

Date: 7 January 2014
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To: Members of the Audit and Corporate Governance Committee
(Councillors: Roger Boote, Peter Bowden, Bob Buxton
Steve Gazzard, Steve Hall, Tony Howard, Geoff Pook,
Ken Potter)

Councillor David Cox – Portfolio Holder, Finance
Councillor Ray Bloxham - Portfolio Holder, Corporate Business
Councillor Phil Twiss – Portfolio Holder, Corporate Services
Chief Executive
Deputy Chief Executives
Head of Service – Finance
Internal Audit, SWAP
External Audit, Grant Thornton

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Audit and Governance Committee
Thursday 16 January 2014
2.30pm
Council Chamber, Knowle, Sidmouth

Members of the public are welcome to attend this meeting.

- There is a period of 15 minutes at the beginning of the meeting to allow members of the public to ask questions.
- The Chairman has the right and discretion to control questions to avoid disruption, repetition and to make best use of the meeting time. The Chairman is entitled to interrupt the speaker to ask for their question to be put.
- In addition, the public may speak on items listed on the agenda. After a report has been introduced, the Chairman (Leader of the Council) will ask if any member of the public wishes to speak and/or ask questions.
- All individual contributions will be limited to a maximum period of 3 minutes – where there is an interest group of objectors or supporters, a spokesperson should be appointed to speak on behalf of the group.

This meeting is being recorded for subsequent publication on the Council's website. Audio recording is permitted by press representatives and members of the public from the public area, subject to their notification to the Chairman prior to the start of the meeting of a wish to record all or part of that meeting. If you are exercising your right to speak during Public Question Time, but do not wish to be recorded, please inform the Chairman who will instruct those taking a recording to cease while you speak.

Should anyone have any special needs or require any reasonable adjustments to assist them in making individual contributions, please contact Alethea Thompson (contact details at top of page). A hearing loop system will be in operation in the Council Chamber.

Councillors and members of the public are reminded to switch mobile phones to silent during the meeting.

AGENDA

Page/s

Part A

- 1 **Public question time** – standard agenda item (15 minutes)
Members of the public are invited to put questions to the Committee through the Chairman. Councillors also have the opportunity to ask questions of the Leader and/or Portfolio Holders during this time slot whilst giving priority at this part of the agenda to members of the public.
- 2 To confirm the minutes of the meeting of the Audit & Governance Committee held on 14 November 2013. 4 - 10
- 3 To receive any apologies for absence.
- 4 To receive any declarations of interests relating to items on the agenda.
- 5 To consider any items which in the opinion of the Chairman, should be dealt with as matters of urgency because of special circumstances.
(Note: Such circumstances need to be specified in the minutes; any Member wishing to raise a matter under this item is requested to notify the Chief Executive in advance of the meeting).
- 6 To agree any items to be dealt with after the public (including the press) have been excluded. There are no items which Officers recommend should be dealt with in this way.
- 7 Certification report Grant Thornton 11 – 20
- 8 Internal Audit Activity – Quarter 3 2013/14 SWAP 21 - 35
- 9 2nd Risk Review of 2013/14 Management Information Officer 36 - 38
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Members remember!

- You must declare the nature of any disclosable pecuniary interests. [Under the Localism Act 2011, this means the interests of your spouse, or civil partner, a person with whom you are living with as husband and wife or a person with whom you are living as if you are civil partners]. You must also disclose any personal interest.
- You must disclose your interest in an item whenever it becomes apparent that you have an interest in the business being considered.
Make sure you say what your interest is as this has to be included in the minutes. [For example, 'I have a disclosable pecuniary interest because this planning application is made by my husband's employer'.]
- If your interest is a disclosable pecuniary interest you cannot participate in the discussion, cannot vote and must leave the room unless you have obtained a dispensation from the Council's Monitoring Officer or Standards Committee.

Decision making and equality duties

The Council will give due regard under the Equality Act 2010 to the equality impact of its decisions.

An appropriate level of analysis of equality issues, assessment of equalities impact and any mitigation and/or monitoring of impact will be addressed in committee reports.

Consultation on major policy changes will take place in line with any legal requirements and with what is appropriate and fair for the decisions being taken. Where there is a high or medium equalities impact Members will be expected to give reasons for decisions which demonstrate they have addressed equality issues.

Getting to the Meeting – for the benefit of visitors



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The following buses all terminate at the Triangle in Sidmouth. From the Triangle, walk up Station Road until you reach the Council Offices (approximately ½ mile).

From Exeter – 52A, 52B; From Honiton – 52B; From Seaton – 52A; From Ottery St Mary – 379, 387

Please check your local timetable for times.

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The Committee Suite has a separate entrance to the main building, located at the end of the visitor and Councillor car park. The rooms are at ground level and easily accessible; there is also a toilet for disabled users.

For a copy of this agenda in large print, please contact the Democratic Services Team on 01395 517546

EAST DEVON DISTRICT COUNCIL

Minutes of a Meeting of the Audit and Governance Committee held at Knowle, Sidmouth, on Thursday 14 November 2013

Present:

Councillors:
Ken Potter (Chairman)
Peter Bowden (Vice Chairman)
Roger Boote
Bob Buxton
Steve Gazzard
Tony Howard
Geoff Pook

Also present:

Councillors:
David Cox – Portfolio Holder for Finance
Roger Giles

Officers:

Simon Allchurch, Senior Building Surveyor
Jo Avery, Management Information Officer
Richard Cohen, Deputy Chief Executive Development,
Regeneration and Partnership
Simon Davey, Head of Finance
Henry Gordon Lennox, Principal Solicitor
Libby Jarret, Revenues & Benefits Manager
Denise Lyon, Deputy Chief Executive Transformation and
Systems Thinking
Rachel Pocock, Corporate Legal & Democratic Services Manager
Alethea Thompson, Democratic Services Officer
Brian Wilkes, Solicitor

**Internal
Auditors:**

Ian Baker, Group Audit Manager, SWAP
Andrew Ellins, Audit Manager, South West Audit Partnership
(SWAP)
Nick Hammercott, Senior Auditor, SWAP

**External
Auditors:**

Barrie Morris, Public Sector Assurance Director, Grant Thornton

Apology:

Committee Member:
Steve Hall

The meeting started at 2.00 pm and ended at 4.00 pm.

*19 **Public questions**

No questions were raised by members of the public at this point in the meeting.

*20 **Minutes**

The minutes of the meeting of the Audit and Governance Committee held on 26 September 2013 were confirmed and signed as a true record.

*21 **Declarations of interest**

There were no declarations of interest from Members.

*22 **Annual audit letter**

Barrie Morris of Grant Thornton presented the annual audit letter for EDDC, which summarised the audit activity undertaken over the last financial year. He was pleased to report that the quality of the financial statements had improved considerably over the previous years and significantly fewer issues had been identified. In terms of value for money, Grant Thornton were satisfied that in all significant respects the Council had in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2013.

It was reported that for the financial year 2012/13 there were three grant claims and returns that required certification, with a value of £70 million. Work on this was continuing and would be completed by the end of the year. There had been no additional audit fees charged.

On behalf of the Committee the Chairman thanked the external auditors for their work.

RESOLVED: that the annual audit letter be noted.

*23 **SWAP report on governance arrangements**

The Chairman welcomed the Monitoring Officer, Head of Finance and three representatives of South West Audit Partnership (SWAP) to the meeting. A request was made to and agreed by the Audit and Governance Committee at their last meeting on 26 September 2013 for the full SWAP report on governance arrangements to be published and discussed by the Committee (minute 17 refers).

Questions were taken from the public gallery at this point in the meeting:

Mr Peter Whitfield questioned the thoroughness of the SWAP report, especially regarding risk area 4, poor decision making.

Mr Tony Green congratulated the Committee and the auditors for publishing the report. His main area of concern was risk 2 and the involvement of members on outside bodies that could enable biased decisions to be made.

***23 SWAP report on governance arrangements (cont'd)**

Mrs J Green also thanked SWAP for their report and questioned the auditors on their perceived lack evidence to support the statement that 'all Council members, management and staff were found to be diligent in their application of the Council's governance arrangements, committed to further improvement and receptive to feedback'. She feared that the Council's reputation had been tarnished by recent press reports. She also wanted to know why the auditor failed to question the Council's decision not to immediately implement the national guidelines on Probity in Planning produced by the Local Government Association (LGA).

Mrs M Rixsam asked how EDDC could publicly describe SWAP as independent when EDDC was included as a partner with SWAP and had a Council representative on its Board.

The Head of Finance reminded members why this item was on the agenda and reported that there had been no significant audit findings/risks identified and that the audit had gained reasonable assurance. It was not standard practice to publish an internal audit report which had achieved reasonable assurance. Reporting was on an exceptional basis. An audit was a snap shot in time and risk was about likelihood.

Andrew Ellins, SWAP Audit Manager briefly explained the background behind audit reporting. This was the first time a full audit report had been published. The report had been written for management purposes, not as a public document. The purpose of the report was to improve and enhance internal control. He then went on to answer questions raised by members of the public. He stated that details of the audit report were available and urged anyone with any concerns to contact him outside of the meeting with those issues so that he could address them fully. The method and scope (the constitutional and framework arrangements regarding governance) of the audit were contained in the report and the Audit Manager further explained the scope and internal controls. The Audit and Governance Committee had commissioned the report, but the terms had been agreed by the Corporate Legal and Democratic Services Manager, Service Manager (Democratic Services Manager), the Monitoring Officer and the Head of Finance, in conjunction with SWAP, which had its own framework of areas to consider. He also explained that a sample of people had been tested and that the outcome was that everyone questioned was well aware of their roles and responsibilities.

The Corporate Legal & Democratic Services Manager added context in relation to LGA guidelines on Probity in Planning, which provided an update to an existing code. The Standards Committee had considered this and added some extra suggestions. This had now been incorporated into the Council's Constitution.

In response to the question regarding SWAP's independence, the Group Auditor issued a statement. SWAP worked to the global professional standards of the Institute of Internal Auditors, further explained by the Public Sector Internal Auditing Standards, and had a Code of Ethics to guide them. SWAP had been assessed against these standards and ethics and found to be in conformance with them. He assured Members that they currently had a governance arrangement with their Internal Audit Service which was more independent than the traditional Internal Audit model. SWAP's activities were also scrutinised through the Council's external auditors.

***23 SWAP report on governance arrangements (cont'd)**

The Group Auditor felt that there appeared to be a lack of understanding in relation to the scope of the review under question and a naivety around governance, risk and control. The table at the end of the report clearly set out the key controls that would be expected to be in place so as to provide a reasonable assurance that effective governance arrangements were in place. The review tested each of the controls for East Devon and found them to be sufficiently adequate and proportionate to allow reasonable assurance to be given. SWAP found that the Council did have in place proportional controls to effectively govern arrangements relating to Members' interests. Some reliance was placed on honesty and integrity beyond those controls. The Group Auditor stated that they were open to practical and realistic suggestions on how controls could be enhanced further, but these must always be proportionate to resource, time and money.

The Chairman thanked the Group Auditor for his statement and reassured the Committee of SWAP's independence. He also thanked members of the public who had taken an interest in the report.

***24 RIPA annual report and the introduction of Surveillance Camera Code of Practice**

The Committee considered the annual report of the Corporate Legal and Democratic Services Manager outlining the use of Regulation of Investigatory Powers Act [RIPA]. The Corporate Legal and Democratic Service Manager confirmed that there had been no instances where the Council had used directed surveillance to detect and prevent crime, under the terms of RIPA during 2013. Training relevant staff to understand when RIPA applied was part of the Council's compliance arrangements.

In addition, the report gave Members information about the Surveillance Camera Code of Practice. This was statutory guidance which came into force in August 2013, to which the Council should have regard. Officers would review the surveillance camera systems which the Council operated in conjunction with the Police, in the light of the code of practice, to ensure proportionality and transparency of its use. There were two of these, in central Sidmouth and in central Exmouth.

The Chairman thanked the Corporate Legal and Democratic Services Manager for her report.

RESOLVED: that the Regulation of Investigatory Powers annual report and the Surveillance Camera Code of Practice be noted.

25 Council Tax and Benefit Penalty and Prosecution Policy

The Revenues and Benefits Manger's report explained to the Committee that following changes in legislation relating to council tax and benefits, it was necessary to implement a new policy for dealing with the prevention and detection of council tax and benefit fraud. The new policy would also include where customers failed to notify EDDC of a change of circumstances relating to council tax discounts and exemptions, and how this could result in a penalty being issued.

25 **Council Tax and Benefit Penalty and Prosecution Policy (cont'd)**

The Revenues and Benefits Manager outlined measures and the proactive approach that had already been taken to help a large number of customers impacted by the changes to the council tax reduction scheme and the 'bedroom tax'. It was noted the cost of the fraud team was covered fully by the Department of Work and Pension's administration grant along with overpayments that were recovered.

RESOLVED: that the draft policy be adopted.

RECOMMENDED: that delegated authority be given to the Head of Finance, in consultation with the Finance Portfolio Holder to make amendments to the policy to reflect changes in legislation, Government guidance and policy.

*26 **First risk review of 2013/14**

Consideration was given to the report of the Management Information Officer. The risk information for the 2013/14 financial year until September 2013 was supplied to allow the Audit and Governance Committee to monitor the high strategic and operational risks. This followed the first risk review by responsible officers for 2013/14.

Members were reminded that the Council's Risk Management Policy required all risks identified by the Council to be reviewed bi-annually. There were currently 18 strategic and 107 operational risks, each when first identified were considered high or medium level risks which required some form of mitigation through control actions. For this first review for 2013/14 all risk owners were asked to reassess the overall risk, update their control action/s and re-score to give a residual score in light of the mitigation from the control actions undertaken.

The four risks which scored as high were:

- Significant loss or non-collection of rental income will have a major impact on the Housing Revenue Account and the Council's ability to deliver housing services to its tenants.
- Loss of Supporting People contracts would mean a significant loss of income that part pays for the housing related support service received by tenants in sheltered housing.
- Failure to notify the responsible authority when staff suspect a child is at risk.
- The risks associated with being a developer of council homes, especially with regards potential abortive costs, cost overruns, failure to obtain planning permission and loss of HCA grant.

Since the last review there were no new risks emerging. It was noted that two risks had moved from low to intermediate and seven had moved from medium to low. Each risk had control actions which were listed as working and effective.

***26 First risk review of 2013/14 (cont'd)**

Some concern was expressed over the increase of risk relating to the safeguarding of children and the Committee requested that the Head of Housing attend a future meeting to discuss this matter, including a full remit of what involvement EDDC had with children.

On behalf of the Committee the Chairman thanked the Management Information Officer for her report. The Vice Chairman stated that over the past few years risk management had become an embedded system of work. He thanked the Management Information Officer and the SWAP team for improving the risk management process and heartily endorsed the report.

- RESOLVED:**
- 1 that the current status of all risks until October 2013 be noted.
 - 2 that the Head of Housing be invited to attend a future meeting to discuss actions taken by the Council to safeguard children.

***27 Thelma Hulbert Gallery progress report**

The Audit & Governance Committee, at its meeting on 27 June 2013, requested that the Council's contributions towards the Thelma Hulbert Gallery (THG) be considered at a future meeting (minute 7, 27.06.13 refers). The Committee were presented with a report which had been agreed by Cabinet on 30 October 2013 and noted the resolutions and recommendation made.

Concern was expressed over the presentation of the accounts in the report. The Committee was assured by the Head of Finance that the figures had been signed off for accuracy by the finance team.

It was noted that a consultant's report was currently being prepared on the THG and it was anticipated that this would be presented to and debated by Cabinet in February 2014. It was therefore agreed that the Audit & Governance Committee would consider this at its March 2014 meeting, with the item being added to the forward plan.

- RESOLVED:**
- that the Thelma Hulbert Gallery be included on the forward plan and considered again at the March 2014 Audit & Governance Committee meeting.

***28 Honiton Beehive Centre progress report**

Consideration was given to the Deputy Chief Executive, Regeneration and Partnership's report concerning the new community centre, the Beehive which was being constructed in Honiton on the Dowell Street car park site. The report provided an update on progress as well as information relating to a specific issue of additional drainage infrastructure to the site and associated cost. EDDC had been involved in advising and funding the project.

***28 Honiton Beehive Centre progress report (cont'd)**

The Deputy Chief Executive, Regeneration and Partnership outlined the Council's additional financial commitment to the project, agreed by Cabinet in June 2013. The Committee wanted reassurance that the cost of the additional drainage infrastructure works would not rise above the amount already agreed and expressed concern over the amount of money already spent on the project over the years. The Deputy Chief Executive, Regeneration and Partnership reported that he had met with Honiton Town Council to monitor progress and explained that no further additional funding would be provided by EDDC. Any additional monies would need to be raised by Honiton Town Council and any risks remained with them. The transfer of the land had been signed off and the community centre was in the ownership of the Town Council. It was the responsibility of the Town Council to manage the business plan. EDDC was not expecting to hold an interest in the building.

RESOLVED: that the progress and detail of the Beehive Community Centre project be noted.

***29 Forward Plan 2013/14**

The Committee noted the contents of the forward plan for 2013/14.

Items to be considered at the January Committee included:

- Certification report
- Internal audit activity – Quarter 3
- Report on safeguarding children
- Asset disposal and management.
- District valuer reports
- Five year land supply update

At the end of the meeting the Chairman gave particular thanks to SWAP for all their hard work and also thanked all the officers present.

RESOLVED: that the forward plan be noted.

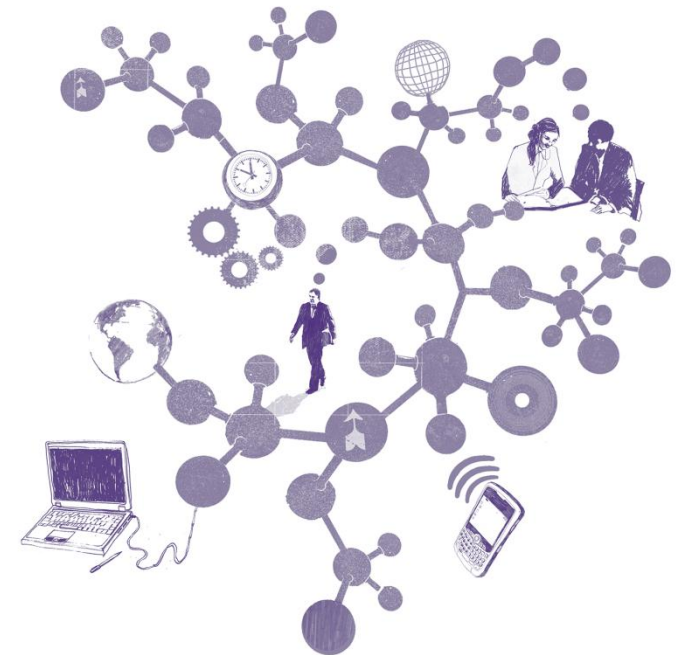
Chairman Date

Certification report 2012/13 for East Devon District Council

Year ended 31 March 2013

November 2013

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Section 1: Executive summary

01. Executive summary

02. Results of our certification work

Executive summary

Introduction

We are required to certify certain of the claims and returns submitted by East Devon District Council ('the Council'). This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.

We have certified three claims and returns for the financial year 2012/13 relating to expenditure of £67.571 million.

This report summarises our overall assessment of the Council's management arrangements in respect of the certification process and draws attention to significant matters in relation to individual claims.

Approach and context to certification

Arrangements for certification are prescribed by the Audit Commission, which agrees the scope of the work with each relevant government department or agency, and issues auditors with a Certification Instruction (CI) for each specific claim or return.

Key messages

A summary of all claims and returns subject to certification is provided at Appendix A. The key messages from our certification work are summarised in the table below and set out in detail in the next section of the report.

Aspect of certification arrangements	Key Messages	RAG rating
Submission & certification	All three claims/returns were submitted and certified by the required deadlines.	● (Green)
Accuracy of claim forms submitted to the auditor (including amendments & qualifications)	None of the claims required amending prior to certification and no Qualifications were made. Full details can be found in Appendix A.	● (Green)
Supporting working papers	Working papers were in place to support the entries on the claims/returns and requests for additional information were dealt with promptly.	● (Green)

Acknowledgements

We would like to take this opportunity to thank the Council officers for their assistance and co-operation during the course of the certification process.

Grant Thornton UK LLP
November 2013

Section 2: Results of our certification work

01. Executive summary

02. Results of our certification work

Results of our certification work

Key messages

We have certified three claims and returns for the financial year 2012/13 relating to expenditure of £ 67.571 million.

The Council's performance in preparing claims and returns is summarised below:

Performance measure	Target	Achievement in 2012/13	Achievement in 2011/12	Direction of travel
Claims submitted on time	100%	3 out of 3 (100%)	4 out of 4 (100%)	↔
Claims certified on time	100%	3 out of 3 (100%)	4 out of 4 (100%)	↔
Claims certified without amendment	100%	3 out of 3 (100%)	1 out of 4 (25%)	↑
Claims certified without qualification	100%	3 out of 3 (100%)	4 out of 4 (100%)	↔

This analysis of performance shows that:

- as per the previous year all claims and returns were submitted and certified by the required deadlines;
- no claims or returns required amendment, which shows a significant improvement from last year; and
- no claims or returns were qualified, which is consistent with the prior year..

Details of the certification of all claims and returns are included at Appendix A.

Significant findings

Our work has not identified any significant issues in relation to the management arrangements and certification of individual grant claims and returns. (see Appendix A).

Certification fees

The Audit Commission set an indicative scale fee for grant claim certification based on 2010/11 certification fees for each audited body. The indicative scale fee for the Council for 2012/13 was £20,648 and we are not proposing a variation to this fee.

Appendices

Appendix A: Details of claims and returns certified for 2012/13

Claim or return	Value	Amended?	Amendment	Qualified?	Comments
Housing and council tax benefit scheme	£39,835,067	No	Nil	No	None
National non-domestic rates return	£26,623,149	No	Nil	No	None
Pooling of Housing Capital Receipts	£1,112,718	No	Nil	No	None



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Agenda Item: 08

Audit and Governance Committee

16 January 2014

AE



Internal Audit Plan – Quarter 3 Update

Summary

This report provides the outturn position for the Internal Audit Plan at the end of December 2013, providing an update for Quarter 3.

Recommendation

To note the content of the Internal Audit Progress Report.

a) Reasons for Recommendation

As a key element of its Governance arrangements the Council have a partnership arrangement with South West Audit Partnership to deliver an annual internal audit plan. The Audit Manager for SWAP, together with the Council's S151 Officer and in consultation with the Senior Management Team produced an Audit Plan for 2013-14 that was approved by the Audit and Governance Committee in March 2013.

The Committee are required to review the progress of the audit plan.

b) Alternative Options

None

c) Risk Considerations

None

d) Policy and Budgetary Considerations

There are no financial implications associated with this recommendation.

e) Date for Review of Decision

N/A

1 Main Body of the Report

The Audit Committee agreed the 2013/14 Internal Audit plan at its March 2013 meeting. This is a progress report on audit findings during the financial year to date.

Appendix A - Report of Internal Activity for Quarter 3
Appendix B - Plan Progress Table with Status and Opinion for each audit
Appendix C - Significant Corporate Risks and Management Action Update
Appendix D - Audit Opinion Definitions

Legal Implications

None

Financial Implications

There are no financial implications contained within the report.

Consultation on Reports to the Cabinet

None

Background Papers

- Approved Internal Audit Plan 2013/14 – Audit and Governance Meeting March 2013.

Andrew Ellins - Audit Manager

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Audit and Governance Committee
16 January 2014

APPENDIX A



East Devon District Council

Report of Internal Audit Activity
Quarter 3 Update, 2013-14

Contents

The contacts at SWAP in connection with this report are:

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Head of Internal Audit Partnership

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Audit Manager

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Our audit activity is split between:

- **Operational Audit**
- **Key Control Audit**
- **Governance, Fraud & Corruption Audit**
- **IT Audit**
- **Special Reviews**

Role of Internal Audit

The Internal Audit service for East Devon District Council is provided by the South West Audit Partnership (SWAP). SWAP has adopted and works to the Standards of the Institute of Internal Auditors, but also follows the CIPFA Code of Practice for internal audit. The Partnership is also guided by the Internal Audit Charter last approved in June 2013.

Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. Primarily the work includes;

- Operational Audit Reviews
- Annual Review of Key System Controls
- Cross Cutting Fraud and Governance Reviews
- IT Audit Reviews
- Other Special or Unplanned Reviews

Overview of Internal Audit Activity

Internal Audit work is largely driven by an Annual Audit Plan. This is approved by the Section 151 Officer following consultation with Directors, Assistant Directors, Service Managers and External Audit. This year's Audit Plan was approved by the Audit Committee at its meeting in March 2013.

Audit assignments are undertaken in accordance with this Plan to assess current levels of governance, control and risk.

Quarter 3 Outturn:

We rank our recommendations on a scale of 1 to 5, with 1 being minor or administrative concerns to 5 being areas of major concern requiring immediate corrective action

Internal Audit Work Programme

The schedule provided at [Appendix B](#) contains a list of all audits as agreed in the Annual Audit Plan 2013/14. It is important that Members are aware of the status of all audits and that this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed.

Each completed assignment includes its respective “control assurance” opinions together with the number and relative ranking of recommendations that have been raised with management. The assurance opinion ratings have been determined in accordance with the Internal Audit “Audit Framework Definitions” as shown in [Appendix D](#).

Where assignments record that recommendations have been made to reflect that some control weaknesses have been identified as a result of audit work, these are considered to represent a less than significant risk to the Council’s operations. However, in such cases, the Committee can take assurance that improvement actions have been agreed with management to address these.

Quarter 3 Outturn:

Audit Assignments undertaken in the Quarter

- **Operational Audits**

Operational Audits

Operational Audits are a detailed evaluation of a Service’s control environment. A risk evaluation matrix is devised and controls are tested. Where weaknesses or areas for improvement are identified, actions are agreed with management and target dated.

There were no Operational audits planned for Quarter 3. The status of Operational Audits scheduled for Quarters 1 and 2 are as follows:

Audit Area	Opinion	Audit Area	Opinion
Planning	▲☆☆☆ Reasonable	Corporate Procurement Cards	▲☆☆☆ Partial
Risk Management	▲☆☆☆ Reasonable	NNDR - Managing New Risks and Opportunities	In Progress

There were no Operational Follow Ups scheduled for Quarter 3. Both Operational Follow Up Audits planned for Quarter 2 have been completed (Income Collection and Leisure East Devon); and 1 follow up originally scheduled for Quarter 4 in in progress (Arts and Culture).

Quarter 3 Outturn:

Audit Assignments undertaken in the Quarter

- Key Control Audits
- Information Systems

Key Controls Audits

The Key Control Audits focus primarily on key risks relating to the Council’s major financial systems. It is essential that all key controls identified by the External Auditors are operating effectively to provide management with the necessary assurance. There are nine annual audits scheduled for Quarter 3:

Audit Area	Opinion	Audit Area	Opinion	Audit Area	Opinion
Capital Accounting	▲★★★★ Substantial	Debtors	In Progress	Payroll	▲★★★★ Substantial
Council Tax and NNDR	In Progress	Housing and Council Tax Benefits	In Progress	Treasury Management	▲★★★★ Substantial
Creditors	▲★★★★ Reasonable	Main Accounting	Draft	Housing Rents	In Progress

An update will be provided in the next Quarterly update for those audits still in progress.

Special Reviews

I am pleased to report that there have been no irregularities reported to SWAP that have required investigation in Quarter 3.

Quarter 3 Outturn:

Audit Assignments undertaken in the Quarter

- **Governance, Fraud and Corruption Audits**
- **Special Reviews**

Governance, Fraud and Corruption Audits

Governance, Fraud and Corruption Audits focus primarily on key risks relating to cross cutting areas that are controlled and/or impact at a Corporate rather than Service specific level. It also provides an annual assurance review of areas of the Council that are inherently higher risk. This work will in some cases enable SWAP to provide management with added assurance that they are operating best practice as we will be conducting these reviews at all of our Client sites. There was 1 governance audit planned for Quarter 3 (Debt Management). See below for progress on this and other Governance Audits scheduled for quarters 1 and 2:

Audit Area	Opinion	Audit Area	Opinion
Corporate Governance	▲☆☆☆ Reasonable	Fighting Fraud Locally	▲☆☆☆ Reasonable
Council Tax Reduction Scheme	In Progress	Debt Management	In Progress

Information Systems

Information Systems – IT audits provide the Authority with assurance with regards to their compliance with industry best practice. As with Operational Audits, an audit opinion is given. In Quarters 1-3 there were four IT audits planned:

Audit Area	Opinion	Audit Area	Opinion
Corporate Backup Routines	▲☆☆☆ Reasonable	ICT Strategy including Shared Services	In Progress
Software Licensing		Disaster Recovery	Deferred

We keep our audit plans under regular review, so as to ensure we are auditing the right things at the right time.

Future Planned Work

This is detailed in [Appendix B](#) and is subject to any changes in agreement with the S151 officer.

Conclusions

For the audits completed to report stage, each report contains an action plan with a number of recommendations which are given service priorities. Definitions of these priorities can be found in the Categorisation of Recommendations section of [Appendix D](#).

The Committee will be aware that in June 2013, SWAP were pleased to provide an Audit Opinion for the Annual Governance Statement for 2012/13 that gave Reasonable Assurance.

Our approach to the audits for 2013/14 reflects this positive assurance and we are seeking to undertake more challenging and cross-cutting reviews rather than traditional service reviews that we have done over recent years, given that these areas have now proven themselves to have adequate and often good internal controls. We shall continue to give ongoing assurance on key controls, but similarly we can do this with less resource than we have previously.

A list of all audits planned for 2013/14 and their status at the end of Quarter 2 are detailed in [Appendix B](#).

High Priority Findings identified from the work completed so far in Quarter 1 and 2 relates to Corporate Procurement Cards and Corporate Back up Routines. These are detailed for information in [Appendix C](#).

East Devon District Council Audit Plan Progress 2013/14 - Qtr 3 Update

APPENDIX B

Audit Type	Audit Title	Quarter	Status	Opinion	No. of recs	Major - Recommendations - Minor				
						5	4	3	2	1
Advice	Council Office Relocation	Annual	In Progress	Non Opinion	0	0	0	0	0	0
Governance, Fraud &	Governance Arrangements - Councillors	1	Final	Reasonable	2	0	0	2	0	0
ICT	Corporate Back-Up Routines	1	Final	Reasonable	4	0	1	2	1	0
Operational	Corporate Risk Management	1	Final	Reasonable	6	0	0	4	2	0
Follow Up	Leisure East Devon	2	Final	Non Opinion	0	0	0	0	0	0
Follow Up	Income Collection	2	Final	Non Opinion	0	0	0	0	0	0
Governance, Fraud &	Fighting Fraud Locally	2	Final	Reasonable	0	0	0	0	0	0
Operational	Planning	2	Final	Reasonable	7	0	0	5	2	0
Operational	Corporate Procurement Cards	2	Final	Partial	17	0	10	7	0	0
ICT	ICT Strategy including Shared Services	2	In Progress		0	0	0	0	0	0
Operational	NNDR - Managing New Risks and Opportunities	2	In Progress		0	0	0	0	0	0
Governance, Fraud &	New Council Tax Support Scheme	2	In Progress		0	0	0	0	0	0
Governance, Fraud &	Debt Management	3	In Progress		0	0	0	0	0	0
Key Control	Treasury Management	3	Final	Substantial	1	0	0	0	1	0
Key Control	Payroll	3	Final	Substantial	0	0	0	0	0	0
Key Control	Housing & Council Tax Benefits	3	In Progress		0	0	0	0	0	0
Key Control	Creditors	3	Final	Reasonable	0	0	0	3	0	0
Key Control	Council Tax/NNDR	3	In Progress		0	0	0	0	0	0
Key Control	Main Accounting	3	Draft		0	0	0	0	0	0
Key Control	Debtors	3	In Progress		0	0	0	0	0	0
Key Control	Housing Rents	3	In Progress		0	0	0	0	0	0
Key Control	Capital Accounting	3	Final	Substantial	0	0	0	0	0	0
ICT	Software Licensing	3			0	0	0	0	0	0
Follow Up	Arts & Culture	4	In Progress		0	0	0	0	0	0
Operational	Asset Management - Leasing	4			0	0	0	0	0	0
ICT	Disaster Recovery	4			0	0	0	0	0	0
Operational	Procurement Rules Compliance	4			0	0	0	0	0	0
Operational	Streetscene Asset Inspections (Public Safety)	4			0	0	0	0	0	0
ICT	Mobile and Remote Working – ICT	4			0	0	0	0	0	0

High Priority Findings and Recommendations

Report Date	Weakness Found	Risk Identified	Agreed Action	Responsible Officer	Agreed Date
Corporate Back Up Routines					
20/05/2013	Presently the backup servers remain within the main building and other systems are still being backed up to tape, which although approximately 100 metres from the main building are still within the Council grounds.	If the backup servers remain within the main Council building there is a risk in the advent of a disaster the recovery of critical systems will be hampered. Without a process in place to move data backed up to tape offsite there is a risk, in the advent of a disaster and the site being cordoned off, it may not be possible to access the backup tapes.	It was agreed that the ICT Design and Compliance Manager would ensure: <ul style="list-style-type: none"> • the prompt relocation of the backup servers to the offsite storage facility; • a risk assessment of the premises is undertaken; • a risk assessment of the current backup arrangements for tapes is carried out with a view to storing these offsite as well. 	ICT Design and Compliance Manager	31/07/2013
Corporate Procurement Cards					
30/07/2013	Card numbers are visible on the new monthly Summary templates.	There is a risk that these card numbers could be used to complete a fraudulent transaction.	It was agreed that the Income and Payment Officer will remove the card numbers from the monthly summary sheets.	Income and Payment Officer	31/08/2013
30/07/2013	Unused Cards are not cancelled or destroyed.	Until the unused cards are cancelled by the bank, there is a risk that they may be used for unauthorised or fraudulent transactions.	It was agreed that the Income and Payments Officer will record whether a card has been used each month (from the bank statements) and contact the cardholder to ascertain whether the card is needed where the card is inactive for 3 consecutive months.	Income and Payment Officer	31/08/2013
30/07/2013	Cancellation of HSBC cards	Until the unused cards are cancelled by the bank, there is a risk that they may be used for unauthorised or fraudulent transactions.	It was agreed that that Income and Payment Officer will formally write to the bank listing the unused cards and requesting immediate cancellation. Copies of this correspondence should be retained.	Income and Payment Officer / S151	30/09/2013
30/07/2013	The transfer to the new Co-op cards has resulted in breaches in internal control.	Until every officer is issued with their own card, there may be a risk that officers regard card sharing as accepted practice. Officers sharing cards have not been asked to sign Cardholder Undertakings or been provided with Instructions to Cardholders. Therefore there is a risk that cards are not held safely or used in line with Council procedures. Should a fraudulent transaction occur on the card, the Bank may refuse to reimburse the Council if it is found that it is not the named cardholders in possession of the card.	It was agreed that the Income and Payments Officer will ensure that officers currently sharing cards are issued with new Co-op cards as soon as possible, along with a clear message to these officers that although card sharing was previously sanctioned by management, this was for a specific purpose and is no longer acceptable.	Income and Payment Officer ☐	01/11/2013

30/07/2013	Guidance for Cardholders requires updating.	Unless guidance is clear, there is a risk that cardholders may not follow best practice or confusion over roles and responsibilities could arise. Lost or stolen cards may not be cancelled or suspended promptly, leading to an increased risk of fraudulent transactions occurring.	It was agreed that the Income and Payments Officer will ensure that the Instructions for Cardholders and Cardholder Undertaking are updated to ensure they reflect current processes, best practice, and any instructions circulated by email is issued to all cardholders.	Income and Payment Officer ☐	01/11/2013
30/07/2013	Cardholder Undertakings are not signed by all cardholders.	There is a risk that cardholders have not been made aware of their responsibilities in relation to holding a purchase card, and that they may use it for unauthorised transactions (e.g. personal use).	It was agreed that the Income and Payments Officer will ensure that all cardholders sign an updated Cardholder Undertaking.	Income and Payment Officer ☐	01/11/2013
30/07/2013	Instructions for authorised shared card users.	There is a risk that cardholders have not been made aware of their responsibilities in relation to holding a purchase card, and that they may use it for unauthorised transactions (e.g. personal use).	It was agreed that the Income and Payments Officer will ensure that a Cardholder Undertaking is signed by all officers using shared purchase cards, authorised by Senior Management.	Income and Payment Officer	31/08/2013
30/07/2013	There is no regular reporting to management on the use of procurement cards.	However, until management receive regular, reliable data on card usage, there is a risk that the cards do not achieve the expected level of benefit, and this is not recognised and corrected.	It was agreed that the Income and Payments Officer will ensure that relevant management information is made available to senior officers to enable them to monitor procurement card usage on a regular basis, through development of a suitable suite of 360 degree reports.	Income and Payment Officer	31/12/2013
30/07/2013	Sharing of cards.	Unless an EDDC application form is completed for Co-op cardholders, there is a risk that the underlying Business Case setting out the need to have a card may not be justified.	It was agreed that the Income and Payments Officer will seek and retain formal senior management approval where it is agreed that certain procedures are to be overridden. The reasons for these exceptions should be recorded.	Income and Payment Officer	31/08/2013
30/07/2013	Expenditure Authorisation.	Where expenditure has not been authorised by line management, there is a risk that the expenditure is not a valid business expense. In addition, without a clear audit trail showing who authorised the transaction, what has been checked and what it relates to, there is a risk that fraud may take place and not be detected.	It was agreed that the Assistant Accountant will return paperwork to cardholders where the order control sheets and expenditure summaries are unclear or incomplete, or have not been authorised at the correct level.	Assistant Accountant	31/08/2013

11/12/2012	The THG Business Plan is not up to date.	There is a risk that the THG will not progress in both its service and financial aims as a result of not having an up to date business plan/model.	<p>It was agreed that the Countryside and Leisure Manager considers revision of the current business plan and there should be consideration of the following areas;</p> <ul style="list-style-type: none"> -Further review of aims and objectives of the gallery to ensure alignment with Arts Development policy and the council's overall strategy -The type and volume of audience and visitors in which the gallery aim to attract -The type of service or services which the gallery aim to provide -The use and application of -Partnerships and Partnership working -Roles and Responsibilities of the THG advisory forum -Revision of financial projections -Revision of the galleries income opportunities -The Use of performance measures 	Countryside and Leisure Manager	30/09/2013
Data Security Breaches					
20/02/2013	Data Sharing Protocol	There is a risk that if data security arrangements are not agreed, the security of personal data shared with Council partners and service providers may be compromised.	It was agreed that the Corporate ICT Manager ensures that the corporate Data Sharing Protocol is developed to include information security classification levels and protective markings should be made explicit in the information sharing agreement that governs information exchange between the parties. This should include prevention controls from sending protectively marked information to untrusted email accounts	Corporate ICT Manager	30/06/2013

Audit Framework Definitions

Control Assurance Definitions

Substantial	▲ ★★★ I am able to offer substantial assurance as the areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.
Reasonable	▲ ★★ I am able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Partial	▲ ★ I am able to offer Partial assurance in relation to the areas reviewed and the controls found to be in place. Some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
None	▲ I am not able to offer any assurance. The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

Categorisation Of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors, however, the definitions imply the importance.

Priority 5: Findings that are fundamental to the integrity of the unit's business processes and require the immediate attention of management.

Priority 4: Important findings that need to be resolved by management.

Priority 3: The accuracy of records is at risk and requires attention.

Priority 2: Minor control issues have been identified which nevertheless need to be addressed.

Priority 1: Administrative errors identified that should be corrected. Simple, no-cost measures would serve to enhance an existing control.

Definitions of Risk

Risk	Reporting Implications
Low	Issues of a minor nature or best practice where some improvement can be made.
Medium	Issues which should be addressed by management in their areas of responsibility.
High	Issues that we consider need to be brought to the attention of senior management.
Very High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.

Agenda Item: 09

Audit and Governance Committee

16 January 2014

2nd High Risk Review 2013/14



2nd High Risk Review 2013/14 – up to December 2013

Summary

The high risk information is supplied to allow the Audit and Governance Committee to monitor the high Strategic and Operational Risks outside of the bi-annual reporting. This follows a review of risks focusing on high risks by responsible officers to mid December 2014.

Recommendation

That the Audit and Governance Committee considers the current status of the high risks until December when a full risk review will be reported to the committee.

a) Reasons for Recommendation

To ensure that the Risk Management Policy and Guidance is being followed and all risks are being monitored and control actions implemented.

b) Alternative Options

None

c) Risk Considerations

Failure to identify, assess, monitor, review and manage risks could impact negatively (i.e. financial, reputational, operationally) on the council.

d) Policy and Budgetary Considerations

Our Risk Management Policy and Guidance recommends that risks are reported to the Audit and Governance Committee on a bi-annual basis. Risks which are unmanaged could have a serious financial impact.

e) Date for Review of Decision

The next Bi-annual Review March 2014.

1 Main Body of the Report

1. Our Risk Management Policy requires all risks identified to be reviewed bi-annually. In addition to this it was agreed by the Audit and Governance Committee that all high risks would be reviewed and reported to each committee between the bi-annual reviews.

2. The four high risks from the full risk register have been reviewed by their responsible officers. For this the owners of the risks were asked to re-assess the overall risk, update their control action/s and re-score the risk to give a residual score in light of the mitigation from the control actions undertaken. In addition to this the service heads were asked to consider all of their risks and highlight any that were emerging as high level.
3. The risks which were scored as high on the risk register have now been assessed and remain as they were at the last review in October. These are:-
 - **Significant loss or non collection of rental income will have a major impact on the Housing Revenue Account and our ability to deliver housing services to our tenants.** - Impact: Major Likelihood: Very likely
Loss of rental income is now being experienced due welfare reforms introduced nationally, but the controls we have in place are helping us to keep this loss to a minimum.
 - **Loss of Supporting People contracts would mean a significant loss of income that part pays for the housing related support service received by our tenants in sheltered housing.** - Impact: Serious Likelihood: Very likely
While our Supporting People grant has reduced by around ten per cent this year, we are looking to offer the service to our tenants in general needs accommodation, and then to the private sector population, many of whom it is anticipated will be self-funding.
 - **Failure to notify the responsible authority when staff suspect a child is at risk.** - Impact: Major Likelihood: Very likely
The risk impact level for this risk has been raised this because of all the media attention this area now generates when things go wrong. We have seen a good number of child protection cases where partner agencies are being implicated (not just the fault of Social Services). We have also seen failures that result in the death of a child. We have updated the Safeguarding Children Policy adopted and promoted it internally. (A Safeguarding Children report is included on this agenda for consideration – Agenda item 10).
 - **The risks associated with being a developer of council homes, especially with regards potential abortive costs, cost overruns, failure to obtain planning permission and loss of HCA grant.** - Impact: Major Likelihood: likely
There is little or no HCA grant available nowadays so the risk is more with the developer (us when building Council homes). Development risks have always been considerable and our infill/garage sites are often harder to develop than say green field sites. There is a real risk of abortive costs which much of the development industry accept as inevitable when running sizeable programmes.
4. All services were asked to consider their risks and highlight any emerging high risks. Following this there are no new high risks.

5. Current number of risks in each service by risk score as at 18 December 2013

	High	Medium	Low
Finance	0	5	16

	High	Medium	Low
Economy	0	8	8

	High	Medium	Low
Housing	4	10	8

	High	Medium	Low
Environment	0	2	12

	High	Medium	Low
Legal & Democratic	0	9	5

	High	Medium	Low
Organisational Development	0	3	10

	High	Medium	Low
ICT	0	3	4

	High	Medium	Low
Strategic Risks	0	13	5

Legal Implications

There are no direct financial implications contained within this report

Financial Implications

There are no direct financial implications contained within this report

Consultation on Reports to the Executive

Relevant Heads and officers have contributed to the report.

Background Papers

None

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Audit and Governance Committee
 16 January 2014

Agenda Item: 10

Audit and Governance Committee

16 January 2014

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Safeguarding children

Summary

This report outlines our responsibilities as a district council towards safeguarding children and has been prepared following the committee's consideration of the Council's risk register where safeguarding has been identified as a high risk. The risk rating is primarily a combination of the serious risk to individual children when things go wrong, the damage to organisational reputation, and the fact that mitigation or control measures will not be able to prevent child abuse in all cases.

The report explains our approach to safeguarding and how this operates within the legal framework and local arrangements established by the Devon County Council.

Recommendation

To understand the safeguarding children issues and endorse or amend the risk rating in the light of our policy stance and the mediation measures in place.

a) Reasons for Recommendation

The committee requested a report on safeguarding children following an analysis of the risk register.

b) Alternative Options

We can reduce the risk assessment for this area of work if we are convinced that the measures outlined in this report sufficiently mitigate the concerns.

c) Risk Considerations

The risk level is set out in the risk register.

d) Policy and Budgetary Considerations

The policy position is referred to in the report and there are no significant budgetary implications as the duties fit in with our activities.

e) Date for Review of Decision

The Safeguarding Children policy will be reviewed by September 2014.

1. Safeguarding children

- 1.1 Our adopted Safeguarding Children policy states that - East Devon District Council takes seriously the issue of safeguarding children (including disabled children) and young people. During the course of providing our services we have the opportunity to make positive impacts in improving children's lives and also protecting them from injury and abuse. We must not allow concerns about child safety to stifle our positive impacts, but we should follow simple guidelines to protect ourselves and children. Several high profile child abuse cases have highlighted the necessity for all agencies to be vigilant for child abuse, to recognise their duty of care, and to ensure that any concerns are acted upon, recorded and followed through.
- 1.2 Our responsibility under the **Children Act 2004** is essentially to ensure that our functions are discharged with regard to the need to safeguard and promote the welfare of children. We have a shared responsibility with a variety of statutory agencies to protect children from harm, ensure their safety, and prevent impairment of their health or development.
- 1.3 Much of our adopted policy on safeguarding children is concerned with explaining our duty, how to identify safeguarding issues and what to do if we have concerns about the welfare of a child.
- 1.4 During 2010-2011 615,000 children in England were referred to children's social care services by individuals who had concerns about their welfare.
- 1.5 The actions that professionals and society take to promote the welfare of children and protect them from harm are referred to as safeguarding.
- 1.6 A consistent message from research, which has been reinforced in every high profile inquiry on child protection, is that children are best protected when professionals are clear about what is required of them individually, and how they need to work together.
- 1.7 It is important that children receive the right help at the right time. For that to happen, everyone who comes in contact with them has to play a role in identifying concerns early, sharing information, and taking prompt, informed action. This will involve a range of professionals – for example midwives, health visitors, GPs, early years professionals, teachers, police officers, youth workers, voluntary workers and social workers. It will require all professionals to be vigilant and take prompt action when they suspect that a child is suffering harm.
- 1.8 Safeguarding and promoting the welfare of children is defined as:
- protecting children from maltreatment;
 - preventing impairment of children's health or development;
 - ensuring that children are growing up in circumstances consistent with the provision of safe and effective care; and
 - taking action to enable children in need to have optimum life chances.
- 1.9 A Child in Need is defined under the **Children Act 1989** as a child who is unlikely to reach or maintain a satisfactory level of health or development, or their health and development

will be significantly impaired, without the provision of services, or a child who is disabled. In these cases, assessments by a social worker are carried out under section 17 of the Children Act 1989. The purpose of these assessments is to gather evidence about a child's developmental needs and the parents' capacity to meet these needs. This evidence must be used to inform decisions about the help needed by the child and family.

1.10 **Section 10 of the Children Act 2004** requires each local authority to make arrangements to promote cooperation between the authority, each of the authority's relevant partners and such other persons or bodies working with children in the local authority's area as the authority considers appropriate. The arrangements are to be made with a view to improving the wellbeing of all children in the authority's area – which includes protection from harm or neglect alongside other outcomes. The local authority in our case is DCC but we are a relevant partner.

1.11 Under **Section 11 of the Children Act 2004**, the following organisations and key people have a statutory responsibility to make arrangements to ensure their functions are carried out with regard to safeguarding and promoting the welfare of children:

- local authorities and district councils that provide children's services, which includes children's and adult social care services, early years and childcare, education services, public health, housing authorities and registered social landlords, sport, culture and leisure services, licensing authorities, youth services, and fire and rescue services;
- NHS organisations – the NHS Commissioning Board and clinical commissioning groups, NHS Trusts and NHS Foundation Trusts;
- the police including police authorities and their successor bodies (the Mayor's Office for Policing and Crime in London and, in due course, police and crime commissioner) and the chief officer of each police force in England;
- the British Transport Police;
- the Probation Service;
- Governors/Directors of Prisons and Young Offender Institutions;
- Directors of Secure Training Centres; and
- Youth Offending Teams.

2. **Key arrangements those listed under section 11 of the Children Act 2004 must have in place**

2.1 Each organisation or body will make different contributions towards safeguarding and promoting the welfare of children. For example, the main contribution for some services might be to identify and act on their concerns about the welfare of children with whom they come into contact, perhaps during or following the completion of a common and shared

assessment while others might become involved once concerns have been identified.

2.2 There are some key arrangements that the organisations and bodies should have in place to maintain a culture that reflects the importance of safeguarding and promoting the welfare of children, including:

- a clear line of accountability and governance within and across organisations for the commissioning and provision of services designed to safeguard and promote the welfare of children;
- a board-level lead to take senior leadership responsibility for the organisation's safeguarding arrangements;
- a culture of listening to and engaging in dialogue with children and taking account of their wishes and feelings both in individual decisions and the establishment or development and improvement of services;
- arrangements to share relevant information;
- a designated professional lead (or, for health provider organisations, a named professional) for safeguarding. Their role is to support other professionals in their agencies to recognise and respond to the possible abuse and neglect of a child or young person; and
- appropriate supervision and support for staff, including undertaking safeguarding training.

2.3 **Section 13 of the Children Act 2004** requires each local authority (DCC in Devon) to establish a Local Safeguarding Children's Board (LSCB) for their area and specifies the organisations and individuals (other than the local authority) that should be represented on LSCBs. Section 14 sets out the objectives of LSCBs, which are:

- to coordinate what is done by each person or body represented on the Board for the purposes of safeguarding and promoting the welfare of children in the area, and
- to ensure the effectiveness of what is done by each such person or body for those purposes.

2.4 The LSCB's role is to scrutinise local arrangements and it should therefore have a separate identity and an independent voice. It should not be subordinate to, nor subsumed within, other local structures in a way that might compromise it.

3. Local arrangements

3.1 In terms of referrals our policy states that - In most working circumstances within the Council it is unlikely that employees will be in a position to assess whether or not a child has been abused. However in certain areas, there is closer working with children and it is possible that abuse may be suspected. In general terms employees should be alert to any suspicion of abuse and raise concerns with their line manager. If you are concerned about a child or young person in Devon and want to speak to someone

contact the **Multi-Agency Safeguarding Hub (MASH)** on **0345 155 1071** or email mashsecure@devon.gcsx.gov.uk and give as much information as you can.

- 3.2 Members and Line Managers should liaise with the Head of Housing or Deputy Chief Executive if there is suspicion of child abuse which is to be formally referred. We have Multi Agency Safeguarding Hub (MASH) referral forms to be completed when we make a referral. All safeguarding and child protection enquiries in Devon now go through the MASH. The MASH is staffed with professionals from different agencies including, police, probation, fire, ambulance, health, education and social care. These professionals share information to:
- identify instances of harm early on
 - put in place interventions to prevent further harm.
- 3.3 If an employee or Member suspects another employee or Member of inappropriate behavior towards a child, young person or vulnerable adult, it should be reported immediately to the line manager (employees), Chief Executive and or Deputy Chief Executive (Members). The Council has 'whistle blowing' arrangements in place.
- 3.4 I am the lead officer for the Council on safeguarding matters because it falls within my responsibility for 'people' related services. In practice this involves raising the organisational awareness of our responsibilities, policy updates and implementation, keeping aware of good practice and serious case reviews, and liaising with the Devon Multi Agency Safeguarding hub in respect of referrals.
- 3.5 Cabinet considered and approved our current version of the policy in November 2012.
- 3.6 We typically make 6 -12 referrals each year mainly from Housing; Finance (Benefits); Environmental Health and the CSC. In terms of referrals I often use the distinction that we have a role to play in safeguarding and the child care experts do child protection. Safeguarding is about being alert to issues, recognising when we need to act, and passing on concerns to the appropriate agencies.
- 3.7 We are having significant contact with families through our work on the Troubled Families initiative; Local Welfare Support; community development; homeless applications etc. and that just covers the Housing Service.
- 3.8 We participate in a bi-annual survey of staff which audits our section 11 duty compliance. Our most recent survey revealed a good level of awareness amongst out staff. The survey results are reported to Strategic Management Team and staff. However, we do need to ensure that the issue remains in the organisational consciousness. We need to provide training to new members of staff and refresher training to existing staff. Managers are encouraged to raise safeguarding issues at team meetings, and we do the occasional item in Team Brief and middle managers meetings.
- 3.9 We should not forget that the safeguarding responsibilities extend to Members, partners and contractors.
- 3.10 Taking all these factors into account I have rated the risk impact as major and the risk likelihood as likely giving a score of 12 and a red rating. This could be regarded as a pessimistic view and the risk becomes less likely if we are

confident that all concerned are aware and act on concerns in accordance with our policy.

- 3.11 I have identified child protection as a risk for this Council because the many high profile cases have shown organisational failure to report and/or communicate safeguarding concerns. We have made genuine attempts to mitigate the risks through our adopted policy and ensuring that it is implemented throughout the organisation.

Legal Implications

The legal implications are set out within the report and require no further comment.

Financial Implications

No financial implications have been identified.

Consultation on Reports to the Cabinet

The current policy was adopted by Cabinet on 28 November 2012.

Background Papers

- [Safeguarding children policy – September 2012.](#)

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Audit and Governance Committee
16 January 2014

Agenda Item: 11

Audit & Governance Committee

16 January 2014

MD



Five Year Land Supply in East Devon – update report

Summary

This report updates the Council's five year land supply position in the light of more recent housing commitment and completion data. We normally undertake formal assessment from a year start April to following year end March basis. This update, however, runs to a six month mid year reporting position to the end of September 2013.

To the end of September 2013, based on projected development assessed against a housing requirement of 17,100 new homes over the 2006 to 2026 period there is a recorded 5.19 years land supply for housing. This however falls short of the five years plus 20%, that is six years' supply, that we need. To achieve the six year supply position would require that we could show that around an extra 1,000 additional homes could be realistically expected to be built in the next five years.

However, assuming the Local Plan is adopted as currently drafted, including its housing provision of 15,000 new homes, we will exceed the six year land supply position.

Recommendation

That Committee notes that at 5.19 years' housing supply the Council does not currently have a five year, plus 20%, that is 6 years, housing land supply.

a) Reasons for Recommendation

To ensure that the Council are aware of the importance of a five year land supply and that this issue will need to continue to be recognised as a material consideration in determining planning applications.

b) Alternative Options

This report is presented for information and no alternatives, to noting the current position, are identified.

c) Risk Considerations

The figure of 5.19 years supply of land for housing is based on the Draft RSS requirement for 17,100 homes and the Council not being able to rely on allocations that have not yet gained permission/resolution to grant permission. We are assuming that the new Local Plan, specifically housing provision levels (the 15,000 homes provision) and housing allocations, will be endorsed by the Inspector. Assuming this occurs, then, upon endorsement by the Inspector, the Council will have the relevant five years plus 20% provision. If this does not occur (the Inspector finds the plan / housing provision / allocations to be unsound, requires further work or suggests

major revisions) then the Council may find itself continuing to have less than five years plus 20% supply of land for housing. As is currently the case, the Council would then need to consider the relevance of continued granting of planning permissions even if contrary to adopted or emerging plan policy.

d) Policy and Budgetary Considerations

No direct policy and budgetary implications are noted. However members need to be aware of possible cost implication associated with seeking to run any five year land supply argument, in respect of refusal of planning applications, if there is a subsequent appeal.

e) Date for Review of Decision

The Local Plan Examination oral hearing sessions start on 11 February 2014 and are expected to run through to late February and maybe into early March. After the hearing sessions, though it is unlikely to be immediately, we can expect formal reporting back from the Inspector. Review will be appropriate at this reporting back point.

1 Summary of Five Year Land Supply Position

- 1.1 In support of the Local Plan and wider work we have produced an update assessment report of five year land supply. The report can be viewed through the following link:
www.eastdevon.gov.uk/5yhls30sept2013.pdf
- 1.2 Audit and Governance Committee as well as Development Management Committee have taken a keen interest in the Five Year Land Supply position and this report addresses their concerns in respect of providing regular updates on the prevailing position. It should be noted that in July, to an end date position of March 2013, we were reporting a 4.71 year supply position.
- 1.3 The following key points are drawn from the new assessment report and summarise the position in respect of five year land supply considerations:
- a) Applying the reasoning used by the Inspector at Ottery St Mary, in respect of:
 - housing need (numbers of houses we should be building), and
 - current land supply - what his assessment considered as sources of supply that can acceptably/reasonably include in predictions of what will be built, we do not have a five year plus 20%, that is six year supply.
 - b) Applying the Ottery St Mary Inspector's approach/logic we can show a 5.19 years' supply. It should be noted that assessment does not include the housing completion projections suggested/inferred by the Inspector at Cranbrook as we have clear evidence of higher completions and projected completions.
 - c) Recent permissions granted have significantly added to supply.
 - d) Assuming the Inspector at local plan examination

endorses our emerging local plan, as currently written, we will have the relevant five years plus 20%, that is six year land supply. This is because:

- we will be providing housing against a 15,000 rather than 17,100 requirements; and;
 - we will be counting in our site supply assessment a number of sites that do not currently have planning permission (or a resolution to grant), but are allocations in our emerging local plan.
- e) Until the local plan has made further progress we would remain vulnerable to losing a planning appeal (and possible costs) if our case (and the only issue we were arguing) was that we have a relevant and appropriate supply of housing land. This situation may potentially continue post-Examination if the Inspector finds the plan to be unsound / requires extra work / suggests major revisions.

Legal Implications

This paper demonstrates that the Council is moving closer to meeting its 5 year supply requirements. However until the draft Local Plan is adopted we remain short of the required 5 years plus 20%.

So other than to note the implications of not having a 5 year supply and the consideration / determination of planning applications / appeals in that context (as detailed in the report) there are no legal issues arising.

Financial Implications

As stated in the report, there are no identifiable financial implications other than possible appeal costs.

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Audit & Governance Committee – 16 January 2014

Agenda Item: 12

Audit and Governance Committee

16 January 2014

E.Freeman



Viability Appraisals and the use of the District Valuers Office

Summary

This report is brought to the Committee at the request of Members to advise them of how and why the planning department use the District Valuers Office (DVS) and to look at the alternative options that are available to the service to meet their needs.

The attached reports considers the benefits of using the DVS and the alternative options of using a private consultancy to carry out this work or appointing a member of staff to carry out viability appraisal work. For the reasons given in the report it is considered that the DVs remain the best option for seeking independent advice on the viability issues.

Recommendation

1. That Members note the contents of this report and that for the reasons given in the report the Council continue to use the services of the District Valuers (DVS) to provide independent advise on development viability issues to support the work of the Local Planning Authority, subject to compliance with procurement competition procedures.

a) Reasons for Recommendation

To ensure that appropriate independent advice is available to officers and Members when considering planning applications.

b) Alternative Options

The Council could appoint a private company or a dedicated member of staff to undertake this work, however it is considered for reasons detailed in the report that these are not viable options.

c) Risk Considerations

The assessments made by the DVS are only advice and so the final decision on these matters rests with the Local Planning Authority. Provided the Council's adopted overage policy is applied consistently where appropriate then any initial inaccuracies in the viability work will be picked up and corrected.

d) Policy and Budgetary Considerations

There are considered to be no policy considerations. The costs of the work of the DVS are passed on to the relevant developer and therefore the cost implications are limited to those associated with appeals where there are viability issues. These are relatively rare and the costs of the DVS on such matters are not unreasonable.

e) Date for Review of Decision

None

1.0 Background

1.1 In recent years the consideration of viability issues has increasingly become an issue with the consideration of planning applications. The economic downturn and the reduction in land values have meant that many developments are no longer financially viable. Developers are usually required to meet the costs of additional infrastructure that is required as a result of their proposed development. These are requirements of policies within the Local Plan and usually relate to the provision of open space and education services as a result of demands arising from the proposed development and the additional population living in a locality which puts additional pressure on such services. The provision of affordable housing is also a big infrastructure provision that is required from developers. These requirements are secured through Section 106 agreements which are a legal agreement between the Council and the developer/land owner. Part of the planning application process is to negotiate and secure the provision of this infrastructure.

1.2 Increasingly viability issues mean that developers cannot afford to provide for all of the infrastructure that would usually be required from their development. Government guidance is clear that this should not prevent permission being granted provided the viability issues have been proven. It is then for us to secure the infrastructure provision that is viable from the developer such that the development can go ahead. The issue then becomes how we ensure that the viability of the scheme is properly assessed and ensure that we secure a fair deal for the community.

2.0 The role of the District Valuer

2.1 At present we do not have the expertise or indeed the time to fully assess the viability appraisals that we receive from developers when arguing the viability of their developments. As a result such reports are independently assessed on behalf of the Council by the District Valuers office.

2.2 There are several reasons why the District Valuers (DVS) were chosen to undertake this work for the council. The DVS is the property arm of the Valuation Office Agency (VOA) and is dedicated to providing property advice to the public sector. It is therefore independent with no affiliations with any

development companies. They only act for public sector clients. As a result officers feel that they can rely on their advice. They also have an extensive network of valuation offices which carry out council tax bandings and the rating of business premises nationally and therefore have a wealth of knowledge on land and property values that cannot be found elsewhere. This knowledge helps with land and property viability issues as the value of the land is often the main variable that affects viability. The fact that they do this work on a national basis means that their advice is consistent with the advice they are giving to other public bodies across the country and consistent with up to date appeal decisions on viability issues. They also have an extensive experience as independent experts at planning appeals and public inquiries which means that should a decision on a viability issue lead to an appeal we know we can rely on the DVS to support us and provide the necessary advice.

- 2.3 The DVS as a public sector body is a cost effective way of gaining viability advice on planning applications. The cost of this advice on planning applications is paid for by the developer although the DVS are commissioned by us and report their findings to us before they are provided to the developer. As a result it is the Council that is the DVS's client while the developer reimburses us for the cost of the appraisal.

3.0 Alternative Options

- 3.1 While there are a number of private companies who can provide these services they would not be as cost effective or have the national network of valuation offices and advice for support. It is also notable that private companies undertaking viability appraisals are focused on the private sector and as such their approach is different to that of the DVS. The DVS undertake viability appraisals based on the current land value of a site where as private companies tend to use the price paid by the developer as this reflects what is viable for their client. As a Local Planning Authority we are concerned with the viability of development of a given site at the time that the application is made and as a result it is appropriate to take the current market value of the site. This approach is supported by planning appeal decisions and is to our benefit because developers have generally bought or negotiated options on sites when land prices were higher prior to the recession and want to base their viability on these values. By basing the appraisal on the current and generally lower land values the viability of a scheme improves and more of the required planning obligations can generally be afforded.
- 3.2 In terms of costs the alternative of using a private company is likely to be more expensive. While the cost on planning applications is passed to the developer in cases where there is an appeal on a viability issue as has recently been the case with a development at Harepath Road, Seaton it is the Council that would cover the cost of employing a specialist to represent the Council's case and therefore costs need to be kept to a minimum.
- 3.3 Officers have generally been happy with the service that we have received from DVS. They have always provided their advice in good time and have been open to discuss cases either over the phone or in person. Their advice

has generally been good and has enabled additional planning obligations to be negotiated from developers in many cases when compared with the offers that have initially been made by the developers.

- 3.4 There is only one case where there has been cause to criticise the DVS this being the development of the former Fortfield Hotel in Sidmouth where it would appear that the values that could be achieved for the proposed properties were underestimated. It is likely that this occurred due to the unique position of the site on the seafront and the lack of significant similar developments in Sidmouth to compare values. It is therefore considered unlikely that such a situation would arise again and in any case the recently adopted overage policy that Members of the Development Management Committee adopted in July of this year would address this issue since the uplift in values would have been captured in a subsequent reassessment of viability.
- 3.5 A further alternative approach would be to employ a specialist viability officer within the Planning service to advise on such matters. It is understood that Plymouth City Council among some other larger authorities have such an officer. There would be some benefits from this approach in terms of having an officer on hand all the time while the post holder would be able to help with smaller scale developments where the services of the DVS are not usually employed. There is likely to be more smaller sites with potential viability issues in future as a result of the lower thresholds for affordable housing provision proposed in the new Local Plan. There are however greater cost implications associated with a dedicated member of staff while it would also make it more difficult to insist that developers pay the cost of having their viability work independently assessed. Many developers would not consider a member of staff to be sufficiently independent and may still want the DVS involved. Furthermore no member of staff would have the experience and national support network that the DVS benefit from and we would be unlikely to be able to recruit a member of staff with the experience that we can benefit from by using the DVS.

4.0 Conclusions

- 4.1 It is considered that the DVS remain the best option for gaining external independent viability advice and that we should continue to use their services in future while continuing to apply the recently adopted overage policy to ensure that changes in the viability of a development due to changes in market conditions and/or the market value of the development itself are assessed following completion of the development to ensure that any planning obligations that are viable are met.

Legal Implications

Contract Standing Orders provide for competition requirements where the contract exceeds £5000. However, where on any particular project it is considered to be in the Council's interests to go to a particular provider, an exemption to contract

standing orders may be applied for. For example, the experience or independence of a consultant may justify an exemption.

Financial Implications

The financial implications, although not quantified, have been indicated in the report. As stated, the majority of costs are passed on to the developer. The alternative options are likely to involve higher costs than to continue using the District Valuer.

Background Papers

[S106 Agreements – Viability and Overage Report](#) – Development Management Committee Agenda and Minutes 16 July 2013

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Audit and Governance Committee
16 January 2014

Agenda Item: 13

Audit and Governance Committee

16 January 2014



Audit and Governance Committee

Forward Plan 2013/14

Date of Committee	Report	Lead Officer
16 January 2014	<ul style="list-style-type: none">• Certification Report• Internal Audit Activity – Quarter 3 2013/14• District Valuer reports – their use and value• Five year land supply – up-date. Members are recommended to consider the report on this matter which is being referred to the Development Management Committee on 12 November 2013.• Safeguarding children	Grant Thornton SWAP A corporate report involving input from planning, housing, estates and finance. Planning Policy Manager Head of Housing
13 March 2014	<ul style="list-style-type: none">• Annual Audit Plan 2014/15• Annual Governance Statement and the influence of the Slow Burner report• Financial forward plan• Thelma Hulbert Gallery• Asset disposal and management	SWAP Head of Finance Head of Finance Deputy Chief Executive Estate Management Team