



Sevenoaks

DISTRICT COUNCIL

Despatched: 31.05.12

PERFORMANCE AND GOVERNANCE COMMITTEE

12 June 2012 at 7.00 pm
Conference Room - Council Offices

AGENDA

Membership:

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

	<u>Pages</u>	<u>Contact</u>
Apologies for Absence.		
1. Minutes Minutes of the meeting of the Committee held on 13 March 2012 (attached).	(Pages 1 - 8)	
2. Declarations of interest.		
3. Formal Response or Consultation Requests from the Cabinet and/or Select Committees following matters referred by the Committee: a) Internal Audit Quarter 2 – Progress Report – ‘Review of Car Parking Income’ (Referred to Environment Select Committee 20 March – 10 January 2012) b) LPI HR 003 – Number of working days lost through long term sickness absence per FTE (>20 cumulative days) (referred to Services Select Committee 3 April 2012)	(Pages 9 - 10)	
4. To receive the minutes of the Finance Advisory Group for information. Minutes of the meeting held on 28 March 2012.	(Pages 11 - 16)	
5. Actions from the last meeting of the Committee (attached)	(Pages 17 - 20)	

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|-----|--|----------------------|--------------------------------------|
| 6. | Future Business, the Work Plan 2012/13 (attached) and the Forward Plan. | (Pages 21 - 22) | |
| | 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. | Property Review - Local Needs Housing, Shoreham | (Pages 23 - 34) | Jim Latheron
Tel: 01732
227209 |
| 8. | Review of the Effectiveness of Internal Audit 2011/12. | (Pages 35 - 50) | Bami Cole
Tel: 01732
227000 |
| 9. | Internal Audit Annual Report 2011/12 | (Pages 51 - 80) | Bami Cole
Tel: 01732
227000 |
| 10. | Annual Governance Statement 2011/12. | (Pages 81 - 92) | Bami Cole
Tel: 01732
227000 |
| 11. | Risk Management Plan 2012/13. | (Pages 93 - 96) | Bami Cole
Tel: 01732
227000 |
| 12. | Benefits Fraud Report 2011/12 | (Pages 97 -
104) | Bami Cole
Tel: 01732
227000 |
| 13. | Performance Management End of Year Results | (Pages 105 -
122) | Lee Banks
Tel: 01732
227161 |
| 14. | Provisional Outturn 2011/12 | (Pages 123 -
128) | Helen Martin
Tel: 01732
227483 |

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 COMMITTEE

Minutes of a meeting of the Performance and Governance Committee held on 13
March 2012 commencing at 7.00 pm

Present: Cllr. Fittock (Chairman)

Cllr Walshe (Vice-Chairman)

Cllrs. Mrs. Bayley, Clark, Mrs. Cook, Davison, Dickins, Gaywood, Grint, Hogarth, McGarvey and Piper.

Apologies for absence were received from Cllrs. Firth and London.

Cllrs. Mrs. Davison and Ramsay were also present.

52. MINUTES

Resolved: That the Minutes of the meeting of the Performance and Governance Committee held on 10 January 2012, be approved and signed by the Chairman as a correct record.

ACTION 1: The financial year to be included when minuting the monthly budget monitoring reports.

53. DECLARATIONS OF INTEREST.

No declarations of interest were made.

54. FORMAL RESPONSE OR CONSULTATION REQUESTS FROM THE CABINET AND/OR SELECT COMMITTEES FOLLOWING MATTERS REFERRED BY THE COMMITTEE:

(a) Treasury Management Strategy (Response from Cabinet – 9 February 2012)

The response was noted.

55. ACTIONS FROM THE LAST MEETING OF THE COMMITTEE.

The completed actions were noted. Members thanked the Audit Risk and Anti-fraud Manager for the excellent free training session provided by Zurich Municipal.

ACTION 2: The Audit Risk and Anti-fraud Manager to provide Members with copies of the presentation slides.

Agenda Item 1
Performance and Governance - 13 March 2012

56. TO RECEIVE THE MINUTES OF THE FINANCE ADVISORY GROUP FOR INFORMATION.

Members noted the Minutes of the meeting of the Finance Advisory Group held on 25 January 2012.

With reference to Minute 38 'Kent County Council Superannuation Fund – Investments', the Chairman of the Finance Advisory Group advised the Committee that he had written to the Secretary of the Superannuation Fund and had received a reply that would be considered at the next meeting to which everyone was welcome to attend. Sevenoaks District Council was not directly represented, however vacancies did arise but the Committee had to be politically balanced.

The Director of Corporate Resources and Deputy Chief Executive, advised that there was ongoing dialogue at officer level, and that the Secretary of the Superannuation Fund Committee was always willing to give presentations on performance.

ACTION 3: The Director of Corporate Resources and Deputy Chief Executive to arrange a presentation to all Members either at a separate meeting or at Full Council, by the Secretary of the Superannuation Fund Committee.

Resolved: That

- a) Members' concerns in relation to the limited influence of district councils and lack of feedback from the Superannuation Fund Committee, be noted; and
- b) the Finance Advisory Group be requested to monitor this issue.

57. FUTURE BUSINESS, THE WORK PLAN 2011/12 AND THE FORWARD PLAN.

Members noted that 'Self Assessment of the Effectiveness of the Committee' had been removed from the Work Plan as the Council was no longer under an obligation to continue to do this. 'Annual Review of Terms of Reference' remained on the Work Plan but had not been submitted because a fundamental review of the Council's Constitution was due to take place in the summer.

Members discussed adding the monitoring of s.106 contributions, social housing contributions and the community infrastructure levy (CIL) to the Work Plan, or referring the issue to the appropriate committee. The concern was that checks should be kept on the amounts received and how they were allocated. The Chairman of the Finance Advisory Group reported that these arrangements were already reviewed by the Finance Advisory Group. The Chairman responded that the Committee could therefore monitor this issue through receipt of the Finance Advisory Group minutes.

58. AUDIT COMMISSION - AUDIT PLAN AND UPDATE.

The District Auditor, Andy Mack, and the Audit Manager, Richard Smith, presented the report. The District Auditor advised that they were very familiar with the Council's systems and procedures and that there was good continuity on both sides. With the new Financial Manager in position, he was assured for arrangements until September 2012. The Audit Manager reported that property valuations had been highlighted as a potential risk as they were subjective and cut across various accounts, and advised that the interim visit had already started with the final visit occurring in the summer once the draft accounts had been completed.

Members attention was drawn to key emerging national issues and developments and a list of questions which the Committee needed to consider in order to assess whether it had received sufficient assurances on emerging issues. The Audit Manager advised that responses to these questions should be ideally submitted by 30 April, but it was possible to wait until June 2012.

The District Auditor reported that since the despatch of the agenda, the contract for the next five years covering South London, Surrey and Kent had been awarded to Grant Thornton, the fifth largest audit firm in the United Kingdom and which would now become the largest provider of public audit. In October, staff would transfer to Grant Thornton under TUPE arrangements, the Council would be consulted and notified in writing. There would be an opportunity to meet the new providers on 3 May 2012.

The Audit Manager advised that the audit fee would see a reduction of up to 40%. In response to questions he confirmed that this would be on top of the 10% reduction already received. Much of the savings would be made from the ceasing of certain functions such as no longer producing national reports, and also benefiting from private sector efficiencies such as a larger organisation with more up to date technology. It was hoped that at the local level service would be maintained, though charging may be introduced where accounts and statements were not of good quality. Furthermore the Audit Commission had built up reserves over time which as it was now disbanding would be returning, and would be refunding 8% for 2011/12. The District Auditor stated that he and the Audit Manager were determined to maintain and improve their performance and would be happy to report regularly to the Committee and were happy to agree to local performance indicators.

Resolved: That

- a) authority be delegated to the Chairman and Vice Chairman to consult with Officers and provide a response to the assurances required, on behalf of the Committee, in order to meet the 30 April 2012 deadline; and
- b) the report be noted.

59. ARGYLE ROAD OFFICES, SEVENOAKS - OCCUPANCY REPORT.

The Property Services Manager reported that the Council periodically reviewed the costs and benefits of retaining the building compared with the costs and benefits of alternative accommodation. At the latest review in October 2009 it was concluded that the most cost effective option for the Council was to remain in the Argyle Road offices but to increase occupancy rates where possible to make best use of the asset. 50% of the annual cost was non domestic rates, the building had been designed for one user and it was difficult to split it up due to the heating and ventilation systems. A number of developments were due to take place shortly, or were being considered, that would make further improvements in the use of the building and were outlined in the report. Further to this, talks were taking place with Kent Social Services and the Chamber of Commerce. It was not possible to start work on the area vacated by Environmental Health until April 2012 due to IT issues.

A Member asked whether there was an increased risk by having non-council staff within the building. The Property Services Manager replied that he had checked this with the insurers. There would be an increased risk if it were commercial organisations, but this would be difficult to achieve anyway, and the physical risk was reduced by the Police presence. He advised that all staff from MOAT were CRB checked and there were relevant clauses in the agreements to deal with any problems. The MOAT and Police IT systems were separate and therefore the Council's IT infrastructure was not vulnerable.

A Member queried the amount of letting space available. The Property Services Manager advised that it was limited without a large investment.

ACTION 4: The Property Services Manager to inform Members of the amount of letting space available.

Members were concerned by the lack of rent paid by the Police. In response to questions the Property Services Manager responded that the Police only paid running costs as they put in a significant amount of capital paying for all the work undertaken that also benefited the Council in the long term. MOAT was a better example of the usual transaction. The Chief Executive explained that the Police had been looking to move into their own premises at Swanley and Edenbridge, but approached the Council as they wished to keep a presence in Sevenoaks. It was agreed by Council that on top of the capital outlay they would move in and pay running costs, not rent, with the proviso that when they no longer paid for their rented accommodation in Sevenoaks a rental agreement would then be revisited. This was due to be reviewed as part of the rental negotiations for the proposed new Police Office. A Member was not happy with the commercial basis on which this has been done. Another Member wondered whether the cost of CCTV could be met as part of the reciprocal costs.

The Property Services Manager advised that the Cabinet Member for Finance and Value for Money would approve any rent agreed based on the cost of works with payback within the occupancy period. At the moment they were looking at a ten year

lease with an 8% return but this depended on the tender price, which would be brought before Members once received. In response to questions he replied that there would have to be break clauses built into the contracts. The Chief Executive advised that the running costs of the Argyle Road accommodation were fixed whether the space was let or not, so there was a benefit in real terms by having them filled with a contribution to running costs.

Resolved: That

- a) a further report be brought back with an update on the new Police Office and a more in depth consideration of value for money in the letting process; and
- b) the report be noted.

60. UPDATE OF THE COUNCIL'S ANTI-FRAUD AND CORRUPTION STRATEGY TO REFLECT THE REQUIREMENTS OF THE BRIBERY ACT 2010

Members noted that the Bribery Act came into force in July 2011, and the Act introduced new requirements which UK organisations (both commercial and public bodies) had to comply with. In order to respond to the requirements of the Act parts of the Anti-Fraud and Corruption Strategy needed to be updated in order to reflect the requirements of the Act.

Resolved: That the proposed amendments to the Council's Anti-Fraud and Corruption Strategy be approved.

61. ANNUAL INTERNAL AUDIT PLAN 2012/13

The Audit, Risk and Anti-fraud Manager presented a report which incorporated the Annual Internal Audit programme for 2012/13 for approval by the Committee. The objective of the plan was to ensure that the Audit, Risk and Anti-fraud Team delivered reasonable assurance to the Council regarding the effectiveness of internal controls, governance and risk management processes in fulfilment of the Council's statutory responsibilities. He advised that the three audits which were deferred from last year had now been included in the plan and would be done as soon as possible, and that staffing issues had been resolved by the return of the Principal Auditor back to a five day week. A Member congratulated the Audit, Risk and Anti-fraud Manager on the clear presentation of the Audit Programme and Resource Plan for 2012/13.

Resolved: That the draft Internal Audit Plan for 2012/13, be approved.

62. INTERNAL AUDIT PROGRESS REPORT - QUARTER 3

The report summarised the progress of the Audit Team in delivering the Annual Internal Audit Plan 2011/12 and the outcome of audit reviews completed since the last meeting of the Committee. The report indicates that satisfactory progress is being made towards delivering the assurance requirements for 2011/12. No significant concerns were raised within the report.

Agenda Item 1

Performance and Governance - 13 March 2012

Resolved: That the contents of the report and the progress made by the Audit Team in delivering the 2011/12 Annual Internal Audit Plan, be noted.

63. PERFORMANCE MONITORING

The report provided the Committee with a summary of Council performance and detailed all 'Red' performance indicators for the period to the end of January 2012.

With reference to LPI DS 002 – Total Trading Account Position (year to date), the Policy and Performance Manager assured a Member that whilst the Finance Advisory Group would be considering diesel costs they would also be looking at the trading account as a whole and looking at all elements of the budget.

Members were concerned at the 10% level of staff affected by illness and requiring extended periods of absence. Members were interested to know how much was stress related, work related or other causes, and how it compared with the national average. The Director of Corporate Resources and Deputy Chief Executive recognised that long term sickness levels were high but it had been a difficult 12 months. He stated that a number of processes were in place to manage and control sickness levels, however, some delays were out of the Council's control such as chasing G.P. reports, which can take 3-4 months. The Chief Executive reported that Management Team had looked very carefully at this issue and the new Human Resources Manager had been asked to look at it and see if she could develop a revised strategy to bring the figures down.

Resolved: That

- a) that LPI HR 003 – Number of working days lost through long term sickness absence per FTE (>20cumulative days) be referred to Services Select Committee; and
- b) the contents of the report be noted.

64. BUDGET MONITORING - JANUARY 2012 FIGURES

Members considered the Budget Monitoring Report for the month ended January 2012, financial year ending 2011/12.

The Group Manager – Financial Services reported that the forecast for the end of the year was a favourable position of £83,000 which is 0.6% of the Net Expenditure Budget. He also informed Members that there are several financial uncertainties facing the Council in the near future such as localising support for Council Tax, Universal Credit, retention of Business Rates and setting the formula grant. By continuing to update the 10-year budget model with new information as it arrives, this Council should continue to be in a stronger position than other Council's who only budget on a year to year basis.

A Member asked for more details of the budget overspend due to the increased number of homeless people in bed and breakfast accommodation.

ACTION 5: The Director of Corporate Resources and Deputy Chief Executive to provide further information about the increased use of bed and breakfast accommodation.

In response to a question the Director of Corporate Resources and Deputy Chief Executive, replied that the Big Community Fund would continue as long as it was funded by the New Homes Bonus. The Government had intended it to be for six years, however in light of changes to grant formula it would be prudent to assume it was time limited. Any monies remaining from the £10,000 per month allocation were rolled over to the following month.

ACTION 6: The Director of Corporate Resources and Deputy Chief Executive to find out and inform Members as to the present Big Community Fund rollover amount.

Members congratulated the finance staff and budget holders for meeting the tight financial targets for the year.

Resolved: That the report be noted.

THE MEETING WAS CONCLUDED AT 8.47 P.M.

CHAIRMAN

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FORMAL RESPONSE OR CONSULTATION REQUESTS FROM THE CABINET AND/OR SELECT COMMITTEES FOLLOWING MATTERS REFERRED BY THE COMMITTEE

- (a) Internal Audit Quarter 2 – Progress Report – ‘Review of Car Parking Income’ (Response from Environment Select Committee 20 March 2012 (Minute 40 (a)))

The Head of Environmental and Operational Services referred the Committee to the Internal Audit report included in the papers for the meeting and reported that the audit had raised some concerns but had found the service to be ‘adequate’. In terms of the findings within the report, the following actions had been agreed:

Finding One – Banking of Income: The Parking and Amenity Manager would investigate the reasons behind the differences between machine ‘audit’ tickets and the amount banked by Contract Security within three months.

Finding Two – Write off penalty charges notices (fines): Write off would be actioned on an annual basis.

Finding Three – Potential fraud and corruption: The Internal Auditor had recommended that the Parking and Amenity Manager should visit the Contract Security cash collection depot to ensure that the arrangements in place were as agreed within the terms of the contract. The Head of Environmental and Operational Services reported that this was more difficult as the recommendation related to inspecting an external contractor. Officers would pursue the recommendation and would liaise with the Auditor for some advice concerning how the recommendation could be taken forward.

In response to a question from the Committee the Head of Environmental and Operational Services reported that this problem was not unique to Sevenoaks District Council.

The Head of Environmental and Operational Services reported that the system for paying for parking over the telephone by credit card appeared to be working well.

The Chairman noted that the audit report recommended that the inside of ticket machines should be regularly inspected.

- (b) LPI HR 003 – Number of working days lost through long term sickness absence per FTE (>20 cumulative days) (Response from Services Select Committee 3 April 2012, Minute 40 (a))

Members noted that it had not been possible to gather all of the information required for consideration at the meeting, but that it had been added to the work plan for June 2012, and would be reported along with the Human Resources Update report.

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FINANCE ADVISORY GROUP

Minutes of the meeting of the Finance Advisory Group
held on 28 March 2012 commencing at 9.30 am

Present: Cllr. Ramsay (Chairman)

Cllrs. Firth, Fittock, Grint, McGarvey and Scholey

46. APOLOGIES FOR ABSENCE

None.

47. NOTES OF PREVIOUS MEETING

The notes of the meeting of 25 January 2012 were agreed as a correct record.

48. DECLARATIONS OF INTEREST

Cllr. McGarvey declared a personal interest in Minute Item 52 as a temporary clerk to Shoreham Parish Council. He did not vote on the matter.

49. MATTERS ARISING INCLUDING ACTIONS FROM LAST MEETING

The reply from Kent County Council (KCC) regarding the KCC Superannuation Fund – Statement of Investment Principles was noted. Members agreed that although KCC had struggled to get District Councils involved in the Superannuation Fund Committee, this applied to other authorities and not to Sevenoaks District Council.

Minutes from the Performance and Governance Committee meeting on 13 March 2012 were noted. It was felt more appropriate that the presentation from the Secretary to the Superannuation Fund Committee be organised for before a meeting of the Performance and Governance Committee rather than before full Council.

Action: That the Group Manager - Financial Services organise a presentation from the Secretary of the Superannuation Committee prior to a meeting of the Performance and Governance Committee.

The responses to Actions 2 to 6 were noted by the Group.

50. PRESENTATION ON DIRECT SERVICES

The Head of Environmental and Operational Services gave an overview of the trading accounts for the Direct Services Team. He directed Members to the business reports for February 2012. Although the Team would not meet the end of year budgeted surplus target of £75,000 they were forecasting to break even by year end.

Since the rules on both Compulsory Competitive Tender and Best Value the Direct Services Team had shown it was providing a competitive service at a price comparable to the private sector. Performance indicators and customer satisfaction showed that they were also providing a good level of service.

He considered that the principal reasons the Team's financial targets were not being met were the costs of diesel and disposal costs for trade waste and emptying cesspools.

Agenda Item 4
Finance Advisory Group - Wednesday, 28 March 2012

The charges for waste disposal were outside the control of the Council. Sita and Cory were charging £90 per tonne for trade waste. The cost of disposal for cesspool waste by Thames Water was not fixed and would vary depending on the individual waste. The Head of Environmental and Operational believed that the Council may need to reconsider its role in collecting trade and cesspool waste if it were proved that these operations could not meet financial targets. Their financial viability would probably be reconsidered in October 2012. Although there was no obligation to provide the service in its current form, the Council did have some long-standing customers who appreciated the level of service given.

Fuel was one of the main areas of expenditure for the Council but again its price was mostly controlled by the market and by tax. Although less would be spent by the Council on fuel in 2011/12 this was because fewer vehicles were being run.

Fuel supply was subject to EU procurement rules because of the size of the contract. The Council's main focus for the contract was certainty of supply but even so the cost of fuel was only 0.047 pence per litre above the average cost paid by Members of the Freight Transport Association. The bulk of the cost was determined by the Platts Formula which derived from the Dollar crude price of oil. A small margin would be added to this by the supplier. Officers were pleased that the cost for fuel was similar to that paid by those large companies who had greater purchasing power.

Officers did not believe that joint procurement with other local authorities would reduce the cost of fuel further. Considering the cost paid by Freight Transport Association members it would be difficult to buy in sufficient bulk to have an impact. Direct Services were already providing joint services with other authorities for cleaning public conveniences and had explored possible joint working with Gravesham Borough Council, though no agreements had been made.

Officers tabled the existing contingency plan in case of fuel shortages.

In response to a question, the Head of Environmental and Operational Services confirmed that rises in fuel costs had been managed through the budget rather than by raising it as a growth item. Officers had budgeted for a rise in fuel costs from 108.5 pence per litre in 2011/12 to 116 pence per litre in 2012/13 but it was also still identified as a risk.

Members noted there was a significant budgetary variance for the maintenance of vehicles. Officers stated that this was particularly due to the age of 2 vehicles and these vehicles had been built into the replacement programme.

A Member was particularly concerned that the full cost of the refuse service had not been charged to the general fund but only £1.9 million of the £2 million cost. Officers explained that, historically, the balance had come from surpluses on other trading activities. This meant that any shortfall would be a risk on the trading accounts and not the General Fund.

At 10.27 a.m. the Chairman adjourned the Group for the convenience of Members and Officers. The meeting resumed at 10.30 a.m.

51. REVENUES AND BENEFITS PARTNERSHIP WORKING

The Benefits Manager explained that the Revenues and Benefits Partnership was working cohesively and there was no practical division between workers for Sevenoaks District and Dartford Borough Councils.

Activity for the Benefits Team had increased by a third between April 2011 and January 2012 because of the economic conditions and new notification procedures from the Department for Work and Pensions (DWP), who expected a prompt reaction. The Team's caseload was now at 15,000 and they were using some agency staff to provide temporary cover as recruitment was becoming particularly difficult. Case turnaround was not as quick as she wanted. These pressures affected all Councils but she believed the partnership had helped to provide strength through numbers.

The Revenues Manager added that the Council Tax collection in Sevenoaks was the highest in the county. There had also been some significant increases in Business Rate collection, which augured well once the partial Business Rate retention changes had been introduced. She was pleased that payment of tax by Direct Debit had risen greatly in Sevenoaks.

The Chairman congratulated the Revenues and Benefits Team on their silver award at the Institute of Revenues Ratings and Valuation for Excellence in Partnership Working.

Members were updated on the proposals for the Universal Credit. The DWP no longer presumed that Local Authorities had no role to play. The Benefits Manager had recently met the DWP Director and was encouraging the DWP to find a role for Local Authorities in supporting applicants. It was still expected that the benefit would be processed by the DWP.

All Officers within the Partnership were looking for additional savings and some savings were already built into the budget. The Partnership Agreement set out the trigger for increasing costs and how efficiencies would be distributed between the Councils. The legislative changes meant it was unlikely further authorities would be added to the Partnership for the moment.

A Member enquired whether Officers fully appreciated the difficult position many benefit applicants were in. Officers felt that they did appreciate their position, despite the workload pressure they faced, as Officers were in daily contact with the public. A Member, who was the Chairman of the Services Select Committee Working Group on the Universal Credit, supported the Officers' comments and stated that local authorities played a considerable role in changing applicants' behaviour.

Action: The Principal Accountant to assist Cllr. McGarvey to produce a table of comparative Council Tax rises for the parish councils covered by the area of Dartford Borough Council.

The Chairman enquired whether the impact of the reforms to Council Tax, including the cut to the revenue support grant and the localisation of support for Council Tax, was yet known. Officers were disappointed that information was only being released slowly.

Agenda Item 4
Finance Advisory Group - Wednesday, 28 March 2012

For the partial retention of Business Rates it was presumed that a baseline year would be set but it was not known what year that might be.

Advice on who would be considered as a protected group under the localisation of Council Tax support may be released too late for the Council to make amendments in time for the first administrative year and therefore the Council may need to accept that the proposed cut of 10% to the grant would result in a loss to the Council. It was acknowledged that this could also have a significant impact on other precepting authorities, particularly KCC. It may be too complex for Sevenoaks District and Dartford Borough Council to arrive at a common scheme as there were considerable demographic differences between the areas.

Action: The Principal Accountant to give a presentation to the Finance Advisory Group in June on the current Council Tax collection fund and taxbase setting processes, including details for the parish councils in the wards of the Members of the Finance Advisory Group.

Special software would be needed for the Revenues Team to administer the new scheme but until the regulations were put in place the software could not be written. The regulations were not expected until Summer or Autumn 2012. It was possible that, due to time constraints, the Partnership may need to use software common to many Councils, rather than tailored software.

52. PROPERTY REVIEW - LOCAL HOUSING NEEDS, SHOREHAM

The Professional Services Manager explained that all land in Shoreham was investigated following a Parish Survey in 2005 which identified a need for affordable housing. The land defined in the report, which was owned by the Council, was considered as most appropriate.

The site would not normally receive permission for housing development, as it was agricultural land in the Green Belt, but it would become an exception site. The land would be sold to English Rural Housing as the rural housing association. The valuation report had put the value of the land at £25,000 but a condition of the original purchase by the Council meant that 50% of the receipts would go to the original vendor.

It was considered difficult to value the land as agricultural land was usually valued at £9,000-10,000 per acre whereas residential land would be between £1.5 million and £2 million per acre. A Member was concerned that the land had not been put on the market for valuation. The Officer suggested there was a limited market for this agricultural land which could only be used residentially by a Registered Social Landlord. The Homes and Community Agency advised against public bodies competing one Registered Social Landlord against another. The Officer agreed to see if the valuation wording by the agents, Cluttons, could be clarified to show the Council was getting best value.

The Officer had been informed that English Rural Housing would not sell the land completely but only rent it or give shared ownership up to 80%. It would be exempt from the Right to Buy. The Officer confirmed a condition could be added to the title of the land to ensure money was due to the Council should, in fact, the properties eventually be sold on.

A Member was concerned that Shoreham Parish Council may not have been consulted recently. The Chairman assured him that the land would not be transferred until all matters were satisfied, including consultation.

Resolved: It be recommended that the District Council dispose of its freehold interest in the land shown in Appendix A of the report to the English Rural Housing Association to enable the provision of 8 affordable homes for local people in the sum of £25,000 and subject to such terms and conditions deemed necessary by the Council's legal advisors to protect the District Council's interests.

53. TREASURY MANAGEMENT - ALTERNATIVE INVESTMENT OPTIONS

The Principal Accountant tabled the Council's latest list of investments.

He reminded the Group that he began to investigate alternative investment options prior to Christmas 2011 following the widespread credit downgrades of banks. He had found that a number of other local authorities had significant sums already in money market funds. This meant the Council would not be unusual or breaking new ground if it made this investment. The Council's Investment Strategy did allow for investment in money market funds but this had not been used before.

He suggested that Ignis and Insight were closest money market funds to the Council's requirements but their full details were set out in the appendices to the report. The Council's treasury advisors, Sector, had been helpful in collecting this information. He proposed that £1million be put into each of Ignis and Insight.

It was noted that a number of the funds were registered in Ireland though some were regulated by the Financial Services Authority and some by the Central Bank of Ireland. Members wanted to know where the assets would be held.

Action: The Principal Accountant to investigate where the assets for the money market funds would be held.

The Principal Accountant updated the Group on the recovery of monies from the administrators of Landsbanki Islands hf. In February the Council received a third of the money it was owed in the form of Sterling, US Dollars and Euro. Currency accounts had been set up to receive the Dollars and Euro and it was all converted to Sterling on the same day as receipt.

Action: The Principal Accountant to email the group with the rate at which the foreign currency received from the administrators of Landsbanki Islands hf was converted to Sterling.

Resolved: That:

- (a) investment in money market funds be commenced with an investment of £1 million in each of Ignis and Insight; and
- (b) an update on performance be brought to the next meeting of the Group.

54. FINANCIAL RESULTS 2011/12 - TO THE END OF FEBRUARY 2012

The Group Manager of Finance introduced the new Finance Manager who would be taking over the Financial Results and Indicators reports.

Agenda Item 4
Finance Advisory Group - Wednesday, 28 March 2012

The Finance Manager drew Members' attention to the £50,000 positive variance forecast for the year-end, although this was down on the previous month. Parking was now meeting its target and Land Charges was at its budget, though income was volatile.

Several teams faced difficulties: Development Control's income was below expectations and this was likely to be a risk for 2012/13 as there was a budget saving of £100,000 for additional fee income; bed and breakfast costs had affected Housing; and Building Control's income from statutory work was down significantly. However, the Building Control Team had recently agreed the contract for Rye Lane, Dunton Green, which was likely to be phased work. The Building Control Team had moved away from agency workers but 2 vacancies had been kept open as there was insufficient work for them. The Chairman noted that staff needed to be retained for statutory functions.

The Chairman commended the Officers for finding a small surplus in the current economic conditions. The Finance Team had helped by ensuring Members could receive consistent reports each month.

55. FINANCIAL PERFORMANCE INDICATORS 2011/12 - TO THE END OF FEBRUARY 2012

Members were pleased with the indicators and the Chairman commented that those problems faced over the previous few years had been substantially met and resolved.

The Group noted that the cost per employee had varied. The Group Manager - Financial Services said this was because in Summer months average costs fell as the Council could employ more casual workers. Costs were now also falling as there had been a reduction in the number of Heads of Service and some replacement staff throughout the Council were being employed on lower salaries.

56. FORWARD PROGRAMME

Members requested that an item be added to consider the management of Affordable Housing Contributions, including a contrast to Section 106 monies and an update on the Community Infrastructure Levy. The Group Manager - Financial Services agreed to collect this information from Housing and Planning Services. This was also scheduled for the meeting in June 2012.

In response to a request and following the audit report to the Performance and Governance Committee and the Environment Select Committee, the Chairman clarified that the Environment Select Committee should be left to monitor discrepancies in the income from parking.

It was indicated by the Democratic Services Officer that the next meeting of the Finance Advisory Group was proposed for 6 June 2012 in the draft calendar of meetings. Members agreed that 13 June would be a preferred date.

THE MEETING WAS CONCLUDED AT 12.27 pm

Chairman

ACTIONS FROM THE MEETING HELD ON 13.03.12			
Action	Description	Status and last updated	Contact Officer
ACTION 1	The financial year to be included when minuting the monthly budget monitoring reports.	This will now be included in all minutes (as at 14.03.12)	Democratic Services
ACTION 2	The Audit Risk and Anti-fraud Manager to provide Members with copies of the presentation slides.	An email was sent on 26.03.12	Bami Cole
ACTION 3	The Director of Corporate Resources and Deputy Chief Executive to arrange a presentation to all Members either at a separate meeting or at Full Council, by the Secretary of the Superannuation Fund Committee.	This has been arranged for 6.00 p.m. immediately prior to the meeting on 12 June 2012, in the Council Chamber.	Pav Ramewal
ACTION 4	The Property Services Manager to inform Members of the amount of letting space available.	(email sent 16.05.12) There is currently some 57 square metres of office accommodation available on the first floor vacated by the Environmental Health Section. The space would accommodate some 15 work stations. Recently Moat Housing who currently occupy 12 work stations on the second floor have asked if they could increase their accommodation to 15 workstations. I am currently	Jim Latheron

		investigating relocating Moat to the first floor and am in discussion with Kent County Council regarding locating 6 Social Service local staff in the accommodation currently occupied by Moat which will leave approximately 28 square metres of accommodation available (approximately 6 work stations).	
ACTION 5	The Director of Corporate Resources and Deputy Chief Executive to provide further information about the increased use of bed and breakfast accommodation.	See attached appendix	Pav Ramewal/Pat Smith
ACTION 6	The Director of Corporate Resources and Deputy Chief Executive to find out and inform Members as to the present Big Community Fund rollover amount.	An email was sent to Members on 28 March 2012, advising them that the Big Communities Fund has been running for seven months (September 2011 to March 2012) with £10,000 being available each month. To date £61,939 has been awarded to applicants and £8,061 is the unallocated balance that will be rolled over to future months (as at 28.03.12).	Pav Ramewal/ Adrian Rowbotham

Bed and Breakfast for Homeless People as at March 2012

Sevenoaks DC has always had low use of Bed and Breakfast compared to the rest of Kent. However, several factors in the last few months, have increased the use of Bed and Breakfast, resulting in an overspend of the related budget. The Bed and Breakfast costs are still comparable to the rest of Kent.

These factors are:-

- The recession has now affected people in this district, in line with County and Nationally.
- The Government is facilitating London Street homeless to return to their home towns through the “No Second Night Out Teams”
- West Kent HA and Moat HA have decanted their tenants in order to develop housing sites. In the short term, this has reduced the number of temporary and permanent accommodation available for homeless people.
- The cold weather has also caused damage in some of the Housing Association stock in the District, causing burst pipes and flooding. West Kent Housing Association have had an additional need to use the self contained temporary accommodation units to decant their tenants into whilst repairs are carried out.
- The Social Housing team is one of the smallest in Kent. The Manager now manages both Social and Private Sector Housing teams. Two experienced Housing Officers have recently left the team. One post has subsequently been replaced but the other has yet to be filled. There has also been sickness, some long term in the team and temporary staff have been employed. This has resulted in less proactive work being undertaken to avoid homelessness.
- Moat HA refurbished some temporary accommodation units making them self contained. The unavailability of these units placed additional pressure on bed and breakfast use. There have been delays in these units coming back on line due to flooding, electrical problems and housing management issues.

Way Forward

Short and long term solutions in place which include:-

- Meetings and negotiations with WKHA and Moat HA to maximise available accommodation.
- Promotion of the Private sector Lettings scheme and working proactively with Private Landlords, to utilise more of the private renting sector (using the Council's successful rent in advance and deposit bond scheme).
- More debt counselling and mortgage arrears advice to be provided by SDC and CAB's .
- The HERO scheme which successfully provides outreach surgeries. A service is also provided for WKHA and Moat tenants and KCC Social Service clients and Tunbridge Wells BC homeless. These services generate

Agenda Item 5

income for the Council which funds most of the HERO Officers salaries and the savings this year have helped offset the B&B overspend.

- Utilising empty homes in the district.
- Reducing under-occupation of social housing (In Depth Scrutiny).
- Working with Housing Benefits to minimise the adverse affect of the Welfare reform
- Moat HA temporary accommodation units are coming back on line and nominations are being made for households in bed and breakfast.
- Launch of Credit Union budgeting account to enable direct payments of rent to landlords to overcome prejudice of tenants claiming housing benefit.

At one point, there were 22 people in Bed and Breakfast, currently there are only 7 cases (without secured accommodation).The Bed and Breakfast budget will be about £70,000 overspent at year end, but savings in the Communications and Housing budgets (by delaying projects) and a judicious use of external funding for a significant proportion of this amount has reduced the overspend to a predicted £16,000 overspend at year end.

Pat Smith
Head of Housing and Communications

Performance and Governance Committee 2012/13 – Work Plan

Topic	12 June 2012	25 September 2012	13 November 2012	8 January 2013	12 March 2013
Governance					<p><i>Annual review of Terms of Reference</i></p> <p>Update of the Council's Anti-Fraud and Corruption Strategy to reflect the requirements of the Bribery Act 2010 (commencement Order 2011).</p>
Internal Audit (Irregularities to be reported confidentially as & when necessary)	<p>Review of effectiveness of Internal Audit</p> <p>Annual Governance Statement</p> <p>Internal Audit Annual Report</p>			Q2 Report	<p>Internal Audit Plan</p> <p>Q3 Progress Report</p>
Risk Management	Risk Management Plan			Update	
Accounts and External Audit		<p>Draft Statement of Accounts</p> <p>Outcome of the External Audit</p>		District Auditor's Annual Audit Letter	Annual Audit Plan

Topic	12 June 2012	25 September 2012	13 November 2012	8 January 2013	12 March 2013
Treasury Management & Investment Strategy			Treasury Management Update	Treasury Management Strategy 2012/13	
Strategic Business & Finance Planning (Budget Strategy)			Budget Strategy		
Budget Monitoring	Outturn Figures	July Figures	September figures	November Figures	January Figures
Property		Asset Management Property Review Update			
Performance Management	End of Year Results	Performance Report	Performance Report		Performance Report
Other	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)	Finance Advisory Board Minutes (if met)

PROPERTY REVIEW – LOCAL NEEDS HOUSING, SHOREHAM

Performance and Governance Committee 12 June 2012

Report of the: Corporate Resources Director

Status: For Decision

Also to be considered by: Finance Advisory Group 28 March 2012
Cabinet 14 June 2012

This report supports the Key Aim of

Effective Management of Council Resources

Balanced Communities

Community Plan Priority 11 – Providing affordable homes for local people

Portfolio Holder Cllr. Ramsay

Head of Service Head of Legal & Democratic Services – Christine Nuttall

Recommendation:

That it be recommended to the Cabinet of the Council that the District Council dispose of its freehold interest in the land shown in Appendix A to the English Rural Housing Association to enable the provision of 8 affordable homes for local people in the sum of £25,000 and subject to such terms and conditions deemed necessary by the Council's legal advisors to protect the District Council's interests.

Introduction

1. In 2005 Shoreham Parish Council, supported by Sevenoaks District Council, asked the Rural Housing Enabler at Action with Communities in Rural Kent to carry out a housing needs survey in the Parish, to identify if there was a need for affordable housing for local people.
2. The results identified a housing need from 17 households and the Parish Council agreed that a small development of eight homes would go some way to meet this need. Such schemes are built on exceptions sites; this is land that would not usually receive permission for housing development. However the Sevenoaks Core Strategy Local Development Framework, Policy SP4 – Affordable Housing in Rural Areas, allows the provision of affordable housing to meet a proven need, provided the homes remain affordable in perpetuity and restricted to local people only.

Agenda Item 7

3. The Parish Council, supported by officers from Sevenoaks District Council has been seeking to identify a suitable site on which a small local needs housing development could be built. From an initial site search it has been agreed that the most appropriate available site is in Filston Lane and the Parish Council has asked English Rural Housing Association (ERHA) to investigate the feasibility of developing eight homes on this site.
4. ERHA has provided the following information: “The Parish Council is very supportive of the project and whilst no formal consultation event has yet taken place it has been very open about its support for the site. An article recently appeared in the Parish Magazine updating the community on progress. The Parish Council has formed a working group of Councillors which has met with ERHA . It was agreed that should the sale of the land be agreed in principle, ERHA would hold an information event to discuss the proposal and seek comments from the wider community. ERHA is pleased to report unanimous support from the Parish Council and in turn Parish Councillors feel there is significant support by the community – in the original housing needs survey 66% of respondents said they would not object to a development which would meet the affordable housing needs of the Parish.”
5. English Rural is a specialist rural housing association only working in small villages – it owns and manages 1000 homes nationally, with over 260 of these located in 27 villages in Kent. All of these homes are only occupied by local people and can never be sold on the open market - providing affordable homes in perpetuity.
6. The land identified in the above study forms part of Timberden Farm which is owned by the District Council and let on a Farm Business Tenancy which runs from year to year.
7. Timberden Farm was purchased by the District Council in 1990 and comprises some 87 hectares (215 acres) of grazing land which is subject to Countryside Stewardship Scheme.
8. The amount of land required to provide 8 rural exception houses is some 0.28 hectares (0.69 acres) and the proposed location is shown by heavy verge on the attached plan (Appendix A)
9. The land would have no other development use other than for agricultural purposes were it not for an identified local need and restrictions referred to above and as such has been valued by a valuer jointly agreed by the Council and the English Rural Housing Association in the sum of £25,000. The original purchase of the farm by the District Council provided for the vendor to receive 50% of any proceeds of sale of whole or part of the farm for development purposes. The effect of this restriction is to restrict the District Council’s capital receipt should this land be sold to English Rural Housing Association to £12,500. An extract of the valuation report is appended to this report as Appendix C and a statement as to value from the valuers as requested by the Finance Advisory Group is appended as Appendix D (the Finance Advisory Group minutes are appended as Appendix E)
10. Local Needs housing is developed on exceptions site using Policy SP4 of the Core Strategy, because it allows the homes to be restricted to local people in perpetuity; i.e. the homes can never be sold on the open market - tenants do not have a Right

to Buy or Right to Acquire and shared owners cannot staircase above 80% ownership. It would not be possible to have these same restrictions on non-green belt sites.

11. Affordable housing can be built as part of any scheme, but only proposals on Green Belt sites, compliant with Policy SP4, that qualify as exceptions sites, can be restricted by legal agreement so they meet the affordable housing needs of local people.
12. The properties will allocated via Kent Home Choice to people on the Sevenoaks Housing Register who have a proven connection to the Parish of Shoreham. The process will be managed by English Rural Housing Association in partnership with Sevenoaks District Council. The Parish Council will be asked to verify the local connection of short listed applicants.
13. The development will be subject to a legal s106 agreement setting out the local connection criteria which applicants will be required to meet.

Other Options Considered and/or Rejected

14. The alternative to providing this land for affordable housing would be to retain it as part of the existing farm as the site cannot be used for open market residential development. (Appendix B)

Key Implications

Financial

15. This proposal will contribute £12,500 to the District Council capital reserves and as the area of land is small in relation to the remainder of the farm its disposal will have no significant impact on either the capital value of Timberden Farm nor on the rental received under the Farm Business Tenancy.

Community Impact and Outcomes

16. In 2005 Shoreham Parish Council, supported by Sevenoaks District Council, asked the Rural Housing Enabler at Action with Communities in Rural Kent to carry out a housing needs survey in the Parish, to identify if there was a need for affordable housing for local people.
17. The results identified a housing need from 17 households and the Parish Council agreed that a small development of eight homes would go some way to meet this need.

Equality Issues.

18. This proposal accords with equality issues in that it is beneficial to provide housing for disadvantaged sections of the local community especially in rural areas such as Shoreham.

Legal, Human Rights etc.

19. There are no identifiable legal or human rights issues

Agenda Item 7

Resource (non-financial)

20. None other than officer time involved in transferring the land

Value For Money and Asset Management

21. The proposal generates a small capital receipt whilst providing an identified social need but not having any significant impact of the District Council asset base.

Conclusions

22. An investigation in to sites for affordable housing for local people within Shoreham has failed to identify any alternative suitable site.

Risk Assessment Statement

23. As the choice is between disposing of the land for affordable housing or retaining it as part of Timberden farm there is no significant risk to the district council

Appendices

Appendix A – Location Plan

Appendix B – Planning Statement

Appendix C – Extract of valuation report

Appendix D – Valuers statement of value

Appendix E – Finance Advisory Group minutes

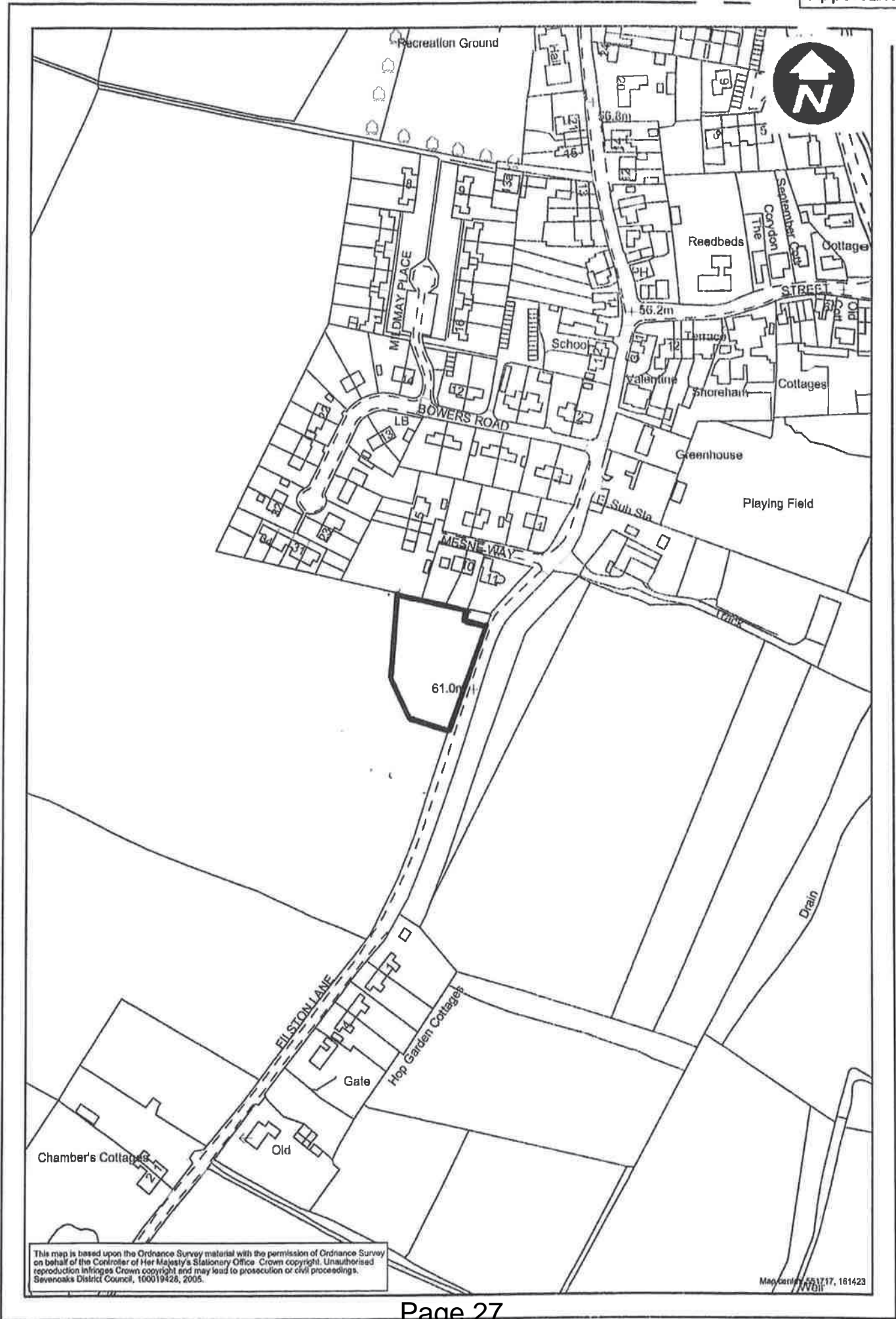
Background Papers:

Property _Timberden Farm file

Contact Officer(s):

Jim Latheron Extn 7209

Dr. Pav Ramewal
Corporate Resources Director



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Mr J Latheron

Tel No: 01732 227235
Ask for: Lesley Westphal
Email: Lesley.westphal@sevenoaks.gov.uk
My Ref:
Your
Ref:
Date 5th April 2011

Dear Jim,

**Town and Country Planning Act 1990 (as amended)
Rural Exceptions Housing – Site at Filston Lane, Shoreham**

Further to our discussions on this matter, as requested, I set out below the planning policy situation in respect of the use of land at Filston Lane for the provision of affordable housing to meet local needs.

The site in question fronts onto Filston Lane and lies immediately adjacent to Mesne Way at the southern end of the village. I believe the District Council could support a Rural Exceptions housing scheme on this site – to comply with and meet the need for local affordable housing as identified within the 2005 Housing Needs Survey.

This site lies within the Metropolitan Green Belt and an Area of Outstanding Natural Beauty. The presumption on Green Belt land is against new housing development unless for agriculture or forestry purposes. Even then a sound economic and functional case has to be made to demonstrate that the accommodation is required for an agricultural worker in that particular location in association with a particular agricultural or forestry business. National Guidance (Planning Policy Guidance 2 'Green Belts'), Regional Guidance (The South East Plan) and Local Guidance (Sevenoaks District Local Plan and the Core Strategy) is quite specific that new housing within the Green Belt is considered inappropriate development unless either for agricultural or forestry purposes or if the land is identified as a rural exceptions site. This site therefore cannot be used for open market housing.

The Council has recently, through its Development Plan process (the Core Strategy) identified the location of new housing sites within the district which will meet the projected housing needs of the district for a period until 2026. It has also identified a hierarchy for new housing development. This site was not identified nor considered for new housing during that plan period. Increasingly central Government seeks to ensure that new development is provided in sustainable locations and it is not anticipated therefore, even at the end of the Local Plan period, that there would be

releases of land from the Green Belt around Shoreham to permit the development of open market housing. The Core strategy identifies that most new development should take place within the confines of the three main towns within the District (ie Sevenoaks, Swanley and Edenbridge). Shoreham is identified in policy LO7 as a village that may provide for a modest increase in residential development through infilling or modest re-development. However this is predicated upon the fact that such sites are located within the built confines of the village, not in the green belt.

Government guidance in Planning Policy Statement 3 'Housing' allows for small scale affordable housing to be provided through the use of a "rural exceptions site policy" and clarifies that rural exception sites should only be used for affordable housing in perpetuity. It identifies rural exceptions housing sites as *small, solely for affordable housing and on land within or adjoining existing small rural communities which would not otherwise be released for general market housing.*

Policy H3 of the South East Plan identifies a role in increasing affordable housing provision for small scale affordable housing schemes within or well-related to rural settlements, possibly including land which would not otherwise be released for development. Policy SP4 of the Core Strategy interprets this guidance at a local level stating that such sites will only be considered if:

- the local need cannot be met by any other means within or where appropriate in an adjacent parish
- the proposal is of a type to meet the local need identified and available at an appropriate affordable cost
- the site is considered suitable for such purposes by virtue of its scale, is close to available services and public transport and there are no overriding countryside, conservation, environmental or highway impacts.

The Council's approach to the consideration of rural exception sites is based on firstly assessing need, then searching for suitable sites and then supporting the development of an agreed scheme. The development of Green Belt land for rural exception sites will only be acceptable where there is evidence of a local need in the parish for affordable housing, identified through the needs survey that could not be met by developing non Green Belt land.

That is the relevant planning policy background to this site which I hope is helpful. At a practical level I can confirm that I have surveyed the village and its surrounding land to try and identify land that could provide for the affordable housing needed for Shoreham and I am happy to discuss that if need be to show how limited the options around the village actually are. Indeed this work has been ongoing for some time. There are no sites within the built confines of the village that could accommodate the housing required and in fact there are only very limited areas surrounding the village that could accommodate such housing. Factors such as flood plains, Conservation Areas, Landscape designations and proximity/access to the village all play a part in determining potentially suitable land. We also of course have to get the permission of the land owner and as you know that has been a difficulty and why in fact, so far, we have failed to get a scheme off the ground. I had hoped that since the Council owns this land, that this part at least would be easier – being unaware though of the redevelopment clause until recently.

Agenda Item 7

I hope this is helpful and explains the planning side of this issue but if I can be of any further assistance on this I am more than happy to help and can be contacted by phone or email as detailed at the head of this letter.

Yours sincerely,

Lesley Westphal
Principal Planning Officer

Extract from Valuation Report

<p>Private Market Rental Values September 2011</p>	<p>We have spoken with a number of letting agents who operate in the vicinity of Shoreham. We understand that the village is popular, with insufficient supply of rental stock to meet demand from prospective tenants.</p> <p>There is a scarcity of rental evidence in the village and in applying our Indicative opinion of the Private Market Rental Values to the proposed dwellings, we have given consideration to those comparables tabulated in Appendix 2.</p> <p>Our opinion of the current Private Market Rental Values of 8 proposed dwellings at the subject rural exception site, on the special assumption that they are built and completed, as at the date of our report, are as contained below:-</p>																																																																						
<table border="1"> <thead> <tr> <th>Unit No.</th> <th>Unit Type</th> <th>No. Beds</th> <th>GIA Sqm</th> <th>GIA Sqft</th> <th>Car Parking Assumed</th> <th>Indicative Market Rent 06.09.11 (pcm)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Apt</td> <td>1</td> <td>51</td> <td>549</td> <td>1 x Surface Space</td> <td>£700</td> </tr> <tr> <td>2</td> <td>Apt</td> <td>1</td> <td>51</td> <td>549</td> <td>1 x Surface Space</td> <td>£700</td> </tr> <tr> <td>3</td> <td>Apt</td> <td>2</td> <td>61</td> <td>656</td> <td>2 x Surface Spaces</td> <td>£825</td> </tr> <tr> <td>4</td> <td>Apt</td> <td>2</td> <td>61</td> <td>656</td> <td>2 x Surface Spaces</td> <td>£825</td> </tr> <tr> <td>5</td> <td>Terraced House</td> <td>2</td> <td>76</td> <td>818</td> <td>2 x Surface Spaces</td> <td>£875</td> </tr> <tr> <td>6</td> <td>Terraced House</td> <td>2</td> <td>76</td> <td>818</td> <td>2 x Surface Spaces</td> <td>£875</td> </tr> <tr> <td>7</td> <td>Terraced House</td> <td>3</td> <td>86</td> <td>925</td> <td>2 x Surface Spaces</td> <td>£1000</td> </tr> <tr> <td>8</td> <td>Terraced House</td> <td>3</td> <td>86</td> <td>925</td> <td>2 x Surface Spaces</td> <td>£1000</td> </tr> <tr> <td colspan="3"></td> <td>548</td> <td>5896</td> <td colspan="2"></td> </tr> </tbody> </table>		Unit No.	Unit Type	No. Beds	GIA Sqm	GIA Sqft	Car Parking Assumed	Indicative Market Rent 06.09.11 (pcm)	1	Apt	1	51	549	1 x Surface Space	£700	2	Apt	1	51	549	1 x Surface Space	£700	3	Apt	2	61	656	2 x Surface Spaces	£825	4	Apt	2	61	656	2 x Surface Spaces	£825	5	Terraced House	2	76	818	2 x Surface Spaces	£875	6	Terraced House	2	76	818	2 x Surface Spaces	£875	7	Terraced House	3	86	925	2 x Surface Spaces	£1000	8	Terraced House	3	86	925	2 x Surface Spaces	£1000				548	5896		
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<p>Illustrative Residual Appraisal</p>	<p>A copy of our illustrative residual appraisal is attached in Appendix 3, which should be self explanatory to Interpret</p> <p>Illustrative Appraisal - Assuming all 8 dwellings to be for Affordable Rented tenures, once built and completed.</p> <p>In summary, we have allowed for site acquisition costs, all inclusive build costs at £1675psm / £146psf due the absence of proposed plans, and finance costs. We have assumed that the dwellings will be built to Code 3 for Sustainable Homes.</p> <p>We have assumed a construction period of 10 months to complete the development.</p> <p>Our revenue figures for the Affordable Rented tenure dwellings have been established by adopting the weekly rental breakdown of the 80% of the Private Market Rental Values as contained above, which we have inputted into our discounted cash flow spreadsheet. We have as advised deducted the sum of £9 per week to account for service charges. We have, as advised, assumed voids at 1.75%, with maintenance costs, per unit, per annum of £400 from years 1 - 5, reverting to the sum of £800 per unit, per annum from year 6. We have also, as advised, assumed management costs at £400, per unit, per annum. We have applied a discount rate of 6%.</p> <p>We have assumed that no grant funding will be provided.</p> <p>We have not made an allowance for a Registered Provider's on-costs.</p> <p>Our appraisal indicates a site value of £25,000.</p> <p>Therefore, our opinion of the site value on the special assumption that the subject site benefits from planning permission for 8 affordable rented tenure dwellings to be built, with vacant possession, as at the date of our report is,</p> <p style="text-align: center;">£25,000 (Twenty Five Thousand Pounds)</p>
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Commercial Surveyors & Property Consultants

Contact Sarah E L Mason
 Direct Dial 01622 607462
 Email sarah.mason@cluttons.com
 Fax 01622 695536
 Our Ref 201210964 / SELM / DGP

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 Tel 01622 756000
 www.cluttons.com

J Latheron
 Professional Services Manager
 Sevenoaks District Council
 Argyle Road
 Sevenoaks
 Kent TN13 1HG

8 May 2012

Dear Sir

Re: Land at Filston Lane, Shoreham, Sevenoaks, Kent

Further to your recent letter and subsequent email, we have since made contact with English Rural Housing Association to ascertain whether any inputs used in our calculation of the land value, as contained in our jointly addressed report to both them and yourselves, dated 8 September 2011 have altered, and we have now received confirmation from them that all inputs remain as detailed within that report.

We can therefore confirm that our opinion of value of the subject land (£25,000), which we understand will extend to 0.28 acres (when we carried out our valuation the exact land area was not precisely know) on the special assumption that the land is redeveloped as a Rural Exception site for the development of 8 residential properties, which once built and completed will be for affordable rented tenures, remains, as at the date of this letter.

We have been informed by yourselves that aside from a continuation of the land as farmland, the only alternative permitted use for the land by the Council, is as a Rural Exception site for affordable housing. On this restricted development basis, in our opinion the land value of £25,000 represents the best value that the Council would achieve, at the present time.

We hope the content of this letter is satisfactory; however, should you require any further amplification, then please do not hesitate to contact us.

Yours faithfully

Reviewed by

Sarah E L Mason MRICS
Associate
For and on behalf of Cluttons LLP

David G Parry FRICS
Partner
For and on behalf of Cluttons LLP



Cluttons - in the United Kingdom, Europe, Middle East, South Africa, Asia Pacific* and the Caribbean
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FINANCE ADVISORY GROUP

Minutes of the meeting of the Finance Advisory Group held on 28 March 2012 commencing at 9.30 am

46. PROPERTY REVIEW - LOCAL HOUSING NEEDS, SHOREHAM

The Professional Services Manager explained that all land in Shoreham was investigated following a Parish Survey in 2005 which identified a need for affordable housing. The land defined in the report, which was owned by the Council, was considered as most appropriate.

The site would not normally receive permission for housing development, as it was agricultural land in the Green Belt, but it would become an exception site. The land would be sold to English Rural Housing as the rural housing association. The valuation report had put the value of the land at £25,000 but a condition of the original purchase by the Council meant that 50% of the receipts would go to the original vendor.

It was considered difficult to value the land as agricultural land was usually valued at £9,000-10,000 per acre whereas residential land would be between £1.5 million and £2 million per acre. A Member was concerned that the land had not been put on the market for valuation. The Officer suggested there was a limited market for this agricultural land which could only be used residentially by a Registered Social Landlord. The Homes and Community Agency advised against public bodies competing one Registered Social Landlord against another. The Officer agreed to see if the valuation wording by the agents, Cluttons, could be clarified to show the Council was getting best value.

The Officer had been informed that English Rural Housing would not sell the land completely but only rent it or give shared ownership up to 80%. It would be exempt from the Right to Buy. The Officer confirmed a condition could be added to the title of the land to ensure money was due to the Council should, in fact, the properties eventually be sold on.

A Member was concerned that Shoreham Parish Council may not have been consulted recently. The Chairman assured him that the land would not be transferred until all matters were satisfied, including consultation.

Resolved: It be recommended that the District Council dispose of its freehold interest in the land shown in Appendix A of the report to the English Rural Housing Association to enable the provision of 8 affordable homes for local people in the sum of £25,000 and subject to such terms and conditions deemed necessary by the Council's legal advisors to protect the District Council's interests.

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ANNUAL SELF ASSESSMENT REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT SERVICE 2011/12

Performance and Governance Committee – 12 June 2012

Report of the: Director of Corporate Resources

Status: For Consideration

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

Recommendation: It be RESOLVED that the Annual Self Assessment Review of the Effectiveness of Internal Audit Service 2011/12 be approved.

Introduction

- 1 This report deals with the outcome of the annual self-assessment of the Council's internal audit function.

Background

- 2 Regulation 6.3 of the Accounts and Audit Regulations 2011 requires the Council to carry out an annual review of the effectiveness of its Internal Audit function. The regulation does not stipulate a prescriptive process by which the review may be undertaken, except that the review should be carried out in accordance with "Proper Practices" as defined by relevant professional bodies. The Chartered Institute of Public Finance and Accountancy (CIPFA) issued good practice guidance in 2006 to assist Councils in carrying out the required review. The process involves the use of a self-assessment toolkit to carry out the review. This review was therefore conducted using the CIPFA guidance. The Performance and Governance Committee as part of its terms of reference is required to consider and approve the outcome of the review. The outcome of the review will also feed into the Annual Governance Statement process which will also be reported at the June meeting of this Committee.

Results of the self assessment of internal audit

- 3 The result of the self assessment and any areas identified for further development is attached as an Appendix to this report. The process involved the completion of the CIPFA self assessment toolkit by the Internal Audit Manager which addresses the arrangements, practices and achievements of the Internal Audit function during the year. Subsequently the process and outcomes were independently reviewed by a committee of the Officers' Risk Management Group on 11 May 2012 lead by the Professional Service Manager. The outcome of this review was

subsequently considered by Management Team on Wednesday 23 May 2012. The result of the review process indicates that the Council's Internal Audit arrangements substantially meet the CIPFA Code requirements. Thus indicating that no significant failings or omissions were identified within the scope of the review.

- 4 The Audit Manager's opinion therefore is that the Council's arrangements in place for Internal Audit in 2011/12 were *effective*. However some aspects of the service were identified which would benefit from further development. These are separately identified under the column headed "Areas for Further Development". Progress on these aspects would be reported to this committee in due course.

Conclusions

The outcome of the review indicates that there were no significant concerns regarding the effectiveness of the service over the period of the review.

Key Implications

Financial

- 5 This report has no financial implications.

Community Impact and outcomes

- 6 Not applicable

Legal, Human Rights etc.

- 7 This report has no additional legal implications.

Resource (non-financial)

- 8 Not applicable

Value for Money and Asset Management

- 9 A robust internal audit function enables the Council's external auditors to place reliance on the work of internal audit, thus limiting the amount of external audit days that will be charged to the Council.

Equality

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

Sustainability Checklist

- 11 Not applicable.

Risk Assessment Statement

- 12 The review of the effectiveness of the internal audit function is a regulatory requirement designed to ensure that the service is effective in carrying out its

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statutory duties aimed at strengthening internal control, risk management and governance processes within the Council. Consequently a weak internal audit service may signal weaknesses in other key areas of the Council's internal control, risk management and governance processes. The outcome of the review indicates that the arrangements are effective in meeting good practice requirements and therefore complies with regulatory requirements. Thus providing assurance that appropriate steps are being taken to ensure risks are effectively being managed.

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Sources of Information:

Accounts and Audit Regulations 2011

CIPFA Code of Practice for Internal Audit
in Local Government (2006)

Contact Officer(s):

Bami Cole Ext. 3023

Pav Ramewal
Corporate Resources Director

AUDIT, RISK AND ANTI-FRAUD TEAM – SEVENOAKS DISTRICT COUNCIL

CIPFA Code of Practice – Standards

Self Assessment Review of the Internal Audit Service 2011/12 [May 2012]

2006 Code Standard	Evidence of Achievement	Areas for further development
<p>1. Scope of internal audit</p> <ul style="list-style-type: none"> • Terms of reference • Scope • Responsibilities in respect of other organisations • Fraud and corruption 	<p>New joint Audit Strategy and Charter reflecting the CIPFA Code of Practice requirements were approved by the P&G Committee in Nov 2010.</p> <p>Scope of audit work takes into account risk management processes and wider internal control. Audit Plan and Resource levels were reviewed and commented on in report to the Performance & Governance Committee on 13 March 2012.</p> <p>There is a shared service arrangement with Dartford Borough Council for the management of the internal audit function. This was agreed by the P&G committee in June 2010. The team therefore provides a full internal audit service for both Councils. However, the team’s contribution towards Strategic Procurement for SDC has ceased.</p> <p>Procurement is currently overseen by the Strategic Procurement Group, which is chaired by the Head of Environmental Services.</p> <p>The new joint team is called Audit, Risk and Anti-fraud and incorporates Internal audit, risk management and the Anti-fraud Services of Councils. The joint internal audit team serving both Councils have 7 staff members equivalent to 5.8 FTE.</p>	<p>Need to ensure all staff are fully aware of the Audit Charter and Audit Strategy.</p>

2006 Code Standard	Evidence of Achievement	Areas for further development
<p>2. Independence</p> <ul style="list-style-type: none"> • Organisational independence • Status of head of internal audit • Independence of individual internal audit • Independence of internal audit contractors • Declaration of interest 	<p>The Audit Manager has direct access to those that are charged with governance through the Performance & Governance Committee – (see Constitution and P&GC ToR extract E002). Reports are made in own name to management and to Performance & Governance Committee. No conflict of interest between operational responsibilities and audit has been found. Rotation of audit work within the team is the norm. Contractor IT firm or Audit Temps do not have any other role within the authority where applicable. Auditors are required to declare interests and have been vetted.</p>	
<p>3. Ethics:</p> <ul style="list-style-type: none"> • Integrity • Objectivity • Competence • Confidentiality 	<p>Staff appraisal system considers these issues. No significant points have been identified. Staff have aware of ethics requirements. Guidance has been circulated. (This is part of the ToR – E001). Also qualified staff are subjected to professional ethics of the relevant professional body (CIPFA, Institute of Internal Auditors -IIA and Association of Accounting Technicians -AAT). All staff have their developmental needs assessed during yearly appraisal and relevant individual training needs identified and delivered during the year.</p>	
<p>4. Performance & Governance Committee (P&GC)</p> <ul style="list-style-type: none"> • Purpose of the Performance & Governance Committee • Internal Audit's relationship with the Performance & Governance Committee 	<p>The P&G Committee has now been active for 5 years. The Committee has its terms of reference. The Audit Manager meets with the Chair regularly to discuss any relevant issues. Other members of the committee can request a meeting with the Audit Manager if they have a concern or if they require further information on any relevant matters.</p> <p>The audit manager sends regular reports to and attends meetings of the P&G Committee.</p>	

2006 Code Standard	Evidence of Achievement	Areas for further development
	(see Constitution and P&GC ToR extract E002).	
<p>5. Relationships</p> <ul style="list-style-type: none"> • With management • With other internal auditors • With external auditors • With other regulators and inspectors • With elected Members 	<p>Managers are consulted on the audit plan and on the scope of each audit by way of an audit brief. The audit plan takes account of the key risks which have been identified by management. Customer satisfaction surveys are sent to managers after every audit review, for their views and comments. (See sample customer satisfaction survey E005). The Audit Manager attends fortnightly finance managers team meetings and contributes towards the overall management of the department.</p> <p>Responsibilities of managers and internal audit are defined in relation to internal control, risk management and fraud and corruption matters. (See IA ToR E100, and SIC guidelines E005b)</p> <p>The audit team is part of the Kent Audit Group Network, and shares a common website where common practices and ideas are shared. Also the Audit Manager is a member of the Chartered Institute of Internal Auditors (IIA), Heads of Internal Audit Forum, and also subscribes to CIPFA “audit viewpoint” and CIPFA benchmarking Club for Internal Audit.</p> <p>Good working relations have been established with external audit, including consultation on planning and sharing of review outcomes. This will be continued under new Auditor arrangements with the Audit Commission.</p> <p>Sharing of information is undertaken with other internal review agencies. There is liaison with external regulators and inspectors.</p> <p>The relationship with Members is that of a “critical friend” with</p>	

2006 Code Standard	Evidence of Achievement	Areas for further development
	robust challenge mechanisms in place as evidenced in the minutes of the meetings.	
6. Staffing, training and development	<p>The skills and competencies required of each post have been determined. (Identified in Job descriptions). The team is now at full strength to deliver the assurance requirements of the Council. Additional resources equivalent to 0.3 FTE was previously obtained from the Policy and Performance Section to assist with non-audit work, such as risk management.</p> <p>However in view of the changes within the Policy and Performance Team this resource is now no longer available. To meet the existing requirement some of the additional task will be spread amongst members of the team. This provides development opportunity to team members as well as offering additional resilience of service.</p> <p>Actual skills and competencies were last assessed during the objective setting process in early March 2012. This enabled bespoke training requirements to be agreed with each audit staff member to be delivered during the year. (See training plan E006).</p> <p>Professional staff are required to complete Continuing Professional Development. Training plan is linked to Appraisal process.</p>	<p>In addition to the above some specific training needs have been identified and this will be addressed in the coming year</p> <p>Training needs regarding risk management has been identified and is being delivered to enable service standards to be maintained.</p>
7. Audit Strategy and Planning	<p>The Audit Strategy was approved by the P&GC in November 2010. (Audit Strategy E007)</p> <p>The risk-based Audit Plan was prepared in accordance with existing strategy, and approved by the Performance and Governance Committee Services 13th March 2012 (See committee minutes E007, and Audit Plan E700b).</p> <p>Available resources were reconciled with the resource</p>	

2006 Code Standard	Evidence of Achievement	Areas for further development
	needed, and appropriate steps taken to address any identified shortfall as necessary.	
<p>8. Undertaking Audit Work</p> <ul style="list-style-type: none"> • Planning • Approach • Recording and Assignments 	<p>An audit brief is prepared identifying the objectives, scope and approach of each audit review, for agreement with management prior to commencing each review. (See sample audit brief E008).</p> <p>A risk-based approach is used and an audit opinion is given. (See sample audit report E008b).</p> <p>Issues are discussed with management as they arise, and formal feedback is given at the end of the visit, prior to completing the report.</p> <p>Standards of working papers are specified and checked by the Audit and Efficiency Manager as part of the file review process. (See file review forms on audit files).</p> <p>Adequate working papers supporting conclusions drawn and recommendations made are maintained and retained in accordance with defined policy.</p> <p>Reports are issued to appropriate managers in accordance with defined policy. A follow up of recommendations are carried out to check implementation of recommendations (See audit progress logs 2011/12, TOR and Audit Strategy).</p> <p>The joint Audit team is ISO 9001 accredited and was last reviewed and assessed in January 2012. There were no non-conformances.</p>	
<p>9. Due professional care</p> <ul style="list-style-type: none"> • Responsibilities of the 	All internal auditors are aware of their individual responsibilities for due professional care. Where appropriate	

2006 Code Standard	Evidence of Achievement	Areas for further development
<p>individual auditor</p> <ul style="list-style-type: none"> Responsibilities of the Head of Internal Audit 	<p>additional training is identified and offered.</p> <p>Arrangements are in place to monitor this:</p> <ul style="list-style-type: none"> Audit Manager reviews all audit files and reports. Annual Appraisal and training needs are identified and delivered. <p>Work is assigned so as to avoid potential conflicts of interest. The Audit Manager produces an annual report with an overall opinion on the system of internal control within the Council. The report is considered by the P&G Committee which performs the role of an Audit Committee.</p>	<p>Review the implementation of the new CIPFA guidance on the role of Head of Internal Audit to ensure full compliance</p>
<p>10. Reporting</p> <ul style="list-style-type: none"> Reporting on audit work Annual reporting 	<p>Audit reports give an opinion on risks and controls, using approved methodology.</p> <p>Scope of audit is set out in report.</p> <p>Recommendations are prioritised according to risk. Field-work outcomes are discussed with management and action plans agreed in response to recommendations made.</p> <p>Reports are issued to appropriate managers.</p> <p>Where necessary, issues are referred to the risk manager.</p> <p>Assurances are sought from managers on delivery of agreed actions, and appropriate follow-up actions carried out to assess the effectiveness of recommendations.</p> <p>An escalation procedure has been defined which may go as far as the P&G Committee and is used as appropriate (see ToR of Performance & Governance Committee)</p> <p>Where necessary, the opinion is revised in the light of the delivery of agreed actions.</p>	<p>An area for further development identified, is to use a standard schedule for assess risk for audit recommendations and leading on to audit opinions. This would enable the process to be more transparent for all stakeholders. A draft matrix has been prepared for senior management review</p>

2006 Code Standard	Evidence of Achievement	Areas for further development
	<p>The IA annual report to support the Annual Governance Statement for 2011/12 will be presented to the Performance & Governance Committee on 12th June 2012.</p> <p>The report will include the overall opinion on the control environment and any qualifications to that opinion. The work on which the opinion is based will be set out in the report, including details of all internal audit reviews and the individual opinions, including achievements of PIs and relevant targets.</p> <p>The report will highlight significant issues if appropriate.</p> <p>Interim reports are submitted to the Performance & Governance Committee every quarter advising of how the opinion is developing (see P&GC ToR extract E002).</p>	

2006 Code Standard	Evidence of Achievement	Areas for further development
<p>11. Performance, quality and effectiveness</p> <ul style="list-style-type: none"> • Principles of performance, quality and effectiveness • Quality assurance of audit work • Performance and effectiveness of the internal audit service 	<p>Policies and procedures are defined in the Audit Strategy and Charter (See Audit manual E011) Audits are assigned according to the skills mix required and so that there is adequate supervision. Performance measures are defined and Internal quality reviews are undertaken by the Manager for all audit work. (See file review forms).</p> <p>Client satisfaction surveys are issued with each final report and are summarised in the IA annual report.</p> <p>An annual assessment of the work of internal audit is undertaken by the external auditor. (See management letter E011b).</p>	<p>The shared services arrangement with Dartford offers an opportunity to align good practice from both Councils and to develop a common integrated approach which would be beneficial to both Councils and staff.</p>

CIPFA Code of Practice – Characteristics of Effectiveness

Characteristic of 'effectiveness'	Evidence of achievement	Areas for further development
<p>Understand its position in respect to the organisation's other sources of assurance and plan its work accordingly</p>	<p>The Audit Team, identifies other sources of assurance (for e.g. external audit and regulator's reports; Directors Assurance Statement; the AGS and risk management processes, and takes these into account when preparing the internal audit plan or preparing the work plan for audit reviews). [No adverse comments reported on IA</p>	

Characteristic of 'effectiveness'	Evidence of achievement	Areas for further development
	arrangements by external audit]	
Understand the whole organisation, its needs and objectives.	<p>The audit plan demonstrates how audit work will provide assurance in relation to the authority's objectives and is based on an in-depth knowledge of the organisations key priorities.</p> <p>Individual audit assignments identify risks to the achievement of those objectives.</p>	<p>The shared working agreement provides an opportunity to develop the skills and competencies of the available pool of auditors, thus providing greater resilience and synergy which would contribute to more effective performance towards overall organisational objectives.</p>
Be seen as a catalyst for change at the heart of the organisation.	<p>The Audit Manager was part of the project team set up to manager Revenues and Benefits shared services project which resulted in the new joint Audit, Risk and Anti-Fraud Team. The Audit Manager also actively participates in Business Process Reengineering process; oversees the AGS process and attends finance managers meetings. Supportive role of the audit team is also demonstrated through corporate developments such as corporate governance review, risk management and ethics.</p> <p>The team has played a key role in service transformation through the shared services arrangements.</p>	
Add value and assist the organisation in achieving its objectives.	<p>Demonstrated through individual audit assignments and also corporate work such as risk management, the AGS process, CPA/UoR (prior to disbandment), sustainable procurement etc. Contributed towards the success of the organisation in obtaining IIP Gold Standard award for the Council.</p>	
Be involved in service improvements	Internal audit provides help and advice on request and	

Characteristic of 'effectiveness'	Evidence of achievement	Areas for further development
<p>and projects as they develop, working across internal and external boundaries to understand shared goals and individual obligations.</p>	<p>supports specific projects identified in the plan and on an <i>ad hoc</i> basis.</p> <p>Also supported management in developing shared services and Partnership working across Councils and initiatives for improvements in business processes (see above).</p> <p>Member of Kent Audit Group and Kent Risk Management Group, Kent Buying Consortium, London Contracts Audit Group, ALARM and the SE Institute of Internal Auditors Forum.</p>	
<p>Be innovative and challenging - shaping the values and standards of the organisation; providing internal inspection and validation and encouraging service managers to take ownership of processes, systems and policy.</p>	<p>Internal audit has taken an innovative approach to its reporting arrangements by focusing on risks and encouraging managers, through departmental management team meetings (DMTs) to develop their own responses and to identify, rather than merely waiting for audit recommendations to effect improvements. The aim of this is to encourage greater ownership of the control environment amongst managers. Internal audit will also look to review the process for internal service assessments, and make appropriate recommendations for improvements.</p>	
<p>Ensure the right resources are available – the skills mix, capacity, specialism and qualifications/experience requirements all change constantly.</p>	<p>In view of the shared services arrangements, there is now increased resilience; therefore we are now looking at developing in-house specialists and expertise for specialist work such as IT audits etc. There is already a good skills mix with members of the joint team coming from both Councils with different skills and experiences. This is further enhanced by allowing staff to experience working at both Councils.</p> <p>The trainee internal auditor appointed in 2009 has now successfully completed his IIA examinations; following support from the Council. Thus contributing to the</p>	<p>See comments on 11 above</p>

Characteristic of 'effectiveness'	Evidence of achievement	Areas for further development
	professionalism of the team	

Completed by the Audit, Risk and Ant-Fraud Manager on: May 2012

OPINION:

Following the above review of the effectiveness of the Audit and Efficiency Team, it is my opinion that the system of Internal Audit within Sevenoaks District Council is Effective (It substantially complies with the CIPFA Code requirements).

Signed..... (Audit, Risk and Ant-fraud Manager)

10th May 2012

Reviewed by the Officers Risk Management Group on: 11 May 2012

Signed..... (Professional Services Manager)

Reviewed by the Performance and Governance Committee on: 12th June 2012

Signed..... (Chair of the P&GC).

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INTERNAL AUDIT ANNUAL REPORT 2011/12

Performance and Governance Committee – 12 June 2012

Report of the: Director Of Corporate Resources

Status: For Consideration

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

Recommendation: It be RESOLVED that Members;

- a) approve the work of the Internal Audit Team for 2011/12; and
 - b) support the Audit Manager's annual assurance opinion that the Council had effective internal controls and governance arrangements in place for delivering its objectives and the management of its business risks.
-

Introduction

- 1 This report sets out the achievements of the Internal Audit team during the period April 2011 to March 2012. The Performance and Governance Committee is required to review and support the work of Internal Audit as part of its terms of reference.
- 2 The report is prepared in compliance with the Accounts and Audit Regulations 2011, and professional guidance issued by CIPFA. The report also took account of the outcome of the review of the effectiveness of the internal audit function which is attached as a separate agenda item for this meeting. Members may note that this report also supports the Council's Annual Governance Statement (AGS) which is also attached as a separate item to the agenda for this meeting.

Summary of Issues Raised Within the Report

- 3 Details of the activities of the team during the year 2011/12 are attached as an Appendix to this report. Annex 1 to the Appendix sets out details of the work done in completing the annual internal audit plan for 2011/12 and outcome of each review. Annex 2 details summaries of reports issued since the last meeting of this committee.
- 4 In 2011/12 the team completed 22 reviews. This is equivalent to 100% of the revised internal audit plan. The original plan consisted of 25 reviews. This was

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later revised to 22 reviews and Members agreed at the meeting in January 2012 to defer 3 reviews, for operational reasons, which have been taken forward into the annual audit plan for 2012/13. Paragraph 35 of the Appendix sets out the summary of the team's performance indicators for 2011/12.

- 5 Based on the work completed in 2011/12 the Audit Manager's overall annual assurance opinion is that the Council's arrangements for internal control, governance, anti-fraud and risk management during the period is "**satisfactory**" and therefore is considered to be effective, (see paragraph 4.1 in the Appendix) for regulatory purposes. This opinion was taken into consideration during the preparation of the Annual Governance Statement which is dealt with under a separate item in the agenda.
- 6 Details of the achievements of the team during the year is included in paragraphs 5 to 14 of the Appendix. Performance data outturn figures are set out on paragraphs 27 – 29 and, 35 -36 of the Appendix.
- 7 In summary, the overall impact of the report is that the team has performed well within its available resources and has met the objective of providing an adequate and effective internal control framework for the Council during the year.

Audit Partnership with Dartford Borough Council

- 8 This is the second annual report following the shared services arrangement with Dartford Borough Council for the provision of a joint internal audit service. The audit service is based at Dartford Council and has operated well during the year. A joint Audit Charter and Audit Strategy were approved by the Performance and Governance Committee in November 2011. During the year, all auditors from both councils were given the opportunity to experience working at both Councils and have contributed to developing best practices from this experience, thus facilitating a more effective assurance process.

Key Implications

Financial

- 8 This report has no financial implications.

Community Impact and outcomes

- 9 An effective internal audit function provides assurance that the Council has an adequate control environment in place, which is essential for the delivery of services.

Legal, Human Rights etc.

- 10 This report has no additional legal implications

Resource (non-financial)

11 Not applicable.

Value for Money and Asset Management

12 A robust internal audit function enables the Council's external auditors to place reliance on the work of internal audit, thus limiting the amount of external audit days that will be charged to the Council.

Equality

13 There are no additional equality implications for this report.

Sustainability Checklist

14 Not applicable.

Conclusions

15 The report sets out the achievements of the Internal Audit Team for the period 2011/012, and includes a satisfactory annual assurance opinion on the Council's internal control, governance and risk management framework, based on the work completed by Internal Audit during the year. This Committee is requested to approve the achievements of the Internal Audit and support the assurance opinion for the year.

Risk Assessment Statement

16 The Council is required to comply with the requirements of the Accounts and Audit Regulations 2011, regarding its arrangements to ensure it has sound systems of internal control, governance and risk management processes in place. This report indicates that the Council has adequate and effective arrangements in place which meets relevant statutory and regulatory requirements.

Sources of Information: Accounts and Audit Regulations 2011
CIPFA Code of Practice for Internal Audit in Local Government (2006)
Annual Internal audit Plan 2011/12

Contact Officer(s): Bami Cole Ext. No. 3023

Dr. Pav Ramewal
Corporate Resources Director

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Internal Audit Annual Report

2011/12



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**SEVENOAKS DISTRICT COUNCIL
INTERNAL AUDIT REPORT 2011/12**

Background

1. This report deals with the outcome of the work undertaken by the Audit and Risk and Anti-Fraud Team for the period 2011/12. The report also contains the overall Assurance Opinion of the Internal Audit Manager regarding the effectiveness of the systems of internal controls within the Council for the period 2011/12; and a summary of the reviews carried out, including outturn performance indicators for the period.

Members may note that this is the second annual report following the shared services agreement with Dartford Borough Council.

2. The Accounts and Audit Regulations 2011, require local Councils to comply with proper practices regarding their arrangements for internal audit and internal control. The CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom (2006) details guidance regarding proper practice in relation to internal audit. This report is therefore prepared in compliance with the CIPFA Code of Practice (CoP).

Introduction

- 3 This report sets out the following details relating to the team's service plan objectives for 2011/12:
 - Provides an overall assurance opinion on the adequacy and effectiveness of the organisations control environment for 2011/12
 - Summarises the outcome of the team's work during 2011/12 with respect to:
 - The annual audit plan for 2011/12
 - Risk Management
 - Annual Governance Statement
 - Assesses Internal Audit performance against a range of performance measures
 - Summarises the result of 2011/12 audit reviews. (Annex 1)
 - Summaries of outcome of the findings and recommendations of reports issued since the last meeting of the committee are attached in Annex 2

4. Basis of the opinion on the Council's Internal Control Environment

The Internal Audit Manager's opinion on the Council's system of internal control environment is based on the work of the Audit and Efficiency team during 2011/12, details of which can be found in Annex 1 of this report.

4.1. Overall Assurance Opinion

<p>Based on the audit work undertaken throughout the year, responses to our recommendations and our fraud or irregularity investigations, my opinion is that the management of both financial and operational risks within Sevenoaks District Council is satisfactory.</p>

- 4.2. The assurance is based on the premise that the system of internal control is designed to manage risk to a reasonable level rather than eliminate risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance regarding the effectiveness of such controls.

Internal Audit

5. The key responsibility of the team is to provide an in-house internal audit service on behalf of the Council.
6. Internal Audit is defined by the CIPFA CoP as; “an assurance function that provides an independent and objective opinion to the organisation on the control environment (risk management, internal control and governance) by evaluating its effectiveness in achieving the organisation’s objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources”.
7. The audit plan for 2011/12 contained 25 reviews for 2011/12. During the year the plan was revised to reflect available resources and to take account of risk and materiality in delivering the assurance requirements for 2011/12. Three reviews were deferred which have been included in the annual audit plan for 2012/13. The remaining reviews have all been completed. A summary of the results is attached as the Appendix to this report.
8. The key aspects of our internal control responsibilities are aimed at achieving the following:
- to ensure adherence to Council policies and directives in order to achieve the organisation’s objectives
 - to safeguard assets
 - to secure the relevance, reliability and integrity of information, so ensuring as far as possible the completeness and accuracy of records and
 - to ensure compliance with statutory requirements.
9. An additional responsibility is that the Council’s external auditors place reliance on our audit reviews in order to minimise the work they undertake regarding systems testing. This reduces the Council’s total audit costs and keeps duplication between external and internal audit work to a minimum. In order to meet the external auditor’s requirements, we aim to test the key controls operating in all major financial system each year
10. Annex 1 shows a summary of the findings and opinions on individual reviews conducted during the year. Given that some of the audit work was carried out over a year ago, where appropriate an updated opinion is given to reflect changes over the period and the position as at 28 May 2012.
11. There were no significant issues arising from the work done with regard to the audit plan. We received a good response to our recommendations to improve control across the organisation. Departments implemented 26 (51%)

**SEVENOAKS DISTRICT COUNCIL
INTERNAL AUDIT REPORT 2011/12**

(40/494.% in 2010/11) of our recommendations immediately following the audit, with action in progress or planned to implement the remainder within a reasonable timescale.

Prepare the Internal Audit Plan for 2012/13

12. The draft audit plan for 2012/13 was completed in March 2012 and agreed by Performance & Governance Committee on 13 March 2012. The plan is risk based, and reflects the Council's risk profile. At the time risk registers were being prepared. Thus the plan would be revised as necessary to reflect changes in the operational risk profiles of the Council. Any revisions will be taken to the next Performance and Governance Committee for approval.

Risk Management

13. The team currently co-ordinates the Council's strategic risk register, and updated it during the year to reflect changes and improvements in its presentation. The officers' risk management group has continued to co-ordinate the Council's risk management framework and to facilitate the dissemination of good practice. The risk management framework has been refreshed and training workshops have been agreed to be delivered to key risk owners over the next few weeks.

Annual Governance Statement (AGS)

14. Regulation 4 of the Accounts and Audit Regulations 2011 requires the Council to carry out an annual review of its system of internal control; governance arrangements and to produce an annual governance statement. The team co-ordinated the information gathering process which fed into the production of the AGS and offered advice and information to Management in order to facilitate the effective completion of the process. A report on the Annual Governance Statement is included as part of the agenda for this meeting.

Other Activities

15. A summary of the non-core activities undertaken by the team is as follows:
- Liaise with the Council's external auditors and inspectors regarding matters pertaining to internal audit, risk management and procurement
 - Kent Audit Group (KAG) – The Audit, Risk and Anti-Fraud Manager is a Member of KAG and participated in the Kent Audit Group activities during the year.
 - Attended regular finance managers' meetings and quarterly Corporate Resources Senior Managers Group meetings

Audit Approach

16. The following highlights our approach in carrying out our audit responsibilities during 2011/12:

Systems Based Reviews

17. When carrying out an audit review, we identify the financial and operational controls in place within the system to manage potential risks, and then evaluate and test the controls to ensure that they are operating as planned. This allows us to test only a sample of transactions and still draw conclusions about how well procedures are working in the Council. The types of controls we expect to be in place are:
- up-to-date procedure notes, so that staff are aware of the procedures they should be following
 - separation of duties, so that staff act as checks on each other's actions
 - reconciliations between financial records and other records held, to confirm the accuracy of the financial records
 - access to records is limited to those who require it
 - effective review of exception reports and other management information
 - effective supervision, so that any problems are promptly identified and addressed.

Contract Audit

18. As well as maintaining the Contracts Register, we advise on tendering procedures and compliance with legislation and regulations. We follow the progress of the contract throughout its life and confirm the final accounts have been checked to ensure these are in accordance with the contract and any variation orders. In accordance with guidance from CIPFA, we do not audit final accounts, as we place reliance on the technical staff responsible for managing and monitoring the contracts.

Fraud and Corruption

19. When a loss or potential fraud is brought to our attention or discovered during an audit we undertake an investigation in order to determine whether the loss was as a result of an error or deliberate action. Where appropriate, we make recommendations to improve controls within the system affected by the loss or allegation. During the year 2011/12 there were no reported cases of irregularity.
20. The Audit Commission provides us with 'fraud warnings' throughout the year. Where appropriate, we investigate to ensure that fraud found at other organisations is not taking place at Sevenoaks District Council. We also liaise with the National Fraud Initiative (NFI) regarding exchange of information to improve fraud monitoring as part of the risk management process. During the year we carried out investigations into data matches passed to us by the NFI. There were no significant findings from the matches investigated.

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Following up Previous Year's Audits

21. Follow-up on previous audit recommendations and agreed actions is necessary to enable internal audit to assess the effectiveness of the audit recommendations implemented by management to address identified weaknesses in internal controls. When we carry out an audit, we follow up on any previous audit recommendations as part of our review. Where areas are reviewed annually this means that recommendations are usually followed up the year after they are made. However, where the audit opinion is unsatisfactory, follow-up would be carried out within 3 to 6 months of the review.

Internal Audit Section Performance

22. Internal Audit's performance over the past year is analysed over a number of factors in order to facilitate continuous monitoring of inputs, outputs and quality, and to maintain high standards. Outturn data for performance measures are highlighted below (see paragraphs 30 -36).

Quality Measures

23. *External Audit assessment* – The Audit Commission became the new external auditors continued as the Council's external auditors in 2011/12. During the year we worked closely with the District Auditor and his staff to meet the assurance requirements. We also agreed a communications protocol with the Audit Commission which informed and facilitated co-operation and liaison between internal and external audit.
24. The reliance placed on our work by the external auditors reduces both the duplication of audit effort and the total cost to the Council of work done by the external auditors. We will continue to work with the external auditors in 2012 to ensure an integrated audit approach.
25. *Audit satisfaction questionnaires* – At the completion of each audit, all recipients of our reports are asked to comment on their satisfaction with the audit process, by way of a survey questionnaire. The survey results are summarised in the following table.
26. In 2011/12 a new customer satisfaction survey was introduced. The questionnaire is sent out with all final audit reports and give the manager audited an opportunity to comment on the professionalism regarding the way the work was conducted and the relevance and value of the findings and recommendations made. The results of the questionnaire are set out in the table below.

Responses to Questionnaires –

	Question	Yes	%	No	%
1	I was given adequate notification and opportunity to contribute and comment prior to the Audit Brief being issued	15	100%		
2	Appropriate staff were interviewed	15	100%		
3	Audit objectives covered all the relevant issues	15	100%		
4	I am confident with the accuracy of the audit findings	15	100%		
5a	I was given adequate opportunity to discuss audit findings and recommendations during the feedback	14	93%	1	7%
5b	and my views were adequately reflected in the final report	14	93%	1	7%
6a	The final audit report was timely	15	100%		
6b	and clear and understandable	15	100%		
7a	The audit recommendations in the final report were relevant,	15	100%		
7b	practical,	15	100%		
7c	realistic	15	100%		
8	This audit has added value and/or assurance of adequacy (or not) of internal controls	15	100%		
9	Did this audit identify any unknown issues	2	14%	13	86%

Implementation of Recommendations

27. Following our audit all report recipients are asked to complete a progress sheet showing whether they agree with the recommendations made and how they plan to implement them. The results are summarised as follows:

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Analysis of progress sheets

Recommendations	2011/12		2010/11	
	number	%	number	%
accepted	51	100	39	100
Rejected	0	0	0	0
recommendation implemented	25	51	12	31
implementation in progress				
implementation planned	26	39	26	67
no action recorded			1	3

28. In total, we made 51 recommendations in 2011/12. Some reports did not receive a recommendation, where the controls were found to be sufficiently strong and where it was felt that additional strengthening may not be cost effective (see Appendix A - Annex 1)
29. The above shows that departments are taking action on 100% of our recommendations.

Input Resources

30. **Staffing** – The team has the full complement of staff agreed in the shared services agreement between Sevenoaks and Dartford Councils.
31. **Sickness levels** – The team has maintained total sickness level of 27.35 days in 2011/12, averaging less than 8 days (9 days in 2010/11). However 70% of sickness related to long term sickness. This had been reported to Members previously and is now no longer an issue.
32. **Training** – Training is important to equip staff with the skills they need to provide quality and effective services, especially in the wake of shared services partnership. Over the past year, team members participated in the training covering the following areas:
- Tenancy fraud
 - IT security
 - Use of Agency Staff
 - Agresso, Cedar Simon & TASK systems training
 - Ivy soft (In-house on-line training on a range of subjects)
 - Professional briefings and workshops run by the Institute of Internal Auditors
 - Windows 7 and MS Office 10
 - Data Protection, Freedom of Information and Environmental Information Regulations
 - Benefit fraud hotline
 - Procurement contracts
 - Ken Audit Group conference
 - IRM Conference

- Future of Local Government Audit conference
- ALARM Conference
- Chief Auditor’s Day
- National Anti-Fraud Network Conference.

33. The section also participated in the following County Wide group meetings where best practice is discussed and disseminated:

- Kent Audit Group meetings – Heads of Audit

Output Measures

Completion of the audit programme:

34. All reviews within the revised internal audit plan for 2011/12 were completed. The original plan consisted of 25 reviews. However, for operational reasons the plan was revised in January 2011 and this committee approved the revised plan which deferred three reviews to be taken forward into the audit plan for 2012/. The reviews taken forward are, (Risk Management, Procurement and IT Implementation and Network Security Reviews).

Performance measures

35. In 2011/12, we were measured against the following PIs for Internal Audit based on the CIPFA guidance. The following shows our actual against our target performance for 2010/11.

	Measure	Target	Actual 2011/12	Actual 2010/11
1	<i>Percentage of internal audit time spent on direct activity</i>	<i>80% of available time.</i>	79.18%	78%
2	<i>Efficiency of the audit service</i>	<i>95% of draft reports issued within 15 working days of completion of the audit fieldwork.</i>	65%	100%
3	<i>Efficiency of the audit service</i>	<i>95% of audits achieved in allocated days (+10%)</i>	100%	90%
4	<i>Client satisfaction with audits carried out</i>	<i>92% client satisfaction as indicated by the responses to the post audit</i>	99%	100%

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		<i>questionnaires.</i>		
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- 36. Generally the team met or exceeded its performance targets with the exception of item 2 above. This item measures the speed of completing the final report following the completion of field work. Delays occurred during the year due to the dynamics of auditors working at two sites which are some distances apart. This created some difficulties in arranging appointments with managers to complete the feedback meeting, prior to issuing the final reports. However, we have factored this learning into our approach going forward in 2012/13 to ensure that the target would be met this year.

Audit title	Opinion
Main Accounting System	Good
Budgetary Control	Good
Cash & Bank Reconciliations	Satisfactory
Treasury Management	Satisfactory
Payroll	Satisfactory
Car Parking Income	Adequate
Contract Management Arrangements	Satisfactory
Cash Collection – Council Offices	Satisfactory
Licensing	Satisfactory
Impact of Budget Constraints on Services	Good
Information Governance/Document Control, Fol, DPA	Satisfactory
Data Quality/Accuracy	Satisfactory
Register of Interest & Hospitality	Satisfactory
Debtors	Good
Council Tax and NNDR	Good
Council Tax & Housing Benefits	Satisfactory
Purchasing & Creditors	Satisfactory
Emergency Planning/BCP	Good
Dunbrik	Good
External Funding	Good
Annual Governance Statement	N/A
Value For Money	Good
Overall Opinion	Satisfactory

Appendix A – Annex 2

Cash & Bank Reconciliations 2011-12

Issued: 29 February 2012

Opinion: Satisfactory

The purpose of this review was to provide assurance regarding the effectiveness of the arrangements in place for the administration of the Council's cash and bank reconciliations system. To this effect, the following risks and controls were examined;

- 1) Risk that the Council may not comply with relevant legislation, organisational policy and good practice.
- 2) Risk that appropriate records are not kept to support the reconciliation process;
- 3) Risk that reconciliations between the Council's bank and financial systems may not be accurate, complete, up to date or reviewed by a senior officer;
- 4) Risk that long standing reconciling items may not be followed up on a timely basis and may be more difficult to resolve;
- 5) Risk of the Council not having an accurate view of its cash flow or financial position;
- 6) Fraud and/or corruption may occur.
- 7) Risk of failure to take opportunities to demonstrate efficiency and for VFM to be maximised.
- 8) Risk that annual risk assessments are not undertaken.

Audit testing results indicated that the controls were fully met in five of the eight risks examined whilst three were partially met (risks 1 to 3)

The audit opinion was "Satisfactory", indicating 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.

Five recommendations were agreed with Management to address the areas where controls were partially met.

- A timeframe by which bank reconciliations are completed following month end closedown should be included in the individual work instructions for both Agresso and Task. These instructions should be complied with.
- The existing procedures for the Agresso bank reconciliations should be periodically reviewed to ensure the procedures reflect changes in working practices and IT development.
- The bank reconciliation summary sheet should include the job title of the officer preparing and reviewing the bank reconciliations.

- The bank reconciliations should be completed within agreed timescales specified in the procedure notes. When timescales cannot be met the reasons should be documented.
- The references to closed obsolete accounts detailed on the Agresso bank reconciliation summary sheet should be removed.

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

Impact of Budgetary Constraints 2011/12

Issued: 2 March 2012

Opinion: Good

The purpose of the review was to provide assurance on the arrangements in place where there have been operational changes or staff reductions due to budget cuts or other reasons. The key objective was to examine the effectiveness of service delivery and resilience in meeting service objectives, together with other issues, such as knowledge management and succession planning

To this effect, the following key risks and associated internal controls were examined:

- 1) Risk that the Council may not comply with relevant legislation, policies, or good practice
- 2) Risk that duties and responsibilities covered by deleted posts may not be maintained
- 3) Risk that resources may not be maximised
- 4) Risk that relevant evidence requirements to meet regulatory compliance may not be maintained
- 5) Risk that fraud or corruption may go undetected
- 6) Opportunities to demonstrate efficiency or value for money may not be maximised
- 7) Risk assessments may not be adequately undertaken and risks not adequately managed

Audit testing results indicated that controls were fully met in six of the aspects examined, whilst one was partially met (risk 2)

The audit opinion 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.

One recommendation was agreed with Management to address the area where controls was partially met.

- The Professional Services Manager should ensure that revised job descriptions are made available. The job descriptions should detail any new duties including the contracts work.

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Members will be advised of the progress in implementing this recommendation in due course.

Main Accounting System 2011/12**Issued 29 March 2012****Opinion: Good**

The purpose of this review was to provide assurance regarding the effectiveness of the arrangements in place to ensure accuracy, authorisation and authenticity of accounting entries on the main accounting system. To this effect, the following key risks and associated internal controls were examined:

- 1) Risk that the Council may not comply with relevant legislation, policies, or good practice
- 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 transactions may not be supported or evidenced by a complete audit trail
- 5) Risk that fraud or corruption may go undetected
- 6) Opportunities to demonstrate efficiency or value for money may not be maximised
- 7) Risk assessments may not be adequately undertaken and risks not adequately managed

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

The audit opinion 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 new recommendations were identified or agreed with Management in relation to this review. However, the review did identify that one previous recommendation had not been implemented. This will be addressed at the next corporate review of the Constitution.

This recommendation was therefore reiterated and agreed with Management:

- The Financial Procedure Rules should be updated to reflect the organisation's statutory obligation under the 2010-11 [and subsequent thereafter] Code of Practice on Local Authority Accounting in the United Kingdom.

Members would be advised of the progress in implementing this recommendation in due course.

Information Governance 2011/12**Issued 29 March 2012****Opinion:** Satisfactory

The purpose of the review was to provide assurance over the Council's arrangements for dealing with the management and availability of information, including personal data. To this effect, the following key risks and associated internal controls were examined:

- 1) Risk that the Council may not comply with relevant legislation, policies, or good practice
- 2) Risk that the arrangements for corporate information governance may not be clear to all staff or easily accessible
- 3) Risk that retention of information may not be as effective, efficient or economic as possible
- 4) Risk that the arrangements for processing Data Protection and Freedom of Information requests may not be effective, efficient or in compliance with legislation
- 5) Risk that the application of exemptions to the Data Protection and Freedom of Information Acts may not be appropriate or in compliance with legislation
- 6) Risk that the Council may not have an effective complaints and appeals procedure in regard to Data Protection and Freedom of Information
- 7) Risk that fraud or corruption may go undetected
- 8) Risk of failure to maximise opportunities to demonstrate efficiency or VFM
- 9) Risk assessments may not be adequately undertaken and risks not adequately managed

Audit testing indicated that, for six of the nine risks examined, controls were fully met. Two controls were partially met and one was not met (risks 1, 2 and 9 respectively).

The audit opinion is "Good". This means that controls exist to enable the achievement of service objectives, obtain good corporate governance and mitigate against significant foreseeable risks. However, occasional instances of failure to comply with the control process were identified and opportunities still exist to mitigate further against potential risks.

Three recommendations were agreed with Management to address areas where controls were either partially or not met. In addition, two good practice recommendations were agreed with management in order to enhance areas where controls were met. These relate to risks 4 and 6.

- Agreed corporate procedures regarding Freedom of Information should be made available on the Council's intranet. The current hyperlinks to the Department for Constitutional Affairs, within the Council's Freedom of Information webpage, should be updated to the correct Ministry of Justice website.

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- The Records Retention Policy should have defined ownership to ensure regular review. It should also contain provisions for monitoring compliance across the Council.
- Where an EIR, FOIA or DPA request email is received within any active (i.e. no out-of-office reply) or generic Council inbox on a working day prior to the end of normal office hours, it should be logged as received on that working day, regardless of when the request is physically read.
- Management should consider reducing the target response time for FOIA and DPA complaints to 20 working days in order to bring the complaints policy into alignment with ICO good practice guidance. The Freedom of Information Complaints and Appeals Policy available on the Council's external website should be revised to contain correct, up-to-date contact details for registering a complaint.
- An operational risk register should be completed for Democratic Services to reflect the service plan for 2012/13.

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

Debtors 2011/12**Issued: 17 April 2012****Opinion: Good**

The purpose of the review was to provide assurance to management regarding the promptness with which debtor accounts are identified and accurately processed for payment including, where appropriate, the taking of recovery action. To this effect, the following key risks and controls were examined;

- 1) Risk that the Council may not comply with relevant legislation, organisational policy, regulatory requirements and good practice.
- 2) Risk that invoices may not be prepared promptly, or for the correct amount or accounted for correctly.
- 3) Risk that recovery procedures do not ensure that appropriate action is taken to pursue debtors.
- 4) Risk that the aged debtor summary is not reconciled to the general ledger.
- 5) Risk that separation of duties is not maintained between the invoicing function and cash collection.
- 6) Risk that fraud and corruption may occur.
- 7) Opportunities to demonstrate efficiency or VFM may not be maximised.

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

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The audit opinion 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 considered necessary following this review, as it was felt that additional controls would not offer value for money.

Review of Council Tax and NDR 2011/12

Issued: 25 April 2012

Opinion: Good

The purpose of the review was to provide assurance on the effectiveness of the Council Tax and NDR service, following the implementation of the new shared services arrangements between Sevenoaks District Council and Dartford Borough Council in December 2010. To this effect, the following key risks and associated internal controls were examined:

- 1) The Council may not comply with relevant legislation, organisational policy and good practice;
- 2) The service may not deliver its service objectives;
- 3) The system for recording liability may not be operating correctly;
- 4) The system for collecting income including recovery arrangements may not be effective;
- 5) Single person (and other discounts and exemptions) may be invalid, not supported by valid applications or not properly authorised;
- 6) The accuracy of data transfer onto the computer system may not be reliable
- 7) Fraud and corruption may occur;
- 8) Opportunities to demonstrate efficiency or VFM may not be maximised;
- 9) Risk assessments may not be adequately undertaken and risks not adequately managed

Audit testing indicated that, for seven of the nine risks examined, controls were fully met, whilst one was partially met and the other not met (risks 3 and 9 respectively)

The audit opinion 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.

Two recommendations were agreed with Management to address the areas where controls were either partially or not met. .

- Internal links should be investigated and utilised. (For example requests to DBC for new bins are passed on). All areas should then be documented and where possible strengthened.

Contact with the Valuation Office should be maintained.

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- An operational risk register should be produced for Council Tax and NDR for the year 2012/13, based on the requirements of the new Framework and linked to Service Plan objectives once the new framework is in place.

The Audit, Risk and Anti-fraud Manager should be contacted for guidance if required.

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

Review of Council Tax & Housing Benefit 2011/12**Issued: 8 May 2012****Opinion:** Satisfactory

The purpose of the review was to provide assurance regarding the effectiveness of the new shared services arrangements in delivering the Council's Benefits service. Key aspects of the review focussed on the evaluation of the controls in place to ensure that benefit claims were correctly assessed, properly evidenced by an audit trail, paid to claimants or their landlords in accordance with the requirements, and accurately recorded within the Council's accounts. To this effect, the following key risks and associated internal controls were examined:

- 1) Risk that the Council may not comply with relevant legislation, policies, or good practice
- 2) Risk that assessments may not be correct, timely or subject to quality check
- 3) Risk that there may not be an adequate audit trail available to evidence the history of a claim
- 4) Risk that overpayments may not be recovered
- 5) Risk that procedures and IT functionality may not be sufficiently aligned to obtain the full benefits of shared working
- 6) Risk that payments may not be accurate or timely
- 7) Risk that the Council's Financial Accounts may not accurately record payments made
- 8) Risk that customer service standards may not be maintained
- 9) Risk that the Council's electronic records may not be secure, or the data recoverable in the event of a system failure
- 10) Risk that fraud or corruption may go undetected
- 11) Opportunities to demonstrate efficiency or value for money may not be maximised
- 12) Risk assessments may not be adequately undertaken and risks not adequately managed.

Audit testing results indicated that controls were fully met in eight of the aspects examined, whilst three were partially met and one was not met (risks 2, 4, 9 and 12 respectively).

The audit opinion was “satisfactory”. This meant that controls exist to enable the achievement of service objectives, obtain good corporate governance and mitigate against significant foreseeable risks. However, occasional instances of failure to comply with the control process were identified, and opportunities still exist to mitigate further against potential risks.

Four recommendations were agreed with management to address the areas where controls were not fully met.

- Deadlines for the return of information should always be double checked in order to prevent slippage
- A schedule of overpayments to be written off for Dartford BC should be produced by the Overpayments Officer and approved by the appropriate Senior Manager as soon as possible. Following this, a schedule of overpayments to be written off should be produced by the Overpayments Officer regularly for each council and presented to the appropriate Senior Manager for approval.
- Previous users of Academy who have now left the Council should have their access to the system removed. The system should then be regularly reviewed, at least once per quarter, to ensure that only appropriate officers are able to access and update the system.
- An operational risk register should be produced for the Benefits service for the year 2012/13, based on the requirements of the new Framework and linked to Service Plan objectives once the new framework is in place. The Audit, Risk and Anti-fraud Manager should be contacted for guidance if required.

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

Review of Purchasing & Creditors 2011/12

Issued: 11 May 2012

Opinion: Satisfactory

The purpose of the review was to provide assurance on the arrangements in place for the purchasing and receipt of goods and services and to determine whether the system is operating in accordance with financial regulations. To this effect, the following key risks were examined;

- 1) Risk that the Council may not comply with relevant legislation, financial regulations, organisational policy and good practice.
- 2) Risk that payments may be made for goods/services either not received, not of the required quality or for the benefit of the Council.
- 3) Risk of insufficient documentation to support the purchase of goods and services and for the receipting of goods and services.
- 4) Risk of invoices not being processed and paid for in accordance with payment terms.

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- 5) Risk that fraud and corruption may occur if purchase and payments transactions are not transparent.
- 6) Risk of purchases and payments being made that do not provide value for money to the Council.
- 7) Failure to undertake an annual risk assessment of the purchasing and creditor payment function.

Audit testing results indicated that controls were fully met in five of the risks examined, whilst two were partially met (risks 1 and 2).

The audit opinion is 'satisfactory'. This means that controls exist to enable the achievement of service objectives, obtain good corporate governance and mitigate against significant foreseeable risks. However occasional instances of failure to comply with the control process were identified and opportunities still exist to mitigate further against potential risks.

Two recommendations were agreed with Management to address the areas where controls were partially met.

- Review the financial regulations for procurement, purchasing and creditors to ensure they meet the requirements of the council. Finance management should inform all managers of any changes or if there are no changes, remind them regarding the requirement on financial regulations that purchase orders should be raised for the purchase of goods and services and the circumstances where this requirement may be waived. Where a purchase order has not been raised there should be a clear documented explanation for why this has occurred.
- The creditor work instructions should be updated to include the process for setting up/amending creditor bank details and the process for updating the creditor database.

Members will be advised of the progress in implementing this recommendation in due course.

Review of Emergency Planning and BCP 2011/12**Issued: 8 May 2012****Opinion:** Good/Adequate

The purpose of this review was to provide assurance regarding the effectiveness of the systems in place to administer Emergency Planning and Business Continuity within the Authority. It was also to evaluate the arrangements in place to ensure that the Council will continue to operate effectively over the period of the London Olympic Games.

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) Risk that Emergency and Business Continuity Plans may not be current, authority wide or valid

- 3) Risk that there may be a failure in the delivery of critical services
- 4) Risk that there could be insufficient availability of staff to ensure continued service delivery, especially during the Olympics.
- 5) Risk that access to resources, goods and services could be restricted or withdrawn
- 6) Risk that transport links to and through areas could be restricted or compromised
- 7) Risk that fraud and corruption may be undetected
- 8) Opportunities to achieve or demonstrate efficiency or value for money may not be maximised
- 9) Risk assessments may not be undertaken and risks not adequately managed

Audit testing results indicate that for the London Olympic Games, controls were fully met in eight of the nine aspects examined, whilst one was partially met. With regard to Emergency Planning and Business Continuity, controls were fully met in five of the nine aspects examined, whilst three were partially met and one was not met (risks. 2, 3, 5, 6 and 9).

In relation to the London Olympic Games, the audit opinion was Good. This meant that controls are in place to ensure the achievement of objectives, good corporate governance and to protect the Council against foreseeable risks. However, controls in place in relation to the Emergency Planning and Business Continuity were considered to be Adequate. This meant that controls are in place and to varying degrees, are complied with but there are gaps in the process, which leave the service exposed to risks.

Ten recommendations were agreed with Management to address the area where controls were partially met.

- The Major Emergency Plan should be reviewed by the Emergency Planning Manager and then approved by Management Team and the Performance and Governance Committee. This review should ensure that it considers any staff, location or role changes which have taken place within the Council since the last review.
- The Action Plan, identified through the Business Continuity Management methodology course peer evaluation, should be addressed by the Business Continuity Officer. Once completed, outcomes to all the areas of concern and action points should be reported to the Emergency Planning Manager and Head of Service.
- Once the Peer Review Action Plan is completed, the Business Continuity Plan should be reviewed and updated with outcomes from Action Plan. This should include the removal of cross referencing and direct access to Contacts and other relevant information.
- Appendix 2 of the Major Emergency Plan should be reviewed and updated to ensure that contact details are accurate and individuals are aware of responsibilities allocated to them for different scenarios or circumstances.

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- The revised Business Continuity Plan should be tested to ensure that it is fit for purpose. Outcomes of the test should be reported to Management Team and any lessons learnt should be addressed and disseminated to Key Officers within the plan.
- Common functional and specific emergency response plans should be reviewed, updated where appropriate and dated by the Service Managers. They should all follow the same format and where appropriate, should be made available on the SDC Website and on SiMON.
- Once all documents are updated, they should be uploaded onto the appropriate Simon web page in order that staff can access the most recent version.
- Section 5.8 of the Business Continuity Plan should be reviewed. Service Specific plans should be produced by Service Managers to identify how they will manage their critical services.
- Heads of Service should ensure that Service Managers make arrangements with key and essential suppliers to maintain the continued delivery of goods or services during the Olympic period.
- An operational risk register should be produced for Emergency Planning for the year 2012/13, based on the requirements of the new Framework and linked to Service Plan objectives once the new framework is in place.

Members will be advised of the progress in implementing this recommendation in due course.

Review of Dunbrik Depot 2011/12**Issued: 18 May 2012****Opinion:** Good

The purpose of the review was to provide assurance regarding the authenticity, accuracy and completeness of entries into the TASK accounting system, including the reliability of reports produced by the system. To this effect, the following key risks and associated internal controls were examined:

- 1) Risk that the service may not comply with statutory requirements, regulations and best practice
- 2) Risk that financial systems may not comply with the organisation's financial regulations, policies and procedures
- 3) Risk that transactions may not be supported by an adequate audit trail
- 4) Risk that relevant records, including financial data, may not be current accurate or complete
- 5) Risk that transactions may not be calculated/valued and allocated to the appropriate transaction code
- 6) Risk that information and data may not protected from loss, damage or unauthorised disclosure

- 7) Risk that income due may not be accurately received or correctly accounted for
- 8) Risk that the Council's final accounts may be mis-stated
- 9) Risk that fraud and corruption may be undetected
- 10) Opportunities to achieve or demonstrate efficiency or value for money may not be maximised
- 11) Risk assessments may not be undertaken and risks not adequately managed

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

The audit opinion is '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 considered necessary as it was considered that any additional controls will not offer the Council value for money.

Review of External Funding 2011/12

Issued: 25 May 2012

Opinion: Good

The purpose of this review is to provide an assurance regarding the effectiveness of the system established for the administration of external funding. To this effect, an assessment of the process within the Community Development Service for identifying, maximising and delivering external funding projects was carried out. The following key risks and associated internal controls were examined:

- 1) Adequate processes or resources may not be in place for identifying all potential funding sources. For example, the existence of a register of all potential funding sources and access to information regarding new funding sources
- 2) Fraud or corruption may go undetected
- 3) Opportunities to demonstrate efficiency or value for money may not be maximised
- 4) Risk assessments may not be adequately undertaken and risks not adequately managed

Audit testing indicated that, for three of the four risks examined, controls were fully met. The remaining risk (item 4) resulted in an evaluation of partially met. The overall audit opinion was "good", indicating 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.

The following recommendation was agreed with relevant management to address the issues identified:

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- An operational risk register should be produced for Community Development for the year 2012/13, based on the requirements of the new Framework and linked to Service Plan objectives once the new framework is in place.

The Audit, Risk and Anti-fraud Manager should be contacted for guidance if required.

Members would be advised of the progress in implementing this recommendation in due course.

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Appendix A - Annex 3

AUDIT OPINIONS - Definitions

- Good** *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.*
- Satisfactory** *Controls exist to enable the achievement of service objectives, obtain good corporate governance, and protect against significant foreseeable risks. However, occasional instances of failure to comply with the control process were identified and opportunities still exist to mitigate further against potential risks.*
- Adequate** *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.*
- Unsatisfactory** *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.*
- Unacceptable** *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.*

ANNUAL GOVERNANCE STATEMENT 2011/12

Performance and Governance Committee – 12 June 2012

Report of the: Chief Executive

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

Recommendation: It be RESOLVED that the Annual Governance Statement for 2011/12, which accompanies the Council's Accounts, be agreed.

Introduction

- 1 Members are requested to consider and agree the Annual Governance Statement (AGS) 2011/12, details of which are attached as an Appendix to this report. The AGS is required to accompany the Council's Statutory Accounts.

Background

- 2 Members may be aware that the Performance and Governance Committee is required to consider and approve the Annual Governance Statement (AGS) which is required to accompany the Council's Annual Accounts, as part of the Performance and Governance Committee's terms of reference.
- 3 The Annual Governance Statement explains how the Council has complied with the Local Code of Corporate Governance (which is consistent with the principles of the CIPFA Guidance, "Delivering Good Governance in Local Government"); as well as its internal control and risk management processes. It is a corporate document involving a variety of people including Officers, Members and external regulatory agencies charged with delivering or contributing towards the delivery of good governance within the Council.

Ownership of The Annual Governance Statement

- 4 The Annual Governance Statement is a corporate document which is owned by all senior Officers and Members of the Council. A shared approach was taken in preparing the AGS, as delegation to a single individual or section would lessen the statement's significance and may encourage people to distance themselves from their proper responsibilities.
- 5 The AGS is supported by the system of internal control which is reviewed continually throughout the year, as part of routine governance and managerial

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processes; prime examples being the authority's performance management and risk management frameworks.

- 6 Although corporately owned, the AGS requires individual self-assessments from heads of services regarding their internal control processes; and statement of assurance from Directors, the Monitoring Officer and the Section 151 Officer, all of which were obtained as part of the information gathering process which informed the AGS. Material matters identified within this process are set out on section 6 of the AGS

Outcome of the Process

- 7 The process identify that the Council has sound systems of internal control and governance in place. The only issue of significance identified during the process is set out on paragraph 6 of the appendix.

Approval Process

- 8 The AGS was considered by a committee of the Officers Risk management Group on 11th May 2012 and by Management Team on 23rd May 2012. The P&GC is therefore requested to consider and approved the AGS at this meeting. Following approval by the P&GC, the AGS is required to be signed by the Leader and the Chief Executive prior to publication with the Council's statutory accounts.

Key Implications

Financial

- 9 This report has no financial implications.

Community Impact and outcomes

- 8 Not applicable

Legal, Human Rights etc.

- 9 This report has no additional legal implications

Resource (non-financial)

- 10 Not applicable

Value for Money and Asset Management

- 11 Not Applicable.

Equality

- 12 There are no additional equality implications for this report

Sustainability Checklist

13 Not applicable

Conclusions

14 The Annual Governance Statement has been prepared in compliance with relevant professional guidance. It demonstrates that the Council had sound governance arrangements in place during the year and in the period leading up to the preparation of the Council's Annual Accounts. Members are therefore requested to agree the attached AGS.

Risk Assessment Statement

15 The Council is required to produce an Annual Governance Statement to demonstrate that it has sound governance arrangements in place through-out the financial year, which supports its Annual Accounts. The Annual Governance Statement accompanying this report meets that requirement and was produced in compliance with proper practices in accordance with relevant professional guidance.

Sources of Information: Accounts and Audit Regulations 2011
Delivering Good Governance in Local Government.
CIPFA (2007)
Annual Internal Audit Plan 2011/12

Contact Officer(s): Bami Cole Ext. No. 3023

Robin Hales
Chief Executive

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ANNUAL GOVERNANCE STATEMENT 2011/12

1. Background

The Annual Governance Statement (AGS) is a corporate document involving a variety of people charged with developing and delivering good governance including:

- the Head of Paid Service and the Leader of the Council as signatories;
- directors and management assigned with the ownership of risks and the delivery of services;
- the Chief Financial Officer who is responsible for the administration of the Council's financial affairs under Section 151 of the Local Government Act 1972;
- the Monitoring Officer in meeting her statutory responsibilities of ensuring the legality of Council business;
- the Council's Internal Audit function;
- Members (for example, through the scrutiny committees and the Performance and Governance Committee); and
- others responsible for providing assurance, in particular the District Auditor of the Audit Commission, in his role as the Council's External Auditor.

Thus the AGS, as a corporate document, is owned by all senior Officers and Members of the Council. A shared approach was taken in compiling the AGS with the objective of engaging the whole authority within the process and encouraging a high quality of reflection and corporate learning. This increases the statement's significance and encourages people to objectively assess their responsibilities.

The system of corporate governance highlighted in the AGS, together with the system of internal control, is reviewed continually throughout the year as part of routine governance and managerial processes; prime examples being the authority's performance management and risk management systems.

Although corporately owned, the AGS requires assessments/assurance statements from Heads of Service, Directors, the Monitoring Officer and the Section 151 Officer, all of which were obtained as part of the process.

2. Scope of Responsibility

Sevenoaks District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local

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Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. Sevenoaks District Council seeks to conduct these responsibilities within the framework of achieving continuously improving, high quality service provision to enhance community wellbeing and engagement.

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

The roles of the Chief Executive (as Head of paid Service), the Section 151 Officer, the Monitoring Officer and the Executive Role of Members are defined within Part 13 of the Council's Constitution.

Officers and Members are expected to conduct themselves in a proper manner in accordance with the Constitution and both are expected to declare interests that may impact on the Council's decision making process. These interests are held on a register and are reviewed on a regular basis by the Monitoring Officer.

Sevenoaks District Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA / SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code can be obtained from our Audit & Efficiency team or via the Council's website. This statement explains how Sevenoaks District Council has implemented both the code and the requirements of regulation 4(3) of the Accounts and Audit Regulations (England) 2011 in relation to the publication of an Annual Governance Statement.

3. The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values, by which the authority informs, directs, manages and monitors its operations, and its activities through which it accounts to, engages with and empowers the community. It enables the authority to evaluate the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

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

The governance framework has been in place at Sevenoaks District Council for the year ended 31 March 2012 and up to the date of approval of the statement of accounts.

4. The Governance Framework

The following represent the key elements of the governance framework within Sevenoaks District Council:

- The Council's objectives to March 2012 were established and set out in the Sevenoaks District Sustainable Community Action Plan 2010-13 and the Corporate Performance Plan. The Sustainable Community Plan 2010-13 was approved and adopted by Council in March 2010.
- Both of these plans are subject to considerable Member review and challenge by Cabinet, the appropriate Select Committee or the Performance and Governance Committee, the Finance Advisory Group and ultimately by the full Council. These plans are also cascaded to individuals within the Council through Service Plans and individual action plans through the appraisal process. Furthermore the Council has now adopted an approach whereby the appropriate Select Committee scrutinises key proposals prior to Cabinet making its decision.
- Policy and decision-making is facilitated through reports from Officers to Cabinet. Each Cabinet Member has responsibility for a specific portfolio and will take decisions on matters relevant to that portfolio. Committees have the opportunity to 'call-in' the decisions of Cabinet and recommend changes to decisions or policies.
- The Council's Constitution specifies the roles and responsibilities of Members and Officers; and the financial and procedural rules for the efficient and effective discharge of the Council's business.
- Implementation of established policies, procedures, laws and regulations and good practice is achieved through:
 - a) **Internal Audit** – The Council's internal audit team works to an approved annual audit plan and undertakes that work in accordance with the CIPFA Code of Practice for Internal Audit in the United Kingdom (revised 2006). Individual audit reports are produced for relevant management, with copies to the Chief Executive, Section 151 Officer and the relevant Director. Quarterly update reports and Annual audit reports are made to the Performance and Governance Committee. The quarterly reports highlight the results of individual risk-based audit reviews, while the annual report evaluates the overall internal control environment as tested through audit work undertaken in the year. The review of the effectiveness of Internal Audit was assessed in March 2012 as 'satisfactory' in meeting the requirements of an adequate and effective internal audit service.

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- b) **External Audit and Audit Commission** – External audit reports are sent to senior management and Members. Recommendations and comments are considered and discussed with timely actions taken to address agreed recommendations. The Council's current practice was commended in all its recent audit and inspection reports, and unqualified opinions were issued in relation to both financial statements and value for money for 2010-11.
- c) **Financial Management** – A robust budgetary control system is in place and regular monitoring reports are produced for Heads of Services, Management Team, Cabinet, the Overview and Scrutiny Board and the Finance Advisory Group. Senior accountants conduct monthly client liaison meetings with responsible budget holders.
- d) **Performance Management** – Monitoring of the achievement of the Council's objectives is undertaken through the Council's performance management system which is developed through monthly monitoring with Head of Service commentaries. Strategic information is reported to Management Team, Cabinet Members and Select Committees.
- e) **Arrangements for Partnerships** – The Council believes that it can enhance value for money with service delivery through innovative and cost-effective partnership working. The Council engages in extensive discussion and planning to develop efficient working arrangements while protecting quality of services. The Council has developed a comprehensive partnership toolkit to ensure that partnerships incorporate the Council's culture and comprehensive approach to managing risk. Decisions to enter into partnership working are supported by business cases and cost-benefit analysis, and are subject to scrutiny and approval by Members. Following on from the successful implementation of a Revenues and Benefits shared service in 2010-11, the Council has successfully implemented a further major shared service project during 2011-12.
- f) **Risk Management** – A risk management strategy is in place and corporate strategic risks have been identified and assessed. Relevant risk owners now manage these risks. Relevant training has been delivered to Members and Officers. Operational risk registers and action plans have been completed and are monitored. An Officer risk management group is also in place and operates effectively.
- g) **Relationships and Ethics** – Good co-operative relationships exist between the Council and its external auditors and inspectors and between Officers and Members. Relationships between Officers and Members are guided by a protocol embedded in the Council's Constitution. A written communications protocol has also been established between the Leader and the Chief Executive. The Council has clear Codes of Conduct for Members and Officers embedded within its Constitution, underpinned by a culture of integrity and ethical behaviour. Member conduct is scrutinised by the Standards Committee.

- h) **Service Delivery by Trained and Experienced People** – The Council has a robust recruitment policy and procedures in place. The Council holds Gold and Champions status in the Investors in People (IiP) New Choices scheme, conferred by an external inspection regime in November 2009. The Council was the first local authority nationally to achieve this standard. Staff appraisals take place annually, including an annual review of service and training planning, training evaluation and recruitment and selection procedures.
- i) **Monitoring Officer** – The Council has appointed a Monitoring Officer to oversee its compliance with laws and statutory obligations. The Monitoring Officer reports to the Council's Standards Committee. Regular meetings between the three statutory Officers (Chief Executive, Corporate Resources Director and Head of Legal Services) form part of the Council's governance arrangements.
- j) **Anti-fraud and Corruption** – The Council has a fraud and corruption policy, including a whistle-blowing policy, published on its intranet site. The Council also has a dedicated Benefits Fraud Team and a "fraud hotline", available to both staff and members of the public, which allows individuals to report anonymously any suspected cases of fraud and corruption. The risks of fraud and corruption have been assessed within the strategic risk register and appropriate measures put in place to mitigate these risks.

5. Role of the Chief Financial Officer (CFO)

- 5.1 Section 151 of the Local Government Act 1972 requires that the Council appoint an individual officer to be responsible and accountable for the administration of its financial affairs. The Scheme of Delegation held within Part 13 of Sevenoaks District Council's Constitution assigns this responsibility in paragraph 5.2 to the Deputy Chief Executive & Director of Corporate Resources (Dr Pav Ramewal).
- 5.2 CIPFA has issued a Statement on the Role of the Chief Financial Officer in Local Government. This details the governance arrangements and delegated responsibilities considered necessary to facilitate an effective CFO. The Council has considered this Statement, and believes that, during the financial year 2011-12, it has complied fully with the governance requirements of this Statement. The Council's Financial Procedure Rules, codified within Appendices D and E of the Constitution, ensure that all the appropriate responsibilities are delegated and reserved to the CFO as the Statement recommends.

6. Review of Effectiveness

- 6.1 Sevenoaks District Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review is informed by the work of the Council's internal auditors and by Heads of Service who have responsibility for the development and maintenance of the internal control environment. It also considers

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comments made by the external auditors and other external review agencies and inspectorates. The Council is keen to allow itself to be the subject of external scrutiny and challenge, and to consider recommendations for improvement.

- 6.2 The External Auditor concluded that, for 2010-11, the Council had adequate arrangements in place to ensure value for money was achieved. An unqualified opinion was issued in relation to the Council's financial statements. The Council is not aware of any issues arising in relation to value for money from the current work being undertaken by the External Auditor.
- 6.3 Annual internal audit reports are presented to the Performance and Governance Committee (which fulfils the requirements of an Audit and Risk Management Committee), giving the Audit and Efficiency Manager's opinion on the overall internal control and governance environment. Any internal audit review judged "unsatisfactory" or "unacceptable" is subject to timely action plan and follow-up audit.
- 6.4 The opinion of the Audit and Efficiency Manager in the Annual Audit Report to the Performance and Governance Committee for 2011/12 is that the overall control environment was **Satisfactory**.
- 6.5 The Chief Financial (Section 151) Officer and the Monitoring Officer periodically review the Constitution, procedures for internal financial control and application of the various Codes of Conduct.
- 6.6 The Council continues to review and improve its governance arrangements on a continuous basis. Improvements during 2011/12 include the following:
 - Review and enhancement of the Council's Risk Management Framework;
 - Ongoing review of savings plans and budget adjustments made to protect services in the circumstances of government grant cuts;
 - Extension of Shared Service arrangements to ensure Value for Money;
 - The development, testing and peer review of the Council's Business Continuity and Incident Management Plan, particularly in relation to the Olympics and Paralympics; and
 - Review of the work and performance of the Performance and Governance Committee and completion of a self-assessment of the Committee's performance, including an end of year report by the Chairman of the Committee.

- The Standards Committee, comprising of elected Members, independent representatives and Town and Parish Council continues to govern the actions of the executive and ensures that Members adhere to the protocols of Conduct as set out in the Constitution.

6. Significant Governance Issues

Following a fatal road traffic accident on 13 September 2010 involving one of Sevenoaks District Council's road sweeping vehicles, the Health and Safety Executive served an Improvement Notice on the Council in relation to its risk assessments for sweeping roads. Following an appeal of this notice, lawyers acting on behalf of the Council's insurers have agreed with the Health and Safety Executive that the wording and compliance time of the notice be varied and the Council has now complied with the varied notice. As such, the Council's appeal has now been withdrawn.

There is an ongoing regulatory inquiry into the fatality.

..... Date:

..... Date:

Robin Hales
Chief Executive
Head of Paid Service

Cllr. Peter Fleming
Cllr for Sevenoaks Town & St. John's
Leader of the Council

on behalf of Sevenoaks District Council

Dr. Pav Ramewal
Deputy Chief Executive and Director of Corporate Resources
June 2012

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RISK MANAGEMENT UPDATE

Performance and Governance Committee – 12 June 2012

Report of the: Deputy Chief Executive and Director of Corporate Resources

Status: For Information

Executive Summary: This report provides the Committee with a summary of the Councils risk management processes and plans for improvements to the Risk Management Framework. The report also updates Members on the current strategic risks facing the Council.

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

Portfolio Holder Cllr. Ramsay

Head of Service Group Manager, Financial Services – Adrian Rowbotham.

Recommendation:

It be RESOLVED that Members note the contents of this report.

Introduction

- 1 As part of its terms of reference the Performance and Governance Committee considers reports on the Council’s risk management strategy and framework. This report updates Members on the Council’s risk management process and plans for delivering the Council’s risk management strategy in 2012/13.
- 2 The Council’s risk management strategy sets out that risk will be identified, assessed and managed both strategically and operationally. Strategic risks are those that may prevent the Council achieving its high level objectives, as set out in the Corporate Plan 2009-12. Strategic risks are managed by the Directors and Heads of Service with oversight and scrutiny being delivered by Performance and Governance Committee. Operational risks are those that may prevent individual services meeting the objectives set out in their service plans. Operational risks are managed by Service Managers, supported by Heads of Service.
- 3 The Council also has processes in place to manage financial risks, project risks and health and safety risks that operate alongside the risk management framework. Financial risks are monitored by the Finance team and assessed and scrutinised by the Finance Advisory Group. Project risks are managed by the relevant Head of Service working closely with the project manager and are subjected to DMT and MT monitoring, based on the type of project. Health and Safety risk assessments are overseen and coordinated by the Council’s

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Environmental Health team, with Service Managers responsible for undertaking regular risks assessments and taking action to mitigate those risks.

In addition to the above, the Council's officers risk group oversees and coordinates the entire process. It also facilitates the dissemination of best practice across the Council.

Activities Planned 2012/13

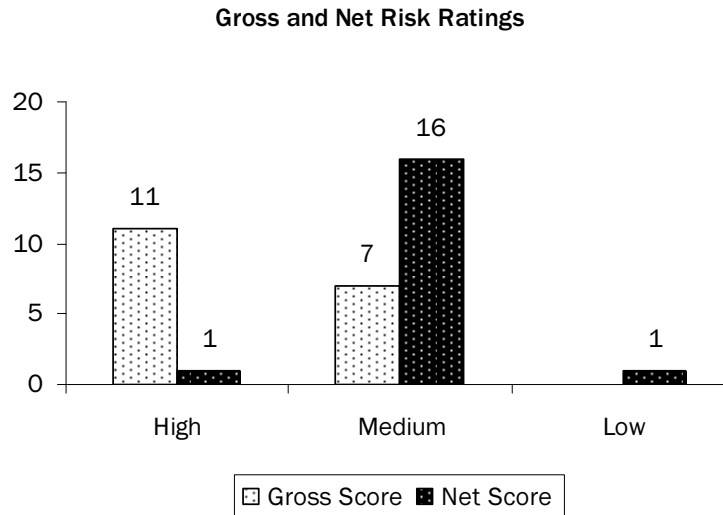
- 4 The Council undertook a review of its risk management processes during 2011/12 in the light of shared services working with Dartford Council. Details of the review were reported to Members at the meeting in January 2012.

As part of the shared services agreement, the risk management function is now provided by the Audit, Risk and Anti-Fraud team on behalf of both Councils. To this effect, the framework has been reviewed with a view to streamlining and simplifying the process, in order to make it more user friendly and take account of current professional practice going forward. To ensure a systematic approach in delivering the new framework, the Officers Risk Group agreed to deliver training workshops to all stake holders, including Members of this Committee, Management Team, Heads of Service and Service Managers across the Council. The first of these training was delivered to members of the Performance and Governance Team in February 2012. The training for officers is planned to commence over the next few weeks. It is intended that Zurich will deliver the generic element of risk management in order to improve or embed existing knowledge regarding the benefits of effective risk management, whilst members of the Officers Risk Group will deliver the more bespoke element, specifically dealing with the Council's risk management strategy and framework.

- 5 Managers would be expected to re-assess their risks using the new framework as soon as they have received the training. The entire process is expected to be completed within the next two to three months. This would enable a full report to be brought to this committee in September 2012.

Current Strategic Risk Profile

- 8 The chart below shows a summary of the Council's strategic risk profile, indicating the number of risks ranked high, medium and low at both gross and net risk stages. There has been no dramatic change since the last report. Officers have continued to use the existing framework until they receive the planned training on the new framework, when they will reassess risks based on the new framework.



9 The Gross Score shows the inherent risks prior to taking account of existing controls. The Net Score shows the residual risks after taking account of existing controls. The only item ranked high relates to the management of Human Resources. The factors given rise to risk in this area relates to financial pressures leading to reductions in employment opportunities and pay pressures on staffing budgets. Fewer officers are dealing with greater responsibilities, hence impacting on staff wellbeing, leading to higher sickness levels or leavers. The council has taken a number of practical steps to address this trend, including employee assistance programmes, designed to improve the health and wellbeing of staff and to encourage staff to assume greater responsibility for their health and wellbeing. Some specific measures taken to manage this risk are as follows:

- Improvements in sickness procedures and return to work interviews
- Changes in occupational health adviser
- Health and wellbeing days, including separate men’s and women’s health days
- Employee assistance programme, for confidential counselling
- Effective financial management in order to minimise the impact of financial austerity

Conclusions

The report update Members on the Council’s risk management process and plans for delivering the Council’s risk management strategy in 2012/13. Members are requested to note the report.

Key Implications

Financial

13 None

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Community Impact and Outcomes

- 14 A robust risk management process enhances the Council's ability to minimise waste and improve efficiency and to deliver better services and outcomes for the community.

Legal, Human Rights etc.

- 15 None

Resource (non-financial)

- 16 None

Value For Money

- 17 A robust risk management process will enhance the Council's ability to minimise waste and inefficiencies whilst maximising value for money.

RISK ASSESSMENT STATEMENT

- 18 A robust risk management process enhances the Council's ability to minimise waste and improve efficiency and to deliver better services and outcomes for the community. The new risk management framework will enhance the Council's ability to manage risk more effectively.

Sources of Information:	SDC Risk Management Strategy Strategic Risk Register Covalent performance and risk management system
Contact Officer(s):	Bami Cole, Audit, Risk & Anti Fraud Manager. Phone: 01322 343023

Dr. Pav Ramewal
Deputy Chief Executive and Director of Corporate Resources

BENEFITS FRAUD REPORT 2011/12

Performance and Governance Committee – 12 June 2012

Report of the: Director Of Corporate Resources

Status: For Consideration

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

Recommendation: It be RESOLVED that Members note the contents of the report and the work of the Anti-Fraud Team carried out in 2011/12 and the work proposed for 2012/13.

Introduction

- 1 The report sets out details of the activities of the Anti-Fraud Team during 2011/12 and the team's work plan for 2012/13. The team is responsible for conducting investigations into benefit fraud, establishing where claimants have been overpaid benefit, in addition to imposing relevant sanctions or prosecutions of offenders where applicable
- 2 Members may be aware that the Benefits Fraud Team joined with the Internal Audit Team following the shared services agreement with Dartford Council in April 2010, thus creating the new Audit, Risk and Anti-Fraud Team. The Performance and Governance Committee is responsible for monitoring the work of the Internal Audit and so this report is sent to the committee to review the work conducted under the new wider remit of the new shared services arrangements.

Summary of Issues in the Report

- 4 Details of the activities of the team during the year 2011/12 are attached as the Appendix to this report. The team's performance is set out in section three of the Appendix. Section four outlines the implications for local authority fraud investigation in light of the creation of the Single Fraud Investigation Service. Section five sets out the team's priorities for 2012/13.
- 5 A key highlight during the year is the continued streamlining and standardising of procedures which contributes towards improvements in efficiency and the quality of service delivery. This has also resulted in further improvements in the team's overall performance during the year.

Partnership with Dartford Borough Council

- 6 This is the second report following the shared services arrangement with Dartford Borough Council for the provision of a joint investigations service. The service is

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based at Dartford Council and has operated well during the year, with improvements in service standards and performance.

Key Implications

Financial

7 This report has no financial implications.

Community Impact and outcomes

8 An effective benefits fraud service provides assurance that the Council has an adequate control environment in place, which would generate public confidence amongst the community, in addition to preventing the misuse of public funds.

Legal, Human Rights etc.

9 This report has no additional legal implications.

Resource (non-financial)

10 Not applicable.

Value for Money and Asset Management

11 Not applicable.

Equality

12 There are no additional equality implications for this report.

Sustainability Checklist

13 Not applicable.

Risk Assessment Statement

14 The Council is required to have proper arrangements in place to deal with fraud and corruption, including benefits fraud. The work of the team meets this requirement and has effectively delivered service improvements whilst generating efficiency for the Council. However continuous risk assessment is undertaken to ensure that any potential threats or opportunities posed by shared services working are properly addressed.

Sources of Information: Accounts and Audit Regulations 2003 (Amendment) 2011

CIPFA Code of Practice for Internal Audit in Local Government (2006)

Contact Officer(s):

Bami Cole and Glen Moore Ext. No. 7039

Pav Renewal

Housing Benefit Fraud

11/12 – End of Year Report

1. Introduction

This report sets out the achievements of the Anti-Fraud Team for 2011/12 and the team's priorities for 2012/13.

2. Background

The Anti-Fraud Team (as part of the Audit, Risk & Anti-Fraud Team) has provided a fraud investigation service for Sevenoaks District Council and Dartford Borough Council since September 2010, when the original separate Benefit Fraud Teams were officially merged and the main team base established at the Civic Centre, Dartford. A close presence is maintained with the shared service Revenues & Benefits Team, with an investigation officer being available on site, via a hot-desk arrangement within the Argyle office in Sevenoaks.

The Anti-Fraud Team pre-dominantly deals with benefit fraud enquiries, conducting joint welfare benefit fraud investigations with officers from the Fraud Investigation Service of the Department for Work & Pensions.

3. Performance

The period April 2011 to March 2012 was a very busy year for the investigations team. The current economic claimant had resulted in an increase in overall benefits fraud within the district. This has resulted in substantial increase in the team's workload during the year.

The investigation team has had a very successful year in terms of its work in detecting cases of benefit fraud and taking action against the perpetrators. Benefit investigations, conducted on behalf of Sevenoaks District Council, un-earthed £323,984.52 (£191,857.33) of overpaid Housing Benefit & Council Tax Benefit in 2011/12, a 169% increase on the value discovered during 2010/2011.

34 (24 - 2010/11) benefit sanctions were issued in respect of Sevenoaks District Council benefit fraud cases (this included 14 Formal Cautions, 10 Administrative Penalties and 10 successful prosecutions) this equates to a 142% increase on the number of benefit sanctions issued the previous financial year.

A benefit sanction can be either:

A Formal Caution – Claimant admits the offence in question and signs a declaration to this affect and repays all overpaid benefit back. The offence is relatively minor.

For a case to be considered for a sanction the authority must be able to prosecute the offences involved and so the investigation file must be up to prosecution standard. If a claimant is offered either a Formal Caution or Administrative Penalty, but chooses to decline this sanction then the authority has within its powers to prosecute that individual.

Appendix

An Administrative Penalty – Claimant does not admit the offence in question, but agrees to repay all overpaid benefit plus a 30% penalty on top as an alternative to legal action being taken against them. The offence is relatively minor.

Prosecution – Claimant has to repay all overpaid benefit and legal action is instigated because offence is deemed too serious for an alternative sanction to be considered.

For a case to be considered for a sanction the authority must be able to prosecute the offences involved and so the investigation file must be up to prosecution standard. If a claimant is offered either a Formal Caution or Administrative Penalty, but chooses to decline this sanction then the authority has within its powers to prosecute that individual.

Administrative Penalties to the value of £8,559.14 were issued in accordance with the authority's benefit sanction procedures (this is up from £2,188.04 issued the previous year), of this £5,712.07 has already been collected.

In 2011-2012, Sevenoaks Council received around 135 allegations of benefit fraud through its fraud hotline/website or through reports direct to the Anti-Fraud Team from members of the general public.

A further 100 reports of alleged benefit fraud were received by the Anti-Fraud Team from staff members, primarily those working within the Benefits Department itself.

The Anti-Fraud Team processed over 535 data-match referrals received from the Department for Work & Pensions (which indicate both errors and possible fraud in benefit claims) all of which were evaluated and action assigned.

A total of 94 benefit fraud investigations were completed throughout the year, of which 56 were found to have proven fraud. The proven cases varied between discovering an overpayment of £52 up to a case where the total overpayment was just under £61,000.

4. The Single Fraud Investigation Service

The Department of Work and Pensions (DWP) has proposed to have a single fraud investigations team from April 2013. The Single Fraud Investigation Service (SFIS) will bring together the combined expertise of the Welfare Benefit Fraud investigation work undertaken by the Department for Work & Pensions (DWP) Fraud Investigation Service (FIS), local authority Fraud Investigators and Her Majesty's Revenues & Customs (HMRC) officers dealing with Tax Credits into a single service.

Local authority investigators will remain in the employment of local authorities and work from their local authority bases, but work under SFIS policies and procedures.

The final details of how the service will operate has not yet been established, but it is hoped that the approach will support the government's vision on fraud and error, with greater emphasis on preventing fraud from getting into the system initially. Where this fails, to ensure there are effective processes in place to detect, correct, and punish offenders, as appropriate.

The following items will be out of the scope of SFIS in 2013:

- Council Tax Benefit replacement fraud
- Local Authority Corporate Fraud

5. Priorities for 12/13

The Anti-Fraud Team has prioritised the following areas of work for the financial year 2012/2013:

Benefit Fraud Investigations

Continue to produce high quality fraud investigation work, and where appropriate, conduct joint investigations with colleagues from the Department for Work & Pensions to enable the correct action to be taken against any proven perpetrators, in-line with the respective benefit fraud prosecution policies.

Data Match Schemes

Continue to participate in all available anti-fraud data-match schemes, for example, the Housing Benefit Matching Service (HBMS), The National Fraud Initiative (NFI), in order to identify potential discrepancies in benefit payments and to take action against those found to have claimed public money fraudulently.

Non Benefit Related Fraud

Continue to develop strategies and allocate resources (where available) to investigate non-benefit related matters such as, single person discount fraud and housing tenancy fraud.

Liaison with External Fraud Agencies

Continue to create even closer working arrangements with the Department for Work & Pensions and assist in developing the blue-print for the Single Fraud Investigation Service (SFIS) due to come into existence in 2013.

Targets for 2012/2013

<u>Item</u>	<u>Annual Target</u>

Appendix

<p>Number of successful benefit fraud prosecutions</p>	<p>9</p>
<p>Amount of overpaid Housing Benefit & Council Tax discovered through benefit fraud investigations</p>	<p>£208,000</p>

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PERFORMANCE MONITORING

Performance and Governance Committee – 12 June 2012

Report of the: Deputy Chief Executive and Director of Corporate Resources

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 March 2012.

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.
-

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.
- 4 Performance reports will always 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.

Agenda Item 13

Performance Overview – April to March 2011/12

- 5 The following table summarises the performance levels at the end of the 2011/12 financial year.

Red	Amber	Green
<i>10% or more below target</i>	<i>Less than 10% below target</i>	<i>At or above target</i>
14	12	59
17%	14%	69%

- 6 The last report received by the Committee provided an update on performance to the end of January 2012 and included information on 11 'Red' indicators. The following points provide Members with a short update on progress in those areas in the period to the end of March 2012:

- LPI CLEAN 002 – Performance levels improved in both February and March, but average performance across the year remains 'Red'. A full commentary is provided at Appendix 1 to this report;
- LPI DS 002 – The total trading account position remains 'Red'. Finance Advisory Group reviewed the position against this budget at its meeting on 28th March;
- LPI FS 003 – The value of debt outstanding over 61 days has fallen to £20,215 against a target level of £20,000 and is now 'Amber'. The Council continues to pursue all outstanding debt and aims to minimise the level that is overdue;
- Benefits performance has remained steady since January but remains 'Red'. Performance was reported to Services Select Committee in November 2011 at the request of this Committee. However workload is now 70% higher than one year ago and when combined with difficulties in recruitment the extent to which performance can be improved is limited;
- LPI HR 003 – The number of days lost to long term sickness absence remains above the target level and is 'Red'. A high proportion of time was lost to operations and recovery in the last two months of the year;
- LPI Waste 005 – The number of missed green waste collection remains 'Red'. Performance improved markedly in both February and March. However poor performance in the first quarter of the year and again in January has meant that the number of missed collections has exceeded the target level;
- LPI EQ 003 – 7 of 31 equality impact assessments were overdue at the end of March 2012, meaning the target of 90% complete has been missed. Performance remains 'Red' but progress has been made since March to ensure that all required impact assessments are being completed; and

- LPI SL 003 – The accident rate at Sencio Leisure Centres has decreased since January but remains marginally above target for the year. There have been no significant, reportable accidents only minor falls and scrapes.

- 7 Set out at Appendix 1 are details of each of the 14 '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.
- 8 In any instance 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

- 9 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

- 10 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.

- 11 None

Resource (non-financial)

- 12 None

Value For Money

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

Agenda Item 13

RISK ASSESSMENT STATEMENT

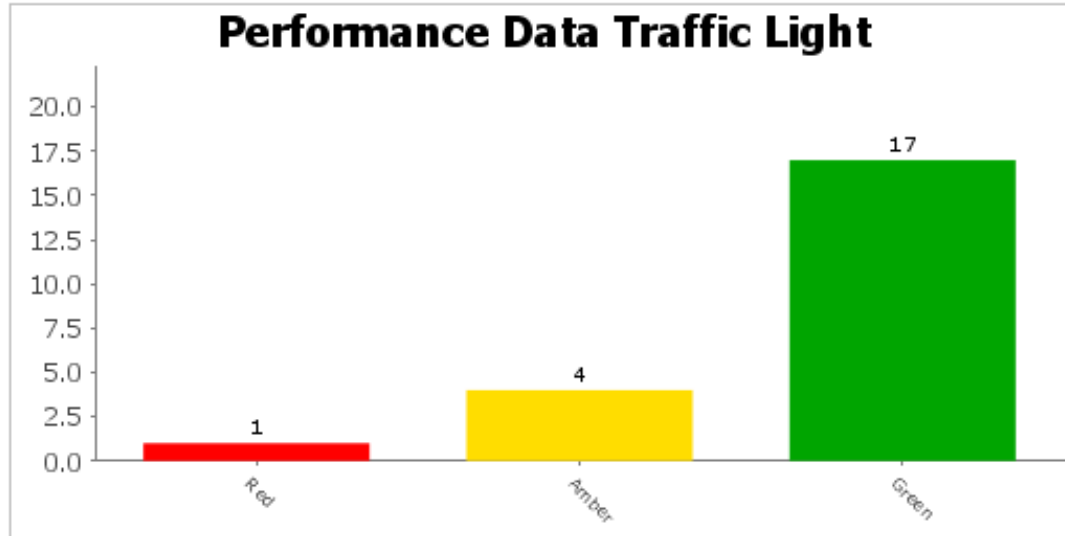
Risk	Impact	Control	Residual Risk
1. Inaccurate data could be used in the assessment of performance	High	Robust data collection arrangements in place. Annual data quality audit by both Internal and External Audit	Low. Risk Adequately Controlled
2. Poor performance might not be identified	High	Suite of performance indicators 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. Formal performance reports to Management Team, Performance and Governance Committee and Cabinet. Service Review processes in place.	Low. Risk Adequately Controlled

Sources of Information: Covalent Performance Management Software


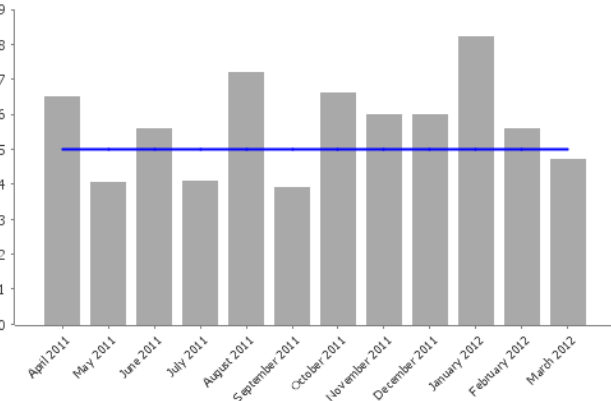
Contact Officer(s): Lee Banks, Policy and Performance Manager.
Ext 7161

Dr. Pav Ramewal
Deputy Chief Executive and Director of Corporate Resources

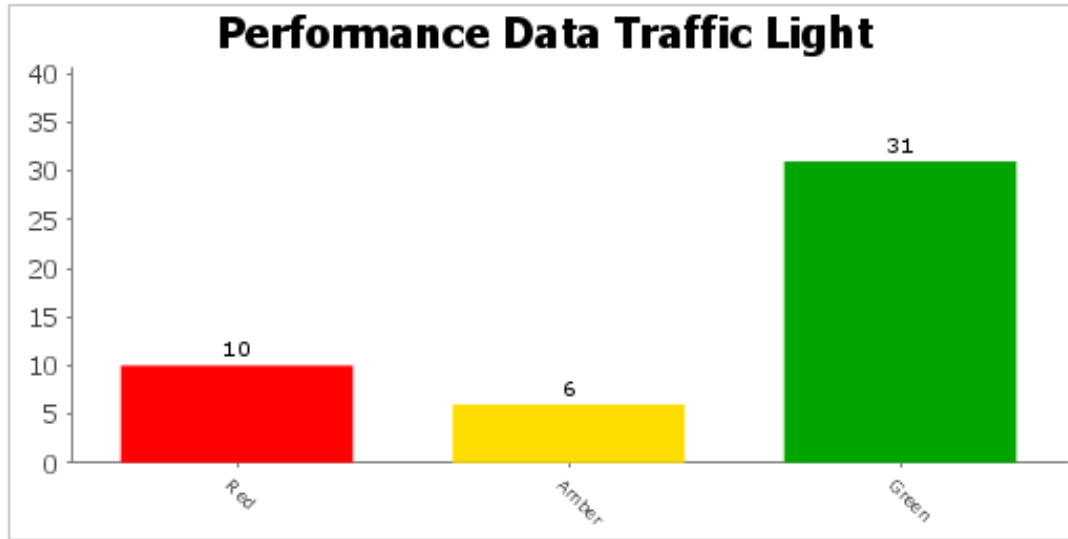
Environment Select Committee PI's




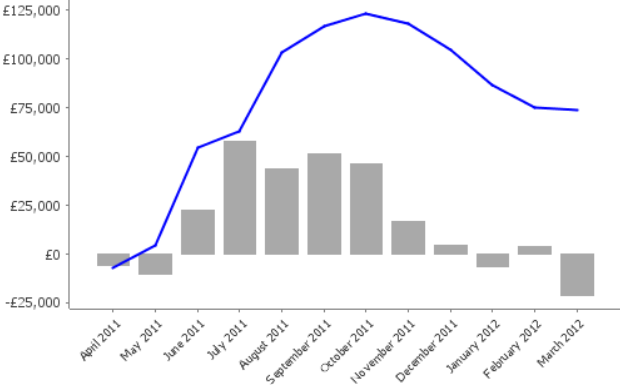
Please see the following page for details of the Red performance indicator


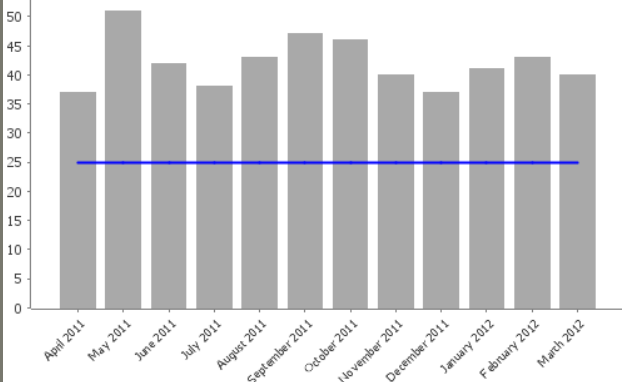

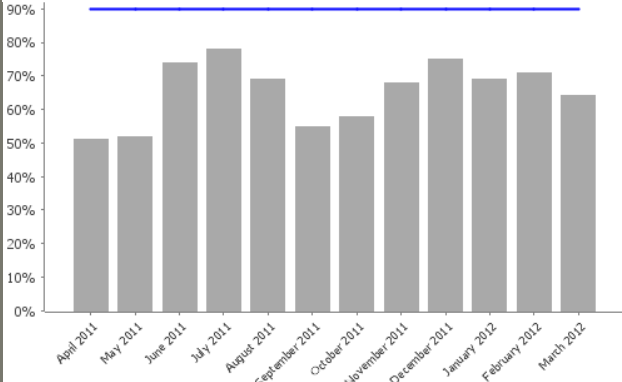
Code	Description	Year to Date Value	Year to Date Target	Status	Trend Chart	Latest Note
LPI Clean 002	Average number of days taken to remove fly tips which the District Council has responsibility to clear	5.71	5			<p>310 fly tipping incidents removed compared with 455 in 2010/11 [a 32% reduction] so performance of report to removal in 5.7 working days against a target of 5, to be addressed, and against an actual performance of 5.1 working days in 2010/11. In the year there were 616 incidents reported compared with 835 in 2010/11 [a 26% reduction]. Even though there were less fly tipping incidents removed, they were of a larger scale. 125 tonnes of fly tipping were removed in 2011/12 compared with 91 tonnes in 2010/11.</p> <p>All reported incidents of fly tipping must be investigated by the crew to determine whether the Council is responsible for removing. Larger scale fly tipping incidents often require a grab lorry to remove waste and can take longer to organise and remove, although many smaller scale incidents are removed on the next working day. The target of 5 working days has been retained for 2012/13 and the crew have been reminded to meet this target, which will continue to be monitored monthly.</p>


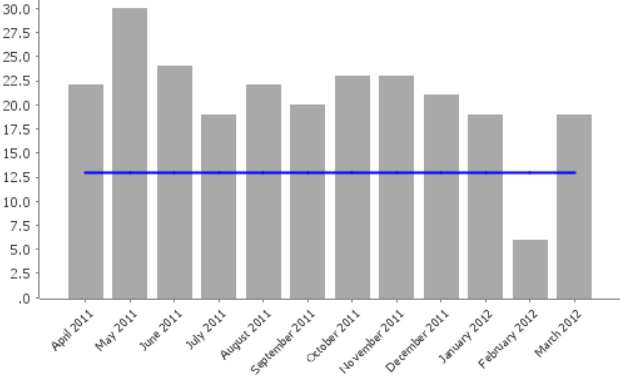

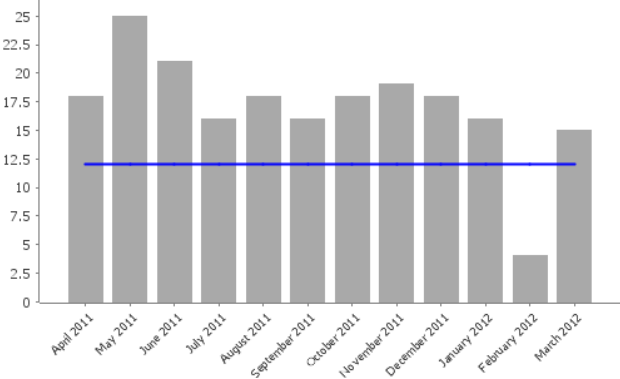
Services Select Committee PI's


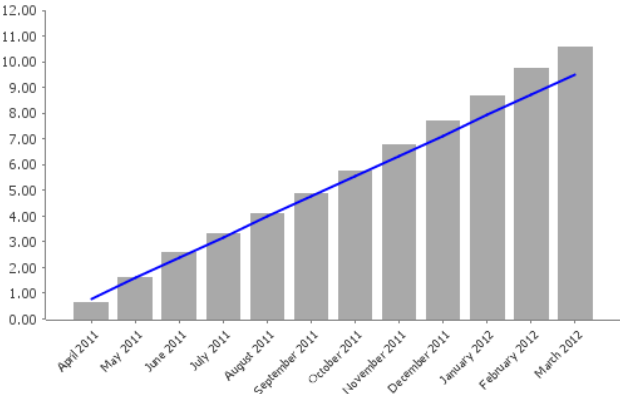



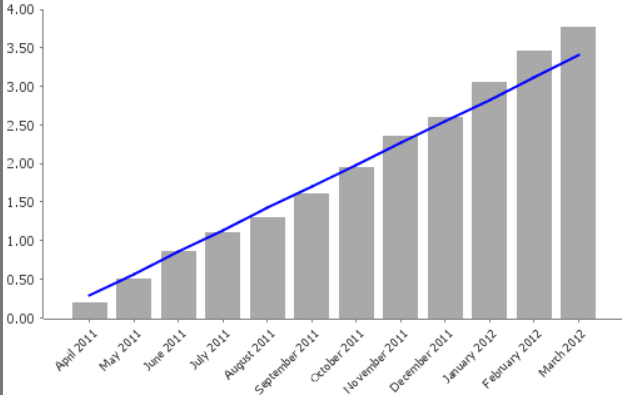
Please see the following page for details of the Red performance indicators

Code	Description	Year to Date Value	Year to Date Target	Status	Trend Chart	Latest Note
LPI DS 002	Total Trading Account Position (Year to date)	-£21,318	£73,500			<p>The end of year trading accounts realised a deficit of £21,318 against a budget surplus of £73,500 [0.3% of annual turnover]. Diesel costs were £42,000 over budget and expenditure on disposal costs [trade waste and cesspool emptying] £32,661 over budget. These disposal charges are set by SITA and Thames Water. Total income £213,260 down against budget. Total expenditure £118,442 down against budget. The budget target for 2012/13 is a surplus of £63,500.</p> <p>Charges have been increased to customers for trade waste and cesspool emptying to recover disposal costs, although, it is understood that increasing charges may result in loss of customers as this is a competitive activity. In 2012/13 the trading accounts for cesspool emptying and trade waste collection are under review for financial viability in the future. All trading accounts are monitored monthly. Diesel costs still remain a financial risk to achieving the budgeted surplus.</p>

Code	Description	Year to Date Value	Year to Date Target	Status	Trend Chart	Latest Note																										
LPI HB 001	Average number of days to process new benefits claims	42.08	25		 <table border="1"> <caption>Data for LPI HB 001 Trend Chart</caption> <thead> <tr> <th>Month</th> <th>Value</th> </tr> </thead> <tbody> <tr><td>April 2011</td><td>37</td></tr> <tr><td>May 2011</td><td>50</td></tr> <tr><td>June 2011</td><td>42</td></tr> <tr><td>July 2011</td><td>38</td></tr> <tr><td>August 2011</td><td>43</td></tr> <tr><td>September 2011</td><td>47</td></tr> <tr><td>October 2011</td><td>46</td></tr> <tr><td>November 2011</td><td>40</td></tr> <tr><td>December 2011</td><td>37</td></tr> <tr><td>January 2012</td><td>41</td></tr> <tr><td>February 2012</td><td>43</td></tr> <tr><td>March 2012</td><td>40</td></tr> </tbody> </table>	Month	Value	April 2011	37	May 2011	50	June 2011	42	July 2011	38	August 2011	43	September 2011	47	October 2011	46	November 2011	40	December 2011	37	January 2012	41	February 2012	43	March 2012	40	Despite the recent action plan, as activity levels have increased significantly over the last few months, performance and turn around times are not improving. Activity (phone, post, new claims, visitors) has increased by 70% from April 2011 to March 2012. Recruitment of experienced assessors is also proving impossible, plus the uncertainty regarding welfare reform is adding to the challenges faced by the Service. The team is currently exploring the use of external resources to try and improve turn around times.
Month	Value																															
April 2011	37																															
May 2011	50																															
June 2011	42																															
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March 2012	40																															
LPI HB 002	Percentage of new benefit claims processed within 14 days of full information being received	65.33%	90%		 <table border="1"> <caption>Data for LPI HB 002 Trend Chart</caption> <thead> <tr> <th>Month</th> <th>Value</th> </tr> </thead> <tbody> <tr><td>April 2011</td><td>52%</td></tr> <tr><td>May 2011</td><td>53%</td></tr> <tr><td>June 2011</td><td>74%</td></tr> <tr><td>July 2011</td><td>78%</td></tr> <tr><td>August 2011</td><td>69%</td></tr> <tr><td>September 2011</td><td>55%</td></tr> <tr><td>October 2011</td><td>58%</td></tr> <tr><td>November 2011</td><td>68%</td></tr> <tr><td>December 2011</td><td>75%</td></tr> <tr><td>January 2012</td><td>69%</td></tr> <tr><td>February 2012</td><td>71%</td></tr> <tr><td>March 2012</td><td>64%</td></tr> </tbody> </table>	Month	Value	April 2011	52%	May 2011	53%	June 2011	74%	July 2011	78%	August 2011	69%	September 2011	55%	October 2011	58%	November 2011	68%	December 2011	75%	January 2012	69%	February 2012	71%	March 2012	64%	Please see commentary for LPI HB 001
Month	Value																															
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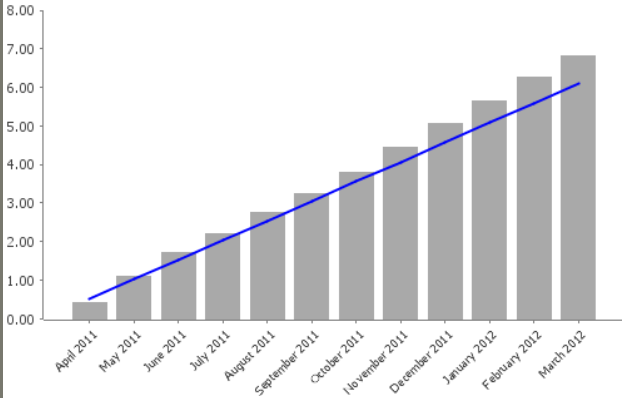
Code	Description	Year to Date Value	Year to Date Target	Status	Trend Chart	Latest Note
LPI HB 005	Time taken to process Housing Benefit/ Council Tax Benefit new claims and change events	20.7	13.0			Please see commentary for LPI HB 001
LPI HB 006	Average days to process change of events	17	12			Please see commentary for LPI HB 001


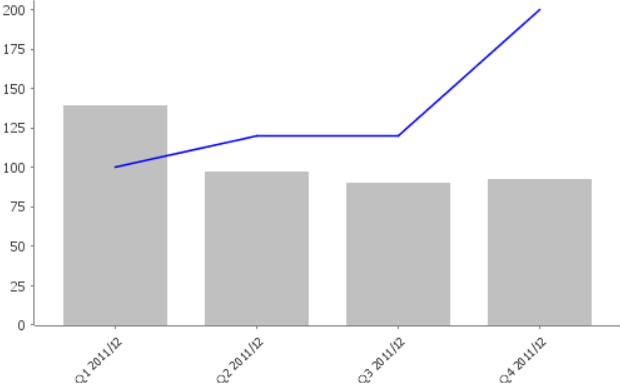

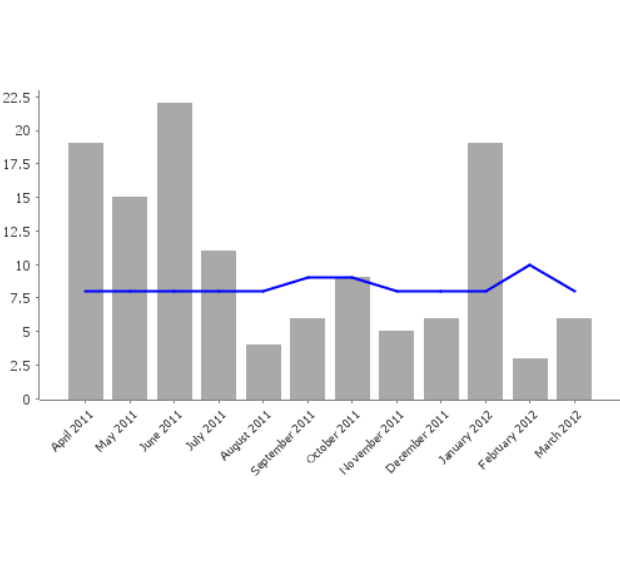
Code	Description	Year to Date Value	Year to Date Target	Status	Trend Chart	Latest Note
PI HR 001	The average number of working days lost to sickness absence per FTE	10.57	9.50			<p>Sickness absence in 2011/12 has been adversely impacted by long term absence related to serious illness and complex medical conditions for a small number of staff. The number of days lost to short term absence has improved when compared with the previous year. Whilst the Council already uses appropriate best practice approaches to measure, monitor and manage attendance it is recognised that more needs to be done to reduce sickness absence further. Key to this is continuing to support managers in enacting the Managing Attendance Policy in a consistent manner and maximising the potential of the occupational health service which will be re-launched in June 2012 and includes new features such as:</p> <ul style="list-style-type: none"> • An online portal through which referrals can be made more quickly and efficiently; • Referral reports now being sent on the same day the officer is seen; • Access to a physician over the telephone for immediate advice; and • A website on which all officers can access advice on health issues. <p>The Council will also run further Health and Wellbeing days aimed at providing staff with the information and skills to better manage issues such as stress and depression, and to help them lead healthier lifestyles.</p>

Code	Description	Year to Date Value	Year to Date Target	Status	Trend Chart	Latest Note
LPI HR 002	Number of working days lost through short term sickness absence per FTE (< 20 cumulative days)	3.77	3.40			<p>Short term absence is slightly above target due to colds/flu, stomach bugs and respiratory issues which have accounted for a large number of absences lasting between 1-4 days. Although above target short term absence has reduced by 0.53 days per FTE since last year. Both the proportion of staff requiring short-term absence and the total number of days lost has also reduced.</p> <p>Improved monitoring and communication with staff over short term absence has been effective during 2011/12. However as set out at LPI HR 001 it is recognised that more needs to be done to reduce sickness absence further. Key to reducing short term sickness the HR Team will work with managers to ensure return to work meetings have taken place where appropriate and action taken where necessary, such as arranging referrals to occupational health.</p>

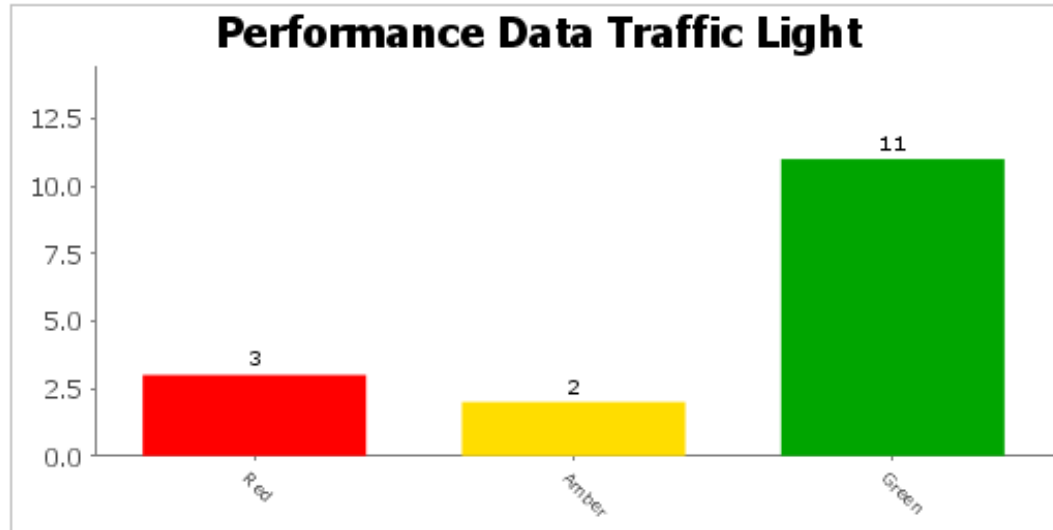
LPI HR 002
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Agenda Item 13


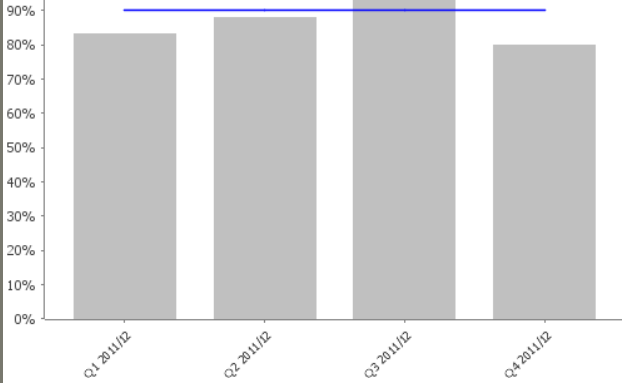

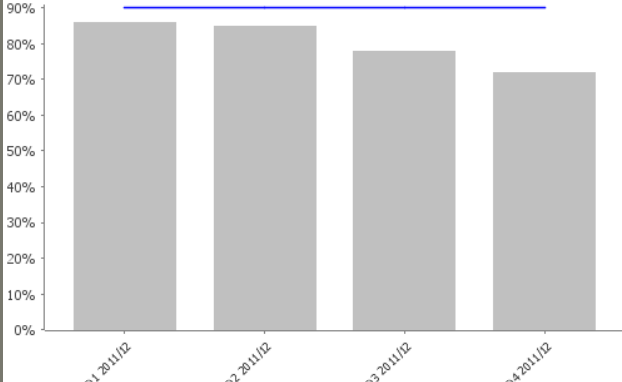
Code	Description	Year to Date Value	Year to Date Target	Status	Trend Chart	Latest Note																										
LPI HR 003	Number of working days lost through long term sickness absence per FTE (> 20 cumulative days)	6.80	6.10		 <table border="1"> <caption>Estimated Data from Trend Chart</caption> <thead> <tr> <th>Month</th> <th>Value</th> </tr> </thead> <tbody> <tr><td>April 2011</td><td>0.5</td></tr> <tr><td>May 2011</td><td>1.2</td></tr> <tr><td>June 2011</td><td>1.8</td></tr> <tr><td>July 2011</td><td>2.5</td></tr> <tr><td>August 2011</td><td>3.2</td></tr> <tr><td>September 2011</td><td>3.8</td></tr> <tr><td>October 2011</td><td>4.5</td></tr> <tr><td>November 2011</td><td>5.2</td></tr> <tr><td>December 2011</td><td>5.8</td></tr> <tr><td>January 2012</td><td>6.5</td></tr> <tr><td>February 2012</td><td>7.2</td></tr> <tr><td>March 2012</td><td>7.8</td></tr> </tbody> </table>	Month	Value	April 2011	0.5	May 2011	1.2	June 2011	1.8	July 2011	2.5	August 2011	3.2	September 2011	3.8	October 2011	4.5	November 2011	5.2	December 2011	5.8	January 2012	6.5	February 2012	7.2	March 2012	7.8	<p>Long term absence has remained above target due to an increase in absences defined as stress/anxiety and depression (not work related) plus absence caused by operations and recovery and instances of staff diagnosed with and being treated for serious illness such as cancer. These absences account for approximately 40% of all sickness absence for the financial year. As set out at LPI HR 001 it is recognised that more needs to be done to reduce sickness absence further, particularly long term absence. Key to reducing long term absence is the launch of the improved Occupational Health Service in June 2012. The HR team will work even more closely with medical experts and managers towards successfully returning staff back to work as soon as they are able. This includes phased returns where appropriate or looking at alternative solutions if people are unable to return to their role.</p>
Month	Value																															
April 2011	0.5																															
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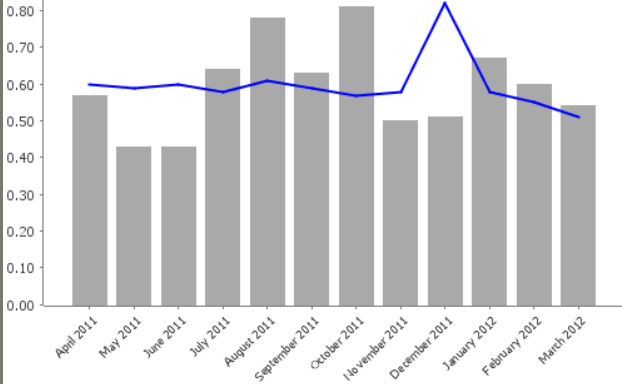
Code	Description	Year to Date Value	Year to Date Target	Status	Trend Chart	Latest Note
LPI PH 001	Number of Home improvement Agency projects completed	418	540			
LPI Waste 005	Number of missed green waste collection complaints	125	100			<p>Missed garden waste collections still higher than target, but a significant improvement on 2010/11 [126 missed collections compared with 191 in 2010/11]. 95% of reported missed collections were collected the next working day. The target for 2012/13 is 100 missed collections [40 bins and 60 sacks]. The green waste collection crew have been through a large turnover of staff, and with vacancies, there has been a heavy reliance on the use of agency staff, which does result in a loss of detailed round knowledge. Recruitment is now underway, including the appointment of a new Supervisor/Driver. The successful appointment to this post will be required to meet these targets.</p>

Social Affairs Select Committee PI's



Please see the following page for details of the Red performance indicators

Code	Description	Year to Date Value	Year to Date Target	Status	Trend Chart	Latest Note												
LPI EQ 002	Percentage of equality actions completed or in progress	80%	90%		 <table border="1"> <caption>Quarterly Performance for LPI EQ 002</caption> <thead> <tr> <th>Quarter</th> <th>Value (%)</th> </tr> </thead> <tbody> <tr> <td>Q1 2011/12</td> <td>83%</td> </tr> <tr> <td>Q2 2011/12</td> <td>88%</td> </tr> <tr> <td>Q3 2011/12</td> <td>92%</td> </tr> <tr> <td>Q4 2011/12</td> <td>80%</td> </tr> <tr> <td>Target</td> <td>90%</td> </tr> </tbody> </table>	Quarter	Value (%)	Q1 2011/12	83%	Q2 2011/12	88%	Q3 2011/12	92%	Q4 2011/12	80%	Target	90%	80% relates to 24 actions either on target or completed. 6 actions are overdue. In addition there are 4 actions in 'amber' status which means they are not yet due but are within 90 days of their due date. Whilst the number of actions in 'green' status has increased from the previous quarter, so has the number of 'red' actions (due to updates not being provided by services). The target of 90% has been missed by three actions. Overdue work will be escalated to senior management.
Quarter	Value (%)																	
Q1 2011/12	83%																	
Q2 2011/12	88%																	
Q3 2011/12	92%																	
Q4 2011/12	80%																	
Target	90%																	
LPI EQ 003	Percentage of impact assessments due that have been completed	72%	90%		 <table border="1"> <caption>Quarterly Performance for LPI EQ 003</caption> <thead> <tr> <th>Quarter</th> <th>Value (%)</th> </tr> </thead> <tbody> <tr> <td>Q1 2011/12</td> <td>85%</td> </tr> <tr> <td>Q2 2011/12</td> <td>85%</td> </tr> <tr> <td>Q3 2011/12</td> <td>78%</td> </tr> <tr> <td>Q4 2011/12</td> <td>72%</td> </tr> <tr> <td>Target</td> <td>90%</td> </tr> </tbody> </table>	Quarter	Value (%)	Q1 2011/12	85%	Q2 2011/12	85%	Q3 2011/12	78%	Q4 2011/12	72%	Target	90%	72% relates to 18 assessments either on target or completed. 7 actions are overdue. 6 actions are in amber status which means either they are not yet due but are within 90 days of their deadline or they have been completed but awaiting sign off by DMTs. Whilst the number of actions in 'green' status has increased from the previous quarter, so has the number of 'red' actions, and performance has generally deteriorated over the year. Overdue work will be escalated to senior management.
Quarter	Value (%)																	
Q1 2011/12	85%																	
Q2 2011/12	85%																	
Q3 2011/12	78%																	
Q4 2011/12	72%																	
Target	90%																	

Code	Description	Year to Date Value	Year to Date Target	Status	Trend Chart	Latest Note																										
LPI SL 003	Customer accident rate per 1,000 users	0.60	0.55		 <table border="1"> <caption>Monthly Accident Rates (per 1,000 users)</caption> <thead> <tr> <th>Month</th> <th>Rate</th> </tr> </thead> <tbody> <tr><td>April 2011</td><td>0.58</td></tr> <tr><td>May 2011</td><td>0.43</td></tr> <tr><td>June 2011</td><td>0.43</td></tr> <tr><td>July 2011</td><td>0.65</td></tr> <tr><td>August 2011</td><td>0.78</td></tr> <tr><td>September 2011</td><td>0.64</td></tr> <tr><td>October 2011</td><td>0.81</td></tr> <tr><td>November 2011</td><td>0.50</td></tr> <tr><td>December 2011</td><td>0.51</td></tr> <tr><td>January 2012</td><td>0.82</td></tr> <tr><td>February 2012</td><td>0.67</td></tr> <tr><td>March 2012</td><td>0.55</td></tr> </tbody> </table>	Month	Rate	April 2011	0.58	May 2011	0.43	June 2011	0.43	July 2011	0.65	August 2011	0.78	September 2011	0.64	October 2011	0.81	November 2011	0.50	December 2011	0.51	January 2012	0.82	February 2012	0.67	March 2012	0.55	<p>Sencio continue to adopt a comprehensive approach to monitoring accidents and record all incidents, regardless of severity. Although accident rates have been higher than target, there were no significant, reportable accidents only minor falls and scrapes. Performance will continue to be monitored closely to ensure the average accident rate is no worse than the target level.</p>
Month	Rate																															
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PROVISIONAL OUTTURN 2011/12

Performance and Governance Committee – 12 June 2012

Report of the: Deputy Chief Executive and Director of Corporate Resources

Also considered by: Finance Advisory Group – 13 June 2012

Cabinet - 14 June 2012

Status: For Decision

Executive Summary: This report sets out the provisional outturn for 2011/12.

Since the February forecast, the Council has successfully obtained a VAT refund of £552,000 which has significantly improved the position for the year.

Compared to the revised budget (i.e. including supplementary estimates), the overall result was a favourable variance of £560,000 after allowing for carry-forward requests.

This report supports the Key Aim of effective management of Council resources.

Portfolio Holder Cllr. Ramsay

Service Manager Group Manager – Financial Services – Adrian Rowbotham

Recommendation: It be RESOLVED that the Provisional Outturn 2011/12 be noted.

Introduction

1. Provisional Financial Outturn figures for 2011/12 are attached at Appendix A. These results will be scrutinised by the Finance Advisory Group at its meeting on 13th June.

Overall Financial Position

2. 2011/12 was the first year of a four-year savings plan, which set out to achieve savings of £4 million over that period. It is pleasing to report to Members that a provisional favourable variance of £632,000 has been achieved. Revenue carry forwards of £72,000 have been requested; if these are approved the favourable variance will reduce to £560,000.
3. At the end of February the forecast outturn (which took account of likely carry forward requests) was a favourable variance of £50,000. Since then a VAT refund of £552,000 has been received making an amended February forecast favourable variance of £602,000. Therefore the provisional outturn position is £30,000 better than the February forecast.

Agenda Item 14

4. The figures above all take into account the supplementary budget of £14,000 approved during the year for Christmas car parking.
5. It was approved by Cabinet on 8th December 2011 that any favourable variance achieved on the 2011/12 budget be put to the Budget Stabilisation Reserve.

High Level Analysis of Results

6. **VAT refund (£552,000 income):** The council received a refund in respect of overpaid VAT relating to the period prior to 1996 for Trade Refuse. The refund includes statutory interest which is payable in cases of official error.
7. **Pay costs (£257,000 underspent):** Almost all services are showing an underspend; in some cases these are offset by agency costs (particularly Direct Services).
8. **Income from fees and charges (£555,000 favourable):** Part of this variance relates to the VAT refund explained above. In total, income received from fees and charges is close to budget, but on the main income sources; Development Control, Building Control and Legal income, the position was difficult during 2011/12 and these remain risk areas for 2012/13.
9. **Direct Service Trading Accounts** show a deficit of £21,000 at the year end, which is £95,000 lower than the budgeted surplus due to increased fuel and disposal costs.
10. **Interest and Investment Income** was £122,000 better than budget. This was due to the Council holding higher balances than budgeted, which has increased investment income.
11. The latest information from CIPFA regarding the £1m Landsbanki investment is that authorities should now account for a 100% return although this will continue to be reviewed.

Key Implications

Financial

12. All financial implications are covered elsewhere in the report.

Community Impact and Outcomes

13. None

Legal, Human Rights etc.

14. None

Value For Money and Asset Management

15. None

Conclusions

16. Both Members and Officers were fully aware that 2011/12 would be an extremely challenging year. However, in light of the financial pressures arising during the year it is pleasing to report to Members a positive year end position.
17. The outturn position could not have been achieved without the commitment and hard work of both Members and Officers, in particular the Heads of service and the Finance Advisory Group, who have played an essential challenge, advisory and scrutiny role reviewing not only the budget but also the corrective action planning.
18. The 2012/13 budget includes savings totalling £0.8m. Achieving this ambitious level of savings whilst managing the financial risks will require continued close and proactive financial management during 2012/13.

Risk Assessment Statement

The approval of these carry forward requests should reduce the risk of the Council exceeding its planned expenditure in 2012/13.

These results are provisional and may change due to issues arising from the closure of the Council's accounts, which will be completed by 30 June.

Sources of Information: Provisional Outturn results 31st March 2012

Contact Officer(s): Adrian Rowbotham Ext. 7153

Helen Martin Ext. 7483

Dr. Pav Ramewal

Deputy Chief Executive and Director of Corporate Resources

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2. Overall Summary

MARCH 12 - Provisional outturn as at 30/05/12

Community and Planning Services

	Period Budget	Period Actual	Period Variance	Period Variance	Y-T-D Budget	Y-T-D Actual	Y-T-D Variance	Y-T-D Variance	Annual Budget	Annual Forecast (including Accruals) at end Feb	Annual Variance	2010/11 Actual
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	£'000	£'000	£'000	£'000
Community Development	142	232	- 90	-63.6	1,151	1,140	11	0.9	1,151	1,133	18	887
Development Services	152	159	- 7	-4.5	1,376	1,413	- 37	-2.7	1,376	1,389	- 14	1,672
Environmental and Operations	114	- 283	398	347.9	2,879	2,528	352	12.2	2,879	3,016	- 137	3,979
Housing and Communications	128	104	24	19.0	923	944	- 20	-2.2	923	939	- 16	1,014
Total Community and Planning Services	536	212	325	60.6	6,329	6,025	305	4.8	6,329	6,478	- 149	7,552

Corporate Resources

Finance and Human Resources	516	197	318	61.7	4,760	4,516	244	5.1	4,760	4,625	135	5,589
IT and Facilities Management	118	304	- 186	-157.5	1,654	1,595	59	3.6	1,654	1,659	- 5	1,704
Legal and Democratic Services	144	130	14	9.7	1,383	1,363	21	1.5	1,383	1,357	26	1,564
Total Corporate Resources	778	631	147	18.8	7,797	7,473	324	4.2	7,797	7,642	155	8,857

NET EXPENDITURE (1)

	1,314	843	471	35.9	14,126	13,498	628	4.4	14,126	14,120	6	16,409
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Adjustments to reconcile to Amount to be met from Reserves

Removal of Asset Maintenance Variance					-		-	-	-			72
Direct Services Trading Accounts	2	25	- 23	- 1,150.0	- 74	21	- 95	- 128.4	- 74	1	- 74	- 17
Capital charges outside General Fund	- 4	- 4	0	0.0	- 47	- 47	0	0.0	- 47	- 47	-	- 47
Support Services outside General Fund	- 40	- 16	- 23	-	- 220	- 197	- 23	- 100	- 220	- 220	-	-
Redundancy Costs - all	-	- 36	36	-	-	0	- 0	-	-	-	-	244

NET EXPENDITURE (2)

	1,273	812	461	36.2	13,785	13,275	510	3.7	13,785	13,853	- 68	16,445
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Government Grant	- 428	- 428	-	0.0	- 5,141	- 5,141	-	-	- 5,141	- 5,141	-	- 6,348
Council Tax Requirement - SDC	- 767	- 767	-	0.0	- 9,199	- 9,199	-	-	- 9,199	- 9,199	-	- 9,172

NET EXPENDITURE (3)

	78	- 383	461	593.6	- 555	- 1,065	510	91.9	- 555	- 487	- 68	925
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Summary including investment income

Net Expenditure	78	- 383	461	594	- 555	- 1,065	510	91.9	- 555	- 487	- 68	925
Investment Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Interest and Investment Income	- 14	- 26	12	-90.0	- 186	- 308	122	65.5	- 153	- 272	119	- 335
Overall total	64	- 409	473	504	- 741	- 1,373	632	157	- 708	- 759	51	590

Planned appropriation (from)/to Reserves									722	722	-	-
Supplementary appropriation from Reserves									- 14	- 14	-	-

Surplus

									-	- 50	51	419
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