

BOROUGH OF BARROW-IN-FURNESS

AUDIT COMMITTEE

Meeting, Thursday, 7th July, 2011
at 2.30 p.m. (Drawing Room)

A G E N D A

PART ONE

1. To note any items which the Chairman considers to be of an urgent nature.
2. To receive notice from Members who may wish to move any delegated matter non-delegated and which will be decided by a majority of Members present and voting at the meeting.

3. **Admission of Public and Press**

To consider whether the public and press should be excluded from the meeting during consideration of any of the items on the agenda.

4. Disclosure of Interests.

A Member with a personal interest in a matter to be considered at this meeting must either before the matter is discussed or when the interest becomes apparent disclose

1. ***The existence of that interest to the meeting.***
2. ***The nature of the interest.***
3. ***Decide whether they have a prejudicial interest.***

A note on declaring interests at meetings, which incorporates certain other aspects of the Code of Conduct and a pro-forma for completion where interests are disclosed will be available at the meeting.

5. To confirm the Minutes of the meeting held on 8th March, 2011 (copy attached).
6. Apologies for Absence/Attendance of Substitute Members.

FOR DECISION

- (D) 7. Audit Commission Report – IFRS Restatement and Review of Financial Systems
- (D) 8. Internal Audit Annual Report 2010-2011

- (D) 9. Internal Audit – Final Reports.
- (D) 10. Benefit Service Inspection.
- (D) 11. Risk Management.
- (D) 12. Performance Management.
- (D) 13. Annual Governance Statement.

**NOTE (D) - Delegated
(R) - For Referral to Council**

Membership of Committee

Councillors Burns (Chairman)
Pointer (Vice-Chairman)
W McClure
Murray
Thurlow
Wilson

For queries regarding this agenda, please contact:

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BOROUGH OF BARROW-IN-FURNESS

AUDIT COMMITTEE

Meeting: 8th March, 2011
at 2.00 p.m.

PRESENT:- Councillors Flitcroft (Chairman), Jefferson, Maddox, Sweeney and C. Thomson.

Also present were Heather Green and Gareth Kelly from the Audit Commission.

32 – Disclosure of Interests

Councillor Flitcroft declared a personal interest in Agenda Item 14 – Performance Management (Minute No. 41) as he was the Manager of Cumbria Disability Network.

33 – Minutes

The Minutes of the meeting held on 14th December, 2010 were agreed as a correct record.

34 – Apologies for Absence

An apology for absence was received from Councillor Unwin (Vice Chairman).

35 – Audit Commission Reports – Audit Plan 2010/11 and Certification of Claims and Returns – Annual Report

Heather Green from the Audit Commission attended the meeting and presented two reports to Members:-

1. Audit Plan 2010/11; and
2. Certification of Claims and Returns – Annual Report.

In respect of the Audit Plan, she reported that the Audit Commission's proposed fee for 2010/11 was £118,000 which was 8% above the scale fee and was within the normal level of variation specified by the Commission. The Audit Commission's scale fees for 2010/11 had been increased by 6% to reflect the additional work required as a result of the introduction of IFRS. It was noted that in recognition of the financial pressures faced by audited bodies, the Audit Commission had refunded the transitional costs which had resulted in the Council being refunded £6,422 in April 2010.

In respect of Value for Money (VFM) it was noted that for 2010/11, the Audit Commission had reviewed the approach to Value for Money work. This year, the auditor's conclusion would be based on two criteria, specified by the Commission, related to the Council's arrangements for:-

- Securing financial resilience – focusing on whether the Council was managing its financial risks to secure a stable financial position for the foreseeable future; and
- Challenging how the Council secured economy, efficiency and effectiveness – focusing on whether the Council was prioritising its resources within tighter budgets and improving productivity and efficiency.

Heather reported that she would undertake a risk assessment of the Council's arrangements and would consider any further VFM audit work needed to support her conclusion. She would discuss with Officers and report back to the Audit Committee on any risks she identified.

The VFM conclusion for 2009/10 was qualified because significant weaknesses had been identified in the Council's arrangements for procurement, tendering and contracting. These weaknesses suggested poor governance arrangements for tendering and contracting and exposed the Council to potentially significant risks, including the risk that the Council may not be able to show that its tendering and procurement processes were compliant with all of the laws and regulations. Heather reported that part of her work to support the value for money conclusion in 2010/11 would involve considering whether the Council has addressed the weaknesses that resulted in the qualification.

In respect of the Certification of Claims and Returns – Annual Report, the following key points had been identified:-

1. In 2009/10, the Audit Team had certified seven claims with a total value of over £46 million. Of these, a limited review had been carried out of three claims and a full review of four claims. Two claims had been amended and the Audit Commission had been unable to fully certify three claims and had issued a qualification letter to the grant paying body.
2. The fees charges for the grants certification work in 2009/10 were £22,098. In 2009/10 the Audit Commission were able to place reliance on work undertaken by Internal Audit on the Housing Benefits claim. This had resulted in a significant reduction in fees from 2008/09 (£35,678).

It was noted that the Audit Commission did not find any areas of concern in the way in which most of the claims and returns had been prepared. All claims and returns had been received in time with adequate supporting working papers. However, errors had been found in the Housing Benefit and Council Tax Benefit Subsidy Claim and it was noted that errors in that claim could result in a reduction to the subsidy paid to the Council. The level of Local Authority error overpayments at Barrow was currently below the threshold but there was a risk of loss to the Council if the value of the Local Authority error increased. The Council needed to ensure that the Benefits Service Contract was managed effectively to reduce the occurrence and impact of such errors.

The Borough Treasurer reported that the Council monitored overpayment on a monthly basis to keep it under control.

RESOLVED:- To note the information.

36 – Internal Audit – Progress Report April 2010 to February 2011

The Council's Internal Audit Manager had attended the meeting to present to the report to Members. The report contained a statistical summary of the total number of recommendations (73). It was noted that 72 had been fully accepted and 1 had not been accepted. Each of the recommendations had been assigned a priority graded 1 through to 3; 1 being major issues and 3 being minor issues. A breakdown of restricted assurance audits had been appended to the report.

RESOLVED:- To note the report.

37 – Internal Audit – Final Reports

The Borough Treasurer reported that Internal Audit had completed a number of audits in accordance with the approved annual programme. On completion, final reports were presented to this Committee for consideration.

The Council's Internal Audit Manager attended the meeting to present the reports to Members.

There had been seven final reports appended for consideration. Assurance levels for these reports were three Restricted and four Substantial. The reports included:-

1. Alterations to the Park Leisure Centre – Restricted Assurance;
2. IT Asset Management – Restricted Assurance;
3. Refurbishment of ground floor male and female toilets – Substantial Assurance;
4. Council Tax – Substantial Assurance;
5. NNDR – Substantial Assurance;
6. IT General Controls – Restricted Assurance; and
7. Payroll – Substantial Assurance.

Referring to the IT General Controls report, the Committee had been requested to note the Management response on the bottom of page 2 which read "The recently completed back up and recovery project provided much improved capability for the recovery of IT systems. IT Recovery Plans would now be prepared on the basis of the new arrangements. However, the wider business continuity arrangements were beyond the capacity and resources of the current IT Department and consideration should be given to allocation elsewhere".

The Borough Treasurer informed the Committee that the management of the IT Department was currently under review due to the recent retirement of the IT Manager. In the meantime the IT Technical Manager was running the daily business of the Department and the responsibility for the HR management side had been assigned to the Assistant Director (Personnel and Performance).

A Member had suggested the possibility for individual line managers to take responsibility of ensuring that their staff had signed up to the Code of Connection and IT Security requirements. The Borough Treasurer advised the Committee that

he believed arrangements were already in place and that he would check that was the case.

RESOLVED:- To note the reports.

38 – Internal Audit Plan 2011/12

The Borough Treasurer reported that under Section 151 of the Local Government Act 1972, he had the responsibility to ensure the proper management of the finances of the Council. In order to achieve this, an Internal Audit function needed to be maintained to provide him with the assurance necessary to discharge his duties under Section 151.

He reported that the Internal Audit function examined and evaluated the adequacy of the Council's system of internal controls as a contribution to ensuring that resources were used in an economical, efficient and effective manner.

Internal Audit was an independent and objective appraisal function established by the Council for reviewing the system of internal control. This was in compliance with the Accounts and Audit Regulations 2003 as amended, which specifically required a Local Authority to maintain an adequate and effective system of internal audit. This work had been delivered by way of a risk-based approach to the Internal Audit planning process; resulting in the production of an Annual Audit Plan which needed to be approved by this Committee.

The proposed programme for 2011/12 was as follows:-

BARROW BOROUGH COUNCIL

INTERNAL AUDIT ANNUAL PLAN 2011/12

Audit	Significance Band	Directorate	Days
ANNUAL AUDITS			
Income Collection	1	Borough Treasurer's	15
Housing and Council Tax Benefits	1	Borough Treasurer's	35
Council Tax	1	Borough Treasurer's	12
Performance Management	2	Corporate Services	6
Business Rates (NNDR)	1	Borough Treasurer's	10
Risk Management	1	Corporate Services	9
Financial Information System	1	Borough Treasurer's	9

Budgetary Control	2	Borough Treasurer's	9
Treasury Management	2	Borough Treasurer's	7
Car Park Meter Income	2	Regeneration and Community Services	10
Payroll System Review	2	Borough Treasurer's	10
Payroll (inc. Expenses)	2	Borough Treasurer's	15
Accounts Receivable	2	Borough Treasurer's	10
Corporate Control/Governance	2	Corporate Services	5
Periodic Checks	2	Borough Treasurer's	16
Procurement (inc. Ordering)	2	Corporate Services	15
Accounts Payable	2	Borough Treasurer's	10
Housing Rents	2	Regeneration and Community Services	10
Standing Orders/Financial Regulations/Anti Fraud	2	Corporate Services/ Borough Treasurers	10
Housing Maintenance (Day to day repairs)	2	Regeneration and Community Services	18
IT Environment Audits	1		30
Contract Audit	1		40
RISK ASSESSED SYSTEMS			
Leisure Centre	3	Regeneration and Community Services	15
Disabled Facilities Grants	3	Regeneration and Community Services	10
Insurance	3	Borough Treasurer's	8
Asset Register/Property Portfolio	3	Regeneration and Community Services/Borough Treasurer's	10
Cemeteries and Crematoria	4	Regeneration and Community Services	8
Grounds Maintenance	4	Regeneration and Community Services	9

Personnel	4	Corporate Services	9
DESIGNATED ANNUAL AUDIT ACTIVITY			
Other Projects/Cash Floats (Annual)/Receipt Book Checks	-		24
Community Organisations (inc. Mayor's Account)	-		22
Fraud Hotline	-		8
Funding Checks/Grant Claims	-		15
NFI Responsibilities	-		25
AUDIT MANAGEMENT			
Implementation Review	-		10
Probity	-		12
Audit Administration/Advice	-		10
Audit Committee	-		6
Audit Management/ Planning/Reporting	-		10
External Audit Liaison	-		3
CONTINGENCY	-		5
TOTAL CONTRACT DAYS			530

RESOLVED:- To agree to approve the Internal Audit Plan for 2011/12.

39 – Risk Management

The Policy Review Officer submitted a report regarding the Council's risk policy and proposed risk register for 2011/12. Members had been invited to consider the report in advance of it going to the Executive Committee for approval on 16th March, 2011.

He reported that Management Board had identified key corporate risks for the Council at their meeting on 9th February, 2011 and in view of the substantial budget deficit and the consequent restrictions on resources, they had been of the view that Council must concentrate on business critical risks rather than including community risks where the Council had little or no direct influence on key factors.

A copy of the updated Risk Register for 2011/12 had been appended to the report and this reflected the Management Board's assessment of significant risks to the Council.

The status of these risks and progress against any action plans would continue to be reviewed on a quarterly basis and be reported to Management Board, the Leader of the Council and this Committee.

It was noted that the Risk Policy had been updated to reflect the changes to reporting lines from the Corporate Services Scrutiny Committee to the Audit Committee and a copy of the updated policy had been appended to the report.

A Member had requested clarity on what the role of the Audit Committee was in respect of Risk Management. The Policy Review Officer informed the Committee that Management Board set the Risk Register which would be approved by Executive Committee and that the role of the Audit Committee was to ensure that the Executive Committee carried out their role and ensure that the Risk Register was reviewed on a quarterly basis. He further reported that business critical risks would be identified by Management Team and compliance risks would be identified by the Auditors.

The Borough Treasurer requested the Committee's comments on the report in advance of it going to the Executive Committee for approval.

RESOLVED:- To agree the Risk Register for 2011/12 and the updated Risk Policy as an interim measure and note that more work on the documents would be required as well as training for Members.

40 – Governance Report

The Policy Review Officer submitted a report providing Members with an update on the progress being made towards preparing the Council's Annual Governance Statement. He reported that the Council was currently collecting evidence to support the six core principles for the Annual Governance Statement as defined in the CIPFA/Solace framework for delivering good governance. These were:-

1. Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area;
2. Members and Officers working together to achieve a common purpose with clearly defined functions and roles;
3. Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
5. Developing the capacity and capability of Members and Officers to be effective; and
6. Engaging with local people and other stakeholders to ensure robust public accountability.

It was noted that one piece of evidence was the Code of Corporate Governance which had been updated to include the role of the Chief Financial Officer. A copy of the latest version had been appended to the report.

The Policy Review Officer informed the Committee that at their meeting in June they would be required to review the completed Governance Statement. A Member had requested that training be provided to the Committee prior to that meeting.

RESOLVED:- To note the information.

41 – Performance Management

The Policy Review Officer submitted a report providing Members with a performance management update for Quarter 3. He reported that twenty priority actions were due to have been completed by the end of Quarter 3 2010/11 of which, sixteen had been completed, two had been subject to delays and were expected to be completed in 2011 and two had not completed due to funding issues.

KP1: Safer, cleaner greener

- The Council had changed its waste collection contractor in April and had anticipated an increase in complaints about the waste collection service as changes in working practices had been introduced. An action was to reduce these complaints to the 2009/10 baseline level by the end of Quarter 1. This had been achieved and the Council were currently receiving less than twenty complaints per week.
- There was an action to expand the capacity of recycling bring sites and increase the number of schools that were recycling waste. This had been achieved and the Council were now recycling from most of the schools in the Borough. There was an action to expand recycling to low rise flats in the Borough and at the end of Quarter 1 an additional 1000 flats had received kerbside collection of recyclates.
- There was an action to implement grass cutting for Bigger Bank and this had been implemented.

KP 2: Meeting the housing needs of the Borough

- The development of the frail and elderly scheme in Holker Street had been completed.
- The development of additional houses on Greengate Street had been completed.
- The action to progress demolition of 126 properties in the North Central renewal area had started.
- The action to undertake external improvements to properties in sub area D had commenced.
- The action for the acquisition of properties in sub area D had been completed.

KP 3: Providing easier access to services

- The Council had been assessed at the Achieving level of the Equalities Framework for Local Government. This was due to be completed in Quarter 4 but was achieved earlier than anticipated.

KP 4: Support economic regeneration

- The refurbishment of 104 Abbey Road had been delayed and was anticipated to be completed in Quarter 1 2011.
- The refurbishment of the Mall was complete.
- The refurbishment of Furness House was complete.
- The action to commence Phase 2 of Waterside House development had been cancelled although some work would be carried out to improve access.
- The action to secure headline funding for Waterfront Barrow had not been completed. The NWDA had stated that they would not be funding this project and an alternative source of funding was being sourced.
- Phases 2 and 3 of the Dalton Road Public Realm Improvement Programme were substantially complete.

KP 5: Improve the effectiveness and efficiency of our Council

- Eight members of staff who drove a significant number of miles to carry out their jobs had passed a smart driving course to help reduce CO2 emissions.
- The procurement policy had been completed but had been superseded by the Purchasing Guide.

KP6: Expand facilities and activities for young people

- The Lakes alive spectacular had taken place although the estimated attendance was 6,000 against a target of 8,000.
- The action to deliver the Zircus plus event had been completed.
- The construction of the all weather facility at The Park had been delayed but would be completed in 2011.

Performance Indicators

The Policy Review Officer reported that there were a number of national indicators and local indicators where it was appropriate to report data on a quarterly basis. The Council had demonstrated improved performance against the following indicators:-

- Collection of Council Tax was marginally lower than Quarter 3 2009/10 and the collection of National Non Domestic Tax had improved.
- The average number of day's sickness absence per member of staff worse than for the same period in 2009/10.
- There had been a decrease in the number of violent crimes.
- There had been an increase in the number of acquisitive crimes including household burglaries and robberies. The robbery figure was based on small numbers (3 in 2009/10 and 12 in 2010/11).

- There had been a marginal decrease in the number incidences of racial violence hate crime reported and only one incident of racial damage.

In respect of Hate Crimes, a Member commented that a number of disability hate crimes had been reported to Cumbria Disability Network. The Policy Review Officer advised the Committee that the information he had collected had been from the Police.

RESOLVED:- To note the information.

The meeting closed at 3.04 p.m.

AUDIT COMMITTEE		Part One (D) Agenda Item 7
Date of Meeting: 7th July, 2011		
Reporting Officer: Borough Treasurer		
<p>Title: Audit Commission Report – IFRS Restatement and Review of Financial Systems</p> <p>Summary and Conclusions:</p> <p>The Audit Commission produced a report on IFRS restatement and review of financial systems.</p> <p>The Council's External Auditors will attend the meeting to present the report to Members.</p> <p>Recommendations:</p> <p>Members are recommended to receive and note the reports.</p>		

Report

The Audit Commission report: IFRS restatement and review of financial systems is attached at **Appendix 1**.

(i) Legal Implications

Not Applicable.

(ii) Financial Implications

Not Applicable.

(iii) Health and Safety Implications

Not Applicable.

(iv) Key Priorities or Corporate Aims

Not Applicable.

(v) Risk Assessment

Not Applicable.

(vi) Equality and Diversity

Not Applicable.

(vii) Health and Well-being Implications

Not Applicable.

Background Papers

Nil

AUDIT COMMITTEE	Part One (D) Agenda Item 8
Date of Meeting: 7th July, 2011	
Reporting Officer: Borough Treasurer	
<p>Title: Internal Audit Annual Report 2010-2011</p> <p>Summary and Conclusions:</p> <p>The Head of Internal Audit is required to produce an annual report at the end of each financial year. For the year 2010-2011, the full report is attached.</p> <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Members are recommended to note the annual report for 2010-2011; and 2. Members are also invited to comment on or question any part of the report. 	

Report

The report of the head of Internal Audit is attached at **Appendix 2**.

(i) Legal Implications

Not Applicable.

(ii) Financial Implications

Not Applicable.

(iii) Health and Safety Implications

Not Applicable.

(iv) Key Priorities or Corporate Aims

Not Applicable.

(v) Risk Assessment

Not Applicable.

(vi) Equality and Diversity

Not Applicable.

(vii) Health and Well-being Implications

Not Applicable.

Background Papers

Nil

AUDIT COMMITTEE		Part One (D) Agenda Item 9
Date of Meeting: 7th July, 2011		
Reporting Officer: Borough Treasurer		
<p>Title: Internal Audit – Final Reports</p> <p>Summary and Conclusions:</p> <p>Internal Audit have completed a number audits in accordance with the approved annual programme. On completion, final reports are presented to this Committee for consideration.</p> <p>The Council's Internal Audit Manager will attend the meeting to present the reports to Members.</p> <p>Recommendations:</p> <p>Members are recommended to:</p> <ol style="list-style-type: none"> 1. Receive and consider the reports; and 2. Raise any questions or concerns with the Internal Audit Manager. 		

Report

There are 13 final reports for consideration, attached to this report at **Appendices 3 – 15**. The following table sets out the assurance level assigned to each report and the number of issues identified.

The assurance levels are:

None – control is weak, causing the system to be vulnerable to error and abuse.

Restricted – significant weaknesses have been identified in the system of control, which put the system objectives at risk.

Substantial – while there is a reasonable system of control, there are weaknesses, which may put the system objectives at risk.

Unqualified – there is an adequate system of control designed to achieve the system objectives.

The recommendation levels assigned to issues identified are:

Priority 1 – **major issues** that Internal Audit considers need to be brought to the attention of senior management.

Priority 2 – **important issues** which should be addressed by management in their areas of responsibility.

Priority 3 – **minor issues** which provide scope for operational improvement.

Previous issues – are issues identified in a previous audit report that have not been entirely implemented at the time of this latest audit.

No.	Report	Assurance level	Major issues	Important issues	Minor issues	Previous issues
10-01	Receipt Book Checks	Substantial	-	-	1	4
10-04	Housing and Council Tax Benefits	Substantial	-	3	3	4
10-10	Financial Information Systems (FIS)	Substantial	-	-	1	2
10-11	Budgetary Control	Substantial	-	-	1	2
10-12	Treasury Management	Substantial	-	-	-	-
10-15	Accounts Receivable	Substantial	-	1	1	4
10-18	Accounts Payable	Substantial	-	-	1	-
11-27	Cemeteries & Crematorium	Substantial	-	-	2	-
11-29	Personnel	Substantial	-	2	1	-
CR56	Emlyn Street Car Park	Substantial	-	5	-	-
10-19	Housing Rents	Substantial	-	-	2	4
10-09	Procurement	Substantial	-	1	-	-
11-03	Income Collection	Substantial	-	1	5	-

(i) Legal Implications

Statutory requirements under Section 151 and the Accounts and Audit Regulations 2006.

(ii) Financial Implications

Not Applicable.

(iii) Health and Safety Implications

Not Applicable.

(iv) Key Priorities or Corporate Aims

Not Applicable.

(v) Risk Assessment

Not Applicable.

(vi) Equality and Diversity

Not Applicable.

(vii) Health and Well-being Implications

Not Applicable.

Background Papers

Nil

AUDIT COMMITTEE	Part One (D) Agenda Item 10
Date of Meeting: 7th July, 2011	
Reporting Officer: Borough Treasurer	
<p>Title: Benefit Service Inspection</p> <p>Summary and Conclusions:</p> <p>The Audit Commission carried out an inspection of the Benefit Service in July 2008 and at that time they concluded that the Council provided a “poor service with poor prospects for improvements”. An improvement plan was agreed and a re-inspection of the service was undertaken in January 2010. The re-inspection report was issued in June 2010 with the conclusion that the Council provided a “fair service with uncertain prospects for improvements”.</p> <p>Members’ and Officers’ view was that the Inspector’s conclusions were very harsh on both occasions and the service provided is good given the level of resources available to the Council.</p> <p>This report is to inform Members that the improvement plan has concluded and a closing letter has been received from the Department for Work and Pensions (DWP). Members should note that the Benefit Service which is provided by Liberata is monitored on a monthly basis and improvements are being introduced when necessary. Performance is reported at regular intervals.</p> <p>Recommendations:</p> <p>Members are recommended:</p> <ol style="list-style-type: none"> 1. To note the final outcome of the benefit service inspection exercise; 2. To note the letter from the DWP; and 3. Note the service performance for 2010-2011 	

Report

The Audit Commission carried out an initial inspection of the Benefit Service in July 2008 and followed it by a re-inspection in January 2010. The initial conclusion was that the service was “poor service with poor prospects for improvements” and after the re-inspection the result was “fair service with uncertain prospects for improvements”.

An improvement plan was agreed and implemented which led to the improved conclusion. However, it was felt that the Inspector's opinion was very harsh on both occasions.

Attached at **Appendix 16** is a list of the improvements that have been implemented which demonstrates that significant effort and resources were devoted to improving the service. Members should note that the improvements are not solely those identified by the Inspectors. A service improvement plan was already in operation and remains in place to ensure that the Contractor is providing the level of service determined by the Council.

Appendix 17 is a letter from the DWP which shows that department is satisfied with progress and action taken by the Council and in particular I refer Members to the following extract from the letter:

<p>I particularly wanted to congratulate your Authority on its performance against the Right Benefit measure, for which you are consistently at the top of your benchmarking group. The Audit Commission report highlighted the success you have had in educating customers of their responsibility to report changes of circumstances to the Benefits Service. The end result is that Barrow is identifying a very high proportion of the potential changes in their caseload.</p>

Appendix 18 shows the service performance against the agreed targets for the full year 2010-2011. Members will note that the performance is good.

(i) Legal Implications

Not Applicable.

(ii) Financial Implications

Not Applicable.

(iii) Health and Safety Implications

Not Applicable.

(iv) Key Priorities or Corporate Aims

Not Applicable.

(v) Risk Assessment

Not Applicable.

(vi) Equality and Diversity

Not Applicable.

(vii) Health and Well-being Implications

Not Applicable.

Background Papers

Nil

AUDIT COMMITTEE		Part One (D) Agenda Item 11
Date of Meeting: 7th July, 2011		
Reporting Officer: Policy Review Officer		
<p>Title: Risk Management</p> <p>Summary and Conclusions:</p> <p>Provide Members with the latest version of the Council's risk register for 2011/12.</p> <p>Recommendations:</p> <p>Members are invited to consider the report.</p>		

Report

The Audit Committee has responsibility for monitoring the Council's risk register on a quarterly basis to ensure that risks are being reviewed appropriately.

The risk register was reviewed by Management Board in June and the following amendments were made:

Risk 6: The score for the impact of implementing the pay review was reduced from 4 to 3 because the implications will be considered as part of the comprehensive service review and the impact is lessened.

Risk 7: The impact of not achieving the recycling targets has been reduced from 4 to 3 because the financial implications have been accounted for in the 2011/12 budget.

The risk policy has been updated to reflect these changes and is attached at **Appendix 19**.

(i) Legal Implications

Not Applicable.

(ii) Financial Implications

Not Applicable.

(iii) Health and Safety Implications

Not Applicable.

(iv) Key Priorities or Corporate Aims

Not Applicable.

(v) Risk Assessment

Not Applicable.

(vi) Equality and Diversity

Not Applicable.

(vii) Health and Well-being Implications

Not Applicable.

Background Papers

Nil

AUDIT COMMITTEE		Part One (D) Agenda Item 12
Date of Meeting: 7th July, 2011		
Reporting Officer: Policy Review Officer		
<p>Title: Performance Management</p> <p>Summary and Conclusions:</p> <p>Provide Members with the end of year performance report for 2010/11 and the proposed priorities for 2011-2015.</p> <p>Recommendations:</p> <p>Members are invited to consider the report and determine whether further action is required.</p>		

Actions to support the Key Priorities

Thirty three priority actions were due to be completed by the end of 2010/11 of which, twenty three have been completed, eight have been partially achieved or are subject to delays and are expected to be completed in 2011. Two actions in relation to KP4 have not been completed because of funding issues these are detailed within the report.

The current status of the actions highlighted below and the action plan is attached at **Appendix 20**.

KP1: Safer, cleaner greener

Achieved

- The Council changed its waste collection contractor in April and we anticipated an increase in complaints about the waste collection service as changes in working practices were introduced. An action was to reduce these complaints to the 2009/10 baseline level by the end of Q1. This has been achieved and we are currently receiving less than twenty complaints per week.
- The action to implement the new grounds maintenance contract has been achieved.
- There was an action to implement grass cutting for Bigger Bank and this has been implemented.
- The action to provide cosmetic enhancement of vacant Town Centre units has been achieved.

- Delivery of “shop front” grants has been successful and will continue whilst external funding is available.

Partially achieved

- There was an action to improve recycling and although there is significant improvement to 36.2% the target level of 40% was not achieved. The reduced value of the recycling reward scheme has been incorporated into the 2011/12 budget.

KP 2: Meeting the housing needs of the Borough

Achieved

- The development of the frail and elderly scheme in Holker Street has been completed.
- The development of additional affordable housing has been successful.
- We continue to have >99% of Council dwellings that meet the decent home standard.
- The choice based letting programme has been launched.
- The Housing Market Renewal programme has been progressed.

Partially achieved

- We have continued to target private sector grants to reduce fuel poverty but have been unable to measure the outcomes. The outcomes were to be compared to the LAA target which has now been deleted, it required undertaking a survey and the cost of the survey was disproportionate to the information that would be gleaned from it.

KP 3: Providing easier access to services

Achieved

- We have improved the effectiveness of on-line transactions resulting in an increase in the number of payments (81 to 82%) and other transactions (5% to 10%) completed on-line. The total number of cleansing calls to CRM has decreased by 32% from 40,647 in 2009/10 to 27,496 in 2010/11.
- The improved website service has also contributed to a reduction in the number of avoidable contacts.
- We have been assessed at the Achieving level of the Equalities Framework for Local Government.

KP 4: Support economic regeneration

Achieved

- The Town Centre link road has been completed and is open.
- The refurbishment of 104 was subject to delays but will be completed in the 2nd quarter of 2011/12.
- The refurbishment of the Mall is complete.
- The refurbishment of Furness House is complete.
- Phases 2&3 of the Dalton Rd Public Realm Improvement Programme are complete.

Partially achieved

- The acquisition programme is continuing but is subject to funding.

Not achieved

- The action to commence Phase 2 of Waterside House development has been cancelled. The new access road to Waterside House has been completed and is now open.
- The action to secure headline funding for Waterfront Barrow has not been completed. A submission was made for Regional Growth Funding (RGF) but this was unsuccessful. The Compulsory Purchase Order to acquire land for Waterfront Barrow will not go ahead, however, the Council will still try to acquire land on a voluntary basis.

KP 5: Improve the effectiveness and efficiency of our Council

Achieved

- Implementation of the Cumbria Climate Change Action Plan is continuing. We are unable to measure progress in terms of CO2 emissions because of issues with the calculation spreadsheet that have not yet been resolved. As a result it is uncertain whether the 10% reduction in CO2 emissions has been achieved.
- The procurement policy has been completed but has been superseded by the Purchasing Guide.
- Cashable savings were delivered through changes to the ground maintenance and cleansing contracts.
- Processing of benefit claims have improved significantly and performance is in the top 25% of authorities.

KP6: Expand facilities and activities for young people

Achieved

- The Multi Use Games Area in Dalton was subject to some delays but has now been completed and is open to the public.
- Usage of the youth gym at the Park has increased by more than 8%.
- There has been increased participation in organised sports activities in 2010/11 there was a 19% increase in the number of participants and a 13% increase in the number of attendances.
- The Lakes alive spectacular has taken place although the estimated attendance was 6,000 against a target of 8,000.
- The action to deliver the Zircus plus event has been completed.

Partially achieved

- The construction of the all weather facility at The Park has been delayed but will be completed in 2011.

Performance Indicators

There are a number of national indicators and local indicators where it is appropriate to report data on a quarterly basis. The end of year figures for the local indicators are in Table 1 and the end of year figures for the national indicators are in Table 2.

- Collection of Council Tax and National Non Domestic Tax were marginally lower than in 2009/10.
- The average number of day's sickness absence per member of staff worse than for the same period in 2009/10.
- There has been a decrease in the number of violent crimes.
- There has been an increase in the number of acquisitive crimes including household burglaries and robberies. The robbery figure is based on small numbers 5 in 2009/10 and 17 in 2010/11.
- There has been a decrease in the number incidences of racial violence and the number of hate crimes reported.
- There has been a marginal reduction in the amount of waste generated and recycling has improved.

Table 1: Local indicator for 2010/11

Indicator	Description	2009/10	2010/11	Change
9	Percentage of Council tax collected	96.6	96.55	↓
10	Percentage of NNDR collected	98.7	98.25	↓
12	Average number of days sick per member of staff	9.14	10.59	↓
126	Number of burglaries per 1000 households	4.01	4.57	↓
127a	Violent offences per 1000 population	18.06	16.40	↑
127b	Robberies per 1000 population	0.06	0.23	↓
128	Vehicle crimes per 1000 population	3.87	3.65	↑
218a	Percentage of abandoned vehicles removed within 24 hours	100	75	↓
	Number of incidences of racial violence	38	32	↑
	Number of incidences of racial Damage	2	2	→
	Number of hate crimes	55	48	↑

Table 2: National Indicator for 2010/11

Indicator	Description	2009/10	2010/11	Change
NI 191	Residual waste per household	864	856	↑
N1192	% of waste recycled, composted	34.2	36.0	↑
NI 195a	% of streets that don't meet the cleanliness standard: litter	1	1	→
NI 195b	% of streets that don't meet the cleanliness standard: detritus	2	2	→
NI 195c	% of streets that don't meet the cleanliness standard: graffiti	0	0	→
NI 195d	% of streets that don't meet the cleanliness standard: fly posting	0	0	→

Key Priorities 2011 - 15

The Borough Council's existing Key Priorities have served it well in providing a structured management and direction of its efforts and resources. However, in the new economic reality, faced with massive withdrawal of central government grant, the Council must reorganise itself into a leaner organisation unable to offer the same level of support and subsidy to its residents, partners and customers and concentrating on fewer and only the most significant strategic issues.

The Council's overall strategic driver in the coming 4 years will be retrenchment, that is the need to become smaller and withdraw from services and functions which it decides are less important and relevant given the resources available.

However, it is important that the Council continues to have a strategic view of what is important and to guide Members and Officers in identifying those issues where any spare capacity will be directed.

Clearly the Council's main objective must be to achieve a balanced budget and our overall priority must be to establish an effective and responsible deficit reduction strategy.

Revising our Key Priorities must give recognition to this, but it must also give scope to direct any surplus capacity, including capital resources which remain relatively strong, to the most urgent and important issues in the Borough. To this end we have identified the key issues as:

- Efficiency
- Housing
- The built environment
- The local economy

The scale of resources the Council can bring directly to some of these issues may be reducing, but there is still much the Council can achieve through

partnership and influence. That said we must be realistic as to the scale of intervention and positive action we can implement and our key objectives must be realistic.

To this end it is recommended that the Council adopts four new Key Priorities as follows:

1. Provide good quality efficient and cost effective services while reducing overall expenditure.
2. Continue to support housing market renewal including an increase in the choice and quality of housing stock and the regeneration of our oldest and poorest housing.
3. Work to mitigate the effects of the recession and cuts in public expenditure and their impact on the local economy and secure a sustainable and long term economic recovery for our community.
4. Continue to improve and enhance the built environment and public realm, working with key partners to secure regeneration of derelict and underused land and buildings in the Borough.

Once adopted by Council the four Key Priorities will be used as the basis for all future business planning and to direct the activity of any spare capacity and resources.

Although at this time there isn't a formal action plan there are a number of improvement activities being implemented and these include:

- Undertake a comprehensive service delivery review.
- Transfer management of waste collection, building cleaning and dog warden services to the street care team to reduce management costs.
- Undertake a business improvement review of the Development Control service and develop framework for setting local planning fees.
- Introduce self-financing of Council housing services.
- Re-let the responsive repair contract.
- Review housing support services.
- Update Information Technology and introduce Customer Relations Management service in the Housing department.
- Demolish the agreed areas of Marsh Street.
- Demolish 100 Abbey Road and carry out external improvements to 102 Abbey Road.
- Completion of the all weather soccer centre.

An action plan will be developed once the priorities have been adopted.

(i) Legal Implications

Not Applicable.

(ii) Financial Implications

Not Applicable.

(iii) Health and Safety Implications

Not Applicable.

(iv) Key Priorities or Corporate Aims

Not Applicable.

(v) Risk Assessment

Not Applicable.

(vi) Equality and Diversity

Not Applicable.

(vii) Health and Well-being Implications

Not Applicable.

Background Papers

Nil

AUDIT COMMITTEE		Part One (D) Agenda Item 13
Date of Meeting: 7th July, 2011		
Reporting Officer: Policy Review Officer		
<p>Title: Annual Governance Statement</p> <p>Summary and Conclusions:</p> <p>Provide Members with the Annual Governance Statement for 2011/12.</p> <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Members are invited to consider the report and agree to submit the report and supporting evidence to the District Auditors for their consideration; and 2. To agree that the Annual Governance Statement be published on the Council's website. 		

Report

The Council has responsibility for ensuring that Council business is conducted with the law and proper standards, and that public money is safeguarded and properly accounted for. Part of this governance process is the preparation and publication of an Annual Governance Statement which is a self assessment of how effective we consider our governance arrangements to be.

The following members of staff were involved in preparing the Annual Governance Statement for 2010/11:-

- Chief Executive: Head of Paid Services;
- Director of Corporate Services: Monitoring Officer;
- Borough Treasurer: S151 Officer;
- Internal Audit Manager; and
- Policy Review Officer.

The Annual Governance Statement and supporting evidence is attached at **Appendix 21**.

(i) Legal Implications

Not Applicable.

(ii) Financial Implications

Not Applicable.

(iii) Health and Safety Implications

Not Applicable.

(iv) Key Priorities or Corporate Aims

Not Applicable.

(v) Risk Assessment

Not Applicable.

(vi) Equality and Diversity

Not Applicable.

(vii) Health and Well-being Implications

Not Applicable.

Background Papers

Nil