

Date: 5 March 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 13 March 2014
2.30pm
Committee Room, 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.

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 | <p>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.</p> | | |
| 2 | To confirm the minutes of the meeting of the Audit & Governance Committee held on 16 January 2014. | | 5-11 |
| 3 | To receive any apologies for absence. | | |
| 4 | To receive any declarations of interests relating to items on the agenda. | | |
| 5 | <p>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).</p> | | |
| 6 | To agree any items to be dealt with after the public (including the press) have been excluded. There is one item which Officers recommend should be dealt with in this way. | | |
| 7 | SWAP – Internal Action Plan 2014/15 | SWAP | 12 – 16 |
| 8 | Grant Thornton update | Grant Thornton | |
| | a) Audit Plan | | 17 – 33 |
| | b) Audit & Governance Committee update | | 34 – 55 |
| | c) Top 5 Account Issues | | 56 – 59 |
| 9 | <p>Annual Governance Statement and the influence of the Slow Burner report
App A – Draft Explanatory forward
App B – Annual Governance Statement
App C – Draft Accounting policies
(App A & C issued electronically)</p> | Head of Finance | 60-69 |
| 10 | 3 rd high risk review of 2013/14 | Management Information Officer | 70-86 |
| 11 | <p>To consider the report referred to Cabinet on 5 March on the Corporate Asset Management Plan refresh
(Plan appendix – issued electronically)</p> | Principal Estates Surveyor | 87-90 |
| 12 | Forward plan | Head of Finance | 91 |

13 **The Vice Chairman to move the following:-**

“that under Section 100(A) (4) of the Local Government Act 1972 the public (including the press) be excluded from the meeting as exempt information, of the description set out on the agenda, is likely to be disclosed and on balance the public interest is in discussing this item in private session (Part B).”

Part B Matter for Decision

14	To consider the report referred to Cabinet on 5 March concerning the Thelma Hulbert Gallery. Appendix – Survival strategy 2014/15-17/18 – electronic only	Para 3 Schedule 12A) - information relating to the finance or business affairs of any particular person	Deputy Chief Executive	92-96
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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.

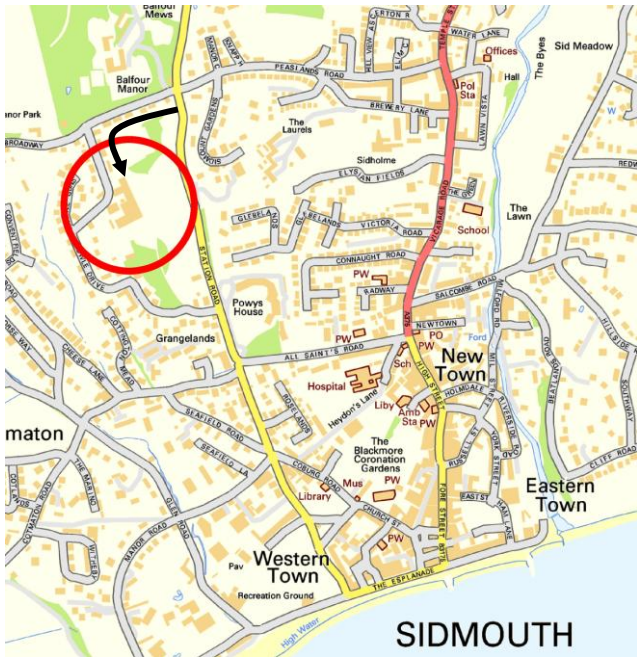
Decision making and equality duties

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.

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 16 January 2014

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

Also present: Councillor:
David Cox – Portfolio Holder for Finance

Officers: Jo Avery, Management Information Officer
Simon Davey, Head of Finance
Ed Freeman, Development Manager
John Golding, Head of Housing
Alethea Thompson, Democratic Services Officer

Internal Auditors: Andrew Ellins, Audit Manager, South West Audit Partnership (SWAP)

External Auditors: David Bray, Public Sector Assurance Manager, Grant Thornton
Barrie Morris, Public Sector Assurance Director, Grant Thornton

The meeting started at 2.30 pm and ended at 4.45 pm.

*30 **Public questions**

No questions were raised by members of the public.

*31 **Minutes**

The minutes of the meeting of the Audit and Governance Committee held on 14 November 2013 were confirmed and signed as a true record.

*32 **Declarations of interest**

Councillor	Minute number	Type of interest	Nature of interest
Peter Bowden	35 & 36	Personal	Member of Devon County Council Foster Panel and a school governor.

***33 Certification report**

The Public Sector Assurance Director, Grant Thornton introduced David Bray Public Sector Assurance Manager for Grant Thornton, the Council's external auditors. The Chairman welcomed him to the meeting.

Members considered the report of Grant Thornton regarding the Certification Report 2012/13 which outlined the Council's performance in applying for government grants, claims and returns and the preparation of information used in claims.

It was noted that the Council had submitted three claims and returns for certification for the financial year 2012/13, relating to expenditure of £67.571 million.

The report summarised the external auditors' overall assessment of the Council's management arrangements in respect of the certification process. There were no significant matters to be brought to the Council's attention in relation to individual claims. None of the claims or returns required amendment, which was a significant improvement from the previous year. None of the claims or returns were qualified which was consistent with the prior year.

The Council and its officers were commended for completing the work on schedule and for having no qualifications on claims. It was noted that no variation was proposed in certification fees.

The external auditors were thanked for their report and their continuing support in the Council's improvement. The Head of Finance and his team were also thanked for all their hard work.

RESOLVED: that the contents of the Certification Report 2012/13 be noted.

***34 Internal audit activity – quarter 3 2013/14**

Members considered the report of the Audit Manager which provided the outturn position for the internal audit plan at the end of December 2013, providing an update for quarter 3.

The Committee was advised that there were no operational audits planned for quarter 3. Both operational follow up audits planned for quarter 2 had been completed (income collection and Leisure East Devon) and one follow up originally scheduled for quarter 4 was in progress (arts and culture).

There were nine annual audits scheduled for quarter 3. Two recently completed key controls on capital accounting and council tax and NNDR had both achieved substantial assurance. Key control audits had improved over the years. One key control audit on creditors was in progress. There had been no irregularities reported to SWAP that had required investigation in quarter 3.

The Committee noted the progress made on the audit plan 2013/14 to date and the SWAP Manager reported that all scheduled audits were on target. Concern was expressed that the Thelma Hulbert Gallery (THG) business plan was not up to date, but the Head of Finance and Portfolio Holder Finance reported that the consultant's report on the THG was being reported to Cabinet on 5 February 2014.

***34 Internal audit activity – quarter 3 2013/14 (cont')**

The Chairman thanked the internal auditor for presenting his report.

RESOLVED: that the content of the internal audit plan – quarterly update 2013/14 be noted.

***35 Second 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 mid December 2013 was supplied to allow the Audit and Governance Committee to monitor the high strategic and operational risks. This followed a review of risks focusing on high risks 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. In addition to this it had been agreed by the Audit and Governance Committee that all high risks would be reviewed and reported to each Committee meeting between the biannual reviews.

The four risks which scored as high remained as they were at the last review in October 2013. These 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 regard to 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. The next full risk review would be held in March 2014.

Some concern was expressed over how close some of the medium risks were to becoming classified as high risk and a request was made to enhance the report to include both medium and high risks. The Management Information Officer advised that she could provide the medium risks as an appendix to her high risk review report.

On behalf of the Committee the Chairman thanked the Management Information Officer for her report.

RESOLVED:

- 1 that the current status of high risks until March 2014 be noted.
- 2 that an appendix be included with future risk review reports showing medium to high risks.

36 **Safeguarding children**

Consideration was given to the Head of Housing's report which outlined the Council's responsibilities as a district council towards safeguarding children. The report had been prepared following the Audit and Governance Committee's consideration of the Council's risk register where safeguarding had been identified as a high risk. The risk rating was primarily a combination of the serious risk to individual children when things went wrong, the damage to organisational reputation and the fact that mitigation or control measures would not be able to prevent child abuse in all cases. The Head of Housing's report explained the Council's approach to safeguarding and how this operated within the legal framework and local arrangements established by Devon County Council (DCC).

Child protection had been identified as a risk for the Council because of the many high profile cases that have shown organisational failure to report and/or communicate safeguarding concerns. Genuine attempts had been made to mitigate the risks through the Council's adopted safeguard children policy and ensuring that it was implemented throughout the organisation.

The Committee expressed some concern over the perception that there was too much reliance on the lead role for safeguarding children being on one officer (Head of Housing). The Head of Housing explained that ownership for safeguarding children was spread across the organisation and that he did not believe that his role as lead officer was a risk. However, he accepted the Committee's concerns that better deputisation arrangements could be put into place and would continue to promote the policy throughout the Council to ensure that managers understood that safeguarding children was a corporate responsibility. Senior managers had already been asked to evidence how this had been embedded in their practices.

The Committee was also concerned that little feedback was received following a referral to the multi agency scheme as many previously reported problems (nationally) had been down to a breakdown in communications. Child protection measures worked best when all the multi agencies/partners were working well together. The Committee suggested that these concerns should be reported back to the safeguarding children audit. It was noted that data protection prevented some data exchange.

The Committee thought that it would be useful to invite a DCC representative to come and speak to Councillors and staff on its safeguarding children processes

On behalf of the Committee the Chairman thanked the Head of Housing for his excellent report.

RECOMMENDED: that the Council understands the safeguarding children issues and endorses or amends the risk rating in light of its policy stance and the mediation measures in place.

37 **Five year land supply update**

Consideration was given to the Planning Policy Manager's report, presented by the Development Manager updating the Council's five year land supply position in the light of more recent housing commitment and completion data. The update ran to a six month midyear 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 was a recorded 5.19 years land supply for housing (as opposed to 4.71 years as reported in July 2013). This however fell short of the five years plus 20%, that is six years' supply that the Council needs. To achieve the six year supply position would require that the Council 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 was adopted as currently drafted, including its housing provision of 15,000 new homes, the six year land supply position would be exceeded.

At its meeting in January 2013 the Audit and Governance Committee recommended to Council that it put in place processes to make sure that it had a rolling valid five year housing land supply. This was approved at full Council on 27 February 2013. Members queried whether there was anything in place to check the figures and ensure the updating of the plan on a rolling basis, not on an annual reporting basis. The Development Manager responded by saying that the figures were currently reported to the Audit and Governance Committee on a six monthly basis, due to the time taken for the figures to change. The Chairman agreed to discuss the matter with the Chief Executive to obtain clarification.

RECOMMENDED: that the Council 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.

38 **District valuer reports**

The Development Manager brought a report to the Committee at the request of Members to advise them of how and why the planning department used the District Valuers Office (DVS), and to look at alternative options that were available to the service to meet their needs.

The report considered 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. The Development Manager felt that, for reasons given in the report, it was considered that the DVS remained the best option for seeking independent advice on the viability issues.

The DVS was the property arm of the Valuation Office Agency (VAO) and was dedicated to providing property advice to the public sector. It was therefore independent with no affiliations to any development companies. They would only act for public sector clients. The DVS also had an extensive network of valuation offices which carried out council tax bandings and the rating of business premises nationally, and therefore had a wealth of knowledge on land and property values that could not be found elsewhere. The knowledge helped with land and property viability issues as the value of the land was often the main variable that affected viability.

38 District valuer reports (cont'd)

It was reported that there were a number of private companies who could provide these services, but they would not be as cost effective or have the national network of valuation offices and advice for support. Private companies undertaking viability appraisals were focussed on the private sector and as such their approach was different from that of the DVS. It was likely that using a private company would also be more expensive than the DVS.

A further alternative approach would be to employ a specialist viability officer within the planning service to advise on such matters. The benefit of this would be having an officer on hand all the time, and the post holder would be able to help with smaller scale developments where the services of the DVS were not usually employed. However, there were greater cost implications associated with a dedicated member of staff and it would also make it more difficult to insist that developers pay the cost of having their viability work independently assessed. Also, no member of staff would have the experience and national support network of the DVS.

The Development Manager's report concluded that DVS remained the best option for gaining external independent viability advice. The Council 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 were assessed following completion of the development to ensure that any planning obligations that were viable are met.

The Committee was concerned about the implications of a DVS report being wrong and questioned whether the Council should have a second report carried out in significant cases. Some members felt that there was a lack of understanding and appreciation and requested some member training on the use of DVS reports. The Development Manager reminded the Committee that ultimately the decision of the Development Management Committee (DMC) rested with that committee. The DMC needed to decide whether to agree with consultees' opinions and it was open to DMC when they disagreed with the DVS to ask for the item to be deferred and for officers to undertake additional work and get a second opinion of the DVS report. The external audit manager added that it would be very difficult to retrospectively audit DVS figures, which were only an estimate. Another estimate would always be subject to market changes and an audit would simply compare two estimates. The more complicated a development/site, the more variety of things there were that could go wrong.

It was agreed that DMC should be reminded that it had the right to reject a DVS report if it felt the implications of accepting the opinion were significant enough to warrant further investigation.

38 **District valuer reports (cont'd)**

RESOLVED: that the content of the report be noted and for the reasons contained in the report, the Council continue to use the services of the District Valuer's Office to provide advice on development viability issues to support the work of the local planning authority, subject to compliance with procurement competition procedures.

RECOMMENDED: that the Development Management Committee be reminded that they have the ability to request a second opinion on District Valuer's reports.

*39 **Forward Plan 2013/14**

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

Items to be considered at the March Committee included:

- Annual Audit Plan 2014/15
- Annual Governance Statement and the influence of the Slow Burner report
- Financial forward plan
- Risk review
- Thelma Hulbert Gallery business plan
- Asset disposal and management

RESOLVED: that the forward plan be noted.

Chairman Date

Agenda Item: 07

Audit and Governance Committee

13 March 2014

SWAP – AE



Internal Audit Plan 2014-15



Summary

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 has produced an Audit Plan for 2014-15 that requires the approval of the Audit and Governance Committee.

Recommendation

That the Audit and Governance Committee approve the Internal Audit Plan of 400 days for April 2014 to March 2015.

a) Reasons for Recommendation

It is a requirement that the Audit and Governance Committee approve the annual audit plan.

b) Alternative Options

The Plan is broken down into a range of audit assignments that will seek to provide assurance that key risks are being managed effectively. If an emerging risk or a fraud investigation is deemed higher risk then the audits in this Original Plan then changes may be required during the year. The Committee are approving the initial plan of 400 days. Any changes will be reported to Committee.

c) Risk Considerations

Failure to gain independent assurance over the internal control arrangements by undertaking periodic internal audits of all of the Councils activities using a risk based methodology could impact negatively (i.e. financial, reputational, operational) on the Council.

d) Policy and Budgetary Considerations

None

e) Date for Review of Decision

Annual Approval of the Audit Plan and quarterly updates on progress against the plan and any proposed changes to the Plan.

1 Main Body of the Report

Background

The total number of audit days planned for 2014-15 is 400 days, which is the same as in 2013-14.

As last year, this plan has been pulled together with a view to providing assurance to both officers and members of the current and imminent risks faced by the Authority in an ever changing risk environment. The plan is only indicative to facilitate the planning of audit resources. We anticipate that the plan will have to remain flexible to address new and emerging risks faced by the Council.

To ensure that to the best of our ability we have covered the necessary risks, the Audit Manager and the Section 151 Officer have liaised with the Senior Management Team and together, whilst also considering audits already undertaken in recent years, have produced the plan detailed in Appendix A.

Key Control Audits

The Key Control process focuses 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. To this end we liaise with the External Audit representatives and include any requirements they have in providing them necessary assurance, in line with the International Auditing Standards, that they are required to audit against. There are nine key financial systems;

- Capital Accounting
- Council Tax and NNDR
- Creditors
- Debtors
- Housing and Council Tax Benefits
- Housing Rents
- Main Accounting
- Payroll
- Treasury Management

We have been pleased to provide reasonable and indeed substantial audit assurance for all of the key financial systems, which have now been audited for the past 3 years consecutively. As such we will not be auditing them all in detail and have instead identified related areas which will be subject to an operational or governance audit. Appendix A details which three audits are being done and the six being replaced.

Governance Audits

The Governance Audit process focuses primarily on key risks relating to cross cutting areas that are controlled and/or impact at a Corporate rather than just 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 our Client Sites.

We fully consulted with each of our Client Section 151 Officers and with them, or their representatives at the SWAP Management Board to identify the major risks facing their organisations for the coming year. These were considered by the Senior Management Team at East Devon District Council and those reviews which were felt to be of value have been included in the 2014-15 Plan. There are six such Governance reviews;

- Recruitment and Vetting Fraud Theme
- Absence Management Theme
- VAT Theme
- Private Water Supply Regulation Theme
- Payroll Starters & Leavers Theme
- Tenancy Fraud

I.T. Audits

I.T. Reviews are completed to provide the Authority with assurance with regards to their compliance with industry best practice. SWAP has a specialist Computer Audit Manager who will meet with the ICT Manager to identify specific I.T. related risks. There are 40 days (best practice recommends 10% of the plan should be IT specific) planned.

The ICT Audits have not yet been finalised but will involve independent assurance over the proposed shared service and changes required in respect of the relocation project.

Operational Audits (Service and Core Cross-Cutting Reviews)

Operational audits are a detailed evaluation of a service or functions 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 are twelve audits planned for 2014-15;

- S151 & Monitoring Officer Responsibilities
- Cash Collection
- Bailiffs
- E Procurement
- Council Homes
- Leisure East Devon
- Regeneration
- Estates Management
- Homelessness Prevention
- Emergency Planning
- Remote and Mobile Working
- Council Office Relocation (Consultation - Non-Opinion)

Follow Up Audits

Internal Audit follow up on all Audits being given a 'Partial or No Assurance' level to ensure that agreed actions to mitigate risks have been implemented. We have provisionally planned 10 days to do follow-up reviews as we are aware of at least 2 reviews that we will be following-up.

Advice and Meetings

Internal Audit are risk experts and as well as undertaking planned audits are always glad to assist officers where they seek advice on managing their risks. Similarly, to enable effective governance Internal Audit work closely with External Audit and with the Section 151 Officer and the Audit and Governance Committee through regular liaison meetings and progress reporting.

Legal Implications

Internal audits assist in testing and demonstrating compliance with regulatory frameworks, including governance and best value.

Financial Implications

The 400 days allocated in the audit plan have been budgeted for in 2014/15.

Consultation on Reports to the Committee

The Section 151 Officer and SMT have contributed towards the Audit Plan. SWAP have recommended 'Themed' audits following Risk Management Facilitation Meetings with representatives of South West Councils where common emerging risks were identified in order to seek to compare and contrast best practice.

Background Papers

- Appendix A – 2014/15 Internal Audit Plan

Andrew Ellins
Audit Manager
SWAP

Audit and Governance Committee
13 March 2014

EDDC 2014-15 Audit Plan	Plan Days
<u>Client Support</u>	35.0
External Audit	3.0
General Advice	8.0
Planning, Reporting & Advice	24.0
Follow Up Audits	10.0
<u>Key Controls</u>	45.0
Capital Accounting	0.0
Council Tax / NDR	15.0
Creditors	0.0
Debtors	0.0
Housing & Council Tax Benefits	15.0
Housing Rents	0.0
Main Accounting	15.0
Payroll	0.0
Treasury Management	0.0
<u>Governance</u>	85.0
Recruitment and Vetting Fraud Theme	15.0
Absence Management Theme	15.0
VAT Theme	15.0
Private Water Supply Regulation Theme	15.0
Payroll Starters & Leavers Theme	10.0
Tenancy Fraud	15.0
<u>ICT</u>	40.0
TBA (3 or 4 I.T Audits)	40.0
<u>Core Cross-Cutting Services</u>	95.0
Council Office Relocation	20.0
S151 & Monitoring Officer Responsibilities	15.0
Cash Collection	15.0
Bailiffs	15.0
E Procurement	15.0
Remote and Mobile Working	15.0
<u>Service Reviews</u>	90.0
Council Homes	15.0
Leisure East Devon	15.0
Regeneration	15.0
Estates Management	15.0
Homelessness Prevention	15.0
Emergency Planning	15.0
Total Planned Audit Days:	400.0



The Audit Plan for East Devon District Council

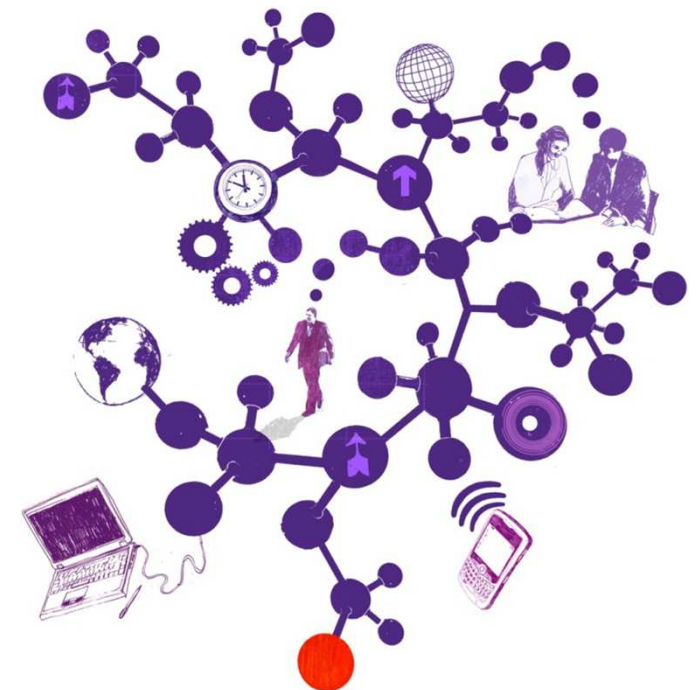
Year ended 31 March 2014

February 2014

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Contents

Section

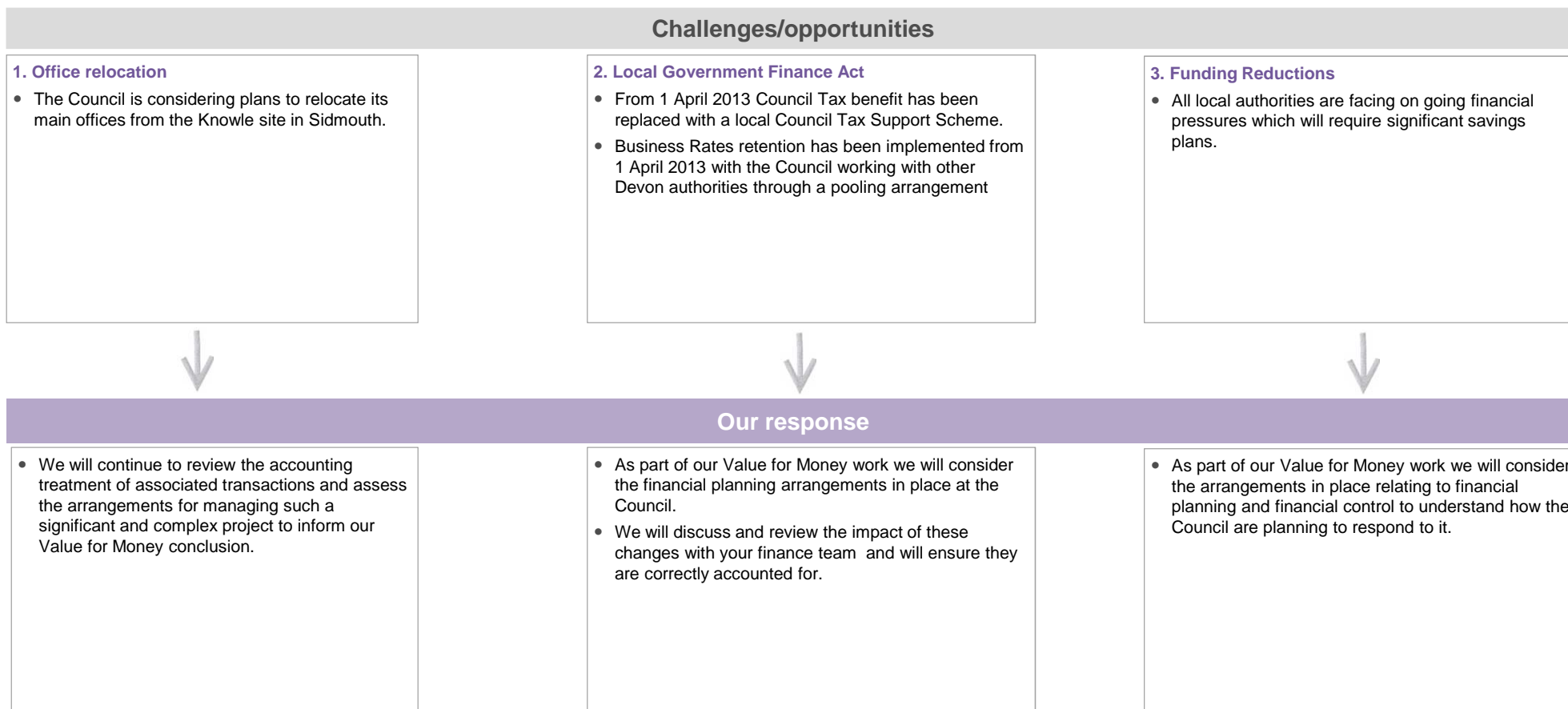
1. Understanding your business
2. Developments relevant to your business and the audit
3. Our audit approach
4. An audit focused on risks
5. Significant risks identified
6. Other risks
7. Group scope and risk assessment
8. Results of interim work
9. Value for Money
10. Logistics and our team
11. Fees and independence
12. Communication of audit matters with those charged with governance

Appendices

- A. Action plan

Understanding your business

In planning our audit we need to understand the challenges and opportunities the Council is facing. We set out a summary of our understanding below.



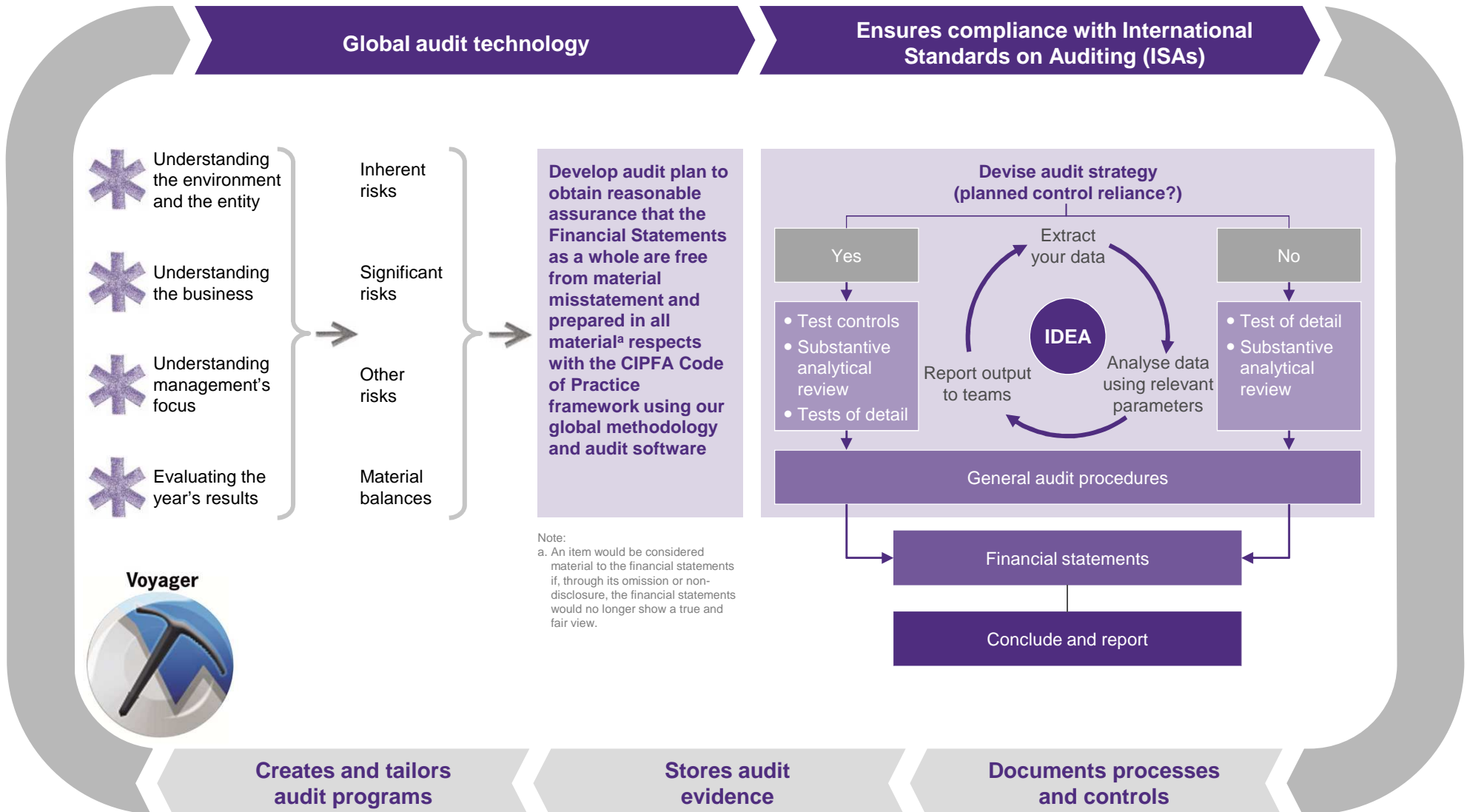
Developments relevant to your business and the audit

In planning our audit we also consider the impact of key developments in the sector and take account of national audit requirements as set out in the Code of Audit Practice ('the code') and associated guidance.

Developments and other requirements					
<p>1. Financial reporting</p> <ul style="list-style-type: none"> • Changes to the CIPFA Code of Practice • Clarification of Code requirements around Property Plant and Equipment (PPE) valuations • Changes to NDR accounting and provisions for business rate appeals 	<p>2. Legislation</p> <ul style="list-style-type: none"> • Local Government Finance settlement • Welfare reform Act 2012 	<p>3. Corporate governance</p> <ul style="list-style-type: none"> • Annual Governance Statement (AGS) • Explanatory foreword 	<p>4. Pensions</p> <ul style="list-style-type: none"> • The impact of 2013/14 changes to the Local Government pension Scheme (LGPS) 	<p>5. Financial Pressures</p> <ul style="list-style-type: none"> • Managing service provision with less resource • Progress against savings plans 	<p>6. Other requirements</p> <ul style="list-style-type: none"> • The Council is required to submit a Whole of Government accounts pack on which we provide an audit opinion • The Council completes grant claims and returns on which audit certification is required

Our response					
<p>We have on-going discussions with your finance team and will ensure that:</p> <ul style="list-style-type: none"> • the Council complies with the requirements of the CIPFA Code of Practice • business rate appeals are accounted for on a reasonable basis 	<ul style="list-style-type: none"> • We will discuss the impact of the legislative changes with the Council through our regular meetings with senior management and those charged with governance, providing a view where appropriate 	<ul style="list-style-type: none"> • We will review the arrangements the Council has in place for the production of the AGS • We will review the AGS and the explanatory foreword to consider whether they are consistent with our knowledge 	<ul style="list-style-type: none"> • We will review how the Council dealt with the impact of the 2013/14 changes through our meetings with senior management 	<ul style="list-style-type: none"> • We will review the Council's performance against the 2013/14 budget, including consideration of performance against the savings plan • We will undertake a review of Financial Resilience as part of our VFM conclusion work 	<ul style="list-style-type: none"> • We will carry out work on the WGA pack in accordance with requirements • We will certify grant claims and returns in accordance with Audit Commission requirements

Our audit approach



Significant risks identified

'Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty' (ISA 315).

In this section we outline the significant risks of material misstatement which we have identified. There are two presumed significant risks which are applicable to all audits under auditing standards (International Standards on Auditing – ISAs) which are listed below:

Significant risk	Description	Substantive audit procedures
The revenue cycle includes fraudulent transactions	Under ISA 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.	<p>Work completed to date:</p> <ul style="list-style-type: none"> • Walkthrough testing of Housing Revenue Account (HRA) income <p>Further work planned:</p> <ul style="list-style-type: none"> • Review and testing of revenue recognition policies • Testing of material revenue streams
Management over-ride of controls	Under ISA 240 there is a presumed risk that the risk of management over-ride of controls is present in all entities.	<p>Work completed to date:</p> <ul style="list-style-type: none"> • Testing of journal entries to December 2013 <p>Further work planned:</p> <ul style="list-style-type: none"> • Review of accounting estimates, judgments and decisions made by management • Testing of journal entries from January 2014 to closedown of accounts • Review of unusual significant transactions

Other risks identified

The auditor should evaluate the design and determine the implementation of the entity's controls, including relevant control activities, over those risks for which, in the auditor's judgment, it is not possible or practicable to reduce the risks of material misstatement at the assertion level to an acceptably low level with audit evidence obtained only from substantive procedures (ISA 315).

In this section we outline the other risks of material misstatement which we have identified as a result of our planning.

Other reasonably possible risks	Description	Work completed to date	Further work planned
Operating expenses	Creditors understated or not recorded in the correct period	<ul style="list-style-type: none"> Walkthrough testing of operating expenses and creditors completed which confirms processes and controls operating satisfactorily. Substantive testing of material expenditure incurred up to December.2013 	<ul style="list-style-type: none"> Substantive testing of material expenditure streams for the remainder of the 2013-14 financial year Substantive testing of significant creditor balances Review of after date payments to ensure all liabilities identified
Employee remuneration	Employee remuneration accrual understated	<ul style="list-style-type: none"> Walkthrough testing of employee remuneration completed which confirms processes and controls operating satisfactorily. Review of control account reconciliations Payroll trend analysis Substantive testing of employee remuneration expenditure incurred to December 2013 	<ul style="list-style-type: none"> Substantive testing of employee remuneration expenditure for the remainder of the 2013-14 financial year Review of the year end control account reconciliation
Welfare Expenditure	Welfare benefit expenditure improperly computed	<ul style="list-style-type: none"> Walkthrough testing of welfare benefit expenditure completed which confirms processes and controls operating satisfactorily. 	<ul style="list-style-type: none"> Completion of housing benefits subsidy certification
Housing Revenue Account (HRA)	Revenue transactions not recorded	<ul style="list-style-type: none"> Walkthrough testing of HRA income completed which confirms processes and controls operating satisfactorily. 	<ul style="list-style-type: none"> Substantive testing of HRA revenue
Property, Plant & Equipment (PPE)	PPE activity not valid	<ul style="list-style-type: none"> Walkthrough testing of property, plant & equipment completed which confirms processes and controls operating satisfactorily. 	<ul style="list-style-type: none"> Substantive testing of PPE additions and disposals

Value for money

Value for money

The Code requires us to issue a conclusion on whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

Our VfM conclusion is based on the following criteria specified by the Audit Commission:

VfM criteria	Focus of the criteria
The organisation has proper arrangements in place for securing financial resilience	The organisation has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future
The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness	The organisation is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity

We have undertaken a risk assessment to identify areas of risk to our VfM conclusion. We will undertake work in the following areas to address the risks identified:

- review the arrangements for managing the Council's proposed office relocation
- review the Council's medium term financial planning
- consider the arrangements in place to monitor and deliver the Council's savings plans

The results of our VfM audit work and the key messages arising will be reported in our Audit Findings report and in the Annual Audit Letter.

Results of interim audit work

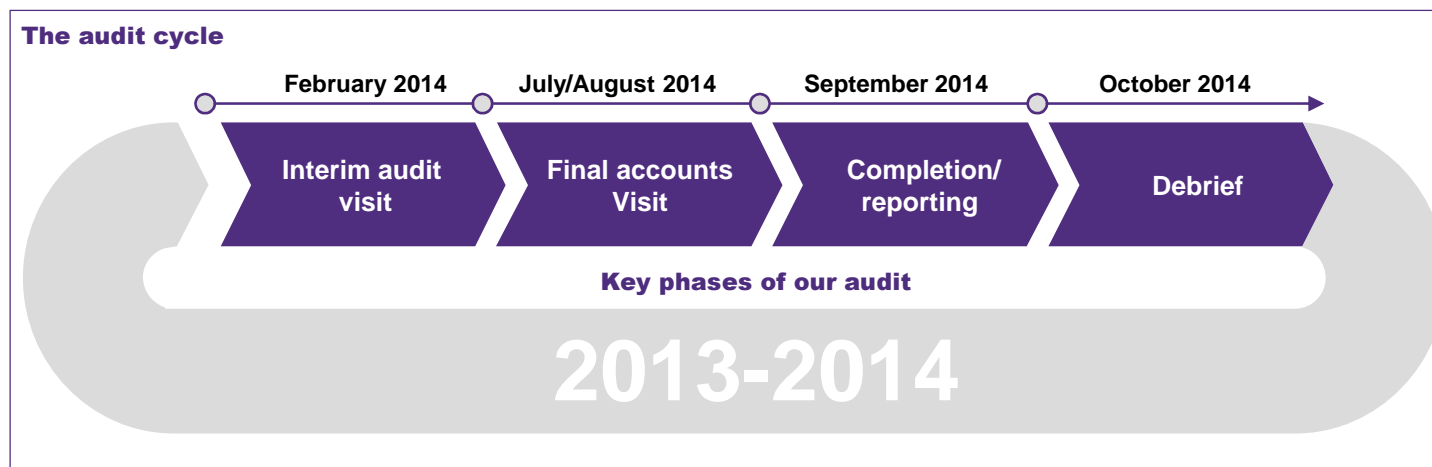
The findings of our interim audit work, and the impact of our findings on the accounts audit approach, are summarised in the table below:

	Work performed and findings	Conclusion
Internal Audit	<p>We have reviewed internal audit's overall arrangements in accordance with auditing standards. Our work has not identified any issues which we wish to bring to your attention.</p> <p>We also reviewed Internal Audit's work on the Council's key financial systems to date. We have not identified any significant weaknesses impacting on our responsibilities.</p>	<p>Overall, we have concluded that the internal audit service continues to provide an independent and satisfactory service to the Council and that internal audit work contributes to an effective internal control environment at the Council.</p> <p>Our review of internal audit work has not identified any weaknesses which impact on our audit approach.</p>
Walkthrough testing	<p>We have completed walkthrough tests of controls operating in areas where we consider that there is a risk of material misstatement to the financial statements.</p> <p>Our work has not identified any issues which we wish to bring to your attention. Internal controls have been implemented in accordance with our documented understanding.</p>	<p>Our work has not identified any weaknesses which impact on our audit approach.</p>
Review of information technology controls	<p>Our information systems specialist performed a high level review of the general IT control environment, as part of the overall review of the internal controls system. We have also performed a follow up of the issues that were raised last year.</p> <p>IT (information technology) controls were observed to have been implemented in accordance with our documented understanding.</p> <p>Recommendations have been made for improvements to:</p> <ul style="list-style-type: none"> • System administration responsibilities for the Academy application, and • Data edits made directly to the application databases <p>These recommendations are included in the Appendix A - Action Plan.</p>	<p>Our work has identified no material weaknesses which are likely to adversely impact on the Council's financial statements.</p>

Results of interim audit work (continued)

	Work performed	Conclusion
Journal entry controls	<p>We have reviewed the Council's journal entry policies and procedures as part of determining our journal entry testing strategy and have not identified any material weaknesses which are likely to adversely impact on the Council's control environment or financial statements.</p> <p>To date we have undertaken detailed testing on journal transactions recorded for the first nine months of the financial year, by extracting 'unusual' entries for further review. No issues have been identified that we wish to highlight for your attention.</p>	<p>Work completed to date has not identified any issues.</p> <p>Further work to be completed :</p> <ul style="list-style-type: none"> • Testing of journal entries from January 2014 to closedown of accounts.
Early substantive testing	<p>Substantive testing has been completed for a sample of operating expenditure incurred up to December 2013.</p> <p>Substantive testing has been completed for a sample of employee remuneration expenditure incurred up to December 2013.</p> <p>We have not identified any issues in our testing.</p>	<p>Work completed to date has not identified any issues. Further work to be completed :</p> <ul style="list-style-type: none"> • Substantive testing of operating expenditure for the remainder of the 2013-14 financial year • Substantive testing of employee remuneration expenditure for the remainder of the 2013-14 financial year

Key dates



Date	Activity
January/February 2014	Planning
February 2014	Interim site visit
March 2014	Presentation of audit plan to Audit Committee
July/August 2014	Year end fieldwork
September 2014	Audit findings clearance meeting with Head of Finance
September 2014	Report audit findings to those charged with governance (Audit & Governance Committee)
September 2014	Sign financial statements opinion

Fees and independence

Audit Fees

Area	£
Council audit	66,861
Grant Certification	14,200
Total fees (excluding VAT)	£80,881

Our fee assumptions include:

- Supporting schedules to all figures in the accounts are supplied by the agreed dates and in accordance with the agreed upon information request list
- The scope of the audit, and the Council and its activities, have not changed significantly
- The Council will make available management and accounting staff to help us locate information and to provide explanations

Fees for other services

Service	Fees £
Review of IT Shared Services Arrangement . This is a joint review for East Devon District Council, Exeter City Council and Teignbridge District Council. This fee represents the Council's share of the work delivered to date.	£2,300

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

Full details of all fees charged for audit and non-audit services will be included in our Audit Findings report at the conclusion of the audit.

We confirm that we have implemented policies and procedures to meet the requirement of the Auditing Practices Board's Ethical Standards.

Communication of audit matters with those charged with governance

International Standards on Auditing (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Plan, outlines our audit strategy and plan to deliver the audit, while The Audit Findings will be issued prior to approval of the financial statements and will present key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to the Council.

Respective responsibilities

This plan has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission (www.audit-commission.gov.uk).

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the Audit Commission and includes nationally prescribed and locally determined work. Our work considers the Council's key risks when reaching our conclusions under the Code.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our communication plan	Audit plan	Audit findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issue arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence.	✓	✓
Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged.		
Details of safeguards applied to threats to independence		
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to the auditor's report, or emphasis of matter		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓

Appendices

Action plan

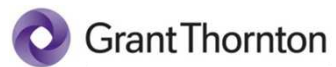
Priority

High - Significant effect on control system

Medium - Effect on control system

Low - Best practice

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
1	<p>System administration responsibilities for the Academy application</p> <p>System administration responsibilities should be reviewed and if possible transferred to ICT Business Solutions or another team who do not have such close links with the Revenues & Benefits function.</p>	Low		
2	<p>Data edits made directly to the application databases</p> <p>Key high risk data items within the iTrent and eFinancials systems (including as a minimum salary, bank account and payment details) should be identified and a one-off check carried out to confirm whether a change directly at database level would generate an entry on an exception report, thus identifying that a change had been made.</p>	Low		



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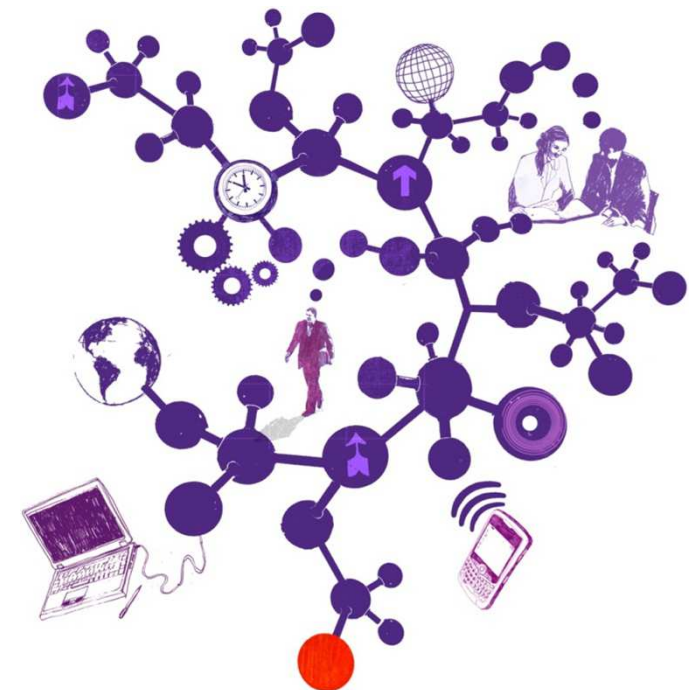
Audit and Governance Committee Update for East Devon District Council

Year ended 31 March 2014

13 March 2014

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Contents

Section	Page
Introduction	4
Progress at 28 February 2014	5
2012/13 certification fees	6
Emerging issues and developments	
Local government guidance	7
Grant Thornton	12
Accounting and audit issues	15

Introduction

This paper provides the Audit and Governance Committee with a report on progress in delivering our responsibilities as your external auditors. The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a District Council
- a number of challenge questions in respect of these emerging issues which the Committee may wish to consider.

Members of the Audit and Governance Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications – 'Local Government Governance Review 2013', 'Towards a tipping point?', 'The migration of public services', 'The developing internal audit agenda', 'Preparing for the future', 'Surviving the storm: how resilient are local authorities?'

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Audit Manager.

Progress at 28 February 2014

Work	Due By	Complete	Comments
<p>2013-14 Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2013-14 financial statements.</p>	March 2014	Yes	The audit plan is a separate item on the Audit and Governance Committee agenda on 13 March 2014.
<p>Interim accounts audit Our interim fieldwork visit includes:</p> <ul style="list-style-type: none"> • updating our review of the Council's control environment • updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • initial risk assessment to support the Value for Money conclusion. 	March 2014	Yes	Our interim audit work has been completed and we have summarised the findings in the audit plan referred to above.

Progress at 28 February 2014

Work	Due By	Complete	Comments
<p>2013-14 final accounts audit Including:</p> <ul style="list-style-type: none"> • audit of the 2013-14 financial statements • detailed work to support the VFM conclusion • proposed opinion on the Council's accounts • proposed Value for Money conclusion. 	September 2014	Not yet due	<p>We have been working with your finance team regarding the audit of your financial statements for the year ended 31 March 2014.</p> <p>We have included the "Top Five Issues" as a separate agenda item and have scheduled a meeting with your finance team on 7 March 2014 to discuss these.</p> <p>Representatives from the Council attended a financial statements workshop in Exeter on 18 February 2014, which was one of a series of events nationally jointly hosted by Grant Thornton and CIPFA.</p> <p>Our financial statements audit is scheduled to commence in July and this will enable us to complete our work before the Audit and Governance Committee scheduled for 25 September 2014.</p>
<p>2013-14 VFM Conclusion We are required to assess whether East Devon District Council has proper arrangements in place for:</p> <ul style="list-style-type: none"> • securing financial resilience • challenging how it secures economy, efficiency and effectiveness 	September 2014	Not yet due	<p>We have completed our initial risk assessment and the results of this are included within our audit plan.</p>
<p>2013-14 certification work This work is expected to cover:</p> <ul style="list-style-type: none"> • Housing benefits • Housing capital receipts 	November 2014	Not yet due	<p>We do not expect to be required to certify the Council's non domestic rates return for 2013/14.</p>

2012/13 Certification Fees

We presented our certification report to the Audit and Governance Committee in November 2013.

The certification fees for 2012/13 were £14,712 and the Audit Commission has asked us to provide Councils with a split of this fee across the claims and returns that were certified in the year.

Claim or return	2012/13 indicative fee (£)	2012/13 actual fee (£)	Variance to indicative fee (£)	Explanation for variance
Housing and council tax benefit scheme	12,280	12,280		
National non-domestic rates return	1,770	782	-988	Only Part A testing was required for the 2012/13 audit.
Pooling of Housing Capital Receipts	1,650	1,650		
Total	£15,700	£14,712	-£988	

Councils must continue to adapt to meet the needs of local people

Local government guidance

Audit Commission research - Tough Times 2013

The Audit Commission's latest research, which can be found on its website, shows that England's councils have demonstrated a high degree of financial resilience over the last three years, despite a 20 per cent reduction in funding from government and a number of other financial challenges. However, with uncertainty ahead, the Commission says that councils must carry on adapting in order to fulfil their statutory duties and meet the needs of local people.

The Audit Commission's Chairman, Jeremy Newman, said that with continuing financial challenges 'Councils must share what they have learnt from making savings and keep looking for new ways to deliver public services that rely less on funding from central government'.

Key findings:

The Audit Commission's research found that:

- the three strategies most widely adopted by councils have been reducing staff numbers, securing service delivery efficiencies and reducing or restructuring the senior management team;
- three in ten councils showed some form of financial stress in 2012/13 – exhibited by a mix of difficulties in delivering budgets and taking unplanned actions to keep finances on track;
- auditors expressed concerns about the medium term prospects of one third of councils (36 per cent)

Issues to consider:

How have Members satisfied themselves that the Council can deliver a balanced budget, that the medium term strategy/budget has been subject to appropriate challenge and that the Council's finances are resilient over the medium term (3 years) and beyond?

Councils choosing their auditors one step closer

Local government guidance

Local Audit and Accountability Act

The Local Audit and Accountability Act received Royal Assent on 30 January 2014.

Key points

Amongst other things:

- the Act makes provision for the closure of the Audit Commission on 31 March 2015;
- arrangements are being worked through to transfer residual Audit Commission responsibilities to new organisations;
- there will be a new framework for local public audit due to start when the Commission's current contracts with audit suppliers end in 2016/17, or potentially 2019/20 if all the contracts are extended;
- the National Audit Office will be responsible for the codes of audit practice and guidance, which set out the way in which auditors are to carry out their functions;
- Local Authorities will take responsibilities for choosing their own external auditors;
- recognised supervisory bodies (accountancy professional bodies) will register audit firms and auditors and will be required to have rules and practices in place that cover the eligibility of firms to be appointed as local auditors;
- Local Authorities will be required to establish an auditor panel which must advise the authority on the maintenance of an independent relationship with the local auditor appointed to audit its accounts;
- rights around inspection of documents, the right to make an objection at audit and for declaring an item of account unlawful are in line with current arrangements;
- transparency measures give citizens the right to film and tweet from any local government body meeting.

Issues to consider:

- Have Members considered the implications of the Local Audit and Accountability Act for the Council's future external audit arrangements?

Austerity continued – further cuts in spending powers

Local Government Guidance

Final local government finance settlement 2014/15

On 5 February 2014 the government published the final local government finance settlement for 2014/15. This confirmed the proposals laid out in the provisional finance settlement. The government has proposed that any council tax increases made by billing or precepting authorities of 2 per cent or more will be subject to a referendum. This proposal needs to be accepted by Parliament.

Excluding the Greater London Authority, the spending power for local authorities in England will fall by 2.9% in 2014/15 compared to 2013/14. As in previous years, councils will have their funding reduction capped at 6.9%. Indicative funding levels for 2015/16 have also been provided to assist local authorities with their medium term financial planning.

Issues to consider:

- Has your Head of Finance reviewed the proposed settlement and assessed the impact on your Council?

Helping the High Street

Local government guidance

Support for UK high streets

On December 6, 2013 the Communities Secretary set out a £1 billion package of support for UK high streets, the stated objectives being to:

- support business and the private sector to have a greater stake in their high streets;
- make it easier to diversify town centres;
- ensure town centres remain accessible to visitors;
- promote the use of technology to modernise town centres.

Key elements of the strategy include:

- a £1,000 discount in 2014/15 and 2015/16 for retail premises with a rateable value of up to £50,000 – including shops, pubs, café and restaurants;
- capping the Retail Price Index (RPI) increase in bills to 2% in 2014/15;
- extending the doubling of Small Business Rates relief to April 2015;
- a reoccupation relief for 18 months with a 50% discount for new occupants of retail premises empty for a year or more;
- assisting business cash flow by allowing businesses to pay their bills over 12 months (rather than 10)

Issues to consider:

- Has the Council assessed the local economic impact of the measures announced by the Communities Secretary?
- Has the Head of Finance assessed the impact of the measures on the Council's finances and the 2014/15 and 2015/16 budgets?

Councils keep New Homes Bonus

Local government guidance

Help for housing building

In the Autumn statement (5 December 2013) the government announced plans to secure a £1 billion 6 year investment in house building, to simplify the local authority planning process and help to achieve the stated objective of delivering 250,000 new homes.

Key objectives:

- nationally to increase the housing supply in England through a £1 billion 6 year investment programme;
- at a local level helping councils to increase the supply of affordable social housing supply in their area by allowing them to bid for up to £300 million of additional borrowing against their housing revenue account;
- improving labour market mobility by introducing a Right to Move for those needing to move to take up a job or training ;
- Allowing councils outside London to keep all of their **New Homes Bonus** and have full control over how they use it to support new homes in their area – the New Homes Bonus is a grant paid by central government to local councils for increasing the number of homes and their use, is paid each year for 6 years and is based on the amount of extra Council Tax revenue raised for new-build homes, conversions and long-term empty homes brought back into use

Issues to consider/challenge questions:

- Has your Head of Finance assessed the implications and potential financial impact for the Council of the help for housing building measures announced in the Autumn statement?

79% of Councils anticipate Tipping Point soon

Grant Thornton

2016 tipping point? Challenging the current

This national report from Grant Thornton is the third in an annual series which assesses whether English local authorities have the arrangements in place to ensure their sustainable financial future. Copies have been sent to the Council and the report can also be found on our website. Please contact your Audit Manager, David Bray, if you would like additional copies.

Local authorities have so far met the challenges of public sector budget reductions. However, some authorities are predicting reaching tipping point, when the pressure becomes acute and financial failure is a real risk. Based on our review of forty per cent of the sector, this report shows that seventy nine per cent of local authorities anticipate some form of tipping point in 2015/16 or 2016/17.

Our report rates local authorities in four areas - key indicators of financial performance, strategic financial planning, financial governance and financial control. It also identifies a series of potential 'tipping point scenarios' such as local authorities no longer being able to meet statutory responsibilities to deliver a range of services.

Our report also suggest some of the key priorities for local authorities in responding to the challenge of remaining financially sustainable. This includes a relentless focus on generating additional sources of revenue income, and improving efficiency through shared services, strategic partnerships and wider re-organisation.

Issues to consider:

- Our report includes a good practice checklist designed to provide senior management and members with an overview of key tipping point risks. Has the Head of Finance completed the checklist and reported it to the Audit and Governance Committee ?
- The report also includes good practice case studies in strategic financial planning, financial governance and financial control. Has the Head of Finance reviewed these case studies and considered whether there is scope to adopt these?

Alternative Delivery Models – are you making the most of them?

Grant Thornton

Alternative delivery models in local government

This report from Grant Thornton discusses the main alternative delivery models available to local government. These are based on our recent client survey and work with local government clients. It aims to assist others as they develop their options and implement innovation strategies. Copies have been sent to the Council and the report can also be found on our website. Please contact your Audit Manager, David Bray, if you would like additional copies.

Local government has increased the variety and number of alternative delivery models it uses in recent years including contracts and partnerships with other public bodies and private sector organisations, as well as developing new public sector and non-public sector entities. With financial austerity set to continue, it is important that local authorities continue innovating if they are to remain financially resilient and commission better quality services at reduced cost.

This report is based on a brief client survey and work with local authority clients and:

- Outlines the main alternative delivery models available to local authorities
- Aims to assist other authorities as they develop their options and implement innovation strategies
- Considers aspects of risk.

Issues to consider:

- Our report includes a number of case studies summarising how public services are being delivered through alternative service models. Has the Authority reviewed these case studies and assessed whether there are similar opportunities available to it?
- Our report includes three short checklists on supporting innovation in service delivery, setting up a company and questions that Members should ask officers when considering the development of a new delivery model. Are the checklists being considered as part of the development of the Authority's commissioning strategy?

Welfare reforms – first impressions

Grant Thornton

Reaping the benefits: first impressions of the impact of welfare reform.

The potential scope of this topic is broad, so our report, focused on the financial and managerial aspects of welfare reform. This involves:

- Understanding the challenges currently facing local government and housing associations in regard to welfare reform and what organisations have been doing to meet this challenge in terms of strategy, projects and new processes.
- Reporting on the early indications of effectiveness following the implementation of these measures and the impact of reform.
- Providing early insight into challenges facing these organisations in the near future.

We have pulled together information from a variety of sources, including our regular conversations across the local government and housing sectors and surveying local authorities and housing associations in England.

We found that:

- In general, organisations have been very active in engaging with stakeholders and putting in place appropriate governance arrangements and systems to implement specific reforms. A minority of organisations did not fully exploit all the options open to them in preparing for reform.
- So far, the indication is that the impact of reform experienced by local authorities and partners has been managed effectively. This may be because the full impact has not yet been felt. Some worrying signs are emerging, including rising rental arrears, homelessness and reliance on food banks, which may be linked to the reforms.
- Looking ahead, further reforms, such as the implementation of universal credit and the move to direct payments present significant uncertainties and challenges over the next few years.

Issues to consider:

- Has the Head of Benefits kept members informed of progress with stakeholder engagement and changes to governance arrangements to implement specific reforms?
- What impact assessment is the Authority carrying out on council tax localisation, the benefit cap and housing benefit, the spare room subsidy and changes to the Social Fund?
- Does the Authority have a plan in place or in development for the introduction of universal credit?

Revaluing your assets – clarification of accounting guidance

Accounting and audit issues

Property, plant and equipment valuations

The 2013/14 Code has clarified the requirements for valuing property, plant and equipment and now states explicitly that revaluations must be 'sufficiently regular to ensure that the carrying amount does not differ materially from that which would be determined using the fair value at the end of the reporting period.' This means that a local authority will need to satisfy itself that the value of assets in its balance sheet is not materially different from the amount that would be given by a full valuation carried out on 31 March 2014. This is likely to be a complex analysis which might include consideration of:

- the condition of the authority's property portfolio at 31 March 2014
- the results of recent revaluations and what this might mean for the valuation of property that has not been recently valued
- general information on market prices and building costs
- the consideration of materiality in its widest sense - whether an issue would influence the view of a reader of the accounts.

The Code also follows the wording in IAS 16 more closely in the requirements for valuing classes of assets:

- items within a class of property, plant and equipment are to be revalued simultaneously to avoid selective revaluation of assets and the reporting of amounts in the financial statements that are a mixture of costs and values as at different dates
- a class of assets may be revalued on a rolling basis provided revaluation of the class of assets is completed within a short period and provided the revaluations are kept up to date.

There has been much debate on what is a short period and whether assets that have been defined as classes for valuation purposes should also be disclosed separately in the financial statements. These considerations are secondary to the requirement that the carrying value does not differ materially from the fair value. However, we would expect auditors to report to those charged with governance where, for a material asset class:

- all assets within the class are not all valued in the same year
- the class of asset is not disclosed separately in the property, plant and equipment note.

Issue to consider:

Has your Head of Finance consulted you on the programme of valuations and the proposals for disclosing information about classes of assets?

Estimating the impact of business rate appeals

Accounting and audit issues

Business rate appeals provisions

Local authorities are liable for successful appeals against business rates. They should, therefore, recognise a provision for their best estimate of the amount that businesses have been overcharged up to 31 March 2014.

However, there are practical difficulties which mean that making a reliable estimate for the total amount that has been overcharged is challenging:

- the appeals process is managed by the Valuation Office Agency (VOA) and so local authorities are reliant on the information provided to them by the VOA
- some businesses may have been overcharged but not yet made an appeal.

We would expect local authorities:

- to work with the VOA to make sure that they have access to the information they need
- where appeals have been made, to determine a methodology for estimating a provision and to apply this methodology consistently
- where appeals have not been made:
 - to consider the extent to which a reliable estimate can be made (for example, in relation to major businesses)
 - to recognise a provision where a reliable estimate can be made
 - to disclose a contingent liability where a reliable estimate cannot be made
 - to provide a rationale to support their judgement that a reliable estimate cannot be made
- to revisit the estimate with the latest information available immediately before the audit opinion is issued.

Issues to consider:

- Is your authority confident of obtaining the information it needs from the VOA?
- Has your authority recognised a provision where it is possible to make a reliable estimate? Has a robust methodology been used?
- Has your authority provided a robust rationale where it has decided it cannot make a reliable estimate? Is it planning to disclose a contingent liability?
- Is your authority planning to revisit its provision and contingent liability before the audit opinion is issued?

Accounting for pensions

Accounting and audit issues

Accounting for and financing the local government pension scheme costs

Accounting issues

The 2013/14 Code follows amendments to IAS 19 and changes the accounting requirements for defined benefit pension liabilities such as those arising from the local government pension scheme (LGPS). This is a change in accounting policy and will apply retrospectively.

The main changes we expect to see are:

- a reallocation of amounts charged in the comprehensive income and expenditure statement (CIES)
- more detailed disclosures.

We do not expect changes to balance sheet items (the net pension liability and pension reserve balance). This means that whilst we would expect the CIES to be restated, a third balance sheet is not required. Actuaries should be providing local authorities with the information they need to prepare the financial statements, including restated comparatives.

Financing issues

The amount to be charged to the general fund in a financial year is the amount that is payable for that financial year as set out in the actuary's rates and adjustments certificate. Some local authorities are considering paying pension fund contributions early in exchange for a discount but not charging the general fund until later.

Local authorities must be satisfied that the amounts charged to the general fund in a financial year are the amounts payable for that year. Where local authorities are considering making early payments, we would expect them to obtain legal advice (either internally or externally) to determine the amounts that are chargeable to the general fund. We would expect this to include consideration of:

- the actuary's opinion on the amounts that are payable by the local authority into the pension fund
- the agreement between the actuary and the local authority as to when these payments are to be made
- the wording in the rates and adjustments certificate setting out when amounts are payable for each financial year.

For example, if a local authority agrees to make a payment to the pension fund in a single year and proposes to charge this amount to the general fund over a three-year period, we would expect the rates and adjustments certificate to show, unambiguously, that the amount payable is spread over the three years.

Accounting for pensions

Accounting and audit issues

Issues to consider:

- Is your authority confident of getting the information from its actuary to meet the changes in the requirements for accounting for the LGPS (including restating the comparatives)?
- If your authority is considering making an early payment to the pension fund, has it set out a reasonable argument for how it proposes to charge this amount to the general fund? Is this supported by legal advice?

Changes to the public services pension scheme

Accounting and audit issues

Changes to the Local Government Pension Scheme

The Public Service Pensions Bill received Royal Assent in April 2013, becoming the Public Service Pensions Act 2013 ('the Act'). The Act makes provision for new public service pension schemes to be established in England, Wales & Scotland. Consequent regulations have been laid to introduce changes to the LGPS in England and Wales from 1st April 2014. (The regulations for the changes in Scotland have not yet been laid and will only impact from 1 April 2015).

These introduce a number of changes including:

- a change from a final salary scheme to a career average scheme
- introduction of a 50/50 option whereby members of the scheme can choose to reduce their contributions by 50% to receive 50% less benefit
- calculation of contributions based on actual salary which could lead to some staff with irregular patterns of working moving between contribution rate bandings on a regular basis
- changes in employee contribution rates and bandings
- transitional protection for people retiring within 10 years of 1 April 2014 (further regulations are still awaited)

The above changes have implications for all employers involved in the LGPS introducing required changes to their payroll systems to ensure pension contributions are calculated correctly. This has consequent implications for administering authorities to communicate with employers and consider how they will obtain assurance over the accuracy and completeness of contributions going forwards since the calculations are more complex going forwards and less predictable. In addition changes are also required to pension administration/payment systems as well as much more detailed processes around maintaining individual pension accounts for all members to ensure the correct payment of future pensions.

The Act also requires changes to the governance arrangements although regulations for the LGPS have not yet been laid for these and the changes in governance arrangements are not expected to be implemented until 1 April 2015.

(continued overleaf)

Changes to the public services pension scheme

Accounting and audit issues

Changes to Local Government Pension Scheme continued

Issues to consider:

- Is the authority aware of the detailed requirements and their impact on its current payroll system and processes?
- Is the authority taking appropriate action to ensure implementation of the required changes to its payroll system and processes by 1 April 2014?
- Has the authority liaised with the administering authority over any changes they may need in the assurances provided over the completeness and accuracy of contributions?



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Top 5 local authority financial reporting issues for 2013/14

This paper summarises the top 5 financial reporting issues we expect local authorities to face in preparing their statement of accounts for 2013/14 and some discussion questions.

1 Property Plant and Equipment valuations

The 2013/14 Code has clarified the requirements for valuing property, plant and equipment and now states explicitly that revaluations must be 'sufficiently regular to ensure that the carrying amount does not differ materially from that which would be determined using the fair value at the end of the reporting period.' This means that a local authority will need to satisfy itself that the value of assets in its balance sheet is not materially different from the amount that would be given by a full valuation carried out on 31 March 2014. This is likely to be a complex analysis which might include consideration of:

- the condition of the authority's property portfolio at 31 March 2014
- the results of recent revaluations and what this might mean for the valuation of property that has not been recently valued
- general information on market prices and building costs
- the consideration of materiality in its widest sense - whether an issue would influence the view of a reader of the accounts.

The Code also follows the wording in IAS 16 more closely in the requirements for valuing classes of assets:

- items within a class of property, plant and equipment are to be revalued simultaneously to avoid selective revaluation of assets and the reporting of amounts in the financial statements that are a mixture of costs and values as at different dates
- a class of assets may be revalued on a rolling basis provided revaluation of the class of assets is completed within a short period and provided the revaluations are kept up to date.

There has been much debate on what is a short period and whether assets that have been defined as classes for valuation purposes should also be disclosed separately in the financial statements. **These considerations are secondary to the requirement that the carrying value does not differ materially from the fair value.** However, we would expect auditors to report to those charged with governance where, for a material asset class:

- all assets within the class are not all valued in the same year
- the class of asset is not disclosed separately in the property, plant and equipment note.

Discussion questions

- How will your authority satisfy itself that the carrying value of assets does not differ materially from the fair value at 31 March 2014?
- Have you consulted your auditor and those charged with governance on:
 - your programme of valuations?
 - your proposals for disclosing information about classes of assets?

2 Business rate appeals

Local authorities are liable for successful appeals against business rates. Local authorities should, therefore, recognise a provision for their best estimate of the amount that businesses have been overcharged up to 31 March 2014.

However, there are some practical difficulties which mean that making a reliable estimate for the total amount that has been overcharged is challenging:

- the appeals process is managed by the Valuation Office Agency (VOA) and so local authorities are reliant on the information provided to them by the VOA
- some businesses may have been overcharged but not yet made an appeal.

The Audit Commission is working with the VOA to ensure that auditors have the information to complete their audit of the financial statements efficiently.

We would expect local authorities:

- to work with the VOA to make sure that they have access to the information they need
- where appeals have been made, to determine a methodology for estimating a provision and to apply this methodology consistently
- where appeals have not been made:
 - to consider the extent to which a reliable estimate can be made (for example, in relation to major businesses)
 - to recognise a provision where a reliable estimate can be made
 - to disclose a contingent liability where a reliable estimate cannot be made
 - to provide a rationale to support their judgement that a reliable estimate cannot be made
- to revisit the estimate with the latest information available immediately before the audit opinion is issued.

Discussion questions

- Is your authority confident of obtaining the information it needs from the VOA?
- Has your authority recognised a provision where it is possible to make a reliable estimate? Has a robust methodology been used?
- Has your authority provided a robust rationale where it has decided it cannot make a reliable estimate. Has it disclosed a contingent liability?
- Is your authority planning to revisit its provision and contingent liability before the audit opinion is issued?

3 Changes to SeRCOP – new public health line

SeRCOP for 2013/14 introduces a new cost of service line for 'Public health'. This has been introduced to reflect new responsibilities placed upon local authorities following restructuring in the NHS. We expect this new service line to be presented on the face of the CIES within cost of services. If there were material amounts relating to this service in 2013/14, we would expect comparative figures to be restated.

Discussion question

- Is your local authority confident that it can provide accurate information and a robust audit trail for the public health line within cost of services?

4 Accounting for and financing the local government pension scheme costs

Accounting issues

The 2013/14 Code follows amendments to IAS 19 and changes the accounting requirements for defined benefit pension liabilities such as those arising from the local government pension scheme (LGPS). This is a change in accounting policy and will apply retrospectively.

The main changes we expect to see are:

- a reallocation of amounts charged in the comprehensive income and expenditure statement (CIES)
- more detailed disclosures.

We do not expect changes to balance sheet items (the net pension liability and pension reserve balance). This means that whilst we would expect the CIES to be restated, a third balance sheet is not required. Actuaries should be providing local authorities with the information they need to prepare the financial statements, including restated comparatives.

Financing issues

The amount to be charged to the general fund in a financial year is the amount that is payable for that financial year as set out in the actuary's rates and adjustments certificate. Some local authorities are considering paying pension fund contributions early in exchange for a discount but not charging the general fund until later.

Local authorities must be satisfied that the amounts charged to the general fund in a financial year are the amounts payable for that year. Where local authorities are considering making early payments, we would expect them to obtain legal advice (either internally or externally) to determine the amounts that are chargeable to the general fund. We would expect this to include consideration of:

- the actuary's opinion on the amounts that are payable by the local authority into the pension fund
- the agreement between the actuary and the local authority as to when these payments are to be made
- the wording in the rates and adjustments certificate setting out when amounts are payable for each financial year.

For example, if a local authority agrees to make a payment to the pension fund in a single year and proposes to charge this amount to the general fund over a three-year period, we would expect the rates and adjustments certificate to show, unambiguously, that the amount payable is spread over the three years.

Discussion questions

- Is your local authority confident of getting the information from its actuary to meet the changes in the requirements for accounting for the LGPS (including restating the comparatives)?
- If your authority is considering making an early payment to the pension fund, has it set out a reasonable argument for how it proposes to charge this amount to the general fund? Is this supported by legal advice?

5 PFI and other service concessions

Recognising assets during the construction phase

The 2013/14 Code has changed the recognition point for service concession assets. Previously, this was when an asset was made available for use. Now, the recognition point is the same as for assets under construction, when:

- it is probable that future economic benefits associated with the asset will flow to the organisation **and**
- the cost of the asset can be measured reliably.

This suggests that some local authorities may need to recognise service concession assets during the construction phase as assets under construction. This is a matter of judgement for local authorities. We would expect local authorities to consider issues such as:

- construction risk – if construction risk rests with the operator, this would suggest that the local authority does not have an obligation during the construction phase and so should not recognise the asset until it is constructed
- information about costs of construction – if the operator does not provide the local authority with information about the costs of construction at the balance sheet date, this would suggest that the local authority should not recognise the asset because it cannot measure the cost of the asset reliably.

Updating the accounting model during the operational phase

Most local authorities derive their accounting entries from an accounting model which, in turn, is derived from the operator's costing model. The initial accounting model will have included a range of assumptions, such as inflationary increases and performance levels. We would expect local authorities to update the accounting model for actual information, such as inflation and performance variations, during the contract.

Disclosing the impact of inflation on local authority commitments

We expect local authorities to disclose the impact of inflation on their service concession commitments. These commitments are affected by:

- past inflation – previous price rises will be built into future payments
- fluctuations in future inflation – this gives rise to uncertainties about future payments.

Disclosing the fair value of the service concession liability

Service concession liabilities are financial instruments. This means that local authorities are required to disclose the fair value of the liability unless this is not materially different from the carrying value. In most cases we would expect the fair value for operational schemes to be higher than the carrying value. This is because once a scheme is operational local authorities have access to lower interest rates for refinancing. This is because the pre-construction interest rate reflects the risks associated with construction.

Discussion questions

- Has your authority assessed whether it should recognise any service concession assets during the construction phase?
- Does your authority regularly update its accounting model?
- Has your authority disclosed the impact of past inflation?
- Has your authority disclosed uncertainties relating to future inflation?
- Has your authority disclosed the fair value of its PFI liability?

Agenda Item: 09

Audit & Governance Committee

13 March 2014

SD



Statement of Accounts 2013/14 – Consideration of Explanatory Foreword, Governance Statement and Accounting Policies

Summary

Following consideration of Grant Thornton's annual review of governance in local government "Improving council governance - A slow burner" members of Audit & Governance asked that the Committee become more involved in the preparation and presentation of the Explanatory Foreword in the Statement of Accounts and the Annual Governance Statement.

This report details a revised structure for the Explanatory Foreword for members to consider and if approved will be used in the presentation of the 2013/14 Statement of Accounts. It is intended to bring a draft copy of the Annual Governance Statement to the June Committee for members review before being published as part of the Accounts in September.

It is also considered best practice for the Audit & Governance to approve the Accounting Policies to be adopted for the preparation of the Accounts and these are attached for Members consideration.

Recommendation

Members consider any amendments needed to the format of the Explanatory Foreword to be used in presentation of the 2013/14 Accounts – Appendix A

Members consider any amendments needed to the layout and process for the preparation of the Annual Governance Statement to be presented as part of the 2013/14 Accounts.

To adopt the Accounting Policies attached in Appendix C

a) Reasons for Recommendation

Members of the Audit & Governance Committee have responsibility for the approval of the Council Annual Statement of Accounts.

b) Alternative Options

Members are being asked to review key documents and agree any amendments they feel appropriate.

c) Risk Considerations

These measurers are looking to improve the presentation and understanding for the public on finance and governance arrangements of the Council.

d) Policy and Budgetary Considerations

Recommendations conform to existing policy and budget.

e) Date for Review of Decision

The Draft Annual Governance Statement will be presented to Audit & Governance in June 2014 and the Audit Statement of Accounts in September 2014.

1. Introduction

- 1.1 The Audit & Governance Committee in June 2013 considered a presentation and report from Grant Thornton's on its annual review of governance in local government "Improving council governance - A slow burner".
- 1.2 In response to the report members of Audit & Governance requested that the Committee become more involved in the preparation and presentation of the Explanatory Foreword in the Statement of Accounts as this is seen as key in offering interested parties an easily understandable guide to the most significant matters reported in the accounts. It should also provide an explanation in overall terms of the authority's financial position and assist in the interpretation of the accounting statements.
- 1.3 Members also considered it was important that they were involved in agreeing the Annual Governance Statement ensuring clear reporting of this statement as it is fundamental to transparency for interested parties.
- 1.4 Having recently had officers attend a Grant Thornton year end accounts workshop an area of good practice which we currently do not follow is getting the Audit & Governance Committee to approve annually the Council's Accounting Policies before the preparation of the Accounts. The draft policies are attached in Appendix C for the Committee to review and adopt.

2. Explanatory Forward

- 2.1 A revised structure for consideration of the Explanatory Foreword is attached in Appendix A and if approved will be used in the presentation of the 2013/14 Statement of Accounts when finalised.
- 2.2 The layout has been amended reflecting CIPFA and accounting guidelines and comparing other authorities' presentation of the Forward which are seen to be good examples.
- 2.3 Members are reminded that in addition to the Statement of Accounts the Authority produces a detailed financial Outturn Report which presents the year end final position looking at service by service variances to budget as well as looking at the future requirements of the Council's finances and the adequacy of Reserves and Balances with any necessary

recommendations for transfers between funds. The Council also produces an Annual Report which includes a financial summary and importantly compares what we set out to achieve for the year and compares this against what we actually achieved.

3. Annual Governance Statement

- 3.1 Attached in Appendix B is the current Annual Governance Statement to remind members of its format.
- 3.2 It is proposed that the a Draft Governance Statement in future is presented to the Committee at its June meeting for approval and is then published and subject to Audit rather than being presented at the Committee's September meeting. As a step towards this process in 2012/13 the Chairman of the Committee was involved in its final preparation.

4. Accounting Policies

- 4.1 It is also considered best practice for the Audit & Governance Committee to approve the Accounting Policies to be adopted for the preparation of the Accounts and these are attached in Appendix C for Members consideration.

Legal Implications

As the main report indicates, the finance team is aware of the statutory and reporting framework, including guidance. No specific legal comments are required.

Financial Implications

No direct financial implications

Consultation on Reports to the Cabinet

-

Background Papers

-

Simon Davey ext 2690
Head of Finance

Audit & Governance
13 March 2014

ANNUAL GOVERNANCE STATEMENT

For the year ended 31st March 2013

Scope of Responsibility

East Devon District Council is required to ensure that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

East Devon's Council's Audit & Governance Committee has approved a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the code is on our website at www.eastdevon.gov.uk. This statement explains how East Devon District Council has complied with the code. The Council is required under the Accounts and Audit Regulations 2011 to have an approved annual governance statement (AGS) which accompanies its Statement of Accounts.

The Head of Internal Audit is required to provide a written annual report to those charged with governance to support the AGS, this report was presented to the Council's Audit and Governance Committee on 27 June 2013 and a copy can be found here: http://www.eastdevon.gov.uk/combined_a_g_agenda_270613.pdf

Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values by which the authority is directed and controlled and the activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievements of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

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

The Governance Framework

The governance framework described has been in place for the year ending 31 March 2013 and up to the date of the approval of the statement of accounts.

Some of the key features of the governance framework are set out in the following paragraphs:

- The Council has an adopted a Constitution that sets out how it operates, how decisions are taken and the procedures to follow.
- The Council has a Council Plan for 2012 -16 with 4 core strategies supporting the Plan; Economy, Environment, Finance and Housing Service. Along side the Council Plan we also have produced a Customer Services Plan, a Communication Plan and an ICT Plan. All these documents can be found on the Council's website.
- Delivery of the Council Plan is supported by a performance framework with service plans and individual targets for staff agreed through the annual appraisal process which is recorded and monitored through the Council's performance management systems. Delivery of the Council Plan is monitored by Overview and Scrutiny Committee. This Committee drives the scrutiny process on behalf of the public with a view to improving the delivery of public services.
- A Standards Committee is in place to promote and maintain high standards of conduct by members, to consider reports and make recommendations concerning the governance and ethical standards of the Council and advice on the adoption or revision of the Council's Code of Conduct for members, officers and any other related codes or protocols. The Committee meet quarterly if required.
- Audit & Governance Committee exists with wide-ranging terms of reference including the requirement to consider the effectiveness of the Authority's governance arrangements, taking into account corporate risk management, the control environment and associated anti-fraud and anti-corruption arrangements.
- The Council has designated the Deputy Chief Executive as Monitoring Officer (with an advising and deputy role through the Corporate Legal & Democratic Services Manager) to ensure compliance with established policies, procedures, laws and regulations. After consulting with the Head of Paid Service and Chief Finance Officer the Monitoring Officer will report to the full Council if they consider that any proposal, decision or omission would give rise to unlawfulness or maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered. The Council also conforms with the requirements of the CIPFA statement on the Role of the Chief Financial Officer in Local Government.

- An internal audit service is provided through the South West Audit Partnership which operates to the standards set out in the Code of Practice for Internal Audit in Local Government in the UK. Internal audit are responsible for monitoring the effectiveness of systems of internal control. The Service operates to an audit plan approved by the Audit and Governance Committee. The Council's Internal Audit function is subject to regular inspection by the Council's external auditors (Grant Thornton UK LLP).
- The Council has a whistle-blowing and anti-fraud and corruption policy.

Appendix A contains a more detailed overview of the Council's Governance Framework

Review of Effectiveness

East Devon District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of:

- Internal Audit Annual Report and Opinion 2012/13 (http://www.eastdevon.gov.uk/combined_ag_agenda_270613.pdf)
- Internal and external audit and inspection.
- A specific review of the effectiveness of internal control and compliance to the governance framework undertaken in June through the completion of assurance statements by the Strategic Management Team. These were then reviewed by the Group Auditor for SWAP, the Head of Finance, and the Monitoring Officer for compliance and any apparent organisational improvements are included in the Governance Action Plan.
- The mechanisms for maintaining and reviewing the effectiveness of the system of internal control throughout the year include.
 - Cabinet is responsible for considering overall financial and performance management and receives comprehensive budget monitoring reports on a monthly basis and council service performance reports.
 - Overview & Scrutiny Committee holds the Cabinet Committee to account.
 - The Standards Committee meets quarterly when required and at every meeting considers an update report on complaints against councillors which includes learning points and recommended actions. The Committee also keeps under review the Council's policies and procedures for maintaining high ethical standards.
 - The Audit & Governance Committee meet five times a year to provide independent assurance to the Council in relation to the effectiveness of the risk management and internal control environment.

- The South West Audit Partnership provides an independent and objective assurance service to the Council and completes a programme of reviews each year to inform an opinion on the internal control, risk management and governance arrangements. In 2012/13 this programme included governance audits. The service undertakes fraud investigation and proactive fraud detection work which includes reviewing the control environment in areas where fraud or irregularity has occurred.

Improvements made in Governance arrangements during 2012/13 to note include;

- Revised Contract Standing Orders have been approved and implemented and the roll out e-procurement system continues across services making procurement activities more transparent.
- The Council has improved its overall assessment of key financial controls as reported by SWAP.
- Improvements in partnership arrangement, records and monitoring.
- Key Governance Policies have been reviewed and staff reminded of the content.

Significant Governance and Control Issues Identified – Governance Action plan

It has been a difficult period for the Council with its reputation being tested on a number of fronts, with officer workloads increasing and against a backdrop of a significant reduction in government funding. Issues relate particularly to the resignation of a Councillor following national press allegations implying dishonest practice relating to planning and the office relocation project have both impacted on officer time being taken up with complaints and freedom of information enquiries. This does have a negative impact on the ability to carry out other work, possibly to the detriment of corporate governance, for example making a revised updated Constitution available on the Council's website has been delayed due to lack of time. It is assumed that this is a peak of activity and will tail off and the situation is being managed.

The Audit and Governance Committee expressed concern during the year in the risk of the Council not having identified or processes in place to monitor a 5 year land supply for strategic planning purposes. This issue and concern has been highlighted to Council by the Audit and Governance Committee who are keeping a watching brief on the situation.

Council Members and Officers have been continually updated and advised on the implications of reviews of the effectiveness of the Council's systems of internal control. Plans have been devised and put in place to ensure continuous improvement. The Council's annual review of the governance framework, including the system of internal controls and associated reviews during the year, identified some areas where action is appropriate to enhance the governance and internal control environment and ensure continuous improvement. The key areas are listed below, along with the proposed actions to remedy or improve the position.

Area for Improvement	Suggested Action	Responsible Officer Response	Officer Resp.
Audit & Governance Committee identified areas			
Governance Arrangements	<p>The Audit & Governance Committee were concerned relating to the perceived or actual conflict of roles of Ex-Councillor G Brown and accordingly amended the 2013/14 Audit Plan to include an audit by SWAP to consider the Governance arrangement implications and to suggest any necessary improvements.</p> <p>A similar point was raised within the Assurance Statements and a perceived/actual conflict between Planning and Economic Development Roles.</p>	This Audit is to take place in the first half of 2013/14 with findings to be presented back to the Audit & Governance Committee	Monitoring Officer
ICT Service Continuity Plan	<p>In the event of a major incident that prevents use of the main data centre at the Knowle the intention is to be able to transfer IT operations to East Devon Business Centre. This is not in operation as yet.</p> <p>This item was monitored by Audit & Governance Committee during 2012/13 and at year end of the year was still not complete to the Committees satisfaction.</p>	The officer is to report to the Audit & Governance Committee in 2013/14 to update on progress.	ICT Design & Compliance Manager
SWAP reviews undertaken in 2012/13 which only achieved partial assurance			
Leisure East Devon - risk management process	LED has not demonstrated an embedded risk management process, similar to that in place at EDDC and not fully reflective of the service agreement.	This was raised with the Board and suggested that EDDC model was adopted. This will be implemented in 2013/14 and SWAP will follow up on this recommendation.	Chief Executive

Thelma Hulbert Gallery	A number of significant high priority findings from an audit review of the Gallery were found. These related to the non achievement of the Business Plan and the Arts & Development plan was found to be out of date.	Recommendations have been agreed inline with the audit report and have been, or being implemented. SWAP will follow up on the implementation in 2013/14.	Countryside and Leisure Manager
Formal reconciliations process on income received where no debtor invoice raised.	Control weaknesses were found in certain service areas where non-invoiced income is received with no formal reconciliation between service records and the corporate cedar finance system. Areas of concern were with the Thelma Hulbert Gallery, Home Safeguard and the issue of Tunstall Units and elements of Building Control. No actual errors were found but there is a risk of errors occurring which would not be identified.	Recommendations have been agreed inline with the audit report and have been or being implemented. SWAP will follow up on implementation in 2013/14.	Service Managers and Financial Services Manager

Signed & Dated

Chief Executive

26/9/2013

Signed & Dated

Leader of the Council

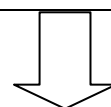
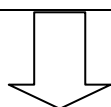
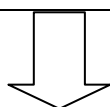
26/9/2013

Appendix A

Below is an overview of the Council's Governance Framework

As stated the Council has an adopted Code of Corporate Governance which is inline with CIPFA/SOLACE documentation on delivering good governance in local Government. This defines the corporate governance framework and sets out six core principles of good governance as shown below.

Corporate Governance Framework		
Corporate Governance comprises the systems and processes, cultures and values, by which the council is directed and controlled, and through which we account to, engage with and where appropriate, lead the community.		
1. Focus on purpose of the Council, vision for local area and outcomes for the community.	2. Members and officers working together to achieve a common purpose with clearly defined functions and roles.	3. Promoting values and upholding high standards of conduct and behaviour.
4. Taking informed and transparent decisions scrutinised and risk managed.	5. Developing capacity of Members and Officers to be effective.	6. Engaging with local people to ensure public accountability.



(A) Key Documents: Regular/Annual Review or Production	(B) Key Documents: Ad hoc Review or Production	(C) Contributory Processes/Regulatory Monitoring	
<ul style="list-style-type: none"> • Financial Plan (including Medium Term Financial Plan) • Annual Revenue & Capital Estimates • Service Plans • Statement of Accounts • Internal/External Audit Protocol • Council Tax Booklet • Performance Monitoring Reports (Measure Reports & performance indicators) • Financial Monitoring Reports • East Devon Connect • External Audit Report to those charged with Governance • External Audit Review report • Annual opinion from SWAP Group Audit Manager to support Annual Governance Statement • Management Assurance Statements • Governance Statement 	<ul style="list-style-type: none"> • Council Plan • Constitution including Financial and Contract Standing Orders • Scheme of Delegation • Code of Corporate Governance • Anti-Fraud, Theft and Corruption Policy • Complaints Procedure • Communications Strategy • Community Engagement Policy • Customer Service Strategy • Procurement Strategy • Freedom of Information • Health Safety, Welfare and Employment Policies • Data and Information Quality Policy • Information Security Policy • ICT Strategy • Protocol – Member Officer Relations • Members Code of Conduct • Employees Code of Conduct • Partnership Policy and Guidance • Risk Management Policy and Guidance • Published Agendas, Reports and Minutes of Committees • Whistleblowing Policy 	<ul style="list-style-type: none"> • Audit & Governance Committee • Standards Committee • Overview & Scrutiny Committee • Housing Review Board • Independent Remuneration Panel for Members Allowances • Strategic Management Team • Monitoring Officer appointed • S151 Officer Appointed • Head of Paid Service appointed • Customer Complaints/Feedback Process • Procurement & Efficiency Group • Resident's Panel consultation • Asset Management Forum 	<ul style="list-style-type: none"> • Job Descriptions and Person Specifications • Job Evaluation Process • Employee Induction • Employee Surveys • Learning and Development Programme – Employees/Members • Performance Excellence Review • Criminal Conviction Checks • Health & Safety Officer • Fraud Forum • External Audit • Internal Audit • Gift and Hospitality Registers for Employees • Members Register of Interest • Annual Review of Internal Audit, Risk Management & Governance Arrangements

Agenda Item: 10

Audit and Governance Committee

13 March 2014

3rd High Risk Review 2013/14



3rd High Risk Review 2013/14

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 February 2014.

Recommendation

That the Audit and Governance Committee considers the current status of the high risks until 31 March 2014 when a full risk review will be undertaken and reported to the following 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/April 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 December. 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.
- **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 20 February 2014

	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

6. A report showing the high and upper medium risks (scoring 8 or more) with control action detail appears in Appendix A
7. At the next full risk review we will also seek to include high risk reports from our two major projects, office accommodation and shared ICT for members' information.

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

- [Appendix A - The high and upper medium risk report as at mid February 2014.](#)

Joanne Avery Ext 2332
Management Information Officer

Audit and Governance Committee
13 March 2014

High and Medium Risks only with Control Action (SR & OR)

Report for 2013/2014

Filtered by Flag: Include: Strategic Risks, Operational Risk

Exclude: Archive

Filtered by Performance Status: Include Risk Status: Medium, High
Not Including Projects records, Including Control Action records

Key to Performance Status:

Control Action:	No longer required	No Data available	Not Effective	in Planning / Progress	Completed	Working and Effective
Risks:	No Data (0+)	High (12+)	Medium (6+)	Low (1+)		

High and Medium Risks only with Control Action (SR & OR)

Risk: Loss of rental income 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.

Pure Status: High (12)	Pure Risk Impact: Serious	Pure Risk Likelihood: Very Likely
Residual Status: High (16)	Residual Risk Impact: Major	Residual Risk Likelihood: Very Likely
Date Identified: 01 Oct 2009		Service: Housing

Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Intervention when arrears occur	Clear and robust procedures for intervention when tenant arrears escalate beyond a specified level.	John Golding	28/10/2009	23/09/2013
Working and Effective	New tenancy 'sign up'	Early guidance to new tenants on expectations for rent payments and the implications of non payment. Tenant Handbook and Systems Thinking redesign emphasises this approach.	John Golding	02/10/2009	23/09/2013
Working and Effective	Patch working	Internal Audit will be consulted before any changes in operational practice is implemented through Systems Thinking Redesign.	John Golding	12/05/2010	23/09/2013
Working and Effective	Procedures for income management	Comprehensive and up to date procedures for income management that staff are trained in and understand fully.	John Golding	28/10/2009	23/09/2013
Working and Effective	Promote help that can be provided	Promote Credit Unions and use of Discretionary Housing Payments	John Golding	31/03/2013	23/09/2013
Working and Effective	Provision made for increased bad debt	Provision made for increased bad debt	John Golding	31/03/2013	23/09/2013
Working and Effective	Rent payment methods	Operating a number of payment methods for tenants including direct debit availability for all tenants.	John Golding	28/10/2009	23/09/2013
Working and Effective	Segregation of duties	Annual audit reports refer to segregation of duties (rent collection and debt creation) and this is a mitigated risk in a small Rental Section where existing controls attempt to prevent fraud.	Peter Richards	12/05/2010	23/09/2013
Working and Effective	Systems Thinking Regime	Tenant Handbook and Systems Thinking redesign.	John Golding	02/10/2009	23/09/2013
Working	Welfare Advisors	Welfare Advisors appointed to provide advice	John Golding	31/03/2013	23/09/2013

High and Medium Risks only with Control Action (SR & OR)

Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
and Effective	appointed	and information to tenants			
Responsible Officer: Sue Bewes					
Review Note: 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.					

Risk: New-Build Council Homes 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.

Pure Status: High (16)	Pure Risk Impact: Major	Pure Risk Likelihood: Very Likely
Residual Status: High (12)	Residual Risk Impact: Major	Residual Risk Likelihood: Likely
Date Identified: 01 Oct 2009		Service: Housing

Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Completed	Development expertise	Ensure that we have the necessary development expertise through the appointment of external consultants and we engage appropriate internal advice on planning, legal, and property matters.	John Golding	02/10/2009	23/09/2013
Completed	Homes and Community Agency (HCA) bids and grants	Ensure that we can comply with all the bidding requirements set by the HCA as part of the Investment Management System.	John Golding	02/10/2009	23/09/2013
Working and Effective	Joining Partnership South West development consortium	Can call on development expertise of experienced housing association developers.	John Golding	15/09/2011	23/09/2013
Completed	Robust development proposals	Ensure that building proposals have been carefully assessed and realistic prior to bids for HCA grant, planning permission, tender etc.	John Golding	02/10/2009	23/09/2013

Responsible Officer: John Golding					
Review Note: Developer risk will be mitigated by the appointment of a Senior Technical Officer (Assets) and utilising their expertise on any projects we take forward.					

High and Medium Risks only with Control Action (SR & OR)

Risk: Safeguarding Children Failure to notify the responsible authority when staff suspect a child is at risk.

Pure Status: High (12)

Pure Risk Impact: Major

Pure Risk Likelihood: Likely

Residual Status: High (12)

Residual Risk Impact: Major

Residual Risk Likelihood: Likely

Date Identified: 01 Oct 2009

Service: Housing

Control Action records

Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Completed	Email reminder from Corporate Director	Following the audit review of the Council's arrangements for safeguarding children the Corporate Director has sent global email reminding staff to be vigilant.	John Golding	02/11/2009	23/09/2013
Working and Effective	Liaison with the Children's Trust	Close liaison and joint working with the Children's Trust and Social Services to ensure that we are up to date with developments in child protection.	John Golding	02/10/2009	23/09/2013
Working and Effective	Safeguarding Children Policy	Ensure that all staff are aware of the policy and their responsibility to report suspicions of the need for child protection.	John Golding	02/10/2009	23/09/2013
Completed	Staff training	DVD training available	John Golding	02/11/2009	23/09/2013

Responsible Officer: John Golding

Review Note: 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.

High and Medium Risks only with Control Action (SR & OR)

Risk: Loss of Supporting People contracts and income 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.

Pure Status: High (12)	Pure Risk Impact: Serious	Pure Risk Likelihood: Very Likely
Residual Status: High (12)	Residual Risk Impact: Serious	Residual Risk Likelihood: Very Likely
Date Identified: 01 Oct 2009		Service: Housing

Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Compliance with contract conditions	Ensure that managers and staff are aware of the terms of the contract and actions required such as the returns and data we need to provide, and that these are provided on time.	John Golding	02/10/2009	23/09/2013
Working and Effective	District Work Model	100% mobile support service offered by April 2010 to comply with Supporting People Contract expectations with district offices being available for all staff to be located.	John Golding	28/10/2009	23/09/2013
Working and Effective	New business generation	New business generated and/or service charges increased	John Golding	31/03/2013	23/09/2013
Working and Effective	Older People Strategy	Ensure that we are making changes to our service consistent with the Supporting Older People Strategy.	John Golding	02/10/2009	23/09/2013
Working and Effective	Quality Assessment	Ensure that we are meeting the Quality Assessment Framework requirements and undertaking the necessary Support Plans and Risk Assessments for each client.	John Golding	28/10/2009	23/09/2013
Working and Effective	Supporting People Quality Assessment Framework	The last 'core objective' to be achieved for compliance with the Framework of Support needs identified at application point of contact for all new sheltered housing tenants.	John Golding	28/10/2009	23/09/2013

Responsible Officer: Sue Bewes

Review Note: 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.

High and Medium Risks only with Control Action (SR & OR)

Risk: Safety of employees on site visits Safety of employees and/or others could be jeopardised by a number of different variables, including working on dangerous construction sites, working in isolated properties and working 'out of hours'.

Pure Status: High (16)	Pure Risk Impact: Major	Pure Risk Likelihood: Very Likely
Residual Status: Medium (9)	Residual Risk Impact: Serious	Residual Risk Likelihood: Likely
Date Identified: 05 Aug 2009		Service: Planning

Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Adequate Insurance	Ensure adequate insurance cover is maintained for all staff members and members of the public	Paul Seager	05/08/2009	23/09/2013
Working and Effective	End of day call in system in place		Paul Seager	26/08/2011	23/09/2013
Working and Effective	Mobile Communications	Improve mobile communications and ensure management responsibilities are maintained when staff are doing lone working. Management procedures in place for contact with staff who are working out of the	Paul Seager	05/08/2009	23/09/2013
Working and Effective	Regular review of lone workers procedures		Paul Seager	26/08/2011	23/09/2013
in Planning / Progress	Training	Ensure adequate training is available and taken up. Construction Skills Certification Scheme. (Health & Safety) Training is planned for future.	Paul Seager	05/08/2009	23/09/2013

Responsible Officer: Paul Seager

Review Note:

High and Medium Risks only with Control Action (SR & OR)

Risk: Failure of Responsive Repairs contractor Failure of performance under the Partnering Agreement by one of our responsive repair contractors leading to an inability to perform day to day repairs to tenants homes.

Pure Status: High (12)	Pure Risk Impact: Serious	Pure Risk Likelihood: Very Likely
Residual Status: Medium (9)	Residual Risk Impact: Serious	Residual Risk Likelihood: Likely

Date Identified: 01 Oct 2009 **Service: Housing**

Control Action records

Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Ability to transfer work between contractors	Any difficulty with contractors can be resolved by utilising the other partner.	John Golding	02/11/2009	23/09/2013
Working and Effective	Contract conditions	Adherence to the contract conditions and close liaison with contractors.	John Golding	02/10/2009	23/09/2013
Working and Effective	Contract performance monitoring	Regular and comprehensive contract monitoring and use of satisfaction surveys. Tenants involved in contract monitoring.	John Golding	02/10/2009	23/09/2013
Completed	Re-tendering of contract to select two contractors	Market testing to ensure that we select companies with strong financial capacity and robust business plans.	John Golding	15/09/2011	23/09/2013

Responsible Officer: John Golding

Review Note: We liaise closely with our contractor partners and undertake occasional financial checks.

Risk: Failure to protect against tenancy fraud Failure to protect the council and its existing and prospective tenants against tenancy fraud, which may be the granting of a property to an inappropriate person or where a tenant illegally sublets.

Pure Status: High (12)	Pure Risk Impact: Serious	Pure Risk Likelihood: Very Likely
Residual Status: Medium (9)	Residual Risk Impact: Serious	Residual Risk Likelihood: Likely

Date Identified: 13 Oct 2009 **Service: Housing**

Control Action records

Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Occupancy checks on tenants in temporary and general accommodation	Periodic and targeted occupancy checks undertaken to determine the appropriate occupier is residing in the property.	Dennis Boobier	13/10/2009	23/09/2013
Working and Effective	Social housing fraud initiative	Subscribing to the national fraud prevention initiative and following Audit Commission advice.	Dennis Boobier	13/10/2009	23/09/2013
Working and Effective	Tenancy Fraud Strategy	Strategy agreed by the Housing Review Board to be implemented.	Dennis Boobier	04/05/2011	23/09/2013
Working and Effective	Tenancy 'sign up' checks	Undertaking a series of checks on identity and circumstances at tenancy 'sign up' to ensure the tenancy is being grant to an appropriate person.	Dennis Boobier	13/10/2009	23/09/2013

Responsible Officer: Sue Bewes

Review Note: We are currently looking to increase frequency of tenancy checks and have recently taken up membership of the Devon Social Housing Fraud Forum.

High and Medium Risks only with Control Action (SR & OR)

Risk: Missed court or tribunal deadlines Missed court or tribunal deadlines resulting in court directions, deadlines or dates are overlooked.

Pure Status: High (12)	Pure Risk Impact: Serious	Pure Risk Likelihood: Very Likely
Residual Status: Medium (9)	Residual Risk Impact: Serious	Residual Risk Likelihood: Likely
Date Identified: 28 Oct 2009		Service: Legal, Licensing and Democratic Services

Control Action records

Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Monitoring of court communication and supply of instructions from clients	Use of Outlook and electronic file records being kept up to date; effective liaison with clients	Henry Gordon Lennox	29/10/2009	23/09/2013

Responsible Officer: Henry Gordon Lennox, Rachel Pocock

Review Note:

Risk: Financial claims against the Council arising from major property deal Land transactions involving the Council can open up the Council to claims where inappropriate actions/decisions are taken, such as need to obtain best value, public procurement issues, european rules, and CPO implications

Pure Status: Medium (8)	Pure Risk Impact: Major	Pure Risk Likelihood: Unlikely
Residual Status: Medium (9)	Residual Risk Impact: Serious	Residual Risk Likelihood: Likely
Date Identified: 07 Jan 2010		Service: Econ Dev

Control Action records

Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Access to legal and property advice from district valuers officer and lawyers	The Council does not have sufficient expertise and capacity in-house to undertake all major property deals	Richard Cohen	07/01/2010	23/09/2013
Working and Effective	Buy-in specialist advice as required.	Approved budgets identified in regeneration areas	Richard Cohen	26/08/2011	23/09/2013
Completed	Recruitment of additional chartered surveyors and valuers.	Recruiting a new Principle Reperation Manager post starting in July 2013	Richard Cohen	26/08/2011	23/09/2013

Responsible Officer: Richard Cohen

Review Note:

High and Medium Risks only with Control Action (SR & OR)

Risk: Regeneration of Exmouth Failure to regenerate the town centre and seafront areas of Exmouth would lead to the continued decline in economic viability and attractiveness

Pure Status: High (12)	Pure Risk Impact: Major	Pure Risk Likelihood: Likely
Residual Status: Medium (9)	Residual Risk Impact: Serious	Residual Risk Likelihood: Likely
Date Identified: 10 Feb 2010		Service: Strategic Risks

Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
in Planning / Progress	Completion of Exmouth Master Plan and project implementation	Master plan completed Jan 2012 and three priority projects identified. Projects at early stages of development including marketing, design and tenant/landowner consultation	Richard Cohen	01/04/2012	23/09/2013
in Planning / Progress	Establish single purpose vehicle	Premier Inn, Queens Drive and Rugby Club relocation all projects that are currently being work on.	Donna Best	10/02/2010	23/09/2013
in Planning / Progress	Projects progressing	Elizabeth Hall site sold and Mamhead slipway project adopted by Regeneration team. Regeneration project progress meetings but significant complexities exist for remaining priority projects.	Donna Best	10/02/2010	23/09/2013

Responsible Officer: Richard Cohen

Review Note: The Elizabeth Hall site successfully sold for hotel development but complex processes remain to deliver further regeneration commitments. Additional liabilities have emerged in terms of Mamhead Slipway replacement.

High and Medium Risks only with Control Action (SR & OR)

Risk: Failure to ensure required standards of construction and safety within the District. Failure to ensure adequate standards could result in a variety of different scenarios ranging from a loss of public confidence and a down-turn in service provision to the injury or death of a citizen.

Pure Status: High (16) **Pure Risk Impact: Major** **Pure Risk Likelihood: Very Likely**

Residual Status: Medium (8) **Residual Risk Impact: Major** **Residual Risk Likelihood: Unlikely**

Date Identified: 05 Aug 2009

Service: Planning

Control Action records

Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
in Planning / Progress	Building Control Manager Post	Building Control Manager post to be filled, which is currently covered by the Principal Building Control Surveyor.	Paul Seager	23/03/2010	23/09/2013
No longer required	Charter Mark	Maintain 3 year Charter Mark Action Plan - now named Customer Service Excellence Award. This has been completed and no longer required as Corporate decision not to renew Charter Mark accreditation.	Paul Seager	05/08/2009	23/09/2013
Working and Effective	Dangerous Structures	Maintain formal dangerous structures & demolition 'out of hours' rota and payment for overtime system.	Paul Seager	05/08/2009	23/09/2013
Completed	Dangerous Structures	Policy and Procedure review relating to Dangerous Structures and Enforcement.	Paul Seager	23/03/2010	23/09/2013
in Planning / Progress	Improve ICT Systems	Maintain, develop and improve ICT systems to facilitate remote working for mobile and ensure business continuity management	Paul Seager	05/08/2009	23/09/2013
Working and Effective	Insurance	Ensure adequate insurance (corporate and personal/professional indemnity)	Paul Seager	05/08/2009	23/09/2013
in Planning / Progress	New Technology	As the technology becomes available Building Control need to be equipped appropriately to do their job.	Paul Seager	23/03/2010	23/09/2013
Working and Effective	Quality Management System	Introduce & maintain Quality Management System and registration under BS ISO 9001:2008	Paul Seager	05/08/2009	23/09/2013

Responsible Officer: Paul Seager

Review Note:

High and Medium Risks only with Control Action (SR & OR)

Risk: Home Safeguard system failure An IT failure would result in the Council being unable to receive emergency calls from clients with Home Safeguard alarm equipment installed in their homes. This could result in emergency calls remaining unanswered and the worst case scenario of a death of an elderly or vulnerable client.

Pure Status: High (16)	Pure Risk Impact: Major	Pure Risk Likelihood: Very Likely
Residual Status: Medium (8)	Residual Risk Impact: Major	Residual Risk Likelihood: Unlikely
Date Identified: 01 Oct 2009		Service: Housing

Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Disaster recovery process	Ability to transfer calls to Burnside office in Exmouth	John Golding	01/10/2009	23/09/2013
Working and Effective	Maintenance contract	Contract with software supplier with 4 hour response time.	John Golding	01/10/2009	23/09/2013
Working and Effective	Staff trained on system failure	Staff manual and training provided for staff to action in an emergency	John Golding	01/10/2009	23/09/2013
Working and Effective	Upgraded / New UPS system	Upgrade and installation of new UPS system at same time as PNC6 system installed to ensure no break in service/availability in power/back up is experienced.	John Golding	28/10/2009	23/09/2013
Working and Effective	UPS system	Uninterrupted Power Supply installed	John Golding	01/10/2009	23/09/2013

Responsible Officer: Sue Bewes

Review Note: Equipment in tenants' homes is being upgraded which will improve our controls.

Risk: A major homelessness incident Major homeless incident caused through fire, flood or some other major incident that stretches our resources and ability to house a large number of homeless households at one time.

Pure Status: Medium (8)	Pure Risk Impact: Major	Pure Risk Likelihood: Unlikely
Residual Status: Medium (8)	Residual Risk Impact: Major	Residual Risk Likelihood: Unlikely
Date Identified: 01 Oct 2009		Service: Housing

Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Devon County Council	There is a relationship between East Devon District Council and the County when dealing with an emergency (their Emergency Planning Team), take over responsibility.	John Golding	02/11/2009	23/09/2013
Completed	Emergency and Rest Centre Plan	Follow the guidance provided in the Emergency Plan and plan for establishing a Rest Centre during a major incident.	John Golding	02/10/2009	23/09/2013
Working and Effective	Out of hours contact	Ensure that Home Safeguard have the necessary contact details for emergencies that occur outside normal office hours and that key staff are contactable.	John Golding	02/10/2009	23/09/2013
Working and Effective	Training for an emergency	Ensure staff likely to be called are familiar with what is expected of them during a major emergency.	John Golding	02/10/2009	23/09/2013

Responsible Officer: John Golding

Review Note: New Emergency Plan produced and adopted to set a corporate context and response.

High and Medium Risks only with Control Action (SR & OR)

Risk: Lone working - Landlord Services Failure to protect staff who are lone working in the community.

Pure Status: High (16)

Pure Risk Impact: Major

Pure Risk Likelihood: Very Likely

Residual Status: Medium (8)

Residual Risk Impact: Major

Residual Risk Likelihood: Unlikely

Date Identified: 01 Oct 2009

Service: Housing

Control Action records

Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Bespoke Lone Working Arrangements	Each section within Housing have their own Lone Working procedures and practices. In most cases, in practice, the employee phones in and gives an update on their whereabouts during the day.	John Golding	28/10/2009	23/09/2013
Working and Effective	Health & Safety Advisor	The Council has an officer dedicated to ensuring the Health & Safety of Employees who gives advice where necessary.	John Golding	28/10/2009	23/09/2013
Working and Effective	Home Safeguard monitoring of lone workers	From April 2010 offer staff the lone worker monitoring facility through the PNC6 system at Home Safeguard.	John Golding	28/10/2009	23/09/2013
Working and Effective	Lone Working Policy and associated training	Ensure that all staff are aware of and follow the Lone Working Policy and procedures designed to protect their safety. Ensure all relevant staff attend training.	John Golding	02/10/2009	23/09/2013

Responsible Officer: Sue Bewes

Review Note: We are investigating use of the smart phone apps being developed by ICT which could bring greater control of the risks to lone workers in future.

High and Medium Risks only with Control Action (SR & OR)

Risk: Adequacy of financial resource planning to deliver the Council's priorities Insufficient financial resources to deliver Council priorities as a consequence of:

- a) Failure of financial forecasting, budgeting, monitoring and reporting system resulting in insufficient financial resources and inadequate reserves
- b) Failure to use resources available effectively
- c) Reduction in government funding

Pure Status: High (12)	Pure Risk Impact: Major	Pure Risk Likelihood: Likely
Residual Status: Medium (8)	Residual Risk Impact: Major	Residual Risk Likelihood: Unlikely
Date Identified: 02 Oct 2009		Service: Strategic Risks

Control Action records

Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Annual budget preparation and monitoring	service managers, directors, members involved in the preparation of budgets and in the monitoring/reporting of actual financial performance during the course of the year	Simon Davey	02/10/2009	23/09/2013
Working and Effective	Efficiency	the council will look to achieve efficiency targets in order that the resources that are available are directed towards delivering key priorities	Simon Davey	30/10/2009	23/09/2013
Working and Effective	Financial regulations and operating procedures	internal arrangements designed to ensure financial resources are securely held and appropriately used	Simon Davey	02/10/2009	23/09/2013
Working and Effective	Medium term budget preparation	preparation of medium term term financial plan forecasting income and expenditure and any potential gap in resources	Simon Davey	02/10/2009	23/09/2013
Working and Effective	prudential borrowing	ensure borrowing is affordable and sustainable	Simon Davey	29/10/2009	23/09/2013
Working and Effective	Reserve policy	maintenance of adequate reserves at a level designed to ensure the council can continue to deliver services in the event of reducing incomes or higher than expected costs.	Simon Davey	02/10/2009	23/09/2013

Responsible Officer: Simon Davey

Review Note:

High and Medium Risks only with Control Action (SR & OR)

Risk: Failure to adequately anticipate or respond to a major health or environmental incident Council inadequately plans for, or implements, action to tackle a major incident or emergency affecting a part of the district (chemical, biological, radioactive or other physically injurious event; natural or man-made, deliberate or accidental; natural events may include extremes of weather, flooding, coastal erosion and disease)

Pure Status: High (12)	Pure Risk Impact: Major	Pure Risk Likelihood: Likely
Residual Status: Medium (8)	Residual Risk Impact: Major	Residual Risk Likelihood: Unlikely
Date Identified: 06 Oct 2009		Service: Strategic Risks

Control Action records

Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
in Planning / Progress	Effective liaison, contact and communication arrangements	Links to other necessary agencies, and officers, even out of hours	Andrew Hancock	07/10/2009	23/09/2013
Working and Effective	Effective local plan for emergencies	The Emergency Planning Officer has drawn up emergency plans for key Council personnel.	Andrew Hancock	07/10/2009	23/09/2013
in Planning / Progress	Effective means of securing resources/equipment and implementing plan	During normal working hours and out of hours	Andrew Hancock	07/10/2009	23/09/2013
Working and Effective	Test and review of Emergency Plan	Ensure a regular and planned test and review of the Emergency Plan to ensure it is operable, effective, streamlined and up-to-date.	Andrew Hancock	07/10/2009	23/09/2013

Responsible Officer: Andrew Hancock

Review Note:

Risk: Lack of 5 year housing land supply and associated infrastructure Council fails to have 5 year supply of housing land, therefore:

- a) does not build number of houses required by RSS/Structure Plan
- b) fails to secure funding from the New Homes Bonus
- c) vulnerable on appeal to housing development in non desirable (in Council's view) locations

Pure Status: High (12)	Pure Risk Impact: Serious	Pure Risk Likelihood: Very Likely
Residual Status: Medium (8)	Residual Risk Impact: Significant	Residual Risk Likelihood: Very Likely
Date Identified: 20 Jan 2010		Service: Strategic Risks

Control Action records

Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
in Planning / Progress	Progress the Local Plan, Community Infrastructure Levy and Infrastructure Delivery Plan	Inspector appointed and process underway with hearings expected in Feb 2014. Community Infrastructure Levy and Infrastructure Delivery Plan will be part of a joint public enquiry with the Local Plan	Richard Cohen	20/01/2010	23/09/2013
in Planning / Progress	Project plan in place, completed Local Plan Panels	Completing evidence based and test exercise against statutory requirements and National Policy Planning Framework.	Richard Cohen	02/05/2012	23/09/2013

Responsible Officer: Richard Cohen

Review Note:

High and Medium Risks only with Control Action (SR & OR)

Risk: Move to a shared service may cause disruption Potential move to an ICT shared service may disrupt the service

Pure Status: Medium (9)	Pure Risk Impact: Serious	Pure Risk Likelihood: Likely
Residual Status: Medium (8)	Residual Risk Impact: Significant	Residual Risk Likelihood: Very Likely
Date Identified: 05 Jan 2012		Service: Information Technology

Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
in Planning / Progress	Good programme and project management processes, skills and resources		Chris Powell	05/01/2012	23/09/2013

Responsible Officer: Chris Powell

Review Note: The transformation of ICT services into a shared service will require the IT teams to be more inward focused for a period, looking at how to merge processes in the shared service, This will divert capacity for other change for a period.

Risk: Failure to ensure community engagement The Council needs to ensure community engagement to deliver our vision of 'outstanding and sustainable quality of life for everyone in East Devon'.

Pure Status: High (16)	Pure Risk Impact: Major	Pure Risk Likelihood: Very Likely
Residual Status: Medium (6)	Residual Risk Impact: Serious	Residual Risk Likelihood: Unlikely
Date Identified: 17 Sep 2009		Service: Org Dev

Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
in Planning / Progress	Community Engagement Policy	This policy outlines how the Council ensures that it involves local persons or their presentatives in routine functions and one off decisions.	Karen Jenkins	18/09/2009	23/09/2013
in Planning / Progress	Use of community engagement toolkit	Use of community engagement toolkit to support corporate and service based projects.	Jamie Buckley	31/03/2013	23/09/2013

Responsible Officer: Jamie Buckley

Review Note:

Agenda Item: 11

Audit & Governance

13 March 2014

14/1402



Corporate Asset Management Plan Refresh

Summary

The purpose of this report is to seek approval of the refreshed Corporate Asset Management Plan and Delivery Plan therein.

Recommendation

That it be noted that Cabinet has been asked to:

- 1) adopt the refreshed Corporate Asset Management Plan 2014-17**
- 2) that members agree the tasks and prioritisation set out in the Delivery Plan at Appendix 1 of the CAMP (and detailed within the main body of this report)**

a) Reasons for Recommendation

To provide endorsement of the Corporate Asset Management Plan (CAMP) 2011-14.

b) Alternative Options

Not to approve the new CAMP.

c) Risk Considerations

The CAMP sets the overarching strategy for the Council's property estate. Delivery of the CAMP is essential to the Council to ensure that there is a clear understanding of what different parts of the property portfolio are doing to assist in the delivery of services and our wider organisational objectives. It will also set the framework for the operational management of the estate and identify priority property projects. Delivery will also help to identify possible cost savings, opportunities to increase revenue income, identify disposal sites and provide a long term understanding of operational and financial commitments for retained land and buildings.

d) Policy and Budgetary Considerations

A £40,000 revenue budget has been agreed for Asset Management 2014/15. It is anticipated that the majority of work required will be supplied in-house. However, there is likely to be occasion where expertise is sought outside the Council.

The Medium Term Finance Plan, based on using the New Homes Bonus to assist revenue shortfall, gives a savings target (or combination of income generation and savings) to find of £1.54m by 2016/17. Implementation of the CAMP will assist the Council in reaching that target. AMF will also work closely with the team tasked with delivering a 2020 vision transformation strategy which will prepare us for continued reductions in government funding.

e) Date for Review of Decision

June 2014

- 1 Corporate Asset Management Plan Refresh
 - 1.1 Given the budgetary challenges the Council now faces, the need for the strategic discipline that asset management can provide is now more important than ever: Implementation of the CAMP will identify opportunities to :-
 - Reduce costs – maintenance and staff time
 - Increase revenue income
 - Redevelop and/or refurbish property assets
 - Sell assets
 - Transfer assets to local communities
 - 1.2 The refreshed CAMP 2014-17 remains a concise document of 17 pages (plus appendices), essentially outlining the Council's corporate asset objective, illustrating how the property portfolio supports the Council's priorities, and highlighting where there remains a need for review of specific areas within the estate.
 - 1.3 Since the adoption of the strategic asset management discipline in 2009, advances have been made in data collation and financial coding, strategic reviews of our main offices and car parks have been undertaken, along with reviews of certain asset clusters within the tenanted portfolio. Agendas have been set for the Council's Exmouth and Seaton Regeneration Programmes, the Priority Disposal Programme delivered, and the Open Space Strategy and associated review commenced.
 - 1.4 The main addition to the latest CAMP is that a Delivery Plan has been included: This is to enable prioritisation of the various projects to be undertaken and to provide guidance on timescales. The CAMP is provided as a background paper and the Delivery Plan can be found at Appendix 1 of the document.
 - 1.5 The tasks set out in the Delivery Plan have been discussed and prioritised by the Strategic Management Team and Asset Management Forum. By the time of the Cabinet meeting, the refreshed CAMP will have also been considered by Overview & Scrutiny. The primary drivers in prioritisation process have been to ensure inclusion of those tasks
 - a) effecting our most expensive asset groups (the Leisure Assets);
 - b) those highlighted as areas which should be reviewed by the Local Government Association Peer Challenge Review and South West Audit Partnership (SWAP);
 - c) those with which we have no choice but to resource i.e. Cranbrook;
 - d) and work already commenced
 - 1.5 The Delivery Plan (Appendix 1 of the CAMP 2014-17) identifies the following projects to prioritise for 2014/15:
 - Cranbrook – additional land and buildings management
 - Whole Life Costing
 - Asset Management incorporation into Service Planning
 - Estates Team Systems Thinking Review
 - Open Space, Parks & Gardens Review
 - Tenanted non residential Property Reviews:

- Leisure Assets
- Beach Huts & Chalets
- Private Clubs and Sports Clubs

2.0 How will we deliver?

2.1 These strategic projects are notoriously difficult to deliver given demands on officer time in relation to their day to day work. In addition, the corporate nature of asset management requires input from across a number of teams in the Council and this can add further delays and complications. This is why the CAMP should inform the development of service plans and through that, a staff resource commitment to practical delivery across the authority. The inclusion of a Delivery Plan in the refreshed CAMP is to not only establish clear prioritisation of projects, but to enable heads of service to schedule in this work for their teams/staff members.

2.2 Over the next two months, Project Plans including clear objectives, team members and communication strategies, will be prepared by AMF in relation to the following projects:-

- Cranbrook – additional land & buildings management
- Whole Life Costing
- Asset Management incorporation into Service Planning
- Open Space, Parks & Gardens Review
- Tenanted non residential Property (TNRP) Reviews:
 - Leisure Assets*
 - Beach Huts & Chalets
 - Private Clubs and Sports Clubs

*Please note that the TNRP Review of Leisure Assets will be undertaken in conjunction with the recently established remit of the LED Joint Working Group

2.3 Cranbrook: A project manager has now been appointed to assist with the work involved in managing the transfer of land and buildings agreed under S.106 agreements from the developers to the Council. A further report will be presented to Cabinet in April to further detail this remit.

2.4 Asset Management incorporation into Service Planning: This is an item recommended by a SWAP audit of the Council's Asset Management discipline. This will essentially document the operational property needs of our services and identify premises surplus to requirements. The detail will be agreed by SMT, presented to AMF and implemented by SMT.

2.5 Estates Team Systems Thinking Review: As part of the Council's continued commitment to identifying more efficient ways to deliver services, the processes involved in the day to management of the Council's portfolio will be examined. A project plan has not yet been put in place, but specific processes likely to be included are: rent reviews, lease renewals, applications for purchase of public open space, applications for beach & boat concessions, and applications for variations to restrictive covenants. This review will be undertaken in tandem with the implementation of property management software.

3.0 Project Delivery 2015/16 – 2016/17

3.1 The following projects will be taken forward over the life-time of the CAMP. Where possible, some of these projects may be brought forward. However, the proposed time-scales are thought to give a more realistic chance of delivery given current staff resource:

2015/16

- East Devon Business Centre
- Play areas, multi-use games areas, outdoor gyms and skate parks
- Depot Review
- TNRP Review – Community Halls
- Beaches
- Third Sector Asset Transfer
- Arts Development

2016/17

- Theatres
- Nature Reserves
- Public Conveniences Review
- Port Royal, Sidmouth – Regeneration
- Performance Measures

Legal Implications

Under Section 3 of the Local Government Act 1999, this Council is a best value authority and therefore under a general duty of best value to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The Council can consider overall value, including economic, environmental and social value, when reviewing service provision. The Asset Management Plan highlights the key objective of getting a better rate of return on assets, in either community or financial terms. Property and planning lawyers will continue to support the delivery of the Asset Management Plan, with legal resources being prioritised towards projects which deliver the key objective.

The Plan suggests that the disposal of assets worth more than £10,000 should require a report to Cabinet. However, the Council's Constitution provides for delegated powers to portfolio holders enable them to approve acquisitions, disposals, and leases where in accordance with the policy framework and subject to relevant terms and conditions being negotiated by the Head of Economy. Portfolio holder decisions are subject to legal and financial advice.

Financial Implications

The asset management plan can play a significant role in ensuring the financial viability of the Council, so its implementation is very important.

Consultation on Reports to the Executive

Both SMT and the Asset Management Forum have considered and approved the new CAMP

Background Papers

- [Draft Corporate Asset Management Plan 2014-2017](#)

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Principal Estates Surveyor

Audit & Governance
13 March 2014

Agenda Item: 12

Audit and Governance Committee

13 March 2014



Audit and Governance Committee

Forward Plan 2014/15

Date of Committee	Report	Lead Officer
26 June 2014	<ul style="list-style-type: none"> • Review of Internal Audit Charter • Internal Audit Activity – Quarter 1 2014/15 • Revenue and Capital Outturn Report 2013/14 • Annual Audit Report and Opinion • Draft annual governance statement • 5 year land supply update • Risk Management Review 	SWAP SWAP Head of Finance SWAP SWAP Planning Policy Manager Management Information Officer
25 September 2014	<ul style="list-style-type: none"> • Internal Audit Activity – Quarter 2 2014/15 • Statement of Accounts • Report to those charged with Governance • Risk management review 	SWAP Head of Finance Grant Thornton Management Information Officer
13 November 2014	<ul style="list-style-type: none"> • Internal Audit Activity – Quarter 3 2014/15 • Risk management review 	SWAP Management Information Officer
8 January 2015	<ul style="list-style-type: none"> • Annual Audit Letter • Certification Report • Risk management review 	Grant Thornton Grant Thornton Management Information Officer
5 March 2015	<ul style="list-style-type: none"> • Annual Audit Plan 2015/16 • Risk management review 	SWAP Management Information Officer