

PERFORMANCE AND GOVERNANCE COMMITTEE

12 March 2013 at 7.00 pm
Conference Room - Council Office

AGENDA

Membership:

Chairman: Cllr. Fittock Vice-Chairman: Cllr. Walshe
Cllrs. Mrs. Bayley, Clark, Mrs. Cook, Davison, Dickins, Firth, Gaywood, Grint, London,
McGarvey and Piper and one vacancy

	<u>Pages</u>	<u>Contact</u>
Apologies for Absence.		
1. Minutes	(Pages 1 - 6)	
Minutes of the meeting of the Committee held on 8 January 2013.		
2. Declarations of interest.		
3. Formal Response or Consultation Requests from the Cabinet and/or Select Committees following matters referred by the Committee (if any)	(Pages 7 - 8)	
a) Treasury Management Strategy 2013/2014 (Minute 83 Response from Cabinet 7 February 2013)		
4. To receive the minutes of the Finance Advisory Group for information.	(Pages 9 - 12)	
Minutes of the meeting held on 24 January 2013.		
5. Actions from the last meeting of the Committee (attached)	(Pages 13 - 14)	
6. Future Business, the Work Plan 2012/13 (attached) and the Forward Plan.	(Pages 15 - 16)	
Members will develop a schedule of work over the year to reflect the terms of reference of the Committee focussing on the Council's priorities for policy development. This includes opportunities to invite other organisations who provide services in the District to provide information to		

the Committee and discuss issues of importance to the Community.

- | | | |
|---|-----------------|---------------------------------------|
| 7. Performance Report | (Pages 17 - 28) | Lee Banks
Tel: 01732 227161 |
| 8. Internal Audit Plan Q3 Progress Report | (Pages 29 - 36) | Bami Cole
Tel: 01732 227236 |
| 9. Annual Audit Plan 2013/14 | (Pages 37 - 54) | Bami Cole
Tel: 01732 227236 |
| 10. Budget Monitoring - January 2013 Figures | (Pages 55 - 62) | Adrian Rowbotham
Tel: 01732 227153 |

EXEMPT ITEMS

(At the time of preparing this agenda, there were no exempt items. During any such items which may arise, the meeting is likely NOT to be open to the public.)

To assist in the speedy and efficient despatch of business, Members wishing to obtain factual information on items included on the Agenda are asked to enquire of the appropriate Director or Contact Officer named on a report prior to the day of the meeting.

Should you require a copy of this agenda or any of the reports listed on it in another format please do not hesitate to contact the Democratic Services Team as set out below.

For any other queries concerning this agenda or the meeting please contact:

The Democratic Services Team (01732 227241)

PERFORMANCE AND GOVERNANCE

Minutes of the meeting held on 8 January 2013 commencing at 7.00 pm

Present: Cllr. Fittock (Chairman) (Chairman)

Cllr. Walshe (Vice-Chairman)

Cllrs. Mrs. Bayley, Clark, Mrs. Cook, Davison, Dickins, Firth, London, McGarvey and Piper

Apologies for absence were received from Cllrs. Gaywood and Grint

Cllrs. Mrs. Davison and Ramsay were also present.

106. Minutes

Resolved: That the Minutes of the meeting of the Performance and Governance Committee held on 13 November 2012, be approved and signed by the Chairman as a correct record.

107. Declarations of interest

There were no declarations of interest.

108. Grant Thornton Update

The Chairman welcomed Andy Mack, District Auditor and Geoffrey Banister, the new Engagement Manager, from Grant Thornton. The District Auditor jointly presented the Audit Fee letter and the Grant Thornton document entitled 'Towards a tipping point?'

In response to questions he reported that the document had been written following the audit of fifty authorities by Grant Thornton last year, but in a year's time it would be taken from a sample of around 200 authorities. He would check the information with regard to the report stating it was only a sample of 24 authorities and did not differentiate between the 'type' of authority though on this occasion it was predominately district councils. He noted that it may be worth distinguishing next time. It was noted that there was no intention to name and shame, not without agreement of the relevant authority, the annual audit letter remained the feedback to the public. The point of the document was to highlight the importance of financial management and he recommended that Members review and consider it. It was agreed that the Finance Advisory Board would be better placed to do this. He explained that the fee was priced on the Council producing good accurate accounts, maintaining good practices and working papers, otherwise the fee would have to be reviewed. Grant Thornton was the fifth largest audit firm with the most up to date technology and economies of scale. The price was fixed for five years.

Agenda Item 1 Performance and Governance - 8 January 2013

A Member asked whether the report was necessary, the District Auditor replied that all the work was necessary for the Value for Money conclusion which required financial standing analysis. The onus was on Grant Thornton to produce something of value.

The Committee welcomed the reduction of 40% in the audit fee and requested that the work falling out of the "Tipping Point" document did not cause the Council any additional burden or expense.

Public Sector Equality Duty

Members noted that there were no adverse equality impacts arising from this report.

Resolved: That the report be noted.

109. Formal Response or Consultation Requests from the Cabinet and/or Select Committees following matters referred by the Committee:

- a) 2013/14 Budget and Review of Service Plans (Response from Cabinet 6 December 2012)
- b) Property Review – Cobden Road Centre, Cobden Road, Sevenoaks (Response from Cabinet 6 December 2012)
- c) Treasury Management Update (Response from Cabinet 6 December 2012)

The responses were noted. The Group Manager – Financial Planning report that a balanced draft budget would be presented to Cabinet on 10 January 2013.

110. Actions from the last meeting of the Committee (attached)

The completed actions were noted.

111. Future Business, the Work Plan 2012/13 (attached) and the Forward Plan.

It was noted that there would be a Benefits Fraud Annual Update presented at the next meeting, and that the Treasury Management Strategy being considered was 2013/14 and not 2012/13 as listed on the workplan.

112. Internal Audit Progress Report - Quarter 2

The Audit, Risk and Anti Fraud Manager's report provided details of the progress of the Internal Audit Team in delivering the Annual Internal Audit Plan 2012/13 and outcomes of final reports issued since the meeting of the committee in September 2012.

Members felt that with reference to the deferral of the Housing review it was potentially the right time to carry out an Audit. However The Audit, Risk and Anti Fraud Manager explained that it was normal practice to wait until things had settled down when a front line service is undergoing changes, in order to minimise disruption to service delivery. The Sale of Assets review was no longer needed because a potential proposal from Sencio had been shelved.

Concern was expressed that of the four reports finalised during the period, there was only one review with a 'good' result. Members' attention was brought to the Audit Opinion definitions which showed that all of the reports issued were in the top three categories. With reference to the review of Information Management, the Director of Corporate Resources and Deputy Chief Executive said the result had been disappointing and mainly due to storage at London Road. However lessons had been learnt, and he hoped to see significant improvement in this area.

Public Sector Equality Duty

Members noted that there were no adverse equality impacts arising from the report.

Resolved: That the contents of the report and the progress made by the audit team in delivering the 2012/13 Annual Internal Audit Plan, be noted.

113. Risk Management Update

The report provided Members with an update on the progress of implementing the Council's revised risk management framework following the meeting in June, when Members were informed of plans to refresh and revise the framework.

Members congratulated the Audit, Risk and Anti Fraud Manager for arranging the free risk management training for Members.

Public Sector Equality Duty

Members noted that there were no adverse equality impacts arising from the report.

Resolved: That the contents of the report be noted.

114. Treasury Management Strategy 2013/14

The Local Government Act 2003 (the Act) and supporting regulations required the Council to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans were affordable, prudent and sustainable. The Act required the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by investment guidance issued subsequent to the Act). The report set out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

Members' attention was drawn to paragraphs 57-59 of the report, which dealt with changes to the investment criteria in the light of recent credit rating downgrades. Paragraph 58 set out officer's proposals for the 2013/14 investment policy. Members agreed with the proposals in general, but expressed great concern with regards to increasing the limits of investments to 40% of the total fund to any single institution or institutions within a group of companies. Some Members felt that it should remain at 25% or possibly increase to 30%. A Member was nervous of Building Societies.

In response to a question on longer term investments, the Principal Accountant reported that advice received recommended against investments for longer than three months,

Agenda Item 1 Performance and Governance - 8 January 2013

except in the cases of semi-nationalised banks and public authorities where up to one year was recommended. This was in line with what neighbouring authorities were doing.

It was agreed that these concerns should be referred to the Finance Advisory Group.

Public Sector Equality Duty

Members noted that there were no adverse equality impacts arising from the report.

Resolved: That the concerns expressed above be drawn to the attention of the Finance Advisory Group.

115. Budget Monitoring - November 2012 Figures

Members considered the budget monitoring figures to date and noted the favourable year end forecast.

In response to questions the Group Manager – Financial Services stated that the shortfall in Direct Services would be covered by savings elsewhere within the Council. Members were advised that the services causing this situation areas were going to be reviewed. At this time there was no budget assumption that the service would be cut. It was noted that Pest Control was not a statutory service. A Member expressed great concern that there was a fixed contract for this service

Action 1: Group Manager – Financial Planning, to check the details of the contract with the Head of Environmental and Operational Services.

The Director of Corporate Resources and Deputy Chief Executive explained that a reasonable length contract had needed to be offered in order for the service to be viable. All contracts had to be looked at individually. Pest Control would be going to Social Affairs Select Committee as part of the review process, in the near future. Councillor Firth requested a full and comprehensive answer be given to the question as to which Committee was responsible for contract lengths and service standards. The Director of Corporate Resources and Deputy Chief Executive advised that this responsibility stretched across this, all the Select Committees with final responsibility resting with Cabinet. Members requested further details such as the number of similar contracts and whether they were commercially competitive.

Action 2: The details requested and procurement guidelines be reported at a future meeting.

Members discussed length and content of reports and appendices and reduction of printing costs. The Portfolio Holder for Finance and Value for Money advised that he would be looking at the committee structure and reducing the number of meetings.

Public Sector Equality Duty

Members noted that there were no adverse equality impacts arising from the report.

Resolved: That the report be noted.

THE MEETING WAS CONCLUDED AT 8.50 PM

CHAIRMAN

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Formal Response from the Cabinet following matters referred by the Committee and/or requests from the Performance and Governance Committee

- a) Treasury Management Strategy 2013/2014 (Minute 83 Response from Cabinet 7 February 2013)

The Portfolio Holder for Finance and Value for Money introduced the Treasury Management Strategy 2013/14 setting out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments. The Portfolio Holder explained that the Local Government Act 2003 required the Council to set out its treasury strategy for borrowing each year and to prepare an Annual Investment Strategy which set out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

The report had previously been considered by the Performance and Governance Committee and the Finance Advisory Group who had considered that the maximum investment period should be for one year and the maximum investment in a single institution should be a limit of 25% of the Fund at the time the investment was made. There should also be a further limit of £5m per counterparty except for call accounts where the limit was £6m, and deposits with the Lloyds banking group and Royal Bank of Scotland where the limit was £8m. Finally, Building Societies with assets in excess of £9bn were to be included in the lending list with a maximum investment limit of £2m and a maximum duration of 3 months.

Members agreed that these proposals would increase opportunities for the Council to invest wider.

Resolved: That Council be recommended to approve the Treasury Management Strategy for 2013-14.

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FINANCE ADVISORY GROUP

Minutes of the meeting held on 24 January 2013 commencing at 9.30 am

Present: Cllr. Ramsay (Chairman)

Cllrs. Fittock and McGarvey

Apologies for absence were received from Cllrs. Firth and Scholey

35. Minutes

The Chairman passed a request from Cllr. Firth that minute 28 be amended. It was suggested that Pest Control was two years into a three year "fixed contract" to become sustainable, rather than "review". Officers stated there was no contract in this matter and the minutes were accurate as they stood. The amendment was not agreed.

Resolved: That the minutes of the meeting of the Finance Advisory Group held on 24 October 2012 be approved and signed by the Chairman as a correct record.

36. Declarations of interest

No declarations of interest were made.

37. Matters arising including actions from last meeting

Those actions which were completed were noted. The weekly refuse collection cost per household was considered a small sum. Although the Head of Environmental and Operational Services already provided a resume of trading accounts in the Financial Result reports, these would be expanded in the future.

38. Referrals from Performance & Governance Committee:

There were none.

39. Kent County Council Superannuation Fund - Investments

The report provided the Summary of Fund Asset Allocation and Performance as at 30 September 2012 and the Statement of Investment Principles for the Kent County Council Superannuation Fund.

In light of responses to previous correspondence, the Group Manager Finance advised it was difficult for the Council to influence the actions of the Fund.

Actuaries had indicated that reforms to the Fund, including moves to average salary payouts and contributors having to work longer would reduce its deficit. However the Chairman noted the Fund was negatively affected by the low gilt annuity rate and by quantitative easing.

Agenda Item 4

Finance Advisory Group - Thursday, 24 January 2013

Further information would be available after the Fund's triennial valuation in September 2013. A report on it would be provided to the Group at its meeting in January 2014 as it would have important consequences for this Council's budget.

Action 1: Report on Kent County Council Superannuation Fund investments to be provided to the Group at its meeting in January 2014 following the valuation.

Resolved: That the report be noted.

40. Treasury Management Strategy 2013/14

The Group was asked to consider creditworthiness criteria within the Treasury Management Strategy 2013/14. The minutes of the Performance and Governance Committee meeting held on 8 January 2013, when the item was previously looked at, were tabled.

Members discussed whether any level of limit placed on investments in a single institution or in a group of companies could be too restrictive if sudden demand were placed on the budget. Officers provided a table showing what cash sums the Council would be restricted to if the limits were set at 25%, 30%, 35% or 40% of the total fund. The Principal Accountant advised that the rule would be most restrictive at year-end when balances were low and also that a figure between 30-35% was reasonable. In future precepts for Kent County Council, the Fire and Rescue Service and the Police would be paid in 12 rather than 10 parts making them more evenly spread. Members agreed that investments in any single institution or institutions within a group of companies should be limited to 25% of the total fund at the time of the investment.

It was agreed the cash limit for investments in the semi-nationalised institutions (Lloyds Banking Group and Royal Bank of Scotland Group) be increased from £6million to £8million each.

Since the report was published Sector had revised its opinion on the length of investments generally. There was no longer a recommended maximum duration of 3 months but instead duration times would be determined by their colour coding system.

Members agreed to include building societies having assets in excess of £9billion in the list of institutions to invest with but investments would be limited to £2million in each building society and a maximum duration of 3 months.

Public Sector Equality Duty

Members noted that there were no adverse equality impacts arising from the report.

Resolved: That Cabinet recommend to Council the Treasury Management Strategy Statement subject to the amendments proposed above.

41. Costs and Savings in Partnership Working

The report provided an overview of the partnership working arrangements the Council had with different local authorities together with the costs of and savings associated with them.

The Group Manager Finance advised there was a decreasing interest from potential partners in creating new joint arrangements. A Member noted that Parish and Town Councils may be more willing partners. Most space within the Argyle Road offices was now occupied though this could change depending on what effect reforms to the benefits system has on staffing requirements.

Officers believed it was still difficult to predict what longer term effects the localisation of Council Tax Support would have on the financial arrangements for the Revenues and benefits partnership with Dartford Borough Council. In the short term the financial implications would be moderated by the Kent-wide scheme. The Chairman added that the introduction of the Universal Credit would likely create more work for officers at least in the short term.

42. Risks and Assumptions for Budget 2013/14

The Group was asked to advise Cabinet and to review the risks and assumptions made within the Draft Budget 2013/14.

In response to a question the Group Manager Finance advised pay costs had not been agreed for 2013/14 yet but he did not expect an increase above 1%. It was clarified that this did not include incremental increases and so the bill would rise further. Rises due to incremental increases would fall over time as the Council had recently adopted narrower pay bands for staff. It was generally lower paid staff who were entitled to the increases. It was noted that the Performance and Governance Committee had in the past raised concern at the financial impact of such increases.

Action 2: Officers to send an email to Members of the Group to show entitlement to and rises in pay costs due to incremental increases as a percentage of the salary bill.

Members noted the Government Support grant could change dramatically in future years but figures had been announced by Central Government for the next two years.

Public Sector Equality Duty

Members noted there were no adverse equality impacts arising from the report.

Resolved: That Members comments be noted.

43. Financial Results 2012/13 - to the end of December 2012

The Budget Monitoring report showed an expected forecast £3,000 better than the budget, comparable to the £7,000 forecast in November. Within these figures were wide variances. Building Control income was expected at £130,000 below budget and Development Control £125,000 below. There were £190,000 savings on staff costs beyond the budget. £60,000 of these savings was already accounted for under a Service Change Impact Assessment and £45,000 saving from Licensing staffing would offset an income shortfall in the Licensing budget. The target of £100,000 for staffing vacancies had been exceeded.

Income from car parks was £100,000 below target. £15,000 was due to free parking provided in Sevenoaks just prior to Christmas but the balance was from lower than

Agenda Item 4
Finance Advisory Group - Thursday, 24 January 2013

expected custom. The Chairman did not believe this lower performance was caused by high charges as new charges were not due to be introduced until April 2013. Officers informed the Group that maintenance at car parks was an ongoing programme and not determined by income in particular years. The Chairman responded to a question to clarify that income from car parks can be spent freely by the Council but income from on-street parking was restricted by the County Council on whose behalf it was collected.

There was a recent upturn in income in Development Control from large applications and so the forecast may be revised.

Officers were investigating the repairs required to utility blocks at the Hever Road site.

44. Financial Performance Indicators 2012/13 - to the end of December 2012

The Finance Manager had investigated why sundry debts over 21 days had exceeded target in December 2012. She explained that it was exceptional because Building Control had sent out significantly more invoices than usual on 6 December 2012.

The cost per employee had risen but this was distorted in particular by the high turnover among lower paid staff. The Direct Services Team had needed to use more agency staff and a Member said he had observed a growing feeling of low appreciation within that Team. The Finance Manager added that some employees who had been working as apprentices were now in fully paid employment with the Council. The Council was continuing to recruit more apprentices as each completed their term.

45. Forward Programme

Further to the earlier discussion on the Kent County Council Superannuation Fund it was agreed the matter would be further considered in January 2014.

On 8 January 2013 the external auditors, Grant Thornton, had given a presentation to the Performance and Governance Committee entitled "Towards a Tipping Point". A report would be brought to the Group at an appropriate time to show how the Council had performed.

The Chairman was concerned at how abstruse the Statement of Accounts had become. He hoped the process could be set at a lower fee and kept simple. The Group Manager Finance said he had already been in discussions with Grant Thornton to try to achieve this.

At its meeting on 27 March 2013 the Group had invited Development Control to attend. Members intended to focus on plans for the budget, seeing as they were a demand-led service. The Chairman wanted to explore any plans to streamline and cut costs, for example by minimising unnecessary work carried out by specialist staff.

THE MEETING WAS CONCLUDED AT 11.07 AM

CHAIRMAN

ACTIONS FROM THE MEETING HELD ON 08.01.13

Action	Description	Status and last updated	Contact Officer
ACTION 1	Group Manager – Financial Planning, to check the details of the contract with the Head of Environmental and Operational Services	<p>Email reply sent 28.01.13</p> <p>The Head of Environmental and Operational Services has stated that the Pest Control service is currently in the second year of a three year review to see if it can recover its costs from charging over this period. As Members pointed out at the meeting, 2012 was a below average year for wasp nests which has had a negative effect on the level of income obtained by the service and it would not be fair to decide the future of the service on one poor year. Therefore, by looking at the performance of the service over a three year period, we should obtain a better idea as to whether the service is sustainable in the longer term.</p> <p>There is no contract in place as the staff carrying out the Pest Control service are all employed by this Council.</p>	A Rowbotham
ACTION 2	The details requested and procurement guidelines be reported at a future meeting.	<p>The procurement guidelines are contained in the following two documents within the Council’s Constitution:</p> <ul style="list-style-type: none"> • Financial Procedure Rules (5b) • Contract Procedure Rules <p>These rules are currently under review by the Procurement Group, and if required, revised procedure rules will be presented to Members later this year (including to this committee).</p> <p>The current Sustainable Procurement Strategy for 2010-13 was approved by this committee on 07/10/10.</p>	A Rowbotham

Performance and Governance Committee 2012/13 – Work Plan

Topic	12 March 2013	June 2013	September 2013	November 2013	January 2014
Governance		Annual review of Terms of Reference			
Internal Audit (Irregularities to be reported confidentially as & when necessary)	Internal Audit Plan Q3 Progress Report	Review of effectiveness of Internal Audit Annual Governance Statement Internal Audit Annual Report	Internal Audit Quarter 1 report		Q2 Report
Risk Management		Risk Management Plan			Update
Accounts and External Audit	Annual Audit Plan		Draft Statement of Accounts Outcome of the External Audit		District Auditor's Annual Audit Letter
Treasury Management & Investment Strategy			Annual Treasury Management Report 2012-13	Treasury Management Update	Treasury Management Strategy 2014/15

Topic	12 March 2013	June 2013	September 2013	November 2013	January 2014
Strategic Business & Finance Planning (Budget Strategy)				Budget Strategy	
Budget Monitoring	January Figures	Outturn Figures	July Figures	September figures	November Figures
Property			Asset Management Property Review Update		
Performance Management	Performance Report	End of Year Results	Performance Report	Performance Report	
Other	Finance Advisory Board Minutes (if met)	Finance Advisory Board Minutes (if met)	Finance Advisory Board Minutes (if met)	Annual Complaints Monitoring Report Finance Advisory Board Minutes (if met)	Finance Advisory Board Minutes (if met)

PERFORMANCE MONITORING

Performance and Governance Committee – 12 March 2013

Report of the: Chief Executive Designate

Status: For Consideration

Executive Summary: This report provides the Committee with a summary of Council performance and through the exceptions report details of all 'Red' performance indicators for the period to the end of January 2013.

This report supports the Key Aim of Corporate Performance Plan “Effective Management of Council Resources”

Portfolio Holder Cllr. Mrs. Davison

Recommendation: It be RESOLVED that Members:

- (a) Note the contents of this report, and
 - (b) Where appropriate, refer areas of concern to the Finance Advisory Group or the appropriate Select Committee for further action.
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Reason for recommendation: To ensure that Council services that are deemed to be underperforming are subject to appropriate scrutiny and with the support of Members develop action plans for improvement where it is appropriate to do so.

Background

- 1 The Council's performance management arrangements are supported by a software system which allows performance to be monitored using a simple traffic light system i.e. Green for good, Amber if caution is required and Red if the indicator requires attention. This allows the Council to both celebrate good practice and take early steps to rectify actual and potential problem areas. The system allows for the review of historical performance as well as tracking progress against performance targets.
- 2 The Council's performance management system, Covalent, is available to all Members via the Members Portal. All of the current performance indicators agreed by Members are available on the system and Members are encouraged to use this to access performance information across all service areas.

Performance Reporting

- 3 The Committee has agreed that the performance monitoring report will show only the 'Red' indicators, separated in to the responsibilities of each Select Committee, allowing for a strong focus on areas of underperformance.

Agenda Item 7

- 4 Performance reports provide Members with the most up to date information accompanied by management commentaries on the reasons for underperformance and the actions being taken to improve the service.
- 5 At the meeting of the Performance & Governance Committee in November 2012 it was agreed that this Committee would review targets immediately prior to Cabinet approving targets for the year, with a view to lowering any targets that were considered to be unrealistic and unachievable.
- 6 Officers are currently reviewing the performance indicators they collect and proposing their draft targets for the coming year. It is therefore expected that a report on performance indicators and targets for 2013/14 will come to this Committee at their next meeting.

Performance Overview – April to January 2012/13

- 7 The following table summarises the performance levels to the end of January 2013.

Red	Amber	Green
<i>10% or more below target</i>	<i>Less than 10% below target</i>	<i>At or above target</i>
5	12	40
9%	21%	70%

- 8 Set out at Appendix 1 are details of each of the 5 'Red' performance indicators categorised by the Select Committee which holds responsibility for scrutinising that service's performance. Alongside the performance data is a trend chart, showing all performance for the year and a commentary provided by the manager of the service. Commentaries include additional context data where it is available and explain the reason behind the performance and any actions that are planned or are currently being taken to improve performance.
- 9 Since the last report to Members there has been improved performance against 6 indicators which are no longer red but performance against one indicator (LPI DC 007b) has declined and has therefore been added to the report. As a result, between September 2012 and January 2013 the number of red indicators has reduced from 10 to 5.
- 10 In summary improved performance has been delivered against:
 - LPI DC 009 - The percentage of appeals against planning application refusal dismissed has increased from 65% in September to 70% in January and is now 'Amber'.
 - LPI FS 003 - The value of debts outstanding more than 61 days has reduced from £27,798 in September to £21,480 at the end of January and is now 'Amber'.

Agenda Item 7

- LPI HB 001 – The average number of days to process new benefits claims has reduced significantly since the start of the year. In June 2012 performance deteriorated to 58 days. After a review of processes and a small increase in staff resources relative to the work load the department has faced, performance fell to 43 days at the end of September and is now at 30 days and ‘Green’.
- LPI HP 001 – At the end of September 5 dwellings vacant for more than six months had been returned to occupation or demolished. During quarter three a further 5 dwellings were returned to use and with cumulative performance now at 10 dwellings for the year performance is ‘Amber’.
- LPI Waste 004 & LPI Waste 005 – At the Performance & Governance Committee meeting in November 2012 Members requested that performance for the remainder of the year was reported based on current performance for the number of missed green waste collections and the percentage of those missed collections corrected by the next working day. This adjustment in the monitoring of the data has been made.

It is pleasing to report that the interventions and improvements made within the garden waste collection service are having a positive impact. New crews are gaining a better understanding of the rounds and alongside less use of agency staff, close supervision and the production of detailed route plans, only 7 collections were missed in January and 100% of those missed were collected the next working day and performance is ‘Green’.

- 11 In any further instances where the Performance and Governance Committee is dissatisfied with the performance level and the plans for improvement it is recommended that they refer the issue to the Finance Advisory Group or the relevant Select Committee for scrutiny. Where performance concerns are referred for scrutiny the appropriate Head of Service or Service Manager would attend the Select Committee to provide further information and analysis and where relevant an improvement plan. Any recommendations made by the Select Committee would also be referred to Cabinet.

Key Implications

Financial

- 12 Effective performance management monitoring arrangements will assist the Council in diverting resources to areas or services where it is considered to be a greater priority.

Community Impact and Outcomes

- 13 Robust performance management arrangements ensure services continue to be measured against targets for improvement. Striving to meet these targets and developing action plans where performance needs to be improved helps to ensure the delivery of high quality services to the community.

Legal, Human Rights etc.

- 14 None

Agenda Item 7

Resource (non-financial)

15 None

Value For Money

16 A strong performance culture and effective performance management monitoring arrangements contribute to improved services and ultimately more cost effective Value for Money services.

Equality Impacts

Consideration of impacts under the Public Sector Equality Duty:		
Question	Answer	Explanation / Evidence
a. Does the decision being made or recommended through this paper have potential to disadvantage or discriminate against different groups in the community?	No	The recommendation is concerned with the performance of the service and not concerned with the way in which the service is designed to meet the needs of the community. Impact assessments for each of the Council's services are undertaken separately to ensure potential impacts are understood and evaluated.
b. Does the decision being made or recommended through this paper have the potential to promote equality of opportunity?	No	
c. What steps can be taken to mitigate, reduce, avoid or minimise the impacts identified above?		No mitigating steps are required.

RISK ASSESSMENT STATEMENT

Risk	Impact	Control	Residual Risk
1. Inaccurate data could be used in the assessment of performance	High	Robust data collection arrangements in place. Annual data quality audit is carried out by Internal Audit.	Low. Risk Adequately Controlled
2. Poor performance might not be identified	High	Performance indicators are reviewed annually to ensure all key areas of service delivery are appropriately monitored. Members focus on exceptions in their performance reporting.	Low. Risk Adequately Controlled
3. Poor performance might not be addressed	High	Performance management is embedded in the organisation with robust performance review and monitoring arrangements in place. Covalent updated monthly with data and made available to officers and Members to review.	Low. Risk Adequately Controlled

Agenda Item 7

		Formal performance reports to Management Team, Performance and Governance Committee and Cabinet. Service Review processes in place.	
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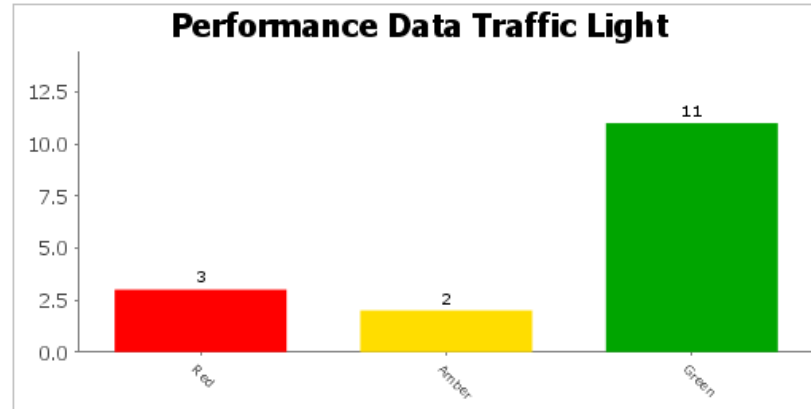
Sources of Information: Covalent Performance Management Software

Contact Officer(s): Lee Banks, Policy and Performance Manager.
Ext 7161


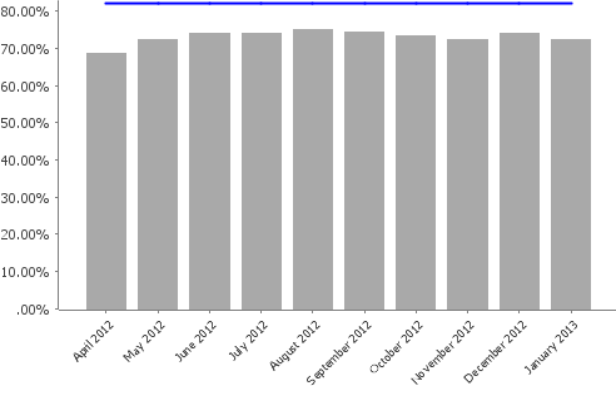

Dr. Pav Ramewal
Chief Executive Designate

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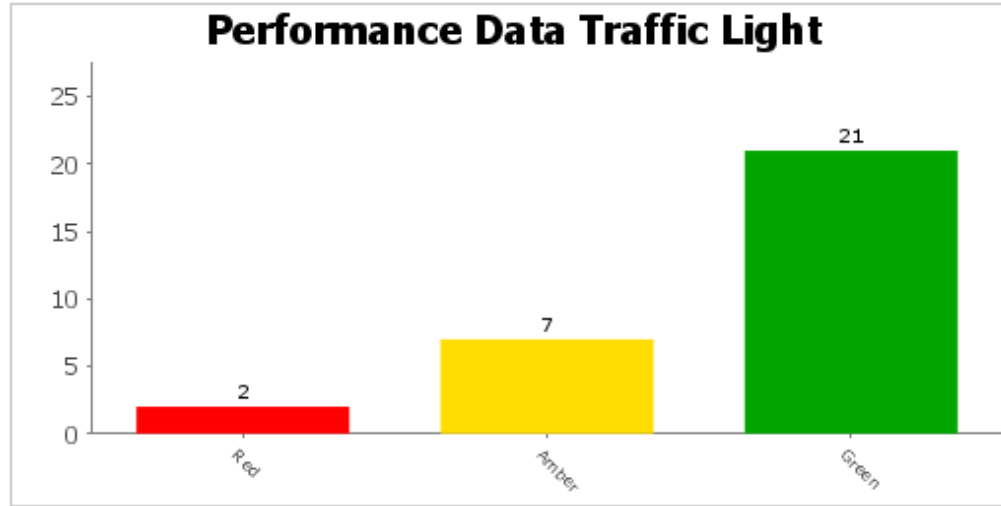
Environment Select Committee PI's



Code	Description	Year to Date Value	Year to Date Target	Good Performance	Trend Chart	Latest Note																						
LPI DC 007a	Processing of planning applications: Major applications in 13 weeks	63.64%	84.00%	<p>Aim to maximise</p>	<table border="1"> <thead> <tr> <th>Month</th> <th>Performance (%)</th> </tr> </thead> <tbody> <tr><td>April 2012</td><td>100.00%</td></tr> <tr><td>May 2012</td><td>50.00%</td></tr> <tr><td>June 2012</td><td>50.00%</td></tr> <tr><td>July 2012</td><td>55.00%</td></tr> <tr><td>August 2012</td><td>55.00%</td></tr> <tr><td>September 2012</td><td>62.00%</td></tr> <tr><td>October 2012</td><td>64.00%</td></tr> <tr><td>November 2012</td><td>64.00%</td></tr> <tr><td>December 2012</td><td>66.00%</td></tr> <tr><td>January 2013</td><td>64.00%</td></tr> </tbody> </table>	Month	Performance (%)	April 2012	100.00%	May 2012	50.00%	June 2012	50.00%	July 2012	55.00%	August 2012	55.00%	September 2012	62.00%	October 2012	64.00%	November 2012	64.00%	December 2012	66.00%	January 2013	64.00%	<p>17 of the 25 decisions on major applications this year have been made within the statutory period. With relatively few major applications those that are determined outside the statutory period have a significant impact on performance. A number of major applications received this year have raised complex issues which required additional time to negotiate and resolve issues. However in February the 3 major applications determined were within the statutory time period. For 2013/14 the way data is collected for this indicator will be reviewed to ensure current performance is more accurately reflected for monitoring purposes.</p>
Month	Performance (%)																											
April 2012	100.00%																											
May 2012	50.00%																											
June 2012	50.00%																											
July 2012	55.00%																											
August 2012	55.00%																											
September 2012	62.00%																											
October 2012	64.00%																											
November 2012	64.00%																											
December 2012	66.00%																											
January 2013	64.00%																											

Code	Description	Year to Date Value	Year to Date Target	Good Performance	Trend Chart	Latest Note																						
LPI DC 007b	Processing of planning applications: Minor applications in 8 weeks	72.27%	82.00%	<p style="text-align: center;">  Aim to maximise </p>	 <table border="1" data-bbox="949 328 1563 722"> <caption>Monthly Performance Data for LPI DC 007b</caption> <thead> <tr> <th>Month</th> <th>Performance (%)</th> </tr> </thead> <tbody> <tr><td>April 2012</td><td>68.00</td></tr> <tr><td>May 2012</td><td>72.00</td></tr> <tr><td>June 2012</td><td>74.00</td></tr> <tr><td>July 2012</td><td>74.00</td></tr> <tr><td>August 2012</td><td>75.00</td></tr> <tr><td>September 2012</td><td>74.00</td></tr> <tr><td>October 2012</td><td>73.00</td></tr> <tr><td>November 2012</td><td>72.00</td></tr> <tr><td>December 2012</td><td>74.00</td></tr> <tr><td>January 2013</td><td>72.27</td></tr> </tbody> </table>	Month	Performance (%)	April 2012	68.00	May 2012	72.00	June 2012	74.00	July 2012	74.00	August 2012	75.00	September 2012	74.00	October 2012	73.00	November 2012	72.00	December 2012	74.00	January 2013	72.27	<p>The decline in performance in the last month is a result of a focus on clearing a backlog of decision and negotiations over legal agreements. In response the Council has developed an improved draft Legal Agreement which should assist officers in receiving completed Agreements more quickly and as the backlog has reduced to a manageable level officers have now been asked to focus on meeting these statutory targets to ensure improved performance in the remaining months of the year.</p>
Month	Performance (%)																											
April 2012	68.00																											
May 2012	72.00																											
June 2012	74.00																											
July 2012	74.00																											
August 2012	75.00																											
September 2012	74.00																											
October 2012	73.00																											
November 2012	72.00																											
December 2012	74.00																											
January 2013	72.27																											
LPI DC 010	Percentage of all enforcement appeals dismissed	60%	75%	<p style="text-align: center;">  Aim to maximise </p>	 <table border="1" data-bbox="949 743 1563 1121"> <caption>Monthly Performance Data for LPI DC 010</caption> <thead> <tr> <th>Month</th> <th>Performance (%)</th> </tr> </thead> <tbody> <tr><td>April 2012</td><td>0</td></tr> <tr><td>May 2012</td><td>100</td></tr> <tr><td>June 2012</td><td>68</td></tr> <tr><td>July 2012</td><td>68</td></tr> <tr><td>August 2012</td><td>68</td></tr> <tr><td>September 2012</td><td>68</td></tr> <tr><td>October 2012</td><td>75</td></tr> <tr><td>November 2012</td><td>75</td></tr> <tr><td>December 2012</td><td>75</td></tr> <tr><td>January 2013</td><td>60</td></tr> </tbody> </table>	Month	Performance (%)	April 2012	0	May 2012	100	June 2012	68	July 2012	68	August 2012	68	September 2012	68	October 2012	75	November 2012	75	December 2012	75	January 2013	60	<p>There continue to be very low numbers of enforcement appeals and therefore any appeals that are allowed or withdrawn have a disproportionate effect on the overall percentage.</p> <p>The most recent appeal in this category has been dismissed so it is anticipated that this will improve the figures for the final quarter of the year.</p>
Month	Performance (%)																											
April 2012	0																											
May 2012	100																											
June 2012	68																											
July 2012	68																											
August 2012	68																											
September 2012	68																											
October 2012	75																											
November 2012	75																											
December 2012	75																											
January 2013	60																											


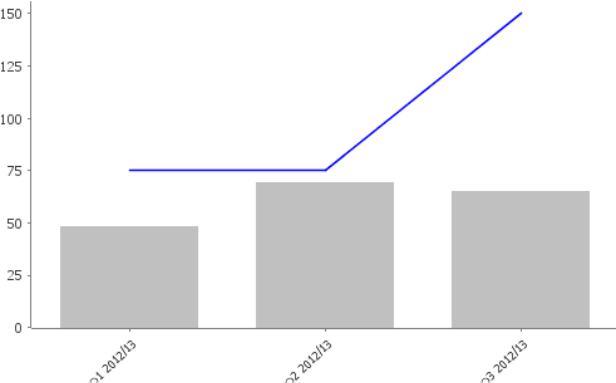
2012/13 Services Select Committee PI's



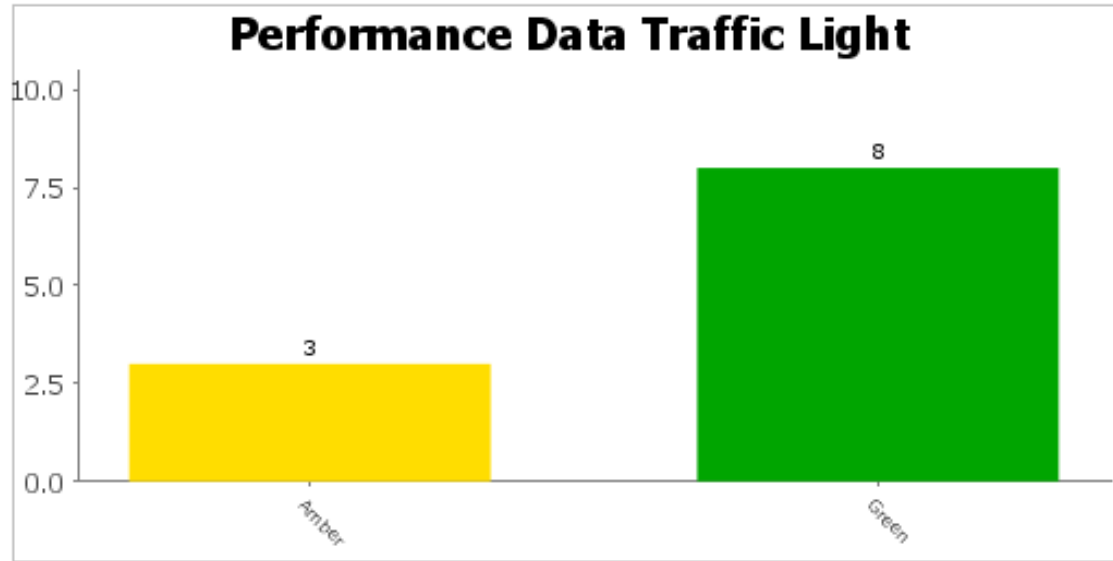
Page 25

Code	Description	Year to Date Value	Year to Date Target	Good Performance	Trend Chart	Latest Note
LPI HB 006	Average number of days to process change of events	21.22	18	<p>Aim to minimise</p>		<p>Significant progress has been made in addressing the time taken to process new benefit claims, with performance now at the target level of 30 days.</p> <p>Although performance is continuing to improve in the processing of change events, reducing to 19 days in December, average performance for the year remains over target. Workloads continue to be high but the actions being taken to prioritise work has improved turnaround times and it is anticipated that this will result in continued improvement in the coming months.</p>

Agenda Item 7

Code	Description	Year to Date Value	Year to Date Target	Good Performance	Trend Chart	Latest Note								
LPI PH 001	Number of Home Improvement Agency projects completed	182	300	<p style="text-align: center;">  Aim to maximise </p>	 <table border="1" style="display: none;"> <caption>Quarterly Performance Data</caption> <thead> <tr> <th>Quarter</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>Q1 2012/13</td> <td>50</td> </tr> <tr> <td>Q2 2012/13</td> <td>70</td> </tr> <tr> <td>Q3 2012/13</td> <td>65</td> </tr> </tbody> </table>	Quarter	Value	Q1 2012/13	50	Q2 2012/13	70	Q3 2012/13	65	<p>The Home Improvement Agency is provided as part of a Kent wide contract which was re-tendered this year and awarded to Family Mosaics. There have been issues with underperformance of the HIA which as a Council and with partners we are seeking to address to ensure improvement going forward.</p>
Quarter	Value													
Q1 2012/13	50													
Q2 2012/13	70													
Q3 2012/13	65													

Social Affairs Select Committee PI's



No red performance indicators to report

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INTERNAL AUDIT PROGRESS REPORT – QUARTER 3

Performance and Governance Committee – 12 March 2013

Report of the: Chief Executive Designate

Status: For Decision

This report supports the Key Aim of Effective Management of Council Resources

Portfolio Holder Cllr. Ramsay

Head of Service Group Manager Financial Services – Adrian Rowbotham

Recommendations:

That this Committee note the contents of the report and the progress made by the audit team in delivering the 2012/13 Annual Internal Audit Plan

Introduction

- 1 This report provides details of the progress of the Internal Audit Team in delivering the Annual Internal Audit Plan 2012/13 and outcomes of final reports issued since the meeting of the committee in January 2013.

Summary of Issues in Report:

- 2 A summary of progress made towards achieving the assurance requirement is attached as Appendix A to this report. Appendix B provides a brief summary of each final audit report issued since the January meeting of the committee. Appendix C sets out the descriptions of the audit opinions for audit reviews.
- 3 Appendix A sets out progress to end of January 2013 against each audit in the Annual Internal Audit Plan for 2012/13, approved by the Performance and Governance Committee on 30 March 2012. Members may note that ten planned reviews have been finalised to date, with a further 11 work in progress. Thus a total of 21 reviews have either been completed, or have commenced from this year's annual plan. This is equivalent to 84% of the original plan and 91% of the revised plan. The remaining two reviews within the plan have been booked to commence in March.
- 4 **Internal Audit Resources** The joint Audit, Risk and Anti-fraud Team have continued to work productively this year towards achieving service objectives and have made good progress in delivering an effective service for both Dartford Borough Council and Sevenoaks District Council. The team's Administrative Assistant has returned from long term illness and is on a phased return to work. A part-time temporary Admin Assistant was appointed following the last meeting of the Committee, to provide admin support to the teams in the short term.

Agenda Item 8

Key Implications

Financial

5 This report has no additional financial implications.

Community Impact and Outcomes

6 Not applicable.

Legal, Human Rights etc.

7 This report has no additional legal implications save those relating to the Data Protection and Freedom of Information Acts.

Resource (non-financial)

8 There are no additional resource requirements impacting on this report.

Equality

9 There are no additional equality implications for this report.

Sustainability Checklist

10 Not applicable

Value for Money

11 There is no value for money implication.

Conclusions

12 The Committee is requested to adopt the recommendations set out above.

Risk Assessment Statement

13 The main risks identified are failure to achieve the assurance requirements for the current financial year through inadequate resource or quality of work performed and also the risk of the partnership with Dartford not succeeding. Failure to achieve the requirements may expose the Council to unforeseen risks, including adverse comments from the Council's external auditors or inspectors. Failure to make the partnership with Dartford succeed may have financial consequences at a time of financial uncertainties. It is management's view that the identified risks are being effectively managed and appropriate steps have been taken, or are being taken to address any relevant issues identified that may impact on performance regarding the delivery of the Annual Internal Audit Plan, or the success of the partnership with Dartford.

Sources of Information: Internal Audit Annual Plan for 2012/13

Contact Officer(s): Bami Cole Ext. 3023

Dr. Pav Ramewal
Chief Executive Designate

PROGRESS AGAINST 2012/13 INTERNAL AUDIT PLAN						
		Final report issued	Feedback process in progress	Fieldwork in progress	Brief issued	Possibly defer or cancel
1	Main Accounting System	x				
2	Budgetary Control			x		
3	Cash & Bank Reconciliations		x			
4	Treasury Management				x	
5	Payroll	x				
6	Purchasing & Creditors			x		
7	Debtors *					
8	Council Tax/NNDR			x		
9	Council Tax/Housing Benefits	x				
10	Housing					x
11	Car Parking Income	x				
12	Contract Management Arrangements	x				
13	Environmental Services			x		
14	Savings Forecast	x				
15	Paralympics	x				
16	Annual Governance Statement *					
17	Sale of Assets					x
18	Impact of Budgetary Constraints	x				
19	Dunbrik			x		
20	Project Delivery Arrangements				x	
21	Data Quality/Accuracy	x				
22	Information Management	x				
23	Risk Management		x			
24	IT Implementation			x		
25	Procurement		x			
	Total	10	3	6	2	2

* **Note:** The remaining two unallocated items above have been booked to commence in the fourth quarter.

Review of Housing and Council Tax Benefits

Issued: 9 January 2013

Opinion: Good

The purpose of this review was to provide assurance on the current arrangements in place to assess and pay claims for Housing and Council Tax Benefits through the shared service arrangement covering both Sevenoaks and Dartford jurisdictions.

To this effect, the following key risks and controls were examined;

1. Risk that the Council may not comply with relevant legislation, policies and good practice.
2. Risk that assessment of Benefit claims may not be accurate, timely or subject to quality check.
3. Risk that claim data supplied by clients may not be fully evidenced, leading to higher potential for fraud.
4. Risk that complete audit trails may not be maintained to evidence the Council's assessment decisions.
5. Risk that the Council may not have suitable arrangements in place to implement new Benefit arrangements in 2013.
6. Benefit payments may not be accurate or properly accounted for.
7. Risk that fraud and/or corruption may be undetected.
8. Risk that opportunities to demonstrate efficiency or value for money may not be maximised.
9. Risk that risk assessments may not be adequately undertaken and risks not adequately managed.

Audit testing indicated that controls were fully met in eight of the aspects examined, including risk 1. However, an additional control has been agreed for this risk in order to maintain improvements. In regard to risk 5, government has not yet disseminated information regarding the roles and functions local authorities will be required to fulfil in regard to changes in the Benefit system.

The audit opinion was 'good'. This meant that for the testing undertaken, controls are in place to ensure the achievement of service objectives, good corporate governance and to protect the Council against foreseeable risks. Compliance with the risk management process is considered to be good and no significant or material errors or omissions were found within this testing period.

Two recommendations were agreed with Management to enhance existing controls within the service. These relate to risks 1 and 5.

- The team should conduct a review of the incoming workload, the success of action taken in improving performance, and the financial implications of continuing these actions (Risk 1).
- The uncertainties presented by the changeover to Universal Credit should be fully reflected within the Benefits risk register, and subjected to on-going regular monitoring for the foreseeable future (Risk 5).

Members will be advised of the progress in implementing these recommendations in due course.

Review of Data Quality

Issued: 7 February 2013

Opinion: Evaluation of control framework: Satisfactory
Evaluation of implementation of framework: Good

The purpose of this review was to provide assurance regarding the arrangements for the setting and monitoring of the Council's performance data, particularly regarding effectiveness of service delivery and fitness for purpose.

To this effect, the following key risks and controls were examined;

- 1 Risk that the Council may not comply with relevant legislation, policies or good practice.
- 2 Setting of indicators may not be appropriate, fit for purpose or meet the objectives of the Council.
- 3 Risk that the information gathering process may not facilitate the collection of adequate or accurate data.
- 4 Risk that the data monitoring process may not be relevant or effectively used.
- 5 Risk that the reporting process may not be efficient or timely.
- 6 Risk that data provided by services may not be accurate or consistent.
- 7 Risk that fraud and/or corruption may be undetected.
- 8 Risk that opportunities to demonstrate efficiency or value for money may not be maximised.
- 9 Risk that risk assessments may not be adequately undertaken and risks not adequately managed.

Audit testing results indicated that controls were fully met in seven of the aspects examined, whilst two were partially met (risks1 and 2).

The audit opinion in respect of the framework of controls was Satisfactory and the opinion in respect of the implementation of that framework was found to be Good. This meant that controls are in place to ensure the achievement of service objectives, good corporate governance and to protect the Council against foreseeable risks. Compliance with the risk management process is considered to be good and no significant or material errors or omissions were found.

Two recommendations have been made and agreed with Management to address the areas where controls were partially met. . These relate to risks 1 and 2.

- The Policy and Performance Officer should review the CIPFA paper on Performance Management and consider whether the level of integration with other systems is at the most effective level and where appropriate to liaise with senior management, to take forward any identified areas for further development. Also, the Data Quality Statement should be reviewed on an annual basis to ensure fitness for purpose and incorporation of any new developments as necessary (Risk1)
- The Policy and Performance Manager should develop a set of guidance notes together with examples of good practice for managers which can inform them of the key aspects to consider when setting service performance indicators (Risk 2).

Members will be advised of the progress in implementing these recommendations in due course.

Agenda Item 8

Review of Main Accounting System

Issued: 11th February 2013

Opinion: Evaluation of control framework: Good
Evaluation of implementation of framework: Good

The purpose of the review was to provide assurance on the effectiveness of the controls established over the main accounting system. This included controls to ensure completeness and accuracy of data in the preparation of the Final Accounts.

To this effect, the following key risks and controls were examined;

- 1 Risk that the Council, and its financial systems, may not comply with relevant legislation, policies and good practice, including Financial Regulations.
- 2 Risk that relevant records of transactions may not be current, accurate or complete.
- 3 Risk that transactions may not be allocated to the correct cost centres or accounts
- 4 Risk that miscoding's and variations may not be identified or appropriately reported
- 5 Risk that Transactions may not be supported and evidenced by a complete audit trail
- 6 Risk that Financial data may not be presented in a way that is clear for non-financial managers to understand
- 7 Risk that fraud and/or corruption may be undetected.
- 8 Risk that opportunities to demonstrate efficiency or value for money may not be maximised.
- 9 Risk that risk assessments may not be adequately undertaken and risks not adequately managed.

Audit testing results indicated that controls were fully met in all nine of the aspects examined.

The audit opinion for both the control framework and compliance was 'good'. This meant that controls are in place to ensure the achievement of service objectives, good corporate governance and to protect the Council against foreseeable risks. Compliance with the risk management process is considered to be good and no significant or material errors or omissions were found.

No recommendations were proposed for Management action, as it was assessed that further controls would not provide good value for money.

AUDIT OPINIONS - Definitions

Good	<i>Controls are in place to ensure the achievement of service objectives, good corporate governance and to protect the Council against significant foreseeable risks. Compliance with the risk management process is considered to be good and no significant or material errors or omissions were found.</i>
Satisfactory	<i>Controls exist to enable the achievement of service objectives, obtain good corporate governance, and reduce significant foreseeable risks. However, occasional instances of failure to comply with the control process were identified and opportunities still exist to reduce potential risks.</i>
Adequate	<i>Controls are in place and to varying degrees are complied with but there are gaps in the control process, which weaken the system and leave the Council exposed to some minor risks. There is therefore, a need to introduce some additional controls and improve compliance with existing controls to reduce the risk to the Council.</i>
Unsatisfactory	<i>Controls are considered insufficient with the absence of at least one critical control mechanism. There is also a need to improve compliance with existing controls, and errors and omissions have been detected. Failure to improve controls leaves the Council exposed to significant risk, which could lead to major financial loss, embarrassment, or failure to achieve key service objectives.</i>
Unacceptable	<i>Controls are generally weak or non-existent, leaving the system open to abuse or error. A high number of key risks remain unidentified and therefore, unmanaged.</i>

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ANNUAL INTERNAL AUDIT PLAN 2013/14

Performance and Governance Committee – 12 March 2013

Report of the: Chief Executive Designate

Status: For Decision

This report supports the Key Aim of Effective Management of Council Resources

Portfolio Holder Cllr. Ramsay

Head of Service Head of Finance– Adrian Rowbotham

Recommendation: It be RESOLVED that the Committee approve the draft Internal Audit Plan for 2013/14.

Introduction

- 1 This report incorporates the Annual Internal Audit programme for 2013/14 for approval by this Committee. The objective of the plan is to ensure that the Audit, Risk and Anti-fraud Team delivers reasonable assurance to the Council regarding the effectiveness of internal controls, governance and risk management processes in fulfilment of the Council's statutory responsibilities.
- 2 The planning process is informed by relevant professional guidance, as incorporated within the CIPFA Code of Practice for Internal Audit in Local Government (2006); the CIPFA Guidance on the Role of the Head of Internal Audit and the requirements of the Accounts and Audit Regulations 2011. It will also take into consideration the new Public Sector Internal Audit Standards once they are adopted.

Key Issues in the Audit Plan

- 3 The plan sets out 22 main reviews (one of which was brought forward from 2012/13) planned to be delivered in 255 audit days. See pages 6-11 of the Appendix, for details of the proposed areas to be reviewed, in order to assess the Council's ability to manage identified risks and the robustness of internal control arrangements. In addition, 20 days are planned towards reviewing the arrangements for the prevention of fraud and irregularities (see page 11 of the Appendix). The plan also incorporates planned time for advice and information to management, 30 days; and a further 35 days for contingencies.
- 4 The total number of staffing resources available for the year for direct work is 360 FTE days and 20 days for undertaking planning and monitoring. This is consistent with the assurance requirements for 2013/14.
- 5 In planning the work, account is taken of available resources, risk, materiality, and the key priorities identified by senior management. The work planned will enable

Agenda Item 9

the team to provide satisfactory assurance at the end of the period 2013/14 and would facilitate the Council's obligations under the Accounts and Audit Regulations 2011.

- 6 This is the third audit plan to be presented to this committee since the shared services arrangement with Dartford Borough Council, which commenced in April 2011. However, the attached plan relates only to Sevenoaks District Council. A separate annual audit plan would be presented to the Dartford Audit Board on 27 March 2013. Both Councils receive an equal share of the resources available to the team.

Corporation with External Audit

- 7 During the course of the year, Internal Audit will work closely with the newly appointed External Auditors, Grant Thornton, within the terms of an agreed protocol, to ensure an effective and efficient delivery of the assurance requirements for the Council.

Revisions of the Audit Plan

- 8 The Internal Audit Team will work closely with management to respond to the changing priorities of the Council and any consequential changes in the assurance requirements during 2013/14. To this effect, there may be a need to review the plan during the year, in view of financial, economic and regulatory uncertainties. In the event, any required revisions to the plan will be agreed with management team in the first instance, prior to being taken to the Performance and Governance Committee for approval.

Conclusion

- 9 The attached plan incorporates the assurance requirements for 2013/14, and is in accordance with relevant professional and regulatory requirements. The Committee is therefore requested to approve the plan.

Key Implications

Financial

- 10 This report has no financial implications.

Legal, Human Rights etc.

- 11 This report has no additional legal implications save those relating to the Data Protection and Freedom of Information Acts.

Resource (non-financial)

- 12 There are no additional resource requirements impacting on this report.

Equality

- 13 There are no additional equality implications for this report.

Sustainability Check List

14 Not applicable

Value for Money

15 There is no value for money implication.

Risk Assessment Statement

16 The audit programme for 2013/14 takes account of the key strategic and operational risks currently identified within the Council, as well as other relevant factors. Consequently satisfactory delivery of the internal audit plan would contribute towards the requirements of effective internal controls, as well as the implementation of the Council's risk management strategy. The key risk regarding the delivery of the plan however, is whether or not sufficient work would be completed at the required quality, in order to enable satisfactory assurance to be obtained at year end. Management believes that appropriate steps have been taken to address the risk and remain confident that all identified risks are being managed effectively.

Appendices

Internal Audit Annual Plan 2013/14

Background Papers

Accounts and Audit Regulations 2011

CIPFA Code of Practice in Internal Audit 2006

CIPFA Guidance on the role of the Head of Internal Audit

Public Sector Internal Audit Standards 2013

Contact Officer(s):

Bami Cole Ext. No. 3023

**Pav Ramewal
Chief Executive Designate**

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Internal Audit Plan

2013/14

D R A F T



Background

1. The Accounts and Audit Regulations 2011 requires the Council to have an effective internal audit which would provide an opinion on the adequacy and effectiveness of financial control, as well as to provide reasonable assurance on the Council's overall governance and internal control processes. This includes the arrangements for the Annual Governance Statement, the review of the effectiveness of internal audit and the management of business risks.
2. This requires an annual internal audit plan which:
 - Draws on effective co-operation with External Auditors and other external review agencies, from which the public may gain assurance regarding the effectiveness of the Council's system of internal control.
 - Provides Councillors, the Chief Executive, the Chief Executive Designate, and other senior managers with an overall opinion on the status of the Council's governance arrangements, including internal control and risk management.
 - Supports the Chief Executive Designate in fulfilling his obligations under Section 151 of the 1972 Local Government Act and the Accounts and Audit Regulations 2011, to ensure the Council operates safe and efficient financial and management information systems.
 - Enables the Council to place assurance on the work of Internal Audit in fulfilling its obligations under the Accounts and Audit Regulations 2011, Regulation 4, to establish proper practices for the publication of an Annual Governance Statement; and Regulation 6 to review the effectiveness of the internal audit function.
 - Conducts audit reviews of the Council's risk management, internal control, and governance arrangements in a way that takes full account of the Council's objectives and risks.
 - Aims to improve the Council's risk management, internal control, and governance arrangements by providing line management with practical recommendations arising from audit work; including consultancy and advice and information as necessary or on request.
 - Delivers an audit service that meets standards of performance and quality as laid down in the CIPFA Code of Practice for Internal Audit in Local Government.

**SEVENOAKS DISTRICT COUNCIL
ANNUAL AUDIT PLAN 2013/14**

Internal Audit's objectives

3. The internal audit function is provided through a shared services arrangement with Dartford Council which came into force in April 2011. Consequently the objective of the team is to provide relevant services for both Councils. However, this plan deals with the teams work for Sevenoaks District Council only, regarding the provision of Internal Audit Services, in fulfilment of the Council's section 151 responsibilities and its obligations under the Accounts and Audit Regulations 2011. To this effect, the objective of the team's work in this area is to give an assurance to the Council on the effectiveness of the overall governance, risk management and internal control processes of the Council.
4. In recognition of the statutory requirement, it is the responsibility of Internal Audit to review, appraise and report upon:
 - The soundness, adequacy, and application of financial and other management controls.
 - The extent of compliance with, and the relevant and financial effect on established policies, plans and procedures.
 - The extent to which the organisation's assets and interests are accounted for and safeguarded from losses of all kinds arising from:
 - Fraud, bribery, corruption and other offences
 - waste, extravagance, and inefficient administration, poor value for money and other causes.
 - The suitability and reliability of financial and other management data developed within the organisation.
 - The effectiveness of the Council's risk management framework

Proposed Audit Techniques

5. To fulfil our responsibility we propose to adopt the following techniques, the relevant technique adopted will depend on the nature and scope of each audit review:

Risk-based audit

Risk-based auditing takes account of the Council's strategic and operational objectives, and evaluates through audit testing, the management of risks to achieving these objectives, thereby providing an opinion on the quality of internal control within a system. Recommendations for improvements in control are made proportional to the impact and likelihood of existing risks.

Systems-based audit

Where appropriate, Audit may undertake wider documentation, evaluation and testing of financial, operational and management information systems providing an opinion as to the adequacy of control and offering suggestions and advice to enable strengthening of system weaknesses and to assist in the improving the effectiveness of controls.

Systems based auditing provides high quality assurance on management controls for those systems evaluated externally.

Our systems-based audit work is based on the CIPFA System Control Matrices. The matrices draw on the approach, standards, and guidance of a variety of audit and regulatory bodies, including the Audit Commission.

Financial/Probity Reviews

Examination of financial records for compliance with agreed policy, regulations, and procedures.

Investigation of Irregularities

We will undertake enquiries into cases of discovered or reported irregularity including, where required, liaison with other investigatory bodies, such as the National Fraud Initiative (NFI). These usually lead to the enhancement of risk management activities within the Council, and to the strengthening of internal controls.

Advice and Information

We offer advice, information and assistance to all levels of management on internal control, governance and risk management.

IT audit

IT audit is a specialist area and in previous years the work has been undertaken by external consultants working under local management. In 2012/13 we carried out work in this area using internal resources. We hope to continue to do so in 2013/14.

VFM audit

Value for money considerations will be factored into our approach where relevant and appropriate. This would enable us to determine whether managers are making use of the opportunities and resources available to them for obtaining good value for money.

Audit Approach

6. In order to make best use of staff resources and to maximise the team's effectiveness, the need for audit reviews in individual areas is considered based on a risk assessment, which evaluates:

**SEVENOAKS DISTRICT COUNCIL
ANNUAL AUDIT PLAN 2013/14**

- materiality
 - the inherent risk associated with the activity (high risk activities are those which involve access to cash or complex activities where errors, loss or fraud could arise)
 - the controls in place to prevent and detect losses and errors
 - knowledge from previous audit reviews
 - Legal or regulatory compliance
7. This risk assessment is then translated into an annual operational plan, which sets out the areas to be covered in the current year, taking into account resource constraints.
8. In compiling the Plan for 2013/14 we have taken into account:
- The internal audit strategy
 - the financial risk assessment of the Council's activities
 - strategic and operational risks assessments
 - shared services and partnership arrangements
 - discussions with senior officers
 - brought forward work from 2012/13
 - the incidence of irregularities over the past year
 - resources available
 - significant changes arising from external and internal pressures
 - organisational changes within the last 12 months
 - the results of external audit work, or external regulatory assessments from other review agencies
 - professional guidance were applicable

9. **The Plan for 2013/14**

The table below lists the audits we would undertake during 2013/14 and a summary of the scope of each review. As part of the process we carry out an annual review of key financial systems. These are usually systems with high inherent risks, usually areas of major income and expenditure where a failure to manage risks effectively

**SEVENOAKS DISTRICT COUNCIL
ANNUAL AUDIT PLAN 2013/14**

might result in material financial loss, or significant damage to the Council's reputation. The reviews are intended to ascertain the arrangements management have in place to manage operational or business risks and to give an assurance regarding their effectiveness. Where the audit opinion has remained "Good" over the last two years, it is proposed to carry out a scaled down review, which would incorporate only key controls; aspects not covered in previous reviews, or areas which may have given rise to concerns since the previous audit review. This approach is consistent with the risk based audit approach inherent in the Council's internal audit strategy.

Key Financial Systems and other Financial Systems

<i>Audit area</i>	<i>Review objectives</i>
1. Main accounting system <ul style="list-style-type: none"> • Agresso based system • TASK based system 	To give assurance on: <ul style="list-style-type: none"> • the controls over entries to the main accounting system; and that data is processed completely; accurately and authenticated.
2. Budget Preparation & Control	To give assurance on: <ul style="list-style-type: none"> • the robustness of the budget preparation process, including profiles • budgetary control process and monitoring arrangements, including action to identify and prevent significant variances
3. Cash and Bank Reconciliations <ul style="list-style-type: none"> • Main SDC account • Tax and Benefit account 	To give assurance on: <ul style="list-style-type: none"> • the reconciliations process, including timelines and the promptness of action taken to address unexplained variances,
4. Treasury Management	To give assurance on: <ul style="list-style-type: none"> • the effectiveness of the treasury management system in meeting its service objectives. This would be a light touch review covering areas key controls and compliance arrangements.
5. Payroll	<ul style="list-style-type: none"> • to give an assurance regarding the accuracy, completeness and authenticity of payroll transactions, including overtime payments.
6. Creditors <ul style="list-style-type: none"> • Agresso and TASK based systems 	To give assurance on: <ul style="list-style-type: none"> • the creditors system regarding fitness for purpose and compliance with Council procedures.

**SEVENOAKS DISTRICT COUNCIL
ANNUAL AUDIT PLAN 2013/14**

<p>7. Debtors</p> <ul style="list-style-type: none"> • Agresso based system • TASK based system 	<p>To give assurance on:</p> <ul style="list-style-type: none"> • the promptness with which debtors accounts are identified and accurately processed for payment, including where appropriate, the taking of recovery action
<p>8. Council Tax /NNDR</p>	<p>To give assurance on:</p> <ul style="list-style-type: none"> • the effectiveness of the service in delivering its service objectives and the implementation of shared services arrangements. Key areas to be examined would include any areas of concerns raised in previous internal and external audit reports; in addition to the arrangements for implementing the requirements of new legislation and statutory requirements.
<p>9. Council Tax and Housing Benefits</p>	<p>To give assurance on:</p> <ul style="list-style-type: none"> • the effectiveness of the service in delivering service objectives and the shared services arrangements. Including any areas of previous internal or external audit concerns; including the arrangements for implementing the requirements of new legislation and statutory requirements
<p>10. Review of Housing</p>	<ul style="list-style-type: none"> • this audit would review the new structure within housing to assess its fitness for purpose in delivering Council policy and statutory requirements. Including an assessment of the HERO Scheme and arrangements to deal with the implications of the single room allowance. In view of the scale of proposed regulatory changes, the precise scope of this review would be discussed and agreed with management prior to commencing the work.
<p>11. Car Parking Income</p>	<p>To give assurance on:</p> <ul style="list-style-type: none"> • the effectiveness of the service regarding the security and prompt banking of income collected and the recovery process.
<p>12. Contract Management Arrangements</p>	<p>To give assurance on:</p> <ul style="list-style-type: none"> • the review will focus on a selection of contacts entered into over the last 12 to 18 months; as well as proposed, to give an assurance that they complied with Council policies and procedures, including statutory requirements. Also that there are robust arrangements in place to manage

**SEVENOAKS DISTRICT COUNCIL
ANNUAL AUDIT PLAN 2013/14**

	performance and delivery.
13. Review of Shared Services Recharges	To give assurance regarding: <ul style="list-style-type: none"> the reliability and accuracy of the processes in place to identify and allocate relevant shared service costs and the allocation of all such costs in accordance with existing agreements.
14. Review of Section 106 Agreements	To give assurance regarding: <ul style="list-style-type: none"> the effectiveness of the arrangements in place for implementation of Section 106 agreements.
15. Annual Governance Statement	To give assurance regarding: The process in place for delivering the Annual Governance Statement and to co-ordinate the production of the statement, ensuring compliance with Statutory requirements and professional guidance.
16. Review of Information Management Council-wide	This review will examine the Council's strategic arrangements for information security and management of information resources including its implications for statutory compliance and regulatory requirements. The audit will also consider retention arrangements and information sharing with internal as well as external partners.
17. Review of IT	This review will examine the arrangements within IT to deliver its service remit, including capacity issues in relation to skills, manpower, hardware, software and other relevant resources required to deliver a quality, reliable and resilient service. In addition, the implementation of recommendations from Penetration Testing Report and other external responses will be examined.
18. Dunbrik Depot	This review will seek to give an assurance regarding the effectiveness of systems within the Dunbrik Depot in meeting relevant service objectives and compliance with Council procedures and policies; including Health and Safety Arrangements. The exact allocation of this time and systems chosen would be informed by the outcome of the updated operational risk registers. However, it is likely that the time would be spent looking at two or three key areas of depot activities which have not been reviewed by internal audit over the last few years
19. Review of Corporate Health and Safety arrangements	This review will examine the Council's arrangements for Health and Safety in order to give an assurance regarding fitness for purpose and compliance with statutory requirements.

**SEVENOAKS DISTRICT COUNCIL
ANNUAL AUDIT PLAN 2013/14**

<i>Audit area</i>	<i>Review objectives</i>
20. Review of Safeguarding	This review will examine the Council's arrangements for "safeguarding" in order to give an assurance regarding fitness for purpose and statutory compliance.
21. Review of Planning/Development Control	The review will examine the Council's arrangements for delivering its statutory responsibilities and council policy regarding planning and development control. This will include arrangements for implementing changes in recent statutory requirements. This review will be carried out in the later part of the year, in view of propose organisational changes.
22. Repair and Maintenance Arrangements	This review will examine the Council's arrangements for repairs and the maintenance of Council property and assets, in order to give an assurance regarding fitness for purpose and compliance with Council policy. This area has not be examined by internal audit recently. Thus the scope of the review will include both property and value for money considerations.

Arrangements to prevent fraud and corruption

<i>audit area</i>	<i>review objectives</i>
Contracts	To check that contract payments are only made in accordance with contract terms and when properly authorised.
Cashing up	To check that officers are able to account for all income received by them on the day of the cashing up.
Housing Benefits	To check the robustness of the process to prevent and detect fraud in accordance with National Fraud Initiative requirements.
Special investigations	To carry out investigations into suspected frauds, losses etc in accordance with the Fraud Response Plan.

Follow up of recommendations made in previous audit reports

Audit reports	To follow up recommendations made in previous reports, to confirm that agreed action has been implemented effectively within the agreed time scales.
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**SEVENOAKS DISTRICT COUNCIL
ANNUAL AUDIT PLAN 2013/14**

10. Audit Programme and Resource Plan for 2013/14

Areas to be audited	Planned days 13/14	Actual days 12/13
1. Main Accounting System	5	10
2. Budgetary Control	5	5
3. Cash and Bank Reconciliations	5	5
4. Treasury Management	5	5
5. Payroll	5	5
6. Creditors	5	10
7. Debtors	5	5
8. Council Tax/NNDR	10	15
9. Council tax Housing Benefits	10	15
10. Review of Housing <i>(B/F from 2012/13)</i>	20	0
11. Car Parking Income	10	10
12. Contract Management Arrangements	10	15
13. Shared Services Recharges	15	0
14. Review of Section 106 Agreements	15	0
15. Annual Governance Statement	10	15
16. Information Management Council-wide	20	10
17. Review of IT	15	15
18. Dunbrik	20	20
19. Review of Corporate H&S Arrangements	20	0
20. Review of Safeguarding Arrangements	10	0
21. Review of Planning/Development Control	20	0
22. Repair and Maintenance Arrangements	15	0
Sub-Total	255	160

**SEVENOAKS DISTRICT COUNCIL
ANNUAL AUDIT PLAN 2013/14**

Areas to be audited	Planned days 13/14	Actual days 12/13
Brought forward total	255	180
Arrangements to prevent and detect fraud and corruption	Planned days 13/14	Actual days 12/13
Contracts – payments	10	10
Housing Benefits/ Participation in the National Fraud Initiative (NFI)	10	10
Sub Total	20	20
Other Activities for 2013/14	Planned days 13/14	Actual days 12/13
Follow up of actions agreed in previous reports	20	25
Advice, information and guidance	30	20
Contingencies	35	30
Sub Total	85	75
Total Direct Days	360	255
Audit Planning and Monitoring etc.	20	25
Grand Total resources Required	380	*N/A

***Note:** Seven reviews are planned for 2013/14 which were not carried out in 2012/13. These amounted to a total of **115 days** and are shown as zero, under 2012/13. Hence the total days available for both years are not directly comparable.

Available Resources

11. Total staff resources available for direct work is estimated at 415 days, plus 25 days for planning and monitoring. This is equivalent to 50% of total resource available for internal audit within the joint shared services team.

Internal Audit Performance

12. During 2013/14, the team will continue to work in compliance with the CIPFA Code of Practice for Internal Audit in Local Government, and will measure itself against the performance indicators detailed below. It will also take into consideration of the new Public Sector Internal Audit Standards once they are adopted.
13. The following seven performance indicators relating to the delivery of the audit plan are proposed and are consistent with current professional benchmarks:

	Measure	Target 2013/14
1	<i>Percentage of internal audit time spent on direct activity</i>	<i>80% of available time.</i>
2	<i>Percentage of Final Reports issued within 15 working days of completing field work</i>	<i>95 % following feedback meeting</i>
3	<i>Percentage of audits completed within allocated time.</i>	<i>90% of audits achieved within allocated time.</i>
4	<i>Percentage of audit briefs issued within 10 days of audit start date.</i>	<i>90% of audits</i>
5	<i>Client satisfaction with audits carried out</i>	<i>90% client satisfaction as indicated by the responses to the post audit questionnaires.</i>
6	<i>Value to the Council – Percentage of audit recommendations agreed and implemented by management</i>	<i>95% of audit recommendations accepted and completed within the agreed timescale.</i>
7	<i>Ability to delivery effective assurance</i>	<i>95% of planned work to be completed by 31 March 2012</i>

Reporting Protocol

14. Internal audit work undertaken is reported to clients (service managers, heads of services and directors), the culmination of the year's work being an annual report to Council Members. Our reports provide an overall audit opinion as to the adequacy of the control environment within the area examined. The annual report will contain an overall opinion on the adequacy of internal control, governance and risk management within the Council.

**SEVENOAKS DISTRICT COUNCIL
ANNUAL AUDIT PLAN 2013/14**

Audit Opinion

15. The audit opinion is formed following discussions with offices/management, observation of working practices, and the testing of systems. This is to ascertain whether key controls are in place and whether they are being complied with, or whether there are compensating controls, which provide the same level of overall control and protection against identified risks. Definitions of the five levels of opinions, as previously agreed by members are:

Good	<i>Controls are in place to ensure the achievement of service objectives, good corporate governance and to protect the Council against significant foreseeable risks. Compliance with the risk management process is considered to be good and no significant or material errors or omissions were found.</i>
Satisfactory	<i>Controls exist to enable the achievement of service objectives, obtain good corporate governance, and Protect the Council against significant foreseeable risks. However, occasional instances of failure to comply with the control process were identified and opportunities still exist to protect the service against potential risks.</i>
Adequate	<i>Controls are in place and to varying degrees are complied with but there are gaps in the process, which leave the Council exposed to some minor risks. There is, therefore, a need to introduce additional controls and improve compliance with existing ones, to reduce the risk to the Council.</i>
Unsatisfactory	<i>Controls are considered insufficient with the absence of at least one critical control mechanism. There is also a need to improve compliance with existing controls, and errors and omissions have been detected. Failure to improve controls leaves the Council exposed to significant risk, which could lead to major financial loss, embarrassment, or failure to achieve key service objectives.</i>
Unacceptable	<i>Controls are generally weak or non-existent, leaving the system open to abuse or error. A high number of key risks remain unidentified and therefore, unmanaged.</i>

16. We aim to involve auditees at key stages of the audit process and to ensure their agreement to audit findings and recommendations. The table below sets out how auditees will be involved in the audit process this year. There are no changes to the process from last year.

Audit stage	Involvement
Agreement of brief at the start of the audit	Head of Service
Feedback and discussion of main findings arising from an audit	Service Manager/Head of Service
Agreed report	Chief Executive Chief Financial Officer Director as appropriate Head of Service Service Manager
Audit satisfaction questionnaire completion	Head of Service/Service Manager as appropriate
Half yearly progress reports	Management Team and Performance & Governance Committee
Annual Report Annual Plan	Management Team and Performance & Governance Committee Committee

Audit Recommendations

17. We will continue to report recommendations by highlighting the significance of each item in relation to risk and materiality. Thus recommendations will be graded as follows:

High – Fundamental weaknesses in the system or process under review

Medium – System weaknesses which leave the system open to minor risks

Low – Desirable but non-threatening improvements

BUDGET MONITORING – JANUARY 2013

Performance & Governance Committee – 12 March 2013

Report of the: Chief Executive Designate

Status: For Information

Key Decision: No

This report supports all the Council's key themes and objectives

Portfolio Holder Cllr. Ramsey

Head of Service Group Manager Financial Services – Adrian Rowbotham

Recommendation to Performance and Governance Committee: That the report be noted.

Introduction

Overall Financial Position

- 1 Ten months into the year the results to date show an overall favourable variance of £212,000.
- 2 The year-end position is forecast to be £58,000 better than budget.

Key Issues for the year to date

- 3 **Income** – investment income is performing above target and is forecast to be better than budgeted at the year-end. This is due to higher than estimated balances and slightly higher rates being achieved during the year so far, and a favourable forecast is shown to reflect this position.
- 4 Looking at the other main income sources, the position still remains difficult. Building Control, Land Charges, Car Parking and Planning fees currently show adverse variances for the year to date although planning fees income has improved in the last two months.
- 5 **Pay costs** – the actual expenditure is less than budget due to some vacancies during the year and staffing restructures following the departure of senior managers..

Agenda Item 10

- 6 **Other** – Direct Services' results currently show a negative variance of £4,000 compared to budget.

Year End Forecast

- 7 The year-end position is forecast to be £58,000 better than budget which is better than the forecast at the end of December.
- 8 Extra investment income is the largest favourable variance. Additional income is also expected from office rentals and council tax court costs. A further favourable variance is forecast for audit fees.
- 9 Income from Building Control, Land Charges, Car Parking and Planning fees are all forecast to be less than the budget for the year.
- 10 The operators of the Swanley and Sevenoaks markets went into voluntary liquidation in August; leaving two months unpaid rent which is included in the year-end forecast. The market operation is now being re-tendered.

Risk areas

- 11 The current economic situation continues to have a real and potential impact on the Council's finances:
 - the investment strategy is constantly under review in light of the changing long term credit ratings which affects the number of organisations the Council can invest in;
 - property related income such as Development Control (particularly pre-application fees and S106 monitoring), Building Control, Land Charges and Capital Receipts remain vulnerable;
 - the Benefits workload is continuing at a higher level than before the recession, which is having an impact on processing times (though the action plan is continuing to improve performance);
 - Council Tax collection rates, though currently in line with the previous year, could be affected by increased unemployment and squeezed household incomes; and
 - Planned savings through the generation of income, particularly from new partnership working, remain risk areas for the current and for future years.

Key Implications

Financial

The financial implications are included elsewhere in the report.

Community Impact and Outcomes

None.

Legal, Human Rights etc.

None.

Risk Assessment Statement

Detailed budget monitoring is completed on a monthly basis where all variances over £10,000 are explained. Future risk items are also identified.

Appendices

Appendix A – Budget Monitoring Sheets for January 2013

Background Papers:

Budget 2012/13

Budget Monitoring Reports for 12/13

Contact Officer(s):

Helen Martin x7483

**Dr. Pav Ramewal
Chief Executive Designate**

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2. Overall Summary

January 13 - Final

	Period	Period	Period	Period	Y-T-D	Y-T-D	Y-T-D	Y-T-D	Annual	Annual	Annual	2011/12
	Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance	Budget	Forecast (including Accruals)	Variance	Actual
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	£'000	£'000	£'000	£'000
Community and Planning												
Community Development	81	63	18	22.7	784	708	76	9.7	975	963	12	1,140
Development Services	103	79	25	24.0	1,057	1,081	-23	-2.2	1,299	1,266	33	1,413
Environmental and Operations	251	242	9	3.4	2,373	2,626	-252	-10.6	2,724	2,953	-229	2,528
Housing and Communications	64	33	31	47.8	676	661	15	2.2	872	858	14	944
Total Community and Planning	500	417	82	16.5	4,890	5,075	-185	-3.8	5,870	6,040	-170	6,025
Corporate Resources												
Finance and Human Resources	302	289	13	4.2	2,764	2,784	-20	-0.7	3,961	3,809	152	4,516
IT and Facilities Management	151	163	-12	-8.2	1,619	1,498	120	7.4	2,012	2,002	10	1,595
Legal and Democratic Services	164	-26	190	116.1	1,638	1,435	202	12.4	1,924	1,961	-37	1,363
Total Corporate Resources	616	426	190	30.9	6,020	5,718	303	5.0	7,897	7,772	125	7,473
NET EXPENDITURE (1)	1,116	843	273	24.4	10,911	10,793	117	1.1	13,767	13,811	-45	13,498
<i>Adjustments to reconcile to Amount to be met from Reserves</i>												
Direct Services Trading Accounts	14	-4	18	128.6	-82	-78	-4	-4.9	-64	-50	-14	21
Capital charges outside General Fund	-4	-4	-0	-0.0	-45	-45	-0	-0.0	-54	-54	-	-47
Support Services outside General Fund	-16	-16	-	-	-156	-156	-	-	-191	-191	-	-197
Redundancy Costs - all	-	-	-	-	-	-	-	-	-	-	-	-
NET EXPENDITURE (2)	1,110	819	291	26.2	10,628	10,514	113	1.1	13,458	13,516	-59	13,275
Government Grant	-387	-387	-	0.0	-3,872	-3,872	-	-	-4,646	-4,646	-	-5,141
Council Tax Requirement - SDC	-771	-771	-	0.0	-7,709	-7,709	-	-	-9,251	-9,251	-	-9,199
NET EXPENDITURE (3)	-48	-339	291	-604.4	-953	-1,067	113	11.9	-439	-381	-59	-1,065
<i>Summary including investment income</i>												
Net Expenditure	-48	-339	291	-604.4	-953	-1,067	113	11.9	-439	-381	-59	-1,065
Investment Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Interest and Investment Income	-21	-27	6	-31.2	-171	-270	98	57.4	-173	-290	117	-308
Overall total	-69	-366	297	432.7	-1,125	-1,336	212	18.8	-612	-670	58	-1,373
Planned appropriation (from)/to Reserves									627	627	-	-
Supplementary appropriation from Reserves (Christmas car parking approved Council Feb 2013)									-15	-15	-	-
<i>Surplus</i>									-	-58	58	-1,373

Reserves

	31/03/12	Movement in month	Cumulative to date	Balance as at 31/01/13	31/3/13 budget	31/3/13 forecast
	£000	£000	£000	£000	£000	£000
<u>Provisions</u>						
Edenbridge Relief Road Compensation	1,546		-1,546	0	0	0
Accumulated Absences	152			152	152	152
Municipal Mutual Insurance (MMI)	211			211	0	211
Others	34			34	0	0
	1,943	0	-1,546	397	152	363
<u>Capital Receipts(Gross)</u>	708	1	240	948	1,314	1,564
Note: this balance will reduce at year end as the receipts are used to finance capital expenditure						
<u>Earmarked Reserves</u>						
Financial Plan	5,812			5,812	5,296	5,224
Budget Stabilisation	2,765			2,765	3,495	3,651
New Homes Bonus	215			215	1,588	741
Housing Benefit subsidy	1,351			1,351	1,102	1,261
Asset Maintenance	1,000			1,000	1,000	1,000
First Time Sewerage	915			915	715	815
Vehicle Renewal	292			292	564	292
Reorganisation (previously Termination)	478			478	499	478
LDF	565	-14	-52	513	428	416
Community Development	470	6	-36	434	418	470
Carry Forward Items	222	-3	-61	161	341	222
Action and Development	296			296	300	295
Vehicle Insurance	287			287	264	287
Pension Valuation	349			349		628
Big Community Fund	103		-9	94		0
Rent Deposit Guarantees	181	-11	-67	114	179	82
Local Strategic Partnership	81		-5	76	111	82
Homelessness Prevention	134	-11	-11	123		134
IT Asset Maintenance	121			121		0
Others	461	1	3	464	424	414
	16,098	-32	-238	15,860	16,724	16,492
<u>General Fund</u>						
Required Minimum	1,500				1,500	1,500
Available Balance	2,213				2,213	2,213
	3,713				3,713	3,713
TOTAL	22,462				21,903	22,132

ITEM 8

9. Capital

January 13 - Final

COMMDEV	Big Community Fund - Capital
COMMDEV	Parish Projects
DEVCONT	Affordable Housing
ENVOPS	Vehicle Purchases
FINSERV	Horton Kirby Village Hall
FINSERV	Argyle Road Office Accommodation
HOUSING	Improvement Grants
HOUSING	WKHA Adaps for Disab Financing Costs Advances
HOUSING	SDC - HMO Grants
HOUSING	RHPCG 10-11 SDC
HOUSING	RHPCG - Discretionary Grants
LEGAL	Sevenoaks Town Centre
LEGAL	Modern Govt Document Management System
LEGAL	Police Co-Location

Period	Period	Period	Period	Y-T-D	Y-T-D	Y-T-D	Y-T-D	Annual	Annual	Annual
Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance	Budget	Forecast	Variance
£'000	£'000	£'000	%	£'000	£'000	£'000	%	£'000	(including Accruals) £'000	£'000
-	3	-3	-	-	36	-36	-	-	-	-
-	-	-	-	-	-	-	-	71	0	71
-	-	-	-	-	27	-27	-	-	-	-
76	70	6	8.1	692	159	533	77.0	844	844	-
-	-	-	-	-	1	-1	-	-	-	-
1	-	1	100.0	5	7	-3	-55.6	7	7	-
51	14	37	72.1	510	208	303	59.3	612	362	250
21	65	-44	-204.9	213	197	17	7.9	256	256	-
-	10	-10	-	-	20	-20	-	-	-	-
-	-	-	-	-	2	-2	-	-	-	-
-	1	-1	-	-	13	-13	-	-	-	-
-	3	-3	-	100	57	43	43.3	150	150	-
1	-	1	100.0	14	8	6	41.2	16	16	-
-	7	-7	-	200	176	24	11.9	200	182	18
151	173	-23	-15.0	1,734	910	824	47.5	2,157	1,818	339

Improvement Grants budget shown net of Government grant.

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