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Breckland Council
a better place, a brighter future

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To The Chairman and Members of the Overview and
Scrutiny Commission

All other Members of the Council – for information

Your Ref:
Our Ref: EMW/L.3.1
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Date   21 May 2007

Dear Sir/Madam,

OVERVIEW AND SCRUTINY COMMISSION - THURSDAY 24 MAY 2007

I refer to the agenda for the above-mentioned meeting and enclose the following item:

Yours faithfully

Elaine Wilkes

Senior Committee Officer

BRECKLAND COUNCIL

OVERVIEW AND SCRUTINY COMMISSION: 24 MAY 2007

REPORT OF THE OPERATIONS MANAGER, CABINET OFFICE
(Author: Sandra King – Audit Manager, South Norfolk Council

ANNUAL REPORT ON INTERNAL AUDIT ACTIVITY- 2006/07

Summary: This report has been prepared in accordance with the requirements of the Accounts and Audit Regulations 2003, the Accounts and Audit Regulations (Amendment) (England) 2006 and the CIPFA Code of Practice for Internal Audit in Local Government 2006.

The report contains an opinion as to the adequacy and effectiveness of the Council's systems of internal control for 2006/07, comments on Internal Audit activity in 2006/07 delivered against the Annual Audit Plan and also provides performance information for the Internal Audit Service.

1   INTRODUCTION/BACKGROUND

1.1   The Internal Audit Service at Breckland Council is delivered by means of a partnership arrangement between Breckland, Broadland and South Norfolk Councils. All three Councils have signed an agreement, under which South Norfolk Council procures the services from an external contractor on behalf of all three.   The contractor is currently Bentley Jennison Risk Management Ltd.   This organisation has been operating in the role since 23 September 2005, when it became necessary to novate the contract after the original service provider went into administration. The outsourcing of audit assignments has been ongoing since 1 April 2003.   The original contract was let for a period of 3 years and was subsequently extended for a further twelve months from 1 April 2006 to 31 March 2007.   A decision was then taken at Cabinet on 12 December 2006 to continue to retain the external contractor for an additional six months from 1 April 2007, after which the contract would be re-tendered.

1.2   The Audit Manager of South Norfolk Council has continued to be responsible for managing the delivery of the Internal Audit Service at Breckland Council; acts in the capacity of Contract Manager and serves as the main point of contact with the external contractor.   A total of 56 days was spent providing audit management support on behalf of the Council during 2006/07.

1.3   There has been a change in management of the Internal Audit Service during 2006/07.   The original post holder retired in mid June 2006 although he continued to manage the service on a part-time consultancy basis until the current Audit Manager joined the audit partnership on 2 October 2006.

1.4   In April/May 2006, there were major problems with the external contractor regarding the resourcing of the Annual Audit Plan for 2006/07, culminating in an exchange of correspondence and meetings between the then Audit Manager and Bentley Jennison's nominated Client Partner and Client Manager.   Resourcing issues, caused by staff sickness and turnover, were not fully resolved until the autumn, by which time, some slippage against planned reviews had occurred.   This, in turn, has had an adverse impact on performance indicators for the Internal Audit Service and completing individual audit assignments by 31 March 2007.   Moreover, the delayed delivery of planned audits in parallel with the letting of the new Internal Audit Services contract have caused significant work pressures for the current Audit Manager.

1.5   In the course of 2006/07, it has also been necessary to respond to a review of Internal Audit by External Audit.   This piece of work is performed on a 3-yearly cycle and early feedback suggested that further realignment to CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom ("the Code") was

required. The relevant work was undertaken in March 2007 and approved by the Overview and Scrutiny Commission on 5 April 2007. The work done in this area follows best practice advocated by the new Code, which was published in December 2006.

1.6 Finally, the Accounts and Audit Regulations 2003 were revised in April 2006 by the Accounts and Audit (Amendment) (England) Regulations 2006 and one of the amended regulations (No.6) now requires bodies to review the effectiveness of their system of Internal Audit once a year and for the findings of the review to be considered by a committee of the body, or by the body as a whole, as part of the consideration of the system of internal control referred to in regulation 4. Detailed Guidance by CIPFA regarding a review of effectiveness has now been published (last updated at the end of January 2007) and this report will comment on work done in this direction to date.

2 KEY DECISION

2.1 This is not a key decision.

3 COUNCIL PRIORITIES

3.1 The matters raised in this report fall within the following Council priorities:

- A safe and healthy environment
- A well planned place to live which encourages vibrant communities
- A prosperous place to live and work

4 OPINION OF THE AUDIT MANAGER ON THE OVERALL ADEQUACY OF THE INTERNAL CONTROL ENVIRONMENT AT BRECKLAND COUNCIL

4.1 The overall standards of internal control are satisfactory, based upon the internal audit work undertaken in relation to the 2006/07 Annual Audit Plan. The overall position is that, whilst recommendations have been made to improve procedures and controls in a number of areas, there were no instances in which internal control problems created significant risks for Council activities or services. Furthermore, it was pleasing to note that managers were committed to addressing control issues and/or adopt best practice recommended by Internal Audit, within a 2-5 month timescale of the issue of final audit reports.

5 ISSUES RELEVANT TO THE STATEMENT ON INTERNAL CONTROL

5.1 In accordance with Regulation 4 of the Account and Audit Regulations 2003, the Council is responsible "*for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk*". To confirm compliance with this statutory duty, a Statement on Internal Control has to be published each year with the Council's financial statements and should focus on:
- ➢ Reviewing the accuracy of internal control arrangements;
- ➢ Recognising where arrangements need to be improved; and,
- ➢ Communicating to users and stakeholders what the Council plans to do to improve the arrangements and how the planned improvements in internal control should lead to better quality public services and best use of resources.

5.2 Amended Account and Audit Regulations issued in April 2006 also now require the findings of the review of the system of internal control to be considered by a committee of the relevant body, or by members of the body meeting as a whole.

5.3 To assist the process outlined in 5.1 and 5.2 above, Internal Audit has recently undertaken work to:
- Assess the current position prior to preparing the Statement on Internal Control, taking into account the findings of internal audit reviews conducted during 2006/07.
- Examine the operation of key controls for each of the main financial systems not subject to systems audit review in the course of the financial year.

- Revisit the status of high priority audit recommendations previously accepted by management in order to gauge the extent to which the internal control environment is being further developed by management to address the risks facing their services.

5.4 Review work performed has established that the majority of internal controls are in existence and appear to be operating in a satisfactory manner. It was confirmed that management have put in place, and, in some cases, are further developing measures which ensure that audit recommendations are properly addressed, and hence, focused action has been taken during the year to strengthen the internal control environment at the Council.

5.5 However, it is also important to note that a number of high priority recommendations have been made relating to systems audits where draft and/or final audit reports have been issued after 31 March 2007. The systems affected are as follows and have generated a total of 12 High Priority recommendations:
➢ Housing and Council Tax Benefit (1 High Priority recommendation);
➢ Council Tax and NNDR (9 High Priority recommendations); and,
➢ Anglia Revenues Partnership – Management Arrangements (2 High Priority recommendations).
Particular attention should be paid to the action point raised in the Council Tax and NNDR report concerning the lack of formal evidence to support the management checking processes.

5.6 Audit work to support the preparation of the Statement on Internal Control additionally considered the quality of Assurance Statements which have been submitted by directors and senior officers. Although we were able to confirm that a routine has now been established for the generation of quarterly Assurance Statements, it is clear from the documentation provided that the officers generating these Statements have some concerns in the area of embedding risk management, which also need to be considered when formulating the Statement on Internal Control for 2006/07.

5.7 There were also 2 issues recorded, where assurance could not be provided by Internal Audit with regards to key controls for sample testing of daily amendments (generating exemptions/discounts/relief) in relation to Council Tax/Council Tax Benefits, and, hierarchical password access to the Payroll system. With reference to the latter, it has not been possible to check access controls with regards to the system or the Payroll Provider's own audit arrangements.

6 **AUDIT WORK UNDERTAKEN IN 2006/07**

6.1 The table below shows in summary the audit coverage that was planned compared with that which has been delivered, whilst a more detailed overview is attached at Appendix 1 to the report, itemising the current status of individual audit assignments. It is important to note that although some audits are still waiting to be finalised, the planned quota of days specified to deliver this work will not be exceeded. This is based on the fact that the external contractor has confirmed delivery of outstanding work within the original job budgets set.

Description	Days planned for 2006/07	Days delivered	% of planned work delivered
Systems audit	189	189	100%
Computer audit	26	26	100%
Total	215	215	100%
Extra work		23.79	

6.2 There has been no deviation from the planned audit requirements approved by the Overview and Scrutiny Commission on 23 February 2006. In terms of systems audit work, the current position is such that 67% of assignments are subject to final audit reports, 25% of reviews are covered by draft audit reports and in the case of the remaining 8% (relating to a single audit), a draft report is under preparation and

expected week commencing 21 May 2007 – the review involved here relates to the Leisure Private Finance Initiative (PFI) project between Breckland Council and Parkwood Holdings. In order to progress two urgent requests for additional audit input in Quarter 1 of 2007/08, to support the Anglia Revenues Partnership and the Strategic Alliance, the PFI review was temporarily suspended but has now been resumed and as stated above, a draft report should be available shortly.

6.3 With regards to computer audit work, all work identified in the Annual Audit Plan for 2006/07 has been delivered.

6.4 As can be seen in the table at 6.1 above and at Appendix 1 to the report, two other ad hoc audits were performed in 2006/07, which were additional to the approved Annual Audit Plan. These involved Gateway reviews of Stages 0 – 2 and 3 – 4, checking compliance with best practice guidance published by the Office of Government Commerce (OGC), in order to provide assurance that procurement should proceed regarding Project Customer (formerly Project Elena).

6.5 Attached at Appendix 2 to this report are copies of the abridged Management Summaries of audit reports which have been finalised since the last Audit Progress Report was presented to the Overview and Scrutiny Commission on 11 January 2007.

7   PERFORMANCE OF THE INTERNAL AUDIT SERVICE

7.1 In addition to ensuring delivery of specific work in the Annual Audit Plan, the internal audit contract provides for the service to be measured against the following indicators, as tabulated below.

Description of indicator	Target	Achievement 2005/06	Achievement 2006/07
Work completed compared with that in the Audit Plan	100%	91.2%	100%
Average delay in issuing draft audit reports	10 working days	11.6 working days	18.4 working days
Average delay in issuing final audit reports	15 working days	15.8 working days	17.4 working days
Average delay between completion of work and issue of final report	25 working days	27.4 working days	35.8 working days
Percentage of audit recommendations accepted	90%	98.1%	98.8%

7.2 It is evident from the above table that reporting targets have not been met in 2006/07 and when comparing with the previous financial year, the timescales involved have actually lengthened. The poor performance recorded here, however, is not entirely attributable to the contractor. There have been occasions where the Audit Manager was not able to review draft reports within the prescribed contract timescales prior to their formal issue, and this resulted in some delays. With reference to the finalising of audit reports, there was also one particular case where client officer sickness impacted on performance targets, as it was not possible to obtain their responses to audit findings and recommendations and hence, convert the draft to a final report. Eventually, the Chief Accountant intervened and clarified a number of points, which then allowed the final audit report to be produced.

8   IMPLEMENTATION OF AUDIT RECOMMENDATIONS ACCEPTED BY OFFICERS

8.1 It is important to ensure that audit recommendations accepted by officers are actually implemented, if the internal control environment is to benefit from further enhancements. To support the Overview and Scrutiny Commission in its role of overseeing the implementation of agreed actions, the current position regarding those recommendations rated as high priority are listed in the table below.

4

Number of high priority recommendations due for implementation by 31 March 2007	13
Number actually implemented	13

9 REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT

9.1 This is a new reporting requirement, as mentioned earlier in the report at paragraph 1.6. The Council or a Committee of the Council are responsible for reviewing the system of Internal Audit currently in place. CIPFA has issued some guidance on conducting such a review but stipulates that the Head of Internal Audit must not be allowed to influence the direction or extent of the review. It is however feasible for the Head of Internal Audit to carry out a self-assessment, the outcomes of which can then be considered by the independently appointed review team.

9.2 The following information is therefore provided to assist an independent review of systems of Internal Audit cover:

- In the latter part of 2006/07, External Audit carried out a review of Internal Audit and concluded that "*Internal Audit is compliant with the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom, 2006. However, a number of areas have been identified for further improvement.*"

- As a consequence of the above, Internal Audit working practices have been substantially realigned to the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom, 2006 to facilitate greater comparison and clarity. This resulted in the presentation of new Terms of Reference, a Code of Ethics and Audit Strategy to the Overview and Scrutiny Commission, which were duly approved on 5 April 2007. This course of action has effectively ensured that Internal Audit at Breckland Council is now adopting the "proper practices" set out in the Accounts and Audit Regulations.

- In addition to the above, in January 2007, the external audit contractor published a Client Briefing mapping Bentley Jennison's risk based internal audit methodology against the CIPFA Code of Practice.

- Good feedback has been received from the Section 151 Officer at Breckland during 2006/07, confirming that Internal Audit Service delivery has met required standards (i.e. providing reliable assurance on internal control) and as a follow on, a further 70 days have been requested, in addition to the original provisions made in the Strategic Audit Plan for 2007/08 to 2011/12, to undertake Gateway reviews linked to 7 specified work streams during 2007/08.

- There have been no adverse comments received from External Audit regarding Internal Audit work linked to International Auditing Standards, involving the flowcharting of fundamental financial systems and the testing of key controls, which suggests that External Audit have been able to place some reliance on the work of Internal Audit.

- There has been regular reporting throughout the financial year to the Overview and Scrutiny Commission and Cabinet regarding Internal Audit activity and the re-tendering of the Internal Audit Services contract. In addition, there have been regularly monthly meetings with the Section 151 Officer regarding progress against the Annual Audit Plan as well as periodic consultation on the refinement of the new Internal Audit Services Specification, which has necessitated a complete reassessment of working practices.

- Evidence to support the review of the system of Internal Audit includes the production of:
  - ➤ The Annual Report and Opinion of the Head of Internal Audit;
  - ➤ Audit Progress Reports;
  - ➤ Reports on individual audit assignments which detail significant findings and recommendations to overcome internal control weaknesses identified;
  - ➤ Strategic and Annual Audit Plans; and,
  - ➤ Key performance indicators on audit inputs and outputs.

9.3   Since January 2007, considerable audit resources have been invested in developing the new Internal Audit Services contract and a number of new quality assurance requirements have been defined to further enhance service delivery.

10   OPTIONS AVAILABLE

10.1   To receive and note the contents of this report.

11   REASONS FOR RECOMMENDATIONS

11.1   The remit of the Overview and Scrutiny Commission includes a duty to keep under review the probity and effectiveness of internal controls, both financial and operational, including the Council's arrangements for identifying and managing risk. There is a further duty to consider the Annual Report of the Audit Manager, which, in turn, informs the Council's Statement on Internal Control for 2006/07.

12   RECOMMENDATIONS

(1)   To receive and note the Annual Report of the Audit Manager.

(2)   To note that the overall standards of internal control were satisfactory during 2006/07.

(3)   To note that the satisfactory opinion on internal control is taken forward into the Council's Statement on Internal Control for 2006/07 that is presented to the Overview and Scrutiny Commission.

(4)   To note that initial feedback on the effectiveness of Internal Audit indicates enhancements are being made to service delivery and that closer adherence to the Code of Practice for Internal Audit in Local Government in the United Kingdom is currently ongoing.

Appendices:

Appendix 1   Audit work delivered compared with the Annual Audit Plan for 2006/07
Appendix 2   Abridged Management Summaries of Audit Reports (where finalised)

AUDIT WORK DELIVERED COMPARED WITH THE ANNUAL AUDIT PLAN FOR 2006/07

Project description	Days planned	Days delivered	Status
PLANNED WORK - SYSTEMS AUDIT			
Work to support Statement on Internal Control	10	10	Completed. Final Report issued 13 July 2006
Performance Indicator quality checks – Phase 1	6	6	Completed. Final Report issued 19 June 2006
Performance Indicator quality checks – Phase 2	4	4	Completed. Final Report issued 12 December 2006
Property Management (including Council Offices) and Economic Development	25	25	Completed. Final Report issued 17 October 2006
Payroll and Human Resources	20	20	Completed. Final Report issued 21 November 2006
Homelessness, Housing Strategy, Housing Repair Loans & Disabled Facilities Grants**	25	25	Completed. Final Report issued 2 March 2007
Housing and Council Tax Benefit**	25	25	Completed. Final Report issued 9 May 2007
Electronic Ordering and Payments, Insurances, Officers' expenses, car loans and leased cars	20	20	Draft Report to be issued shortly
Leisure PFI	10	10	Draft Report under preparation
Compliance with International Auditing Standards	10	10	Completed 1 May 2007 and files handed over to External Audit
Anglia Revenue Partnership – Management Arrangements	10	10	Draft Report to be issued shortly
Council Tax/ National Non Domestic Rates – Anglia Revenues Partnership	24	24	Draft Report issued 15 May 2007
TOTAL SYSTEMS AUDIT	**189**	**189**	

Project description	Days planned	Days delivered	Status
PLANNED WORK - COMPUTER AUDIT			
Computer Audit Follow Up on 2004/05 and 2005/06 reviews	6	6	Follow Up completed
Financial Management Information System Application Review	10	10	Completed. Final Report issued 2 November 2006
Business Continuity and Disaster Recovery**	10	10	Completed. Final Report issued 14 May 2007
TOTAL COMPUTER AUDIT	**26**	**26**	

Project description	Days planned	Days delivered	Status
EXTRA WORK			
Gateway Work:			
Gateway Reviews Stages 0 –2		12	Completed. Final Report issued 24 May 2006
Strategic Alliance Project Create (formerly Project Elena) Review Stages 3 & 4**		11.79	Completed. Final Report issued 23 March 2007
TOTAL EXTRA WORK		**23.79**	

**Abridged Management Summaries attached for information at Appendix 2.

Audit of Strategic Alliance – Project Customer (formerly Project Elena)

– Review Stages 3 & 4 of Stages 0 - 5

Report No. BRK/06/15 issued 23 March 2007

Management Summary (abridged)

Audit Opinion

Despite the change of preferred bidder, it is clear that the main concerns raised during the previous review were being/have been addressed, particularly with regards governance and project management. It is also clear that Capita's bid is more conventional with clear exit strategies in place should the Council not wish to proceed during various stages of particular work packages.

It is clear however, that some risk is attached to the project in terms of Capita actually realising the efficiency/profit gains, despite clearly defined expectations in terms of cost and deliverability in the Agreement, which, along with improving services, is fundamental in the success of the project. Whilst Capita have also identified the potential for partnership income of £9m (excluding capital investment) over the duration of the contract, it is not contractual. Furthermore, they have not committed to the percentage (%) split between them and the Council on trading profits (£), although these are negotiable for each work package. Therefore, an assumption was made using a 50/50 split, which when profiled over the 7 years of the contract, shows that the Council will not break even until Year 4 (of 7), although this excludes repayments to the Council's General Fund. Based on the profile, real profits will not be realised until years 6 & 7 on the assumption of efficiency gains and realisation of trading opportunities, which, should they not materialise, could expose the whole Project to failure.

Whilst some doubts exist over the sustainability of the budget of £580,650, (excluding the £479,628 for initial investment with Capita and for controlled release of investment for business cases), it is anticipated that business cases will be implemented as soon as practicable in order to start obtaining efficiencies and profit gains at the earliest opportunity. Consequently it is considered essential that the planned review as at 31.03.07, which will revisit the budget and the effect on the Council's structure in respect of implementing each business case, does take place so as to ensure sufficient funding exists and moreover, that the Council is capable of implementing any proposed changes.

The appointment of an experienced Finance Officer is seen as a key appointment and ideally needs to be in place prior to receipt of the first feasibility study or soon after.

It is also worth noting that some elements of 'Gateway' review Stage 4 would be more effectively realised once the first feasibility studies/business cases are received due to the currently unforeseen detail/impacts on the Council, contained therein.

Recommendations

The number of recommendations made is shown overleaf.

Priority rating	Number of recommendations
High	2
Medium	1
Low	0

The recommendations rated as "High" were:

- An appointment to the post of Finance Officer should be addressed as soon as practicable.

- The review due as at (or soon after) 31st March 2007 should take place in order to ensure sufficient funds are available in the longer term and to ensure impacts on the Council's existing structure through efficiencies/profit gains are identified and promptly addressed.

Latest Information on the Implementation of Agreed Recommendations

All 3 recommendations have been implemented.

With reference to the 2 "High" priority recommendations:

- We have been informed by the Chief Accountant (& Responsible Officer for Project Assurance) that the Finance Officer support post was filled on 10th December 2006. The current post holder is due to leave at the end of June 2007. Discussions are currently in progress regarding secondment opportunities from within Finance to continue the role. If a suitable arrangement is not possible, then the post will either be advertised or go to an agency. Adequate budget provisions have been made for this post.

- Costs and benefits will be identified when each Full Business Case is considered to ensure that sufficient funds are identified to implement proposals and that efficiencies and gains are achievable and sustainable within the medium term budget plan. The budget monitoring report seen as part of the audit follow-up process shows how the project management element of the project has been resourced; the control amount being £1.25m approved by the Council to cover the period up to 31st March 2008.

Audit review of Homelessness, Housing Strategy, Housing Repair Loans & Disabled Facilities Grants

Report No. BRK/07/06 issued 2 March 2007

Management Summary (abridged)

Audit Opinion

Homelessness

This review established that in the majority of areas covered controls were generally operating satisfactorily. However, whilst accepting that recent improvements in control over the recovery of outstanding loans under the rent deposit loan scheme (an initiative to help prevent homelessness) have been made, there is concern that recovery action historically has been weak resulting in some £23.4k remaining outstanding from £28k paid out under this scheme. This does give some cause for concern even when acknowledging that the scheme is more cost effective than placing an applicant in short term accommodation. Similarly, weaknesses were evident over the recovery and monitoring of charges for those placed in temporary accommodation.

The absence of supporting documentation also meant that it was not possible to provide the necessary assurance that terms and conditions are confirmed at the time of booking persons into temporary accommodation.

Other issues were identified where controls should be strengthened, in particular ensuring all relevant evidence is obtained on file over the homeless decision making process, the making of home visits to clients housed in bed and breakfast establishments and the processing of housing benefit claims from clients housed in temporary accommodation. The audit also revealed some scope for further operational enhancements including the development of call-off contracts with private sector landlords; the raising of purchase orders for all Bed & Breakfast accommodation, and carrying out 6-monthly reviews of temporary accommodation charges to ensure that they reflect market prices.

It is hoped that the recent strengthening of resources within the Homelessness team will enable the required actions outlined above, to be taken to improve existing internal controls. In addition, the anticipated offer of accommodation units by Pedders Way Housing Association will reduce the need to use bed and breakfast accommodation as will the implementation of the various housing initiatives being adopted.

Housing Strategy

The review did not identify any issues of concern.   Controls were found to be operating satisfactorily in that all the recommendations made by the Audit Commission following their review in July 2005 were either being or had been addressed. The adoption of a Housing Strategy Action Plan (2005-2010); reviewed during 2006, was also evident.

Housing Repair Loans/Disabled Facilities Grants

Whilst no major issues of concern were noted, the review did highlight the absence of minuting quarterly Reporting Clinics used for monitoring the Key Performance Indicators over grant/loan activity. The Strategic Housing Manager acknowledged the need for these meetings to be minuted in future as evidence of ongoing review.

Recommendations

The number of recommendations made is shown overleaf.

Priority rating	Number of recommendations
High	5
Medium	4
Low	0

There were 5 high priority recommendations arising from this review as follows:

Homelessness

- Improved control is required over the recovery of charges due to the Council for clients placed in B&B and hostel accommodation. This should include a clear audit trail of actual cases, action taken to recover charges and evidence of independent check to confirm arrangements are in place and operating effectively.

- Housing Advisory Officers should ensure that supporting evidence is available on the case file when a decision on homelessness has been reached and that all necessary confirmations have been received. Once complete, all Housing Decision Summaries should be countersigned by a senior officer as evidence of independent review.

- The Authority should use call-off contracts with its private sector landlords or at the very least obtain documentary evidence of terms and conditions for each placement.

- Purchase orders should be raised for all Bed & Breakfast accommodation.

- Where possible, all applicants should be requested to repay their loans via Standing Order or Direct Debit. Nevertheless, whichever method of repayment is agreed with the applicant, Strategic Housing should liaise with Finance and agree a more robust system for recovering outstanding rent deposit loans both for existing loans and for new cases. This should include the production of monthly monitoring reports to be reviewed and signed off by either the Principal Housing Officer or Strategic Housing Manager to verify that action is being taken on all cases where applicants have defaulted on their repayments.

Latest Information on the Implementation of Agreed Recommendations

All 9 recommendations have been actioned.

With regards to the 5 "High" priority recommendations:

- A number of initiatives have been put forward to improve control over the recovery of charges due to the Council for clients placed in B&B and hostel accommodation which include:

  ➢ Provision of a bank Pay Point card to be given to clients;

  ➢ The debts to be recorded and monitored via the Council's Sundry Debtor's system; and,

  ➢ A hand delivered 'warning' letter to all clients more than two weeks in arrears.

- The Principal Housing Officer has confirmed that Housing Advisory Officers now ensure that supporting evidence is available on the case file when decisions are reached and that all necessary confirmations have been received.

- Service Level Agreements are being drawn up and will be circulated to the relevant Private Sector landlords. The agreements will include terms and conditions for each placement.

- Assurance has been given by the Principal Housing Officer that purchase orders are now raised for all B&B accommodation.

- Procedures are being drafted to cover the recovery of such loans.

Audit review of Housing and Council Tax Benefit

Report No. BRK/07/08 issued 9 May 2007

<div align="center">Management Summary (abridged)</div>

Audit Opinion

We evaluated the key expected controls contained in the Audit Brief and found that the design of the system of control and compliance with them was generally satisfactory.

We found no examples of incorrectly assessed or calculated claims in the samples selected and tested although did note a couple of cases where further evidence is required to confirm proof of capital (Key Control C, ref. C.5).

It is clear that the ARP is performing well, as indicated in its performance indicators, and that standards are being maintained despite the impact on resources in gearing up for the expansion of the Partnership from 1st April 2007.

However, some areas where improved control could be achieved were noted. Our main concern is the lack of any coverage in the existing Disaster Recovery Plan to ensure adequate arrangements are in place for the recovery of the DIP system (CAMINO) in the event of a major incident resulting in the loss of the system. This could result in the irrecoverable loss of data for supporting the majority of claims run on Academy. Therefore, management needs to address this as a matter of urgency and then to ensure arrangements are put in place for testing contingency arrangements in terms of data recovery.

Written procedures for post opening and for the receipt and return of valuables were enhanced during the course of the review and we have made recommendations that these and the procedures for the recovery and writing off of overpayments are included in the ACS Office manual, which is accessible to all staff as 'Read Only' and with amendments actioned through a controlled environment.

We have found two cases of overpayments amounting to £985 that were submitted to the Chief Accountant for write off in January 2007, but were later written back to the system, following subsequent receipt of payment. Whilst only 2 cases were involved, this does give some cause for concern since overpayments should not be submitted for write off unless all appropriate recovery action has been taken and, consequently, it has not proved possible to secure repayment of the debt.

We also established that formal training for all staff, completed on an annual basis, was overdue with the last training completed in January 2006. The impact with the expansion of the ARP in April 2007 has contributed to the slight delay with the training programme. Nevertheless, training needs to be completed soon to give some assurance that all staff are aware of current practices despite risks being mitigated with appropriate training given to all new starters and updates conveyed through regular team meetings.

System enhancements have been introduced in other areas during the course of the review including the recording of all fraud referrals rather than just those resulting in a fraud investigation and in the monitoring of HBMS data matching. Changes are also pending over the intervention process, effective from April 2007, following guidance issued by the DWP. However, there is still a need to fully utilise the Intervention facility on Academy which is still 'ongoing'.

Finally, further action is still required in relation to 2 outstanding agreed actions as detailed in the previous audit report issued in February 2006, before full compliance can be achieved with the DWP's Enablers.

Recommendations

The number of recommendations made is shown below.

Priority rating	Number of recommendations
High	1
Medium	9
Low	1

There was 1 high priority recommendation arising from this review, namely:

- Provisions need to be put in place, preferably through the Disaster Recovery Plan, to ensure adequate arrangements are in place for the recovery of the DIP system (CAMINO) in the event of systems failure or other loss of data. Furthermore, the new system should be programmed for testing, in terms of data recovery, at the earliest opportunity.

Latest Information on the Implementation of Agreed Recommendations

The timescale for the implementation of the agreed actions ranges from 31st May 2007 to 31st July 2007.   Follow up of the status of the recommendations will therefore be undertaken later in the financial year.

Audit review of Business Continuity and IT Disaster Recovery Planning

Report No. BRK/07/11 issued 14 May 2007

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Management Summary (abridged)

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Audit Opinion

The Council has made some progress in the area of business continuity and IT disaster recovery planning since our last audit review of arrangements but there is still considerable work to be done in this area.

An Emergency Response Plan has been documented and is supported by a draft Corporate Business Continuity Plan (BCP). A Business Continuity Plan has not been completed to cover IT services, although documentation is in place for invoking standby facilities for some key systems.

The challenge for the Council is to complete outstanding work in this area and pull together all plans to ensure a co-ordinated and coherent approach to business continuity and disaster recover across the organisation.

The audit identified seven areas for improvement, as detailed below:

- Completion of the Business Impact Analysis and IT risk assessment.

- The need to ratify the IT disaster recovery plan and support this with team based plans.

- The requirement to securely store the IT DRP once ratified.

- IT DRP responsibilities to be assigned to the IT team and other business units.

- Testing the IT DRP and business continuity plans.

- A more joined up approach to business continuity planning and IT DRP to ensure spheres of responsibility are clear and the necessary interfaces put in place.

- Protection for media being transferred to the remote storage facility.

Recommendations

The number of recommendations made is shown below.

Priority rating	Number of recommendations
High	5
Medium	2
Low	0

The recommendations rated as "High" were:

- The corporate Business Impact Analysis and IT risk assessments should be completed at the earliest opportunity.

- The Council should ratify an IT Disaster Recovery Plan and support this with team based plans.

- IT Disaster Recovery Plan responsibilities should be assigned to the IT Team and to other business units, supporting these staff with appropriate training.

- Once ratified, arrangements should be made for testing of the IT DRP and the BCP.

- The Civil Contingencies Officer and ICT Manager, working with Steria, should establish a programme that ensures respective spheres of responsibility are agreed

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and that necessary interfaces and relationships are put in place as part of a robust operational framework.

Business Continuity Planning was audited at Breckland DC in 2004 and this identified six High priority recommendations. Audit Follow Up work in September 2005 and January 2007 confirmed that four recommendations had been actioned but work was still ongoing to complete the remaining two.

Latest Information on the Implementation of Agreed Recommendations

The timescale for the implementation of the agreed actions ranges from July 2007 to October 2007.   Follow up of the status of the recommendations will therefore be undertaken later in the financial year.

BRECKLAND COUNCIL

OVERVIEW & SCRUTINY COMMISSION: 24 MAY 2007

REPORT OF THE CHIEF ACCOUNTANT & S151 OFFICER
 (Author: Mark Finch)

STATEMENT ON INTERNAL CONTROL

Summary: Members are requested to recommend the Statement on Internal Control and the review of the effectiveness of Internal Audit.

1.   **INTRODUCTION/BACKGROUND**

1.1   The Accounts and Audit Regulations 2003 introduced a requirement for local authorities to include a Statement on Internal Control (SIC) as part of the Annual Statement of Accounts. The scope of the SIC covers the broad range of the Council's corporate governance arrangements, including:

- Arrangements for establishing corporate objectives and priorities
- Risk identification and management
- Identification and evaluation of key controls.

Councils are required to undertake an evaluation of these arrangements and report in the SIC on gaps/weaknesses and plans for improvement. The statement is required to be considered by a committee. Should the internal control environment change in between the accounts being prepared and being published the SIC should reflect these changes.

1.2   The regulations were amended in 2006, and a requirement to review the effectiveness of Internal Audit was introduced. The Audit Manager provided self-assessment for this in her annual report, and this report comments on this aspect further. The review was carried out by the S151 Officer using this information as well as knowledge and evidence gathered throughout the year.

2.   **KEY DECISION**

2.1   This is not a key decision.

3.   **COUNCIL PRIORITIES**

3.1   This report is of a statutory nature and therefore does not specifically address the Council priorities.

4.   **THE STATEMENT ON INTERNAL CONTROL**

4.1   The statement (appendix A) has been prepared using evidence gathered internally while reviewing controls, as well as using the work of the internal auditor to review the operation of key controls, and findings from external audit reports. The SIC reflects the findings of this review, and recommendations for making the internal control environment more robust, as well as comments made by the Audit manager in her annual report.

4.2   The SIC is one of the statements included within the draft Statements of Accounts that will be presented to Council for approval in June 2007. Overview and Scrutiny Commission are requested to note the contents of the statement in its capacity to monitor the internal control environment of the authority, and to recommend to Council the Statement on Internal Control.

5. **REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT**

5.1 The Audit manager provided information in the annual report which explained key features of how internal Audit has been managed and highlighted the progress made in developing the service over the past year. The provision of the service has been challenging due to the original contract provider going into administration and the change of Contract Manager part way through the year. Initially there had been some delay in delivering the audit plan owing to the contractor having resourcing issues. However it should be recognised that the plan was completely delivered in time to inform the SIC, and quality issues caused by turnover were all resolved to the satisfaction of the Audit manager and Section 151 Officer.

5.2 CIPFA published a guide to the review of the effectiveness of the system of Internal Audit. This contained checklists (Appendix B) covering audit standards and characteristics of effectiveness and was used by the S151 Officer in his review of the service. The effectiveness of the service can also be measured by the way that managers have responded to audit recommendations, with 98.8% of recommendations being accepted, with issues being addressed within 2-5 months. This gives the Section 151 Officer great assurance in recommending the effectiveness of Internal Audit.

6. **OPTIONS AVAILABLE**

6.1 To accept the recommendations contained in this report on the Statement on Internal Control and the review of the effectiveness of Internal Audit
6.2 To add further comment to the statement on Internal Control and the review of the effectiveness of Internal Audit

7. **REASONS FOR RECOMMENDATION**

7.1 To approve the Statement on Internal Control
7.2 To approve the review of effectiveness of system of internal audit

8. **RECOMMENDATION(S)**

8.1 To note the report and approve:
- the Statement on Internal Control
- the review of the effectiveness of Internal Audit

8.2

Appendices: *Appendix A – Draft Statement on Internal Control*
Appendix B – CIPFA Code of Practice checklists

Scope of Responsibility

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

In discharging this overall responsibility, Breckland Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of Breckland Council's functions and which includes arrangements for the management of risk.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide 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 Breckland 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 efficiently, effectively and economically.

The system of internal control has been in place at Breckland Council for the year ending 31st March 2006 and up to the date of approval of the statements of accounts.

The internal control environment

Establishment of the authority's objectives – The Council's priorities and objectives were based on public consultation and local needs analysis. They blend local aspirations and needs with requirements placed on the Council through regional, county-wide and district plans. The Priorities and Objectives are detailed in both the Council's Business Plan 2004-2010 and the Annual Delivery Plan. The Business and Delivery Plans are part of the Best Value Performance Plan and they are also published on the council's website. The Annual Delivery Plan includes information on resources required to implement contributions to Council objectives Targets feed through into service Team Plans and on to individual performance targets.

Monitoring achievement against the Objectives and Performance Management – The Council has established a Performance Management Cycle that monitors both performance and the delivery of objectives:

- ❑ Weekly – Service managers one to one with Operations Manager
- ❑ Monthly – Operations Managers one to one with Chief Executive
- ❑ Monthly – Portfolio meeting with Executive Member where performance issues are raised by exception

This culminates in a quarterly Performance Clinic attended by the Chief Executive and Leader, along with the relevant executive members, Operations managers and staff from the portfolio. The outcomes from these clinics are reported to the Council's Overview and Scrutiny Commission. During 2005-2006 the 'Hothouse Panel' was introduced to monitor progress on key targets that had been referred to it from the Performance Clinics. The panel able to focus on more detail than the quarterly clinic.

Typical issues covered are:
- ❑ Council Objectives and Delivery Plans
- ❑ BVPI's
- ❑ Local indicators

- ❑ Contract performance
- ❑ Progress against projects
- ❑ Complaints and compliments
- ❑ Any other issues

The council has developed its performance management system using the TEN system. This mirrors the Annual Delivery Plans, ensuring that nothing slips through the net. The Council's Performance Management Strategy details the process further.

Achievements are reported to citizens through the Best Value Performance Plan and through the Council's magazine "Voice", issued quarterly to every household in the district.

Policy and decision making – The policy framework is defined in the constitution, which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent, and accountable to local people. Decisions within this framework are required to proceed through Cabinet and full Council for approval, with the Overview and Scrutiny Commission having call in powers to examine decisions. The Executive (Cabinet) has delegated authority to determine policies outside of the framework. Formal procedures ensure that the framework is embedded throughout the authority and that key decisions are included on a forward plan with proper consideration of Council priorities, financial implications, and policies and strategies. All executive decisions are recorded in a decisions digest, with formal minutes being available for public inspection. It is the function of the Monitoring Officer to ensure compliance with established policies, procedures, laws and regulations, in conjunction with the Head of Paid Service and Chief Financial Officer.

Corporate Governance – Breckland has adopted a local code of corporate governance in accordance with the CIPFA/SOLACE Keystone for Community Governance. CIPFA/SOLACE are looking to update their guidance during 2007-2008, having considered an earlier consultation exercise. Breckland will need to keep a close watch on developments and update its own code of corporate governance accordingly.

A full review of the constitution was carried out during the previous year, culminating with the adoption of a new constitution on 30th March 2006. More recently the constitution has been reviewed to reflect changes in structure and political make-up to ensure that it remains up to date.

Risk management – Breckland has adopted a strategy to manage its risk. It has developed the TEN system to list the key strategic risks it considers it faces along with the actions planned or taken to mitigate these risks. A 'Risk Champion' group has been set up to follow up actions, and continue to develop and maintain the register. Risk logs are also being used to manage the risks for key projects and partnerships, along with other project management techniques. Service continuity plans are reviewed and updated to address key operational risks.

Financial Management - Internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the Council. In particular, the system includes:

- ❑ Regular reviews of periodic and annual financial reports which indicate financial performance against the forecasts
- ❑ Setting targets to measure financial and other performance
- ❑ The preparation of regular financial reports, which indicate actual expenditure and income against forecasts
- ❑ Clearly-defined capital expenditure guidelines

The Council has designated the Chief Accountant as Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972. The Council has in place a medium-term financial plan, which is updated annually, to support the medium-term aims of the Business Plan.

The internal audit function is delivered by an external supplier through a partnership arrangement with Broadland and South Norfolk Councils, with South Norfolk managing the contract. The Overview and Scrutiny Commission approves the plan and reviews progress against on a half-yearly basis. The reports of all audits are also presented to Overview and Scrutiny Commission in their half-yearly performance report. Internal audit work is carried out in accordance with the "Guidance for Internal Auditors" issued by the Auditing Practices Board of the Consultative Council of Accountancy bodies using appropriate audit techniques. Further work highlighting the progress made in developing the internal audit service is highlighted in the Audit Managers report presented to the Overview and Scrutiny Commission, which has also considered the effectiveness of the internal audit function.

Best Value - Best Value is built into the day to day processes of the Council. The Council's Procurement Strategy further details the processes required to secure continuous improvement, and the securing of the most economic, effective and efficient service delivery. This strategy was given a major overhaul during to year to align it more closely with the National Procurement Strategy. The Council is currently in the process of a Strategic Service Delivery Partnership exercise which involves working closely with the private sector to deliver Breckland's services.

The Council is already working in partnership with other local authorities to deliver improved services for benefits and revenues and internal audit, achieving efficiency savings. In October 2006 Breckland entered into a strategic partnership to support the Council's business transformation programme which focuses on excellence in customer service, value for money for residents and developing opportunities to trade commercially.

Review of effectiveness

Breckland Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the authority who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates. A systematic review of internal controls is periodically performed during the year with senior managers assisting the process by completing assurance statements.

In addition to the ongoing work described in the section above that is carried out by officers, members, and committees, a separate review of the systems of internal control was conducted by internal audit. It drew on internal audit coverage during the year, and assessed the main findings of completed audits, in particular following up on 'High Priority' recommendations. The review also covered an evaluation of key system controls not covered by the internal audit programme during the year, with the objective of identifying possible significant weaknesses in internal controls.

We have been advised on the implications of the result of the review of the effectiveness of the system of internal control, and a plan to address weaknesses and ensure continuous improvement of the system is in place. However, the review has concluded that the overall standards of internal control were satisfactory during 2006/2007 and that there were no instances in which internal control problems created significant risks for council activities or services.

Significant control issues

Following an earlier review of the Council's risk management arrangements a new risk management strategy was adopted. While senior management recognise that further work is required to embed risk management across the authority it is encouraging to note that the importance of risk management is now being recognised and is gaining support. Steps have been taken to develop the TEN system to record and monitor strategic risk, with this being aligned with the performance framework to improve its effectiveness.

A review of the internal control processes was carried out by internal audit during May 2007, to establish whether assurance has been obtained for all key controls operating during the financial year. While the majority of key controls were identified as being satisfactory, the auditor was unable to verify that some of the payroll controls were in place at the time of the review. As the payroll system is run by an external provider the auditor was unable to confirm the hierarchical access controls or the audit arrangements of the contractor. We will ask the contractor to confirm their controls and audit arrangements.

The internal auditor was also unable to provide assurance with regard to the key controls for sample testing of daily amendments (generating exemptions/discounts/relief) in relation to Council Tax/Council Tax Benefits. New controls will be introduced as part of the action plan that will be implemented shortly.

A number of high priority recommendations have been made relating to systems audits where draft and/or final audit reports have been issued after 31 March 2007.   These reports are in draft form at the moment and management are in the process of agreeing an action plan to implement the recommendations. The Housing and Council Tax Benefit report identified the need to put in place adequate arrangements for the recovery of the document imaging system. Council Tax and NNDR made recommendations covering the following areas – the weekly reports for monitoring relief cases, refunds, transfers, suppression activity and arrears recovery activity are signed off by the CT Billing and Recovery Manager; composite properties in the Council Tax list should be agreed to the NNDR list; VO lists should be processed and reconciled in a timely manner and signed off by a reviewing officer; existing discrepancies between the VO list and the Council's database should be invested and corrected; reconciliations between the Council tax/NNDR system and the finance system should be completed and independently verified within a week of the period end date; introduction of a control to ensure recovery action suppressed by the NNDR Manager is independently reviewed; implement a formal write-off policy; Copies of reports, duly signed off by the respective CT Billing and Recovery Manager, should be retained to confirm regular independent review of transfers either between accounts or within accounts; independent checking of all transfers processed by the NNDR Manager. A review of the Anglia Revenues Partnership management arrangements recognised the need to formally agree the external audit arrangements with the Audit Commission covering the cessation of the original partnership agreement, and put in place arrangements for the production and audit of the accounts for the new partnership agreement.

CIPFA Checklist – Code of Practice Standards

1. Scope of internal audit
  • Terms of reference
  • Scope
  • Responsibilities in respect of other organisations
  • Fraud and corruption

2. Independence
  • Organisational independence
  • Status of head of internal audit
  • Independence of individual internal auditors
  • Independence of internal audit contractors
  • Declaration of interest

3. Ethics:
  • Integrity
  • Objectivity
  • Competence
  • Confidentiality

4. Audit Committee
  • Purpose of the Audit Committee
  • Internal audit's relationship with the Audit Committee
N.B. In Breckland's case the work of the Audit Committee is effectively covered by OSC

5. Relationships
  • with management,
  • with other internal auditors
  • with external auditors
  • with other regulators and inspectors
  • with elected Members

6. Staffing, training and development

7. Audit Strategy and Planning

8. Undertaking Audit Work
  • Planning
  • Approach
  • Recording and Assignments

9. Due professional care
  • Responsibilities of the individual auditor
  • Responsibilities of the Head of Internal Audit

10. Reporting
  • Reporting on audit work
  • Annual reporting

11. Performance, quality and effectiveness
  • Principles of performance, quality and effectiveness
  • Quality assurance of audit work
  • Performance and effectiveness of the internal audit service

CIPFA Checklist – Characteristics of Effectiveness

- Understand its position in respect to the organisation's other sources of assurance and plan its work accordingly.

- Understand the whole organisation, its needs and objectives.

- Be seen as a catalyst for change at the heart of the organisation.

- Add value and assist the organisation in achieving its objectives.

- Be involved in service improvements and projects as they develop, working across internal and external boundaries to understand shared goals and individual obligations.

- Be forward looking – knowing where the organisation wishes to be and aware of the national agenda and its impact.

- Be innovative and challenging – shaping the values and standards of the organisation; providing internal inspection and validation and encouraging service managers to take ownership of processes, systems and policy.

- Ensure the right resources are available – the skills mix, capacity, specialism and qualifications/experience requirements all change constantly.

BRECKLAND COUNCIL

At a Meeting of the

POLICY DEVELOPMENT AND REVIEW PANEL 2

Held on Friday, 13 April 2007 at 9.30am
In the Council Chamber, King's House, King Street, Thetford

PRESENT:

Joel, Mr. A. P (Chairman)	Matthews, Mrs. S. M.
Bambridge, Mr. S.G.	Monument, Mrs. L. H
Carrick, Mr. J. F.	Mortimer, Mr. D.G.
Jordan, Mr. C.R.	Paines, Mrs. T.

IN ATTENDANCE:

Broughton, Mr. M.	- Scrutiny Officer
Collison, Mr. J.	- Web Officer
Jibril, Mr. M.	- ICT Project Manager
Kerry, Miss. M.	- Senior Policy Officer
McGrath, Mr. S.	- Principal Committee Officer

ALSO IN ATTENDANCE:

Ambrose, Mr. K.	- Ambrose Associates Consultancy Limited

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18/07 **MINUTES (AGENDA ITEM 1)**

The minutes of the meeting held on 19 March 2007 were agreed as a correct record and signed by the Chairman.

19/07 **APOLOGIES (AGENDA ITEM 2)**

An apology for absence was received from The Earl Cathcart.

20/07 **LOCAL STRATEGIC PARTNERSHIP INCLUSION STRATEGY – PROGRESS REPORT (AGENDA ITEM 6)**

Members gave consideration to the report from the Senior Policy Officer on the work being undertaken to develop a Social Inclusion Strategy for the Local Strategic Partnership for Breckland.

The Senior Policy Officer reminded Members that in January 2007, the Council had appointed Ambrose Associates Consultancy Limited to develop a Social Inclusion Strategy for the Local Strategic Partnership. Breckland Council was leading on this project, which should be completed by the end of Summer 2007. It was vital that the proposed Strategy was relevant to, and "owned" by, the many local groups and agencies involved in working for the excluder.

The project's aim was to produce a five year Social Inclusion Strategy to define how the Local Strategic Partnership would tackle the reasons why disadvantaged groups and individuals were excluded and to enable the

Local Strategic Partnership to work in partnership to reduce the efforts of social exclusion and social disadvantage.

The project's objectives are:-

- To produce an effective Strategy that sets the context for ensuring that all Breckland residents are empowered to participate in society on equal terms;

- To produce clear high level outcomes for the delivery of the strategy;

- To recognise each LSP's partner's role in the production and adoption of the Strategy;

- To consult local representative groups, agencies and individuals as specified by the primary contact.

Members then welcomed Mr Kevin Ambrose from Ambrose Associates Consultancy Limited who had been invited to the meeting to report on progress and answer any questions the panel had with regard to the development of the strategy.

Mr Ambrose informed Members that he was currently building up a picture of social exclusion in Breckland by engaging with the community. This was enabling him to identify the principle stakeholders and key stages in the process. A project plan was currently being devised, incorporating the meeting schedule of the main decision makers within the Local Strategic Partnership. With regard to the development of a Consultation Strategy, work was continuing to decide who needed to be involved and a timetable for the consultation was being finalised. Arrangements would then need to be made for monitoring progress on the delivery of the action plan.

With regard to engaging with community groups, a survey of the main local organisations had now been completed. Meetings had also been held with the people actively working with the excluded. Three workshops were also due to be held in Dereham, Swaffham and Thetford shortly to engage with groups and individuals involved in this work.

Mr Ambrose explained that the first draft of the Strategy and Action Plan would be produced by early May 2007. The key findings would then be circulated to key consultees with a view to the Strategy and comments being considered by the Local Strategic Partnership and Breckland Council committees during May to June 2007. The final version of the Strategy and Action Plan would then be re-circulated for consideration in July 2007.

The issues to be addressed by the Strategy are:-

- Nature of exclusion in Breckland;

- Gaps in current provision;

- Identifying responsibilities for plugging in gaps;

- Role of Local Strategic Partnership;

- Identification of main actions required (with timescale and responsibilities determined);

- "Handing over the baton" from the Consultant to the Local Strategic Partnership.

During discussion of the presentation and report, Members made the following comments:-

- There is as much deprivation in villages as in other areas – *Mr Ambrose acknowledged this and explained that the Rural Community Council had recently undertaken a piece of work to prove this issue. Although the headline figures identify concentrations of deprivation in urban areas such as Thetford, there are a similar number of cases in rural areas but these are dispersed. He confirmed that this would be shown and actioned in the Strategy.*

- A Member reported that some organisations dealing with excluded people might receive a funding cut from Norfolk County Council due to budget cuts. Concern was expressed at this possibility when social exclusion was an increasing trend in the community. – *Mr Ambrose reported that funding for voluntary groups was a key issue as well as the lack of volunteers. He explained that he was trying to get information on the amount of public money being spent on social exclusion. However, this funding was being spent on dealing with the implications of social exclusion rather than tackling the causes of the problem. It was hoped that the Social Inclusion Strategy could get a debate going on the causes of social exclusion as that would be a major success. Members were informed that the Primary Care Trust was also cutting funding to voluntary groups as part of its budget cut process. This should be undertaken against targets rather than cutting funding indiscriminately. Mr Ambrose reminded Members that all the budget holders were members of the Local Strategic Partnership and a discussion at that body might be useful as it would help them consider the implications of their decisions on any cuts they propose.*

- The lack of transport in both urban and rural areas is a major problem. In addition, poverty, unemployment and poor housing also exacerbate the problem. – *Mr Ambrose explained that the key was to provide services to people which they could access in their locality.*

- Some concern was expressed that the various meetings and workshops which were being held to consider the Social Inclusion Strategy were not engaging with the people who were having problems. In addition, some people had chosen to exclude themselves and do not wish to be involved with general society. – *The Senior Policy Officer explained that the workshops were being widely publicised, including in the local media, but she did acknowledge that socially excluded people were hard to reach. In addition, some of them were suspicious of public bodies so these people were being approached through third party voluntary organisations to encourage them to attend and also identify the reasons why they were excluded. Finally, the agencies who work*

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with socially excluded people were also being asked to provide feedback on what those individuals were saying to them so that this could be incorporated into the Strategy.

- A Member expressed concern that he was not confident that the issues of rural deprivation were being dealt with. He explained that there were children in many villages in Breckland which had no playgroup, second rate schools, lack of local youth clubs, older people who cannot go out shopping, lack of buses, single parents and lack of night life. Although some issues in towns were being dealt with, maybe not adequately enough, the rural areas were being left behind. – *Mr Ambrose explained that all the organisations dealing with the social exclusion had been contacted and their input requested. He reminded Members that the Strategy was the start of the process and that rural deprivation would be a key thing throughout it. He acknowledged that there was a need to provide more buses and transport in rural areas and this could be discussed between the main agencies involved. Discussions had been held with the transportation department at Norfolk County Council about rural transport and, in particular, how these can be made more effective (e.g. community car scheme). With regard to this scheme, the lack of volunteers and funding were key issues. The scheme might encourage more volunteers if the payments were more lucrative to the drivers as they currently only cover the cost of petrol.*

- Members expressed concern that the language barrier, educational attainment and public sector bureaucracy could also be a problem which makes people socially excluded. Although this could be very costly to overcome, services needed to be made available to people speaking different languages otherwise they would become socially excluded by default.

- A Member commented that it was essential that the action plan be monitored to ensure that it was being delivered.

- A Member queried whether funding would be available to deliver the action plan as it was likely to require significant resources. – *The Senior Policy Officer replied that all the projects in the action plan would be submitted through the project management software which would identify the resources required to deliver them. None of the projects would be included within the action plan without the necessary resources being available to deliver them. Whilst Breckland Council might be a lead agency, the project would be owned by the Local Strategic Partnership and that body would be required to deliver them.*

It was then

> **RESOLVED** that the progress on developing the Local Strategic Partnership Social Inclusion Strategy be noted.

21/07   REVIEW OF THE COUNCIL WEBSITE AND INTRANET (AGENDA ITEM 7)

Members gave consideration to the report from the ICT Manager on the external assessment of the Council's website by Socitm "Better

Connected". The ICT Project Member reminded Members that the Council's website had been subject to a major revamp at the end of 2006. At Breckland Council, the operation and development responsibilities were distributed between:-

- ICT Service – for technical construction;

- Communications – for overall development direction;

- Individual Services – for content.

Each month, the authority's website is subjected to independent scrutiny by a company called Sitemorse. This specialist company provides a monthly assessment of public sector websites. Their approach was to make an automated assessment using a special computer programme that submits the website to a series of technical appraisals. This approach develops a score which is used as a means of ranking each local authority.

In addition, since 1999, the Society of Information Technology Management (Socitm) had conducted an annual survey of all local authority websites. Their results are published each March in a report called "Better Connected". This document had recently been published and an initial summary of that document and it's assessment of Breckland Council's website was contained in the appendix to the report.

The ICT Project Manager then took Members through the scores and rankings allocated to the Breckland Council website from Sitemorse and Better Connected, as detailed in the report, and explained that the main areas for improvement were the content on the website and by making it more interactive. It was proposed that the web editors group discuss these reports and produce an action plan which would prioritise the areas for improvement.

During consideration of the report, Members made the following comments:-

- The overall appearance of the website is very good.

- Sometimes, the content can be difficult to find. In particular, it is extremely difficult to find information about planning applications and that is one area which requires improvement. In addition, the web editors should bear in mind the information which the public wants to access rather than the information they wish to make available.

- A Member enquired how close the Council was with regard to making the website more interactive – *The ICT project Manager explained that this work would be completed within the next few months. Although he was reluctant to place a date on it, due to changing work commitments, the Council site should be transactional by late summer 2007. He explained that the purpose of making the website more transactional was that the public could be empowered more to utilise the Council services at their own convenience rather than in office hours when staff are available. In any event, the more queries which could be handled through the website would obviously reduce the number of calls*

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into the office thereby allowing the back office staff to concentrate on other work rather than answering telephone calls.

- A Member expressed concern that there appeared to have been little progress on updating content since the launch of the website last year. Breckland Council has prided itself over the years on being an innovative authority. It therefore appeared obvious that a significant amount of work needed to be undertaken on the website to improve the content and also the accessibility of the information. It was also suggested that a new section on "frequently asked questions" be added to the homepage and that this list be adjusted according to the information being requested through the website and the customer contact centre.

Mike Tuck/
Mutairu
Jibril

- A Member enquired why the web editors were not updating the content on the website – *the ICT Project Manager informed Members that the web editor role was not built into the web editors job descriptions and, in some services, other work commitments are taking a priority.*

- A Member commented that South Norfolk Council had the best website in the country, according to the inspection, and enquired whether Breckland Council was discussing areas of best practice with them – *the ICT Project Manager confirmed that a representative from the communications team had met with officers from South Norfolk Council and had brought back a number of areas of best practice which would be shared with the web editors at their meeting shortly.*

RESOLVED

1. That the report be noted.

2. That the proposal for development of an improvement plan be endorsed and this improvement plan be considered at the next meeting of this panel.

Mutairu
Jibril

3. That the ICT Manager be asked to discuss the possibility of incorporating the role of web editor in the job descriptions of the members of staff concerned with the Operational Management Team and report back to a future meeting of this Panel.

Mike Tuck

22/07   WORK PROGRAMME (AGENDA ITEM 8)

Members gave consideration to the proposed work programme and meeting schedule for Policy Development and Review Panel 2, as detailed in the report.

At the request of the Scrutiny Officer, it was agreed to remove the item on Community Partnerships from the future Work Programme.

23/07 **VOTE OF THANKS (ADDITIONAL ITEM)**

The Chairman concluded the meeting by asking that the Panel's thanks and appreciation be recorded in the minutes to Earl Cathcart, John Carrick and Thelma Paine who were standing down from the Council after numerous years' service. All three Members were then wished the very best for the future.

24/07 **DATE OF NEXT MEETING (AGENDA ITEM 9)**

It was agreed that officers should determine the next meeting date for Policy Development and Review Panel 2 bearing in mind the Work Programme and the need to fit into the Council's committee meeting schedule.

Mark Broughton

The meeting closed at 11.10 am.

CHAIRMAN

BRECKLAND COUNCIL

At a Meeting of the

PROJECT CREATE TASK AND FINISH PANEL

Held on Monday, 14 May 2007 at 2.00 pm in
Norfolk Room, Conference Suite, Elizabeth House, Dereham

PRESENT
Mr J.P. Cowen (Chairman)   Mr P.J. Duigan

Also Present
Mrs S.R. Howard-Alpe   Mr J.P. Labouchere

In Attendance
Margaret Bailey	-	Business Transformation Manager
Phil Daines	-	Development Services Manager
Mark Finch	-	Chief Accountant
Colin Fleet	-	Organisational Development Manager
Andrea Long	-	Environmental Planning Manager
Mark Stokes	-	Business Transformation Director & Acting Deputy Chief Executive
Elaine Wilkes	-	Senior Committee Officer

Action By

1/07 MINUTES

The minutes of the meeting held on 13 December 2006 were confirmed as a correct record and signed by the Chairman.

2/07 APOLOGIES

Apologies for absence were received from Mr. A. Byrne and Mr. R.F. Goreham.

3/07 DECLARATION OF INTEREST

The Chairman declared a personal interest in agenda item 8 by virtue of his profession as an architect.

4/07 NON-MEMBERS WISHING TO ADDRESS THE MEETING

The following members were present in regard to agenda item 8:
- Mrs S.R. Howard-Alpe
- Mr J.P. Labouchere

5/07 NEXT MEETING

No future meeting date was set.

6/07 EXCLUSION OF PRESS AND PUBLIC

RESOLVED that under Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business on the grounds that it contains exempt information as defined in paragraph 3 of Part I of Schedule 12A to the Act.

Action By

7/07   PROJECT CREATE

Mr John Layton, the Council's technical and commercial adviser, was in attendance for this item.

(a)   Planning and Building Control

A presentation on the options set out in the report concerning Planning and Building Control Services had been given jointly to the Panel and Cabinet preceding the meeting.

The presentation outlined two alternative approaches and a detailed comparison of the options was considered.

The following key issues were highlighted:

◊   The importance of ensuring that, irrespective of the company set up, there was no loss of service or key officer resource arising from any client side requirements for a responsible officer to be appointed for signing-off planning applications etc.

◊   It would be critical to the success of the venture that proven ICT support systems were in place before the start of any new company (e.g. a document imaging system).

◊   The need for confirmation of any outstanding legal issues.

Subject to the points highlighted above, the Panel

RECOMMENDED to Cabinet that the Council

(1)   approve the payment of £38,000 plus expenses for the Full Business Case;

(2)   approve that a wholly-owned Breckland Company and, if necessary, a separate trading company, is set up to deliver planning and building control services and other products and services as appropriate;

(3)   approve that capital funding of up to £100,000 is released and that a loan of up to £200,000 is made to the Company on the understanding it is released in accordance with the details in the proforma B;

(4)   subject to job evaluation, the wholly-owned Company should appoint a new Manager.

(b)   HR and Payroll

The Organisational Development Manager presented the report and explained that, whilst it was recommended that the Council did not proceed to Full Business Case stage as part of the

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existing Foundation Business Case process, it was considered that the Council should explore other opportunities for building the HR and Payroll platforms for shared services.

Members supported the proposals and accordingly

RECOMMEND to Cabinet that

(1)   the Council does not proceed to Full Business Case; and

(2)   the Council continues to explore shared services in HR and Payroll whilst continuing to build a platform for HR and Payroll and keeps the dialogue with Capita open to explore what partnership arrangements may be available through the framework contract.

(c)   **Future Trading Architecture**

This item had been presented jointly to the Panel and Cabinet preceding the meeting.

Two options were considered:

- o   Option A – A holding company approach
- o   Option B - The alternative approach (the recommended option)

The Panel supported the recommended alternative approach, subject to confirmation of the legal advice.

RECOMMEND to Cabinet that option 3.2 of the report, that the Council implements the alternative approach and does not set up a Holding Company and that associated costs are funded from existing Create budget allocations, is approved.

(d)   **Gateway Review**

The Chief Accountant informed members of the Auditor's recommendations arising from the draft report on the gateway review, which covered the following areas:

(i)   ICT support
(ii) Availability of necessary resources
(iii) Project development team
(iv) Budget reporting and plans
(v) Risk register

These were all anticipated issues and plans were in hand to deal with them.

The position was noted.

The meeting closed at 4.00 pm

CHAIRMAN