the Council have been identified, recorded, and are correctly accounted for.
Risk	Fixed assets are valued inappropriately

1.2 CONCLUSION



Taking account of the issues identified, the Council can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective. However we have identified issues that, if not addressed, increase the likelihood of the risk materialising.

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

The key findings from this review are as follows:

Effectiveness

- The Council has invested in a new system for recording and reporting its Fixed Asset Register; however this is not effectively utilised as the database has not been fully populated. The system contains appropriate detail to 31st March 2010 and therefore the period to 2010/11 and any further adjustments / transactions taking place in 2011/12 are required to be input before the system is up-to-date.

Design of control framework

- The Council has a spread-sheet system in place for recording and reporting the Fixed Asset Register, due to the format in which this data is recorded there is an increased risk of mistakes being made when entering data into the Fixed Asset Register. It is however useful to know that should the Council encounter any problems with the new system, a backup in the form of the spread-sheet is available.
- The policies surrounding asset management, including the Financial Procedure Rules detailed within the Council's Constitution, the Land and Property Acquisition Policy and the Land and Property Disposals Policy, are out of date. This is due in the main to the restructures that have taken place and the implementation of the Asset Manager.net system. This practice of review and update should take place periodically or following a major change in process, such as the implementation of a new asset management system.
- A set of protocols has been established to ensure that the data added to Asset Manager.net is recorded in the appropriate format.
- All data currently recorded on Asset Manager.net has been reconciled to that recorded in the Fixed Asset Manager spread-sheet reported for 2009/10.
- All Council owned property is subject to valuation on an annual basis, this is performed through a desktop review with a full physical review taking place every five years.
- Access to the Asset Manager.net system is restricted by username and password. However, at present all users have access to view and edit the data recorded on the system; this is due to all users being involved in populating the database to bring it up-to-date. Once the system is fully updated a review of access rights should be performed to ensure that only appropriate users have access to amend the database.
- Additions to the Fixed Asset Register are required to be authorised through the Capital Forum, work in progress is recorded on the general ledger through the coding structure and is not added to the Fixed Asset Register until the asset is realised and is in full working use.
- The Disposal of Plot 8 Merrylees Industrial Estate was seen to be authorised by the Executive based on the valuation provided by an externally appointed RICS surveyor.

Application of and compliance with control framework

- The Principal Building Surveyor has undertaken a comprehensive review of systems to identify all Council property. From this, a list of property in query was established and is being investigated by the Principal Building Surveyor. Where property is identified as no longer being owned or controlled by the Council it is removed from the list of queries, but without an audit trail explaining the removal.

1.3 SCOPE OF THE REVIEW

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

Limitations to the scope of the audit:

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

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

1.4 RECOMMENDATIONS SUMMARY

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

Recommendations made during this audit:

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

	Priority		
	High	Medium	Low
Design of control framework	0	0	0
Application of control framework	0	1	5
Total	0	1	5

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

	Priority		
Risk	High	Medium	Low
Fixed assets are valued inappropriately	0	1	5
Total	0	1	5

Recommendations implemented since the previous audit in this area:

Date of previous audit: December 2010			
Assurance: Green Amber	High	Medium	Low
Number of recommendations made during previous audit	0	1	2
Number of recommendations implemented	0	1	0
Recommendations not yet fully implemented:	0	0	2

The Asset Manager.net system limits access through the use of username and password and privileges have been granted to six officers.

Financial procedure rules have not been updated as was previously recommended. As a result, we have re-raised this issue in the 2011/12 report.

The final recommendation raised in the 2010/11 audit related to the location of fixed assets being recorded in the Asset Manager.net system, as the system has not yet been fully populated with all assets, this has not been completed.

1.5 ADDITIONAL FEEDBACK

Good Practice Identified During the Audit
A comprehensive review of all property assets has been undertaken, with any queries being listed and investigated.
Valuation takes place on an annual basis, or before a property is authorised for disposal.

We have included some comparative data to benchmark the number of recommendations made, as shown in the table below. In the past year, we have undertaken a number of audits of a similar nature in the sector.

Level of Assurance	Percentage of Reviews	Results of this Audit
Green	35%	
Amber	50%	✓
Red	15%	

Recommendations	Average number in similar audits	Number in this audit
Recommendations made	5	5

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2 ACTION PLAN

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
1	The transfer of all data from the spreadsheet FAR to the CIPFA Asset Manager system is not complete, but once this has taken place the two systems should be reconciled to ensure that they agree at the point of 31st March 2011.	Medium	Y	Asset.Net needs to be updated for 10/11 transactions.	February 2012	David Bunker

PAYROLL

1 EXECUTIVE SUMMARY

1.1 INTRODUCTION

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

The Payroll function operates under the guidance of the HR and Transformation Manager. Payroll is currently undertaken by one full-time member of staff, with additional supporting HR staff if required under the supervision of the HR and Transformation Manager. The Payroll has had to restructure its current staff arrangements due to Council efforts to make required savings.

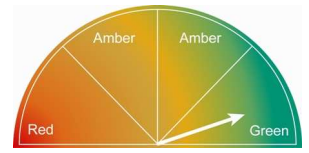
For the past three years the Hinckley and Bosworth Borough Council has been operating payroll using the iTrent software which is an integrated Human Resources (HR) and Payroll system. The system allows for better management of HR, Payroll, Travel & Expense and Time & Absence.

The HR and Payroll department have an approved budget of approximately £230,000 for the 2011/12 financial year. As of the 31st of October 2011, £170,081 has been spent so far with employee expenditure and central & administrative expenditure accounting for the biggest part of the expenditure.

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

Objective	To ensure that payroll expenditure relates to authorised employees, is accurately paid and is properly recorded and accounted for.
Risk	Additional or incorrect payments are made to staff, resulting in financial loss to the organisation.

1.2 CONCLUSION



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

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

Design of control framework

- The Council has generally well designed systems and controls surrounding the Payroll function. We have suggested enhancements where issues identified may result in an increased risk profile.

Application of and compliance with control framework

- The Council appears successful at applying established controls and complying with frameworks, systems and controls. We have recommended enhancements where issues identified may result in an increased risk profile.

1.3 SCOPE OF THE REVIEW

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

Limitations to the scope of the audit:

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

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

1.4 RECOMMENDATIONS SUMMARY

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

Recommendations made during this audit:

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

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

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

Risk	Priority		
	High	Medium	Low
Additional or incorrect payments are made to staff, resulting in financial loss to the organisation.	0	0	2
Total	0	0	2

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

GENERAL LEDGER

1 EXECUTIVE SUMMARY

1.1 INTRODUCTION

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

The Council's General Ledger is operated using the Civica Financial system. An Integrated Interface Module is automatically run every 20 minutes by the system which allows for all transactions to be fed from the feeder systems to the General Ledger. Daily transactions are backed-up daily while the whole GL is backed-up weekly.

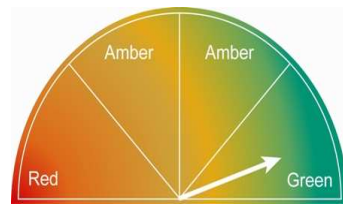
Currently, a typical month of operation would include approximately 9,000 transactions posted through the General Ledger including transactions from feeder systems and all journals.

Journals are prepared by Finance staff; and once uploaded require management authorisation prior to being accepted onto the system. A month-end timetable is in place in Finance detailing all reconciliations to be completed by assigned Finance staff. Two new users were granted unique access rights to the system in the current fiscal year.

The audit was designed to assess the controls in place to manage the following objective and risk:

Objective	The organisation's financial system is appropriately managed to ensure that all financial transactions are accurately recorded.
Risk	Procedural documentation and training

1.2 CONCLUSION



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

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

Design of control framework

- Adequate controls are in place to maintain system access security to the General Ledger.
- Desktop procedures have not been developed at the individual staff level.

Application of and compliance with control framework

- Journal entries are appropriately prepared with adequate support and segregation of duties.
- Bank control account reconciliations are completed in a timely manner.
- Appropriate supporting evidence for amendments to the chart of accounts is not always maintained.

1.2 SCOPE OF THE REVIEW

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

Control activities relied upon:

- Data input to the main accounting system from feeder systems is subject to control and agreement.
- Control accounts are balanced regularly.
- Cash / bank reconciliations are prepared and reviewed.
- Journal transfers are required to contain adequate explanation and approval.
- Only authorised personnel can update and amend the systems.
- Suspense accounts are regularly reviewed and investigated.

Limitations to the scope of the audit:

- We will undertake an assessment of the adequacy of aspects of the control framework and we will undertake limited testing to confirm its operation in practice.
- We will not seek to assess the appropriateness of payments made or income received, only the financial treatment of these transactions.
- Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

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

1.3 RECOMMENDATIONS SUMMARY

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

Recommendations made during this audit:

Risk	High	Medium	Low
Procedural documentation and training	0	0	1
Data input	0	0	1
Data verification	0	0	0
Total	0	0	2

Recommendations implemented since the previous audit in this area:

Date of previous audit: December 2010			
Risk	High	Medium	Low
Design of control framework	0	0	0
Application of control framework	0	0	2
Total	0	0	2

Recommendation's for desktop procedures, recurring general ledger training and completion of all reconciliations has been included again in this year's report.

1.4 ADDITIONAL FEEDBACK

Good Practice Identified During the Audit
A comprehensive review of all property assets has been undertaken, with any queries being listed and investigated.
Valuation takes place on an annual basis, or before a property is authorised for disposal.

We have included some comparative data to benchmark the number of recommendations made, as shown in the table below. In the past year, we have undertaken a number of audits of a similar nature in the sector.

Level of Assurance	Percentage of Reviews	Results of this Audit
Green	35%	✓
Amber	50%	
Red	15%	

Recommendations	Average number in similar audits	Number in this audit
Recommendations made	5	4

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

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FINANCE AUDIT & PERFORMANCE SELECT COMMITTEE – 12 DECEMBER 2011

REPORT OF CHIEF EXECUTIVE

RE: PERFORMANCE MANAGEMENT FRAMEWORK

1. PURPOSE OF REPORT

- 1.1 To provide the Council's 2nd Qtr position on:
- Performance Indicators
 - Service Improvement Plans
 - Strategic Risks

2. RECOMMENDATION

The Finance Audit and Performance Select Committee:

- (i) Note the Council's 2nd Qtr performance information for:
 - Indicators predicting not to meet target
 - Indicators predicting below average performance against current benchmarking data
- (ii) Note Service Improvement Plans that will/may not meet end target date (March 2012)
- (iii) Note Net Strategic Risks

3. BACKGROUND TO THE REPORT

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

4. OVERALL SUMMARY

- 4.1 Performance Indicators: The 2nd Qtr (April to Sep 2011) position is:

Performance Indicators comparable year on year (11/12 v's 10/11)	50% (29) improved on 2010/11 10% (6) same as 2010/11 40% (23) worse than 2010/11
Performance indicators v's target	89% (51) will meet target 02% (2) will not meet target by <15% 09% (5) will not meet target by >15%
Comparable indicators v's latest data available from Local Government website (All English District councils)	55% (6) are in top quartile 36% (4) are below top quartile but above average 09% (1) is below average

4.2 Service Improvement action plans: The 2nd Qtr position is:

Action Plans completed	11% (51)
Action Plans on target for completion by end target date (March 2012)	81% (372)
Action Plans showing slippage and may not meet end target date	06% (29)
Action Plans that will not meet end target date	02% (9)

4.3 Strategic Risks: The 2nd Qtr position is:

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

5. **SUMMARY OF PERFORMANCE OUTTURN – 2nd Qtr 2011/12**

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

Performance Indicators achieving high performance

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

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

6. **DATA QUALITY MANAGEMENT**

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

“ensure that data is managed to the highest quality”

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

7. **FINANCIAL IMPLICATIONS [DB]**

None arising directly from this report

8. **LEGAL IMPLICATIONS [AB]**

None arising directly from this report

9. **CORPORATE PLAN IMPLICATIONS**

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

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

and values:

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

10. **CONSULTATION**

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

11. **RISK IMPLICATIONS**

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

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

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

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

13. **CORPORATE IMPLICATIONS**

- None

14. **APPENDICIES**

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

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

Appendix 3 – Strategic Risks

Background papers:-

Contact Officer: Cal Bellavia ☎5795

Executive Member: Councillor Ms BM Witherford

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

All groups										
Reference	Name	Year end actual 2010/11	Outturn Sep 11/12	Sep 10/11	Yr End Est	Sep 11/12 (Above Target)	All English District quartile - source LG group	Good Performance ?	Sep 11/12 (Row Comment)	Baseline
04 Thriving Economy - Community Direction										
NI151	Overall employment rate - KPI	81.60%	68.70%	84.40%	70.00%	80.00%	71.00%	High - Quarterly	Difficult to estimate year end figure in this uncertain economic climate.	67,800 working age population
07 Decent, Well Managed & Affordable Homes - Community Direction										
NI154	Net additional homes provided - KPI & LAA	226	156	168	379	450	N/A	High - 6 Monthly	The low return can be attributed to the continued downturn in the economy and a slow housing market. Many sites have not yet been started thus leading to a low number of dwelling completions. The annual target is now 450 dwellings per annum over the plan period 2006-2026 as specified in the Core Strategy	Total number of households in the Borough is 42,105 (2001 census as per guidance)
09 Continuous Organisational Improvement & Support - Corporate Direction										
BV016a	Percentage of Employees with a Disability	4.46%	4.27%	11.10%	4.00%	5.97%	N/A	High - Quarterly	The target set was based on top quartile 07/08; this was an ambitious target given that the indicator has always centred around 4.2% - 4.6% in previous years. We are in the process of undertaking a refreshed equalities survey; this will encourage those staff to declare a disability as the reduced outturn can often be due to 'under reporting' as often staff are not aware of the definition of a disability as set out within the Equalities Act	total employees = 421
BV017a	Ethnic minority representation in the workforce - employees	6.00%	2.90%	4.70%	3.00%	6.00%	N/A	High - Quarterly	Decrease due to transfer of staff over to HBBC from Wilmott Dixon	total employees = 425
LCUS1a	85% of calls answered to be answered within 45 seconds'.	71.81%	64.09%	86.79%	64.20%	85.00%	N/A	High - Monthly	There are many factors affecting the performance of Customer Services including staff changes and training required. The face to face team are now able to support the contact centre which helps the teams targets. We continue to try and reduce our lost calls which are currently 13.75% against a target of 15%	YEAR TO DATE CALLS RECEIVED: 79,213,
LCUS3	Ensure an appropriate person will see the customer within 10 minutes	80.60%	77.80%	71.50%	77.20%	85.00%	N/A	High - Monthly	Statistics for our face to face service all now available following a three month breakdown in the system used to collect the data. During September the team have been training new staff which has impacted on both our wait/serve time and calls answered targets.	estimated 19,200 customers per year. Actual 7,105 customers seen (No figures available for June, July or August 2011)
LCUS6c	Provide a courteous response to enquiries and sustain 85% customer satisfaction - Web services	43.72%	38.68%	45.57%	38.13%	50.00%	N/A	High - Monthly	On going work with web editors to improve service	760 customers chosen to give feedback via govmmetric

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

Outcome	Action	Progress
Accounts		
Continuous organisational improvement & support	Appropriate input is made to the Medium Term Financial Strategy to be completed by 30 June 2011	Work now started first draft early October
Continuous organisational improvement & support	Implementation of IPF Asset Register	Live system now available Accty as at 14th July will be available to Estates and Asset Management for data input 15th July 2011
Corporate Services		
Continuous organisational improvement & support	03 - Implement an agenda management process to improve access to the decision making process by June 2011	Target date not met but system now implemented. Go Live November.
Continuous organisational improvement & support	11 - Review Occupational Health provision	Jount award to Health Management - county and city now signed up. HBBC has option to join. Report to be drafted for COB as it has implications for how we currently management our occupational health provision
CP08 - Maintain jobs, improve skills, increase wage levels	08a - Implement Apprenticeship scheme 16-18 year olds by April 2012	on hold - lack of funding
Estates & Asset Management		
CP04 - Reduce CO2 emissions in the borough	Reduce CO2 emissions within the Asset Management portfolio (2014)	Carbon Reduction of 2.8% against target of 7.8% - targeted reduction based on significant improvement to HLC plant to be funded by DCMS grant which was withdrawn. Also, significant increase in Degree days in comparison with recent years.
CP07 - Minimise environmental nuisances in the borough	Relocation of Council Depot Facility	<p>Two potential options being considered</p> <p>Feedback obtained from County and Highways regarding both sites; further confirmation of feasibility required for Council owned site.</p> <p>Pre-application planning consultation meeting in mid May.</p> <p>Awaiting further direction from SLB.</p> <p>Feasibility study of two preferred sites (Limekilns and Former Crem. allocation) returned as unviable.</p> <p>Report on full option appraisals on all sites for consideration completion for November 2011</p> <p>Potential Partnership options with LCC and recycling operations currently being explored.</p> <p>Detailed appraisal of four sites being undertaken with report due for decision by Council in December</p>

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

Outcome	Action	Progress
Estates & Asset Management		
CP13 - Improve Hinckley town centre	Relocation of Council Offices incorporating key Partners (1st quarter 2012)	<p>First major Partner 'signed-up' in principle (Police)</p> <p>Awaiting decisions from Probation Service and Primary Health Trust (July 2011) Negotiations continue with County</p> <p>Relocation Working Group established</p> <p>Middle managers to agree workstation numbers</p> <p>Modification to draft layouts awaiting feedback</p> <p>Partners are jointly reviewing an alternative proposal leaving HBBC with two options to consider</p> <p>Police have now rejected the Hinckley Hub as a relocation option.</p> <p>LCC & LPT still in positive talks and showing strong commitment to the co-location project. Legal agreements being drawn up with a view to confirm agreements prior to 24th August Probation Services still considering their involvement in the scheme.</p> <p>Lease and License agreement still under negotiation.</p> <p>Council approved development of 41,000 sqft office.</p> <p>Contract anticipated to be signed end of October 2011 with development completion and occupation October 2012.</p> <p>Agreements to Lease to be signed October 14th 2011 with anticipated relocation date circa Dec 2012</p> <p>Agreement to lease signed with MRP and Agreement to License has been signed by LCC.</p> <p>Discussions ongoing with Probation, Job Centre Plus, CAB and Swanswell</p>
CP16 - Maintain high levels of performance in comparison to similar authorities particularly for publicly determined priority services	Develop and populate CIPFA Asset Management Property Database (03/11 go live target date)	<p>Delayed due to Capital Accounting procedures requiring CIPFA update.</p> <p>Feasability for additional support/training from CIPFA being investigated.</p> <p>Database released to Assets September 2011.</p> <p>Core Data input completed in readiness for Audit in October.</p> <p>Internal Audit now complete and awaiting feedback. Further programme of work to be produced to enable full roleout and embedded use of the system (November 2011)</p>

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

Outcome	Action	Progress
Procurement & Payments		
Continuous organisational improvement & support	Complete pilot for Goods Receiving by July 2011	01 - This has not been achieved on time due to capacity issues in the team (down by 50%) Resource now identified and new timescale for pilot to be completed is end December 2011
Continuous organisational improvement & support	Introduce Direct Debits as the preferred payments method for Sundry Debts by July 2011	01 - Civica have been on site and work is progressing well. 02 - Delays in programme are due to issues and delays from the bank. 03 -All of the testing is now complete. Mandates will be issued to industrial tenants with September invoices with the first DD run collecting for October. Will then be rolled out further.
Continuous organisational improvement & support	Support HR with review of Occupational Health service by June 2011	Awaiting meeting with alternative contractor.
Development Services		
CP14 - Improve Earl Shilton and Barwell	Facilitate the delivery of the Earl Shilton and Barwell Sustainable Urban Extensions Area Action Plan ensuring the provision of accessible shops and health and sports facilities in line with the Core Strategy to provide employment opportunities within the urban extensions and enhancements to the existing settlement centres to attract new investment	The AAP programme is as follows: <ul style="list-style-type: none"> • Consultation on Submission Document - May / June 2012 • Submission to Secretary of State - August 2012 • Pre-examination Meeting October 2012 • Commencement of Examination November 2012 Quarter 3 The Programme is currently being monitored due to issues with highways / STW (updated 05/09/11)
Housing & Community Safety		
CP30 - Support and educate individuals to improve skills and become volunteers	Continue to support Community Action Hinckley and Bosworth, and alignment with central government reform re localism agenda e.g. social enterprise model(March 2012)	Quarter 1 Successful submission for transition funds resulting in CAHB being awarded £47,500 transition funds for 2011/12. Development of a 3 year business plan to deliver against transition fund submission timescales and targets i.e. establishment of social enterprise organisation, and potential asset transfer of community house Quarter 2 Update: Ongoing support for CAHB in the evolving development of a Social Enterprise Model, and subsequently negotiated the revision of the 3 year business plan with LCC against which transition funds have been secured, enabling Quarters 1 and 2 funds to be drawn down by CAHB. Attendance and presentation of Deputy Chief Executive at VOICE (VCS) Forum on 20th October, outlining ongoing commitment and opportunities for VCS.

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

Outcome	Action	Progress
Housing & Community Safety		
CP18 - Ensure people are safer	Implement the "revised tiered approach" to ensure continued ASB delivery in terms of prevention, diversion and intervention (March 2012)	Quarter 1: The review has been delayed. MS part of the county working group. To implement following review outcome Quarter 2: Awaiting revisions from county Hall
CP21- Reduced offending and re-offending levels in the borough	Provide a positive diversionary project for young offenders and repeat offenders or those most at risk of offending (March 2012)	Quarter 1: Last chance project is no longer running. MS exploring other diversions Quarter 2: Ongoing through ABC process
CP38 - Improve the quality of residents homes	Review the Empty Property Strategy, Housing Renewal Policy and Enforcement Policy to improve the condition of private housing stock in the borough (March 2012)	Quarter 1: Ist Draft in place Quarter 2: Due to the re-tendering of HIA contract there may be a need to review deadline in relation to the Housing Renewal Policy
CP32 - Ensure that our services meet our customers' needs	Set up tenant scrutiny panels to ensure a user led housing service and increased tenant empowerment (March 2012)	Quarter 2 update: options report completed to go to Exec in October Quarter 3 update: Report went to Exec in October. Positive support being given by members on moving forward with tenant scrutiny.
Environmental Health		
CP04 - Reduce CO2 emissions in the borough	CO 2 emmissions from council operations are reduced through implementation of the Carbon Management plan (3/12)	Ability to meet target highly dependant on weather temperature and impact on gas use at H Leisure Centre. Poor performamce in 2010-11 affects ability to meet ongoing target required to acheive 20% by 2014. Q2 DECC performance report carried out against new reporting template. Due to high gas use actual Green House Gas equivalents 0% change against 2009-10 despite 8% reduction in electricity use across the council buildings. Low energy lighting systems installed in Castle Court Sheltered Housing scheme funded through SALIX loan from LCC/RIEP. Oct Carbon Management Plan under review- meeting of Carbon Management Group to establish curent activities.
CP25 - Protect public health	Complete a programme of interventions in all food premises as determined by the Councils risk rating schemes and Environmental Health Service Delivery Plans (3/12)	Intervention target of 557 set for 2011/12. First Quarter achieved 95. Second Quarter cumulative total 204.
CP25 - Protect public health	Complete a programme of interventions in all health and safety premises as determined by the Councils risk rating schemes and Environmental Health Service Delivery Plan (3/12)	Intervention target for 2011/12, 478. First quarter achieved 40. Second Quarter cumulative total 97, made up of inspections of high risk premises. Low risk premises now being issued with questionnaires to contribute to interventions for 3rd Quarter.

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

Outcome	Action	Progress
Environmental Health		
Continuous organisational improvement & support	Increase income from Pest Control Contracts by £3000	New commercial pest contracts are proving difficult to obtain. Approx £800 additional to date despite advertising. Trying schools again in new term plus businesses through Hinckley BID. Have not lost contracts on renewal.
CP25 - Protect public health	Participate in at least one joint initiative with other county borough/districts and Health and Safety Executive to promote an health and safety initiative using flexible warrants.(3/12)	Flexible warrants have yet to be signed off by HSE.HSE undergoing significant reorganisation and cut backs since Comprehensive Spending Review and it is not known whether Flexible Warrants is a priority at moment with HSE.
Business, Contract & Streetscene		
CP03 - All parks are maintained to a high standard with 75% meeting the local quality standard by 2014	Change working practices to increase biodiversity and natural green space within HBBC managed sites - Due Sept 2011	This was piloted at the Cemetary with concerns raised by the public and councillors. The Cemetary is now being maintained in line with standards at other green spaces.
CP03 - All parks are maintained to a high standard with 75% meeting the local quality standard by 2014	Development of tree policy/strategy to ensure long term management of this resource - September 2011	
CP02 - Improve facilities in our parks and open spaces	Introduce green burials, at Ashby road cemetery - Due September 2011	plotting of grave areas underway to allow for Green Burials
CP05 - Impact on the environment from service operations is reduced	Move to a new Operational HQ (if financially viable) - March 12	A new property search has now commenced with a planned report to Council in December 2011.
CP02 - Improve facilities in our parks and open spaces	Open Ashby road cemetery extension - September 2011	Works underway to allow for the use of the Cemetery Extension for Green Burials. Actions to complete this project are Leaflet (at design), press release and launch with funeral directors
CP04 - Reduce CO2 emissions in the borough	Reduce energy use at Parks pavilions - March 2012	Water temperature testing means may not be able to meet this target and make reductions
CP02 - Improve facilities in our parks and open spaces	Renew gym club lease on Clarendon Park to provide community facility Due June 2011	Draft lease issued to club- awaiting response
CP02 - Improve facilities in our parks and open spaces	Improve standard of grounds maintenance at Waterside Park (once adopted) to an acceptable standard - due 6 months after adoption (March 2012)	Discussion with the Developer are still on-going to conclude adoption therefore it will be impossible to improve this site by March 2012. Target date will be adjusted once adoption confirmed

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

Outcome	Action	Progress
Business, Contract & Streetscene		
CP02 - Improve facilities in our parks and open spaces	Improvements to pitches at Richmond Park to increase quality of facilities - Due March 2012	Project on hold until 2012/13, due to lack of current funding from FA.
CP05 - Impact on the environment from service operations is reduced	Reduction in use of chemical herbicides and pesticides as part of horticultural operations - March 2012	Public reaction to biodiversity management in cemetery has meant no reduction in herbicide use.
CP38 - Improve the quality of residents homes	Review of the delivery of adaptations to social stock (joint working with other providers) - April 2012	No update on County-wide work.
Revenues and Benefits		
Continuous organisational improvement & support	Installation of Ingres update 9.2 (Database management software) [October 2011]	This project involves the updating of the software for NWL,HDC and HBBC which must take place at the same time-the anticipated start date for the project will be October 2011. Installation date scheduled for November 2011
Continuous organisational improvement & support	Installation of efficiency version of Academy software (Partnership)- [March 2012]	To be installed August to September (but can only be installed once Ingres is at version 9.2). Ingres scheduled to be installed November 2011-The partnership will then determine whether appropriate to move to EV or wait until after annual billing
CP31 - Improve customer access to services	To improve the amount of data held on the website to make it user friendly and incorporate a greater amount of detail so that customers can access this information at any time.[September 2011]	To be complete 30 September 2011 13/10/11=minor amendments in progress improving links
ICT		
Continuous organisational improvement & support	SA01_Uniform 11g [12/11]	[05/11] Not due to start until 10/11 [PL] [10/11] Have started initial discussions with Idox. The upgrade will be co-ordinated with BDC and OWBC in order to reduce expenditure and at present Idox are working towards end Nov. [PL] [11/11] Awaiting dates from Idox - do not expect the work to be completed by end Dec as planned. Actual deadline before it becomes critical is Feb 2012.

Appendix 3 - Strategic Risks

Risk	Last reviewed	Net Risk Level Color	Review comments
Failure to focus on priorities and initiatives	Sep 11/12	Orange	With the return of the same political Administration in May 2011, the priorities and initiatives remain largely the same, but with an increased emphasis on delivery: Hinckley Hub (2012), Bus Station development (2014), Argents Mead Enhancements (2012) and Residents' Car Parking.
Damage to Reputation/adverse publicity	Sep 11/12	Red	Litigation on the Pilkington case was pursued by the family, but was strongly and successfully defended. EHRC now working collaboratively with the Council via a Section 23 Agreement (as a formal assessment) and outcome due by end of 2011. Joint publicity on this will be in terms of outcomes only. Secured 'Achieving' level for Equalities Framework. Drug/Alcohol Unit location is still being pursued with provider, to assist their meeting their contractual obligation to the commissioning group. Otherwise, net positive media coverage has been maintained
Failure to implement the Town Centre Plan	Sep 11/12	Orange	The risk register for the Atkins Site continues to be managed as a dedicated Major Project. The Atkins project was completed in Sep on time and in budget. The project board continues to meet to oversee the successful occupation of the building and the interface with the new college development. The new college was complete for September 2011. Residents Parking Schemes area currently being progressed for the Druid Quarter and Trinity Lane areas of the Town Centre to mitigate any potential impact from the College opening. It is anticipated LCC will be implementing the schemes early 2012. New bus stop facilities are installed. A risk register has been established for management in respect of the Bus Station project. Bus station scheme received planning consent in Dec 2010 and progress is now being made towards the CPO. The period for judicial review concludes at the end of April 2011. Tesco's have indicated it will withdraw its objections for the CPO Inquiry based on productive productive discussions with Director of Tescos. Good progress is being made on the CPO and arrangements are being made to have the CPO Inquiry to be convened week commencing 22 November 2011

Appendix 3 - Strategic Risks

Risk	Last reviewed	Net Risk Level Color	Review comments
Failure to successfully deliver the Medium Term Financial Strategy	Sep 11/12		<p>Budget for 2011/12 approved by Council. Budget was delivered under unprecedented economic cut backs announced by coalition government under CSR 2010. Finance Settlement for 2011/12 reduced formula grant by over 14% with further reduction of around 9% announced provisionally for 2012/13. Assuming further 5% decreases for 2013/14 and 2014/15 to take us to the end of this parliament will reduce the Council's formula grant by around 33%. Budget for 2011/12 has been balanced after identifying base line savings of around £1.3m and by taking from earmarked reserves and balances a total of £653K. Council adopted approach to safeguard jobs and meet pledge given to staff that there would be no compulsory redundancies until April 2012. The medium term forecast is that there will be further deficit to fund of around £1.3m by 2013/14. Work has commenced on bridging this gap. Detailed discussions have taken place with all 3 trade unions and a recent ballot agreed to no increments for 2011/12 and for a rep working group to be set up to review the Travel Policy. Group has completed its work and recommendations if implemented will result in on-going savings of around £145,000 with one off costs in 2011/12 of just around £50,000. The on going savings exceed the target. This saving, together with the saving from not paying increments, the non payment of budgeted increase of £250 for all employees being paid under £21,000 (a proposal announced by the Chancellor in the emergency budget but subsequently withdrawn for local government), the allocation of the New Homes Bonus and additional income from Shared Services will go towards reducing this gap significantly. Unfortunately delay in implementing the local setting of planning fees has left a shortfall of £80,000 and this estimate has now been removed from the MTFs. Additionally, since most of the proposals will be implemented in 2011/12 then the draw down of the £653K from Balances and Reserves will be extended over next 3 years as opposed to all being utilised in 2011/12. Monitoring of the savings already built into the 2011/12 budget and the successful implementation of changes to the terms and conditions of employment with respect to the existing travel policy is critical in safeguarding future front line services. Pressure from Members to allocate New Homes Bonus to Localities is being considered and presentations made to Senior Leaders and the Parish Forum to explain impact over the long term of allocating substantial amounts of the Bonus to localities rather than supporting front line services. Gap between reduction in the Finance Settlement and the allocation of NHB over the 6 year period is a reduction in funding of £9m. Adding inflation at an average of 3% means that even if the Council retained 100% of it's allocation of NHB, there would need to be a reduction in service budgets of around 19%. Message has been communicated to Elected Members and the Parish Forum and it has been agreed that the Borough Council will allocate 25% of it's annual allocation to Parishes where the development has taken place. MTFs is currently being revised for approval by Council on 24th February 2012,. Before that as part of the process consultation will take place with budget managers, COB, SLB, Scrutiny and Executive Members.</p>

Appendix 3 - Strategic Risks

Risk	Last reviewed	Net Risk Level Color	Review comments
Insufficient Business Continuity Management (incl Disaster recovery) arrangements	Sep 11/12		The review process is ongoing and no major issues have been identified.
Failure to Manage Partnership working :	Sep 11/12		Progress has been made on establishing a joint Community safety partnership with Blaby DC and a joint community safety plan has been adopted. Delivery Plans have now been developed and endorsed by the CSP. The LSP has reviewed its priorities for 2011/12 and agreed to focus on priority neighbourhoods and employment and skills development and oversee 5 key delivery partnerships. An evaluation review will take place by April 2012 of the success of the joint partnership
Dealing with numerous Public Enquiries	Sep 11/12		A number of key Public Inquiries have been held in respect of major housing schemes despite two positive decisions more recently, the Inspectorate has allowed two key appeals which will give challenges over the coming months in respect of speculative developments and potential further appeals which will need to be managed.
Failure to successfully adopt and deliver the LDF leads to:	Sep 11/12		Positive progress has been made during 2010/11 on the adoption of the town centre AAP and affordable housing DPD and rural needs DPP all delivered on programme. A thorough review of LDF budgets and commitments from 2010/11 to 2014 has been undertaken and financial impacts are now included within the MTFs agreed by Council FEB 2011. Key risk going forward is the programme for delivery of the housing allocation DPD and impacts arising from any change following the May local elections. Good progress has also been made on the SUE AAP and Masterplan which was adopted for consultation Dec 2010. As a result of new LCC transport modeling requirements, the programme for progressing the AAP is currently being revised and will result in slippage for submission to the Secretary of State and for inviting planning applications in for the development to early 2012. This is being managed to facilitate progress. Financial pressures continue to be monitored, linked to the evidence based technical work which is required in support of this document. HCA are engaged with this process and are providing financial support, dialogue is underway through the developer forums chaired by the HCA to continue to secure private sector funding towards this work. The MTFs adopted in Feb 2011 has been taken into account progressing the document through to Examination. Developers have recently agreed to fund transport modeling work to facilitate the completion of the final AAP document and to underpin their planning applications. There are still issues over agreeing baseline to be used for the LCC Transport Model which is currently being addressed. Engagement sessions between Developer Consortium and Members are being programmed for December 2011 prior to pre-application public consultation by the Developers in January/February 2012.

Appendix 3 - Strategic Risks

Risk	Last reviewed	Net Risk Level Color	Review comments
Failure to adhere to Health and Safety Legislation/ Regulations	Jun 11/12	Orange	The H&S Officer continues support to the depot to a minimum of 2 days per week and is progressing a review of corporate Health and Safety for the Council. H&S audits of other work areas are continuing along with BCM preparedness. He is also assisting with the preparations for the transfer of the Housing Repairs function in-house. Legionella risk continues to be monitored in conjunction with SLM Ltd
A reduction in Benefit Subsidy as a result of error and/or poor performance impacting on Medium Term Financial Strategy	Sep 11/12	Orange	Because of the possible impact on the LA this risk will be continued to be monitored however our claim for 2009/10 was paid in full with no subsidy clawback. Auditors are currently reviewing our claim for 2010/11.
Failure to improve sickness absence	Sep 11/12	Orange	At year end, the absence position had significantly improved as compared with 2009/10 (6.49 days per employee, compared to 7.80 days during 2009/10. Rate at start of year consistent with overall rate for 2010/11 and has been maintained in second quarter. Issues continue to be addressed by the Chief Executive with relevant managers.
Non-compliance with Financial Regulations - Caused by: misunderstanding or non-application by officers	Mar 10/11	Green	This risk was reduced to Net Amber in February 08 following a favorable Internal Audit report in respect of compliance with Financial Regulations. At the year end review Mar 09 it was considered the net likelihood of this risk occurring should be reduced to low facilitating 6-monthly review. This position remains unchanged as at Sept 09. The position at the end of March 2010 remains unchanged. No significant issues arose during the year and this has been supported by the Internal Audit reviews and will be confirmed shortly in the Annual Audit Report. The position at 31 March 2011 remains unchanged.
Use of Rolling Revenue Budget Reports for movement of resources	Mar 10/11	Light Blue	This process was a very constructive element in the preparation of the budget for 2011/12. The process will continue to be an integral part of budget management during 2011/12 and reviews will take place jointly with trade unions.

Appendix 3 - Strategic Risks

Risk	Last reviewed	Net Risk Level Color	Review comments
Failure of County Council Support/ engagement for the Local Strategic Partnership	Sep 11/12		The County council have committed to stay as a partner to the HBBC LSP and have been party to agreeing the new priorities going forward to 2011/12. However, there is no commitment for senior Officer representation from LCC to the LSP. The LSP have agreed to review its membership and arrangements to form a Locality Executive for early 2012 to oversee locality management arrangements
Failure to reduce future possibility of over-spend on HRA Capital spend and ensure continuous improvement of housing maintenance partnership	Sep 11/12		Final discussions have now taken place between senior management and Willmott Dixon have concluded. Close financial monitoring continues on the Responsive Repairs Contract aswell as an agreed end of contract forecast mechanism.
Failure to provide a fit for purpose Leisure Centre	Sep 11/12		SLB have considered potential options for procuring the delivery of either a refurbished or new leisure centre and agreed to revisit the recommendations of the joint report of the Cultural services manager and Estate and Assets manager following the outcomes of the May local elections. Discussions are underway with potential investment companies and KPMG to review potential financing models for a new leisure centre. It is anticipated that proposals will be brought forward to Members for consideration later this year. Executive in October 2011 agreed to formally test the market for both a new build and refurbishment options aimed at a decision for June 2012.
Failure to deliver / ensure sustainability to My Place Project	Sep 11/12		The Hinckley club for young people project was successfully completed on time and within budget and opened Sep 2011. The scheme was host to a royal visit in April 2011. A joint project board between HBBC and HC4YP continues to monitor progress on delivery of the business plan. The agents for HC4YP are currently managing the implications for the maintenance period for the scheme arising from the liquidation of the contractor post completion of the works. Membership of the Club is continuing to increase, helping to underpin the Business Case. Good progress has been made by the club in negotiating draw down of funding from the Bondsman to complete all outstanding snagging work and this should take place by December 2011.

Appendix 3 - Strategic Risks

Risk	Last reviewed	Net Risk Level Color	Review comments
Loss of contract for Supporting People funded services	Sep 11/12	Red	Joint working at NWLDC to develop existing best practice within current service arrangements to ensure meet requirement standards for future tendering. Consideration of a joint control centre with NWLDC to position ourselves to bid for the single county contract for control centres... New additional mitigation plan added - undertake viability of all sheltered schemes to ensure they are fit for purpose
Review by the Equalities Commission for Human Rights of disability issues	Sep 11/12	Red	Section 23 Agreement now in place and has commenced. It is being implemented over much shorter timescales than originally envisaged. Much more positive and collaborative approach now adopted by EHRC. Opportunity to comment on the EHRC Inquiry into Disability Harassment was taken and acknowledged.

FINANCE AND AUDIT PERFORMANCE COMMITTEE 12TH DECEMBER 2011

RE: CAPITAL PROGRAMME 2011/2012 TO 2014/15

1.0 PURPOSE OF REPORT

1.1 To consider the Capital Programme for the years 2011/12 to 2014/15.

2.0 RECOMMENDATIONS

2.1 Members consider the programme that will be presented to Council for approval. In particular:

- to note the funding options set out in section 4 below to recommend to Council, and
- to note the applications for new bids as set out in section 5 and to decide which of these bids to support and build into the capital programme.

2.2 Note the financial implications contained in section 7.

3.0 BACKGROUND

3.1 Projects in the programme have been submitted by Project Officers and reflect outcomes from the Officers Capital Forum Group, SLB and changes after the report being presented to Executive Briefing on the 10th November 2011

3.2 Members will be aware of the issues surrounding future capital funding in particular the drawdown on the current capital receipts reserve as highlighted in section 4 below. The pressure on future funding of the capital programme and the depletion of reserves has previously been raised with members and were reported to Council in February 2011.

3.3 A historical summary of the reduction in the capital receipts reserve is attached in Appendix A. The large receipt from Montgomery Road received in 2005/06 has been used to fund projects. No major receipts have been received after 2008/09, which together with a reduction from Right to Buy Sales has meant the reserve balance has reduced from £7.58m in 2007/08 to £1.26m by the end of March 2011.

3.3 The attached programme Appendix B assumes a virtual standstill position on schemes for future years.

3.4 Projects have been reprofiled in line with the latest spending and external funding forecasts. The major change being the reprofiling of the Richmond Park Project as a result of funding approval delays with the Football Association (FA).

3.5 Within the current financial year there may be an underspend on Private Sector Housing on minor and major works of around £180,000. Due to changes in the referral system the amount of approvals have reduced. There may however be

a backlog that would need to be covered by this underspend. Additionally, the Disabled Facilities Grant budget will, in the future, no longer be supported through decent homes funding. This means that the level of expenditure will need to reduce to £295,000. Because of these uncertain compensating pressures, the potential underspend of around £180,000 has not been built into the funding assumptions below.

4.0 Programme to 2014-15 – Funding Issues

- 4.1 Due to major schemes now being completed the programme will be relatively small in future years. However, due to reduced funding even a status quo programme will have an impact on the council's general fund revenue account. The estimated cost of borrowing will be £12,873 in financial year 2012/13 rising to £99,589 by 2014/15. This assumption is based on a major use of the capital receipts reserve, estimated receipts from right to buy sales and disposal of other small plots. At the end of 2014/15 only £192,000 will be left in the capital receipts reserve. The position is summarised below:-

Table 1

	2011/12	2012/13	2013/14	2014/15
Opening Bal	(1260)	(1227)	(178)	(48)
Receipts	(1484)	(520)	(274)	(144)
Funding used	1517	1,569	404	0
CI (Bal)	(1227)	(178)	(48)	(192)

Financially, this option carries a great risk due to the application of receipts from land sales before they have materialised. The anticipated sales are detailed within Appendix C.

- 4.2 If an assumption is made that apart from sales in the current financial year only estimated right to buy sales are used the impact would be as follows:-

Table 2

	2011/12	2012/13	2013/14	2014/15
Opening (Bal)	(1260)	(1227)	0	0
Receipts	(1484)	(120)	(144)	(144)
Funding used	1517	1,569	404	0
CI (Bal)	(1227)	221	302	(144)
Borrowing	-	(221)	(302)	-

This scenario would result in the reserve being fully used in 2012/13 and the Council having to borrow £221k in 2012/13 and an additional £302k in 2013/14. **The additional borrowing cost chargeable to the General Fund would be £20,616 for 2012/13 and £44,778 from 2013/14 onwards. By 2014/15 this would mean a gross additional borrowing cost chargeable to the General Fund of £144,367.**

A decision needs to be made whether the Council risks putting forward a programme based on funding from potential capital receipts, or base the programme on current known levels of funding.

- 4.3 An exercise has already been undertaken after Executive Brief to relook at future uncommitted schemes. This has resulted in total savings of £99,646 across the term of this programme. These reductions have been reflected in the financial impact in this report.

5.0 New Bids

- 5.1 The following new bids have been received which SLB and the Executive have reviewed. As yet, these have not been built into the programme:

General Fund Bids Not Supported By SLB/Executive

Recycling Receptacles - An annual uplift of £5,000 plus inflation to allow for new properties. Negotiations are currently taking place whether these additional bins can be funded either directly through voluntary contributions from developers or through the Community Infrastructure Levy (CIL). It is likely that the final CIL agreement will not be in place for another 18 months. Any shortfall in the short term could be met from the Waste Management Reserve.

CCTV - SLB have recently received a report regarding options on the delivery of CCTV in the future. This bid reflects the need to update the current technology. Although the cost is estimated at £60,000 with an estimated asset life of 10 years, there would be potential revenue savings of £13,000 per annum. This can be compared against the additional cost of borrowing of £8,700.

General Fund Bid Supported by SLB/Executive

Leisure Centre - An amount of £10m (commencing in 2014/15) has been estimated for the development of a new leisure facility. A refurbishment option could potentially cost around £6.5m. It should be recognised that this option is higher risk than a new build scheme in terms of cost certainty. Furthermore, the asset life for a new centre would be c40 years and the life of a refurbishment would be c25 years. Either option would be funded from future major capital receipts, (£2.75m from the Bus Station development, £1.5m from the sale of the existing leisure centre site, £3m from the Argents Mead development and a net £0.5m receipt from the depot relocation). This would leave a balance £2.25m to fund from other sources. It is possible that an external financial contribution towards this project might be achieved.

HRA Bid Supported by SLB/ Executive

Orchard Upgrade - A bid has been received to upgrade the current Housing Management and Rents system. Technical support for the old system will cease in December 2012. The new system will be web based and will allow customers to check their rent accounts, report repairs etc. The estimated cost is £111,286. Based on a ten year asset life the cost of borrowing chargeable to the HRA would be £16,136.

Additionally, the Council will, under the new self financing system, need to borrow £65.1m to fund the HRA subsidy buy out. The full impact on the revenue and capital budget for future years will be known after the consultants, Tribal, have completed their appraisal. This amount has already been included within the attached programme.

6.0 HRA Capital – update if repairs has changed.

The future year's housing repairs capital programme shows a reduction of approximately £470k. This assumes the total contract value reduction from £2.4m to £1.9m is all attributable to capital schemes. It is difficult to accurately forecast future costs as the service was only brought in house on the 28th of September. Officers will have a clearer understanding of future costs and will therefore be in a better position to assess the level of potential underspend by the end of December 2011. The cost of the Orchard upgrade could then, potentially be met from the proposed capital underspend.

The current year's budget has for now been left unchanged. Potentially there could be a saving based on the fact that the lower contract rate will apply for the majority of capital works. A final position on the savings will be known once final contractual sums are settled with Willmott Dixon.

7.0 Financial Implications (IB)

7.1 Capital resourcing and borrowing implications arising from this report will be reflected within the Medium Term Financial Strategy and the Prudential Code (Treasury Management) report.

Based on the current economic climate there has been a significant reduction in anticipated capital receipts.

7.2 If members agree to adopt the scenario in section 4.1 above, this assumes £938k of capital receipts between 2012/13 and 2014/15. This is a risky option in that it is harder to predict and forecast for, but if all anticipated receipts are received it would mean the attached programme is totally funded. This would still mean gross borrowing of £1.171m between 2012/13 to 2014/15 with a borrowing chargeable to general fund rising by £99,589 in 2014/15.

7.3 If the scenario in section 4.2 is adopted by 2014/15, gross borrowing would increase by another £523,000. By 2014/15 the estimated amount chargeable to the general fund would be £144,367, an increase of £44,778. This is the more certain option.

7.4 For either option future funding requirements could reduce by c£180k if savings on General Fund Housing are achieved and there were no other compensating pressures.

7.5 Members will have to decide on the option of recommending reductions on future uncommitted schemes.

New Bids

7.6 There is an additional risk with the leisure centre development. The current leisure management contract ends in April 2014. If by then development

arrangements are not made there could be significant revenue costs to let a contract on a short/medium term basis.

Additionally, if future major receipts are not realised there will be a risk to the leisure centre development. It is recommended that members agree the Leisure Centre Development request to be put forward to Council for approval on the basis that the following sales are earmarked for the development.

£2.75m - Bus Station Redevelopment,
£1.5m- Future sale the Leisure Centre,
£3m - Argents Mead Development
£0.5m – Net receipt from the Depot Relocation

7.7 Members note SLB's position with regard to new bids in section 5 above and agree the bids to be forwarded to Council for approval.

8.0 Legal Implications (AB)

8.1 None arising directly from the report.

9.0 Corporate Plan Implications

9.1 The report provides a refresh of the Council's rolling Capital Programme. Any item included in the programme has to contribute to the achievement of the Council's vision, as set out in the Corporate Performance Plan.

10.0 Consultation

10.1 Expenditure proposals contained within this report have been submitted after officer consultation. Appropriate consultation with relevant stakeholders takes place before commencement of individual projects.

11.0 Risk Management

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

11.2 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.

12.0 Knowing Your Community – Equality and Rural Implications

12.1 The programme contains schemes which will assist in equality and rural development. Equality and rural issues are considered separately for each project.

13.0 Corporate Implications

13.1 The Council has an agreed corporate approach to project management. This approach has been developed in collaboration with the Leicestershire and Rutland Improvement Partnership. This approach ensures that a consistent and

Management of Significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
If the schemes were not implemented this would impact on Service Delivery. It would also mean an inability to meet corporate plan objectives and have an impact on the reputation of the Council.	Projects are to be managed through an officer capital forum group and reported to SLB on a quarterly basis. Monthly financial monitoring statements are provided to project officers and the programme will now be reviewed twice a year.	Individual Project Officers/ Capital Forum
The risk of external funding not being granted. This would result in additional borrowing costs in the short term if funding is delayed or long term if funding is withdrawn.	Six monthly review of capital programme would mean that it is easier to switch resources.	Project Officer / Accountancy section
Risk of Capital Receipts not being realised.	The Executive approve the disposal of surplus assets as recommended by the Asset Management Strategy Group	Estates and Asset Manager / Deputy Chief Executive (Corporate Direction)

coherent approach is applied across the Council (and across the county).

13.2 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: Capital Estimates 11/12 – 14/15

Contact Officer: Ilyas Bham ext. 5924

Portfolio Holder: Cllr K. Lynch

Appendix A

Capital Receipts Reserve Summary - Historical Movement

	yr 2004/05	yr 2005/06	yr 2006/07	yr 2007/08	yr 2008/09	yr 2009/10	yr 2010/11
	£	£	£	£	£	£	£
Opening balance (start of year)	-623,000	-127,000	-8,771,000	-8,386,000	-7,580,000	-5,945,000	-3,882,000
In Year Receipts	-509,000	-9,444,000	-453,000	-522,000	-195,000	-47,000	-111,000
In Year Expenditure Drawdown	1,005,000	800,000	838,000	1,328,000	1,830,000	2,110,000	2,733,000
Closing Balance (end of year)	-127,000	-8,771,000	-8,386,000	-7,580,000	-5,945,000	-3,882,000	-1,260,000
Land/Plots							
Falmouth Ave	-35,000						
Montgomery Rd		-8,786,000					
Magee Close Hinckley		-10,000					
Harrowbrook Industrial Estate - Faraday Rd		-25,000					
Land Nr Richmond Park		-399,000					
Land Rutland Ave			-72,000				
Land Granby Rd			-75,000				
Land Barwell Cemetry			-40,000				
Harrowbrook Industrial Estate - Various plots				-255,000			
Access rights - Elmleigh Properties Development				-47,000			
Montgomery Rd					-27,000		
Flamville Rd					-123,000		
Land Cadle St							-40,000
Total Land/Plots	-35,000	-9,220,000	-187,000	-302,000	-150,000	0	-40,000
Total Right to Buys (after pooling)	-474,000	-224,000	-266,000	-220,000	-45,000	-47,000	-71,000
TOTAL SALES	-509,000	-9,444,000	-453,000	-522,000	-195,000	-47,000	-111,000

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CAPITAL ESTIMATES 2011-2012 to 2013-2014 SUMMARY

Appendix B

	TOTAL COST	ESTIMATE 2011-12	ESTIMATE 2012-13	ESTIMATE 2013-14	ESTIMATE 2014-15
	£				
SECTION 1 (Leisure and Environment)	2,035,574	1,353,330	322,244	180,000	180,000
SECTION 2 (Planning)	210,070	87,820	35,000	48,250	39,000
SECTION 3 (Central Services)	1,393,304	441,104	892,200	30,000	30,000
Housing (General Fund)	2,005,910	618,860	462,350	462,350	462,350
Sub-Total General Fund	5,644,858	2,501,114	1,711,794	720,600	711,350
Housing Revenue Account	9,265,440	2,896,296	2,123,048	2,123,048	2,123,048
H R A Borrowing	65,100,000	65,100,000	-	-	-
	80,010,298	70,497,410	3,834,842	2,843,648	2,834,398
Resources : HRA Major Repairs Allowance	2,052,266	2,052,266	0	0	0
Resources : Capital Receipts	3,489,867	1,517,309	1,568,756	403,802	0
Supported Borrowing GF	426,400	106,600	106,600	106,600	106,600
Unsupported Borrowing GF	1,643,178	791,792	36,438	210,198	604,750
Unsupported Borrowing HRA	1,056,376	844,030	70,782	70,782	70,782
HRA Major Repairs Reserve Adj	6,156,798	0	2,052,266	2,052,266	2,052,266
HRA Subsidy Buy Out Borrowing	65,100,000	65,100,000	0	0	0
Contribution from reserves GF	85,413	85,413	0	0	0
	80,010,298	70,497,410	3,834,842	2,843,648	2,834,398

SECTION 1

	TOTAL COST	ESTIMATE 2011-2012	ESTIMATE 2012-2013	ESTIMATE 2013-2014	ESTIMATE 2014-2015
Parish & Community Initiatives Grants					
Total Annual Expenditure(ALL HBBC)	430,710	130,710	100,000	100,000	100,000
Parks Major works					
Total Annual Expenditure(ALL HBBC)	141,090	40,350	40,740	30,000	30,000
Richmond Park Play Area					
Total Annual Expenditure	237,120	18,560	218,560		
External Funding (FA)	(100,000)	0	(100,000)		
Total Annual Expenditure(ALL HBBC)	137,120	18,560	118,560	0	0
Hollycroft Park					
Total Annual Expenditure(ALL HBBC)	670	670	0	0	0
Burbage Common					
Total Annual Expenditure	264,300	264,300			
Less Grant Playbuilder	0	0			
Less 6c's grant	(72,300)	(72,300)			
HBBC Element	192,000	192,000	0	0	0
Memorial Safety Programme					
Total Annual Expenditure(ALL HBBC)	5,770	5,770	0	0	0
Waste Management Receptacles					
Total Annual Expenditure(ALL HBBC)	224,654	61,710	62,944	50,000	50,000
Blue Bin Recycling					
Total Annual Expenditure(ALL HBBC)	892,000	892,000	0	0	0
Churchyard Repairs					
Total Annual Expenditure(ALL HBBC)	2,370	2,370	0	0	0
Queens Park					
Total Annual Expenditure	6,610	6,610			
HBBC Element	6,610	6,610	0	0	0
Grounds Maintenance Machinery					
Total Annual Expenditure(ALL HBBC)	2,580	2,580	0	0	0
Billa Barra Improvements					
Total Annual Expenditure	10,980	10,980			
Less contributions	(10,980)	(10,980)			
HBBC ELEMENT	0	0	0	0	0
TOTAL GROSS EXPENDITURE	2,218,854	1,436,610	422,244	180,000	180,000
LESS TOTAL CONTRIBUTIONS	(183,280)	(83,280)	(100,000)	0	0
TOTAL HBBC ELEMENT	2,035,574	1,353,330	322,244	180,000	180,000

SECTION 2

	TOTAL COST	ESTIMATE 2011-2012	ESTIMATE 2012-2013	ESTIMATE 2013-2014	ESTIMATE 2014-2015
Borough Improvements					
Total Annual Expenditure	214,040	64,040	50,000	50,000	50,000
Less Private contribution	(64,235)	(19,235)	(15,000)	(15,000)	(15,000)
HBBC Element	149,805	44,805	35,000	35,000	35,000
Car Park Resurfacing					
Total Annual Expenditure(ALL HBBC)	28,805	11,555	0	13,250	4,000
Goddard Building Conversion					
HBBC ELEMENT	31,460	31,460	0	0	0
Barwell Shop Front Improvements					
Total Annual Expenditure	30,085	30,085	0	0	0
Less Private contribution	(30,085)	(30,085)	0	0	0
HBBC Element	0	0	0	0	0
Barwell Wall Improvements					
Total Annual Expenditure	9,300	9,300	0	0	0
Less Private contribution	(9,300)	(9,300)	0	0	0
HBBC Element	0	0	0	0	0
TOTAL GROSS EXPENDITURE	283,605	116,355	50,000	63,250	54,000
LESS TOTAL CONTRIBUTIONS	(73,535)	(28,535)	(15,000)	(15,000)	(15,000)
TOTAL HBBC ELEMENT	210,070	87,820	35,000	48,250	39,000

SECTION 3

	TOTAL COST	ESTIMATE 2011-2012	ESTIMATE 2012-2013	ESTIMATE 2013/14	ESTIMATE 2014/15
Asset Management Enhancements					
Total Annual Expenditure(ALL HBBC)	100,000	50,000	50,000	0	0
General Renewals					
Total Annual Expenditure(ALL HBBC)	69,100	35,100	14,000	10,000	10,000
Rolling Server Review					
Total Annual Expenditure(ALL HBBC)	113,230	43,230	30,000	20,000	20,000
Financial System					
Total Annual Expenditure(ALL HBBC)	15,730	15,730	0	0	0
Customer Services Project					
Total Annual Expenditure(ALL HBBC)	17,190	17,190	0	0	0
Members IT					
Total Annual Expenditure(ALL HBBC)	39,370	39,370	0	0	0
Flexible Working Project					
Total Annual Expenditure(ALL HBBC)	5,000	5,000	0	0	0
Council Office Relocation					
Total Annual Expenditure(ALL HBBC)	498,000	49,800	448,200	0	0
GIS Upgrade					
Total Annual Expenditure(ALL HBBC)	6,520	6,520	0	0	0
HR/Payroll					
Total Annual Expenditure(ALL HBBC)	2,880	2,880	0	0	0
Greenfields Development					
Total Annual Expenditure	2,830	2,830			
Less LSEP contribution	0	0			
HBBC Element	2,830	2,830	0	0	0
Electronic Meter Reading					
Total Annual Expenditure(ALL HBBC)	20,000	20,000	0	0	0

Asset Management Enhancements
Total Annual Expenditure(ALL HBBC)

General Renewals
Total Annual Expenditure(ALL HBBC)

Rolling Server Review
Total Annual Expenditure(ALL HBBC)

Financial System
Total Annual Expenditure(ALL HBBC)

Customer Services Project
Total Annual Expenditure(ALL HBBC)

Members IT
Total Annual Expenditure(ALL HBBC)

Flexible Working Project
Total Annual Expenditure(ALL HBBC)

Council Office Relocation
Total Annual Expenditure(ALL HBBC)

GIS Upgrade
Total Annual Expenditure(ALL HBBC)

HR/Payroll
Total Annual Expenditure(ALL HBBC)

Greenfields Development
Total Annual Expenditure
Less LSEP contribution
HBBC Element

Electronic Meter Reading
Total Annual Expenditure(ALL HBBC)

SECTION 3

	TOTAL COST	ESTIMATE 2011-2012	ESTIMATE 2012-2013	ESTIMATE 2013/14	ESTIMATE 2014/15
Demolition of Argents Mead Offices					
Total Annual Expenditure(ALL HBBC)	350,000	0	350,000	0	0
Transformation					
Total Annual Expenditure(ALL HBBC)	49,041	49,041	0	0	0
Atkins partitionng					
Total Annual Expenditure(ALL HBBC)	50,000	50,000	0	0	0
Planning Plotter					
Total Annual Expenditure(ALL HBBC)	6,143	6,143	0	0	0
Modern E Gov					
Total Annual Expenditure(ALL HBBC)	20,000	20,000	0	0	0
Corporate Scanner					
Total Annual Expenditure(ALL HBBC)	10,270	10,270	0	0	0
Atkins partitionng Phase 2					
Total Annual Expenditure(ALL HBBC)	18,000	18,000	0	0	0
Revenues and Benefits Shared Services					
Total Annual Expenditure	369,280	369,280			
Less RIEP Funding	(369,280)	(369,280)			
HBBC Element	0	0	0	0	0
TOTAL GROSS EXPENDITURE	1,762,584	810,384	892,200	30,000	30,000
LESS TOTAL CONTRIBUTIONS	(369,280)	(369,280)	0	0	0
TOTAL HBBC ELEMENT	1,393,304	441,104	892,200	30,000	30,000

GENERAL FUND HOUSING L FUND HOUSING

PROJECT	TOTAL COST	ESTIMATE 2011-2012	ESTIMATE 2012-2013	ESTIMATE 2013-2014	ESTIMATE 2014-2015
H1 Major Works Assistance					
Total Annual Expenditure	760,000	190,000	190,000	190,000	190,000
Less Government Grant	0	0	0	0	0
HBBC ELEMENT	760,000	190,000	190,000	190,000	190,000
H2 Minor Works Assistance					
Total Annual Expenditure	360,000	90,000	90,000	90,000	90,000
Less Government Grant	0	0	0	0	0
HBBC ELEMENT	360,000	90,000	90,000	90,000	90,000
H3 Care & Repair Improvement Agency					
Total Annual Expenditure(ALL HBBC)	149,400	37,350	37,350	37,350	37,350
H4 Disabled Facilities Grants					
Total Annual Expenditure	1,540,450	581,450	295,000	295,000	295,000
less decent homes	0	0	0	0	0
Less Government Grant	(729,940)	(279,940)	(150,000)	(150,000)	(150,000)
HBBC ELEMENT	810,510	301,510	145,000	145,000	145,000
H5 Decent Homes Projects					
Total Annual Expenditure	23,340	23,340	0	0	0
Less Contributions	(23,340)	(23,340)	0	0	0
Total Annual Expenditure(ALL HBBC)	0	0	0	0	0
TOTAL GROSS EXPENDITURE	2,759,190	922,140	612,350	612,350	612,350
LESS TOTAL CONTRIBUTIONS	(753,280)	(303,280)	(150,000)	(150,000)	(150,000)
TOTAL HBBC ELEMENT	2,005,910	618,860	462,350	462,350	462,350

HOUSING REVENUE ACCOUNT (CAPITAL PROJECTS)

PROJECT	TOTAL COST	ESTIMATE 2011-2012	ESTIMATE 2012-2013	ESTIMATE 2013-2014	ESTIMATE 2014-2015
HRA PROJECTS					
Communal Furniture	0	0	0	0	0
Tenant Led Community Projects	20,000	20,000	0	0	0
Adaptations for Disabled People	1,500,594	429,150	357,148	357,148	357,148
Upgrade Lifts	50,000	50,000	0	0	0
Kitchen Improvements	1,170,249	290,610	293,213	293,213	293,213
Central Heating Replacement	1,130,488	282,622	282,622	282,622	282,622
Low Maintenance Doors	114,657	21,180	31,159	31,159	31,159
Electrical Testing / Upgrading	461,425	134,110	109,105	109,105	109,105
Major Void Enhancements	3,155,152	922,690	744,154	744,154	744,154
Programmed Enhancements	1,295,026	536,827	252,733	252,733	252,733
Single to Double Glazing	122,123	62,123	20,000	20,000	20,000
Re-roofing	131,656	32,914	32,914	32,914	32,914
Northfield Car Park Improvements	0				
	9,151,370	2,782,226	2,123,048	2,123,048	2,123,048
Council Houses - New build	232,070	232,070	0	0	0
Less Contributions	(118,000)	(118,000)	0	0	0
Total Annual Expenditure(ALL HBBC)	114,070	114,070	0	0	0
TOTAL GROSS EXPENDITURE	9,383,440	3,014,296	2,123,048	2,123,048	2,123,048
LESS TOTAL CONTRIBUTIONS	(118,000)	(118,000)	0	0	0
TOTAL HBBC ELEMENT	9,265,440	2,896,296	2,123,048	2,123,048	2,123,048

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Capital Receipts Reserve (Future Estimated Balances)**Appendix C****Capital Receipts**

	yr 2011/12	yr 2012/13	yr 2013/14	yr 2014/15
Right to Buys and Minor sales	-96,000	-120,000	-144,000	-144,000
Merrylees plot 8	-88,000			
Stoke Rd	-2,300,000			
Misc Receipts		-400,000	-130,000	
Earl Shilton SUE Development				0
Receipts	-2,484,000	-520,000	-274,000	-144,000

Reserve Balance

Opening bal	-1,260,384	-1,227,075	-178,319	-48,517
Receipts	-2,484,000	-520,000	-274,000	-144,000
Cap funding (Expenditure)	1,517,309	1,568,756	403,802	0
closing bal	-2,227,075	-178,319	-48,517	-192,517

assumed £1.m use to pay off debt	1,000,000			
	-1,227,075	-178,319	-48,517	-192,517

Estimated Receipts

Receipts not included in above

Middlefield Lane (Net)
 Bus Station
 Argents Mead
 Leisure Centre

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FINANCE, AUDIT AND PERFORMANCE SELECT COMMITTEE – 12 DECEMBER 2011

REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION) RE: AUDIT RECOMMENDATION TRACKING

1. PURPOSE OF REPORT

To inform the Select Committee of the progress in implementing 2011/12 Audit Recommendations

2. RECOMMENDATION

That the Select Committee note the report

3. BACKGROUND TO THE REPORT

At its meeting in July the Select Committee asked to be informed of the progress in the implementation of recommendations made by Internal Audit. Attached is a schedule of recommendations considered by the Committee to date and the progress made in implementing them.

4. FINANCIAL IMPLICATIONS (DB)

None arising directly from this report.

5. LEGAL IMPLICATIONS (AB)

There are none

6. CORPORATE PLAN IMPLICATIONS

This report supports the following Corporate Aims

- Thriving Economy

7. CONSULTATION

None

8. RISK IMPLICATIONS

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

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based

on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

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

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

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

None

10. **CORPORATE IMPLICATIONS**

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

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

Background papers: Investment and borrowing records

Contact Officer: David Bunker Accountancy Manager ext 5609

Executive Member:

Audit Recommendations - Progress Report - December 2011

Audit	Recommendation	Responsible manager	Implementation date	Completed
Car parks	All unexplained amounts appearing on the transactions listing should be highlighted and analysed by the Streetscene Support Supervisor and Chief Cashier	C Roffey	01 July 2011	Monthly meeting held between Streetscene Support Supervisor and Chief Cashier to clear unexplained amounts
	Discussions should be held with Kings Security to ensure that banked cash amounts can be clearly matched to source (i.e. individual car parks and ideally pay and display machines)	C Roffey	01 September 2011	Information is received from Kings regarding amounts collected from individual machines
	The Council should ensure that the incident report is provided by Kings and that it provides reassurance that the loss of cash boxes will not reoccur	C Roffey	01 June 2011	Report received from Kings, assurances received that incident will not reoccur
Financial regulations	a) Procurement Staff should maintain a register of waivers received from departments to ensure that an audit trail can be maintained b) Although the Financial Procedure Rules already state that all waivers should be made in consultation with the Procurement manager, the requirement for all waiver forms to be passed to procurement should also be clearly stated on the waiver request form. This will facilitate the process of maintaining a register	J Kenny	Form 31 July 2011 other next revision of FPR	Form done, Awaiting review of FPR
	a) all waivers should be approved by a member of SLB in accordance with FPR b) All waiver requests should also go to the Procurement manager for consultation	SLB	31 July 2011 with training through 2011/12	Yes
	a) It is recommended that FPR be reviewed to include a paragraph regarding Orders for Work, Goods and Services to state that "Orders for works goods and services must be made by the person receipting the goods or services. Orders must subsequently be authorised in accordance with authorised approvers and their approval limits" b) Instances of non compliance should be monitored and appropriate action taken c) Management should consider introducing a statement where members of staff sign to confirm they have read and understood the Council's FPRs . This can be achieved via a centralised policy acceptance system	J Kenny	To be considered as part of next review of FPR in Dec 2011	Awaiting review of FPR
Supporting People	A copy of the current signed contract or extension between HBBC and Leicestershire (LCC) defining the service levels between both parties should be located and retained by HBBC	C Taylor	01 August 2011	Copies of the current contract extension documents were received by Leicestershire County Council, signed by Hinckley & Bosworth BC and returned 03/08/2011. Copies of which have been retained.
	a) Further liaison should be undertaken between the Council and LCC during the supporting people budget process to help minimise variances between forecast and actual LCC income b) The Finance Department should reconcile the actual income received to that expected as per the budget in order to manage expenditure accordingly	D Bunker	01 September 2011	Actioned as part of budget process

Community Safety	a) The Council should ensure that there is a consistency in the information input into the incident date and logged date field. The incident should be the date the complaint was received and the logged date the date the first action was completed . The date of the actual incident should be recorded within the description of the complaint. This will also aid the in the effective monitoring of the days taken to process an incident. b) the Council should ensure that going forward all information is correctly input when initially receiving the complaint	a) S Stacey, b)M Shellard/ J Wykes	01 August 2011	Recommendation superseded as new case management software Sentinel went live on 5 December
	The Council should ensure that in all cases a closure report is completed and considered by a team leader when reviewing the closure. All Documents should be retained	M Shellard/J Wykes	01 August 2011	Auctioned
Enforcement	Conditions/enforcement decisions set at the planning stage should be monitored for key delivery dates This monitoring should be documented for the event that issues with the planning arise at a later date	T Miller	01 January 2012	In progress timescale not yet reached
	The enforcement team should visit 100% of cases within 15 days. Where this is not achieved management should investigate the reason for non-achievement of the target and agree a course of action to ensure that the visit is undertaken at the earliest opportunity	T Miller	01 August 2011	Actioned
Risk management	Council should ensure key officer is assigned to oversee updating of TEN by risk owners. This role will ensure system is updated on a regular basis and act as check and challenge to ensure reports reflect current risk profile. Council should ensure risk owners understand responsibilities for updating risks on TEN	L Horton	Immediate	Actioned, incorporated in role of Consultation & Improvement Officer and Chief Officer is Risk champion who will ensure COB retains ownership of risks and they are effectively reviewed
	Risk Management strategy should be updated and reviewed for 2011/12	L Horton	01 September 2011	Strategy updated
	Council should develop a risk management training and awareness programme to ensure all staff/members are aware of and understand principles laid down in the risk management strategy	L Horton	01 October 2011	Actioned
	Management should ensure that FAP, SLB and COB receive regular reports of the Council's key risks including details of each specific risk and updated position on controls action plans and assurance. Year end report for 2011/12 should be compiled and submitted to Executive .	L Horton	01 September 2011	Reports now sent to FAP on a regular basis first one was to Sept meeting. SLB/COB have quarterly standing item
	Council/risk owners should undertake a complete review of risks held on TEN to determine whether these are the key risks the Council are facing during 2011/12 and beyond	L Horton	01 October 2011	In progress to be completed by the end of Dec
	Agenda item for team meetings at least quarterly to provide opportunity to identify new risks and also to review current risks to ensure key risks continue to be identified and communicated through appropriate channels	L Horton	Immediate	Risk management now on agenda of performance meetings
	Risk owners should undertake a review of all controls and action plans to ensure that they are relevant and effective to manage the risk	L Horton	01 October 2011	Actioned as part of review of risks and training

	The Council should develop a formal assurance process in order to provide assurance through reporting channels that controls in place to manage each risk are in place and working effectively. Assurance process should be included in the strategy	L Horton	01 September 2011	Dealt with as part of the Strategy review
	Council should ensure formal reporting structure is reintroduced to ensure risk owners have updated their risks and management update and review these risks to provide key committees and groups with relevant assurance	L Horton	01 September 2011	Actioned
	All risks identified in committee reports etc should be linked back to TEN to ensure they are managed effectively by the owner	L Horton	01 September 2011	A change to the report template will prompt this
Project management	Staff should be reminded that consistent approach to project management should be followed at all times, this should include ensuring that the relevant documents are developed and maintained. Council should detail the approach and documents required at the various financial thresholds. Guidance should include what is expected of officers in relation to Prince 2	M Brymer	01 November 2011	This was discussed at the November meeting of the Capital Forum Group
	The Council should ensure that the documented project management process includes a defined scope, schedule and cost at earliest opportunity	All Managers responsible for projects	01 November 2011	Implemented and linked to item above
Key performance indicators	In future targets should be set in a timelier manner to ensure they are in place before first stage reporting at the end of April	L Horton	Oct/Nov 2011	This will be addressed as part of the Service Improvement Plan progress that will commence shortly
	As per data Quality policy suitable working papers should be retained for NI158 to evidence & support value in TEN	L Horton	01 October 2011	Actioned by e-mail to collector and head of service
Planning	The delegated responsibility of signing off applications decisions should be formally documented to ensure they are made by approved officers of the council. The assigned responsibility should be documented within the scheme of delegation	S Wood	25 October 2011	Actioned by report to Council 25 October 2011
Homelessness	The Housing options offices should ensure for all applicants a decision form is completed and retained in the applicants file	J Wykes	01 November 2011	Actioned
	The Council should review and amend letters provided to applicants in regard to their application. Decision letters should be concise and provide all the relevant information and all statutory requirements	J Wykes	01 January 2012	In progress reviewing letters for plain English, some letters are by necessity long due to the circumstances of the case. Recommendation likely to be implemented by target date
	Council should review the effectiveness of the Orchard system for the homelessness service	J Wykes	01 January 2001	Review of Orchard yet to commence

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FINANCE, AUDIT & PERFORMANCE SELECT COMMITTEE – 12 DECEMBER 2011

REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)

RE: REVENUE AND CAPITAL OUTTURN 2nd QUARTER 2011/12

1. **PURPOSE OF REPORT**

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

2. **RECOMMENDATION**

That the Select Committee notes the report

3. **BACKGROUND TO THE REPORT**

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

General Fund

When the budget was approved by Council in February 2011 it was anticipated that £202,960 would be taken from balances and £400,000 taken from Reserves. Since that date £41,014 of supplementary budgets and adjustments for known underspends have been approved (£128,720 of which relates to carry forwards of budget from 2010/11 approved by Council on 28 June 2011 due to expenditure in that year being unavoidably delayed and £58,730 will be financed from reserves). Provision was made in the budget for a Pay Award and incremental advancement of employees in 2011/12, neither of these events occurred and this has resulted in a saving of £226,310. Other estimated savings totalling £831,000 have been identified and the major items are detailed below. It is suggested that £124,000 of the saving be transferred to reserves to meet future specific expenditure needs and £97,000 of the projected amount to be taken from balanced not be used which would leave £588,000 to be transferred to General Balances.

Major variations (+ve = saving –ve, = additional cost)	£'000
Salary Savings	302
Additional Recovery of Benefit overpayments	170
Recycling – deferment of food waste scheme and additional	
Income from bin rental	169
Reduced cost of Borough Election	25
Building Control income higher than expected	30

Additional Planning Fee Income	50
Barwell and Earl Shilton SUE project expenditure Now deferred to 2012/13 (funded from LDF Reserve)	67
Rental Income from Florence House	40
ICT Support – various savings	32
Ill Health Retirement Insurance	27

Capital

Variations in the Capital Programme mainly result from timing issues in that expenditure is not being incurred when it was anticipated in the phased budget. At the present time it is not anticipated that there will be a significant variation at outturn except in the case of the work at Richmond Park which is awaiting the outcome of a grant application to the Football Association before proceeding and it is unlikely the work will commence before the spring of 2012 and the expenditure carried forward to 2012/13.

Housing Revenue Account

At the present time it is anticipated that the HRA outturn deficit will be £147,000 as against the latest approved budget of £214,000. This reflects a net underspend of £67,000. Details of the variations are included on the attached schedule

4. **FINANCIAL IMPLICATIONS [DB]**

There are none arising directly from the report

5. **LEGAL IMPLICATIONS [AB]**

There are none arising directly from the report

6. **CORPORATE PLAN IMPLICATIONS**

None

7. **CONSULTATION**

None

8. **RISK IMPLICATIONS**

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

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

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

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

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

There are none arising from the report

10. **CORPORATE IMPLICATIONS**

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

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

Background papers: Civica Authority Financials reports

Contact Officer: David Bunker – Accountancy Manager –ext 5609

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Hinckley & Bosworth Borough Council

Monthly Outturn Reports

For the period 1 April to 30 September 2011

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September 2011 Budget Monitoring Summary 2011/12

Service	Budget as per Feb 11 budget Book	Supplementary Budgets/virements approved to date	Latest Budget used for Monitoring ledger	recharges	Budget per Monitoring Report	Estimated Outturn Variations	Estimated Outturn
Central Services	3,083,350	12,827	3,096,177	-1,360,020	1,736,157	-50,000	3,046,177
Leisure & Environment	6,540,290	-48,008	6,492,282	-1,459,200	5,033,082	-191,000	6,301,282
Housing (GF)	1,319,890	-3,110	1,316,780	-288,800	1,027,980	-174,000	1,142,780
Planning	1,219,680	95,427	1,315,107	-999,280	315,827	-169,000	1,146,107
Direct Services Organisation	54,200	-20,940	33,260	-99,290	-66,030	-16,000	17,260
Support Services	100,470	4,818	105,288	4,206,590	4,311,878	-77,000	28,288
Estimated Salary Savings	0	0	0	0	0	-329,044	-329,044
Increments and Pay award budget adj	0	0	0	0	0	0	0
Corporate Savings recovered above	-175,000	0	-175,000	0	-175,000	175,000	0
TOTAL SERVICE EXPENDITURE	12,142,880	41,014	12,183,894	0	12,183,894	-831,044	11,352,850
Special Expenses	-531,080	0	-531,080	0	-531,080	-531,080	-531,080
Capital Accounting	-1,133,060	0	-1,133,060	0	-1,133,060	-1,133,060	-1,133,060
External interest - Net	52,010	0	52,010	0	52,010	22,000	74,010
FRS 17 adjustment	-285,280	0	-285,280	0	-285,280	0	-285,280
Transfer to Pension Reserve	115,470	0	115,470	0	115,470	0	115,470
Transfer to Reserves	133,000	0	133,000	0	133,000	124,000	257,000
Use of Reserves	-563,000	-58,730	-621,730	0	-621,730	97,000	-524,730
BUDGET REQUIREMENT	9,930,940	-17,716	9,913,224	0	9,913,224	-588,044	9,325,180
Financing							
Council Tax	3,584,333		3,584,333		3,584,333		3,584,333
Council Tax Freeze Grant	105,260		105,260		105,260		105,260
Revenue Support Grant	1,410,200		1,410,200		1,410,200		1,410,200
National Non-Domestic Rate	4,562,237		4,562,237		4,562,237		4,562,237
Area Based Grant	0		0		0		0
Collection Fund Surplus	15,000		15,000		15,000		15,000
TOTAL RESOURCES	9,677,030	0	9,677,030	0	9,677,030	0	9,677,030
Movement in General Fund Balances	-253,910	17,716	-236,194		-236,194	588,044	351,850
Special Expenses							
Expenditure	531,080	0	531,080		531,080	0	531,080
Council Tax Income	612,030		612,030		612,030		612,030
Movement in Special Expenses Balances	80,950	0	80,950	0	80,950	0	80,950
Special Expenses to Reserves	30,000		30,000		30,000		30,000
Special Expenses mvt in Balances	50,950	0	50,950		50,950		50,950
Total Movement in Balances	-202,960	17,716	-185,244	0	-185,244	588,044	402,800
Balance at 1 April 2011 Council Feb 11	1,746,000	0	1,746,000		1,746,000		1,746,000
Year 10/11 underspend	0	187,000	187,000		187,000		187,000
Revised Balance 1st April 2011	1,746,000	187,000	1,933,000	0	1,933,000	0	1,933,000
Balance at 31 March 2012	1,543,040	17,716	1,747,756		1,747,756	588,044	2,335,800
NBR	10,462,020	-17,716	10,444,304	0	10,444,304	-588,044	9,856,260

Level 5	Estimate to Date	Actual to Date	Variance to Date	Timing Differences	Variance excluding timing Differences	Est 2011/12	Forecast Outturn	Forecast Variation to Year End	REF
as45	251,458	151,852	99,606	74,000	25,606	693,375	670,375	23,000	1.1
as40	20,994	14,636	6,358		6,358	46,650	46,650		1.2
ag35	2,925,375	2,949,438	-24,063	-29,000	4,937	862,000	96,200	-10,000	1.3
as75	230,042	94,254	135,788	119,000	16,788	332,730	320,730	12,000	1.4
as90	21,796	14,182	7,614	5,000	2,614	39,890	39,890		
as65	63,417	36,605	26,812	28,000	-1,188	276,560	276,560		
as70	8,358	7,143	1,215		1,215	9,660	9,660		
as60	168,620	148,248	20,372	20,372	20,372	251,092	225,092	25,000	1.5
Central Services	3,690,060	3,416,358	273,702	197,000	76,702	1,736,157	1,686,157	50,000	
cs04	-21,878	-21,237	-641	-14,000	13,359	-660,000	-82,030	16,000	2.1
cs05	10,922	10,852	70		70	0	0		
Direct Services Organisation	-10,956	-10,385	-571	-14,000	13,429	-66,030	-82,030	16,000	
ag40	-8,762	-49,182	40,420	35,000	5,420	-22,450	-22,450		3.1
ag50	10,402	10,400	2		2	20,800	20,800		
ag20	-2,550	-2,882	332		332	-5,100	-5,100		
ag55	66,363	-27,760	94,123	79,000	15,123	156,410	148,410	8,000	3.2
ag10	187	187	0		0	250	250		
ag80	22,607	23,014	-407		-407	46,010	46,010		
ag70	101,961	91,812	10,149	7,000	3,149	732,690	732,690		3.3
ag30	44,011	-198,055	242,066	117,000	125,066	99,370	-66,630	166,000	3.4
Housing (Gen Fund)	234,219	-152,466	386,685	238,000	148,685	1,027,980	853,980	174,000	
ac65	1,112	1,511	-399		-399	4,700	4,700		
ac05	81,050	65,110	15,940	11,000	4,940	163,360	163,360		4.1
as80	-89,139	-21,785	-67,354	-67,000	-354	45,550	45,550		
as85	177,220	138,395	38,825	23,000	15,825	391,158	391,158		4.2
ac70	58,471	56,767	1,704		1,704	113,290	123,290	-10,000	4.3
ac87	17,057	24,307	-7,250		-7,250	39,870	39,870		4.4
ac45	21,187	21,086	101		101	39,010	39,010		
ac35	270,377	270,818	-441		-441	563,220	563,220		
aq40	9,202	11,285	-2,083		-2,083	28,796	28,796		
ac60	113,157	115,257	-2,100		-2,100	213,720	213,720		
ac89	34,913	5,946	28,967	29,000	-33	46,245	46,245		4.5
ac95	25,276	8,944	16,332	6,000	10,332	4,865	4,865		4.6
ac68	279,731	219,912	59,819	44,000	15,819	580,330	573,330	7,000	
ac30	19,298	16,482	2,816		2,816	54,255	54,255		
ac10	24,131	22,215	1,916		1,916	37,335	37,335		
cs03	87,673	65,466	22,207	5,000	17,207	169,030	149,030	20,000	4.7
ac20	277,913	38,018	239,895	66,000	173,895	731,863	562,863	169,000	4.8
ac15	499,383	436,345	63,038	12,000	51,038	861,630	846,630	15,000	4.9
ac63	57,996	35,365	22,631	23,000	-369	124,755	124,755		
ac25	454,330	422,318	32,012	15,000	17,012	830,100	830,100		4.10
Leisure & Environment	2,420,338	1,953,760	466,578	167,000	299,578	5,033,082	4,842,082	191,000	
aq15	29,858	-41,371	71,229	13,000	58,229	54,370	20,370	34,000	5.1
aq20	-86,352	-127,621	41,269	32,000	9,269	-243,050	-243,050	7,000	5.2
aq70	31,325	28,429	2,896		2,896	72,680	72,680		
aq11	81,376	58,590	22,786	11,000	11,786	298,974	248,974	50,000	5.3
aq14	76,038	48,544	27,494	24,000	3,494	177,806	177,806		
aq13	2,604	3,932	-1,328		-1,328	42,396	42,396		
aq05	28,777	17,637	11,140	7,000	4,140	63,552	63,552		5.4
aq35	-275,123	-270,267	-4,856	-3,000	-1,856	-607,210	-607,210		5.5
ac75	5,956	12,602	-6,646		-6,646	-11,054	-11,054		5.6

Level 5	Estimate to Date	Actual to Date	Variance to Date	Timing Differences	Variance excluding timing Differences	Est 2011/12	Forecast Outturn	Forecast Variation to Year End	REF
as030	23,217	-295	23,512	14,000	9,512	-21,350	-32,350	11,000	5.7
aq12	89,794	69,484	20,310	19,000	1,310	426,803	359,803	67,000	5.8
aq25	4,426	22,845	-18,419	-19,000	581	1,560	1,560		
aq75	25,706	20,682	5,024	2,000	3,024	53,350	53,350		5.9
Planning	37,602	-156,808	194,410	100,000	94,410	315,827	146,827	169,000	
as05	136,986	134,345	2,641	-2,000	4,641	383,780	381,780	2,000	6.1
as07	91,854	84,691	7,163		7,163	193,594	191,594	2,000	6.2
as45	323,229	303,027	20,202	2,000	18,202	654,310	654,310		6.3
as25	364,032	310,242	53,790	22,000	31,790	614,090	575,590	40,500	6.4
as15	390,573	392,267	-1,694		-1,694	814,870	814,870		
as20	852,980	759,643	93,337	28,000	65,337	1,412,880	1,381,380	31,500	6.5
as10	665,718	594,769	70,929	17,000	53,929	1,341,254	1,344,254	-3,000	6.6
as06	36,491	16,853	19,638	2,000	17,638	73,500	69,500	4,000	6.7
	-468,366	-421,668	-46,698		-46,698	-1,134,150	-1,134,150		
	-21,120	-21,120	0		0	-42,240	-42,240		
Support Services Holding A/c	2,393,497	2,174,189	219,308	69,000	150,308	4,311,878	4,234,878	77,000	
Adjust for unallocated savings target									
Ill Health Retirement saving									
Position as at 30/09/11	8,764,760	7,224,648	1,540,112	757,000	783,112	12,183,894	11,691,894	526,880	
Estimated salary underspend								302,164	
								831,044	

Out turn Explanations September 2011

	Forecasted year end variations	Variation To Date	Forecasted Yr End Variance
1	Central Services	73,000	50,000
1.1	<ul style="list-style-type: none"> ➤ Corporate Management - £3k Subscription due to a saving on the 'Subscription to the EM Council 2011/12' and 'LGA Subscription 2011/12', £18k Contributions to 'Prospect Leicestershire 2011/12' no longer going to be paid, (£2k) Repayment of Insurance monies received twice in 2010/11, £2k Members Allowance, £4k minor variances. Year End Savings:- £18k Contribution to 'Prospect Leicestershire', (£2k) Repayment of Insurance monies received twice in 2010/11, £3k Subscriptions, £4k Members Allowances 	25,000	23,000
1.2	<ul style="list-style-type: none"> ➤ Corporate Management (Civic) - £2k Civic Hospitality, £2k Travel costs, £2k Minor variances 	6,000	
1.3	<ul style="list-style-type: none"> ➤ Council Tax Benefit - £5k Minor variances Subsidy Impact - Reduction in income - Council Tax 	5,000	(10,000)
1.4	<ul style="list-style-type: none"> ➤ Council Tax/ NNDR - £10k Additional Legal Costs Recovered, £7k Liability Order Expenses Year End - £12k Liability Order Expenses - saving due to the cost being covered by the Revenues & Benefits Partnership 	17,000	12,000
1.5	<ul style="list-style-type: none"> ➤ Register & Borough Elections £20k Local Elections- Saving to date on Local Elections (Year End £20k), Year End £5k Canvasser salary payments saving 	20,000	25,000
2	Direct Service Organisations	13,000	16,000
2.1	<ul style="list-style-type: none"> ➤ DSO Grounds Maintenance - £8k Salaries under spend, £5k under spend on Equipment Purchase & Maintenance £16k Surplus income for year end forecast 	13,000	16,000
3	Housing (General Fund)	148,000	174,000
3.1	<ul style="list-style-type: none"> ➤ Benefits Fraud - £4k additional costs from penalty fraud cases, £1k Minor variances 	5,000	
3.2	<ul style="list-style-type: none"> ➤ Homelessness - £7k Salary under spent, £8k prevention/bond repayments higher than budgeted. Year End £8k 	15,000	8,000
3.3	<ul style="list-style-type: none"> ➤ Private Sector Housing - £3k salaries under spend 	3,000	
3.4	<ul style="list-style-type: none"> ➤ Rent Allowances - £126k Additional recovery of benefit overpayments, (£1k) Minor Variances Subsidy Impact - Reduction in Income - Housing Benefit 	125,000	170,000 (4,000)
4	Leisure & Environment	300,000	191,000
4.1	<ul style="list-style-type: none"> ➤ Cemeteries - £3k Salaries under spend, £2k minor variances 	5,000	
4.2	<ul style="list-style-type: none"> ➤ Community Safety - £12K employee costs lower than budgeted-, £2k Earl shilton Community House - funding from Town Council not budgeted as unpaid last year (Year End £2k), £2k income from Poor's Platts charity not budgeted (Year End £2k) 	16,000	4,000
4.3	<ul style="list-style-type: none"> ➤ Countryside Management - £11k Salary saving, vacant post, (£14k) income shortfall, £4k minor variances. £10k income shortfall at year end. 	1,000	(10,000)
4.4	<ul style="list-style-type: none"> ➤ Creative Communities - Reduction in income generated to support the service. Potential projects now cancelled due to grant funding cuts. 	(7,000)	(14,000)
4.5	<ul style="list-style-type: none"> ➤ Licences - £6k salaries lower than budgeted, £3k Premises License fee income higher than budgeted, £1k minor variances. 	10,000	
4.6	<ul style="list-style-type: none"> ➤ Parks - £10k Salary under spend, £7k Year-End over-accrual for Tree Works- Year end saving , (£1k) minor variances 	16,000	7,000
4.7	<ul style="list-style-type: none"> ➤ Waste Business Improvements -£17k income in excess of Budget. Year End- £20k additional income 	17,000	20,000
4.8	<ul style="list-style-type: none"> ➤ Recycling- £25k Salaries/Agency under spend, £2k Vehicle repairs under Budget, £12k Fuel costs below estimate, £13k vehicle lease savings, £8k saving on collection contracts and bag purchases, £5k brown bin lease saving due to contract ending, £73k Recycling improvements - eg deferral of food waste scheme, £2k additional income from Brown bins, £37k Additional Blue bin rental income, (£9k) Baled recycling income taken to Business Improvements, £6k minor variances Year End - Recycling Improvements £100k (deferment of food waste scheme), Agency cost savings £10k, Vehicle repairs under Budget £2k, Fuel savings £13k, Vehicle lease cost savings £5k, Additional income from Brown Bins £2k, Surplus income from Blue Bins £37k, Rebate due from Palm £10k, Baled recycling income taken to Business Improvements (£10k) 	174,000	169,000
4.9	<ul style="list-style-type: none"> ➤ Refuse Collection- £28k Salary/Agency under spends, £4k vehicle maintenance under spend, £7k Fuel costs below estimate, £9k Vehicle lease cost savings, £3k minor variances Agency cost savings £10k, Vehicle maintenance under spend £2k, Vehicle lease cost savings £3k 	51,000	15,000
4.10	<ul style="list-style-type: none"> ➤ Street Cleansing- £24k Salaries vacancies and Agency under spends, (£5k) Vehicle maintenance higher than budgeted, (£5k) Fuel - usage higher than budgeted, £7k savings on vehicle leases, (£7k) equipment maintenance over spend, £3k Minor variances (£10k) Fuel - usage higher than budgeted, (£10k) equipment maintenance over spend, £20k income above budget 	17,000	
5	Planning	86,000	169,000
5.1	<ul style="list-style-type: none"> ➤ Building Inspection - £17k Salaries/Car allowances lower than budgeted, £2k refund of training expenses due to employee leaving the authority, £30k Building Control income higher than anticipated, £4k saving on computer maintenance costs, £2k Structural fees budget has not been required as yet, £3k minor variances. 	58,000	

	Forecasted year end variations	Variation To Date	Forecasted Yr End Variance
5.2	<p>£30k Building Control income - it is a requirement that any surplus made is to be reserved wholly for the Building Control function, £1k saving on computer maintenance costs, £3k Structural fees budget will probably not be required.</p> <p>➤ Car Parks - £20k Income ahead of Budget, (£10k) NNDR - Charges in excess of budget, £2k Mkt Harborough staffing recharges under Budget, (£3k) minor variances.</p>	9,000	34,000
5.3	<p>Car Parks - £10k Income ahead of Budget, (£10k) NNDR - Charges in excess of budget, £3k Mkt Harborough staffing recharges under Budget, £4k Penalty Notice income ahead of Budget.</p> <p>➤ Development Control - £8k Ordnance Survey costs - exercise being carried out on expected future costs and any saving that may/may not be available, (£2k) Planning fee income lower than budgeted, £5k legal costs to date have been lower than budgeted - this may change.</p>	11,000	7,000
5.4	<p>Planning fee income has slowed down over the last few months, but a number of major applications are still expected. £50k is only an estimate if minor applications continue at the same rate as currently being received.</p> <p>➤ Highways Miscellaneous - £1k Salaries lower than budgeted, £2k replacement street name plates have not been required as yet - to be monitored, £1k minor variances.</p>	4,000	50,000
5.5	<p>➤ Industrial Estates - (£3k) Overspend on NNDR - some of this may be recouped as NNDR is paid on empty Industrial units for the full year but when properties are rented HBBC will receive a refund, £3k Rents higher than anticipated, (£2k) Minor Variances</p>	(2,000)	
5.6	<p>➤ Markets - (£3k) Salaries higher than budgeted, (£2k) Market fee income lower than budgeted on the new Atherstone market due to a delay in the start of operations, (£2k) Market fee income lower than budgeted.</p>	(7,000)	
5.7	<p>➤ Miscellaneous Properties - £10k NNDR for Atkins Building Saving for year</p> <p>Year End - Rents at Atkins Building (£3k), Services charges at the Atkins Building £4k, £10k NNDR</p>	10,000	11,000
5.8	<p>➤ Planning Policy - Barwell & Earl Shilton SUE project expenditure now scheduled for 2012/13 - funded from LDF reserve.</p>		67,000
5.9	<p>➤ Sustainable Development - £3k Salaries lower than budgeted.</p>	3,000	
6	Support Services Holding A/c	198,000	77,000
6.1	<p>➤ Asset Management - (£2k) Salaries, (£6k) Overspend on Florence House Service Charges, £5k Under spend on Council Office Asset Maintenance - only essential works is currently being done, £7k Under spend on Cleaning of Station Road Toilet due to a change in the contract, Year End - (£13k) Overspend on Florence House Service Charges, £15k Saving on cleaning of Station Road Toilet due to a reduction in contract</p>	4,000	2,000
6.2	<p>➤ Communications - £5k Salaries- Vacant post, £2k Minor Variances -Year End £2k</p>	7,000	2,000
6.3	<p>➤ Corporate Management - £10k Salaries, £2k Ill Health Retirement saving, £3k Training under spend to date, £3k Minor variances</p>	18,000	
6.4	<p>➤ Council Offices - £6k Salaries, (£1k) NNDR, £1k Purchases & Provisions, £14k Rent received for Florence house, £3k Credit note received for Electricity at Depot after supplying more accurate meter readings, £2k Security Service Maintenance & Callout, £2k Metered Water, (£1k) Insurance, £3k Fire Alarm & Lift Maintenance Costs, £3k Minor variances</p> <p>Year End - £40.5k Rent on Florence House extended for a further 12 month @ £4,500 per month (Original 3 months plus 6 Months relates to 2011/12), (£1k) NNDR, £3k Electricity credit note for Depot, £2k Security Service Maintenance & Callout, (£4k) Additional scanning costs relating to relocation from Florence House</p>	32,000	40,500
6.5	<p>➤ IT Support- £11k Salaries Vacant Gis Officer Post for Oadby & Wigston ,£13k HBBC Salaries, £1k Ill Health Retirement Insurance, £24k Reduced annual Maintenance for Academy remote support due to Revenues & Benefits Shared Service year end saving of £24k of which £12k to be transferred to ICT Reserve, £12k Key fobs paid in 2010/11 issued and recharged during 2011/12, £4k Flexible working savings to date. Year End £ 7.5k</p>	65,000	31,500
6.6	<p>➤ Legal & Admin- £47k Salaries- Vacant Posts & Corporate Services restructure, £3k Ill Health Retirement Insurance (£2k) Corporate Stationery- Increase in purchase of paper, £3k Minor variances, £6k Additional Legal Costs income (£3k) Reduction in Legal/Corporate Shared Service income.(£6k) Year End- Increase in Paper purchase, £3k Central Stationery year end saving</p>	54,000	(3,000)
6.7	<p>➤ Performance & Scrutiny- £14k Salary saving on vacant Performance Post, £2k Postage refund costs from 2010/11 (Year End £2k), £2k Minor variances. £2k Year end minor variances</p>	18,000	4,000
Ill Health Retirement Insurance saving			26,880
Total (over)/under spend		818,000	703,880
Estimated salary (over)/under spend			302,164
Corporate Savings recovered above			(175,000)
Forecasted year end saving			831,044

Summary of Timing Differences in Variations

Monthly Outturn Report 1st April to 30th September 2011

Underspend/(Overspend) caused by timing differences

Corporate Management	Audit Invoices not yet received for 2010/11 to cover accrual Audit Invoices not yet received for 2011/12 LRIEP Funding Received - Expenditure not yet incurred	2,000 67,000 5,000	74,000
Council Tax Benefit	Contributions to be made to the Revenues & Benefits Partnership - Quarter 2 Contribution to Partnership - additional expenditure to be incurred but unsure as to when Correction journal for salaries to be recoded to the Revenues & Benefits Partnership Additional Subsidy not yet received	63,000 16,000 (2,000) (106,000)	(29,000)
Council Tax/ NNDR	Contributions to be made to the Revenues & Benefits Partnership - Quarter 2 Contribution to Partnership - additional expenditure to be incurred but unsure as to when	100,000 19,000	119,000
Emergency Planning	Awaiting invoice for 2nd quarter payment for the emergency planning function provided by the WOW partnership	5,000	5,000
General Grants	Delay in payment of CVS Grant - Awaiting SLA signature before payment	28,000	28,000
DSO Grounds Maintenance	Equipment Purchase & Maintenance- awaiting invoice from Suppliers Income - income shortfall against profiled budget	6,000 (20,000)	(14,000)
Benefit Fraud	Contributions to be made to the Revenues & Benefits Partnership - Quarter 2 Contribution to Partnership - additional expenditure to be incurred	31,000 4,000	35,000
Homelessness	Contribution for Next Generation worker invoiced earlier than profiled Homeless prevention contribution invoiced due to the Cashiers closing, but will be paid over a number of years Bond repayments invoiced due to the Cashiers closing, but will be paid over a number of years Mortgage support scheme spend will be later than profiled	(15,000) 33,000 58,000 3,000	79,000
Private Sector Housing	Consultancy spend will be later than profiled Energy Conservation Promotions spend will be later than profiled	5,000 2,000	7,000
Rent Allowances	Contributions to be made to the Revenues & Benefits Partnership - Quarter 2 Contribution to Partnership - additional expenditure to be incurred but unsure as to when Correction journal for salaries to be recoded to the Revenues & Benefits Partnership Delay in entering details of Rent Allowance invoices on system for wc 26/09/11 - (payments made direct through Benefits system) Additional Subsidy not yet received	49,000 11,000 (2,000) 140,000 (81,000)	117,000
Cemeteries	Computer software - invoice not yet received from supplier (invoice in dispute) Income variance assumed to be budget profiling	8,000 3,000	11,000
Children & Young People	Expenditure for the Locality Partnership Coordinator scheme earlier than profiled Awaiting payment of grant from EU for the recent European Exchange visit Awaiting payment of grant from LCC for the Locality Partnership Coordinator scheme PAYP projects delayed due to all available time being spent on the EU exchange visit	(15,000) (13,000) (54,000) 15,000	(67,000)
Community Safety	Beacon spend will be later than profiled - Christmas campaign CCTV maintenance earlier than profiled Domestic violence - minor project spend will be later than profiled Delivery group - spend will be later than profiled Invoices from County expected for analyst and ICSB Contributions from other bodies received earlier than profiled	5,000 6,000 3,000 2,000 4,000 3,000	23,000
Leisure Promotion	Annual contribution owed to HC4YP. Still awaiting required paperwork before payment will be made. HC4YP to be billed for premises insurance paid by HBBC Virement needed to cover NNDR payment on the old Stoke Rd Boys Club.	35,000 (3,000) (3,000)	29,000
Licences	CRB costs due later than profiled Awaiting MOT inspection invoice for taxis	3,000 3,000	6,000
Parks	Grounds maintenance - work not profiled in line with budget Electricity - invoice awaited from supplier Effluent Treatment - work done not yet invoiced Equipment Maintenance - LCC Street Lighting invoices awaited Non Developer Capital Income - re works at Burbage Common Contributions from outside bodies not in line with Budget	13,000 21,000 8,000 4,000 4,000 (6,000)	44,000
Waste Service Improvements	Streetscene - Recycling Improvements - spend not in line with budget profile	5,000	5,000
Recycling	Salaries: 3 months not yet charged by NBBC; agency invoices processed later than profile.	9,000	

	Repairs & Maintenance invoices from suppliers not yet paid Equipment purchase spending not in line with Budget profile Collection Contracts - Invoices not processed in line with budget profile Contributions to other bodies - payments not in line with Budget profile LCC's Recycling Credits - delay in processing one month's credit	4,000 4,000 2,000 2,000 45,000	66,000
Refuse Collection	Salaries: 3 months not yet charged by NBBC; agency invoices processed later than profile. Repairs & Maintenance invoices from suppliers not yet paid Leasing costs - delay in processing invoices from supplier (Harprule) Hired Services / Postage - spending not in line with Budget profile	5,000 2,000 1,000 4,000	12,000
Sports Development	Physical Activity funding for Oct received in Sept Expenditure for Open & Training schemes (sport activities) will be later than profiled Expenditure for the GP Exercise Referral scheme will be later than profiled. Expenditure for the Sportivate scheme will be later than profiled.	6,000 4,000 9,000 4,000	23,000
Street Cleansing	Minor projects (Pride in Barwell) - Spending not in line with budget profile Hired services - invoice awaited from Leics CC Income received ahead of Budget profile	3,000 6,000 6,000	15,000
Building Inspection	Awaiting invoice from Oadby & Wigston for Chief Building Control Officer	13,000	13,000
Car Parks	Market Bosworth Car Park- recharge completed quarterley in arrears Electricity - Charges incurred but not yet invoiced Equipment Maintenance - LCC Street Lighting invoices awaited CPE Penalty Notice income ahead of Budget	4,000 4,000 26,000 (2,000)	32,000
Development Control	Training expenditure will be later than profiled Expenditure on the hire of consultants will be later than profiled	3,000 8,000	11,000
Economic Development	Awaiting invoices from Elliot Urban Regeneration for consultancy works	24,000	24,000
Highways Miscellaneous	Accrual for queried LCC street lighting invoices from 09/10 and 10/11	7,000	7,000
Industrial Estates	Accrual for queried LCC street lighting invoices from 09/10 and 10/11 Delay in Service Charge Income for Greenfields Units Repayment of NNDR paid on Vacant Property - now tenanted refund to be received	2,000 (2,000) (3,000)	(3,000)
Miscellaneous Properties	Atkins Utility invoices not yet received - awaiting invoices Delay in Receipt of income for Utilities due to payments not yet being made Delay in payment for Metered Water - awaiting invoices	16,000 (5,000) 3,000	14,000
Planning Policy	Expenditure for consultantancy fees will be later than profiled. Awaiting Capita Lovejoy invoice for traffic modelling advice Neighbourhood Planning Aid grant for Market Bosworth - profile of spend not yet known Expenditure for Training will be later than profiled.	10,000 4,000 3,000 2,000	19,000
Public Travel	Awaiting 10/11 Concessionary fares reimbursement from LCC	(19,000)	(19,000)
Sustainable Development	Sustainable Development Fund expenditure to be later than profiled Hired & Contracted Services budget to be spent later than profiled	1,000 1,000	2,000
Asset Management	Delay in payment of Cleaning invoice for July & August 2011 - Invoices in Dispute Leisure Centre Maintenance - Expenditure incurred earlier than anticipated, Budget to be reprofiled Service Charge for Florence House paid in September profiled to October	13,000 (5,000) (10,000)	(2,000)
Corporate Management	Delay in receipt of invoices for Shared Equalities costs from North West Leicestershire DC	2,000	2,000
Council Offices	Awaiting Invoices for Gas and Electricity Delay in receipt of invoice for document scanning following relocation from Florence House	19,000 3,000	22,000
IT Support	Invoice for Applications Development worker for August- not yet received Income for recharge of ICT Services to Harbough District Council. Awaiting invoice for related Costs from Steria Invoice for Monthly line rental between HBBC & Blaby DC -not yet received Invoice for Monthly broadband charges received and paid in October Annual Disaster Recovery support- delayed due to retendering of Contract. Invoice for County Partnership Contribution for A-Z Website facility- not yet received	5,000 8,000 2,000 1,000 6,000 6,000	28,000
Legal/Administration	Postal Franking Machine account in Credit at 30th September. Payment made in advance Legal Services- Invoice for annual library subscription received and paid in October Salaries - Invoices for August & September outstanding for HR Officer recharge from Charnwood BC	(6,000) 20,000 3,000	17,000
Performance & Scrutiny	Awaiting Postage & Printing Costs for Citizens Panel Survey	2,000	2,000
TOTAL TIMING DIFFERENCES			757,000

DSO GROUND CARE SERVICES

FINANCIAL POSITION AS AT 30 September 2011

	Budget to Date £	Actual to Date £	Variance £	Variance %
Total Employee Costs	299,170	281,971	17,199	5.7%
Premises Related Expenditure	246	-	246	100.0%
Transport	64,264	63,801	463	0.7%
Supplies and Services	49,542	39,101	10,441	21.1%
Total Costs	413,222	384,873	28,349	6.9%
Total Income	-443,770	-424,070	-19,700	4.4%
Position to Date	-30,548	-39,197	8,649	-28.3%
Central & Administration (see detail below)	51,224	46,421	4,803	9.4%
Capital Charges	8,878	8,875	-	
Net Expenditure/(Income)	29,554	16,099	13,406	45.4%

<u>Central & Administration Charges</u>	Budget to Date £	Actual to Date £	Variance £
Depot Recharge	5,622	5,600	22
Accountancy recharge	3,564	3,662	-98
Contact Centre Recharge	2,572	2,532	
Photocopying Recharge	6	-	
Central Stationery recharge	12	6	6
Reprographic Section recharge	66	61	5
Central Postages recharge	86	88	-2
Corporate Support services rec	108	40	68
Internal Audit Recharge	1,038	501	537
Central IT Recharge	3,806	3,642	164
IEG Recharge	416	739	-323
Chief Exec & Sec Recharge	1,540	1,437	103
Creditors Management	3,586	3,090	496
Debtors Management	432	394	38
Cashiers Dept.	90	102	-12
Communication & Promotion Recharge	9,012	8,172	840
Human Resources	11,980	10,696	1,284
Health & Safety	2,782	2,449	333
Performance and Scrutiny	4,506	3,210	1,296
	51,224	46,421	4,757

Capital Programme Summary
30th Sep 2011

Description	Latest Budget	Budget to Date	Actual	Variance
General Fund				
Community Direction	1,001,620	505,623	132,712	372,911
Business, Contract and Streetscene Services	1,654,170	546,277	147,525	398,752
Corporate Direction	1,298,747	470,283	266,148	204,135
	3,954,537	1,522,183	546,384	975,799
HRA	3,014,288	1,506,572	1,184,363	297,199
Grand Total	6,968,825	3,028,755	1,730,747	1,272,998

30th Sep 2011
Community Direction

Code	Description	Latest Budget	Budget to Date	Actual	Variance
roa	Major Works Grants	190,000	95,038	6,121.20	88,917
rob	Disabled Facilities Grant	581,450	290,840	106,924.36	183,916
roc	Grant to Home Improvement Agency	37,350	18,680	4,731.00	13,949
rod	Decent Homes Projects	23,340	11,674	0.00	11,674
roh	Minor Works Grants	90,000	45,018	744.00	44,274
		922,140	461,250	118,521	342,729
ssm	Planning Plotter	6,140	6,143	6,142.48	1
rji	Wall Improvements Barwell	9,300	6,200	0.00	6,200
rjc	Borough Improvements	64,040	32,030	8,048.97	23,981
		79,480	44,373	14,191	30,182
	Grand Total	1,001,620	505,623	132,712	372,911
Business, Contract and Streetscene Services					
rab	Queens Park	6,610	3,306	0.00	3,306
raf	Richmond Park Play Area	218,560	109,324	0.00	109,324
rbc	Burbage Common	264,300	60,789	24,631.00	36,158
ran	Memorial Safety Programme	5,770	0	0.00	0
ray	Cemeteries Booking System	0	0	1,044.00	(1,044)
raz	Churchyard Repairs	2,370	1,188	0.00	1,188
rba	Hollycroft Park	670	336	0.00	336
rci	Grounds Maintenance Machinery	2,580	1,290	0.00	1,290
rfn	Parks : Major Works	40,350	19,952	16,630.66	3,321
rfp	Billa Barra Footpath Enhancement	10,980	0	0.00	0
rgg	Parish & Community Initiatives	130,710	65,382	17,718.00	47,664
rkt	Resurfacing Car Parks	17,560	0	0.12	(0)
rck	Blue Recycling Bin project	892,000	223,000	35,006.94	187,993
rce	Recycling Containers	61,710	61,710	52,494.22	9,216
		1,654,170	546,277	147,525	398,752

30th Sep 2011
Corporate Direction

Code	Description	Latest Budget	Budget to Date	Actual	Variance
ssd	Financial Systems	15,730	7,866	2,343.75	5,522
		15,730	7,866	2,344	5,522
sui	Corp Scanner	10,270	10,270	0	10,270
sul	Modern e Gov	20,000	5,000	0	5,000
sud	Customer First Project	17,190	4,298	0.00	4,298
		47,460	19,568	0	19,568
rjd	Atkins Building Conversion	31,460	15,734	-7,293.36	23,027
rje	Atkins Partitioning	50,000	25,010	47,638.28	(22,628)
spg	Greenfields Development	2,830	1,416	-108,280.23	109,696
spj	Electronic Meter Reading	20,000	20,000	19,459.00	541
spv	Asset Management Enhancement Works	95,000	0	0.00	0
sqc/spk	Council Office Relocation	498,000	0	1,495.00	(1,495)
		697,290	62,160	(46,981)	109,141
ssl	HR/Payroll System	2,880	1,440	0.00	1,440
		2,880	1,440	0	1,440
ssa	General Renewal -Extensions	35,100	0	1,255.70	(1,256)
ssg	Members IT	39,370	9,844	0.00	9,844
ssj	GIS Upgrade	6,520	3,262	0.00	3,262
ssk	Public & Consultee ICT Access Upgrade	0	0	-3,750.00	3,750
ssx	Rolling Server Review	43,230	0	3,283.74	(3,284)
		124,220	13,106	789	12,317
suh	Shared Revenues and Benefits	357,126	314,600	306,095.03	8,505
stp	Flexible Working/Relocation	5,000	2,502	1,021.02	1,481
stt	Mobile Working/Flexible Working Project	0	0	224.00	(224)
su	Transformation	49,041	49,041	4,372.78	44,668
suk	Revenues and Benefits Relocation	0	0	-1,717.20	1,717
		411,167	366,143	309,996	56,147
		1,298,747	470,283	266,148	204,135

30th Sep 2011

HRA

Code	Description	Latest Budget	Budget to Date	Actual	Variance
rgm	Barwell Community House Project	0	0	180	-180
saa	Adaptation Of Dwellings	429,150	214,578	116,019	98,559
sac	Upgrade Lifts in Warden Assisted Area	50,000	25,010	0	
sae	Major Void Enhancements	922,690	461,530	431,559	29,971
saf	Programmed Enhancements	536,830	250,860	144,598	106,262
sah	Electrical Testing/Upgrading	134,110	66,792	31,672	35,120
sai	Windows : Single to Double Glazing	62,120	37,528	65,275	-27,747
sak	Re-Roofing	32,910	16,460	-420	16,880
sal	Alexander Gardens - New Build	232,070	116,080	129,781	-13,701
sam	Northfield car park improvements	0	0	-1,052	1,052
san	Tenant Led Community Projects	20,000	10,004	0	10,004
sbh	Kitchen Upgrades	290,610	145,328	158,995	-13,667
sbw	Boiler replacement	282,620	141,224	82,615	58,609
sbx	Low maintenance doors	21,178	21,178	25,140	-3,962
Total		3,014,288	1,506,572	1,184,363	297,199

Housing Revenue Account

	2011/12 Latest ESTIMATE £	2011/12 BUDGET To Sept 11 £	ACTUAL TO To Sept 11 £	VARIANCE %	VARIANCE £	TIMING DIFFERENCE	VARIANCE £	ESTIMATED OUTTURN £
SUMMARY HOUSING REVENUE ACCOUNT								
INCOME								
Dwelling Rents (iab/t1005)	(10,620,540)	(5,412,227)	(5,360,328)	-1%	(51,899)	(11,000)	(51,899)	(10,568,641) ¹
Non Dwelling Rents(Total r-Dwelling-t1085)	(69,800)	(40,114)	(40,095)	0%	(19)	(60,000)	(19)	(69,800)
Contributions to Exp(t5025,t5030,t5035)	(15,290)	(7,650)	(7,645)	0%	(5)		(5)	(15,290)
Transfer from Major Repairs Reserve (t5020)	(2,007,900)	(1,003,950)	(1,003,950)	0%	0		0	(2,007,900)
	(12,713,530)	(6,463,941)	(6,412,018)	-1%	(51,923)	0	(51,923)	(12,661,631)
EXPENDITURE								
Supervision & Management (General)	1,542,995	702,622	599,097	-15%	103,525	(11,000)	92,525	1,486,680
Supervision & Management (Special)	733,070	347,580	164,145	-53%	183,435	(60,000)	123,435	670,377
Contribution to Housing Repairs A/C	2,400,000	1,200,000	1,200,000	0%	0		0	2,400,000
Depreciation (Item 8 Debit) (q1015)	4,060,170	2,030,898	2,030,085	0%	813		813	4,060,170
Capital Charges : Debt Management (q1020)	7,260	3,630	3,662	1%	(32)		(32)	7,260
Increase in Provision for Bad Debts (g9045)	50,000	0	0		0		0	50,000
Negative HRA Subsidy (g96)	4,083,163	2,040,766	2,113,858	4%	(73,092)	73,000	(92)	4,083,163 ²
	12,876,658	6,325,496	6,110,847	-3%	214,649	2,000	216,649	12,757,650
Net Cost of Services	163,128	(138,445)	(301,171)		(162,726)	(2,000)	(164,726)	96,019
Interest Receivable (t 3030 & t 3049)	(9,640)	0	0	0%	0		0	(9,640)
Capital cost of retirement	0	0	0	0%	0		0	0
FRS17 Adjustment (b 70)	37,240	0	0	0%	0		0	37,240
Net Operating Expenditure	190,728	(138,445)	(301,171)		(162,726)	(2,000)	(164,726)	123,619
CONTRIBUTIONS								
Contribution to Piper Alarm Reserve (q)	10,400	0	0	0%	0		0	10,400
Contribution to Pension Reserve	12,890	0	0	0%	0		0	12,890
(Surplus) / Deficit	214,018	(138,445)	(301,171)		(162,726)	(2,000)	(164,726)	146,909
Explanations for Variances								
1 - Dwelling rent in line with void properties	(52)							
2 - payment adjustment to be made in October	(73)							

Housing Revenue Account

	2011/12 LATEST ESTIMATE £	2011/12 BUDGET To Sept 11 £	ACTUAL TO To Sept 11 £	VARIANCE %	VARIANCE £	TIMING DIFFERENCES	VARIANCE £	ESTIMATED OUTTURN £
SUPERVISION & MANAGEMENT (GENERAL)								
Employees	638,420	318,617	262,302	-18%	56,315		56,315	582,105
Premises Related Expenditure	91,390	73,191	74,076	1%	(885)		(885)	91,390
Transport Related Expenditure	32,300	16,160	15,958	-1%	202		202	32,300
Supplies & Services	139,200	63,891	51,928	-19%	11,963	(11,000)	963	139,200
Central & Administrative Expenses	672,470	237,342	208,540	-12%	28,802		28,802	672,470
Gross Expenditure	1,573,780	709,201	612,804	-14%	96,397	(11,000)	85,397	1,517,465
Revenue Income	(30,785)	(6,579)	(13,707)	108%	7,128		7,128	(30,785)
Net Expenditure to HRA	1,542,995	702,622	599,097	-15%	103,525	(11,000)	92,525	1,486,680
SUPERVISION & MANAGEMENT (SPECIAL)								
Employees	674,940	331,170	268,477	-19%	62,693		62,693	612,247
Premises Related Expenditure	411,358	215,596	181,882	-16%	33,714	(31,000)	2,714	411,358
Transport Related Expenditure	15,470	7,752	9,549	23%	(1,797)		(1,797)	15,470
Supplies & Services	145,540	46,930	22,897	-51%	24,033	(20,000)	4,033	145,540
Central & Administrative Expenses	137,570	68,908	60,468	-12%	8,440		8,440	137,570
Gross Expenditure	1,384,878	670,356	543,273	-19%	127,083	(51,000)	76,083	1,322,185
Revenue Income	(601,328)	(297,526)	(353,888)	19%	56,362	(9,000)	47,362	(601,328)
Recharges	(50,480)	(25,250)	(25,240)	0%	(10)		(10)	(50,480)
Total Income	(651,808)	(322,776)	(379,128)	17%	56,352	(9,000)	47,352	(651,808)
Net Expenditure to HRA	733,070	347,580	164,145	-53%	183,435	(60,000)	123,435	670,377

Explanations for Variances

1	Choice Based lettings spend will be later than profiled	11
2	income from NW from staff share not budgeted	7
3	income from CBL later will be later than budgeted	(5)
4	underspend on electricity	27
5	underspend on gas	31
6	furniture/equipment purchase will be later than profiled	12
7	equipment maintenance will be later than profiled	7
8	telephone spend will be later than profiled	3
9	printing and stationery not yet spent	2
10		24
11	fees and charges higher than anticipated	12
12	supporting people income higher than budgeted	28
13	income for Armada Court Salix lights received early	9
14	lifetime income higher than budgeted	7
15		56

Housing Revenue Account

	2011/12 LATEST ESTIMATE £	2011/12 BUDGET To Sept 11 £	ACTUAL TO To Sept 11 £	VARIANCE %	VARIANCE £	TIMING DIFFERENCES	VARIANCE £	ESTIMATED OUTTURN £
HOUSING REPAIRS ACCOUNT								
Administration								
Employee Costs	345,870	164,883	136,415	-17%	28,468		28,468	345,870
Transport Related Expenditure	26,220	13,505	10,684	-21%	2,821		2,821	26,220
Supplies & Services	142,470	52,877	50,791	-4%	2,086		2,086	142,470
Central Administrative Expenses	312,600	156,356	145,877	-7%	10,479		10,479	312,600
Total Housing Repairs Administration	827,160	387,621	343,767	-11%	43,854		43,854	827,160
Programmed Repairs (bg 51)	536,630	268,420	316,726	18%	(48,306)	48,000	(306)	536,630 ¹
Responsive Repairs(bg 52)	1,039,670	520,050	443,636	-15%	76,414	(76,000)	414	1,039,670 ²
GROSS EXPENDITURE	2,403,460	1,176,091	1,104,129	-6%	71,962	(28,000)	43,962	2,403,460
Contribution from HRA (t4060)	(2,400,000)	(1,200,000)	(1,200,000)	0%	0	0	0	(2,400,000)
Interest on Cash Balances (t3030)	(2,020)	0	0	0%	0	0	0	(2,020)
Other Income (t1010 & t4062)	(2,000)	(1,002)	(1,798)	79%	796	0	796	(2,000)
FRS17 Adjustment	10,610	0	0	0%	0	0	0	10,610
TOTAL INCOME	(2,393,410)	(1,201,002)	(1,201,798)	0%	796	0	796	(2,393,410)
NET EXPENDITURE	10,050	(24,911)	(97,669)	292%	72,758	(28,000)	44,758	10,050
Explanations for Variances								
	£000's							
1 - timing - external painting paid earlier than profiled	(48)							
2 - timing - Willmott Dixon/in house handover	76							

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A Borough to be proud of

Hinckley & Bosworth
Borough Council

Finance, Audit & Performance Committee Work Programme 2011/2012

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Agenda Item 10

FINANCE, AUDIT & PERFORMANCE COMMITTEE WORK PROGRAMME 2011/2012

1. Internal Audit Work Programme

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

2. Financial and Budget Monitoring

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

3. Corporate Management

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

FINANCE, AUDIT & PERFORMANCE COMMITTEE

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

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

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

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