

**BRECKLAND COUNCIL**

**At a Meeting of the**

**AUDIT COMMITTEE**

**Held on Friday, 28 September 2012 at 10.00 am in  
Norfolk Room, Conference Suite, Elizabeth House, Dereham**

**PRESENT**

Mr C.R. Jordan (Chairman)	Mr T. J. Jermy
Mr R.G. Kybird (Vice-Chairman)	Mrs E. M. Jolly
Mr R.P. Childerhouse	Mr M J Nairn

**Also Present**

Mr T. Ludlow	Mr M. S. Robinson
Mr C G Carter	Mr M. A. Wassell

**In Attendance**

Chris Brooks	- Governance and Performance Accountant
Mark Finch	- Assistant Director of Finance
Alison Chubbock	- Accountancy Manager
Julie Britton	- Senior Committee Officer
Mark Stokes	- Deputy Chief Executive
Robert Walker	- Assistant Director of Commissioning
Richard Wills	- Training & Development Manager
Ms Lucy Hohnen	- Interim HR Manager

**49/12 WELCOME AND INTRODUCTIONS**

The Chairman welcomed Mr Mike Nairn to his first meeting as a newly appointed Member of the Committee.

**50/12 MINUTES (AGENDA ITEM 1)**

a) Work Programme (Minute No. 47/12)

In response to a question about when the Audit Committee would commence its review of all major contracts of the Council, the Chairman stated that it would be included on a future agenda.

b) Minutes

The Minutes of the meeting held on 29 June 2012 were confirmed as a correct record and signed by the Chairman.

**51/12 APOLOGIES (AGENDA ITEM 2)**

An apology for absence was received from Mr K Stevens.

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**52/12 NON-MEMBERS WISHING TO ADDRESS THE MEETING (AGENDA ITEM 5)**

Mr M Robinson, Mr C Carter and Mr M Wassell.

**53/12 MONITORING OF THE EXTERNAL AUDIT SITUATION (STANDING ITEM) (AGENDA ITEM 6)**

Mr Robert Murray, the District Auditor for the Audit Commission, informed Members that there had been no movement on the external audit situation since the last meeting even though there was only 5/6 weeks to go before the Audit Commission closed down. The audit practice would be transferred to Ernst Young from 1 November 2012 and no changes to the Audit Team were anticipated in the forthcoming year.

An Audit Plan would be produced for the next Committee.

**54/12 STATEMENT OF ACCOUNTS - FORMAL APPROVAL (AGENDA ITEM 7)**

The Assistant Director of Finance presented the final Statement of Accounts for the Audit Committee's approval.

The Committee had reviewed the preliminary un-audited Statements at its meeting on 15 June 2012 and the changes that had been made to the Statements following the last meeting had been included under section 1 of the report.

A number of anomalies were highlighted by Mr Ludlow and Mr Kybird. The Assistant Director of Finance said that these would be checked and amended accordingly (if necessary).

In response to a question in relation to the meaning of Task & Finish Groups, Mr Kybird explained that Task & Finish Groups were allocated projects by the Overview & Scrutiny Commission for further consideration and were dissolved when the work assigned to it had been completed.

**RESOLVED** that the Statement of Accounts for 2011/12 be approved.

**55/12 BRECKLAND TRAINING SERVICES PROPOSAL (AGENDA ITEM 8)**

The Assistant Director of Commissioning apologised for the lack of Officers being present at the previous meeting (the Breckland Training Services proposal had been deferred from the last meeting for this reason).

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Members were informed that the Training Team had established an excellent reputation with both private and public sector businesses and had been formally recognised for the quality of the training service with Member Charter Plus status and Investors in People accreditation. This had resulted in regular requests for services based only upon word of mouth.

The Business Plan that had been attached to the report proposed that Breckland charged for its training, under the designation of Breckland Training Services, to recover overheads and generate additional income that would help the authority meet its current and future budgetary challenges.

The report had already been presented to the General Purposes Committee where approval had been given to increase the staff establishment in the Training Team by one FTE on the basis that it would be funded entirely by the income of the new service. The report had not moved any further forward and had been put on hold for the Audit Committee's consideration.

The annual financial forecast, if a Breckland Training Services Team was established, was highlighted.

Even without any active marketing and promotion, the Training Team was confident that it had a product that it could sell and promote across the County and realise income for the Council.

The Chairman felt that training had become more important over the years and supported the proposal.

In answer to a question, it was noted that the Council would not be allowed to make a profit - it would have to be seen as a cost recovery rather than a profit.

In response to a further question about the robustness of the forecast income, the Assistant Director of Commissioning advised that although he was confident with the figures, realistically the figures were challenging.

Referring to Appendix 1 of the report that highlighted potential customers currently renting property from Breckland Council, the Assistant Director of Commissioning advised that since the publication of the report, the Training Team proposed to focus on public sector clients rather than private.

Mrs Jolly asked if this was a good time to be taking on something new and queried the lack of a Proforma B. The Assistant Director of Commissioning explained that this would be an ideal opportunity for Breckland Council to start this training programme as it could offer unique bespoke training products that were tailored to the needs of the public sector that could not be offered by competitors.

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The cost of the training would also be significantly lower. Referring to the omission of the Proforma B, Members were informed that it should have been attached as the General Purposes Committee had seen sight of one.

The Assistant Director of Commissioning responded to Mr Ludlow's questions as follows:

- Financial forecasting – has indemnity insurance, marketing etc been included.  
*Yes, such costs had been provided for in the budget except for indemnity insurance.*
- It will cost the Council money to generate leads – have these costs been associated?  
*Yes, these costs have been taken into consideration.*
- External training needs analysis – has this been undertaken?  
*This analysis has been put on hold.*
- The £10k referred to training in the private sector, now that the training is going to be aimed at the public sector does this mean that the £10k mentioned under section 7 of the Business Plan will be removed?  
*Yes*
- What is the capacity of the new post?  
*6 external days*
- Page 25 of the Business Plan talks about acquiring 1% of the market for all training provision – what do you think would be the likely reaction from competitors?  
*As mentioned previously, and following market testing with a small number of clients, the Breckland Training Team can offer some very unique products not offered by competitors. The main reason being is the Officers within the Training Team are employed by Breckland Council and are already doing the job that they are training; in other words, it will be a public sector to a public sector approach.*
- Has there been a swot analysis carried out on competitors?  
*The closest model to ours is Broadland Training Services. The courses and events that the Training Team would be delivering gave us a distinct difference compared to Broadland.*
- What is the long term goal?  
*The intention, if it is successful, is to create an offshoot company.*
- What did the HR Training Team achieve last year in 2011?

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*Just under £5k and not at the proposed higher rate.*

- The future projections do not include any increase in inflation or increments.  
*These costs will be included if approved.*
- Under risk management – risk description no. 3, the risk for the lack of take up of charging opportunities due to ineffective marketing of the charging unit had been scored as a low risk, do you think this is correct?  
*This score had been based on the reaction of providers but would be looked at again.*

In response to a further question about whether the new post would be internally or externally recruited, Members were informed that it was anticipated to be internal.

The report was agreed for reference to Council following the deferral of the recommendation from the General Purposes Committee at the Full Council meeting on 5 July 2012.

**RECOMMEND** to Council that:

- 1) agreement to charge for Breckland's Training Services be approved; and
- 2) the staff establishment in the training team be increased by 1 FTE on the basis that it will be funded entirely by the income of the training service.

**56/12 QUARTER 1 GOVERNANCE REPORT RISKS (AGENDA ITEM 9)**

The Governance and Performance Accountant presented the Risk Report for Quarter 1 2012/13.

Pages 59 to 61 of the report tracked the movement in risks.

It was noted that on page 63 an incorrect risk reference had since been identified.

Referring to risk reference BC-SR11, Mr Kybird asked why the risk had been reduced for the Breckland Leisure Centre. In response, Members were informed that the risk likelihood had been reduced following the outcome of the insurance company's report. The cost of the works being carried out to the Leisure Centre would be covered by their insurers and work to replace the sports hall floor would be carried out in the winter months.

Under risk reference BC-ES-OR 05, Mr Ludlow wanted to know why this risk had been closed and asked did the contract not call for

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delivery of improvement. The Assistant Director of Finance explained that certain elements of the payment had been based on performance and satisfaction levels.

Mr Ludlow also wanted to know what had happened to the list of risks from the previous report. These high scored risks did not appear to be risks that had been reduced or closed. The Governance & Performance Accountant said that he would discuss this issue with Mr Ludlow after the meeting.

Mrs Jolly highlighted risk reference BC-SR 02 and asked if it was her place, as a Member of the Audit Committee, to either acknowledge that the risk was high or discuss how to reduce it. Members were informed that such risks should just be acknowledged. The Assistant Director of Finance stated that as part of the preparation of the Medium Term Plan this particular risk would be updated.

In response to a question in relation to business rates collection, Members were informed that the Council would not receive the final figure until the end of December. It was noted that there would be a greater risk around collection rates following the forthcoming changes to the regime that could cause cash flow implications.

There was some discussion about the Council lending money to other authorities and getting a better rate of interest. The Assistant Director of Finance advised that the Council did look at this periodically. Two loans had been made one of which had been a very short term loan which was unviable. Any such loans would be reflected in the Capital programme and the Medium Term Financial Plan.

Mr Jermy questioned the target amount of units let and asked if the rental forecast had been based on 100% let. Members were informed that it had been based on target letting percentages that could be factored into the Medium Term Plan.

**RESOLVED** that the report be noted.

**57/12 ANNUAL GOVERNANCE REPORT (AGENDA ITEM 10)**

Mr Robert Murray presented the Annual Governance Report in advance of the approval of the Statement of Accounts.

The Audit Commission had been ready to submit its opinion for sometime due to the financial statements being presented to the Commission in advance of the statutory deadline. There had only been a small number of minor errors which had since been amended and had found the report to be positive in context with other Councils.

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Mr Murray was therefore pleased to issue an unqualified value for money opinion.

Mr Jermy highlighted the fees on page 9 of the report which should read £126,270 and not £26,270. He also highlighted the efficiency savings and asked if these had been benchmarked against other authorities. Members were informed that Breckland Council had a reasonable level of reserves.

The report was otherwise noted.

**58/12 WORK PROGRAMME (AGENDA ITEM 11)**

It was agreed that the Work Programme would be developed further to fit in with the Audit Commission's reporting requirements.

In response to a suggestion about whether there should be an Audit Commission workshop set up, Mr Murray felt that as the new arrangements were still evolving it would be better to continue with the updates at the Audit Committee.

**59/12 NEXT MEETING (AGENDA ITEM 12)**

The arrangements for the next meeting on 23 November 2012 were noted.

It was agreed that the date of the February meeting could be moved to 15 February 2013 as requested by the Director of Finance.

The meeting closed at 11.05 am

CHAIRMAN