

# Finance and Audit Scrutiny Panel

Grand Jury Room, Town Hall  
23 November 2010 at 6.00pm

The Finance and Audit Scrutiny Panel deals with the review of service areas and associated budgets, and monitors the financial performance of the Council. The panel scrutinises the Council's audit arrangements and risk management arrangements, including the annual audit letter and audit plans, and Portfolio Holder 'Service' decisions reviewed under the Call in procedure.

# Information for Members of the Public

## Access to information and meetings

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The Council values contributions from members of the public. Under the Council's Have Your Say! policy you can ask questions or express a view to meetings, with the exception of Standards Committee meetings. If you wish to speak at a meeting or wish to find out more, please pick up the leaflet called "Have Your Say" at Council offices and at [www.colchester.gov.uk](http://www.colchester.gov.uk)

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Occasionally meetings will need to discuss issues in private. This can only happen on a limited range of issues, which are set by law. When a committee does so, you will be asked to leave the meeting.

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# Terms of Reference

## Finance and Audit Scrutiny Panel

- To review all existing service plans and associated budget provisions against options for alternative levels of service provision and the corporate policies of the Council, and make recommendations to the Cabinet
- To have an overview of the Council's internal and external audit arrangements and risk management arrangements, in particular with regard to the annual audit plan, the audit work programme and progress reports, and to make recommendations to the Cabinet
- To monitor the financial performance of the Council, and to make recommendations to the Cabinet in relation to financial outturns, revenue and capital expenditure monitors
- To scrutinise the Audit Commission's annual audit letter
- To scrutinise executive 'service' decisions made by Portfolio Holders and officers taking key decisions which have been made but not implemented referred to the Panel through the call-in procedure

*The panel may a) confirm the decision, which may then be implemented immediately, b) refer the decision back to the decision taker for further consideration setting out in writing the nature of its concerns, or c) refer the matter to full Council in the event that the Panel considers the decision to be contrary to the Policy Framework of the Council or contrary to, or not wholly in accordance with the Budget.*

**COLCHESTER BOROUGH COUNCIL  
FINANCE AND AUDIT SCRUTINY PANEL  
23 November 2010 at 6:00pm**

**Members**

Chairman : Councillor Dennis Willetts.  
Deputy Chairman : Councillor Christopher Arnold.  
Councillors Jon Manning, Kim Naish, Gerard Oxford,  
Nick Cope, Scott Greenhill, Sue Lissimore, Colin Mudie and  
Colin Sykes.

**Substitute Members** : All members of the Council who are not Cabinet members or members of this Panel.

**Agenda - Part A**

(open to the public including the media)

**Members of the public may wish to note that Agenda items 1 to 5 are normally brief and items 6 to 9 are standard items for which there may be no business to consider.**

**Pages**

**1. Welcome and Announcements**

(a) The Chairman to welcome members of the public and Councillors and to remind all speakers of the requirement for microphones to be used at all times.

(b) At the Chairman's discretion, to announce information on:

- action in the event of an emergency;
- mobile phones switched off or to silent;
- location of toilets;
- introduction of members of the meeting.

**2. Substitutions**

Members may arrange for a substitute councillor to attend a meeting on their behalf, subject to prior notice being given. The attendance of substitute councillors must be recorded.

**3. Urgent Items**

To announce any items not on the agenda which the Chairman has agreed to consider because they are urgent and to give reasons for the urgency.

**4. Declarations of Interest**

The Chairman to invite Councillors to declare individually any personal interests they may have in the items on the agenda.

If the personal interest arises because of a Councillor's membership of or position of control or management on:

- any body to which the Councillor has been appointed or nominated by the Council; or
- another public body

then the interest need only be declared if the Councillor intends to speak on that item.

If a Councillor declares a personal interest they must also consider whether they have a prejudicial interest. If they have a prejudicial interest they must leave the room for that item.

If a Councillor wishes to make representations on an item on which they have a prejudicial interest they may do so if members of the public are allowed to make representations. In such circumstances a Councillor must leave the room immediately once they have finished speaking.

An interest is considered to be prejudicial if a member of the public with knowledge of the relevant facts would reasonably regard it as so significant that it is likely to prejudice the Councillor's judgement of the public interest.

Councillors should consult paragraph 7 of the Meetings General Procedure Rules for further guidance.

## **5. Minutes**

**1 - 4**

To confirm as a correct record the minutes of the meeting held on 19 October 2010.

## **6. Have Your Say!**

(a) The Chairman to invite members of the public to indicate if they wish to speak or present a petition at this meeting – either on an item on the agenda or on a general matter not on this agenda. You should indicate your wish to speak at this point if your name has not been noted by Council staff.

(b) The Chairman to invite contributions from members of the public who wish to Have Your Say! on a general matter not on this agenda.

## **7. Items requested by members of the Panel and other Members**

(a) To evaluate requests by members of the Panel for an item relevant to the Panel's functions to be considered.

(b) To evaluate requests by other members of the Council for an item relevant to the Panel's functions to be considered.

***Members of the panel may use agenda item 'a' (all other members will use agenda item 'b') as the appropriate route for referring a 'local government matter' in the context of the Councillor Call for Action to the panel. Please refer to the panel's terms of reference for further procedural arrangements.***

## **8. Referred items under the Call in Procedure**

To consider any Portfolio Holder decisions, taken under the Call in Procedure.

*The panel may a) confirm the decision, which may then be implemented immediately, b) confirm the decision back to the decision taker for further consideration setting out in writing the nature of its concerns, or c) refer the matter to full Council in the event that the panel considers the decision to be contrary to the Policy Framework of the Council or contrary to, or not wholly in accordance with the Budget.*

## **9. Decisions taken under special urgency provisions**

To consider any Portfolio Holder decisions taken under the special urgency provisions.

## **10. Annual Audit Letter**

**5 - 23**

See report from the Head of Resource Management.

Ms. Debbie Hanson and Ms. Christine Connelly from the Audit Commission will attend the meeting for this item.

### **a. Colchester Borough Council Progress report and Briefing**

**24 - 34**

See report from the Head of Resource Management.

Ms. Debbie Hanson and Ms. Christine Connelly from the Audit Commission will attend the meeting for this item.

## **11. Audit Commission's Benefit Services Report**

**35 - 73**

See report from the Head of Resource Management.

Ms. Debbie Hanson, District Auditor and Ms. Christine Connolly, Senior

Audit Manager, Audit Commission, will attend the meeting for this item.

- |  |                  |
|--|------------------|
| <b>12. Capital Improvement Programme (Decent Homes) progress</b>   | <b>74 - 77</b>   |
| See report from the Head of Strategic Housing and Regeneration.  |                  |
| <b>13. Interim Review of Annual Governance Statement Action Plan</b>   | <b>78 - 81</b>   |
| See report from the Head of Resource Management.   |                  |
| <b>14. 2nd Quarter Internal Audit Assurance Report 2010-11</b>   | <b>82 - 93</b>   |
| See report from the Head of Resource Management.   |                  |
| <b>15. 2010-11 Financial Monitoring report - period April to September</b>   | <b>94 - 107</b>  |
| See report from the Head of Resource Management.   |                  |
| <b>16. Work Programme</b>  | <b>108 - 110</b> |
| See report from the Scrutiny Officer.  |                  |
| <b>17. Exclusion of the public</b>   |                  |
| In accordance with Section 100A(4) of the Local Government Act 1972 and in accordance with The Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000 (as amended) to exclude the public, including the press, from the meeting so that any items containing exempt information (for example confidential personal, financial or legal advice), in Part B of this agenda (printed on yellow paper) can be decided. (Exempt information is defined in Section 100I and Schedule 12A of the Local Government Act 1972). |                  |





# FINANCE AND AUDIT SCRUTINY PANEL

## 19 OCTOBER 2010

*Present :-* Councillor Dennis Willetts (Chairman)  
Councillors Christopher Arnold, Nick Cope,  
Scott Greenhill, Sue Lissimore, Jon Manning,  
Colin Mudie, Kim Naish, Gerard Oxford and Colin Sykes

*Also in Attendance :-* Councillor Paul Smith

### 28. Minutes

The minutes of the meeting on the 28 September 2010 were confirmed as a correct record, subject to the following amendments. Minute 24, paragraph 4, to read "Councillor Hogg urged the panel to accept Councillor Chapman's request", and Minute 25, paragraph 13, first sentence to read "former Councillor Jones".

**Councillor Gerard Oxford (in respect of being a Governor of the Brinkley Grove School) declared a personal interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(3)**

**Councillor Kim Naish (in respect of being a member of the Colchester Credit Union) declared a personal interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(3)**

### 29. Support for Colchester Credit Union

Mr. Robert Judd, Scrutiny Officer, presented the report on the Colchester Credit Union, explaining that the report provided members with an update on the support provided by Essex County Council to Colchester Credit Union, as requested by members following the review undertaken in November 2009. The update represented what was a good news story.

Councillor Smith, Portfolio Holder for Resources and Diversity addressed the panel, agreeing this was a good news story, thanking Essex County Council for responding so positively following the November 2009 review, providing a grant of £14,000 this June, to be followed by a grant of £5,000 in 2011. Councillor Smith said nine tenants from Colchester Borough Homes have been helped by Colchester Credit Union as a result of improved support, commending the work of Colchester Credit Union and support provided by Essex County Council, saying he was pleased that the work of the panel had produced such a tangible result.

Councillor Willetts said he was pleased to see there was now agreement between Colchester Credit Union and Essex County Council.

Councillor Naish thanked Mr. Richard Cording and his team for the marvellous work of Colchester Credit Union, given their limited resources. Councillor Naish however,

remained concerned about loan companies, visibly seen knocking on residents' doors for outstanding payments and encouraging people to accept further advances, thereby creating a spiral of debt. Councillor Naish said more publicity was needed to promote credit unions in general, especially via television, and credit unions needed to consider a way to fund door step collections themselves.

Councillor Gerard Oxford said that Brinkley Grove School would like to set up a savings scheme and wondered if the Colchester Credit Union would be interested.

Mr. Cording, Colchester Credit Union addressed the panel and responded to Councillor Sykes, saying the reason for setting up weekly collection points at the Essex County Council run libraries at Prettygate and Wivenhoe, was that Colchester Credit Union was confident they could find the volunteers needed to staff these two locations.

Mr. Cording said loan companies have the ability to appear at a customer's home at a strategic time to meet a person's obligation, and it was unlikely that credit unions in general would have the ability to meet those criteria due to a lack of manpower or resources, and importantly was not considered in the spirit of the credit union philosophy.

Mr. Cording responded to Councillor Cope, saying the impact of grant funding was an agreed programme of work objectives to achieve agreed standards and growth. Essex County Council receives periodic updates on the progress of Colchester Credit Union against its work objectives.

Mr. Cording said marketing and publicity was an expensive exercise, for example, the delivery of fliers to targeted households, and welcomed Councillor Mudie's offer of help in distributing free of charge, the credit union's flier with other local distribution rounds.

Mr. Cording thanked the Council for its kind intervention in 2009, bringing together Colchester Credit Union and Essex County Council that ultimately led to an agreed arrangement between the two organisations, and funding to help Colchester Credit Union develop with Essex County Council some avenues they never thought would happen.

*RESOLVED* that the panel commented on, and noted the update from Mr. Paul Probert, Essex County Council, on the support for Colchester Credit Union.

### **30. Risk Management - period April to September 2010**

Ms. Hayley McGrath, Risk and Resilience Manager, presented the 1<sup>st</sup> and 2<sup>nd</sup> Quarter Risk Management Progress report, saying that the work during this reporting period has resulted in no significant change, business as normal.

Councillor Willetts drew members attention to the risk matrix in appendix 2 of the report, saying the risks highlighted remained as those discussed and agreed at Full Council on the 13 October 2010.

*RESOLVED* that the panel noted and commented on the work undertaken during the period and the Strategic risk register.

### **31. Annual Review of Business Continuity**

Ms. Hayley McGrath, Risk and Resilience Manager, presented the report on the Annual Review of Business Continuity.

Ms. McGrath said this annual report forms part of the Risk Management process, with the work carried out during the year quite varied and as summarised in section 5 of the report. It included, due to the 2009 Swine Flu outbreak, work undertaken to strengthen resilience in key areas. A staff survey identified staff willing to support other services if the need arose. The staff that showed an interest in the Cemetery and Crematorium attended a behind the scenes tour of the crematorium. Forty five staff subsequently volunteered to assist at the Cemetery and Crematorium in the event of a business continuity issue, a great success.

Ms. McGrath said Business Continuity had progressed a long way in the last year from when the original strategy was introduced. This review was undertaken as part of a requirement of the strategy, and the strategy itself has been revised but with no fundamental changes.

In response to Councillor Naish concerning the encouragement of key staff to have flu injections, Ms. McGrath said the Council had identified key officers working closely with the NHS / PCT, and whilst these staff would be encouraged to have the necessary injections, there was no policy in place.

Councillor Oxford congratulated staff on the excellent results within the report, and thanked staff for their willingness to participate, voluntarily, to work helping to sustain business continuity.

*RESOLVED* that the panel considered and noted the business continuity work undertaken during the period, commented on the review of the business continuity strategy and noted the intended work plan for 2010-11.

### **32. Work Programme**

Mr. Robert Judd, Scrutiny Officer, introduced the Work Programme, confirming the addition of two items. Following a request from Councillor Manning at the recent Chairman's briefing, officers have agreed to report on the progress of the Decent Homes Programme at the meetings of 23 November 2010 (6-monthly update) and 22 February 2011 (Quarter 3 update). Mr. Judd also confirmed that the Mayoralty Task and Finish Group is working towards reporting their proposals back to the panel on the 23 November 2010.

Members agreed that the two additional items for the meeting on the 23 November could possibly create too much business for one meeting, and the Group Spokespersons agreed to review this before the next meeting, with consideration given to an extra meeting to allow business to be split into two manageable meetings.

*RESOLVED* that the panel considered and noted the 2010-11 work programme.



## Finance and Audit Scrutiny Panel

Item  
**10**

23 November 2010

<b>Report of</b>	<b>Head of Resource Management</b>	<b>Author</b>	<b>Steve Heath</b>
<b>Title</b>	<b>Annual Audit Letter</b>		<b>☎ 282389</b>
<b>Wards affected</b>	Not applicable		

**The Panel is invited to consider and note the contents of the  
2009/10 Annual Audit Letter**

### **1. Action required**

1.1 To consider and note the contents of the 2009/10 Annual Audit Letter.

### **2. Reason for scrutiny**

2.1 The Accounts and Audit Regulations require the Council to consider the Annual Audit Letter.

### **3. Supporting information**

3.1 The 2009/10 Annual Audit Letter summarises the conclusions and significant issues arising from the Audit Commission's 2009/10 audit and inspection programmes of the council, and the way the Council uses its resources.

3.2 Debbie Hanson and Christine Connolly from the Audit Commission will make a brief presentation relating to the letter at the meeting.

### **5. Strategic Plan references**

5.1 The work of the Finance and Audit Scrutiny Panel is a key function to ensure probity in financial, audit and risk management, and is in line with the aims of the strategic plan.

### **7. Publicity considerations**

7.1 The Annual Audit Letter has been publicised on the Council's website, and a hard copy of the document is available at Council offices in line with statutory requirements.

### **13. Other Standard References**

13.1 Having considered financial implications, equality, diversity and human rights, health and safety, community safety and risk management implications, there are none that are significant to the matters in this report.

# Annual Audit Letter

**Colchester Borough Council**

**Audit 2009/10**



**The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.**

**Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.**

**As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.**

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# Key messages

**This report summarises my findings from the 2009/10 audit. My audit comprises two elements:**

- **the audit of your financial statements (pages 4 to 5); and**
- **my assessment of your arrangements to achieve value for money in your use of resources (pages 6 to 8).**

**I have included only significant recommendations in this report. The Council has accepted these recommendations.**

## **Audit opinion and financial statements**

**1** The Council is required to prepare and approve its accounts by 30 June 2010. The Council met that deadline. The accounts were complete and were supported by a good set of working papers, which enabled me to complete my audit by the 30 September 2010 deadline.

**2** My audit did find some errors in the approved accounts. The Council agreed to correct all of these with the exception of one. This error was not so significant as to distort the overall financial position of the Council. I was therefore able to conclude that the accounts give a 'true and fair' view of the Council's financial position at 31 March 2010 and its income and expenditure for the year and issue an unqualified audit opinion.

**3** The 2010/11 accounts will be based on International Financial Reporting Standards (IFRS) for the first time. The Council has been proactive in responding to the work needed to meet these new requirements and remain on track to deliver good quality IFRS-compliant accounts.

## **Value for money**

**4** I assess and conclude on whether the Council's arrangements to secure economy, efficiency and effectiveness in its use of the resources at its disposal to provide local services. This is known as the value for money (VFM) conclusion.

**5** I concluded that the Council met the required standards during 2009/10 for all of the eight criteria assessed. The Council continues to operate effectively and I identified areas of improvement. In particular, project

management of the Firstsite visual arts facility has significantly improved, although further challenges remain in the completion of the project.

## Current and future challenges

**6** The Council faces significant challenges in future years as a result of the general economic downturn and the comprehensive spending review, which has identified cuts in funding for councils over the next four years.

**7** The Council has been financially stable for a number of years with a reasonable level of both general and earmarked reserves. The Council's medium term financial strategy has identified savings to be made over the next three years of over £3 million. However, this will need to be reassessed in light of the spending review and further savings will be required.

**8** The Council invested in Icelandic banks, and currently expects to receive compensation for 95 per cent of the £4 million invested. Despite this investment, the overall treasury management strategy is sound and the Council currently has general and specific reserves and provisions of £6.6 million which could, if necessary, be released to cover a loss of up to £4 million.

# Financial statements and annual governance statement

**The Council's financial statements and annual governance statement are an important means by which the Council accounts for its stewardship of public funds.**

**I gave an unqualified opinion on the Council's 2009/10 financial statements on 29 September 2010, ahead of the statutory target date.**

## Overall conclusion from the audit

**9** The draft accounts were approved on 29 June 2010, prior to the 30 June deadline specified in the Accounts and Audit Regulations 2003.

**10** The working papers supporting the accounts were again of a good standard and responses to queries and requests for additional information were helpfully and promptly dealt with by finance staff.

**11** I issued an unqualified opinion on the Council's accounts on 29 September 2010, thereby meeting the 30 September deadline set within the Accounts and Audit Regulations 2003. In my opinion, the accounts give a 'true and fair' view of the Council's financial position at 31 March 2010 and its income and expenditure for the year then ended.

**12** Before giving my opinion, I reported to those charged with governance, in this case the Accounts and Regulatory Committee, on the issues arising from the 2009/10 audit. I presented my report on 28 September 2010.

**13** The audit did not identify any material errors in the financial statements. However, a small number of amendments were made to ensure disclosure met the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2008.

**14** My report to the Accounts and Regulatory Committee included the full details of the issues arising from my audit, including the adjusted and unadjusted errors.

## Significant weaknesses in internal control

**15** I did not identify any significant weaknesses in your internal control arrangements. The annual governance statement was in accordance with requirements. The Internal Audit team comply with the requirements of the

CIPFA code. The financial systems underpinning the accounts continue to operate with generally sound controls in place.

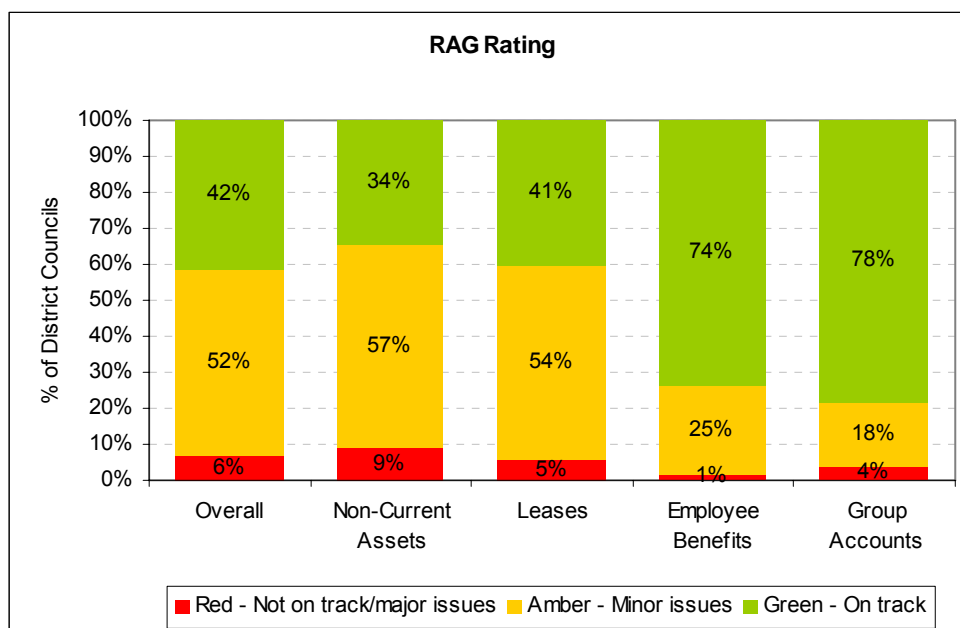
## International Financial Reporting Standards

**16** Local authorities have to produce their accounts under International Financial Reporting Standards (IFRS) for 2010/11. The Council has a plan to meet these new requirements and has reported progress to the Finance and Audit Scrutiny Panel, who challenge officers on progress made. The Council has taken a proactive approach to preparing for the introduction of IFRS and proposed methodologies have been shared with me at appropriate stages.

**17** The Audit Commission undertook a survey of auditors of all local authorities in summer 2010 to assess their readiness for IFRS. As part of this survey I rated Colchester as being on track to deliver good quality IFRS-compliant accounts on all areas assessed. The exception to this was non-current assets, where minor concerns were noted over the resources available within finance to produce the accounts by the end of the year.

Figure 1: **Overall readiness for IFRS**

Compared to other District Council, Colchester is well prepared



Source: Audit survey summer 2010

**18** The Council plans to restate the opening balance sheet at 1 April 2009 and the 2009/10 financial statements and produce a skeleton set of 2010/11 IFRS compliant accounts by 31 December 2010. This timescale will allow sufficient time for the external audit review of the work undertaken before the end of the financial year.

# Value for money

**I considered whether the Council is managing and using its money, time and people to deliver value for money.**

**I assessed your performance against the criteria specified by the Audit Commission and have reported the outcome as the value for money (VFM) conclusion.**

## **2009/10 use of resources assessments**

**19** At the end of May 2010, the Commission wrote to all chief executives to inform them that following the government's announcement, work on Comprehensive Area Assessment (CAA) would cease with immediate effect and the Commission would no longer issue scores for its use of resources assessments.

**20** However, I am still required by the Code of Audit Practice to issue a value for money (VFM) conclusion. I have therefore used the results of the work completed on the use of resources assessment up to the end of May to inform my 2009/10 conclusion.

**21** I report the significant findings from the work I have carried out to support the VFM conclusion.

## **VFM conclusion**

**22** I assessed your arrangements to achieve economy, efficiency and effectiveness in your use of money, time and people against criteria specified by the Audit Commission. The Audit Commission specifies each year, which Key Lines of Enquiry (KLOE) are the relevant criteria for the VFM conclusion at each type of audited body.

**23** My findings are summarised in the following table:

Criteria	Adequate arrangements?
<b>Managing finances</b>	
Planning for financial health	Yes
Understanding costs and achieving efficiencies	Yes
Financial Reporting	Yes
<b>Governing the business</b>	
Commissioning and procurement	Yes
Use of information	Yes
Good governance	Yes
Risk management and internal control	Yes
<b>Managing resources</b>	
Natural Resources	Yes

**24** I issued an unqualified conclusion stating that the Council had satisfactory arrangements to secure economy, efficiency and effectiveness in its use of resources. I reported my detailed conclusions on each of the areas in my Annual Governance Report.

**25** The Council continues to operate effectively in all areas previously assessed and has shown improvement, in particular through:

- the use of the fundamental service review process;
- the flexible working and accommodation project; and
- improvements in the work around the Firstsite and the learning demonstrated from this project (as referred to in paragraphs 31 to 36 below).

**26** My assessment of the Council's management of natural resources was new for this year and I concluded that the Council had proper arrangements in place. The Council has assessed its baseline and put in place an action plan to achieve targets covering energy, water, renewables and community leadership. Good progress has been made towards these targets. The Council's approach also covers sustainable procurement.

## Risk-based performance reviews

**27** To support my review of the value for money criteria outlined above, I undertook the following studies.

- Colchester Visual Arts Facility follow-up review; and
- Health inequalities follow up (Essex-wide review).

28 I have reported my detailed findings to the Council in separate reports and have summarised the main findings below.

### **Colchester Visual Arts Facility (VAF) follow up**

29 This follow up review evaluated progress against the recommendations of a previous review of the Firstsite project, a contemporary visual arts facility based in Colchester, published in April 2009. The review, which was undertaken in March 2010 considered progress on the project and its current funding position. In particular, it reviewed the ongoing commitment of partners to the funding arrangements and arrangements for alternative sources of funding if current arrangements failed. It also considered the robustness of future plans to ensure that the project is delivered and is fit for purpose.

30 I reported my detailed findings to the Finance and Audit Scrutiny Panel in September 2010. This identified that there was increasing confidence amongst the funding partners and the Council that the first phase of the VAF project would be completed in the revised timescales and budget. Project management had also improved significantly and progress against agreed plans was good. Agreements in principle were in place to provide the additional resources required to complete the second and final phase of the project. My report recommended that the Council should ensure that:

- it has sufficient capacity to challenge all aspects of the delivery of phase 2 of the project;
- external communications and marketing relating to the VAF, and in particular its future use, are robust and inform the general public of the use and potential of the building; and
- it scrutinises the final stages of the project to ensure that it delivers value for money.

31 As part of my 2010/11 audit work, I have revisited current progress as at October 2010. The first phase of the project (phase 1a) to make the building airtight and watertight has been completed within the revised timescales and budget. There is a consensus amongst funding partners that project management has significantly improved, as demonstrated by the good progress against agreed plans. The Council has agreed to use the current project managers to support the delivery of the second and final phases of the project. Progress has been made in agreeing contracts to deliver phase 2, which is providing increasing cost certainty for the project.

32 Despite this, some significant risks remain in relation to the outcome of legal action and associated costs, plus the potential impact of further delays on costs and the future use of the buildings. Funding uncertainties due to government budget reduction for all funding partners may also affect delivery of the project.

33

### **Recommendation**

**R1** Ensure the recommendations raised in the VAF follow up report are

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## Recommendation

implemented.

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### Health inequalities follow up

**34** The purpose of this follow up review was to assess the arrangements now in place across Essex to reduce health inequalities, to assess progress against our original recommendations and to identify what outcomes have been achieved.

**35** Overall, Essex public sector organisations have made good progress against our recommendations. In particular, improvements have been made in consolidating strategic approaches to deal with health inequalities, working together to develop operational arrangements to deliver the strategies and improving member awareness. Some issues require further attention, particularly in delivery, target setting and local performance monitoring. Work on health inequalities in Essex has led to mixed outcomes. However, there are many examples of innovative and targeted action to reduce health inequalities.

**36** Specific review of Colchester Local Strategic Partnership (LSP) concluded arrangements for tackling health inequalities have been significantly strengthened since our original review in 2007/08. Further improvements are needed, but there is already a much stronger base for delivery and impact on health inequalities in the future. Good progress has been made against our original recommendations and outcomes achieved. There is a well established Life Opportunities Plan tackling inequalities across the Borough and we also identified a number of examples of notable practice.

### Approach to local value for money work from 2010/11

**37** Given the scale of pressures facing public bodies in the current economic climate, the Audit Commission has been reviewing its work programme for 2010/11 onwards. This review has included discussions with key stakeholders of possible options for a new approach to local value for money (VFM) audit work. The Commission aims to introduce a new, more targeted and better value approach to our local VFM audit work for 2010/11.

**38** My future work will be based on a reduced number reporting criteria, specified by the Commission, concentrating on:

- securing financial resilience; and
- prioritising resources within tighter budgets.

**39** I will determine a local programme of VFM audit work based on my audit risk assessment, informed by these criteria and my statutory responsibilities. I will no longer be required to provide an annual scored judgement relating to my local VFM audit work. Instead I will report the results of all my work and the key messages for the Council in my annual report to those charged with governance and my annual audit letter.



# Current and future challenges

## Financial standing

**40** There are some significant risks to the Council's future financial resilience which will need to be addressed over the coming months.

**41** The government has made clear its priority to tackle the UK's deficit. On 24 May 2010, the Chancellor of the Exchequer and Chief Secretary to the Treasury announced the first step in tackling the deficit, setting out how the government intends to save over £6 billion from spending in 2010/11.

**42** The Comprehensive Spending Review reported on 20 October 2010 set spending limits for every government department for the period 2011/12 to 2014/15. This included annual funding reductions of 7.1 per cent for four years for local authorities (totalling approximately 28 percent over the four years in real terms). The Council will need to build the outcome of the spending review into its financial plans and revisit the assumptions contained in its Medium Term Financial Strategy (MTFS).

**43** The Council's latest MTFS, as reported to Cabinet on 30 June 2010, anticipated the impact of the spending review to be a cut in general government grants of 20 percent over four years in cash terms, bringing the Council close to the Government's figure. As a result of these assumptions, the Council aimed to make savings of £3.2 million over the next three years, with £2 million of the savings in 2011/12. £2 million represents about 8 per cent of the Council's net spending and a £3.2 million cut over three years represents an overall drop in net spending of 10 percent. Achieving these levels of savings will be a significant challenge to the Council and further savings will now need to be made to deliver the figures confirmed by the government.

**44** Uncommitted revenue balances at 31 March 2010 stand at £2.8 million, with a projected level of £2 million at the end of March 2011. This compares with the approved minimum balance of £1.5 million. The Council also maintains a number of earmarked reserves and provisions which allows it to plan for future expenditure requirements. As at 31 March 2010 earmarked reserves totalled £6.18 million and provisions £0.45 million.

**45** A more accurate assessment of the impact of the Comprehensive Spending Review will not be possible until the provisional financial settlement is announced in December 2010. It is therefore a time of uncertainty, but the cumulative effect of the savings required will be significant. It is therefore crucial that the Council identifies the areas where the significant savings will be required, and that the necessary tough decisions are made to deliver these savings.

**46** In addition, the Council invested a total of £4m in Icelandic banks in September 2008, and suffered a default following the collapse of the Icelandic banking system. The Council's general and specific reserves and provisions could be released to cover the loss of £4 million. However, the Council is awaiting confirmation that an agreement has been reached to compensate creditors of Landsbanki equal to (or exceeding) 95p in the pound, leaving a loss of £200,000.

## Recommendation


**R2** Continue to monitor the financial position closely and make the necessary tough decisions about services to balance the budget and respond to the government's comprehensive spending review.

## Benefit services

**47** The Audit Commission, under section 10 of the Local Government Act 1999 and in line with the Audit Commission's strategic principles, undertook an inspection of Colchester's Benefits Service (the Service) in June 2010.

This inspection assessed Colchester Borough Council as providing a 'fair', one star service with 'promising' prospects for improvement.

**Table 2: Scoring chart<sup>i</sup>**

		Prospects for improvement?					
Excellent						A good service?	'a fair service that has promising prospects for improvement'
Promising							
Uncertain							
Poor							
		Poor	Fair ★	Good ★★	Excellent ★★★		

*Source: Audit Commission*

**48** The Council is working hard to improve the service it provides to its customers, whilst at the same time reducing costs. The Council has embarked on a radical fundamental service review, which is designed to provide significant savings and a much improved service to its customers.

**49** Strengths of the service include:

**i** The scoring chart displays performance in two dimensions. The horizontal axis shows how good the service or function is now, on a scale ranging from no stars for a service that is poor (at the left-hand end) to three stars for an excellent service (right-hand end). The vertical axis shows the improvement prospects of the service, also on a four-point scale.

- it has an informed understanding of its customers' needs;
- it has well-established arrangements for consulting with partner organisations;
- it works well with partners to raise awareness of benefits in the community; and
- customers are deal with quickly at the customer service centre.

**50** Weaknesses include:

- customers do not have their new claims, and changes to claims, processed quickly;
- people experience delays when contacting the service by telephone; and
- the results of benefit take-up campaigns are not always clear.

**51** To help the service improve, the inspection made a number of recommendations. These include:

- make the service more accessible to those who are, or may be, entitled to benefits;
- design the service to better meet the needs of all customers;
- improve value for money by ensuring that the fundamental service review delivers the intended efficiencies.

**52** The Council will need to respond to the recommendations raised to ensure delivery of the required improvements.

**53** Copies of the report are available from Colchester Borough Council or from the Audit Commission website at [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk).

## Closing remarks

**54** I have discussed and agreed this letter with the Chief Executive and the Head of Resource Management. I will present this letter at the Finance and Audit Scrutiny Panel on 23 November 2010 and will provide copies to all Council Members by the end of November 2010.

**55** Full detailed findings, conclusions and recommendations in the areas covered by our audit were included in the reports I issued to the Council during the year.

Report	Date issued
Audit and inspection fee letter	April 2009
Audit opinion plan	March 2010
Colchester Visual Arts Facility follow-up	June 2010
Health inequalities follow up	September 2010
Annual governance report	September 2010
Opinion on the financial statements	September 2010
Value for money conclusion	September 2010
Annual audit letter	November 2010

**56** The Council has taken a positive and helpful approach to our audit. I wish to thank the Colchester Borough Council staff for their support and cooperation during the audit.

Debbie Hanson  
District Auditor  
November 2010

## Appendix 1 – Audit fees

	Actual	Proposed	Variance
Financial statements and annual governance statement	£84,250	£80,250	£4,000
Value for money	£43,090	£43,090	£0
Whole of government accounts	£2,530	£2,530	£0
<b>Total audit fees</b>	<b>£129,870</b>	<b>£125,870</b>	<b>£4,000</b>

**57** I reported in my 2009/10 Audit Opinion Plan that the revised audit fee for the 2009/10 audit was £129,870. This was an increase of £4,000 from the previously reported fee, due to the need for additional work on payroll costs as a result of the limited assurance internal audit report. I have been able to deliver and conclude my audit programme within that increased fee.

## Appendix 2 – Glossary

### Annual governance statement

Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

It comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and where appropriate, lead their communities.

The annual governance statement is a public report by the Council on the extent to which it complies with its own local governance code, including how it has monitored the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.

### Audit opinion

On completion of the audit of the accounts, auditors must give their opinion on the financial statements, including:

- whether they give a true and fair view of the financial position of the audited body and its spending and income for the year in question;
- whether they have been prepared properly, following the relevant accounting rules; and
- for local probation boards and trusts, on the regularity of their spending and income.

### Financial statements

The annual accounts and accompanying notes.

### Unqualified

The auditor does not have any reservations.

### Value for money conclusion

The auditor's conclusion on whether the audited body has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of money, people and time.

# Appendix 1 Action Plan

## Recommendations

### Recommendation 1

Ensure the recommendations raised in the VAF follow up report are implemented.

**Responsibility**

**Priority**

**Date**

**Comments**

### Recommendation 2

Continue to monitor the financial position closely and make the necessary tough decisions about services to balance the budget and respond to the government's comprehensive spending review.

**Responsibility**

**Priority**

**Date**

**Comments**



## Finance and Audit Scrutiny Panel

Item  
**10a**

23 November 2010

<b>Report of</b>	<b>Head of Resource Management</b>	<b>Author</b>	<b>Steve Heath</b>
<b>Title</b>	<b>Progress Report and Briefing</b>		<b>☎ 282389</b>
<b>Wards affected</b>	Not applicable		

**The Panel is invited to consider and note the contents of the attached report from the Audit Commission**

### 1. Action required

1.1 To note the contents of the progress report.

### 2. Reason for scrutiny

2.1 The report provides an update on 2009/10 and 2010/11 audit work.

### 3. Supporting information

3.1 The report summarises progress against the audit plans for 2009/10 and 2010/11. The key issues in the report are:

- The 2009/10 audit is now complete
- The approach to Value for Money work from 2010/11
- The delay to the fee consultation for 2011/12
- The Opinion Audit Plan is to be issued in December
- Future arrangements for local audit
- Changes to the approach for 2010/11

3.2 Debbie Hanson and Christine Connolly from the Audit Commission will make a brief presentation relating to the report at the meeting.

### 4. Strategic Plan references

4.1 The work of the Finance and Audit Scrutiny Panel is a key function to ensure probity in financial, audit and risk management, and is in line with the aims of the strategic plan.

### 5. Other Standard References

5.1 Having considered publicity considerations, financial implications, equality, diversity and human rights, health and safety, community safety and risk management implications, there are none that are significant to the matters in this report.



# Progress report and briefing

November 2010

Colchester Borough Council

Audit 2010/11



**The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.**

**Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.**

**As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.**

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# Audit update

## Introduction

1 This report summarises progress at 10 November 2010 against the audit plans for 2009/10 and 2010/11 for the meeting of the Finance and Audit Scrutiny Panel on 23 November 2010. The table at Appendix 1 shows the audit plan for 2009/10 is now complete. The table at Appendix 2 summarises the position on the 2010/11 audit, which is starting this month.

2 The key issues to draw to the Panel's attention are:

- The 2009/10 audit is now complete.
- Guidance has now been issued on the criteria and approach for the value for money conclusion and details are set out in Appendix 3, including a link to the full guidance on the Audit Commission website.
- The fee consultation for 2011/12, including any potential revision to the 2010/11 fees to reflect the move from use of resources to the new vfm conclusion criteria, has been delayed as a result of the decision to dissolve the Audit Commission.
- We expect to begin work on updating our planning, systems documentation and walk through this shortly and will issue our opinion audit plan in December. Revised international auditing standards will apply to the 2010/11 audit so there will be some minor changes to our audit approach. We will set these out in further detail in the opinion audit plan.
- On 13 August 2010, the Secretary of State for Local Government announced the intention to disband the Audit Commission. Following this announcement the Minister for Local Government, asked for the Commission's input to the design of the future regime and arrangements for local audit. The Commission produced a paper in September which is available on the website at <http://www.audit-commission.gov.uk/SiteCollectionDocuments/Downloads/20100910issuepaperforclg.pdf>. The paper sets out the issues that, in the view of the Audit Commission, need to be considered in developing the new framework for local audit. It is based on an analysis of current statutory provisions and the Commission's practical experience of running the existing system.
- We will be discussing with the Head of Resource Management changes to our audit approach for 2010/11 as a result of the new clarity International Auditing Standards which apply to 2010/11 accounts. A copy is attached at Appendix 4 to this report.

## Action for the Finance and Audit Scrutiny Panel

3 We ask the Panel to note the progress report.

## Appendix 1 Progress on 2009/10 audit

Audit product	Timescale in plan	Status	Comments on current position
Fee Letter	April 2009	Complete	Issued April 2009 and reported to June 2009 Accounts and Regulatory Committee.
Opinion audit plan	December 2009	Complete	Issued March 2010 and Reported to June 2010 Accounts and Regulatory Committee.
Visual Arts Facility follow up review	November 2009 - March 2010	Complete	Issued June 2010 and reported to September 2010 Finance and Audit Scrutiny Panel.
Benefits diagnostic	April 2009 - March 2010	Not required	Initial work undertaken identified the need for a benefits inspection, which was undertaken in June 2010 and inspection report issued in October 2010.
Health inequalities follow up	January 2010 - April 2010	Complete	Issued September 2010.
Annual governance report	September 2010	Complete	Reported to September 2010 Accounts and Regulatory Committee.
Opinion on the financial statements and value for money conclusion	September 2010	Complete	Unqualified opinion issued on 29 September.
Use of resources report	September 2010	Not required	Following government announcement work on use of resources stopped in May 2010. However, key messages reported in the annual governance report.
Final accounts memorandum (to the Head of Resource Management)	October 2010	Not required	No issues were identified that needed reporting to the Head of Resource Management - all issues were included in the annual governance report
Annual audit letter	November 2010	Complete	On the agenda for this meeting.

## Appendix 2 Progress on 2010/11 audit

Audit product	Timescale in plan	Status	Comments on current position
Fee Letter	April 2010	Complete	Issued April 2010 and reported to June 2010 Accounts and Regulatory Committee.
Opinion audit plan	Autumn 2010	In progress	We expect to report this to the next Audit Committee meeting
Interim audit memorandum	June 2011	Start imminent	We expect to begin our interim audit work this month
Annual governance report	September 2011	Not yet due	We expect to report this to the September 2011 Accounts and Regulatory Committee.
Opinion on the financial statements and value for money conclusion	September 2011	Not yet due	
Value for money report	To be advised but to be completed by September 2011 at latest	Not yet due	Guidance has been recently issued. We anticipate beginning work in this area in December.
Final accounts memorandum (to the Director of Finance)	October 2011	Not yet due	Will only be issued if required
Annual audit letter	November 2011	Not yet due	

# Appendix 3 Value for money conclusion criteria for 2010/11

## Background

The Code of Audit Practice (the Code) requires auditors to issue a conclusion on whether the audited body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. This is known as the value for money (VFM) conclusion.

The Commission has reviewed its approach to auditors' local VFM work from 2010/11. The approach for bodies previously subject to a scored assessment (use of resources or auditors' local evaluation) is outlined below.

## Approach at audited bodies previously subject to a scored assessment

### Types of bodies

From 2010/11, the Audit Commission has introduced new requirements for local VFM audit work at those bodies where auditors were previously required to give a use of resources or auditors' local evaluation assessment. The new requirements apply to:

- NHS trusts
- primary care trusts
- single-tier and county councils
- district councils
- police authorities
- fire and rescue authorities\*
- the Greater London Authority
- the London Development Agency
- Transport for London

\*A separate VFM conclusion is **not** required for county fire and rescue services, as they are covered by the auditor's VFM conclusion for the county council.

## Specified reporting criteria

From 2010/11, auditors of the bodies listed above will give their statutory VFM conclusion based on the following two reporting criteria, as specified by the Audit Commission:

### Specified criteria for the auditor's VFM conclusion:

- The organisation has proper arrangements in place for securing financial resilience.

- The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

**Focus of the criteria for 2010/11:**

- The organisation has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.
- The organisation is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

## **Auditor guidance**

The Commission has produced guidance to support auditors in meeting their statutory VFM responsibilities. This can be obtained from the Audit Commission website at [http://www.audit-commission.gov.uk/health/audit/methodology/pages/valueformoneyconclusion\\_copy.aspx](http://www.audit-commission.gov.uk/health/audit/methodology/pages/valueformoneyconclusion_copy.aspx).



# Appendix 4 2010/11 opinion audit - changes you can expect to see

## Purpose of this document

**4** As your appointed auditor, the audit of the financial statements I deliver, is governed by a framework established by International Standards on Auditing (ISAs). These standards prescribe the basic principles and essential procedures, with the related guidance, which govern my professional conduct as your auditor.

**5** As with all guidance and frameworks, auditing standards are frequently revised and updated, often in a piecemeal fashion. However, in 2009 the auditing professional completed a comprehensive project to enhance the clarity of all the ISAs. This is known as the Clarity Project.

**6** One of the main objectives of the Clarity Project was to promote greater consistency of application between auditors. This has been done by reducing the ambiguity within existing ISAs and improving their overall readability and understandability.

**7** The new clarified framework will apply to my audit of your 2010/11 financial statements. Because of the new standards, you can expect to see some changes in the way my audit team delivers your audit and the information they request from you. The purpose of this document is to highlight to you the main changes and how they will affect the Council.

**8** In summary the main changes you will see relate to:

- journals;
- related party transactions;
- accounting estimates; and
- reporting deficiencies in internal control.

## Impact of the main changes

### Journals

**9** ISA (UK&I) 330 (The auditor's response to assessed risks), requires me to review all material year-end adjustment journals. I can do this by using interrogation tools such as CAATs (computer aided audit techniques), IDEA software or excel, depending on the compatibility of your general ledger software. Your Audit Manager will discuss a suitable approach to this work soon.

### Related party transactions

**10** ISA (UK&I) 550 (related parties) requires me to review your procedures for identifying related party transactions and obtain an understanding of the

controls that you have established to identify such transactions. I will also review minutes and correspondence for evidence of related party transactions and carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

### **Accounting estimates**

**11** ISA (UK&I) 540 (auditing accounting estimates, including fair value accounting estimates, and related disclosures) requires me to look at your accounting estimates in detail. As part of my audit I will request a list of these from you. I will need to know in particular:

- the process you use to make your accounting estimates;
- the controls you use to identify them;
- whether you use an expert to assist you in making the accounting estimates;
- whether any alternative estimates have been discussed and why they have been rejected;
- how you assess the degree of estimation uncertainty (this is the level of uncertainty arising because the estimate cannot be precise or exact) ;  
and
- the prior year's accounting estimates outcomes, and whether there has been a change in the method of calculation for the current year.

### **Deficiencies in internal control**

**12** ISA (UK&I) 265 (communicating deficiencies in internal control to those charged with governance and management) is a new standard.

**13** If I identify a deficiency in any of your internal controls during the audit, I will undertake further audit testing to decide whether the deficiency is significant. If I decide the deficiency is significant, I will report it in writing to your Audit Committee as those charged with governance.



## Finance & Audit Scrutiny Panel

Item  
**11**

23 November 2010

<b>Report of</b>	<b>Head of Resource Management</b>	<b>Author</b>	<b>Elfreda Walker</b>
<b>Title</b>	<b>Audit Commission Benefit Services Report'</b>		
<b>Wards affected</b>	Not applicable		

**This report concerns the findings from the Audit Commission's Inspection of The Benefits Service.**

### 1. Decision Required

- 1.1 To note the findings from the Audit Commission's Inspection Report.
- 1.2 To note the progress that has been made by the Council in developing an action plan to address the recommendations in the report.

### 2. Reasons for Decision

- 2.1 In June 2010 the Audit Commission carried out a Service Inspection of the Council's Benefit Service.
- 2.2 The Service Inspection assessed and scored the service and made recommendations for improvements. The full report can be found at Appendix 1 and the Council's Action Plan to address the recommendations at Appendix 2.

### 3. Alternative Options

- 3.1 None

### 4. Supporting Information

- 4.1 The key objectives of the inspection were to look at:
  - The speed of processing new claims and changes
  - Value for money
  - Fraud
- 4.2 The scope of the inspection included:
  - What has the service aimed to achieve
  - Is the service meeting the needs of the community and users
  - Is the service delivering value for money
  - What is the service's track record in delivering improvement
  - How well does the service manage performance
  - Does the service have the capacity to improve

## The Findings of the Inspection Team

- 4.3 The scoring is in two parts:  
How good the service is now, on a scale ranging from no stars for a service that is poor to three stars for an excellent service.  
The service's prospects for improvement are also assessed using a four point scale; Poor, Uncertain, Promising, Excellent.

To date 47 Benefit Inspection Reports have been published, the assessment scores are as follows:

How good the service is now

18	38.3%	Poor
26	55.3%	Fair
3	6.4%	Good
0	0.0%	Excellent

Prospects for improvement

1	2.1%	Poor
16	34.1%	Uncertain
30	63.8%	Promising
0	0.0%	Excellent

The Audit Commission have assessed the Council as providing a Fair one star service that has Promising prospects for improvement.

- 4.4 In the report the Inspectors commented that the service is a one star / fair service because:
- We have an informed understanding of our customers needs
  - Arrangements for consulting with partners and stakeholders are well established
  - We work well with partners to raise awareness of benefits in the community
  - We proactively promote the need for customers to inform the service about changes in their circumstances
  - Customers Discretionary Housing Payment fund is used well and good work with vulnerable groups in the borough has been carried out
  - The level of recovery of overpayment is good.
- 4.5 However the Inspectors commented that:
- Customers do not have new claims and changes processed quickly
  - There are delays when contacting the service by telephone.
  - There are limited specific standards for the service which customers can measure the service they receive
  - Outcomes from take up campaigns are not always quantified
  - Customers wait too long for an appeal to be passed to the Tribunals Service
  - Counter fraud performance has deteriorated
  - The cost of the service is high when compared to other Councils
- 4.6 The service has promising prospects for improvements because:
- The Council has a good track record in delivering FSRs
  - There are good arrangements in place for monitoring performance
  - Staff have good training plans in place and receive a good level of training
  - There is a good track record in procuring IT
  - The service is proactive in seeking to reduce costs
  - Councillor and Chief Officer support is good

- The service makes good use of benchmarking information

4.7 However, the Inspectors commented that there is a barrier to improvement because:

- The service does not have a good track record improving performance.

### **Recommendations for Improvements**

4.8 The Inspection Team have made some recommendations that support the improvement work that the Council has already started. The inspection team has recommended that the Council should do the following:

- Improve the accessibility of the Service for those who are, or may be, entitled to benefits
- Design the service to better meet the needs of all customers
- Reduce benefit fraud
- Improve value for money

### **Management Response to the Report**

4.9 The Benefits Service accepts most of the report's findings but felt that some points were over emphasised. In some cases additional evidence supplied after the inspection visit has not been fully reflected in the final draft.

4.10 The Fundamental Service Review was at the implementation stage when the inspection visit was carried out. This had been commenced in November 2009 because it was already recognised that improvements in customer service and efficiency needed to be achieved. Most of the recommendations in the report had already been identified and solutions are already being put in place.

4.11 Off particular concern was the finding of "Promising prospects for improvement" whereas the Council's self assessment was "Excellent prospects". In all of the benefits inspections carried out in local authorities across the country, the Audit Commission has never awarded the highest rating. Several requests for guidance on what would constitute "Excellent" have been made but have not received any answer. It is therefore difficult to know against what criteria this judgment has been made.

4.12 The progress made in implementing the recommendations will be reported to FASP on a quarterly basis until fully implemented.

## **5. Proposals**

5.1 To note the findings from the Audit Commissions Benefit Services Inspection Report

5.2 To note the progress that has been made in developing an action plan to address the recommendations in the report.

## **6. Standard References**

6.1 Strategic plan Implications - The Benefits Service contributes to the following aspects of the strategic plan priorities: addressing older people needs by encouraging the take up of benefits by older people and Homes for all by working with partners to make sure people get all the help they need to remain in their own homes.

6.2 Risk management implications – there is a risk that failure to address the issues contained within the report will have an adverse impact on the quality of service provided to vulnerable people within the community.

6.3 There are no particular references to consultation considerations; or financial; equality, diversity and human rights; community safety or health and safety implications.

### **Background Papers**

There are no background papers.

# Benefit Services Report

Colchester Borough Council

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# Service Inspections

This inspection has been carried out by the Audit Commission under section 10 of the Local Government Act 1999 and is in line with the Audit Commission's strategic regulation principles. These principles embody the objectives of our Strategic Plan and Strategic Regulation. They also reflect the principles from The Government's Policy on Inspection of Public Services (July 2003). Audit Commission service inspections should:

- focus on public service outcomes from a user perspective;
- act as a catalyst to help inspected bodies improve their performance;
- concentrate inspection work where it will have most impact, so that it is proportionate and based on an assessment of risk;
- be based on a rigorous assessment of costs and benefits, with a concern for achieving value for money both by the inspected organisation and within the inspection regime itself;
- be, and be seen to be, independent of the inspected organisation;
- report in public, using impartial evidence to inform the public about the performance of public services so as to enhance accountability;
- involve collaborative working with other inspectorates and external review agencies to achieve greater co-ordination and a more holistic approach to the assessment of performance by audited and inspected bodies;
- share learning to create a common understanding of performance that encourages rigorous self-assessment and better understanding of their performance by inspected organisations;
- be carried out objectively by skilled and experienced people to high standards and using relevant evidence, transparent criteria, and open review processes; and
- enable continuous learning so that inspections can become increasingly effective and efficient.

We assess services using published key lines of enquiry (KLOE) to inform our judgements. The KLOEs can be found on the Audit Commission's website at [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk).

This report is issued in accordance with the Audit Commission's duty under Section 13 of the 1999 Act.

# Summary

**1** The Benefit Service (the Service) provided by Colchester Borough Council is fair with promising prospects for improvement. The Service has a good understanding of customers' needs and recovers overpaid benefit well. However, it has been slow to pay people their benefits or respond to appeals. To address service delivery issues and improve, the Service is part way through a Fundamental Service Review (FSR) that will radically change the way in which the service is delivered to customers.

**2** An informed knowledge of customer needs is shaping service delivery. This is demonstrated by the Resources Management Division's success in achieving the required standard to be accredited with the Customer Service Excellence award. People are seen quickly when they attend the customer service centre. The staff have a positive approach to customer care but customers experience variable standards of information depending on who they speak to. It has a proactive and experienced visiting team who provide support for those who have difficulty getting to the Customer Service Centre.

**3** The Service deals with diversity well. The Council is currently at the 'achieving' level for the Equality Framework for local government. It has worked well with partners to help minority groups. This was the case when a number of Iraqi refugees settled in the Borough which needed to be handled with a great deal of sensitivity. The Service also has effective measures in place to support the most financially vulnerable through the use of the Discretionary Housing Payment fund and its weekly debt advice clinics.

**4** Customers wait too long for decisions about their claims. During 2009/10 the Service assessed new claims on average within 29 days and 16 days for changes in circumstance. But where customers provided all the required evidence with their claim the Service assessed it within 6 days. Those who appeal also wait too long for a response, during 2009/10 it took on average 44 days for an appeal to be sent to the Tribunals Service.

**5** Performance in identifying fraud has deteriorated. The number of sanctions dropped to 27 during 2009/10 mainly due to staff absences during the year. However, the number of sanctions had been below average compared to other councils prior to this.

**6** The Service has little information about how satisfied customers are about the level of service they receive. The work it has carried out to identify the level of satisfaction has been narrowly focused and has included a small percentage of those who receive benefit. In addition no mystery shopping has been carried out to find out how the service is being delivered and there are no standards specific to the Service. As a result customers do not know what level of service they should expect to receive.

**7** Housing benefit overpayment recovery is improving. The Service exceeded its targets in 2009/10 and recovered 85 per cent of its debt mainly by changing the way it recovers overpayment invoices by using the skills of a special enforcement team.

**8** The Service is not delivering value for money across all aspects of the service. It is high cost with below average performance. However, it has a good understanding of its costs and has made good efforts to increase income by providing services to other councils such as training and overpayment recovery. In addition, some of the procurement initiatives it has under taken with other local councils show that it looking to provide better value for money.

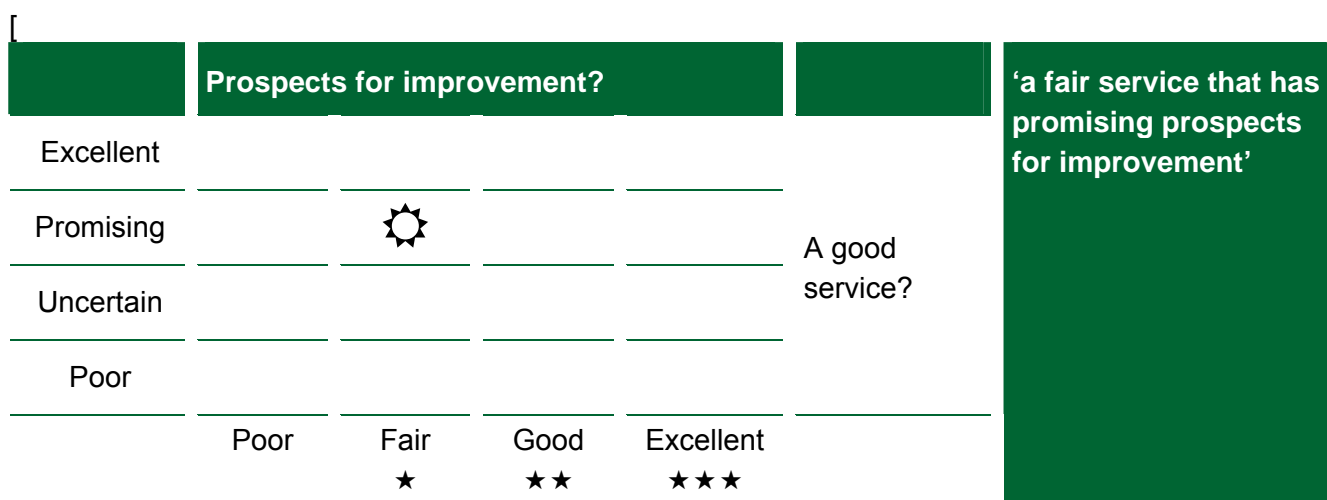
**9** The prospects for improvement of the Service are promising. The Council is high performing and has a good track record in delivering FSRs. The Council takes action where there is poor performance. The FSR is being used to improve the Service because it had not improved its performance for new claims and changes over the last three years. This has challenged the way it delivers its services and has involved consultation with stakeholders. As a result of this work the Service has a detailed improvement plan which it has started to implement.

**10** The way the Council manages its performance is strong and well established. There is good support for the Service from chief officers and councillors and the performance arrangements that are in place provide good monitoring and challenge. The FSR will provide extra capacity to the Service. By using new technology such as an electronic claim form and risk analysis it will be able to improve the service to its customers.

# Scoring the service

11 We have assessed Colchester Borough Council as providing a ‘fair’, one star service that has promising prospects for improvement. Our judgements are based on the evidence obtained during the inspection and are outlined below.

Figure 1: **Scoring chart**



Source: Audit Commission

12 The Service is a fair, one star service because:

- It has an informed understanding of its customers’ needs.
- Arrangements for consulting with partners and stakeholders are well established.
- It works well with partners to raise awareness of benefits in the community.
- It actively promotes the need for customers to inform the Service about changes in their circumstances.
- Customers are dealt with quickly at the customer service centre.
- It supports those who are in debt.
- It uses the DHP fund well and has carried out good work with vulnerable groups in the borough, and
- There is a good level of recovery of overpayments.

13 However there are some weaknesses:

I The scoring chart displays performance in two dimensions. The horizontal axis shows how good the service or function is now, on a scale ranging from no stars for a service that is poor (at the left-hand end) to three stars for an excellent service (right-hand end). The vertical axis shows the improvement prospects of the service, also on a four-point scale.

- Customers do not have their new claims and changes processed quickly.
  - There are delays when contacting the service by telephone.
  - There are limited specific standards for the Service by which customers can measure the service they receive.
  - Outcomes from take-up campaigns are not always quantified.
  - Customers wait too long for an appeal to be passed to the Tribunals Service.
  - Counter-fraud performance has deteriorated, and
  - The cost of the Service is high when compared to other councils.
- 14 The Service has promising prospects for improvement because:
- The Council has a good track record in delivering FSRs.
  - There are good arrangements in place for monitoring performance.
  - Staff have good training plans in place and receive a good level of training.
  - There is a good track record in procuring Information Technology.
  - The Service is proactive in seeking to reduce costs.
  - Councillor and chief officer support is good, and
  - The Service makes good use of benchmarking information.
- 15 However, there is a barrier to improvement:
- The Service does not have a good track record improving performance.

# Recommendations

To rise to the challenge of continuous improvement, councils need inspection reports that offer practical pointers for improvement. Our recommendations identify the expected benefits for both local people and the Council. In addition, we identify the approximate costs<sup>1</sup> and indicate the priority we place on each recommendation and key dates for delivering these where they are considered appropriate. In this context, the inspection team recommendations support the improvement work which the Council has started. We recommend that the Council should do the following.

## Recommendation

- R1** Improve the accessibility of the Service for those who are, or may be, entitled to benefits. It can do this by:
- processing claims more quickly;
  - responding to telephone calls at peak times more quickly and developing an improved understanding of the reasons for abandoned calls;
  - improving the clarity of letters so customers can understand them; and
  - reducing the time taken to deal with appeals.

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The expected benefits of this recommendation are:

- improvements to the service offered to customers and potential customers;
- greater customisation of service delivery; and
- improved value for money from increased performance and customer satisfaction.
- Implementing this recommendation will have high impact with low costs. This should be implemented by 31 March 2011.

<sup>1</sup> Low cost is defined as less than 1 per cent of the annual service cost, medium cost is between 1 and 5 per cent and high cost is over 5 per cent.

## Recommendation

- R2** Design the service to better meet the needs of all customers by:
- continuing to develop a more comprehensive approach to consulting with service users to find out their needs;
  - developing and raising awareness of service standards for customers which are relevant to their needs by:
    - developing measurable service standards through consultation with customers;
    - promoting them to customers;
  - monitoring performance against the standards and reporting results to customers, senior managers and councillors; and
  - continuing to use satisfaction surveys and mystery shopping to improve understanding of customer perceptions of the whole service and to tailor services more appropriately.
- 

The expected benefits of this recommendation are:

- greater clarity for customers on what the Service should be delivering and improved outcomes for customers with a stronger focus on achieving service standards;
- an improved understanding of customers;
- Service designed around the needs of customers; and
- a better understanding of where to target service improvements to increase customer satisfaction.
- Implementing this recommendation will have high impact with low costs. This should be implemented by 31 March 2011.

## Recommendation

- R3** Reduce benefit fraud by:
- ensuring that resources are focused to detect and investigate any fraud;
  - developing local measures of the effectiveness of the Council's counter-fraud activity to include measures to prevent, detect and deter fraud; and
  - further developing its approach to identifying and undertaking appropriate pro-active counter-fraud activity identified following analysis of caseload and local risk.
- 

The expected benefits of this recommendation are:

- public reassurance that there is a robust approach to detecting and investigating benefit fraud;
- potential fraudsters are deterred; and
- protection of the public purse.
- Implementing this recommendation will have high impact with low costs. This should be implemented by 31 March 2011.



## Recommendation

**R4** The Service should improve value for money by:

- ensuring that the Fundamental Service Review delivers the intended efficiencies; and
  - improving the consistency of quality and reducing the cost of the services for which it pays other parts of the Council.
- 

The expected benefit of this recommendation is:

- improved service to customers with a reduced burden on the local taxpayer.
- Implementing this recommendation will have high impact with low costs. This should be implemented by 31 March 2012.

# Report

## The locality

**16** The borough of Colchester is situated in the County of Essex. Its population is the second largest of any borough council in England. It has about 180,500 people and the population is increasing faster than average. There is a high proportion of people of working age, but the main increase is forecast to be in the number of older people. Most people are white British, but there is a large Chinese community. Most people are well off and unemployment is low, but some areas within the borough are among the most deprived in England. A relatively high number (30 per cent) of working people have qualifications, but over a fifth has no qualifications. Wage levels are similar to the average for the East of England. House prices in Colchester are some of the lowest in the county and are close to the average for England.

**17** The percentage of the population claiming Jobseeker's Allowance (JSA), using August 2009 data showed just over three per cent of the population claiming JSA. In all three months following this, the figure declined, and in both October and November 2009, less than three per cent of the population were workless.

## The Council

**18** Following the council elections on 6 May 2010, the political make-up of the Council is: Liberal Democrats 26, Conservatives 24, Labour 7, Highwoods Independent 3. The Council is run through a Liberal Democrat/Labour/Highwoods Independent coalition.

**19** The Council's Senior Management Team develops and manages the Council's strategic plans, works in partnership with other agencies, businesses and local groups to achieve joint objectives for Colchester and leads the modernisation of services. The Senior Management Team comprises a Chief Executive, three Executive Directors and six heads of service. The six heads of service have full responsibility for the day-to-day delivery of services, the implementation of plans, and the management of staff.

**20** The vision for Colchester is to be a place where people want to live, work and visit. The Council has three corporate objectives:

- to listen and respond
- shift resources to deliver priorities
- to be cleaner and greener.

**21** Colchester Borough Homes is the Arms Length Management Organisation (ALMO) set up in August 2003, by the Council to manage its housing. It is owned by the Council, but managed by a board comprising members drawn from tenants, leaseholders, council nominees and independents. Colchester Borough Homes manages around 6,200 homes. Around 4,250 of its tenants receive Housing Benefit (HB) and Council Tax Benefit (CTB). In addition around 2,500 tenants of registered providers get support through HB and CTB and 3,650 private tenants.

### **The Council's Benefits Service**

**22** Housing Benefit (HB) and Council Tax Benefit (CTB) are national welfare benefits administered by the Council on behalf of the DWP. A complex legal framework is in place to define who is entitled to benefit and to reduce fraud and error in the system. The benefits service within a council has a responsibility to pay the right benefit to the right person at the right time.

**23** Our responsibility to provide assurance (to government, councils, taxpayers and benefit customers) means that we will consider inspection where there is a current or future risk to the service and its customers. In the case of the Colchester Borough Council, the primary reason for commissioning the inspection was that people are waiting too long for their benefit to be paid:.

**24** The key objectives of this inspection were to look at:

- the speed of processing for new claims and changes as performance had not been good since 2007/08;
- value for money as costs seem to be high; and
- fraud as performance in this area had declined since 2007/08.

**25** The Benefits Service (the Service) in the Council pays out around £56.5 million a year to:

- 12,640 people claiming CTB; and
- 10,960 people claiming rent allowance of whom 7,050 are tenants of registered providers and 3,900 are tenants of private landlords.

Of the total 14,480 cases, 5,774 people are of pension age and 8,309 are working age.

**26** There are about 74,000 households. About 14 per cent of households get HB and about 17 per cent get CTB. Customer levels have risen steadily from November 2008 to February 2010 (DWP statistics); CTB by just under 11 per cent and HB just under 14 per cent. Data of local characteristics identifies that the new claims are from mainly couples nearing retirement, from middle age middle income families with children, and from young adults.

**27** The Service is part of the Resources Management section. The Head of Resource Management reports to one of three Executive directors. There are 30 full time equivalent staff members employed to administer the Service. The corporate customer service centre deals with telephone and face-to-face enquiries about the Service.

**28** The cost of running the Service in 2009/2010 is a minimum of £2.7 million. The DWP funded £1.3 million of this and the Council met the balance.

**29** The inspection took place from 9 to 15 June 2010.

# How good is the service?

## What has the service aimed to achieve?

**30** Colchester 2020, the Sustainable Community Strategy for the area, was changed in 2009 in recognition of the impact of the national economic conditions. The changed strategy sets out how the local strategic partnership plans to use its collective power, influence and access to resources to increase the resilience of the area.

**31** The partnership has five priorities of:

- promoting business, increasing employment opportunities and improving educational and skills attainment;
- reducing congestion, changing travel behaviour and improving the transport infrastructure;
- making Colchester an outstanding visitor destination and celebrating its heritage, culture and leisure activities;
- promoting healthy lifestyles, providing affordable housing and reducing homelessness; and
- creating safer neighbourhoods and stronger, inclusive communities.

**32** Under its priority of promoting healthy lifestyles, providing affordable housing and reducing homelessness there are specific activities the benefits service can contribute to:

- encourage and coordinate a multi-agency programme of support to help residents through the economic downturn;
- reduce the number of social tenants evicted as a result of debt by encouraging and coordinating multi-agency activity to provide pro-active support; and
- bring together statutory agencies, registered social landlords, and voluntary organisations together to create a joint 'crisis response' support package for residents facing repossession or eviction due to debt.

However, specific success measures for the benefits service are not identified.

**33** The Council's strategic plan 2009 – 2012 has nine priorities to help delivery its three corporate objectives:

- Addressing older people's needs
- Addressing younger people's needs
- Community development
- Community safety
- Congestion busting
- Enabling job creation

- Healthy living
- Homes for all
- Reduce, reuse, recycle

**34** The action plan 2009/10 to delivery the strategic plan contains specific actions to:

- encourage take-up of benefits by older people through Welfare Rights team with the aim to help older people access £300,000 extra income; and
- co-ordinate, provide and promote an advice service with partners to make sure people get all the help they need to remain in their own homes.

**35** The Benefits Service business plan makes direct links to five of the corporate priorities:

- addressing older people's needs – helping people stay healthy;
- addressing younger people's needs – helping people stay healthy;
- enabling job creation – helping the low paid and self-employed afford to work;
- healthy living – enabling people to afford better lifestyles; and
- homes for all – helping people to afford to stay in their homes.

## **Is the service meeting the needs of the local community and users?**

**36** An informed understanding of customer needs is positively influencing service delivery. As part of its Fundamental Service Review (FSR), which started in November 2009, the Service analysed data on its customer profile. Its analysis showed that 30 per cent of benefit customers like to do other transactions online, such as shopping. This is the key reason for its plans to provide more access online. It identified that low-income families in social housing do not like using the internet and so it will be introducing telephone claims in June 2010. Designing a service round the needs of the community enables suitable targeting and resources and increases satisfaction.

**37** Arrangements for consulting, engaging and communicating with partners are well established. The FSR has strengthened this with partners involved in workshops to identify strengths and weaknesses and suggest changes. The Service has told those involved about the changes to be adopted to drive service improvements. As part of its FSR the Service has used its customer focus group originally set up in January 2009 as a good starting point to get feedback about the service provided and what customers require from the Service. The group commented on a new application form and the improved website. But the group is quite narrow in its membership. Effective dialogue and a fully representative customer forum can provide the Service with good information about the type of service customers want.

**38** Benefit award letters are difficult to understand. Although they include information the law requires this is not always clearly explained. Partners representing vulnerable groups complained of multiple letters sent on the same day causing more confusion. The Service has recognised its letters are sometimes poor and accepts customers' criticisms that they can seem repetitive and complicated and has included improvements to letters as part of its action plan.

**39** The Service actively promotes the need for customers to inform it of changes in circumstances. All letters include advice to customers about the need to report changes of circumstances. Two different leaflets point out to customers the need to report changes. A business card given to customers has contact details for the customer service centre on one side and a prompt about the need to report changes on the other. However, with a rising caseload and limited resources the Service has given priority to new claims. Its next priority is changes that will affect the amount of benefit paid to a customer. The prompt processing of changes of circumstances helps prevent uncertainty for customers and to keep overpayments to a minimum.

**40** Standards for the delivery of the Service are not comprehensive or widely communicated to customers. The Council has a customer service code of conduct available on the Council's website and at the customer service centre. This sets out its aim to provide a customer focused service. But it does not contain any specific benefit service standards. A changed code is in development that refers to:

- answering telephone calls within individual service standards;
- letters and emails replied to with five working days; and
- customers visiting the office seen as quickly as possible and told of any wait time.

**41** Although the Service does not usually deal with queries from customers, as these are dealt with by the customer service centre, it aims to:

- pick up the phone within 19 seconds; and
- meet customers within 10 minutes when they visit the offices;

It also aims to:

- answer letters within five working days;
- assess benefit claims in five working days of getting all the information needed; and
- pay benefit within five working days from when it works out entitlement.

There is no publicity about these standards. Customers and stakeholders were not involved in their development. Customers do not know what standards they can expect from the Council or the Service.

**42** People are seen quickly. Face-to-face contact with the Service is through the Council's customer service centre. The customer service centre is in Colchester High Street close to bus stops. It provides a welcoming environment for customers. It is open 8.30 am to 5.30 pm Monday to Friday. Since March 2010 the average wait time for customers visiting the customer service centre has been within the target of ten minutes. In April and May 2010 the average wait time for customers was around six minutes. In the previous nine months waiting times were longer than ten minutes with the longest average waiting times in July 2009 at 18 minutes. Prompt and easy access to the Service allows customers to get the advice and assistance they need.

**43** Access to the Service by telephone is adequate. From February to May 2010 the average time to answer a call was 100 seconds as there can be delays at busy times. Around one in ten calls are abandoned before the caller speaks to an adviser. A recorded message tells customers they can either; hang on for an adviser; leave a message and someone will call them back within 24 hours; or use the benefit online calculator. However, there has not been any analysis of the use of these choices to find out the actual reason for abandoned calls. Without analysis of abandoned calls the Service will not understand if the options are meeting customer needs.

**44** Staff have a positive attitude to customer care. Staff who deal with benefit queries are not benefit specialists but have had benefit training. Customer service centre records show it resolves 95 per cent of queries without referring to another adviser. However, customer service is variable depending on the skills and experience of the individual the customer speaks to. Some staff give excellent service and provides extra related information. Some, particularly on the phones give the caller the impression that they just had time for a quick answer. The Service has recognised this and as part of the FSR plans to move more specialists to the front-line. Customer service centre staff do not have access to important information to help them resolve queries at the first point of contact such as information from DWP. This can mean customers are asked to provide unnecessary information. The outcomes for customers depend on the skills and knowledge of the individual they are speaking to.

**45** Customer access to the Service through its website is improving. The Service is using the website positively to enable customers to see if they qualify for HB and CTB through an online benefits calculator. In June 2010 it introduced an online claim form. However, some pages of the website still say a claim form has to be downloaded or requested by phone or visit, filled in and then posted or handed in at the office. Customers can also use the website to report benefit fraud and changes in circumstances. Once a claim is assessed a customer can view the details. The Service plans to further develop this facility so customers can track claims as soon as they are made. Access by this route is cost effective and helps provide out of hours support for customers or potential customers of the Service who have access to the internet.



**46** The Council is good at supporting customers who owe money to it who need advice. Front-line staff signpost customers to weekly debt clinics held at the customer service centre. At these clinics customers can get advice about any debts they may have with the Council. The debt clinics then signpost customers to Citizens Advice Bureau if they have other debts. The Service is making it easy for customers to get advice on managing their debts to the Council and so minimising the risk of hardship.

**47** The Service is good at working with partners to promote take-up.

- The Service took part in an Essex-wide benefit awareness campaign coordinated by Essex County Council. The County Council coordinated county wide publicity, which included newspapers, council magazines and radio advertising on all local radio stations. Colchester Borough Council ran a take-up 'welfare market'. The event on 4 March 2009 included stalls from 20 local welfare agencies. It produced over 1,000 enquiries on the day, with 45 customers identified as potentially eligible to a range of state benefits. Take-up after the day has not been quantified. However, the links made between the different agencies involved have led to a repeat event in August 2009, when families might be more likely to attend because of school holidays. The day was also selected to link to when most older people draw their pensions and so would be more likely to be in town.
- The Service commissions the Council's Welfare Rights Team to carry out take-up work as they have the expertise in welfare benefit take-up within the Council. When information is received from The Pension Service identifying potential customers, it sends letters to those identified. The letter lists several ways of contacting the team. For example by calling a freephone telephone number; by writing in using a freepost reply coupon or by email. The team then contact the customer and carry out a full welfare benefit check and any claims identified initiated. The first campaign identified gains of just over £80,000. The more recent campaign identified an extra £17,000 of benefit, mostly for Attendance Allowance and additional Pension Credit. The current figure reflects the reduction of the backdating period for Housing Benefit and Council Tax Benefit from 12 months to three months which has reduced the amount pensioners get when they finally do claim.
- The Council's SOS bus, which was introduced as a community safety initiative but which is now also used as a mobile advice service providing improved access to services across the borough, visited areas of high deprivation to promote benefit take-up.

However, outcomes from the work are not always quantified. In addition, in November 2009 when the benefit rules changed for families with children and for pensioners the Service amended claims it was paying but did not look at previous unsuccessful claims to see if they would now qualify. It did some general publicity to raise awareness of the changes in the Council's Courier magazine.. Effective take-up campaigns help more local people

become aware of benefits they may be entitled to, which can increase their income and bring extra money into the local economy<sup>1</sup>.

## Diversity

**48** The Service's approach to equality and diversity is good. The Council is at the 'achieving' level for the Equality Framework for local government. It continues to embed equality and diversity across the organisation through equality impact assessments<sup>II</sup> (EIA) and training. The Service and the customer service centre have reviewed several policies and procedures for their impact on diverse groups. Most recently the Service has started to work through the EIA process for its FSR. This gives the Service some assurance that its policies and procedures take account of the full range of legislative requirements and do not discriminate against individuals within the community.

**49** The standard of facilities to support customers with special needs is good. For example:

- A visiting service provides support for those unable to get to the customer service centre. In 2009/10 visiting officers supported over 400 customers to make their claims;
- Weekly visits to organisations providing housing for vulnerable people, such as YMCA, night shelter and women's refuge;
- The claim form has plain English accreditation and is available in other formats if needed;
- Satisfactory access for users with disabilities at the customer service centre;
- The size of the font on the website is adjustable and at the press of a button the website can be spoken or translated into other community languages; and
- Telephone translation services are available.

Support for those with special needs removes potential barriers to claiming.

**50** The Service has worked effectively with other parts of the Council and partner organisations such as Jobcentre Plus to help Iraqi refugees settle in the town. As a garrison town the settlement of Iraqi refugees was a sensitive issue. The Council had meetings with various groups to discuss potential risks and to plan for the arrival of the refugees. The Service together with DWP played a role in this by providing advice and support to the charity helping the new arrivals. This included advice on creating tenancies, the impact of non-dependents on claims and support making claims.

<sup>I</sup> 'The Money Trail' published by the New Economics Foundation estimates that for every £1 increase in benefits paid through take up work, 77 pence is spent in the local economy.

<sup>II</sup> An equality impact assessment (EIA) is a tool for identifying the potential impact of a council's policies, services and functions on its residents and staff. It can help staff provide and deliver excellent services to residents by making sure that these reflect the needs of the community. By carrying out EIAs, a council may also ensure that the service it provides fulfil the requirements of anti-discrimination and equalities legislation.

**51** The Service helps protect tenancies for those likely to have difficulty managing their financial affairs. Its direct payment policy, in place for tenants claiming local housing allowance, covers circumstances in which the Service will pay landlords rather than tenants. Claims where a landlord has issued a notice seeking possession are dealt with quickly. However, landlords felt they were issuing more such notices to get claims to the top of the pile. Staff are aware that extra help to support people seeking or trying to keep a home through the rent deposit scheme and discretionary housing payments (DHP).

**52** DHP is used effectively to support vulnerable people. The purpose of DHP is to provide extra financial support to the most vulnerable customers receiving HB or CTB where their benefit entitlement does not meet the full cost of their rent or council tax. Each year, the DWP allocates funds according to spend in the previous year. Councils are able to top up the fund to a maximum set by DWP using their own budget at their discretion. For 2009/10 the DWP funding was £135,967. The Council topped-up the DWP funding by £58,000. As a result its funding for 2010/11 increased to £161,212. Help for vulnerable customers can prevent financial hardship and ensure housing costs are met thus preventing homelessness.

### **Service outcomes**

**53** Benefits customers wait too long for decisions on their claims. National comparative data for the 'Right time'<sup>1</sup> indicator NI181 is limited to the first two quarters of 2009/10. Data published by DWP shows the Service's performance in the first three months of 2009/10 as 24 days and in the second three months as 15 days. This is below average performance compared to other councils nationally. The Service reports the average for all of 2009/10 as 15 days against its target of 13 days. Delays in processing claims create avoidable hardship for vulnerable people.

**54** For paying new claims quickly the Service compares poorly to other councils nationally. The Service's performance in the first three months of 2009/10 was 34 days and 29 days in the second three months. Performance for all of 2009/10 was 29 days well below its target of 22 days. The average for the first two months of 2010/11 is 30 days. The Service does not have a consistent approach to reminding customers of the need to provide information so their claim can be decided quickly. The receipt provided by customer service advisers when documents are handed in has recently been changed to make it clearer to customers what information is still needed. However, assessment staff may then ask for more information. As well as sending letters assessment staff are encouraged to telephone customers to remind them what information is still needed but this does not always happen. If customers have not contacted the Service at the end of a month it is decided that they do not qualify because they have not provided all the information or evidence needed. But there is no check at this stage to ensure the customer is not vulnerable. When a customer has provided all

**1** This measures the average processing times for new claims and change events.

the information with the claim the Service has been able to assess the claim in 6 days. Supporting customers to provide the information and evidence needed helps customers receive accurate decisions more quickly.

**55** The Service is slow dealing with changes in circumstances.

Performance indicators for 2009/10 show it took an average of 16 days worse than its target of 12 days. For the first two months of 2010/11 it has taken 19 days. The prompt processing of changes of circumstances is as important as the prompt payment of new claims. It can help smooth the transition back into work for customers starting work and reduce overpayments.

**56** Customers who appeal wait too long for an outcome. In 2008/09 the Service sent 86 appeals to the Tribunals Service. Only 33 per cent were sent within four weeks. In 2009/10 it took on average 44 days to send an appeal to the Tribunals Service. Delays at the Tribunals Service, where it can take several months for a hearing date, increase the customers' poor experience. Customers can suffer lengthy delays to learn the outcome of their cases, leaving people in financial uncertainty for too long. To reduce backlogs in this area the Service manages appeals as a three-stage process. However, customers can use any of the options without first having to go through an earlier stage. This can increase the time before customers have their cases reviewed by the Tribunals Service if this is what they want to happen.

**57** The Service exceeded its target for recovering overpayments in 2009/10. It has changed the way it recovers overpayment invoices by using the skills of a special enforcement team. Staff are aware that customers with overpayments may have some underlying entitlement to benefits and encourage customers to provide information so overpayments can be reduced. Overpayment recovery procedures mean customers who are still receiving housing benefit have money taken from their payments immediately. However, for those no longer on benefit where recovery is by overpayment invoice, no action is taken for one month to allow any appeal to be made. Effective recovery of overpayments reduces the burden on council tax payers.

**58** The accuracy of benefit payments is adequate. The Service has introduced a comprehensive quality checking regime, with non-financial errors as well as financial errors now recorded. For 2009/10 the Service's target for accuracy was 95 per cent. Accuracy figures for each month in 2009/10 show it rising and falling between 86 and 89 per cent. It improved from the May 2009 to October 2009 then worsened slightly for the rest of the year. The target was set based on payment accuracy but revised checking procedures now include all errors even if the correct amount of benefit is paid. The new target for 2010/11 is 90 per cent. Accurate payments helps prevent over and underpayments of benefit.

- 59** The framework for detecting benefit fraud is adequate. This includes:
- Guidance for verifying claims is in line with DWP guidance;
  - Intervention visits to review cases and identify under and over payments of benefit;
  - The Council has an anti-fraud and corruption policy statement last updated in 2008. A benefit prosecution policy is an appendix to the statement;
  - A clear sanctions policy;
  - Effective joint working with DWP;
  - All investigators qualified to 'Professionalism in Investigations' standard;
  - Publicising in the media successful prosecution cases; and
  - Fraud awareness training for front-line staff.

This makes it clear to those trying to commit fraud that they are likely to get caught.

**60** Performance in identifying fraud is deteriorating. The Service's benchmarking data (compared with 149 other club members) shows performance in previous years below the average for the group. In 2007/08 the Council administered 46 sanctions. This was three for each thousand caseload. The group average was 5.4. In 2008/09 it did not provide any counter-fraud information to the benchmarking group but achieved 44 sanctions. In that year the average for the group was 4.9 for each thousand of caseload. With fewer sanctions and a higher caseload the Service's average is below three. The performance for 2009/10 deteriorated further to only 27 sanctions as key staff were not available and cover was not provided. This level of service provides limited assurance to the Council and tax payers that their money is being protected.

**61** Arrangements for focusing fraud prevention work are not currently fully effective. Although there are the following strengths:

- a customised referral form is in place;
- referrals scored on a risk matrix so investigation work is carried out on cases that are most likely to result in a proven fraud; and
- other cases are passed to the visiting team so they can review those claims.

There are weaknesses including:

- the sifting threshold at which referrals are accepted has been increased to reduce the number of investigations to fit staffing levels available. This means that some potential cases are not investigated.
- some claims are suspended for too long while enquiries about the claim are ongoing; and
- no proactive fraud drives.

Without effective counter-fraud activity the Service will not be able to give assurance to councillors and tax payers that potential fraudsters are being stopped from committing fraud.

## User experience and satisfaction

**62** The Service has limited understanding of its customers' satisfaction with the service. It took part in a satisfaction survey in 2008 and 2009. However, it received few responses (70 in 2008 and 30 in 2009). Based on these few responses satisfaction fell between 2008 and 2009. Customers remained satisfied with the politeness of staff. But all other questions about the quality of and satisfaction with the service fell. A telephone survey was carried out as part of its FSR. A random sample of customers contacting the Service in the previous three months. The sample size was again small (61 benefit customers). Satisfaction with how customers were dealt with was generally good. Ninety six per cent of customers found staff to be friendly and polite. But 15 per cent felt they were not knowledgeable and 12 per cent did not find the explanation easy to understand. Satisfaction with the process was poor. About 30 per cent of customers felt it took too long. Customers wanted more information on the progress of claims. To address this, the Service plans to provide online access for customers to track claims. Regular testing of customer satisfaction could help the Service respond swiftly and effectively with remedial action to improve the service provided. This is particularly important as the Service moves forward with the implementation of its FSR.

**63** The Service uses complaints to improve services. The Service replies to complaints within the corporate target to provide a full reply with four weeks. The average time for a response about a complaint about the benefits service during the three months January to March 2010 was just over five days. Replies address the customer's concerns. Some learning from complaints takes place with procedures amended to avoid similar problems in the future. Responding effectively to complaints helps improve the service for customers.

## Is the service delivering value for money?

**64** The Service is not delivering value for money across all aspects of the service. When compared to the overall cost of the service and the amount provided by the DWP the amount paid by council funds was 53 per cent in 2008/09. This is above the average of 45 per cent across all councils. The cost of each claim is also above the average for a comparable group of councils - fourth highest. Historically the Service is high cost with below average performance. In addition customer satisfaction is falling. However there are areas where the Service and the Council have demonstrated a good understanding of the need to achieve good value for money.

**65** The Service understands the reasons for its high relative costs. Benchmarking of costs in 2007/08 identified that staffing costs were below average for the group. However, costs for corporate services such as at the customer service centre are higher than other councils. The Service has identified that the annual charge to it for the telephone system used by the customer service centre, is due to be cleared in the next year which will have an impact on the overall cost of the Service. This will reduce its costs and will help contribute towards better value for money. .

**66** There is a good awareness of costs. Actions are taken to reduce administrative costs, for example:

- around 93 per cent of customers are paid directly into their bank accounts by BACS which is more cost-effective than payment by cheque and provides quicker access to money for customers;
- by working in partnership with other councils the Service secured savings of ten per cent discount on its online claim and five per cent on its Benefits Directory which gives staff access to technical guidance;
- benefit decision letters are sent with council tax bills saving £7,900 each year; and
- the Service makes some income by providing training for other councils.

Controlling costs helps keep the cost to the tax payer down.

**67** The management arrangements that are in place for completing the subsidy claim form are good. For most of the payments made to customers, councils receive repayment from DWP, providing they comply with the regulations. In 2009/10 the Council's subsidy claim is £57 million. The Council claim this money by completing a subsidy claim form and sending it to DWP. Part of the assurance process that surrounds this work is that external auditors have to certify this claim form to confirm its correct completion. The auditors have not qualified the claim form and as a result it has not been changed. The Council is one of 15 per cent of councils, where its subsidy claim for 2008/09 had not been amended by its external auditor. The Service's good management of its subsidy claims removes uncertainty of funding from the DWP for a significant amount of spending.

**68** The Service manages overpayment recovery well. When an overpayment is identified invoices are sent quickly. Reminders and final notices are also sent quickly. The Service uses a wide range of recovery methods for overpayments. It carries out aged debt analysis, monitors those who do not keep to their arrangements and writes off debts where someone is experiencing hardship. In 2008/09 the rate of recovery was 85 per cent. This was an improvement from 76 per cent in 2007/08 which was already better than average. Performance during 2009/10 remains good. The Service has good information about the age and profile of debt and recovery action against older debt is satisfactory. Recovering outstanding debts helps reduce the cost of running the Service.

# What are the prospects for improvement to the service?

## What is the service track record in delivering improvement?

**69** The Service has had a mixed track record over the last three years. It has been delivering poor performance but has implemented its own fundamental review to change the delivery of the Service. The Service has clear and ambitious plans in place to review and improve the service to customers. A range of changes are in place and some services are improving such as in Housing and Environmental & Protective Services.

**70** The Service has a clear vision which sets out what it wants to achieve in the medium term (next three years). These make clear what the Service wants to do to improve the overall service for users. The aim of the Service is to move most functions from the back office to the front office supported by IT which means back office systems are automatically updated. Channel migration, where customers are being led down alternative access routes, is a key element of the plan. Paper claims will be phased out and replaced with electronic claims so that more customers self-serve even if this is with support from front-line staff.

**71** The Service has made good efforts to improve its performance. To cope with the increase in workload the Service changed its structure and the way it worked. This allowed the Service to keep pace with increased workloads. It has also used the increase administration grant provided by DWP to employ additional staff. The changes resulted in significant improvement in the amount of work it cleared and managed to keep backlogs of work to manageable levels. It has also:

- improved the website;
- established a customer focus group; and
- offered the opportunity for people to be paid by BACS.

**72** The Council has a good track record implementing fundamental service reviews. The FSR have been used in other parts of the Council to drive improvement and reduce costs. The Service is part way through a fundamental service review (FSR) which will make significant savings and improve the service to customers. This is the third FSR the Council has carried out. So far the first FSR carried out in Environment and Protective Services is beginning to achieve the savings predicted in its initial business plan. Having good skills to identify potential waste can help the Council make significant savings.

**73** The Council has not always implemented new technology well. The Council implemented a corporate document imaging system in 2008. The



product chosen was not the one used by the Service and as a result the replacement product does not provide all the functionality of the previous system. This resulted in team leaders having to move work around the system wasting valuable resource. The Service has only recently started to get to grips with the system two years after it had been implemented.

**74** The performance of dealing with new claims and changes has been poor over the last three years. New claims are being dealt with in 30 days which is four days worse than it was in 2007/08. Similarly changes are currently taking 19 days which is five days worse than 2007/08. The 'Right Time' indicator is currently at 19 days which is seven days worse than in 2008/09. However that has to be looked at with the background of a large increase in the caseload. Since 2007/08 the number of people entitled to benefit has increased by 1,856 which is an increase of 15 per cent. There has been a small improvement in processing new claims.

Table 1: **Performance track record**

Performance since 2007/08

Year	2007/08	2008/09	2009/10	2010/11 to 31 May 2010
Processing new claims	26 days	32 days	29 days	30 days
Processing Changes in Circumstance	14 days	12 days	16 days	19 days
National Indicator 181 – Right Time	N/A	13.14 days	15.3 days	18.88 days
Caseload	12,229	13,281	14,083	14,085

*Colchester Borough Council*

**75** The Service is proactive in using benchmarking information to help improve the service. The Service belongs to two benchmarking clubs and is also part of the CIPFA (Chartered Institute of Public Finance and Accountancy) consortium. One benchmark group is of like councils across the country, which allows the Service to get a clear perspective and information about the level of service it provides. The Service has used the learning from this group to help shape its revenues and benefits FSR. The other benchmarking group is in four local Essex councils. This allows the Service to understand the local issues for customers.

**76** The Service has a good track record in using different ways of bringing extra income or improving value for money. The Service has carried out training for other district councils and has collected housing benefit overpayments on behalf of another. The Council's legal services prosecute on behalf of one council as part of the shared service initiative called the Essex legal partnership. The Service purchased an electronic claims module for its benefits IT system with other local councils which enabled the Service to get a reduced price. Having a proactive approach to value for money allows the Council to provide better services for less money.

## How well does the service manage performance?

**77** There are good arrangements in place to monitor performance and to drive improvement at both service and corporate level. The Service business plan links well to the Council's priorities and has a clear comprehensive set of performance indicators in place. The head of service who reports to an executive director receives reports about the performance of the service each month and meets regularly with the head of benefits and also with the portfolio holder. Where performance has not reached the required target the head of service provides a commentary explaining why the target has not been achieved along with mitigating circumstances. The Council also utilises an initiative called the "WayWeWork" programme to provide a framework to drive service and organisational improvement. There are four strands to this initiative and they are: People, Transformation, Customer Excellence and Leadership of place. Clear and comprehensive monitoring of performance targets allows the Service and chief officers to be clear about the performance of the Service.

**78** Leadership from councillors is supportive of the improvement agenda. The portfolio member is supportive of the service and takes an active interest in the performance of the service. He receives monthly reports based on the performance indicators included in the corporate objectives. There are also monthly meetings with the head of service and the benefits manager. The portfolio holder has the opportunity to discuss any issues that are affecting the service. Supportive councillors can help the Service improve.

**79** The scrutiny function of the Council provides good challenge. There are two scrutiny panels both are chaired by opposition councillors. The first is called the strategic overview and scrutiny panel and the other is the finance and audit panel. The strategic overview panel has been involved in the FSR and discussed the FSR for revenues and benefits in great detail. For example it considered the apparent reliance on self-service through electronic claims and the impact this could have on customers who are not IT literate or who do not have access to a high-speed internet connection. The scrutiny committee has its own work programme that is supplemented with work passed down from the cabinet. An effective scrutiny function can ensure governance and performance is kept to the highest level.

**80** The FSR reporting framework is comprehensive. There is a project board and a project manager and a number of project leads. The project manager is tasked with running the project and reports back to the project board (made up of the head of service and an executive director). This is the same model that has been used effectively for the previous FSRs.

**81** Managers are communicating the planned changes to the Service well. A series of workshops have been held with staff in Revenues and Benefits outlining proposals. This includes staffing reductions. Consultation on redundancy has recently started. As a result of the meetings staff have been fully informed about all the changes that the fundamental review will bring. Staff are encouraged to identify issues and potential problems to help make

the project a success. Good communication will enable the Service to move successfully to its new way of working.

**82** There are no specific references to the Service in the Council's strategic plan. There are links to improvement for housing and people who may be affected by the recession but there are no specific links to the benefit service. However there are implicit references and the Service has aligned its business plan to the main objectives of the Council's plan. By not having specific links to the Service the chances of utilising all services to help address issues such as anti-poverty and social exclusion can be missed.

### **Does the service have the capacity to improve?**

**83** The Service has clear and ambitious plans in place to review and improve the service to customers. There is a FSR in place which will completely revamp the service provided to customers. The basis of the FSR is to use new technology such as an electronic claim form and a new initiative introduced by the DWP which allows an on-line assessment of risk so reduced documentary evidence can be accepted from many customers. Allied with this is a move to align more experienced staff at the customer facing access areas. The Council expects to make a saving of £450,000 across the Revenues and Benefits service. The Service's share of this is a reduction of full time equivalent staff to 23 from its current establishment of 32.5. The plans are in place and the milestones have been set up until when the new service is due to go completely live in April 2012. There is clear support from councillors and executive directors. The finance is in place if it is found necessary to fund any other areas that need to be modernised.

**84** There are good processes in place to keep staff skills up-to-date. Staff receive an appraisal each year and there is a six monthly review. At each meeting training needs are discussed and the needs are added to the Service's training plan. There is a comprehensive training plan in place to help staff through the FSR. The plan includes a 12 week training plan for new starters and how training needs of existing staff will be identified. Training needs are identified by several routes; from performance and monitoring checks, by Team leaders and by the officers themselves. Well trained staff will allow the Service to improve the service to customer.

**85** The document imaging system does not provide extra capacity for the service. There are manual interventions carried out by team leaders so that work can be moved around to benefit assessors. Although the functionality of the document imaging system is less than its predecessor processes have not always been changed to take account of the way the current system works. Because of this there is wasted time and effort. The system is available for 95 per cent of the time. Staff are encouraged to report problems to the IT section. But the system is regularly unavailable for very short periods of time. The Council is working with its IT supplier to address the problems and anticipates issues will be resolved over the next year. Losing the system for short periods can inconvenience customers when they are on the telephone or at the customer service centre and can

frustrate staff as they know they are not providing the level of service they would like to deliver.

**86** The Service has invested in new technology to improve the service to customers. Not only has it invested in the electronic claim form but it has also introduced telephone technology that allows calls to be made by using the IT infrastructure across the World Wide Web. This also helps the Service to promote flexible working as it allows staff working from home to be in constant touch with managers. This was especially useful where the Service was able to minimise the impact of the severe weather conditions during the early months of 2010. The electronic claim form will make it easier for customers and staff to complete, and will help speed up the claim process.

**87** The Service is actively involved in new initiatives to improve the service to customers. It has volunteered to be involved in the new verification process that DWP are trialling. The Service has invested in technology with the expectation to speed up the process of dealing with changes to claims. The Service is joining a large number of authorities that already input information about changes through electronic transfer of data from DWP directly into the IT system. This will allow the Service to deal with a large amount of clerical changes with fewer staff.

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Audit Commission

1st Floor  
Millbank Tower  
Millbank  
London  
SW1P 4HQ

Telephone: 0844 798 3131  
Fax: 0844 798 2945  
Textphone (minicom): 0844 798 2946

[www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)

October 2010

Appendix 2

Action plan based on recommendations by the Audit Commission in their Benefits Service report published 14 October 2010.

Recommendation	Risk / benefit	Comments / Action	Person responsible	Date to be completed
<p>R1 Improve the accessibility of the service for those who are, or may be entitled to be benefits. It can do this by:</p> <ul style="list-style-type: none"> <li>• Processing claims more quickly.</li> <li>• Respond to telephone calls at peak times more quickly and developing an improved understanding of the reasons for abandoned calls.</li> <li>• Improve the clarity of letters so customers can understand them.</li> <li>• Reduce the time taken to deal with appeals.</li> </ul>	<ul style="list-style-type: none"> <li>• Improvements to the service offered to customers and potential customers.</li> <li>• Greater customisation of service delivery.</li> <li>• Improved value for money from increased performance and customer satisfaction.</li> <li>• Implementing this recommendation will have high impact with low costs, and should be implemented by 31 March 2011.</li> </ul>	<ul style="list-style-type: none"> <li>• Full introduction of an interactive internet claim form.</li> <li>• Complete local trial of risk based claim verification (supported by DWP) to lead to full implementation.</li> <li>• Back office staff to administer benefits and council tax generically.</li> <li>• Claims made in person to be received and assessed as one action.</li> <li>• Claims to be made by phone.</li> <li>• Notification letters to be revised and changed.</li> <li>• Appeals to processed by Customer Relationship Co-ordinator.</li> </ul>	<ul style="list-style-type: none"> <li>• John Fisher.</li> <li>• John Fisher.</li> <li>• John Fisher.</li> <li>• John Fisher.</li> <li>• Anita Frost.</li> <li>• John Fisher.</li> <li>• John Fisher.</li> </ul>	<p>30 November 2010.</p> <p>31 March 2011.</p> <p>30 June 2011.</p> <p>31 March 2011.</p> <p>31 October '11.</p> <p>31 March 2011.</p> <p>31 March 2011.</p>

Recommendation	Risk / benefit	Comments / Action	Person responsible	Date to be completed
<p>R2 Design the service to better meet the needs of all customers by:</p> <ul style="list-style-type: none"> <li>• Continuing to develop more comprehensive approach to consulting with service users to find out their needs.</li> <li>• Develop and raise awareness of service standards for customers which are relevant to their needs by: <ul style="list-style-type: none"> <li>- Developing measurable service standards through consultation with customers;</li> <li>- Promoting them to customers.</li> </ul> </li> <li>• Monitor performance against the standards and report results to customers, senior managers and councillors.</li> <li>• Continue to use satisfaction surveys and mystery shopping to improve understanding of customer perceptions of the whole service and to tailor services appropriately.</li> </ul>	<ul style="list-style-type: none"> <li>• Greater clarity for customers on what the service should be delivering and improved outcomes for customers with a stronger focus on achieving service standards.</li> <li>• An improved understanding of customers.</li> <li>• A better understanding of where to target service improvements to increase customer satisfaction.</li> <li>• Implementing this recommendation will have high impact with low costs and should be implemented by 31 March 2011.</li> </ul>	<ul style="list-style-type: none"> <li>• Size and make-up of Customer Focus Group to be more diverse.</li> <li>• Touchstone and other surveys to review progress of new facilities (such as e-claim).</li> <li>• Refresh and re-publish benefits service standards and outcomes. To be re-assessed for Customer Service Excellence accreditation.</li> <li>• Corporate standards and scrutiny to be refreshed and re-published.</li> <li>• Service Results to be provided to general management team, reported to portfolio holder and published on website.</li> <li>• Routine surveys and market testing to be included in FSR project plan.</li> </ul>	<ul style="list-style-type: none"> <li>• John Fisher.</li> <li>• Paul McMorris.</li> <li>• John Fisher</li> <li>• Senior Management Team</li> <li>• John Fisher.</li> <li>• Paul McMorris.</li> </ul>	<p>31 March 2011.</p> <p>30 June 2011.</p> <p>31 December 2010.</p> <p>31 December 2010.</p> <p>31 March 2011.</p> <p>31 March 2011.</p>

Recommendation	Risk / benefit	Comments / Action	Person responsible	Date to be completed
<p>R3 Reduce benefit fraud by:</p> <ul style="list-style-type: none"> <li>Ensuring that resources are focused to detect and investigate any fraud.</li> <li>Develop local measures of effectiveness of the Council's counter-fraud activity to include measures to prevent, detect and deter fraud.</li> <li>Further develop its approach to identifying and undertaking appropriate pro-active counter fraud activity identified following analysis of caseload and local-risk.</li> </ul>	<ul style="list-style-type: none"> <li>Public reassurance that there is a robust approach to detecting and investigating benefit fraud.</li> <li>Potential fraudsters are deterred.</li> <li>Protection of the public purse.</li> <li>Implementing this recommendation will have high impact with low costs and should be implemented by 31 March 2011.</li> </ul>	<ul style="list-style-type: none"> <li>Any allegation to be reviewed by senior investigation to decide best course of action.</li> <li>Sifting process to be revised to insure efficient and effective use of resources.</li> <li>Up to date data to be reported to general management team, and to be considered whether desirable to report to performance panel.</li> <li>Explore more opportunities to coordinate and cooperate with others organisations.</li> </ul>	<ul style="list-style-type: none"> <li>Lynne Hutton.</li> <li>Lynne Hutton.</li> <li>John Fisher.</li> <li>GMT</li> <li>Lynne Hutton &amp; John Fisher.</li> </ul>	<p>Now routine.</p> <p>Completed.</p> <p>Now routine.</p> <p>24 November 2010.</p> <p>Now being done and ongoing.</p>



Recommendation	Risk / benefit	Comments / Action	Person responsible	Date to be completed
<p>R4 The service should improve value for money by:</p> <ul style="list-style-type: none"> <li>• Ensuring that the fundamental service review delivers the intended efficiencies.</li> <li>• Improve the consistency of quality and reduce the cost of the services for which it pays other parts of the council.</li> </ul>	<ul style="list-style-type: none"> <li>• Improved service to customers with a reduced burden to the local taxpayer.</li> <li>• Implementing this recommendation will have high impact with low costs and should be implemented by 31 March 2012.</li> </ul>	<ul style="list-style-type: none"> <li>• Routine evaluation based on feedback and other intelligence, to report to project board and councillors.</li> <li>• A significant facility charge for customer service ends March '11.</li> <li>• Internal recharges revised as part of budget setting process.</li> <li>• The wide range of new processes and facilities is being implemented, set out in the FSR action plan.</li> </ul>	<ul style="list-style-type: none"> <li>• Paul McMorris and Charles Warboys.</li> <li>• John Fisher.</li> <li>• Budget managers.</li> <li>• Charles Warboys.</li> </ul>	<p>Ongoing routine.</p> <p>31 March 2011.</p> <p>30 November 2011.</p> <p>31 March 2012.</p>



## Finance and Audit Scrutiny Panel

Item  
**12**

23 November 2010

<b>Report of</b>	<b>Head of Strategic Policy and Regeneration</b>	<b>Author</b>	<b>Lindsay Barker 282253 John Rock 282762</b>
<b>Title</b>	<b>Progress report on the Capital Improvement Programme (Decent Homes) for the Council's housing stock</b>		
<b>Wards affected</b>	All Wards		

**This report sets out to provide a progress report on the Capital Improvement Programme (Decent Homes) for the Council's housing stock**

### 1. Action required

- 1.1 Members of the Panel are asked to note and comment on the report which provides progress on the Capital Improvement Programme (Decent Homes) since your meeting held on 17 August 2010.

### 2. Reason for scrutiny

- 2.1 The panel at its meeting on 17 August 2010 *RESOLVED* that the panel;
- i) Noted with satisfaction the progress on the Capital Improvement Programme (Decent Homes).
  - ii) Requested a copy of the year one work programme (to March 2011) itemising by ward the number of installations by type.
  - iii) Requested a briefing note from the Head of Strategic Policy and Regeneration on energy efficiency, more specifically thermal comfort in homes and the longer term commitment to the energy efficiency of the stock.

### 3. Background information

- 3.1 The information requested at your meeting on 17 August 2010 was subsequently provided but a further update has been called for in respect of progress against programme.

### 4. Supporting Information

- 4.1 Pilot programmes commenced in the early part of the year and these were completed to the satisfaction of our Contract Administrator before the main programmes started during July 2010. The main programme has effectively been running for three months to the end of September.
- 4.2 The table below provides a position statement as at the end of September 2010 and compares the opening plan for 2010/11 with the individual component delivery based for comparison purposes on the three months of delivery between July and September.

2010/11 Estimated Plan	Three month estimated delivery	End of Qtr 2 delivery	Refusals	Total	Component
226	56	42	0	42	Boilers
28	7	25	21	46	Heating
736	184	190	127	317	Kitchen
280	70	117	0	118	Re-wire
274	68	44	0	44	Doors
38	10	1	0	1	Window (Property)

4.3 For the period that the main programmes have been running the handover rates are broadly as would be expected. Other properties not yet captured in the table are being worked upon and will continue to be handed over during the next quarter.

4.4 The first and most obvious contributor to the table is the number of refusals that are being experienced. It is important to remember that refusals count toward overall statistical decency. The contractors are required through the Contract Administrator to evidence that the full access procedures (Detailed in the Contracts) have been followed and they are supported by a signed refusal statement from the customer or a Housing Management confirmation letter is obtained. These procedures have been followed and are to the benefit of the overall December 2012 deadline.

4.5 The Window and Door programmes are broadly as expected for this point in the programme. This type of work is reliant upon the appointment of the supplier and agreed manufacturing slots to maximise the production runs. This work has been undertaken and as a result the installation and handover rate will show a marked increase from October onward.

4.6 The rewire and heating programme are very much as programmed for the year. It has been necessary to replace more full heating systems than estimated but again this contributes to statistical decency.

4.7 The boiler replacement programme figure is broadly as planned and does not take into account emergency work conducted outside of the decent homes programme. Since April 2010 CBH have completed 38 boiler replacements which have failed ahead of the planned programme; these properties will be omitted from the contractors work programme but again contribute to December 2012 deadline.

4.8 Careful control continues to be exercised to ensure the handover of completed works meets both customer and client expectations. Although works to over 380 properties have been issued across all three contracts and the programme is supported by the refusal rate the contractors have been asked to increase throughput and provide revised programmes to show the full year completions in line with the address lists issued to them. We remain confident in the delivery and management arrangements for the contracts and are pleased to advise that our Contract Administrator is confident that completion of the programme by December 2012 together with the allocated budget is not compromised.

4.9 Customer satisfaction Performance Indicators are currently running at:

Apollo	Target Set	95%	Performance achieved	100%
Mears	Target Set	95%	Performance achieved	100%

## **5. Strategic Plan references**

- 5.1 These contracts and the programme form part of the delivery against the Homes for All priority in the Councils Strategic Priorities 2009 – 12 by ensuring the decency and upkeep of the Councils housing stock. It is also a key action in the Housing Strategy adopted by Cabinet in 2008.

## **6. Consultation**

- 6.1 Although this report has not had wide consultation it is important to note that Tenants and Leaseholders have taken an active part within the overall procurement process in various ways which include, attending the presentation/consultation by Ridge & Partners on the outcome and recommendations of the Pre Qualification Questionnaires, scoring of the contractor's method statements and taking part in the final interviews for selection.
- 6.2 CBH have carried out a series of road shows to tenants and leaseholders as part of the consultation with regard to the decent homes programme
- 6.3 There will need to be further consultation with tenants where there is any choice to be made over the type of replacement component they would prefer and as the programmes progress.
- 6.4 The Council will also be consulting with its leaseholders in respect of any qualifying works in accordance with its statutory obligations.

## **7. Publicity considerations**

- 7.1 Good communication with tenants is vital and the Council, working closely with CBH, have issued information to its customers to advise them of the restart of the programme and how it will affect them with ongoing updates as the programme progresses.
- 7.2 A press release was issued to inform the public of the progress made since the cessation of the previous service, covering the main issues outlined in this report.

## **8. Financial implications**

- 8.1 The financial implications mentioned within the main body of the report and remain as allowed for within the budget set aside

## **9. Equality, Diversity and Human Rights implications**

- 9.1 Following the contractor's tender submissions, Equality and Diversity was a key element of the evaluation process. Contractors were both evaluated and questioned at interview stage with regard to how they would deliver services to tenants from BME origins, with disabilities and other support needs. Contractors are aware of the need to tailor the service they provide to meet individual needs of tenants. This may include support, information in various languages and temporary provision of alternative accommodation whilst work is being carried out etc.

## **10. Community Safety implications**

- 10.1 There are none directly arising from this report

## **11. Health and Safety implications**

11.1 NPS South East Ltd have been appointed by the Council to provide the role of CDM Co-ordinator, they will also have responsibility for the Site Waste Management plan for this programme. Through the role of Contract Administrator CBH will be responsible for ensuring Health and Safety requirements are fully complied with.

## **12. Risk Management implications**

12.1 By following an EU compliant tender process and by implementing the controls set out in this report, the Council is seeking to mitigate against any potential risks.

## **Background Papers**

None



## Finance & Audit Scrutiny Panel

Item  
**13**

23 November 2010

Report of

Head of Resource Management

Author Hayley McGrath  
508902

Title

Interim Review of the Annual Governance Statement Action Plan.

Wards  
affected

Not applicable

**This report reviews the implementation of the Annual  
Governance Statement Action Plan for 2009/10.**

### 1. Actions Required

- 1.1 Consider and note the work undertaken to implement the current Annual Governance Statement action plan.

### 2. Reason for Scrutiny

- 2.1 Regulation 4(2) of the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulations 2006, requires the council to conduct an annual review of the effectiveness of its governance and internal control arrangements, and publish an Annual Governance Statement (AGS) each year with its financial statements. The regulations require the statement to be accompanied by an action plan for improving any issues identified.
- 2.2 The Annual Governance Statement for the 2009/10 financial year was reported to the Accounts and Regulatory Committee in June 2010. This included an action plan for issues to be resolved during the current financial year.
- 2.3 The Audit Commission are keen to ensure that the annual governance review is not considered to be an annual year end exercise. Therefore it is essential to ensure that governance issues are considered during the year and it was agreed by the Accounts & Regulatory Committee that an interim report regarding progress against the action plan would be provided to this panel during the year.

### 3. Key Messages

- There has been progress against all of the issues identified in the action plan.
- The audit of the final accounts for 2009/10 did not raise any concerns with the Annual Governance Statement or the action plan. Accordingly the statement was included in the final Statement of Accounts that was issued in September 2010.

### 4. Supporting Information

- 4.1 The issues that were included on the action plan have been discussed with the relevant lead officers, and the action plan has been updated with the progress made. The action plan is included at appendix 1.

## **5. Proposals**

- 5.1 To note and comment upon the Councils progress in implementing the current Annual Governance Statement action plan.

## **6. Strategic Plan Implications**

- 6.1 The achievement of the strategic plan requires a sound system of governance to ensure the effective delivery of services. Therefore improving on existing governance arrangements will help to ensure that the strategic plan objectives can be achieved.

## **7. Risk Management Implications**

- 7.1 Risk Management is a fundamental part of the Governance process and a failure to implement the action plan may have an effect on the ability of the Council to control its risks.

## **8. Other Standard References**

- 8.1 There are no direct Publicity, Financial, Consultation, Human Rights, Community Safety or Health and Safety implications as a result of this report.

**Colchester Borough Council  
Annual Governance Statement – Action Plan for 2010/11  
Interim Review October 2010**

**Significant Internal Control Issues – Relating to 2009/10 Financial Year**

No.	Issue	Action	Due Date	Responsible Officer	Update
1	<p><u>Financial Procedure Rules</u> The financial procedure rules, contained in the Constitution, govern all aspects of the Council's financial affairs. These have not been updated since 2004.</p>	<p>The financial procedure rules need to be updated and reissued.</p>	<p>30 June 2010</p>	<p>Finance Manager Audit &amp; Governance &amp; Head of Resource Management.</p>	<p>The Financial Regulations have been revised and updated. They were approved by Accounts and Regulatory Committee on the 28/09/10 who will now recommend their adoption to Full Council.</p>
2	<p><u>Governance Awareness</u> The understanding of Corporate Governance varies across the Authority with some service areas having a greater awareness than others. The Authority has adopted a code of corporate governance, senior officers are aware of their responsibilities and the individual policies that make up the framework are available to all staff. However, general training and guidance given to staff relating to Corporate Governance needs to be improved, including identification of a contact point for staff to seek further information.</p>	<p>A programme of awareness training will be delivered aimed at group management team level. Member training will also be provided, to ensure that they are aware of their role in embedding good governance.</p>	<p>By end of December 2010.</p>	<p>Monitoring Officer</p>	<p>Member training was delivered in June 2010 and the content and format of officer training is currently being finalised, with delivery anticipated from December 2010.</p>
3	<p><u>Organisational Learning</u> The processes for the organisation to get feedback, and learn from, issues such as customer complaints and service failures need to be embedded. Whilst Ombudsman complaints and individual service issues are reviewed as necessary by senior management it needs to be demonstrated that the whole organisation has learnt from the issues.</p>	<p>Further development of existing programme of customer performance management to identify and manage opportunities for organisational learning and improvement.</p>	<p>December 2010</p>	<p>Executive Director Customer Excellence</p>	<p>We continue to improve and develop the customer performance framework, capturing and sharing new and merging risks.</p>



No.	Issue	Action	Due Date	Responsible Officer	Update
4.	<p>Members on Outside Bodies Members are annually appointed to represent the Council on outside bodies. However there is no formal review or feedback on progress relating to these appointments. Members should report back to the organisation to ensure that their appointment is achieving the intended purpose.</p> <p><u>Booking of Premises</u> During the course of the booking of premises audit it was highlighted that it could not always be proved that invoices were raised for room hires. This could have a significant impact on income and was therefore given a level 1 (senior management issue) recommendation.</p>	<p>An annual feedback report will be provided by Councillors on outside bodies to Cabinet</p>	<p>End of the municipal year 2010/11</p>	<p>Monitoring Officer</p>	<p>As requested by the Accounts &amp; Regulatory Committee at their meeting on 29 June 2010, the Monitoring Officer is developing the format for the reporting and this will be available for use at the end of this municipal year.</p>
5.	<p><u>Booking of Premises</u> During the course of the booking of premises audit it was highlighted that it could not always be proved that invoices were raised for room hires. This could have a significant impact on income and was therefore given a level 1 (senior management issue) recommendation.</p>	<p>The use of standard checklists was introduced in July 2009 as per the recommendations for paragraphs 3.9 – 15 of the Final Audit report</p>	<p>Confirmation follow-up review due 2010 /11.</p>	<p>Head of Corporate Management Facilities Manager</p>	<p>The recommendations from the audit have been implemented and there are no outstanding issues.</p>



## Finance & Audit Scrutiny Panel

Item  
**14**

23 November 2010

Report of

Head of Resource Management

Author

Elfreda Walker  
282461

Title

2nd Quarter Internal Audit Assurance Report 2010/11

Wards  
affected

Not applicable

**This report concerns Internal Audit Activity in Quarter 2 –  
July to September 2010**

### 1. Actions Required

- 1.1 To note and comment upon the Council's performance relating to:
- Executing the 2<sup>nd</sup> quarter of the internal audit plan for 2010/11;
  - Performance of internal audit by reference to national best practice benchmarks;
  - Status of outstanding recommendations.

### 2. Reason for Scrutiny

- 2.1 The Accounts and Audit Regulations 2003 require local authorities to maintain an adequate and effective system of internal audit.
- 2.2 Internal audit is a key element of the Council's corporate governance framework. Robust implementation of audit recommendations gives assurance to members and management that services are operating effectively, efficiently and economically and in accordance with legislative requirements and professional standards.

### 3. Key Messages

- The Council has continued to provide an effective internal audit service during the 2<sup>nd</sup> quarter of 2010/11 financial year.
- The assurance rating for the Business Continuity Planning audit has increased from "Limited" to "Substantial".
- The assurance rating for the Treasury Management audit has increased from "Substantial" to "Full".
- 21 priority 2 and one priority 3 recommendations have been made.
- All recommendations have been fully accepted by management.
- There continues to be good progress made in implementing and verifying outstanding recommendations.

### 4. Summary of the 2<sup>nd</sup> Quarter of 2010/11

- 4.1 There continues to be a very positive relationship between officers of the Audit and Governance Team and the Internal Audit provider and regular meetings take place to discuss various issues including internal audit briefs, recommendations and audit planning.
- 4.2 There are also regular meetings with the external audit provider. This helps to ensure that the work of the internal and external auditors is complementary.

## 5. Supporting Information

5.1 This report has been designed to show:

- Detailed information concerning audits finalised in the quarter
- Details of the effectiveness of the Internal Audit provider in delivering the service

5.2 Using a risk-based approach, Internal Audit generates reports for all audits, with recommendations to improve the effectiveness of the internal control framework and maximise potential for service improvement across the Council. The audit plan consists of a mix of regularity, systems and probity audits. Only systems audits generate an assurance level and these are categorised as follows:

- Full Assurance – a sound system of control
- Substantial Assurance – basically a sound system with some weaknesses
- Limited Assurance – weaknesses that may put the system objectives at risk
- No Assurance – control is generally weak leaving the system open to error or abuse

5.3 Internal Audit categorises recommendations according to their level of priority as follows:

- Priority 1 – Major issues for the attention of senior management
- Priority 2 – Other recommendations for local management action
- Priority 3 – Minor matters

5.4 Internal audit categorise the tracking of recommendations as follows:

- Fully implemented
- Partially implemented
- Not implemented

## 6. Internal Audit Performance 2010/11

6.1 Use of Audit Resources:

	<b>Days</b>	<b>%</b>
Audit days delivered – Q1	126	27
Audit days delivered – Q2	103	22
Remaining Days – per agreed Audit Plan	239	51
	<b>468</b>	<b>100</b>

6.2 Summary of Audits finalised during the quarter:

	Total No. of Reports		Level of Assurance – Systems Audits*				Change in Assurance Level – compared to last audit		
	Other	Systems	Full	Substantial	Limited	No	▲	▶ (or 1 <sup>st</sup> Audit)	▼
<b>Audits finalised – Q2 b/f from 2009/10</b>	<b>1</b>	<b>7</b>	<b>1</b>	<b>6</b>	-	-	<b>2</b>	<b>5</b>	-
	-	-	-	-	-	-	-	-	-
<b>Work in progress Q2 b/f from 2009/10</b>	<b>1</b>	<b>6</b>							
	-	<b>3</b>							

\*Only systems audits are given an assurance level.

Please see Appendix 1 for a summary of results and outcomes of the eight audits finalised in quarter 2.

**7. Status of all recommendations as at 30<sup>th</sup> September 2010:**

- 7.1 Following the completion of each audit, a report is issued to management, incorporating recommendations for improvement in controls and management's response to those recommendations.
- 7.2 The table below provides a breakdown of the outstanding recommendations as at the end of Q2 – 30<sup>th</sup> September 2010.

	<b>Outstanding Recommendations That Are:</b>			
<b>Date</b>	<b>Not Due</b>	<b>Overdue</b>	<b>Awaiting Verification</b>	<b>Implemented &amp; Verified</b>
Q2	58	9	74	12

- 7.3 During the quarter, 12 recommendations were verified as being implemented. At the end of Q2, there were a total of 141 recommendations outstanding of which nine (6%) were overdue, 58 (41%) were not due and 74 (53%) had been implemented and were awaiting verification from internal audit. Of those awaiting verification, it was noted that 35 (47%) related to annual audits that will be followed up as part of the managed audit process.
- 7.4 Please see Appendix 2 for details of outstanding recommendations. Progress in implementing these recommendations will continue to be closely monitored with priority being given to the recommendations awarded a higher priority rating and / or those that have been outstanding the longest. Progress will continue to be reported to the panel each quarter.
- 8. Performance of Internal Audit 2010/11 to date – Key Performance Indicators (KPIs):**

<b>KPI</b>	<b>Target</b>	<b>Actual</b>
<b>Efficiency:</b>		
Percentage of annual plan completed (to at least draft report stage)	<b>50%</b>	<b>54%</b>
Average days between exit meeting and issue of draft report	<b>10 max</b>	<b>6</b>
Average days between receipt of management response and issue final report	<b>10 max</b>	<b>1</b>
<b>Quality:</b>		
Meets CIPFA Code of Practice – per Audit Commission	<b>Positive</b>	<b>Positive</b>
Results of Client Satisfaction Questionnaires (Score out of 10)	<b>7.8</b>	<b>9.1</b>
Percentage of all recommendations agreed	<b>96%</b>	<b>98%</b>
Improved assurance for 2 <sup>nd</sup> & subsequent audit reviews – as a percentage of all recurring reviews	<b>25%</b>	<b>44%</b>

- 8.1 The key performance indicators show that the internal audit provider is successfully meeting or exceeding the standards set.
- 8.2 Client satisfaction score has improved and is now at an all time high.
- 8.3 The percentage of audits that have shown an improved assurance rating for the 2<sup>nd</sup> or subsequent review is above the expected level as a result of improved controls in place.

## **9. Colchester Borough Homes Limited**

9.1 Colchester Borough Homes Limited has its own agreed audit plan which is administered by Deloitte who are also the Council's auditors. The coverage of the plan, and the scope of the audits, is decided by Colchester Borough Homes Limited and in general the audits do not affect the systems operated by the Council.

9.2 However, there are a few audits that, whilst they are carried out for either Colchester Borough Homes Limited or the Council, have a direct relevance and impact on the other organisation and in these circumstances it is appropriate that the results of the audit are reported to both organisations. These are known as joint audits.

9.3 There has been no joint audits finalised in the second quarter.

## **10. External Audit**

Recent items received from the External Auditors:

- Annual Audit letter, which is included on this agenda
- Benefits Service Inspection Report, which is included on this agenda.

Appendix 3 details the progress made in implementing the external audit recommendation made in the Visual Arts Facility – Follow up report, which was issued in June 2010.

## **11. Proposals**

To note and comment upon the Council's progress and performance in implementing quarter 2 of the Internal Audit programme for 2010/11.

## **12. Strategic Plan Implications**

The audit plan has been set with due regard to the identified key strategic risks to the Council. The strategic risk register reflects the objectives of the strategic plan. Therefore, the audit work confirms the effectiveness of the processes required to achieve the strategic objectives.

## **13. Risk Management Implications**

The failure to implement recommendations may have an effect on the ability of the Council to control its risks and therefore the recommendations that are still outstanding should be incorporated into the risk management process.

## **14. Other Standard References**

Having considered consultation, equality, diversity and human rights, health and safety and community safety and risk management implications, there are none that are significant to the matters in this report.

**Summary of Audits Finalised in Quarter 2:**

511 – Right to Buy	Days	Assurance	Priority of Recommendations			Agreed
			1	2	3	
	7	Substantial ▶	-	5	-	5

**Scope of Audit:** This review examined the following areas:

- Policies, Procedures and Legislation;
- Receipt and Assessment of Applications;
- Calculation of Discounts and Sale Prices;
- Conveyancing Procedures;
- Service Charges;
- Calculation, Banking and Coding of Sale Proceeds;
- Checks Made with Rents Team Prior to Completion Date;
- Documentation of the Valuation of Properties; and
- Calculation of Annual Service Charges for Leasehold Right to Buy (RTB) Properties.

**Key Outcomes:** The recommendations resulting from this review are summarised as follows:

- Up to date versions of the RTB procedures should be retained on the shared drive for the benefit of staff. (2)
- RTB files should be retained in support of all applications received by the council. (2)
- Evidence should be retained that the contents of the RTB application form have been checked and also identify the member of staff involved in the process. (2)
- Valuation reports prepared by the Estates Team should be signed by the Estates Officer and countersigned by the Estates Manager to endorse the work carried out in support of the information requested by the Legal Services team. (2)
- Documentation confirming the research carried out by the Estates Officer should be routinely retained in support of the work undertaken to provide the Legal Services team with an accurate valuation of the property concerned. (2)

516 – Business Continuity Planning	Days	Assurance	Priority of Recommendations			Agreed
			1	2	3	
	10	Substantial ▲	-	4	1	5

**Scope of Audit:** This review examined the following areas:

- Review and Update of the Plan;
- Staff Awareness and Training;
- Rehearsing the Plan; and
- Management Information.

**Key Outcomes:** The recommendations resulting from this review are summarised as follows:

- The council should evaluate the use of the 'Robust' software package for use in aiding the preparation of Business Continuity Plans (BCP) to determine whether use is both efficient and effective. If a decision is made to use the software, all services should make use of the software to help ensure a consistent approach throughout the council. (2)
- Consideration should be given to adopting a register of BCPs to include: Service area; date the plan was developed; details / dates of any interim revisions; annual review dates; and date the plan was presented to the First Call Officers for consideration. (3)
- The Business Continuity Strategy should be uploaded onto the Hub and included within the Business Continuity section. Consideration should also be given to providing a high-level communications cascade to ensure it is clear to officers who they should contact in the event of an incident. (2)

- Consideration should be given to the production of notes or action logs for the First Call Officer meetings. (2)
- Training exercises should be conducted at service level to test the effectiveness of the services' BCPs and ensure members of staff are aware of their roles and responsibilities. (2)

521 – Safes	Days	Assurance	Priority of Recommendations			Agreed
			1	2	3	
	7	Substantial (First audit)	-	3	-	3

**Scope of Audit:** This review examined the following areas:

- Register of safes;
- Insurance cover;
- Insurance limits;
- Safe contents; and
- Key holders.

**Key Outcomes:** The recommendations resulting from this review are summarised as follows:

- A comprehensive register of safes maintained by the Council should be completed. The register should include the make, model, serial number and location of each safe. The register should be periodically reviewed and updated as appropriate. (2)
- Procedural guidance should be developed on use of safes, including: Roles and responsibilities of Council staff; Security arrangements, including key holding; Notification and communication of insurance limits; Reporting of breaches in limits; and Maintenance of records of safe contents, etc. Once completed, the procedures should be formally reviewed and approved prior to dissemination to relevant staff. In addition, the procedures should be subject to periodic review. (2)
- All staff should be reminded that identification must be requested from all visitors prior to being granted access to buildings and in particular safes and/or secure areas. (2)

522 – Diversity	Days	Assurance	Priority of Recommendations			Agreed
			1	2	3	
	10	Substantial (First audit)	-	1	-	1

**Scope of Audit:** This review examined the following areas:

- Policies and Procedures;
- Communication and Training;
- Provision of Accessible Services;
- Partner Organisations and External Service Providers;
- Workforce; and
- Monitoring and Reporting.

**Key Outcomes:** The recommendations resulting from this review are summarised as follows:

- An appropriate mechanism should be introduced to monitor at regular intervals whether Equality Impact Assessments have been completed across the Council in accordance with the published timetable, with the current status being formally reported in each case. (2)

526 – Cash Control	Days	Assurance	Priority of Recommendations			Agreed
			1	2	3	
	10	Substantial (First Audit)	-	5	-	5

**Scope of Audit:** This review examined the following areas:

- Cash handling;
- Cash collection at the customer services centre;

- Banking and handover of monies to G4S;
- Unders and overs;
- Security, including G4S access;
- Income reconciliation; and
- Contact with the bank.

**Key Outcomes:** The recommendations resulting from this review are summarised as follows:

- The daily bank reconciliation should be signed and dated by the member of staff completing the check. In addition, evidence supporting the bank reconciliation / communication with the bank should be clearly marked to enable records to be easily retrieved in the event of a query. (2)
- Evidence should be retained on file that departments have been advised of any differences over £10 on cash deposits received. (2)
- The security tag number of the sealed bag should be recorded on the daily collection and deposit sheet. (2)
- Access to the cash office should be restricted to appropriate personnel who are directly involved in the cash function. Any other visitors to the cash office should sign the signing in book on every occasion that they access the secure area. (2)
- All visitors, including G4S drivers, requiring access to the cash office, should provide up to date identification. (2)

527 – Decriminalised Parking	Days	Assurance	Priority of Recommendations			Agreed
			1	2	3	
	5	Regularity	-	-	-	-

**Scope of Audit:** This scope of this audit was to ensure that:

- Adequate controls are in place to give management assurance regarding the accuracy of the figures.
- The figures reported are backed up by an audit trail and supported by appropriate documentation.

**Key Outcomes:**

- The closing balance of the original claim for the on-street reserve was a surplus of £64,170. However, after required changes were identified as part of this audit the figure was re-calculated and agreed at a surplus of £65,028.

528 – Electoral Registration	Days	Assurance	Priority of Recommendations			Agreed
			1	2	3	
	7	Substantial	-	2	-	2

**Scope of Audit:** This review examined the following areas:

- Completeness and Accuracy of the Register;
- Security of the Register;
- Authorisation, Coding and Recording of Payments made to Canvassers; and
- Charging, Recording and Banking of Income from Register Sales.

**Key Outcomes:** The recommendations resulting from this review are summarised as follows:

- Access request forms should be completed for all staff requiring access to the eXpress system. In addition, consideration should be given to undertaking an annual review of access levels to confirm that only staff that require access to eXpress are able to do so. (2)
- Correspondence should be retained on file where requests have been made to provide copies of the electoral register. Where the request is made verbally details of the person requesting should be recorded as appropriate. In addition, the date that the register is sent out should be annotated on the sales register. (2)



529 – Treasury Management	Days	Assurance	Priority of Recommendations			Agreed
			1	2	3	
	10	Full ▲	-	1	-	1

**Scope of Audit:** This review examined the following areas:

- Policy, procedures and regulations;
- Security of assets;
- Cashflow forecasting;
- Records of loans (if any) and investments made;
- Segregation of duty;
- System reconciliation and insurance; and
- IT Security.

**Key Outcomes:** The recommendations resulting from this review are summarised as follows:

- Staff should be reminded that Investment Record Forms should be fully completed to include: details of the counterparty limits and current exposure; approval for the investment being made; the reason for selecting a particular broker; and the correct investment reference number. (2)



434 - Leisure World	0	10	0	2	0	0	0	0	0
436 - Appointment of Contractors CBH	0	0	0	1	0	0	0	0	0
438 - Benefits	0	3	0	0	0	0	0	0	0
439 - Benefits Overpayments	0	2	0	0	0	0	0	0	0
440 - Housing Rents and Arrears	2	0	0	0	0	0	0	0	0
442 - Windows Operating System	0	2	0	3	4	0	2	2	2
443 - Cash Office Procedures	1	0	0	0	0	0	0	0	0
444 - Creditors	0	2	0	0	0	0	0	0	0
445 - Debtors	0	4	0	0	0	0	0	0	0
446 - General Ledger	0	4	0	1	0	0	0	0	0
447 - Risk Management	0	4	0	0	0	0	0	0	0
449 - Security of Assets and Records	0	0	0	4	0	0	0	0	0
450 - Management of Expenditure CBH	1	1	0	1	0	0	0	0	0
<b>2008/09</b>									
303 - Commercial & Investment Property	1	0	0	1	0	0	0	0	0
304 - Helpline	2	1	0	0	0	0	0	0	0
305 - Local Land Charges	3	0	0	1	0	0	0	0	0
318 - Corporate Management - Management Arrangements	3	1	0	0	0	0	0	0	0
350 - Back Up Procedures	4	0	1	0	0	0	0	0	0
352 - IDOX Document Imaging	11	0	0	3	0	0	1	0	0
<b>2007/08</b>									
201 - Inventories	2	2	0	0	0	0	0	0	0
205 - Financial Assistance Policy	4	1	0	0	0	0	0	0	0
218 - Car Parking Income	7	1	0	0	0	0	0	0	0
<b>Total</b>	<b>93</b>	<b>74</b>	<b>1</b>	<b>52</b>	<b>5</b>	<b>2</b>	<b>4</b>	<b>3</b>	<b>3</b>

# COLCHESTER BOROUGH COUNCIL

Year	Business Unit	Ref	Audit	Assurance Level	Recommendation	Agreed	Priority	Due Date	Previous Position	Updated Position
<b>2008/09 - Corporate Management - Reference 352 - IDOX Document Imaging - Assurance Level Limited</b>										
2008/09	Corporate Management	352	IDOX Document Imaging	Limited	Management should ensure that a formal Disaster Recovery Plan is developed for the IDOX system which takes into account the recovery time objectives of the Council departments using IDOX. The plan should be tested annually and a report of the results should be produced for management review for continuous improvement of the plan.	Y	2	30-Sep-10	This is to be addressed as part of the wider DRP covering the IT function.	
<b>2009/10 - Corporate Management - Reference 421 - IT Security - Assurance Level Limited</b>										
2009/10	Corporate Management	421	IT Security	Limited	Procedures for the disposal of hardcopy data, electronic data held on removable storage devices (e.g. USB's); IT equipment and archived files should be developed. A periodic review of the policy should also be performed to ensure that this remains up to date. We also recommend that this should include the requirement to dispose of assets only via SERCO policy	Y	2	30-Sep-10	Not due.	
2009/10	Corporate Management	421	IT Security	Limited	The Council should review the Data Protection notification with Departmental management to ensure that any changes to the processing of personal data are included in the return.	Y	3	31-Dec-09	Data protection notifications have not been formally reviewed with the Heads of Service.	
<b>2009/10 - Corporate Management - Reference 442 - Windows Operating System - Assurance Level Substantial</b>										
2009/10	Corporate Management	442	Windows Operating System	S	Management should establish formal documented procedures for dealing with amendments to existing users and deactivating leavers in a timely manner.	Y	2	30-Sep-10	<b>IA Update: 4/8/10:</b> Agreed in the CBC Security Audit Action Plan that this will be completed by SERCO. <b>Revised due date 30/9/10.</b>	
2009/10	Corporate Management	442	Windows Operating System	S	Management should ensure that user passwords expire after a predefined and agreed period by not enabling the "passwords set to never expire" setting on any user account.	Y	2	30/04/2010 Revised due date 31/8/10	<b>IA Update: 4/8/10:</b> Agreed in the CBC Security Audit Action Plan that this will be completed by SERCO. <b>Revised due date 31/8/10.</b>	
2009/10	Corporate Management	442	Windows Operating System	S	Management should investigate all user accounts where the individual security settings on the account allow the administrator to set the account to not require a password to logon. These settings should then be disabled to ensure that users are required to logon to the network using a password that meets the complexity requirements as defined in the 'Domain Accounts Policy'.	Y	3	30/04/2010 Revised due date 31/8/10	<b>IA Update: 4/8/10:</b> Agreed in the CBC Security Audit Action Plan that this will be completed by SERCO. <b>Revised due date 31/8/10.</b>	
2009/10	Corporate Management	442	Windows Operating System	S	Management should ensure that the services and drivers installed on the network are reviewed to ensure that only the essential services are running. A process for regular review should be developed, and those services no longer required, should be removed.	Y	3	31/05/2010 Revised due date 31/8/10	<b>IA Update: 4/8/10:</b> Agreed in the CBC Security Audit Action Plan that this will be completed by SERCO. <b>Revised due date 31/8/10.</b>	The points raised in the RandomStorm Vulnerability report are being actioned. This is on going.
<b>2009/10 - Environmental &amp; Protective Services - Reference 402 - Pest Control - Assurance Level Limited</b>										
2009/10	Environmental & Protective Services	402	Pest Control	Limited	Regular checks should be carried out to confirm that invoices are being raised for work undertaken on behalf of commercial customers and evidenced of the checks retained on file.	Y	1	Ongoing revised due date 30/09/10	Currently, it is not possible to identify from the system generated report whether works were undertaken for commercial or domestic customers. This will only become possible once a software update at Customer Service Centre is implemented in September 2010. We noted that only two invoices were issued in the last six months as the majority of customers make payments via the Customer Service Centre. <b>Revised due date 30/9/10</b>	Waiting for the Customer Service Centre to fully implement the new software
2009/10	Environmental & Protective Services	402	Pest Control	Limited	A formal reconciliation of Pest Control income should be carried out on a monthly basis with details on the FLARE system matched against the payments received.	Y	1	Ongoing revised due date 30/09/10	Ongoing involves changing the way that calls are recorded, this will only become possible once a software update at Customer Service Centre is implemented in September 2010.	Waiting for the Customer Service Centre to fully implement the new software

Visual Arts Facility Follow Up Report

Audit Commission Findings and Recommendation	Agreed	Current Position
<p>The Council should ensure that:</p> <ul style="list-style-type: none"> <li>• It has sufficient capacity to challenge all aspects of the delivery of phase 2 of the project;</li> <li>• external communications and marketing relating to the VAF, and in particular its future use, are robust and inform the general public of the use and potential of the building; and</li> <li>• it scrutinises the final stages of the project to ensure that it delivers value for money.</li> </ul>	<p>Yes</p>	<ul style="list-style-type: none"> <li>• Capacity for the Council as client is achieved through the direct employment of the Construction Management Team, including Project Management and Cost Management. The Council also has an internal team headed by an Executive Director and including Finance, Legal, Public Relations, Clerk of Works and an independent Project Director.</li> <li>• Firstsite is now taking the lead on marketing the facility and recent events include 'Sneaky Peeks' and 'Open for Business' linked to the announcement of the opening date next September. There is a Communication Strategy developed by all Partners to sell the 'Offer' as we move towards opening.</li> <li>• A value engineering process has been carried out for both the fit-out and landscaping stages and the Council continues to closely manage the budgets and contracts of these final stages.</li> </ul>



## Finance and Audit Scrutiny Panel

Item  
**15**

23 November 2010

<b>Report of</b>	<b>Head of Resource Management</b>	<b>Author</b>	<b>Sean Plummer</b> ☎ 282347
<b>Title</b>	<b>Financial Monitoring Report – April to September 2010</b>		
<b>Wards affected</b>	Not applicable		

**The Panel is invited to review the financial performance of all General Fund services and the Housing Revenue Account for the first six months of 2010/11**

### 1. Action required

- 1.1 The panel is asked to note the financial performance of General Fund Services and the Housing Revenue Account (HRA) in the first six months of 2010/11.

### 2. Reason for scrutiny

- 2.1 Monitoring of financial performance is important to ensure that:
- Service expenditure remains within cash-limited budgets.
  - Potential variances at year-end are identified early so that remedial action can be taken to recover the position or 'recycle' any surplus budgets.
  - Performance targets are being met.
- 2.2 This report also gives the panel the opportunity to hold Service Managers and Portfolio Holders accountable for their budgets.

### 3. Background and Summary Position

- 3.1 This report reviews the Council's overall position based on profiled income and expenditure for the six months to 30 September 2010, and also shows a projection of the outturn figures for the full year. All the information presented in respect of General Fund Services shows the position based on net 'direct costs'. The review of the Housing Revenue Account is different in that it shows all costs, both direct and indirect.
- 3.2 The projected outturn for the General Fund is currently a net overspend of £1.035m. The Housing Revenue Account forecast outturn position is an underspend of £32k.
- 3.3 The General Fund position, set out in more detail in the following paragraphs, remains primarily due to the unexpected and significant reduction in Government grant funding. As explained later in the report action to mitigate this sudden loss of revenue has been taken and although further cost pressures have been identified work is in progress to identify further savings and the outcome will be reported later in the year.

### 4. General Fund – Position to 30 September 2010 *Service Budgets*

- 4.1 Appendix A summarises the Council position by expenditure group and by Service Group. The net position shows a variance against profiled budget for General Fund

Services (excluding benefits) of £65k (favourable). This comprises total expenditure being £661k lower than expected and less income than expected totalling £596k. Appendix B provides a more detailed view, breaking this information down by individual Service Groups.

4.2. Both Appendices A & B to the report include traffic light indicators. The thresholds are as follows:

Green – Variance less than £50k and 5% of budget  
 Amber – Variance greater than £50k **OR** 5% of budget  
 Red – Variance greater than £50k **AND** 5% of budget

4.3. Benefits payments are not shown in Appendix A to avoid distorting the reported position for Service Groups. It is currently projected that this area will be on budget at year end, when the final subsidy claim is paid.

## 5. Outturn Forecast / Risk Areas

5.1 This is the second review this year of the 10/11 budget position. The position at the first quarter indicated a potential net overspend of £1.14m. The current forecast outturn is a net overspend of £1.035m as summarised in the following table:-

	£'000	
Service budgets	310	See paras. 5.2 – 5.3 and Appendix C
Technical Items / Mitigating action	725	See paras. 5.4 – 5.9
<b>Potential net overspend</b>	<b>1,035</b>	

### *Service Budgets*

5.2 The following table sets out the forecast outturn for all service areas with outturn variances. This shows a net forecast overspend of £310k. As requested at a previous Panel meeting the position is shown for expenditure and income budget separately.

Service	Forecast Outturn		
	Spend	Income	Net
	£'000	£'000	£'000
Corporate Management	(195)	40	(155)
Customer Service Centre	(33)	2	(31)
Executive Management Team	(5)		(5)
Environmental and Protective Services	(69)	170	101
Life Opportunities	(249)	275	26
Resource Management and CDC	(62)	(20)	(82)
Strategic Policy and Regeneration	(112)	0	(112)
Street Services	59	509	568

<b>Total all services</b>	<b>(666)</b>	<b>976</b>	<b>310</b>
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5.3 Appendix C sets out details of all forecast variances against service budgets at the year-end totalling £310k. The main changes from the previously reported position are further forecast reduction in income in respect of land charges, planning, car parking and sport and leisure. As reported in August all services have reviewed all budgets and as a result have identified savings to offset some of this reduction in income.

*Corporate / Technical Items*

5.4. The budget includes a number of corporate and technical budget areas such as net interest earnings, the provision to repay debt, pension costs and some non service specific grants. The most significant issue reflected in the budget forecast is the reduction in Government grant funding.

5.5. The 2010/11 budget includes assumptions regarding two Government grants as follows:

- Housing Planning and Delivery Grant (HPDG) - £648k
- Local Authority Business Growth Incentives (LABGI) - £77k

5.6. The Government announced in June that all funding for these grants was being removed as part of the deficit reduction plan. This reduction in funding has therefore resulted in a cost pressure of £725k this year.

5.7. The budget included a corporate target of £315k in respect of salary savings. This reflects reduced spend arising from in year staff turnover or temporary vacant posts. It can be regarded in simple terms as a vacancy factor. Rather than continue with a corporate target the budget has now been allocated within service areas to ensure that the budget forecast includes this sum. The budget forecast shown in this report therefore includes the salary target of £315k. The Panel will note comments within the variances shown in Appendix C relating to salaries and the vacancy factor. Currently. Some services are showing a variance relating to vacancy factor but in general this represents a timing issue as we expect the total target to be achieved.

5.8. The 2010/11 Revenue Budget report that was approved by Council in February 2010 detailed potentially significant risk areas that had been identified during the budget process. In addition, Heads of Service have identified a number of both positive and negative risk areas. At this stage in the year the main risks to the forecast are likely to be

- Meeting income levels
- The combined impact of low interest rates and negative cashflow factors such as reduced levels or delays to securing capital receipts on the net interest budget.

*Summary position and action proposed*

5.9. The net forecast outturn shows a potential net overspend of £1.035m. This shows some improvement on the position reported in August and reflect:-

- increase in some cost pressures, mainly reductions in car park income
- identification of a number of savings by service areas
- inclusion of the salary savings target within the forecast.

5.10. The position shows that a large proportion of cost pressures within service areas such as reductions in income from car parking, planning, land charges and cemetery and crematorium have been offset by savings. The main factor that remains is the loss of Government grants.



- 5.11. Senior Management Team (SMT) continues to review all budgets to identify further steps that might be taken to reduce the current budget gap. Following, a recent review savings in the region of a further £350k have been identified and this work is continuing. This work is being carried out alongside the ongoing development of options for budget savings for 2011/12 as part of the budget strategy.
- 5.12. It should be noted that the Council general fund balances have previously been forecast to be £0.5m above our current assessed minimum level. A review of the balances position including any potential use of funds will be included as part of an update on the 2011/12 budget to be reported to Cabinet in December.
- 5.13. SMT continues to monitor the budget position on a monthly basis. The next report to the Panel will consider the position after 9 months. In addition an update of the current year's budget forecast will be reported to Cabinet in January as part of the final 2011/12 budget proposals. This report will be submitted prior to this for this Panel to scrutinise.

## **6. Housing Revenue Account**

- 6.1 The Housing Revenue Account (HRA) is a complex account which is ring-fenced and affected by a number of variable factors. **Appendix D** shows that at the end of September 2010, the HRA is underspent by £487k compared to the budget for the same period. This is primarily due to higher expenditure on Employee costs of £59k; lower expenditure on Premises costs (£209k), Supplies & Services costs (£70k) and Support service costs (£143k). Furthermore, we have received £91k more income than anticipated. However, it should be noted that it is anticipated the year to date underspend will reduce as the financial year progresses. The current projected outturn for the HRA is that it will be under budget by £32k. The main factors contributing to the variance to date are detailed in the following paragraphs.
- 6.2 The overspend on Employee costs has primarily arisen due to a higher amount of one-off severance costs, resulting from the Housing Fundamental Service Review, being charged to the HRA than anticipated. Consequently, there is a forecast outturn overspend of £60k on Employee costs.
- 6.3 Premises related costs are showing an underspend of £209k as at the end of September 2010. Overall, there is an underspend of £80k on Repairs and Maintenance. Colchester Borough Homes are regularly producing a re-profile of expenditure for the remainder of the financial year, and as a result there are no significant variances in this area. Therefore, the majority of this underspend relates to repairs and maintenance of pumping stations, Homeless Persons Units and other delegated budgets. There is an underspend of £66k on Grounds Maintenance budgets relating to the timing of expenditure, along with underspends of £50k on utility costs and £21k on Cleaning costs.
- 6.4 There is a general underspend across most Supplies and Services budget headings at the end of September. Support service costs are underspent by £143k at the end of September. The HRA receives recharges from a number of services and given the level of expenditure currently experienced within these areas as at September 2010, there is a resultant impact upon the HRA for recharges from these services.
- 6.5 There is a £91k over-recovery of income at the end of September 2010. This has primarily arisen due to the combination of less rental income being lost through void dwellings and garages, and more income from tenant's service charges and supporting people charges than budgeted. It is currently predicted that there will be an over-

recovery of income of £92k at the year-end, but this will mainly be influenced by the level of void properties and garages for the remainder of the financial year.

- 6.6 Any expenditure on the Housing Capital Programme (HIP) that exceeds the total resources available from the Major Repairs Allowance (MRA) for the year has to be met from the HRA in the form of a revenue contribution to capital (RCCO). As the actual financing requirement of the outturn capital programme is not known until the end of year position is established, it can have an impact on the HRA outturn that is difficult to forecast at this stage of the year.

## **7. Strategic Plan references**

- 7.1 The priorities within the Strategic Plan are reflected in the Medium Term Financial Forecast. This makes assumptions regarding government grant and Council Tax income, and identifies where necessary savings will be found in order to achieve a balanced budget. The 2010/11 revenue budget was prepared in accordance with the Strategic Plan's priorities, in the context of the Council facing growing financial pressures. Budget monitoring enables the financial performance against these priorities to be assessed.

## **8. Financial implications**

- 8.1 As set out above.

## **9. Risk management implications**

- 9.1 Risk management is used throughout the budget cycle, and this is reflected in the strategic risk register. The 2010/11 revenue budget report that was approved by Council in February 2010 detailed a number of potentially significant risk areas that had been identified during the budget process. In addition, Heads of Service identify a number of both positive and negative risk areas during the year.

## **10. Other Standard References**

- 10.1 Having considered consultation, publicity, equality, diversity and human rights, community safety, and health and safety implications, there are none that are significant to the matters in this report.

## **Background Papers**

None

### Budget Monitoring Summary - Period 6 2010/11

Account Description	Budget to Period 6 £'000	Actual to Period 6 £'000	Variance (fav) / adv £'000	Full Year Position			
				Annual Budget £'000	Projected Outturn £'000	Variance (fav) / adv £'000	Variance %
<b>By Subjective Group</b>							
Employees	14,201	14,017	(184)	28,388	28,142	(246)	(0.87%)
Premises Related	4,470	4,069	(401)	7,625	7,506	(119)	(1.56%)
Transport Related	1,122	1,087	(35)	1,669	1,736	67	4.01%
Supplies & Services	6,335	6,347	12	11,359	10,966	(393)	(3.46%)
Third Party Payments	724	690	(34)	1,734	1,760	26	1.50%
Transfer Payments	1,274	1,254	(20)	2,590	2,590	-	-
Capital Financing Costs	-	1	1	100	100	-	-
<b>Subtotal Expenditure</b>	<b>28,126</b>	<b>27,465</b>	<b>(661)</b>	<b>53,465</b>	<b>52,800</b>	<b>(665)</b>	<b>(1.24%)</b>
Government Grant	(1,281)	(1,239)	42	(2,336)	(2,250)	86	(3.68%)
Other Grants & Reimbursements	(2,605)	(2,568)	37	(4,564)	(4,600)	(36)	0.79%
Customer & Client Receipts	(10,230)	(9,714)	516	(20,026)	(19,101)	925	(4.62%)
Income-Interest	(1)	(1)	-	(22)	(22)	-	-
Inter Account Transfers	(3)	(2)	1	(5)	(5)	-	-
<b>Subtotal Income</b>	<b>(14,120)</b>	<b>(13,524)</b>	<b>596</b>	<b>(26,953)</b>	<b>(25,978)</b>	<b>975</b>	<b>(3.62%)</b>
<b>Total General Fund Services</b>	<b>14,006</b>	<b>13,941</b>	<b>(65)</b>	<b>26,512</b>	<b>26,822</b>	<b>310</b>	<b>1.17%</b>
<b>By Service Group</b>							
Corporate & Democratic Core	172	104	(68)	356	342	(14)	(3.93%)
Executive Management Team	(57)	(71)	(14)	752	747	(5)	(0.66%)
Corporate Management	3,621	3,601	(20)	6,691	6,536	(155)	(2.32%)
Customer Service Centre	536	520	(16)	1,164	1,133	(31)	(2.66%)
Environmental & Protective Services	1,444	1,674	230	2,543	2,644	101	3.97%
Life Opportunities	2,695	2,391	(304)	5,708	5,734	26	0.46%
Resource Management	1,509	1,658	149	3,429	3,361	(68)	(1.98%)
Strategic Policy & Regeneration	1,691	1,589	(102)	3,348	3,236	(112)	(3.35%)
Street Services	2,395	2,475	80	2,521	3,089	568	22.53%
<b>Subtotal General Fund Services</b>	<b>14,006</b>	<b>13,941</b>	<b>(65)</b>	<b>26,512</b>	<b>26,822</b>	<b>310</b>	<b>1.17%</b>
Benefits - Payments and Subsidy	(659)	(2,520)	(1,861)	(1,357)	(1,357)	-	-
Corporate/Technical Items	(13,105)	(12,230)	875	(20,318)	(20,318)	-	-
<b>TOTAL NET</b>	<b>242</b>	<b>(809)</b>	<b>(1,051)</b>	<b>4,837</b>	<b>5,147</b>	<b>310</b>	
<b>Housing Revenue Account</b>	(4,572)	(5,059)	(487)	(267)	(299)	(32)	11.99%

### Budget Monitoring Report for All Services - Period 6 2010/11

Account Description	Corp & Democraftic		EMT		Corporate Mgt		CSC		Env. & Protective		Life Opps		Resource Mgt.		Strategic Policy and Regen		Street		Total £'000
	Core ACDC £'000		AMGT £'000	CORM £'000	CUST £'000	ENPR £'000	LIFE £'000	RSMN £'000	SPRE £'000	STSE £'000									
<b>EXPENDITURE</b>																			
<b>EMPLOYEES</b>																			
Profiled Budget to Date	-		355	1,376	585	2,926	2,980	1,611	827	3,541	14,201								
Actual to Date	-		364	1,383	573	2,883	2,868	1,688	790	3,468	14,017								
Variance to Date	green		9	7	(12)	(43)	(112)	77	(37)	(73)	(184)	amber							amber
Annual Budget	-		708	2,752	1,185	5,869	5,792	3,308	1,673	7,101	28,388								
Projected Outturn	-		708	2,723	1,173	5,821	5,688	3,295	1,656	7,078	28,142								
Variance	-		-	(29)	(12)	(49)	(104)	(13)	(17)	(23)	(246)	amber							amber
<b>PREMISES</b>																			
Profiled Budget to Date	-		-	863	-	505	1,920	212	67	903	4,470								
Actual to Date	-		-	834	-	465	1,675	176	66	853	4,069								
Variance to Date	green		green	(29)	green	amber	(40)	amber	(36)	(1)	(401)	amber							red
Annual Budget	-		-	1,386	-	825	3,879	272	85	1,178	7,625								
Projected Outturn	-		-	1,360	-	825	3,797	262	85	1,177	7,506								
Variance	-		-	(26)	-	-	(82)	(10)	-	(1)	(119)	amber							red
<b>TRANSPORT</b>																			
Profiled Budget to Date	-		3	57	-	46	14	7	6	989	1,122								
Actual to Date	-		2	20	-	38	8	4	6	1,009	1,087								
Variance to Date	-		(1)	(37)	-	(8)	(6)	(3)	-	20	(35)	green							green
Annual Budget	-		7	85	-	92	28	13	9	1,435	1,669								
Projected Outturn	-		7	82	-	92	26	13	9	1,507	1,736								
Variance	-		-	(3)	-	-	(2)	-	-	72	67	green							green
<b>SUPPLIES &amp; SERVICES</b>																			
Profiled Budget to Date	172		258	1,762	44	500	972	919	1,042	666	6,335								
Actual to Date	104		229	1,789	38	646	882	984	994	681	6,347								
Variance to Date	(68)		(29)	27	(6)	146	(90)	65	(48)	15	12	red							green
Annual Budget	356		697	3,331	107	981	1,855	1,341	1,579	1,112	11,359								
Projected Outturn	342		692	3,194	87	961	1,796	1,316	1,484	1,095	10,966								
Variance	(14)		(5)	(137)	(21)	(20)	(59)	(25)	(95)	(17)	(393)	amber							amber

<b>Budget Monitoring Report for All Services - Period 6 2010/11</b>																				
Account Description	Democractic		EMT		Corporate Mgt		CSC		Env. & Protective		Life Opps		Resource Mgt.		Strategic Policy and Regen		Street		Total £'000	
	Core ACDC £'000		AMGT £'000	CORM £'000	CUST £'000	ENPR £'000	LIFE £'000	RSMN £'000	SPRE £'000	STSE £'000										
<b>THIRD PARTY</b>																				
Profiled Budget to Date	-	-	-	7	-	29	222	-	-	224	242	724								242
Actual to Date	-	-	-	(5)	-	16	206	-	-	207	266	690								266
Variance to Date			green	(12)	green	(13)	(16)	-	-	(17)	24	(34)								amber
Annual Budget				78		63	251			740	528	1,734								528
Projected Outturn				78		63	249			740	556	1,760								556
Variance				-		-	(2)			-	28	26								amber
<b>TRANSFER PAYMENTS</b>																				
Profiled Budget to Date				-		-	50			1,224	-	1,274								-
Actual to Date				-		-	25			1,229	-	1,254								-
Variance to Date			green	-	green	green	(25)			5		(20)								green
Annual Budget				-		-	100			2,490	-	2,590								-
Projected Outturn				-		-	100			2,490	-	2,590								-
Variance				-		-	-			-	-	-								green
<b>CAPITAL FINANCING</b>																				
Profiled Budget to Date				-		-	-			-	-	-								-
Actual to Date				1		-	-			-	-	1								-
Variance to Date			green	1	green	green	green			green	green	green								1
Annual Budget				-		-	-			100	-	100								-
Projected Outturn				-		-	-			100	-	100								-
Variance				-		-	-			-	-	-								green
<b>TOTAL EXPENDITURE</b>																				
Profiled Budget to Date	172		616	4,065	629	4,006	6,158			3,973	2,166	28,126								6,341
Actual to Date	104		595	4,022	611	4,048	5,664			4,081	2,063	27,465								6,277
Variance to Date	(68)		(21)	(43)	(18)	42	(494)			108	(103)	(661)								(64)
Annual Budget	356		1,412	7,632	1,292	7,830	11,905			7,598	4,086	53,465								11,354
Projected Outturn	342		1,407	7,437	1,260	7,761	11,656			7,550	3,974	52,800								11,413
Variance	(14)		(5)	(195)	(33)	(69)	(249)			(48)	(112)	(665)								59

### Budget Monitoring Report for All Services - Period 6 2010/11

Account Description	Corp & Democractic		EMT		Corporate Mgt		CSC		Env. & Protective		Life Opps		Resource Mgt.		Strategic Policy and Regen		Street		Total £'000
	Core ACDC £'000	green	AMGT £'000	green	CORM £'000	green	CUST £'000	ENPR £'000	LIFE £'000	RSMN £'000	SPRE £'000	STSE £'000	STSE £'000	Total £'000					
<b>INCOME</b>																			
<b>GOVERNMENT GRANT</b>																			
Profiled Budget to Date	-	-	-	-	-	-	(184)	(373)	(420)	(304)	-	-	(1,281)						
Actual to Date	-	-	-	-	-	-	(217)	(295)	(417)	(310)	-	-	(1,239)						
Variance to Date	-	green	-	green	-	-	(33)	78	3	(6)	-	-	42						
Annual Budget	-	-	-	-	-	-	(779)	(373)	(828)	(356)	-	-	(2,336)						
Projected Outturn	-	-	-	-	-	-	(779)	(287)	(828)	(356)	-	-	(2,250)						
Variance	-	-	-	-	-	-	-	86	-	-	-	-	86						
<b>OTHER GRANTS</b>																			
Profiled Budget to Date	-	(673)	(3)	(82)	(679)	(455)	(668)	(45)	(668)	(45)	(668)	(2,605)							
Actual to Date	-	(667)	(41)	(81)	(653)	(407)	(673)	(46)	(673)	(46)	(673)	(2,568)							
Variance to Date	-	green	6	green	1	26	green	48	green	(1)	(5)	37							
Annual Budget	-	(660)	(15)	(105)	(1,105)	(607)	(1,944)	(123)	(4,564)	(123)	(1,944)	(4,564)							
Projected Outturn	-	(660)	(58)	(104)	(1,105)	(621)	(1,924)	(5)	(4,600)	(123)	(1,924)	(4,600)							
Variance	-	-	(43)	1	-	(14)	-	-	(36)	-	20	(36)							
<b>CUST &amp; CLIENT RECPTS</b>																			
Profiled Budget to Date	-	-	(441)	(11)	(1,699)	(2,635)	(2,044)	(125)	(10,230)	(125)	(3,275)	(10,230)							
Actual to Date	-	1	(380)	(10)	(1,504)	(2,571)	(2,006)	(117)	(9,714)	(117)	(3,127)	(9,714)							
Variance to Date	-	green	61	green	195	64	green	38	516	8	148	516							
Annual Budget	-	-	(906)	(23)	(3,403)	(5,217)	(3,336)	(257)	(20,026)	(257)	(6,884)	(20,026)							
Projected Outturn	-	-	(823)	(23)	(3,233)	(5,014)	(3,356)	(257)	(19,101)	(257)	(6,395)	(19,101)							
Variance	-	-	83	-	170	203	(20)	-	925	-	489	925							
<b>INCOME-INTEREST</b>																			
Profiled Budget to Date	-	-	-	-	-	-	-	-	-	-	-	-	(1)						
Actual to Date	-	-	-	-	-	-	-	-	-	-	-	-	(1)						
Variance to Date	-	green	-	green	green	green	green	green	green	green	green	green	-						
Annual Budget	-	-	(20)	-	-	-	-	-	-	-	-	-	(22)						
Projected Outturn	-	-	(20)	-	-	-	-	-	-	-	-	-	(22)						
Variance	-	-	-	-	-	-	-	-	-	-	-	-	-						

**Budget Monitoring Report for All Services - Period 6 2010/11**

Account Description	Corp & Demographic		EMT		Corporate Mgt		CSC		Env. & Protective		Life Opps		Resource Mgt.		Strategic Policy and Regen		Street		Total £'000
	Core ACDC £'000		AMGT £'000	CORM £'000	CUST £'000	ENPR £'000	LIFE £'000	RSMN £'000	SPRE £'000	STSE £'000									
<b>INTER ACCOUNT TRANS</b>																			
Profiled Budget to Date	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3)	(3)
Actual to Date	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2)	(2)
Variance to Date	green	green	green	green	green	green	green	green	green	green	green	green	green	green	green	green	green	1	1
Annual Budget	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5)	(5)
Projected Outturn	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5)	(5)
Variance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL INCOME</b>																			
Profiled Budget to Date	-	(673)	(673)	(444)	(93)	(2,562)	(3,463)	(2,464)	(475)	(3,946)	(14,120)	(14,120)	(14,120)	(2,464)	(475)	(3,946)	(3,946)	(3,946)	(14,120)
Actual to Date	-	(666)	(666)	(421)	(91)	(2,374)	(3,273)	(2,423)	(474)	(3,802)	(13,524)	(13,524)	(13,524)	(2,423)	(474)	(3,802)	(3,802)	(3,802)	(13,524)
Variance to Date	green	7	green	amber	2	188	190	41	1	144	596	596	41	1	144	144	144	1	596
Annual Budget	-	(660)	(660)	(941)	(128)	(5,287)	(6,197)	(4,169)	(738)	(8,833)	(26,953)	(26,953)	(26,953)	(4,169)	(738)	(8,833)	(8,833)	(8,833)	(26,953)
Projected Outturn	-	(660)	(660)	(901)	(127)	(5,117)	(5,922)	(4,189)	(738)	(8,324)	(25,978)	(25,978)	(25,978)	(4,189)	(738)	(8,324)	(8,324)	(8,324)	(25,978)
Variance	-	-	-	40	1	170	275	(20)	-	509	975	975	(20)	-	509	509	509	-	975
<b>TOTAL NET</b>																			
Profiled Budget to Date	172	(57)	(57)	3,621	536	1,444	2,695	1,509	1,691	2,395	14,006	14,006	1,509	1,691	2,395	2,395	2,395	2,395	14,006
Actual to Date	104	(71)	(71)	3,601	520	1,674	2,391	1,658	1,589	2,475	13,941	13,941	1,658	1,589	2,475	2,475	2,475	2,475	13,941
Variance to Date	(68)	(14)	amber	(20)	(16)	230	(304)	149	(102)	80	(65)	(65)	149	(102)	80	80	80	80	(65)
Annual Budget	356	752	752	6,691	1,164	2,543	5,708	3,429	3,348	2,521	26,512	26,512	3,429	3,348	2,521	2,521	2,521	2,521	26,512
Projected Outturn	342	747	747	6,536	1,133	2,644	5,734	3,361	3,236	3,089	26,822	26,822	3,361	3,236	3,089	3,089	3,089	3,089	26,822
Variance	(14)	(5)	(5)	(155)	(32)	101	26	(68)	(112)	568	310	310	(68)	(112)	568	568	568	568	310

## Forecast Outturn Variances

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
<b>Corporate Management</b>				
Head of Service / Policy and Projects	(5)		(5)	Place survey no longer taking place. Salaries, training, alphaprint, conference & hub savings (but includes £29k vacancy factor pressure).
Way We Work	43	(35)	8	Additional Ignite FSR costs largely offset by Improvement East and roundabout income.
Legal & Land Charges	(37)	100	63	Under-recovery of Land Charges & Legal income reflects continuing trend mitigated in part by reduction in staff & Northgate fees.
Democratic Services	(5)		(5)	General savings across various budgets.
Human Resources	(17)	(13)	(30)	Salary pressure due to spinal point increase.
Facilities Management	(99)	(12)	(111)	Savings against consultancy, conference & seminar. Income from learning pool and H&S secondment to BDC.
Communications	(19)		(19)	Saving on renegotiated cleaning contract, salary savings including Hallkeeper post, Town Hall repairs, furniture, vending, and messenger. Surplus travel plan income offset in part by reduced vending income.
ICT	(56)		(56)	Saving on reducing number of Courier publications. Salaries overspend to be funded by CSC savings (tba). Savings from Computer Holding account and miscellaneous expenditure. GIS saving on Pitney Bowes license.
<b>Customer Service Centre</b>	(33)	2	(31)	Savings on salary costs, website management and uniforms
<b>Executive Management Team</b>	(5)		(5)	Saving on customer excellence and marketing
<b>Life Opportunities</b>				
Head of Service (Children & Young People)	51	0	51	£64k vacancy factor which is to be distributed across the group. £13k saving to be made on research budget.



Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Community Partnerships	(30)	0	(30)	Salary savings on ex-Community Partnerships manager post – saving shared with Housing.
Parks & Recreation	0	(20)	(20)	One-off gain of extra income within service for Tree Maintenance; Castle Park, Community Landscapes and Allotments.
Sport & Leisure	(270)	295	25	The forecast reflects the continuing under-recovery of income in most areas of Sport & Leisure, including the early cessation of Free Swimming Grant in July 2010, although this has been partially offset by the re-introduction of charges. Measures have been taken to reduce expenditure where possible, including energy savings, and these are expected to help offset the lower income levels.
<b>Resource Management &amp; Corporate and Democratic Core (CDC)</b>				
Financial Management	(5)	(20)	(20)	Procurement Hub income through rebates more than budgeted. Saving on staff costs due to reduced hours / maternity leave
Internal Audit	(15)		(15)	Retender of contract resulting in reduced Audit fees
Benefits Management	(11)		(11)	Reduced spend on printing within Assessment Team. Recent resignations resulting in salary saving.
Collection & Control and Local Taxation	(6)		(6)	Saving on bailiff contract.
Estates	(11)		(11)	Saving on salaries, NNDR, grounds mowing, repair & maintenance and publicity.
CDC	(14)		(14)	Saving on audit commission fees and corporate subscriptions.
<b>Environmental &amp; Protective Services</b>				
Head of Service	(5)	0	(5)	General office savings offered by Service
Cemetery & Crematorium	(1)	60	59	Under-recovery of income due to decreased death rate and loss of approximately 4 cremations/wk to the Braintree Crematorium (£1.9k per week)
Planning	(11)	100	89	Savings of £11k on statutory plan advertising and £1k overtime. Under-recovery of income (£100k) forecast due to economic background.
Environmental	(32)	10	(22)	Savings re: vacant posts – Animal Control Officer and part time ASB Manager. £10k under-recovery of income from Housing Inspections.
Professional Support Unit	(20)	0	(20)	Savings on vacant clerical assistant post (£7k) and training (£6k). £7k saving across ENPR on stationery, mileage and general office costs.
<b>Strategic Policy &amp; Regeneration</b>				
Head of Service	18	0	18	Vacancy factor which is to be distributed across service.

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Spatial (HPDG) Policy	(115)	0	(115)	£50k savings have been identified within two HPDG projects (Joint Spatial Policy work + Stanway Masterplan) plus £15k from the 20mph work which has been delayed. A further saving of £50k has been identified from reduced spend on the LDF (local development framework) examination for the site allocation and the development policies document inspection. The budget for this is difficult to predict and the saving reflects that there were a minimum of issues resulting in a fast turnaround and reduced costs.
Enterprise	(5)	0	(5)	Publicity/publication saving as identified in the Communications review
Regeneration	(10)	0	(10)	General fund saving to be delivered from the shared programme manager role between Regeneration and Housing.
<b>Street Services</b>				
Head of Service	42	0	42	Additional FSR costs.
Waste Policy	(36)	0	(36)	Savings on printing, publicity and consultancy.
Car Parking	67	432	499	Pressures are due to equipment and printing costs. It is currently estimated that car park and season ticket income could be £505k lower than budgeted. This may be mitigated by some additional income from NCP car parks and off street penalty charge notices income. The car park income budget is over £4m and therefore the potential variance represents a variance of c13%. The situation will be monitored over the next months and consideration of steps to mitigate the shortfall will be considered.
Recycling	2	9	11	Savings on employees, material and contractor costs, offset by high occasional hire costs. Recycling credits are estimated to be lower than budgeted but this is partly offset by higher than budgeted income for sales of materials and garden sacks.
Street Care	(93)	80	(13)	Savings on employees, fuels and other costs. Market income is estimated to be significantly lower than budget.
Community Operations	77	(12)	65	Forecast overspend within community alarms due to original budget assumptions. Steps to mitigate this are under review by the service and may reduce this identified cost pressure.

## Housing Revenue Account – Period 6

September 2010	Current Period - September 2010				Forecast Year-End Position			
	Account Description	Profiled Budget to Period 6 £'000	Actual to Period 6 £'000	Variance (under) / over £'000	Annual Budget £'000	Projected Outturn £'000	Variance (under) / over £'000	
<b>HRA - Direct &amp; Non-Direct</b>								
<b>EXPENDITURE</b>								
Employees	231	290	59	Red	360	420	60	Red
Premises Related	2,613	2,404	(209)	Red	6,489	6,489	-	Green
Transport Related	2	1	(1)	Amber	3	3	-	Green
Supplies & Services	318	248	(70)	Red	726	726	-	Green
Third Party Payments	3,781	3,761	(20)	Green	6,335	6,335	-	Green
Transfer Payments	31	19	(12)	Amber	62	62	-	Green
Support Services	1,429	1,286	(143)	Red	3,074	3,074	-	Green
Capital Financing Costs	-	-	-	Green	9,612	9,612	-	Green
<b>TOTAL EXPENDITURE</b>	<b>8,405</b>	<b>8,009</b>	<b>(396)</b>	<b>Amber</b>	<b>26,661</b>	<b>26,721</b>	<b>60</b>	<b>Amber</b>
<b>INCOME</b>								
Government Grant	(10)	(5)	5	Amber	(10)	(10)	-	Green
Other Grants &								
Reimbursements	(71)	(77)	(6)	Amber	(144)	(144)	-	Green
Customer & Client Receipts	(12,893)	(12,984)	(91)	Amber	(24,606)	(24,698)	(92)	Amber
Income-Interest	(3)	(2)	1	Amber	(15)	(15)	-	Green
Inter Account Transfers	-	-	-	Green	(2,153)	(2,153)	-	Green
<b>TOTAL INCOME</b>	<b>(12,977)</b>	<b>(13,068)</b>	<b>(91)</b>	<b>Amber</b>	<b>(26,928)</b>	<b>(27,020)</b>	<b>(92)</b>	<b>Amber</b>
<b>TOTAL NET - HRA</b>	<b>(4,572)</b>	<b>(5,059)</b>	<b>(487)</b>	<b>Red</b>	<b>(267)</b>	<b>(299)</b>	<b>(32)</b>	<b>Amber</b>



## Finance and Audit Scrutiny Panel

Item  
**16**

23 November 2010

Report of	Scrutiny Officer	Author	Robert Judd Tel. 282274
Title	Work Programme 2010-11		
Wards affected	Not applicable		

**This report sets out the rolling 2010/11 Work Programme for the Finance and Audit Scrutiny Panel and Accounts and Regulatory Committee**

### 1. Action Required

- 1.1 The Panel is asked to consider and comment on the 2010-11 work programme.

### 2. Reason for Action

- 2.1 This function forms part of the Panel's Terms of Reference in the Constitution.

### 3. Outstanding items

- 3.1 There are none.

### 4. Extra meeting / Additional items

- 4.1 An extra meeting has been arranged for 15 December 2010. The purpose of this is to spread the workload from the meeting on the 23 November 2010. The December meeting will complete the business on the Capital Monitor, the Treasury Management Monitor, the Annual Audit letter for the Joint Parking Partnership and the report from the Mayoralty Task and Finish Group.
- 4.1 The Annual Audit letter for the Colchester and Ipswich Joint Museum committee will be reported to the meeting on 25 January 2011.
- 4.2 The Decent Homes Programme updates will be reported to the meetings on 23 November 2010 (6-monthly) and 22 February 2011 (3<sup>rd</sup> Quarter).
- 4.3 The report on the International Financial Reporting Standards will be presented to the meeting on the 29 March 2011.

### 5. Work Programme

#### 29 June 2010

1. Audit Opinion Plan and 2010-11 Audit and Inspection Fee Letter (A&R)
2. Annual review of the Governance Framework and 2009-10 Statement (A&R)
3. Draft Annual Statement of Accounts (A&R)
4. 2009-10 Financial Monitor (FASP)
5. 2009-10 Capital Expenditure Monitor
6. 2009-10 Internal Audit Report

**27 July 2010**

1. Community Governance Review – Wivenhoe Town Council (A&R)  
(merging of two parish wards / increase of councillors to 13 (+2))
2. Community Governance Review – Fordham (A&R)  
(increase of councillors to 9 (+2))
3. Freedom of Information Update (Head of Corporate Management)
4. Annual Report on Treasury Management
5. 2009-10 Risk Management Summary

**17 August 2010**

1. Capital Improvement Programme (DHP update to incl. outcomes of pilot scheme)
2. 2010-11 Financial Monitor, period April to June
3. 2010-11 Capital Monitor

**31 August 2010 Extra meeting**

1. Call-in Proposed Travellers Site – Severalls Lane East

**7 September 2010 Extra meeting**

1. Call-in Highwoods Country Park Car park charging proposals

**28 September 2010**

1. 2010-11 Internal Audit Monitor, period April to June
2. Annual Statement of Accounts – Annual Governance Report (A&R)
3. Financial Regulations revised (A&R)
4. Colchester Visual Arts Facility – Audit Commission

**19 October 2010**

1. Report Publication of Audited Statement of Accounts (A&R)
2. Risk Management period April to September
3. Annual Business Continuity Progress report
4. Local Governance Review (Hd.of Corp.Management)(A&R)
5. Summary for Colchester Credit union – Update

**23 November 2010**

1. Annual Audit letter (AC)
2. Audit Commission Benefit Services Report (AC)
3. Annual Governance Statement (A&R)
4. 2010-11 Internal Audit Monitor, period April to September
5. 2010-11 Financial Monitor, period April to September
6. Decent Homes Programme – 6 monthly update

**15 December 2011 Extra meeting**

1. Annual Audit Letter – Joint Parking Partnership (AC)
2. 2010-11 Capital Monitor
3. 2010-11 Treasury Management Monitor
4. Mayoralty Budget – TAFG report

**25 January 2011**

1. Annual Audit Letter – Colchester & Ipswich Joint Museum Com. (AC)
2. 2011-12 Budget Strategy
3. Treasury Management - Investment Strategy

**22 February 2011**

1. Risk Management, period April to December
2. 2010-11 Financial Monitor, period April to December
3. 2010-11 Capital Monitor
4. Decent Homes Programme – quarter 3 update

**29 March 2011**

1. 2010-11 Internal Audit Monitor, period April to December
2. Annual Governance Statement briefing paper
3. Audit Opinion Plan
4. International Financial Reporting Standards

