



Exeter City Council

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AGENDA FOR
EXETER CITY COUNCIL
SCRUTINY COMMITTEE - RESOURCES

The Scrutiny Committee - Resources will meet on **WEDNESDAY 25 NOVEMBER 2009**, commencing at **5.30 pm**, in the Rennes Room, Civic Centre, Paris Street, Exeter to consider the following business. If you have an enquiry regarding any items on this agenda, please contact Sarah Selway, Member Services Officer on **Exeter 265275**.

Entry to the Civic Centre can be gained through the Customer Service Centre, Paris Street.

Pages

Part I: Items suggested for discussion with the press and public present

1

MINUTES

To sign the minutes of the meeting held on 16 September 2009.

2

DECLARATIONS OF INTEREST

Councillors are reminded of the need to declare personal and prejudicial interests, including the nature and extent of such interests, in relation to business on the agenda, before any discussion takes place on the item. Councillors requiring clarification should seek the advice of the Monitoring Officer prior to the day of the meeting.

3

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 -
EXCLUSION OF PRESS AND PUBLIC

RESOLVED that, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of items 21 and 22 on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 1, 3 and 4 of Part I, Schedule 12A of the Act.

4 **QUESTIONS FROM THE PUBLIC UNDER STANDING ORDER 19**

A period of up to 15 minutes will be set aside to deal with questions to the Committee from members of the public.

Details of questions should be notified to the Assistant Chief Executive at least three working days prior to the meeting. Further information and a copy of the procedure are available from Member Services (265275) also on the Council web site: <http://www.exeter.gov.uk/scrutinyquestions>

5 **QUESTIONS FROM MEMBERS OF THE COUNCIL UNDER STANDING ORDER 20**

To receive questions from Members of the Council to appropriate Portfolio Holders.

6 **ANNUAL AUDIT LETTER - 2008/09**

The Council's External Auditor, Grant Thornton, will present the letter to Members – 1 - 18
letter attached

7 **USE OF RESOURCES 2009 - FINDINGS AND CONCLUSIONS**

The Council's External Auditor, Grant Thornton, will present the report to Members – 19 - 66
report circulated

8 **THE LEADER TO PRESENT HIS HALF YEARLY REPORT**

Councillor Fullam (Leader and Portfolio Holder for Budget and Strategic Vision) will present his verbal half yearly report on the Scrutiny Committee work programme.

PERFORMANCE MANAGEMENT

***MEMBERS ARE REQUESTED TO ADVISE THE MEMBER SERVICES OFFICER OF ANY QUESTIONS OR ISSUES ON PERFORMANCE MONITORING REPORTS BY 9.00 AM ON THE DAY OF THE MEETING.**

9 **AIM PROPERTY MAINTENANCE PROGRESS 2009/10***

To consider the joint report of the Head of Contracts and Direct Services, Head of Housing Services, Head of Treasury Services and Head of Estates - *report circulated (Monitoring Schedule available on request and on the Internet).* 67 - 68

10	<u>PERFORMANCE MONITORING 2009/10*</u>	
	To consider the report of the Director Corporate Services – <i>report circulated</i>	69 - 74
11	<u>RESOURCES SCRUTINY STEWARDSHIP TO SEPTEMBER 2009*</u>	
	To consider the report of the Head Treasury Services - <i>report circulated</i>	75 - 78
12	<u>CORPORATE COMPLAINTS MONITORING*</u>	
	To consider the report of the Assistant Chief Executive - <i>report circulated</i>	79 - 86
<u>MATTERS FOR CONSIDERATION BY THE EXECUTIVE</u>		
13	<u>CAPITAL MONITORING STATEMENT</u>	
	To consider the report of the Head of Treasury Services - <i>report circulated</i>	87 - 104
14	<u>OVERVIEW OF THE GENERAL FUND REVENUE BUDGET 2009/10</u>	
	To consider the report of the Head of Treasury Services - <i>report circulated</i>	105 - 112
15	<u>ANNUAL STATEMENT OF MINIMUM REVENUE POSITION</u>	
	To consider the report of the Head of Treasury Services – <i>report circulated</i>	113 - 116
16	<u>TREASURY MANAGEMENT HALF YEAR REPORT 2009/10</u>	
	To consider the report of the Head of Treasury Services – <i>report circulated</i>	117 - 120
17	<u>HOUSING BENEFITS STAFFING</u>	
	To consider the report of the Head Treasury Services - <i>report circulated</i>	121 - 122
<u>MATTERS FOR CONSIDERATION BY SCRUTINY COMMITTEE - RESOURCES</u>		
18	<u>INTERNAL AUDIT WORK - 1ST HALF YEAR 2009/10</u>	
	To consider the report of the Head of Audit - <i>report circulated</i>	123 - 128

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RISK MANAGEMENT

To consider the report of the Head of Audit - *report circulated*

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SCRUTINY COMMITTEE RESOURCES - BUDGET WORKING GROUP

To appoint four members to the all party working group Scrutiny Resources – Budget Working Group which will review the budget savings proposals for 2010/11.

Councillor Coates and Councillor D. J. Morrish as Chair and Deputy Chair of Scrutiny Committee – Resources will be members of the group. The Labour and Liberal Democrat Groups will each need to appoint a representative to the group from their Members on Scrutiny Committee – Resources.

This Working Group will meet on Tuesday 1 December 2009 at 2.00pm in Bad Homburg.

PART II: ITEMS SUGGESTED FOR DISCUSSION WITH THE PRESS AND PUBLIC EXCLUDED

MATTERS FOR CONSIDERATION BY THE EXECUTIVE

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INFORMATION MANAGEMENT STAFFING

To consider the joint report of the Head of Corporate Customer Services and Head of IT Services on the proposal to restructure this service – *report circulated to members*

157 - 164

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RAMM PROJECT PROGRESS REPORT

To consider the report of the Head of Leisure and Museums – *report circulated to members*

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DATE OF NEXT MEETING

The next **Scrutiny Committee - Resources** will be held on Wednesday 27 January 2010 at 5.30 pm

FUTURE BUSINESS

The schedule of future business proposed for this Scrutiny Committee and other Committees of the Council can be viewed on the following link to the Council's website: <http://www.exeter.gov.uk/forwardplan>
Councillors can view a hard copy of the schedule in the Members Room.

Membership -

Councillors Coates (Chair), D J Morrish (Deputy Chair), M A Baldwin, P J Brock, Choules, R M Hannaford, Hobden, Martin, Noble, Prowse, Shepherd, Thompson and Wardle

Find out more about Exeter City Council services by looking at our web site <http://www.exeter.gov.uk>. This will give you the dates of all future Committee meetings and tell you how you can ask a question at a Scrutiny Committee meeting. Alternatively, contact the Member Services Officer on (01392) 265275 for further information.

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Exeter City Council

Annual Audit Letter 2008-09

November 2009

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1 Introduction and key messages

Purpose of this letter

- 1.1 This annual audit letter summarises the key issues arising from the work that we have carried out at Exeter City Council ('the Council') during our 2008-09 audit. The letter is written in an accessible style, designed to communicate our key messages to the Council and external stakeholders, including members of the public. The letter will be published on the Council's website.

Responsibilities of the external auditors and the Council

- 1.2 This letter has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission (www.audit-commission.gov.uk).
- 1.3 We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England. As external auditors, we have a broad remit covering finance and governance matters.
- 1.4 Our annual work programme is set in accordance with the Code of Audit Practice issued by the Audit Commission. Our work considers the Council's key risks when reaching our Code of Audit Practice conclusions.
- 1.5 It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

What this letter covers

- 1.6 This letter covers our 2008-09 Code audit, including key messages and conclusions from our work in:
- auditing the 2008-09 financial statements (section 2); and
 - assessing the Council's arrangements for securing economy, efficiency and effectiveness in the use of its resources (section 3).
- 1.7 We have not repeated the recommendations agreed with the Council during the year in this letter. A list of the reports that contain these recommendations can be found at appendix A.

Key messages for the Council

- 1.8 We issued an unqualified audit opinion on the Council's financial statements. The Council's finance team continues to respond positively to recommendations arising from our work and has delivered good quality financial statements in 2008-09. The Council is also making good progress against its plans for the implementation of International Financial Reporting Standards and has worked closely with us during the year to discuss emerging accounting and technical issues.
- 1.9 We issued an unqualified audit opinion on the Council's arrangements to secure value for money. For 2009-10, the Council needs to build on its use of resources scores and increase the focus on demonstrating clear outcomes. The following actions should be considered to improve arrangements further in 2009-10:
- develop its understanding of costs, compared to other organisations, and demonstrate robust challenge and actions to address high cost areas and improved value for money throughout the organisation;
 - ensure that Service Improvement Portfolios (SIPs) are implemented consistently across the Council's service areas to enable the Council to plan and manage its financial and operational performance in a more integrated way. Workforce plans should support this; and
 - ensure that operational risk registers are prepared and formalised for all service areas to ensure that the risks to delivering operational objectives and achievement of service plans are identified.
- 1.10 The context for these key messages can be found in this letter and management has agreed to implement our recommendations in these areas.

2 Audit of accounts

Introduction

- 2.1 We issued an unqualified opinion on the Council's 2008-09 accounts on 23 September 2009, in accordance with statutory timescales. Our opinion confirms that the accounts for the Council and its Group present fairly, the financial position of the Council as at 31 March 2009 and its income and expenditure for the year then ended.
- 2.2 Prior to giving our opinion on the accounts, we are required to report significant matters arising from the audit to "those charged with governance" (which was determined as the Final Accounts Committee). We presented our annual report to those charged with governance to the Final Accounts Committee on 23 September 2009 and summarise only the key messages in this letter.

Audit of the accounts

- 2.3 The Council prepared good quality financial statements, in line with statutory requirements. A number of presentational audit adjustments were required to the accounts, in particular relating to the presentation of the Housing Revenue Account balances in the Income and Expenditure account and the accounting for impairments of non operational assets, however none of these amendments affected the reported revenue outturn position for the year. The key actions identified from our work are set out below:
- the Council had not prepared a statement to set out its methodology and approach for 2007-08 and 2008-09 in determining a Minimum Revenue Provision for approval by members. This is required to demonstrate that the Council has made prudent provision for the financing of future capital expenditure. This should be subsequently undertaken each year, as part of the budget setting process. The Council plans to address this through the November 2009 committee reporting cycle; and
 - the group accounts included consolidated subsidiary accounts that had not been approved by their Board. The Council worked hard to rectify this issue to enable them to approve their accounts on 23 September 2009. Plans are in place to ensure that all subsidiary accounts that are to be consolidated into the Councils group accounts are approved prior to final approval by the Council within the 30 September deadline in future years.
- 2.4 Our annual report to those charged with governance reported one unadjusted item, which did not materially affect the accounts. This related to the valuation of the net pension assets undertaken by the Actuary that was estimated by the auditors of the

pension fund to be £508,000 higher than those assumed by the Council's actuarial report.

Financial performance

- 2.5 The Council has managed a challenging financial position during 2008-09. The new concessionary fares scheme has left a shortfall of some £1.3million in the Council's finances and it has also suffered from reduced income across a number of services during the economic downturn. The Council delivered its General Fund service plans for a total net cost of £20.202 million, an overspend of £570,000 against the revised budget of £19.633 million. The Council's General Fund Balance has therefore reduced during the year from £7.451 million to £5,583 million as at 31 March 2009. This is equivalent to about 34% of the net budget for 2008-09.
- 2.6 The Council's service committee net expenditure budget was set at the start of the year at £19.356 million. Subsequent to this supplementary budgets have been agreed revising the annual budget £19.812 million.
- 2.7 Our review of the latest quarterly revenue outturn report, to the end of month 3 (June 2009), shows the Council is forecasting an overspend of £524,270 against this budget. This forecast overspend primarily relates to:
- overspends within the community service budgets primarily resulting from additional expenditure in the use of private sector leasing, bed and breakfast accommodation and serviced temporary accommodation; and
 - overspends within the economy service budgets resulting from a predicted shortfall in car parking fees of £142,000 and reduced income and redundancy costs within the archaeological field unit forecasted at £250,000.
- 2.8 The overall net requirement from general fund working balances is currently estimated to be £2.992 million at 31 March 2010. This will reduce the working balance to £2.590 million by the end of the year. We will continue to monitor the Council's financial standing and its performance against budgets throughout the year.

Financial systems

- 2.9 We undertake sufficient work on key financial controls for the purpose of designing our programme of work for the financial statements audit. Our evaluation of the Council's key financial control systems did not identify any control issues that present a material risk to the accuracy of the financial statements.
- 2.10 We completed a full review of the Council's Internal Audit Service in 2007-08, to assess its overall level of compliance against the CIPFA internal audit standards. We have revisited our findings this year to assess the progress made in responding to recommendations made last year. Overall, we concluded that Internal Audit comply with the standards, however continuing action is required to ensure that our recommendations from 2007-08 are fully implemented.

- 2.11 Our information systems specialist performed a high level review of the general IT control environment, as part of our assessment of the overall internal control system and concluded that, from the work undertaken to date, there are no significant weaknesses which could adversely impact on the Council's financial statements, though we have made two recommendations to improve the adequacy of IT controls.
- 2.12 We found that the Council's processes and controls for financial reporting were generally sound with only minor weaknesses identified regarding journals.
- 2.13 We have followed up the action plan arising from the 2007-08 interim and final accounts audits and concluded that progress had been made in addressing previous audit recommendations.

Annual Governance Statement

- 2.14 We have reviewed the Council's arrangements and process for compiling the Annual Governance Statement (AGS). In addition, we read the AGS and consider whether the statement is in accordance with our knowledge of the Council. Our review has confirmed the statement to be satisfactory and no adjustments are required to the presentation of the AGS.

Dealing with the public

- 2.15 We received one request to meet with an elector who wanted to raise a number of points regarding the Council's accounts, on the date appointed for this purpose. There were a number of issues raised and we have undertaken further work, where necessary, to gain sufficient assurance that these matters did not impact upon the Council's accounts or our opinion on them.
- 2.16 However, one of the areas raised, in relation to the expenditure incurred by the Council on the local government review, has highlighted that the Council's contract regulations have not been fully adhered to. We are satisfied that the contracts entered into were legitimate and that there is unlikely to have been a loss of public money. We have made a recommendation to the Council in order address this issue in the future and this has been accepted.

International Financial Reporting Standards

- 2.17 From 2010-11, the Council is required to prepare their Statement of Accounts under International Financial Reporting Standard (IFRS) based on an IFRS Code of Practice on Local Authority Accounting prepared by CIPFA. During our interim audit, we discussed with the relevant officers their readiness for conversion to IFRS and the preparation they have undertaken to date.
- 2.18 We are pleased to note that the Council are making positive steps towards conversion and in working in partnership with other Council's locally through the Devon Accounting Group for IFRS implementation, led by Devon County Council. The Council has acted upon our recommendations from the interim audit and has

prepared an IFRS project plan for the Council setting out the key milestones to be achieved in the transition timetable.

- 2.19 We have liaised with Council officers throughout the year to provide advice and support to the Council on the required accounting treatments under IFRS, where this will not compromise our independence, through sharing our experiences of IFRS transition from other public sector bodies and providing our views on the Council's interpretation of the draft IFRS Code of Practice, which will form the basis for the preparation of the Council's first set of IFRS accounts in 2010-11.

Certification of Grant Claims

- 2.20 In addition to our Code responsibilities, we are required, acting as agents of the Audit Commission, to certify a the Council's grant claims and returns, in accordance with the following arrangements:

- claims below £100,000 are not subject to certification;
- claims between £100,000 and £500,000 are subject to a reduced, 'light – touch' certification; and
- claims over £500,000 will be subject to a certification approach determined by the auditor's assessment of the control environment and management preparation of claims

- 2.21 We have already completed the certification of a number of claims for the Council relating to the 2008-09 financial year and have met all government department deadlines set under these arrangements. Our certification work is expected to be complete by the end of December 2009 after which we will prepare a separate grants report, summarising issues from the 2008-09 audit, to facilitate continuous improvement.

3 Use of resources

Introduction

- 3.1 We issued our annual Value for Money conclusion on 23 September 2009, at the same time as our accounts opinion, in line with statutory requirements. We concluded that, for 2008-09, the Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2009.

2008-09 Value for money conclusion and use of resources assessment

- 3.2 Auditors inform and limit their value for money conclusion by reference to relevant criteria under the Audit Commission Code of Audit Practice. These criteria cover particular areas of audited bodies' arrangements specified by the Audit Commission under the Code of Audit Practice. From 2008-09, the key lines of enquiries for the scored use of resources assessment also form the criteria for the value for money conclusion. Failure to achieve an 'adequate' assessment in any one or more area results in either an "except for" or "adverse" overall conclusion, in respect of those specific areas.
- 3.3 We assessed the Council as achieving level two or above in all of the areas covered by our use of resources assessment. This enabled us to issue 'adequate' conclusions for all of the relevant criteria within our overall value for money conclusion.
- 3.4 These assessments, and their impact on the overall 2008-09 conclusion for the Council, are summarised in table 1 overleaf.

Table 1: Components of value for money conclusion 2008-09

Area	Source of evidence	Use of resources Score	Arrangements adequate?
Does the organisation plan its finances effectively to deliver its strategic priorities and secure sound financial health?	KLoE 1.1	2	Yes
Does the organisation have a sound understanding of its costs and performance and achieve efficiencies in its activities?	KLoE 1.2	2	Yes
Is the organisation's financial reporting timely, reliable and does it meet the of internal users, stakeholders and local people?	KLoE 1.3	2	Yes
Does the organisation commission and procure quality services and supplies, tailored to local needs, to deliver sustainable outcomes and value for money?	KLoE 2.1	3	Yes
Does the organisation produce relevant and reliable data and information to support decision making and manage performance?	KLoE 2.2	3	Yes
Does the organisation promote and demonstrate the principles and values of good governance?	KLoE 2.3	2	Yes
Does the organisation manage its risks and maintain a sound system of internal control?	KLoE 2.4	2	Yes
Does the organisation plan, organise and develop its workforce effectively to support the achievement of its strategic priorities?	KLoE 3.3	2	Yes

Key for KLoE scores:
 1 - Below minimum requirements - inadequate performance
 2 - Meets minimum requirements – performs adequately
 3 - Exceeds minimum requirements – performs well
 4 - Significantly exceeds minimum requirements – performing excellently

Note that KLoE 3.1 'Managing natural resources' and KLoE 3.2 'Managing assets' were not applicable to the Council for 2008-09

3.5 The Council's use of resources scores in the three themes, drawn from the scores above, are summarised in table 2.

Table 2: Use of resources scores

Theme	2009
1 Managing finances	2
2 Governing the business	3
3 Managing resources	2

- 3.6 Overall, we have assessed the Council as having sound arrangements in place across all areas, with particularly strong performance in 'the governing the business' theme. We found good practice in many areas and, looking forward, the Council is in a strong position to build upon these to secure an improved assessment once sustainable outcomes can be demonstrated across all of the Council's activities. We recognise some of the innovative approaches adopted by the Council in the delivery of quality services and submitted to the Audit Commission, as an example of good practice, the Council's development of its sustainable procurement and commissioning strategy and the work of its Green Accord Scheme, as assessed under KLOE 2.1. The Audit Commission has confirmed that this example is one of those that they intend to publish on its internet site with a view to promote good practice nationally across other public sector bodies.
- 3.7 The scores achieved by Exeter City Council are fairly representative of the assessments of Council's nationally. This is a result of the new, more demanding assessment criteria which demand, amongst other things, demonstration of improved service delivery outcomes, rather than simply robust arrangements and improved outputs, which allowed Councils to achieve higher assessment ratings in the past.
- 3.8 The key actions for the Council arising from our assessment include the following:
- Service Improvement Portfolios (SIPs) should be implemented consistently across the Council's service areas to enable the Council to plan and manage its financial and operational performance in a more integrated way. Workforce plans should support this;
 - the Council should further develop its benchmarking arrangements and manage its costs, performance and productivity closely to challenge why and how it provides services and whether, with partners, there are alternative options; and
 - operational risk registers should be prepared and formalised for all service areas to ensure that the risks to delivering operational objectives and achievement of service plans are identified and managed effectively.
- 3.9 We are in the process of agreeing an action plan with management to implement these and our other detailed recommendations. We will follow-up the progress on the implementation of these as part of our 2009-10 audit.
- 3.10 A summary of our detailed findings for each theme area is provided in the following paragraphs. This highlights the key areas, or characteristics, where the Council is performing well as well as those areas where it needs to focus in order for it to improve its assessment.

Links to Comprehensive Area Assessment

- 3.11 The findings from our work are also considered by the Audit Commission's Comprehensive Area Assessment (CAA) Lead along with their own work on 'Managing Performance' to determine the overall Organisational Assessment. This

assessment then feeds into the CAA for the area as a whole. The CAA work is reported separately by the Audit Commission and, as such, is not repeated within this report. However, we have held discussions with the CAA Lead to ensure that our work and judgements are consistent with their own and represent a full and fair reflection of the Council.

Managing finances

- 3.12 This theme focuses on assessing whether the Council has sound strategic and financial management, that is, whether it plans its finances to deliver its priorities, the extent to which it has a sound understanding of its costs and performance, and whether its financial reporting is timely, reliable and meets the needs of its population. We assessed the Council and awarded an overall theme score of two, concluding that it is performing adequately.
- 3.13 The Council has sound financial and strategic planning processes that link to its corporate improvement priorities and is underpinned by a medium term financial strategy (MTFS) and corporate plan. Service Improvement Plans are currently being developed within service areas which will enable the Council to plan and manage its financial and operational performance in a more integrated way in future years.
- 3.14 The Council sets and approves a balanced annual budget and has a robust planning cycle that underpins this. Whilst the Council has a good track record in achieving its budgets and efficiency targets, the delivery of specific savings targets and efficiencies needs to be clearer as currently this is consolidated into the monitoring of the baseline revenue budget. The level of reserves are monitored closely and there are clear plans in place, through the MTFS, to utilise these reserves to help manage the current financial pressures. These have been exacerbated by the impact of the concessionary fares scheme and the downturn in the economic climate.
- 3.15 Overall, the Council provides good quality services at low cost when compared to others and has demonstrated a good understanding of its costs. We have found some particularly strong examples of good practice, such as in Housing Services where the Council is developing its understanding of costs and factors that influence these by comparing and benchmarking unit cost information. However, this is not being replicated across all service headings. As such, the Council should continue to develop a sound understanding of activity and service costs and performance across all of the Council's services and seek improved value for money from this. How it is using partners to challenge resources and deliver value for money should also be more clearly demonstrated.
- 3.16 There is a strong and effective accounts closedown process in place with information being made available on a timely basis. The accounts are consistently prepared and approved, submitted and published in accordance with statutory requirements and are supported by clear and comprehensive working papers. Our audit in the last two years has only identified a small number of non-trivial errors in the accounts, demonstrating the Council's strong performance in this area.

Governing the business

- 3.17 This theme focuses on strategic commissioning and good governance, in particular how well the Council governs itself and commissions services that provide value for money and deliver better outcomes for local people. We assessed the Council as achieving an overall theme score of three, concluding that it is performing well.
- 3.18 The Council has developed a strategic approach to the commissioning and procurement of services. This is set out in its Sustainable Commissioning and Procurement Strategy and is underpinned by a thorough assessment of the social, economic and environmental issues facing Exeter, which includes an understanding of the inequalities of its community and their needs for services over the longer term.
- 3.19 The Council recognises the importance that relevant and reliable data has in underpinning decision-making and performance management. It has established clear procedures for data quality and a range of systems and processes for the collection, recording and analysis of performance data. Responsibility and accountability for data quality is formally defined at corporate level and some data sharing protocols have been developed.
- 3.20 The Council has sound arrangements in place for promoting and demonstrating good governance. The corporate Scheme of Delegation, Financial Regulations and Constitution detail the roles and responsibilities of those involved in governance and there is a code of conduct for members and officers. The Standards Committee is operating effectively, hospitality and gift registers are in use, are actively managed and compliance with them is reviewed. A whistle-blowing policy is also in place which is publicised on the corporate website and we have identified that there is a high level of awareness of the policy amongst members and officers.
- 3.21 The Council has adequate arrangements in place for the management of its corporate risks and for maintaining a sound system of internal control. There is a risk management policy and the risk management arrangements link to key corporate and strategic objectives, though these arrangements would benefit from an internal review to ensure that they remain fit for purpose. In addition, the Council should focus on implementing effective operational risk management arrangements at the service level ensuring that risk registers are prepared by all departments, linked to service improvement portfolios and monitored on a regular basis.
- 3.22 The Constitution sets out sound arrangements for the effective governance and assurance arrangements of the Council's activities. There is a business continuity plan which is reviewed and regularly tested. The Scrutiny Resources Committee is robust in its delivery of the role of an audit committee, but could be enhanced if it undertook a more formal assessment of its activities to confirm its effectiveness, identifying those areas of strength and those which could be developed further.

Managing resources

- 3.23 This theme considers areas which have not, previously, been assessed on their own in detail, the use of its natural resources, assets and workforce. The use of natural resources and assets has not been considered in 2008-09 as the Audit Commission

has prescribed that the introduction of assessed themes will be phased over three years. The third area in this theme seeks to establish whether the Council has a productive and skilled workforce, knows in the medium to longer term what staff it will need, with what skills, and has plans to achieve this.

- 3.24 Overall, the Council has sound arrangements in place to manage its workforce, with good examples of initiatives in place to develop its workforce, manage its staff effectively and establish robust working practices. The Local Government Review in Devon has impacted upon the embeddedness of some of these processes, due to future uncertainty, and some corporate documentation requires updating once future arrangements have been confirmed. There is clear evidence that the Council is effective in engaging and supporting staff through various communication methods and provides support to staff directly impacted by change.
- 3.25 The Council is active in reviewing workforce requirements and prepares information annually to members on the workforce profile to the Council and future implications of decisions, including comparisons with other bodies. Further evidence of how the Council's actions are leading to attributable outcomes is required to meet level three, to be able to demonstrate that the workforce planning is actively supporting strategic policies and driving the Council forward.

4 Closing remarks

- 4.1 This letter was discussed and agreed with the Council's Senior Management Team on 3 November 2009, and is now presented for members' consideration at Scrutiny Resources Committee.
- 4.2 We would like to take this opportunity to express our appreciation for the assistance and cooperation provided during the course of the audit. Our aim is to deliver a high standard of audit, which makes a positive and practical contribution that supports the Council's own agenda. We recognise the value of your co-operation and support.

Grant Thornton UK LLP
November 2009

Appendix A 2008-09 reports issued

Report	Date issued
Audit plan	April 2008
Interim report	May 2009
Annual report to those charged with governance	September 2009
Opinion on financial statements	September 2009
Value for Money Conclusion	September 2009
Use of Resources report	October 2009
Annual audit letter	October 2009
Grants report	Anticipated - December 2009

Appendix B Audit and other fees 2008-09

Audit area	Budget 2008-09 (£)	Actual 2008-09 (£)
Financial statements	64,600	64,600
VFM conclusion / Use of resources	38,905	38,905
Total Code of Practice fee	103,505	103,505



Grant Thornton

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Use of Resources 2009 - findings and conclusions

Exeter City Council

November 2009

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Appendices

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- C Scoring criteria and rules
- D KLoEs specified for assessment in 2008-09 and 2009-10
- E Use of Resources Timetable 2009-10
- F Identifying outcomes, outputs and achievements

1 Key messages

1.1 Context

Under the Audit Commission's Code of Audit Practice we are required to reach a conclusion on whether Exeter City Council (the Council) has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources (the "VFM conclusion"). This report presents the results of our value for money and use of resources work in 2008-09. We have separately issued our annual report to those charged with governance (ISA260). The key messages from both of these reports will be summarised in the annual audit letter.

We described in our Audit Plan (June 2008) the areas of audit work that provide us with the assurance that contributes to our annual VFM conclusion. This report sets out our findings from these pieces of work:

- our assessment of the Council Use of Resources (UoR), using the three themes within the Audit Commission's new assessment framework themes and Key Lines of Enquiry ('KLoE');
- specific work on locally identified audit risks, which contribute to our VFM conclusion by feeding into our UoR assessment scores; and
- risk-based spot-check work to assess the quality of data underlying key performance indicators.

In 2009, the Audit Commission introduced a new framework and methodology for Use of Resources (UoR) assessments across local government, police forces, fire authorities and primary care trusts. The new framework emphasises *outcomes* over *processes*, and brings new areas into the assessment such as environmental and workforce management. The new assessment presents a more robust challenge than the old framework, based on different scoring criteria. It should be noted, therefore, that changes from prior year scores do not necessarily indicate changes in performance. Further detail about the new framework and the link to Comprehensive Area Assessment (CAA) is set out in appendix B.

1.2 Key messages

The new use of resources assessment considers how well the Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people. The assessment comprises three themes that focus on sound and strategic financial management; strategic commissioning and good governance; and the management of natural resources, assets and people.

The Council's UoR scores in these three themes are summarised in the table below. A score of 1 indicates inadequate performance, and a score of 4 indicates excellent performance. For a full explanation of scoring criteria, please refer to Appendix C.

Table 1: UoR scores

Theme	2008-09 score
1 Managing finances	2
2 Governing the business	3
3 Managing resources	2

Overall, we have assessed the Council as having sound arrangements in place across all areas, with particularly strong performance in 'the governing the business' theme. We found good practice in many areas and, looking forward, the Council is in a strong position to build upon these to secure an improved assessment once sustainable outcomes can be demonstrated across all of the Council's activities. We recognise some of the innovative approaches adopted by the Council in the delivery of quality services and submitted to the Audit Commission, as an example of good practice, the Council's development of its sustainable procurement and commissioning strategy and the work of its Green Accord Scheme, as assessed under KLOE 2.1. The Audit Commission has confirmed that this example is one of those that they intend to publish on its internet site with a view to promote good practice nationally across other public sector bodies.

The key actions for the Council arising from our assessment are included in the Action Plan. The most significant of these are:

- Service Improvement Portfolios (SIPs) should be implemented consistently across the Council's service areas to enable the Council to plan and manage its financial and operational performance in a more integrated way. Workforce plans should support this;
- the Council should further develop its benchmarking arrangements and manage its costs, performance and productivity closely to challenge why and how it provides services and whether, with partners, there are alternative options; and
- operational risk registers should be prepared and formalised for all service areas to ensure that the risks to delivering operational objectives and achievement of service plans are identified and managed effectively.

Further details of work to support our 2009 Use of Resources assessment are given in section two.

1.3 Links to Comprehensive Area Assessment

The findings from our work are also considered by the Audit Commission's Comprehensive Area Assessment (CAA) Lead along with their own work on 'Managing Performance' to determine the overall Organisational Assessment. This assessment then feeds into the CAA for the area as a whole. The CAA work is reported separately by the Audit Commission and, as such, is not repeated within this report. However, we have held discussions with the CAA Lead to ensure that our work and judgements are consistent with their own and represent a full and fair reflection of the Council.

1.4 Engagement in the assessment process

We are pleased that officers of the Council engaged effectively with us during the assessment process in 2008-09. The Council provided a broad-ranging self-assessment at the outset of our work and this was supported by a number of meetings and background evidence. Our workshops were well attended with constructive and useful discussions.

1.5 Next steps

We will continue to work with the Council during the year to help prepare for the 2009-10 Use of Resources assessment and our discussions with officers should enable key areas to be focussed on to inform our future judgements.. For further details on next year's assessment, please see appendix D.

The recommendations arising from our review are set out in appendix A. Whilst this report has been discussed with the Council's Senior Management Team, the action plan is still to be discussed and finalised by officers to determine the specific actions that are required to address the recommendations made. The Resources Scrutiny Committee should actively monitor the Council's progress in implementing these to inform future years' assessments.

1.6 Use of this report

This report has been prepared solely for use by the Council to discharge our responsibilities under the Audit Commission Code of Audit Practice and relevant auditing standards and should not be used for any other purpose. No responsibility is assumed by us to any other person.

This report includes only those matters that have come to our attention as a result of performance of the audit. An audit of Use of Resources is not designed to identify all matters that may be relevant to those charged with governance. Accordingly the audit does not ordinarily identify all such matters.

1.7 Acknowledgements

We would like to record our appreciation for the co-operation and assistance provided to us by the Council's management, officers and members during the course of our audit.

2 VfM Conclusion

2.1 Introduction

In carrying out our audit work we comply with the statutory requirements governing our duties, set out in the Audit Commission Act 1998, in accordance with the Code of Audit Practice (the Code). The Code requires us to issue a conclusion on whether Exeter City Council has proper arrangements in place for securing economy, efficiency and effectiveness in the use of its resources (the "VfM conclusion"). The UoR assessment forms the backbone of this process.

The UoR Key Lines of Enquiry (KLoEs) are prescribed by the Audit Commission and applied at all councils, police forces, fire authorities and NHS PCTs. However, as our audits are tailored to local risks, we specifically identify and consider certain areas of greater audit risk for each organisation, as part of the UoR assessment. We identified a number of areas for consideration in our Audit Plan and these have been considered as part of our detailed assessment of individual KLoE's.

2.2 Approach to the audit

The use of resources work was undertaken between March and July 2009, based on the framework prescribed by the Audit Commission. We have reviewed the Council's self assessment and supporting evidence as well as held discussions with senior management and officers. We discussed our provisional assessment with officers in June 2009 and provided an opportunity for any further evidence to be produced prior to us forming our final judgements in August 2009. Our assessments have been informed through consistency meetings, both internal and on an area-wide basis, to ensure that auditor judgements have been applied in the same way across different organisations.

2.3 2008-09 UoR assessment

The individual KLoE and theme scores for 2008-09 are shown in the table below.

Table 2: UoR theme and KLoE scores

Theme / KLoE		Score
Theme 1 - Managing finances		2
1.1	Financial planning	2
1.2	Understanding costs	2
1.3	Financial reporting	2
Theme 2 - Governing the business		3
2.1	Commissioning and procurement	3
2.2	Use of data	3
2.3	Good governance	2
2.4	Internal control	2
Theme 3 - Other resources		2
3.1	Use of natural resources	Not assessed
3.2	Asset management	Not assessed
3.3	Workforce management	2

Please note:

- Some KLoEs have an overriding impact on theme scores - see Appendix C for more details of scoring criteria and arrangements; and
- Different KLoEs are specified for assessment each year and across types of organisation. See appendix D for details.

2.4 2008-09 VfM conclusion

Under the Code of Audit Practice (the Code), auditors have a responsibility to conclude whether the audited body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. This conclusion is the value for money (VfM) conclusion. Section 3 of the Code sets out the scope of these arrangements and the way in which auditors will undertake their work.

Auditors inform and limit their VfM conclusion by reference to relevant criteria. These criteria cover particular areas of audited bodies' arrangements, specified by the Commission under the Code. From 2008-09, the KLoE for the scored use of resources assessment also form the criteria for the VfM conclusion. The Commission will specify each year which of the use of resources KLoE will form the relevant criteria for the VfM conclusion at each type of audited body.

Auditors address a 'yes' or 'no' question for each criterion – that is the audited body either has proper arrangements or it does not. A 'no' judgement will be equivalent to level 1 performance for the use of resources assessment, and a 'yes' judgement will be equivalent to level 2 performance or above. Criteria with a 'no' judgement will automatically be reassessed in the following year regardless of whether or not they are specified.

For bodies subject to a scored use of resources assessment for CAA, the KLoE forming the relevant criteria for the 2008-09 and 2009-10 VfM conclusion are those specified at Appendix D.

On the basis of the KLoE scores assessed in 2008-09 for Exeter City Council, we gave an unqualified use of resources conclusion on the 23 September 2009.

The key findings in each of the KLoEs, and areas for improvement, are set out in the sections 3 to 5.

3 Managing Finances

Theme summary

This theme focuses on the arrangements to deliver sound strategic and financial management, that is, whether the Council plans its finances to deliver its priorities, the extent to which it has a sound understanding of its costs and performance, and whether its financial reporting is timely, reliable and meets the needs of its population.

Our summary findings

We have assessed the Council as performing adequately (level 2) in this area. The Council has sound financial and strategic planning processes that link to its corporate improvement priorities and is underpinned by a medium term financial strategy (MTFS) and corporate plan. Service Improvement Plans are currently being developed within service areas which will enable the Council to plan and manage its financial and operational performance in a more integrated way in future years.

The Council sets and approves a balanced annual budget and has a robust planning cycle that underpins this. Whilst the Council has a good track record in achieving its budgets and efficiency targets, the delivery of specific savings targets and efficiencies needs to be clearer as currently this is consolidated into the monitoring of the baseline revenue budget. The level of reserves are monitored closely and there are clear plans in place, through the MTFS, to utilise these reserves to help manage the current financial pressures. These have been exacerbated by the impact of the concessionary fares scheme and the downturn in the economic climate.

Overall, the Council provides good quality services at low cost when compared to others and has demonstrated a good understanding of its costs. We have found some particularly strong examples of good practice, such as in Housing Services where the Council is developing its understanding of costs and factors that influence these by comparing and benchmarking unit cost information. However, this is not being replicated across all service headings. As such, the Council should continue to develop a sound understanding of activity and service costs and performance across all of the Council's services and seek improved value for money from this. How it is using partners to challenge resources and deliver value for money should also be more clearly demonstrated.

There is a strong and effective accounts closedown process in place with information being made available on a timely basis. The accounts are consistently prepared and approved, submitted and published in accordance with statutory requirements and are supported by clear and comprehensive working papers. Our audit in the last two years has only identified a small number of non-trivial errors in the accounts, demonstrating the Council's strong performance in this area.

Further details on each KLoE area are provided in the following sections.

KLoE 1.1 - Does the organisation plan its finances effectively to deliver its strategic priorities and secure sound financial health?

This KLoE seeks to establish whether the Council integrates its financial planning with its strategic and service planning processes on a medium to long-term basis, whether it engages local communities and other stakeholders in the financial planning process, how it manages spending within available resources and whether it is financially sound over the medium term. It also seeks to establish whether the Council recognises individual and collective responsibilities for financial management and values and is developing appropriate financial skills.

The Council has developed a Medium Term Financial Strategy (MTFS) which models income and expenditure over a four year period. This is driven by its corporate business plan and is linked to other internal strategies and plans. The MTFS and budget are subject to a high level risk assessment. The Corporate Plan is reviewed and updated on an annual basis to ensure that the priorities remain appropriate and provides a detailed performance assessment as to how it is delivering against these.

The Council sets and approves a balanced annual budget on a timely basis each year. There is a robust annual planning cycle with the assumptions used in planning the budget being set out in the budget book, including the level of resources required and inflationary pressures. Portfolio Holders, Heads of Service and members are actively involved throughout the financial planning process. The budget setting process is also subject to robust scrutiny and a specific member group has been established to review the annual budget proposals prior to formal approval by the Executive.

The budget book links each budget area to the overall council priorities and objectives and identifies a number of key performance indicators. However, there are no specific milestones or a description of the actions required to achieve these. Instead, each directorate is required to develop a specific service plan which sets out the service objectives for the year in relation to corporate priorities and what financial resources are available, known as the Service Improvement Portfolio (SIP). These SIPs are currently under development for each service. Whilst we found that good progress has been made by some areas, such as the Policy Unit and Housing Services, other areas still have some way to go.

Of particular note is the Housing Services SIP “Direction-Reaction-Creation”. It is a rolling service plan which sets out the corporate objectives, service aims, performance management framework and service improvement plans for particular areas, for example tenancy, income management, resident involvement and temporary accommodation. In addition, they produce a specific annual report for the unit that sets out the service and financial performance for the year which is then widely communicated across the service. The Council should build upon this example of strong practice and develop its arrangements to ensure that SIPs are produced and implemented consistently across all departments of the Council. This will enable it to promote better integration of financial planning and performance management information.

The MTFS and Budget Book sets out the Council's policy on reserves and balances. At 31 March 2008 the Council had reserves of 28.2% of annual revenue spend, which the Council recognised as being high. The MTFS includes plans to utilise these reserves over the medium term to support revenue pressures arising from the concessionary fares scheme and the impact of the economic downturn as well as supporting the delivery of a number of key projects. This was clearly evident by

the end of 2008-09 where the Council's general reserves reduced from £7.54 million to £5.56 million and is expected to reduce further in 2009-10. The minimum requirement for the General Fund working balance was approved by the Executive in February 2009 at £2 million.

Equality impact assessments are carried out to inform the decision making process and relevant examples are set out in the MTFS. We found that whilst the Council has actively engaged with the local community and other stakeholders on a number of issues, there was limited evidence available to demonstrate whether the council had sought, and taken account of, consultation responses in the financial planning and budgetary process. That said, we found good examples in Housing Services which had utilised participatory budgeting in 2008-09 and used its current tenant consulting groups to review its spending allocation for the year 2009-10 and deciding on the key priorities.

Monitoring the delivery of savings targets in 2008-09 at a corporate level has principally been achieved through review of the overall budget position and outturn rather than specific consideration of the actual realisation of individual initiatives. Responsibility for this is devolved to service heads and budget managers who manage expenditure and delivery of savings at a local level. Whilst the financial outturn reports to each scrutiny committee do include the savings made within its commentary on performance, they do not explicitly show the split between savings and the overall budget base line. The Council should enhance its financial monitoring information to more clearly demonstrate its performance against savings targets by separately identifying and measuring the success in the delivery of individual initiatives with explanations provided where there are variations from plans.

For 2009-10, a detailed savings plan has been drawn up, in conjunction with the individual service areas, which has been approved by the relevant scrutiny committees. This identifies where the specific savings will be made and progress will be monitored through quarterly updates to members, within the current stewardship reporting framework.

We found that the Council is reviewing its structures for the delivery of services in relation to financial planning and has improved outcomes through various restructures. For example, a review of the management structure within economy & development has been completed which has resulted in the planning and building control departments being brought together. The need for this was highlighted due to the reduced income as a result of the current economic climate. Integration of the services enabled efficiencies to be achieved in management time. We believe that this is a good example of how the Council is reviewing and responding to the current financial environment, keeping a focus on service delivery and looking for further opportunities, such as merging officers work and maintaining vacant posts.

The Council has a well managed capital programme linked to priorities, with a number of projects delivered to time and to budget. Whilst the Royal Albert Memorial Museum project has experienced a number of challenges and cost overruns, it is recognised that this is due to the complex and historic nature of the building and as the project has developed, new issues have been identified which were not planned for and have only been uncovered as part of the ongoing works. Quarterly reports on the capital programme, together with cost and risk issues associated with this project are now scrutinised by members and progress is closely monitored. At an appropriate time, the Council needs to review the project to identify to what extent, if any, these issues or cost over-runs could have been for-seen or mitigated.

The Council operates a treasury management strategy that complies with CIPFA code-of-practice, is approved annually and is monitored alongside the budget. Following the problems in a number of

financial institutions, including the failure of a number of Icelandic Banks, the treasury management policy and procedures were revisited by the Council. As a result, it has moved away from riskier investments and limited its investments to UK institutions only. Our review of the investments made in Icelandic banks confirmed that the previous policy had been adhered to and no investments were made after the risk rating of the affected institutions had been downgraded.

All members are required to participate in a member development programme to ensure that they maintain the required skills to deliver their role effectively. This includes annual updates to members on financial matters, presented by the Head of Treasury Services as Section 151 officer. A member development committee has been established to address training issues and members are engaged in a programme of training. Attendance at training is recorded and is being used to assess the extent of member involvement and to address any issues arising. The Council has put in place Personal Development Plans (PDPs) for members on a trial basis and these now need to be rolled out more fully.

Recommendations

1. Implement Service Improvement Portfolios consistently across the Council's service areas to enable the Council to plan and manage its financial and operational performance in a more integrated way.
2. Consult more widely with local people on significant spending decisions, e.g. Council Tax levels and fees and charges and demonstrate how the results of consultation have been used.
3. Introduce separate reporting and monitoring of savings targets from its overall revenue outturn reports to allow better transparency of achievements of savings across services.

KLoE 1.2 - Does the organisation have a sound understanding of its costs and performance and achieve efficiencies in its activities?

This KLOE focuses on whether the Council understands its costs, including whole life, transaction and unit costs, the main factors that influence these, how they link to performance and whether it takes account of this in its decision-making and commissioning. It also seeks to establish whether the Council has identified the scope for making efficiencies and is on track to achieve planned efficiencies.

We found that the Council has adequate arrangements in place for understanding the costs and performance of its key services, as well as the key drivers and influencing factors on these services. The Council continues to provide value for money when compared to nearest neighbours. Council tax rates remain relatively low, as are the costs of services. In 2008-09, the Council increased the council tax charge by 4.5% and the Band D amount of £114.98 is the fifth lowest level of district council tax.

Higher costs in services such as Culture reflect the Council's commitment to specific areas, particularly in respect of its major redevelopment project of the Exeter Museum. Its spend per head of £64.44 is the third highest in comparison with all other district councils.

Spending on Environment, Planning and Transport (£6.91 million) at £56.45 per head is low both in comparison with the nearest neighbours group and with all other district councils. However, included within this spend per head figure is the income that is generated by the operation of car parks, which reduces the level of spend by some £3.412 million, equivalent to a reduction of £27.88 per head. Further work is required in this area to gather evidence on how the Council is using cost data to compare performance and improve value for money.

Within Housing Benefits, the cost per application is well understood and has been reducing each year from £17.61 in 2007-08 to £17.21 in 2008-09. Whilst there has been a dip in the performance in relation to speed of processing data, which has impacted on the overall performance indicators published by the Council, this is tied into the introduction of document imaging. There is weekly monitoring of both the cost data and performance data to monitor the outcomes of changes to the housing benefits service. The main cost to the service is salary costs and the Council is keen to maintain the level of staff, due to the expected increases in workload due to the current economic climate.

The Council is making use of the Audit Commission VFM tool. This is reviewed by the Head of Treasury Services to measure performance against the Council's Audit Commission 'family'. Service managers have been notified of the tool and how this can be used to support their service plans and benchmarking performance within services, but we found that these are not being used comprehensively and further work is needed to make better use of this data and realise the benefits.

With constraints on the allocation of housing subsidy, the Housing Services unit has a number of different schemes underway and have been actively working to get a better understanding of costs and their behaviour to different influencing factors. In addition, there are good examples of where services are comparing and benchmarking unit cost information, but this does not appear consistent across all service headings. Such examples include assessment of costs of refurbishment of pre-fabricated housing within the city and participation in Devon Home Choice scheme. Costing information is used to support the decision making process.

The Council has set a policy to use whole of life costing when analysing major investment projects over £1 million. Whilst we have seen good evidence of this as part of the potential future development of Clifton Hill swimming pool, its application needs to be more widespread. As such, to be assessed as level three, the Council should consider whole life costing and social and environmental considerations in more of its key investment decisions.

We found that activity and unit costing are not used widely across all council services. In order to develop a sound understanding of its costs base, service areas should analyse costs at unit or transaction level, particularly for significant, priority or high spending areas. Comparative information should also be more widely used to benchmark areas of spend.

The Council has previously exceeded the efficiency target covering the period 2005-06 to 2007-08 identifying cumulative savings of £3.2 million of which £2.2 million were cashable. The Council forecast to produce efficiency savings of £1.089 million for the period from 1 April 2008 to the end of March 2009. These savings equate to 2.8% of baseline expenditure of £32.7 million and are equivalent to £29 per Band D property, which is more than the average efficiency figure of £22 per

Band D for all other district councils. The Council reported, through NI179, actual efficiency savings of £1.365 million, again exceeding their original forecast.

Recommendations

4. Continue to develop a sound understanding of costs and performance across all of the Council's services and seek improved value for money from this. The Council should also demonstrate how partners are being used to challenge resources and deliver VFM.
5. Implement wider use of whole life costing to demonstrate how these support investment decisions across the Council's services.
6. Demonstrate how service and activity costs are compared and how benchmarking is being used to improve service efficiencies. Given the current financial challenges, the Council needs to demonstrate further how it is reviewing and challenging its cost base on an ongoing basis to help deliver the financial position. VFM tools and benchmarking data should be used more routinely by services to manage costs, improve performance and support the delivery of its Service Improvement Plans.

KLoE 1.3 - Is the organisation's financial reporting timely, reliable and does it meet the needs of internal users, stakeholders and local people?

This KLOE focuses on whether the Council produces relevant, timely and reliable financial monitoring and forecasting information and uses wide-ranging performance information for in-year decision-making and monitoring. It seeks to establish the extent to which financial reports are clear and support strategic decision making and whether the Council's accounts meet statutory requirements, financial reporting standards and present fairly the financial performance and position. It also focuses on whether the Council publishes reports that provide an objective, balanced and understandable assessment of its performance in the year.

Our review has identified that the Council has sound arrangements in place for financial monitoring and forecasting. Formal budget outturn reports are prepared on a quarterly basis and received by the relevant scrutiny committee. This includes performance to date as well as the forecast position to the end of the year. In addition, variances are reported to executive members. There is a formal monthly budget timetable in place to ensure that financial information for internal reporting is collated on a timely basis. Good control is maintained over financial data through accountants in the central treasury services team and there are regular meetings between the accountants and service managers to discuss variances and any remedial actions required.

The financial information reports the expected year-end position and its impact on reserve balances for the financial year. The new financial management system, implemented during the year, has a separate reporting function which is used to inform the figures presented in the quarterly stewardship reports presented to each scrutiny committee. Service managers do not have individual access to the separate reporting function (collaborative planning) and these are provided by the central treasury accountants and discussed prior to preparing the stewardship reports. Service managers do, however, have access to the financial management system. Whilst this does not give the forecast outturn position it does report, for each cost centre, the budget and actual spend to date as live information. Moving forward, the Council needs to demonstrate how it is using the

forecasting applications within the new financial system to help develop and analyse trends to better inform the monitoring of the financial position. It should also review the reporting capabilities of the new financial management system further to establish whether providing access to these reporting functions to service finance managers could realise improvements to its internal financial management.

Members receive bi-annual performance indicator reports and portfolio updates and quarterly stewardship reports. Each report includes commentary direct from the service heads identifying and explaining the key variances. However, there is not currently a report that directly links finance and performance information to members. It is the responsibility of the individual service managers to monitor both financial information and performance information. The development of the service improvement portfolios should enable the Council to communicate more direct links between performance and financial resources and report on these relationships and their behaviour to members. Feedback is sought from members to ensure that reports are updated and tailored to meet their requirements and we have seen a number of examples where such changes have been made to reflect member questions and feedback.

The Council has a strong and effective accounts closedown process with information available on a timely basis. The Council consistently prepares accounts which are approved, submitted and published in accordance with statutory requirements. Financial statements are available on the Council website and clearly signposted under financial information. Whilst the 2007-08 financial statements did contain non trivial errors, there were only a small number and all errors were corrected by the Council after the audit had identified them. Our subsequent work with the Council on their arrangements for preparing the 2008-09 accounts demonstrates that the Council has taken action to ensure that these errors do not reoccur. Whilst our 2008-09 financial statements audit did not identify any significant audit issues affecting the reported general fund position, a number of adjustments were required to ensure that the Housing Revenue Account information was accurately reflected in the Council's Income and Expenditure account. Working papers provided for the audit were to a high standard and officers engaged well with the audit team in responding to audit queries.

The Council has taken the decision not to publish an annual report. The corporate plan is published each year and is available on the Council's website. This is updated based on the performance for the previous year and clearly identifies the specific objectives for the future. It includes financial information that shows the services on which money was spent and where the money came from. It also has a summary of the financial position per the balance sheet and details of capital spend in the year. The Council also uses other communication methods, such as the Council Tax booklet and the Exeter Citizen newspaper to report financial matters and information to local stakeholders. We found that the Council has not undertaken any specific consultation with stakeholders on what financial or performance information should be presented in these forms of communication to reflect their needs and requirements.

The Annual Audit Letters for the last few years are published on the Council's website. The Council has demonstrated that information is available in formats to meet their duties under equalities legislation. The financial statements are presented in an easy to understand format, with explanations of the key statements and a glossary of terms included at the back of the document. The Council also prepares a housing annual report in consultation with tenant and leaseholder representatives and feedback has been sought on its format and content.

Recommendations

7. Develop financial forecasting techniques to further improve the financial reporting function, including the use of risk and sensitivity analysis where appropriate. This should include an assessment of the usefulness of the new financial management system to develop and analyse trends and supporting the forecasting of the Council's financial outturn position.
8. Develop a more integrated approach to collecting, producing and monitoring financial and non financial performance to more clearly demonstrate the impact of spending decisions on service provision and performance.
9. Ensure that financial and performance information in key plans, reports and communications is reflected in a user friendly way that is based on consultation with stakeholders and good practice. This should also include robust environmental footprint and social information.

4 Governing the business

Theme summary

This theme focuses on strategic commissioning and good governance, in particular how well the Council governs itself and commissions services that provide value for money and deliver better outcomes for local people.

Our summary findings

We have assessed the Council as performing well in this area. The Council has developed a strategic approach to the commissioning and procurement of services. This is set out in its Sustainable Commissioning and Procurement Strategy and is underpinned by a thorough assessment of the social, economic and environmental issues facing Exeter, which includes an understanding of the inequalities of its community and their needs for services over the longer term.

The Council recognises the importance that relevant and reliable data has in underpinning decision-making and performance management. It has established clear procedures for data quality and a range of systems and processes for the collection, recording and analysis of performance data. Responsibility and accountability for data quality is formally defined at corporate level and some data sharing protocols have been developed.

The Council has sound arrangements in place for promoting and demonstrating good governance. The corporate Scheme of Delegation, Financial Regulations and Constitution detail the roles and responsibilities of those involved in governance and there is a code of conduct for members and officers. The Standards Committee is operating effectively, hospitality and gift registers are in use, are actively managed and compliance with them is reviewed. A whistle-blowing policy is also in place which is publicised on the corporate website and we have identified that there is a high level of awareness of the policy amongst members and officers.

The Council has adequate arrangements in place for the management of its corporate risks and for maintaining a sound system of internal control. There is a risk management policy and the risk management arrangements link to key corporate and strategic objectives, though these arrangements would benefit from an internal review to ensure that they remain fit for purpose. In addition, the Council should focus on implementing effective operational risk management arrangements at the service level ensuring that risk registers are prepared by all departments, linked to service improvement portfolios and monitored on a regular basis.

The Constitution sets out sound arrangements for the effective governance and assurance arrangements of the Council's activities. There is a business continuity plan which is reviewed and regularly tested. The Scrutiny Resources Committee is robust in its delivery of the role of an audit committee, but could be enhanced if it undertook a more formal assessment of its activities to

confirm its effectiveness, identifying those areas of strength and those which could be developed further.

Further details on each KLoE area are provided in the following sections.

KLoE 2.1 - Does the organisation commission and procure quality services and supplies, tailored to local needs, to deliver sustainable outcomes and value for money?

This KLoE is concerned with whether the Council has a clear vision of intended outcomes for local people that shapes its commissioning and procurement, and whether it is based on an ongoing analysis and understanding of needs. It also seeks to establish whether the Council understands, and seeks to influence and develop, the supply market; and whether it reviews service competitiveness and achieves value for money.

We have assessed the Council as performing well in this area. The Council has compiled an analysis of the social, economic and environmental issues facing Exeter, which includes an understanding of the inequalities of its community and their needs for services over the longer term. This underpins their corporate planning framework and has facilitated the development of a sustainable procurement and commissioning strategy which sets out a clear vision for how the commissioning and procurement of its services will support the delivery of outcomes for local people. This strategy has been widely consulted upon. An implementation plan supplements this strategy and progress has been made against this plan.

The Council is active in a wide range of consultation. The Council has demonstrated how stakeholders and suppliers have had an input into the design of services, e.g. tenant representation at all stages of the procurement process for the new housing repairs contract, information forums on the design of the leisure management contract. The Council's commissioning strategy has been published on the Council's website and a good practice guide circulated to raise awareness.

The Council has provided examples as to how the redesign of services and the effective use of IT has improved service delivery. Their website has been redeveloped following a detailed public consultation. It has been re-launched with an enhanced self service function. Front line delivery of the housing benefits service has been integrated with the Customer Service Centre and electronic scanning and document management has been implemented and is helping to deliver efficiencies in back office functions, the full benefits of these are still to be realised. The Council have a real time customer satisfaction and feedback system and outcomes from these surveys are used to improve future working practices.

The Green Accord scheme developed by the Council gives suppliers a mechanism for demonstrating their green credentials. It tackles issues such as fuel usage, travel and waste reduction/recycling and in doing so helps each service achieve compliance with the Council's Sustainable Purchasing Policy. Suppliers are initially required to self-assess their own compliance which is then verified by the contracts team. Accreditation is given at three levels and the Council is actively working with local suppliers to improve their accreditation ratings.

The Council is working with Envision and Envirowise to turn this local initiative into the standard for a new national accreditation scheme. It has gained national credibility having recently been nominated for and won national awards and a number of organisations, including the Met Office and Exeter University, have expressed interest in using it for their supply chains. As part of our assessment, we made a submission of good practice to the Audit Commission in relation to the Council's development of this scheme and understand that it has been chosen as one of those that will be published on its internet site with a view to promote good practice nationally across other public sector bodies.

The Council continues to work with small businesses in Exeter and the region to increase their involvement in bidding for Council work. This includes the voluntary and community sector and presentations have been given to the Exeter Chamber of Commerce, South West Constructing Excellence and the Federation of Small Businesses. The Council have a dedicated 'Selling to the Council' web page to promote this further. Preferred supplier lists are in place and available on the website along with application forms and details of any current contract advertisements.

The Council is proactive in considering options for securing goods and services. All contracts are evaluated using a sustainability evaluation matrix to minimise their economic, environmental and social impact. The Council has also introduced an electronic marketplace in conjunction with the new financial system and through the Devon Procurement Partnership. This reduces the costs of transactions and provides better management information on purchasing, allowing greater competitive pressure to be applied on suppliers.

Recommendations

10. The Council should continue to monitor its progress in delivering the actions set out in its Sustainable Commissioning and Procurement Strategy Implementation Plan.

KLoE 2.2 - Does the organisation produce relevant and reliable data and information to support decision making and manage performance?

This KLOE focuses on whether the Council understands the needs of its decision makers, produces, with partners, relevant, good quality and reliable data to support decision making and performance monitoring. It is also concerned with whether the Council has arrangements to monitor performance and to ensure data security and compliance with relevant statutory requirements.

We have assessed the Council as performing well in this area. A corporate data quality framework is in place with clear objectives for the management of data quality. This is set out in the Council's Performance Management Framework and Data Quality guidelines. The Council has effective arrangements and a good track record of producing and using accurate, relevant and reliable data.

Risks to securing data quality are considered as part of the Council's corporate risk management arrangements and this includes partnership data flows, for example, with waste disposal. The Council has a data sharing protocol in place and has provided examples of where they are working with partners to ensure data quality in the preparation of shared national indicators, for example,

working with other local Devon District Councils to establish a consistent methodology for data preparation and comparison on NI187 and NI197, which they have subsequently agreed with GOSW and DEFRA respectively.

There is a range of systems and processes for collecting, recording and analysing performance data and security arrangements for those systems are robust. Independent reviews are undertaken by Internal Audit on an ongoing basis, these include checking that the responsible officers understand what data they need to capture, and that adequate supporting documentation is maintained. Our review of the Internal Audit reports on spot checks completed to date have not identified any significant issues. Where Internal Audit have found issues as part of their work, the Council has acted upon the recommendations and enabled them to improve their collection methods.

The Council prepares performance benchmarking reports for scrutiny committees, senior managers and other members of its benchmarking family. This includes information on diversity and equality issues.

The Council has a number of policies, procedures and guidance which cover key business areas and compliance with statutory requirements, this is tested through periodic reviews. In 2007, the Freedom of Information and Data Protection procedures were audited by Internal Audit. In 2008, Internal Audit also completed the National Archives self-assessment exercise to assess the Council's conformity with the Records Management Code of Practice. Recommendations for improvements have been addressed. The Council also achieved the Government Code of Connection by the end of the year.

The Council's information security forum meets quarterly to discuss security incidents, review security procedures and to ensure the council is providing a secure environment for its staff and assets such as data. No significant breaches have occurred although there were a small number of incidences where visitors forgot to hand back in their visitor passes.

The Council has arrangements in place to ensure that data supporting performance information is being used to manage and improve service delivery. The data from the performance management system is reported on a quarterly basis to the directorate teams and all reports are available on the intranet for staff to review performance indicators such as creditor payments and museum visits are monitored on a monthly basis, which has been requested due to performance levels at the Council. A good example of improvement arising from more effective monitoring is that of sickness absence. Detailed reports have been provided to the Senior Management Team and members with supporting action plans which has had a positive impact on reducing sickness absence levels from 14 to 9 days per person over the last four years.

The PI data is included as part of the budget setting process, and feeds into the budget book, demonstrating that the performance data is considered as a measure of performance along with financial performance. In addition, a members' booklet incorporating performance in a graphical format was produced at the year end showing performance across all services, as a result of feedback from them requesting that the presentation of findings be improved to help develop their understanding of performance outturns.

Data quality spot-check and housing benefits data quality results

To support our judgements for KLoE 2.2 we undertook a risk assessment exercise to determine whether detailed spot-checks were required on any of the Council's key performance indicators. We concluded that the Council has sound arrangements in this area and variance analysis of the

Council's performance in its KPIs did not identify any specific areas that caused us concern. As a result, a more detailed spot check review was not considered necessary.

We have also considered the results of the data quality aspects of our work on housing benefits. Overall we concluded that there was robust system in place to ensure good data quality in benefits subsidy PI statistics. This included:

- training provision on how to record statistics in Academy and DIPS for all new staff and for all staff where there are new system changes. A dedicated in-house training team provides this service both to Exeter and to other Devon councils;
- in year monitoring of data quality including 10% spot checks, covering all assessment staff, undertaken by specialist team who re-perform assessments and ensure performance statistics recorded and subsidy determinations reached are appropriate;
- personal targets are in place for accuracy of housing benefit data for each assessor. Compliance is monitored through the spot check regime and reported on in annual appraisal. Where additional training needs are identified in house training is provided; and
- up to date in-house, DWP and Academy processing guidance available to all staff on the Intranet.

Our testing identified one case where a change of address change of circumstances was incorrectly coded as a new claim. We are, however, satisfied that this does not impact on our overall assessment of the Council's arrangements as:

- the Council separately identified this as a risk area due to known issues with the software provider and was able to provide correspondence with Academy requesting changes to the system defaults to minimise the risk of re-occurrence;
- the spot check regime detailed above operated throughout the period and did not identify further cases;
- staff have been specifically trained on this issue since the risk was identified; and
- a future release of Academy is due to resolve the issue going forward.

Recommendations

11. Ensure that arrangements for checking data accuracy continue to be embedded across the Council, and shared with partners where they are the source of the data.

KLoE 2.3 - Does the organisation promote and demonstrate the principles and values of good governance?

The focus for this KLOE is on assessing whether the Council has adopted, promotes and demonstrates the principles of good governance, maintains focus on its purpose and vision, demonstrates a strong ethical framework and culture; and applies the principles and values of good governance to its partnership working.

We have assessed the Council as performing adequately in this area. The Scheme of Delegation, Financial Regulations and Constitution detail the roles and responsibilities of key governance committees, members, statutory officers and other senior officers and are regularly reviewed. All new members take part in an induction programme meeting senior staff and the Chief Executive. A programme of training events and briefing sessions are delivered to develop members skills and update them on current issues, new developments and guidance. Specific training sessions in IT and regulatory matters are provided. Events are advertised in Extract, the members' monthly newsletter. Members are also invited to take part in relevant staff training sessions and are provided with a handbook available on the Councillor Information Portal.

A cross party member development committee oversees development opportunities for members. Progress has continued to be made on the Council's application to IDeA for the Member Development Charter Mark for Councils and a self assessment of the Council's arrangements has been completed. Member Personal Development Plans (PDPs) have been trialled during the year and are being rolled out to ensure all members maintain appropriate knowledge and skills and to enable evaluation of the effectiveness of the development programme. The Council should now ensure that the PDPs are fully embedded and are having a demonstrable positive impact. Member training is continuously reviewed and monitored by the democratic support team and is supported by member feedback

The Council has a clear focus on its purpose and vision and the delivery of its priorities. Exeter's first community strategy was put in place in 2003 and a refreshed Exeter Vision was published in early 2009. This sets out a series of aspirations and highlights a number of key challenges that require attention in the short term. The strategy has been informed by a comprehensive evidence base, including detailed research by Local Futures, an assessment of community need and an analysis of deprivation. The Council's Corporate Plan describes how these aspirations have been translated into Strategic Priorities and link to the Devon Local Area Agreement.

There are very strong working relationships between members and senior officers, and these are governed by the Code of Conduct and Protocol on Member/Officer Relations set out in the Constitution. Regular meetings are held between Directors, Portfolio Holders and Group Leaders as well as the Chief Executive and the Leader. A Register of Gifts and Hospitality for members is in place and publicly available on the Council's website.

The Council's Standards Committee oversees high standards of conduct by members and officers. The Standards Committee is made up of eleven members, three of whom are independent and is chaired by an independent member. The independent members are encouraged, and do, attend the South West Independent Members of Standards Committee Group Conference every six months and they formally feedback what they have learned to the other members of the Standards Committee. The Standards Committee's role and information about the members serving on it is

set out on its web site. This page also contains information about how a member of the public can make a complaint.

Only one complaint was received regarding an alleged breach of the Code of Conduct by a Councillor and this was referred to the Standards Committee. In order to ensure the complaint was investigated thoroughly and impartially, the Monitoring Officer employed external Solicitors to conduct the investigation on her behalf. No failure to comply with the provisions of the Code was found. Councillors are well briefed about their role and the Standards Committee regularly receives updates about its role and new procedures. The lack of complaints to the Standards Board for England reflects the understanding Councillors have about their role and the good working relationships with officers.

A whistle-blowing policy is in place and is publicised on the website and the Council ensures that awareness of this policy amongst members and officers is high. A number of incidents have been reported and followed-up during the year.

The Council are currently establishing a corporate register of partnerships. Once this has been completed, it needs to review its significant partnership arrangements that it has identified to confirm that satisfactory governance arrangements are in place for all of these. It should also review the effectiveness of its arrangements with partners to ensure that they are delivering the expected outcomes effectively whilst delivering value for money for the Council.

The Sustainable Communities Strategy clearly sets out how the Council's priorities and objectives are aligned to those of the local and Devon wide Local Strategic Partnership. The Council was involved in developing, and is signed up to, the Devon Compact which sets out how they work with the voluntary and community sector. The Council works closely with the PCT and voluntary sector through its Social Health and Inclusion Partnership. The Social Health & Inclusion Partnership has responsibility for overseeing this and implementing actions associated with health and social inclusion issues across the city. The Neighbourhood Partnerships are a good example of how this works in practice.

Recommendations

12. Ensure that member PDPs are fully implemented to ensure that skills gaps are identified and training plans are in place to address these.
13. Continue to monitor levels of member attendance at training sessions to ensure that they aim to attend all courses relevant to their role, enabling them to discharge their responsibilities effectively.
14. Assess, for key partnerships identified, whether appropriate governance arrangements are in place.
15. Consider how the Council can demonstrate its strategic partnerships have resulted in more efficient use of resources, by lowering costs or delivering better outcomes for the population of Exeter.

KLoE 2.4 - Does the organisation manage its risks and maintain a sound system of internal control?

This KLOE assesses whether the Council has effective risk management in place that covers partnership working; whether there is a clear strategy and effective working arrangements, to manage the risk of fraud and corruption; and whether the Council has a sound system of internal control including internal audit.

We have assessed the Council as performing adequately in this area. The Council has a Risk Management Policy and procedures which is published on the Council's website. However, these were last reviewed in 2006 and should be revisited to confirm they remain fit for purpose. A corporate risk register is in place, linked to objectives, and is considered by the Scrutiny Resources Committee twice a year (March and November) and by the Executive annually. Relevant parts of the register are also submitted to the other scrutiny committees annually in November so that they are aware of the risks relating to their areas of responsibility.

Whilst risks in delivering service performance are discussed at monthly service management team meetings, operational risk registers to formally document these assessments are still being developed in most service areas. Cleansing Services were the first service area to successfully implement the Council's risk management approach, following the completion of a pilot exercise where they worked closely with Internal Audit. Further roll out of operational registers is planned on a priority basis with car parks, IT and customer services being part of the next wave of implementation. Internal Audit are supporting services in implementing these arrangements providing expertise and support on understanding the risk management process and developing the registers. The Council needs to ensure that all services formally develop and regularly maintain a register of operational risks and ensure that these are linked to the service improvement plans.

An officer Risk Management Group is in place, with representatives from the three directorates, meeting shortly before Scrutiny Resources Committee to consider any new or amended risks arising from discussions at their Directorate Management Team meetings. The Leader of the Council is the lead member for risk management. We found that appropriate risk management arrangements are in place for the management of significant projects, such as the Museum development, but the Council have recognised that arrangements need to be improved to ensure that these are better linked with the Corporate Risk Register.

Whilst risk management training has been delivered to members, this needs to be performed on a more timely basis. The Council should also ensure that it targets any member and officer training to those who are specifically involved in risk management as well as to new starters.

The council's Whistle Blowing policy is well publicised. Most recently an article appeared in the Exeter Citizen Winter 2008 edition, publicising the Internal Audit Fraud Hotline. At the time of our assessment an Anti-fraud and Corruption Strategy was in place but an updated version was being developed. The Council is seeking to incorporate best practice within the new strategy and it will clearly set out the action that will be taken against individuals in fraud cases and how action will be taken to recover any losses. Housing Benefit staff are trained and work with the DWP to investigate potential cases of benefit fraud and BVPI 076c shows there were 6.06 Housing Benefit prosecutions and sanctions per 1,000 claims during 2007-08; an improvement on 2006-07 when there were 4.50.

The Council has an assurance framework in place and assessed the system of control through the Annual Governance Statement, which is supported by risk management and internal audit. There is an effective internal audit function at the Council and key control documents, such as standing orders, are reviewed on an annual basis.

The role of the audit committee at the Council is undertaken by the Scrutiny Resources Committee. It covers the basic role of an audit committee including reviewing internal controls, risk management and receiving internal and external audit reports and is operating effectively. However, in order to identify those areas to where it could further enhance its operations, the Committee should formally assess itself against the CIPFA guidance for audit committees and complete the self assessment checklist. This will enable it to identify where it is fully delivering the core functions of an audit committee and where there are opportunities for further development. The committee should reflect and report on its performance on an annual basis to demonstrate the positive impact of its work through providing effective challenge on internal control arrangements and how it is monitoring council's progress against any actions to address significant internal control issues. This includes taking appropriate action to address issues highlighted in internal and external audit reports.

A corporate level Business Continuity Plan is in place. Emergency simulation exercises take place with partners annually to test the effectiveness of the Council's plans with the latest one completed on 3 April 2009. Post exercise de-briefs and reports draw together learning issues from participants and, where necessary, identify responsible officers to make improvements.

Recommendations

16. The Risk management policy, procedures and supporting documentation should be reviewed on a regular basis to ensure that these remain fit for purpose.
17. Plans should be put in place to ensure that all members and officers responsible for risk management are provided appropriate training on a regular basis.
18. Operational risk registers should be prepared and formalised for all service areas to ensure that the risks to delivering operational objectives and achievement of service improvement plans are identified.
19. The Resources Scrutiny Committee should complete a self assessment of its functions using the CIPFA self assessment toolkit, to satisfy itself that it continues to deliver the requirements of an effective audit committee.
20. The Scrutiny Resources Committee should seek to demonstrate that its work has a positive impact in providing effective challenge and ensuring that the Council is working to continually improve its systems of internal control. This could include undertaking an annual review of the Committees effectiveness and formally reporting this.

5 Other resources

Theme summary

This theme focuses on the effective management of natural resources, assets and people. It is concerned with whether the Council understands, and can quantify its use of, natural resources and whether it is managing performance to reduce its impact on the environment. It also focuses on whether the Council has a strategic approach to asset management. Finally it seeks to establish whether the Council has a productive and skilled workforce, knows in the medium to longer term what staff it will need, with what skills, and has plans to achieve this.

Our summary findings

The Audit Commission has determined that the first two areas within this KLoE, making effective use of natural resources and managing assets effectively, will not be assessed at district councils in 2008-09. Our assessment has been limited to planning and developing an effective workforce.

Overall, the Council has sound arrangements in place to manage its workforce, with good examples of initiatives in place to develop its workforce, manage its staff effectively and establish robust working practices. The Local Government Review in Devon has impacted upon the embeddedness of some of these processes, due to future uncertainty, and some corporate documentation requires updating once future arrangements have been confirmed. There is clear evidence that the Council is effective in engaging and supporting staff through various communication methods and provides support to staff directly impacted by change.

The Council is active in reviewing workforce requirements and prepares information annually to members on the workforce profile to the Council and future implications of decisions, including comparisons with other bodies. Further evidence of how the Council's actions are leading to attributable outcomes is required to meet level three, to be able to demonstrate that the workforce planning is actively supporting strategic policies and driving the Council forward.

KLoE 3.1 - Is the organisation making effective use of natural resources?

This KLoE has not been considered in 2008-09 as the Audit Commission has prescribed that the introduction of assessed themes will be phased over three years. Appendix D details those KLoEs to be assessed in each year.

KLoE 3.2 - Does the organisation manage its assets effectively to help deliver its strategic priorities and service needs?

This KLoE has not been considered in 2008-09 as the Audit Commission has prescribed that the introduction of assessed themes will be phased over three years. Appendix D details those KLoEs to be assessed in each year.

KLoE 3.3 - Does the organisation plan, organise and develop its workforce effectively to support the achievement of its strategic priorities?

This KLOE considers the workforce for the Council as a whole, incorporating workforce planning, organisational change and recruitment. It also seeks to establish whether the Council has identified how to improve the diversity profile of its workforce so it broadly reflects the community it serves.

We have assessed the Council as performing adequately in this area. The Council has a Workforce Strategy in place which was due to be reviewed during 2007-08, but the uncertainty created by the Local Government Review (LGR) in Devon has impacted upon the timescales for delivering this. The strategy and subsequent plans clearly link to the Council's objectives and feed through the organisation as part of the Managers' Competency Framework and appraisals. The Strategy informs the annual Workforce Profile Report which is sent to Scrutiny Resources Committee in June each year. Through this report, and the overall corporate workforce strategy, services have the responsibility to set out action plans for any skills shortages within each of the services. Results against performance indicators are also reported as an appendix to the Corporate Plan. Work undertaken as part of the LGR review has identified the staff mix required should the option go ahead. The workforce strategy for 2007-08 remains valid for 2008-09 and current preparations are being made to update this strategy.

Individual departments are responsible for reviewing the staffing structures, based on requirements for efficiencies. This has been evident for a number of services including leisure and museums, the archaeological field unit; customer service centre and housing benefits; treasury services and the merger of planning and building control. These reviews have primarily been driven through resource constraints, but the reports to members have also considered the impact on the services as well as staff. Moving forwards, the Council needs more clearly demonstrate how service workforce planning is linked to performance and service delivery.

Sickness absence levels have improved from 14 to 9 days per person over the last four years. Initiatives to reduce this have included the "be active 4 life" scheme, additional training for managers on the return to work interviews, providing a counselling service through occupational health and offering redeployment opportunities. This is monitored closely through "Bradford factor" reports which are produced for managers each month for comment. Whilst performance has deteriorated slightly since last year, this continues to be closely monitored by the Council.

Biennial staff surveys are undertaken to monitor satisfaction, the last of which was reported to the Council's senior management team in December 2007. This showed that nearly three quarters of respondents (71.6%) would rate the Council as a 'good to very good' employer.

The Council has entered into a "master tender" agreement with one recruitment agency whereby all applications and vacancies are dealt with through the one agent. This has resulted in shorter times for processing vacancies and also enabled the Council to have access to a broader pool of potential employees.

The Council has engaged with, and supported, their staff effectively during organisational change. Throughout the local government review process, staff have been kept informed of progress via a

range of mechanisms including team briefings, e-mails from the Chief Executive, staff question and answer sessions and road-shows held at different sites and dates to ensure that the maximum number of people can attend. In addition, training sessions have been offered to all staff on how to deal with, and respond to, organisational change. During the restructure of the Archaeological Field Unit affected staff were consulted with from the start and put forward their own suggestions of what the model should look like, which were ultimately taken up. In addition, HR User Groups have representatives from all services and feed into the Employee Liaison Forum which is attended by Councillors, Senior Management, Head of HR and Unison/Staff representatives.

Following periods of organisational change, the Council needs to ensure that post implementation reviews are performed and analysed to ensure that they can assess the effectiveness of the process of managing the change and identify where it could do things better. The Council clearly values its people and this is evident through the achievement of Investors in People since 1996 and the Charter Mark award within a number of directorates. High performance is celebrated through City News, the Exeter Citizen and Team Briefs.

A new recruitment website was developed and launched in April 2008, with the aim of attracting a greater number of applicants on-line, reducing the number of application forms received in hard copy and streamlining the process to reduce the time taken from vacancy to appointment. Initial feedback has been positive and the Council now receive 84% of applications on-line. Alternative arrangements are in place to maximise the access for all potential applicants that do not have access to the internet.

The Council are in the early stages of setting up a corporate apprentice scheme which will enable more targeting of under-represented groups in particular roles, build a more diverse workforce and positively promote the Council as an employer in the local market.

The Council have self assessed themselves as a Level 2 against the Equality Standard for Local Government and are discussing within the Equality Working Group the benefits in working towards the 'achieving' level of the new Equalities Framework for Local Government and the added value that will be obtained from this.

In 2007, the Council published a three-year Comprehensive Equality Scheme in line with legislative requirements, setting out measurable outcomes for our service users, staff and councillors. This was reviewed in 2008-09 and an assessment of the achievements has been undertaken and a list of actions drawn up to continue to meet the set objectives. This was approved by Executive on 29 June 2009. An example of how the Council has promoted diversity was through the delivery of training to all 451 Exeter taxi driver with the effectiveness of this training being monitored through mystery shoppers from Living Options Devon. An equal pay audit was undertaken in January 2009 with Unison and a report and action plan produced. No significant issues were identified from this review.

Recommendations

21. Ensure that the workforce strategy is reviewed to ensure that this remains fit for purpose and continue to reflect strategic priorities and support ongoing service delivery.
22. Demonstrate how workforce planning is linked to performance management and delivering improvements in service areas.
23. Demonstrate further how the Council's workforce policies are benefiting the wider community

of Exeter, including assessment of the volunteering network.

24. Demonstrate how the introduction of the Corporate Apprentice Scheme will enable the Council to undertake more targeted recruitment aimed at under represented groups in the community.

25. Ensure that post implementation reviews are undertaken with staff to assess benefits and lessons learnt from their experiences of organisational change within the Council.

26. Work towards the 'achieving' level of the new Equalities Framework for local government.

A Draft Action plan

This action plan is still to be discussed and finalised with officers to determine the specific actions that are required to address the recommendations made below.

No.	Recommendation	Priority	Management response	Implementation details
1	Service Improvement Plans should be implemented consistently across the Council's service areas to enable the Council to plan and manage its financial and operational performance in a more integrated way.	High		
2	The Council should explore ways in which it can consult more widely with local people on significant spending decisions, e.g. Council Tax levels and fees and charges and demonstrate how the results of consultation have been used.	Medium		
3	The Council should introduce separate reporting and monitoring of savings targets from its overall revenue outturn reports to allow better transparency of achievements of savings across services.	Medium		

No.	Recommendation	Priority	Management response	Implementation details
4	The Council should continue to develop a sound understanding of costs and performance across all of the Council's services and seek improved value for money from this. The Council should also demonstrate how partners are being used to challenge resources and deliver VFM.	Medium		
5	The Council should consider implementing a wider use of whole life costing to demonstrate how these support investment decisions across the Council's services.	Low		
6	The Council needs to demonstrate how it compares its service and activity costs and how benchmarking is being used to improve service efficiencies. VFM tools and benchmarking data should be used more routinely by services to manage costs, improve performance and support the delivery of its Service Improvement Plans.	High		

No.	Recommendation	Priority	Management response	Implementation details
7	<p>Develop financial forecasting techniques to further improve the financial reporting function, including the use of risk and sensitivity analysis where appropriate. This should include an assessment of the usefulness of the new financial management system to develop and analyse trends and supporting the forecasting of the Council's financial outturn position.</p>	Medium		
8	<p>The Council should investigate ways in which to better integrate the collecting, producing and monitoring financial and non financial performance to more clearly demonstrate the impact of spending decisions on service provision and performance.</p>	High		
9	<p>The Council should ensure that financial and performance information in key plans, reports and communications is reflected in a user friendly way that is based on consultation with stakeholders and good practice. This should also include robust environmental footprint and social information.</p>	Low		

No.	Recommendation	Priority	Management response	Implementation details
10	The Council should continue to monitor its progress in delivering the actions set out in its Sustainable Commissioning and Procurement Strategy Implementation Plan.	Medium		
11	The Council should ensure that arrangements for checking data accuracy continue to be embedded across the Council, and shared with partners where they are the source of the data.	Low		
12	The Council should ensure that member PDPs are fully implemented to ensure that skills gaps are identified and training plans are in place to address these.	Medium		
13	The Council should continue to monitor levels of member attendance at training sessions to ensure that they aim to attend all courses relevant to their role, enabling them to discharge their responsibilities effectively.	Low		
14	The Council should formally assess whether appropriate governance arrangements are in place for its key partnerships identified.	Medium		

No.	Recommendation	Priority	Management response	Implementation details
15	The Council needs to demonstrate how its strategic partnerships have resulted in more efficient use of resources, by lowering costs or delivering better outcomes for the population of Exeter.	Medium		
16	The Risk management policy, procedures and supporting documentation should be reviewed on a regular basis to ensure that these remain fit for purpose.	High		
17	Plans should be put in place to ensure that all members and officers responsible for risk management are provided appropriate training on a regular basis.	Medium		
18	Operational risk registers should be prepared and formalised for all service areas to ensure that the risks to delivering operational objectives and achievement of service improvement plans are identified.	High		

No.	Recommendation	Priority	Management response	Implementation details
19	The Resources Scrutiny Committee should complete a self assessment of its functions using the CIPFA self assessment toolkit, to satisfy itself that it continues to deliver the requirements of an effective audit committee.	Low		
20	The Scrutiny Resources Committee should seek to demonstrate that its work has a positive impact in providing effective challenge and ensuring that the Council is working to continually improve its systems of internal control. This could include undertaking an annual review of the Committees effectiveness and formally reporting this	Medium		
21	The Council needs to ensure that its workforce strategy is reviewed to ensure that this remains fit for purpose and continue to reflect strategic priorities and support ongoing service delivery.	Medium		
22	The Council needs to more clearly demonstrate how workforce planning is linked to performance management and delivering improvements in service areas.	Medium		

No.	Recommendation	Priority	Management response	Implementation details
23	The Council needs to demonstrate how the Council's workforce policies are benefiting the wider community of Exeter, including assessment of the volunteering network.	Low		
24	The Council should demonstrate how the introduction of the Corporate Apprentice Scheme will enable the Council to undertake more targeted recruitment aimed at under represented groups in the community.	Low		
25	The Council should ensure that post implementation reviews are undertaken with staff to assess benefits and lessons learnt from their experiences of organisational change within the Council	Medium		
26	Work towards the 'achieving' level of the new Equalities Framework for local government.	Medium		

B CAA and the new Use of Resources Framework

The Old UoR Regime

Local authorities' Use of Resources (UoR) has been assessed by external auditors under the Comprehensive Performance Assessment (CPA) regime since 2005. Until 2008, this took the form of an assessment in each of the following 5 areas:

- Financial Reporting;
- Financial Management;
- Financial Standing;
- Internal Control; and
- Value for Money.

Authorities received an overall UoR score, and a score for each area as set out below;

Score	Key
1	Below minimum requirements - performing inadequately
2	At only minimum requirements - performing adequately
3	Consistently above minimum requirements - performing well
4	Well above minimum requirements - performing strongly

This score directly influenced each organisation's overall CPA score and had a significant impact on external perception and reputation.

The move to Comprehensive Area Assessment

The CPA regime provided an effective roadmap and stimulus for improvement, which helped many authorities to move in the right direction, focusing on externally validated strengths and weaknesses. This was reflected by a national picture of gradually improving scores and assessment results from 2005-8, and improving services to the public.

However, in order to build on the success of CPA, the Audit Commission recognised the need to:

- Ask "how well are people served by their local public services" rather than "how well are people served by their Councils";
- Focus on outcomes for an area, not just on individual organisations;
- Consider local priorities rather than apply a "one-size fits all" approach;
- Consider whether performance is likely to improve in the future, rather than how it has improved in the past; and

- Place less importance on compliance and rules to reflect local differences.

In late 2007 the Audit Commission began to consult on a new framework for comprehensive area assessment (CAA), of which an updated UoR assessment would be a key component. The CAA framework that emerged focuses on *areas* rather than the *organisations* within them, and holds local partners jointly to account for their impact on the things that matter to the area as a whole. The CAA asks three key questions:

- How well do local priorities express community needs and aspirations?
- How well are the outcomes and improvements needed being delivered?
- What are the prospects for future improvement?

The CAA does not give an overall score, as was the case for CPA. However, there will be green flags given for innovative or exceptional performance and red flags given to indicate concerns about outcomes and performance.

CAA - key changes

CPA	CAA
Local government focus	All sectors and partners
Institution based	Area based
One size fits all	Focus on local priorities
Performance	Outcomes and perceptions
Collaboration between regulators	Joint assessment
Cyclical inspection	Continuous assessment, proportionate inspection
Focus on past performance	Focus on future improvement

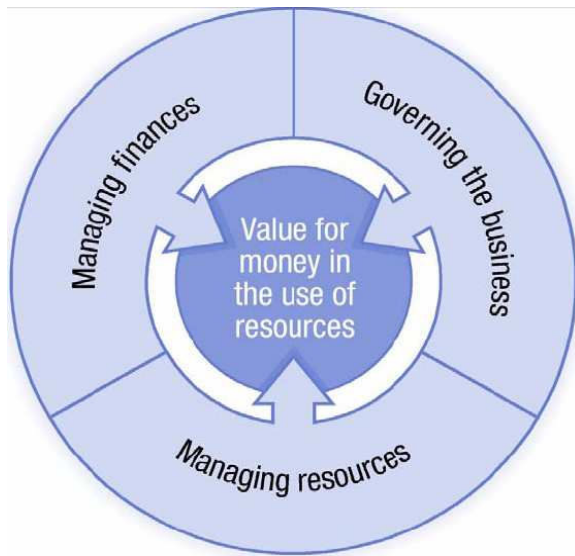
Source:- Audit Commission

Use of Resources under CAA

Alongside the area assessment, CAA will include organisational assessments for key public sector organisations including councils, primary care trusts (PCTs), police forces and fire authorities. Each organisational assessment consists of two components; an assessment of how effectively the organisation is addressing its own priorities, called "managing performance" for councils, and an updated UoR assessment will be applied similarly across the different types of organisation.

The new UoR framework under CAA applies from 2008-09. The diagram below shows the overall approach to the revised UoR framework. There are three themes replacing the five areas included in the old framework, and a number of key lines of enquiry (KLoEs) within each theme.

Use of Resources under CAA (source: the Audit Commission)



The individual KLoEs for each theme are detailed in the main body of this document. Scoring criteria are set out in appendix C.

C Scoring criteria and rules

The table below summarises the criteria used to reach scored judgements for each KLoE.

Level 2 Performs adequately	Level 3 Performs well	Level 4 Performs excellently
Arrangements consistent with established professional practice and guidance, meet statutory requirements and operate effectively.	Implemented effective arrangements that are: <ul style="list-style-type: none"> ➤ forward looking and proactive in identifying and developing opportunities for improvement; and ➤ include more sophisticated measuring and assessment techniques. 	Demonstrating innovation or best practice .
Arrangements sufficient to address the KLoE.	Outputs and outcomes demonstrate arrangements which are effective and have the intended impact , and show evidence of effective partnership working .	Demonstrating strong outcomes for the community including through partnership working .
Arrangements achieve minimum acceptable levels of performance .	Evidence of performing consistently above minimum acceptable levels and achieving VfM .	Evidence of performing well above minimum acceptable levels and achieving excellent VfM .

Theme scores are derived from a numerical average of the KLoE scores within that theme. In some cases such as theme 2 or theme 3 when only 2 out of 3 KLoEs are assessed, the average of KLoE scores could result in a number ending in .5. In such cases the following rules apply in 2008-09;

- For theme 2, if the average KLoE score ends in 0.5, then the theme score will be rounded up or down to the score for KLoE 2.2. Examples - KLoE scores of 3,2,2,2 = theme score of 2. KLoE scores of 3,2,3,2 = theme score of 2. KLoE scores of 2,3,3,2 = theme score of 3.
- For theme 3, if the average KLoE score ends in 0.5, then the theme score will be rounded up or down to the score for KLoE 3.1. Examples - KLoE scores of 3,2 = theme score of 3. KLoE scores of 2,3 = theme score of 2.

The Audit Commission document at the link below details the overall approach to UoR framework and full details of scoring methodology.

<http://www.audit-commission.gov.uk/SiteCollectionDocuments/Downloads/uorframework2008updatefeb09.pdf>

In addition the Commission published auditor guidance for the UoR framework. This is available at the link below. This provides details of the specific KLoE's and expected indicators for levels of performance;

<http://www.audit-commission.gov.uk/localgov/audit/UoR/Pages/guidance.aspx>

D KLoEs specified for assessment in 2008-09 and 2009-10

Some KLoEs are assessed on a rotating basis. The table below summarises the KLoEs that were assessed and formed the basis for the VfM conclusion in 2008-09.

2008-09	Single tier or county council	District Councils	NHS PCTs
Theme 1 - Managing finances			
1.1	Financial planning	Y	Y
1.2	Understanding costs	Y	Y
1.3	Financial reporting	Y	Y
Theme 2 - Governing the business			
2.1	Commissioning and procurement	Y	Y
2.2	Use of data	Y	Y
2.3	Good governance	Y	Y
2.4	Internal control	Y	Y
Theme 3 - Other resources			
3.1	Environmental management	Y	N
3.2	Asset management	Y	Y*
3.3	Workforce management	N	Y

* only assessed at PCTs with a significant asset base.

∞ For PCTs, KLoE 2.1 will form a relevant criterion for the purposes of the VfM conclusion but not a scored KLoE for the use of resources assessment. Evidence for the VfM conclusion is expected to be drawn from the World Class Commissioning assurance framework, findings from Auditors' Local Evaluation work in 2007/08 and any other work undertaken locally.

For the 2009-10 assessment, the following KLoEs will be assessed and will form the basis for the VfM conclusion. Scores achieved in 2008-09 will continue to apply for 2009-10 for those KLoEs not being assessed in year 2.

2009-10	Single tier or county council	Districts	NHS PCTs
Theme 1 - Managing finances			
1.1	Financial planning	Y	Y
1.2	Understanding costs	Y	Y
1.3	Financial reporting	Y	Y
Theme 2 - Governing the business			
2.1	Commissioning and procurement	Y	Y
2.2	Use of data	Y	Y
2.3	Good governance	Y	Y
2.4	Internal control	Y	Y
Theme 3 - Other resources			
3.1	Environmental management	N	Y
3.2	Asset management	Y	N
3.3	Workforce management	Y	Y

∞ For PCTs, KLoE 2.1 will form a relevant criterion for the purposes of the VfM conclusion but not a scored KLoE for the use of resources assessment. Evidence for the VfM conclusion is expected to be drawn from the World Class Commissioning assurance framework and any other work undertaken locally.

Further details are available at the Audit Commission's website at:

<http://www.audit-commission.gov.uk/SiteCollectionDocuments/Downloads/uorframework2008updatefeb09.pdf>

E Use of Resources Timetable 2009-10

	2009-10 NHS	2009-10 Councils, police and fire
Area Challenge		
EDC submission (indicative)	By 26 March 2010	By 21 April 2010
SHA area challenge	12-23 April 2010	n/a
LG area challenge	n/a	10-21 May 2010
National Quality Assurance		
EDC submission (final)	By 2 July 2010	By 30 July 2010
NQA process	5-30 July 2010	2-27 August 2010

F Identifying outcomes, outputs and achievements

Identifying outputs, outcomes and achievements

In order to score level 3 or above in the new UoR assessment framework, organisations were required to show that processes are *effective* and having the *intended impact*. This is an important shift in emphasis from the previous framework, within which organisations could achieve top scores by demonstrating excellent processes. The table below gives generalised examples of the types of outcome that have led to higher scores.

Illustrative examples of outcomes, outputs and achievements by KLoE

NOTE - these examples are for illustration only and do not comprehensively cover each KLoE. Refer to section 2 for KLoE headings.

	Outcome	Output	Achievement
1.1	Investment in priorities leads to improved performance	Savings targets met, performance reward grant achieved	Positive external assessment
1.2	Improved relationship between costs and performance	Service reviews completed identifying opportunities	Development of effective corporate efficiency programme
1.3	Healthy financial position	Improved financial skills	Early close of accounts, clean audit
2.1	Improved service performance at lower cost	Completed commissioning / procurement exercises	Innovative approach to joint commissioning External recognition for procurement
2.2	Better-informed decisions and robust data to stakeholders	Improved internal performance reporting	Finding and fixing problems with own or partner data
2.3	Flexibility and responsiveness whilst maintaining focus	All members trained in ethical behaviour	Achieving a more balanced political process
2.4	Risks identified and mitigated, frauds recovered	Development and review of risk registers	Development of effective partnership risk framework
3.1	Reducing emissions and water consumption	Training of environmental champions	Enrolment in carbon reduction programme
3.2	Improving condition of assets	Income from disposal of unwanted assets	Better office accommodation
3.3	Meeting skills gaps, improving staff satisfaction	Reducing turnover and sickness absence	Investors in people accreditation

There are some common sense principles that should be taken into account when seeking to identify outcomes:

- organisations should not have to identify new outcomes for the purposes of UoR assessment. These should be identified and captured through existing management activity; organisations should understand how their processes help them to achieve their priorities;
- outcomes and outputs should be measurable where possible, but if this is not the case then a qualitative description of the improvement is still useful;
- there may not be a one-to-one relationship between processes and outcomes. There may be a small number of outcomes that arise as the net effect of a processes across a KLoE area; and
- if you are having difficulty then discuss the area with your UoR auditor.

Our approach to ensuring consistency

In line with the Audit Commission's move to Comprehensive Area Assessment, the new use of resources framework has been designed to provide more flexibility to recognise local issues, priorities and achievements. This has given auditors more freedom to establish the individual story of each organisation, rather than applying a rigid best practice template. To support this, both the Audit Commission and Grant Thornton UK LLP have put in place new arrangements for ensuring that judgements and scores are reached in a fair and consistent way.

The Audit Commission has:

- provided extensive guidance and training;
- introduced an area-based challenge process bringing together auditors within each region to discuss and challenge indicative scores;
- increased the visibility of comparative scores and commentary for auditors; and
- undertaken a detailed final quality assurance process including statistical analysis across suppliers, regions and types of organisation.

Grant Thornton has:

- provided internal training and guidance;

- developed a network of regional leads to oversee the audit process nationally;
- undertaken a number of internal consistency and challenge sessions, comparing our clients to each other and with their regional neighbours; and
- undertaken detailed review and quality control of scores and conclusions.



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EXETER CITY COUNCIL

SCRUTINY COMMITTEE - RESOURCES 25 NOVEMBER 2009

AIM PROPERTY MAINTENANCE OUTTURN REPORT 2009/10

1 PURPOSE OF THE REPORT

- 1.1 This is the second quarterly report, covering the period from July to September 2009 (but including updated figures at 2 October 2009). The report details the financial position of the £7.4m programme of reactive and planned property maintenance and refurbishment. This report covers just revenue funded housing and non-housing schemes as approved by Council for the financial year 2009/10. In some cases this programme further includes budgets for schemes rolled forward from 2008/09. Where necessary this report will provide specific details on significant programme variations.

2 BACKGROUND

- 2.1 The Council approved the following:

	£	
Housing budgets		
(a) Housing Reactive Repairs	4,295,960	
(b) Housing Servicing Contracts	683,090	
(c) Housing Maintenance Works	<u>521,773</u>	£ 5,500,823
Non-housing budgets		
(d) Service Recharges	270,030	
(e) Lease Requirements	98,840	
(f) AIM Priority Programme	561,080	
(g) AIM Reactive Repairs - General	513,710	
(h) AIM Service Contracts	354,950	
(i) AIM Operational Essentials	<u>78,290</u>	£ 1,876,870
Total		<u>£ 7,377,693</u>

- 2.3 The current level of spending against the specifically monitored budgets in 2009/10 above presently indicates overspend of some £51,000 overall (0.7%), which has been sustained in both housing and non-housing programmes, but otherwise there are no significant variations at this stage.

A copy of the full financial monitoring report is available on the Internet.

HOUSING

- 2.4 **Gas Equipment Replacement – budget £50,000**

This budget is set to cover the cost of reactive repairs, mainly involving the replacement of broken down gas boilers or gas fires, leaking radiators and replacement temperature control valves. The amount of repairs that have been required so far this year has meant an overspend has already been incurred. As,

inevitably, more repairs are likely to arise through the remaining part of the year a reasonable estimate of overspend at this stage would be £50,000. However, although future expenditure will be controlled to limit overspend as far as reasonably practicable, this overspend will in effect be negated by reducing the financial provision to be spent (£1,562,100) from revenue contributions for capital projects.

NON-HOUSING

2.5 City Wall Repairs – budget £33,770

This budget was rolled forward from 2008/09 for remaining monies to be paid for necessary repairs to the City wall at various locations. In the event, the extent of repairs have proved more than was envisaged when the original budget was set. Consequently, an overspend in the order of £7,000 has been incurred.

2.6 Canal Bank Underpinning at Welcome Inn – budget £4,950

This budget was rolled forward from 2008/09 for remaining monies to be paid for this already mostly completed work. Before final completion some additional works were found to be required to the top of the canal bank to prevent vehicles falling into the canal. In the event when final costs were agreed they exceeded the provision made, so an overspend of some £6,000 has occurred.

2.7 Non-Housing Reactive Repairs Generally – overall budget £513,710

This budget is split into twelve separate parts in order to better raise and monitor orders and control work and costs. As all these provisions are for works of a reactive nature it is difficult to predict the extent or pattern of likely expenditure in the year. Presently, three of these part budgets indicate overspend this year, with the largest overspend arising from the cost of leisure repairs. Whilst instructions have been given such that future reactive repair work is to be strictly prioritised in the remaining part of the year, nevertheless, an overspend of at least some £29,000 is likely to be sustained this financial year.

3 RECOMMENDED

- (1) that the outturn financial position of the £7.4m programme of reactive and planned property maintenance and refurbishment for 2009/10, as detailed above be noted.

HEAD OF CONTRACTS AND DIRECT SERVICES
HEAD OF HOUSING
HEAD OF ESTATES
HEAD OF TREASURY SERVICES

COMMUNITY & ENVIRONMENT DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended)
Background papers used in compiling this report:

None

EXETER CITY COUNCIL

SCRUTINY COMMITTEE - RESOURCES 25 November 2009

HALF YEAR RESULTS OF PERFORMANCE MONITORING 2009/10

1. PURPOSE OF REPORT

- 1.1. To report the half year figures for those statutory and local performance indicators that relate to services provided by the Corporate Services Directorate.

2. BACKGROUND

- 2.1. Performance indicators are used to measure progress against the Council's strategic objectives and regular monitoring ensures that the Council is on track to meet its targets, or that remedial action is taken where necessary. Performance results are also compared annually with similar councils to assess the efficiency and effectiveness of services.
- 2.2. Local indicators are chosen by the council to reflect specific priorities and to provide useful management information. National indicators are prescribed by the Government. In October 2007, the Government published a new single set of 198 national indicators (NIs). The NIs replace all previous indicators, including best value performance indicators, but the majority apply to single tier/county councils.
- 2.3. Members play an important role in reviewing performance and data quality. The attached tables contain the figures for those national and local performance indicators that relate to services provided by the Corporate Services Directorate. Commentary is provided on the results to provide context and to explain any variance from targets and any remedial action taken or planned.

3. RECOMMENDATION

- 3.1. That members consider the report and indicate whether they wish to receive any further information on any particular issue(s).

DIRECTOR CORPORATE SERVICES

Local Government (Access to Information) Act 1985 (as amended).

Background papers used in compiling the report:

None




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Performance Indicator Results Half Year 2009/10

How to interpret the performance report

Performance is shown as a comparison to the half year target. A tolerance is set for each indicator, allowing performance to be shown as on target even if it is below target by 10 percent.

The following symbols are used.

-  The Green Star shows that performance is better than target
-  The Blue Circle shows that performance is on target, within the tolerance
-  The Red Triangle warns that performance is below target by more than 10%

-  The green tick indicates that the half year figure for 2009/10 is better than the half year figure for 2008/09
-  The black arrow indicates that there is no change between the half year figures for 2008/09 and 2009/10
-  The red cross indicates that the half year figure for 2009/10 is worse than the half year figure for 2008/09

	Year End 08/09	Actual Q1 09/10	Actual Q2 09/10	Half Year	Performance Half Year	Target Half Year	Target Annual 09/10	Compared to 08/09 half year figure	Q2 Commentary
LPI HO5 % of responsive repairs completed within target timescales									

Actual recorded figure for Quarter Two

Accumulative figure for the year to date

Symbol to show if indicator is on target

Symbol to show if indicator is above or below 08/09 half year figure

Any comments to explain performance

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SO4: Maximise the potential of all our citizens by tackling social disadvantage and deprivation									
Year End 08/09	Actual Q1 09/10	Actual Q2 09/10	Half Year 09/10	Performance Half Year	Target Half Year	Target Annual 09/10	Compared to 08/09 Half Year	Commentary	
BV011a.02 Percentage of top 5% earners who are women	16.98	19.64	22.64	22.64	▲	29.00	✓	There has been a slight increase in the percentage but as this covers a relatively small number of staff, it has been achieved only by a decrease in overall staffing numbers.	
BV011b.02 Percentage of top 5% Earners from black and minority ethnic background	3.77	3.57	3.77	3.77	●	4.00	✗		
BV011c.05 Percentage of top 5% earners with a disability	1.89	3.57	3.77	3.77	★	2.00	✓		
BV016a % Employees with a disability	2.85	2.80	3.09	3.09	▲	5.00	n/a	We continue to monitor this performance target and whilst a small increase has been shown, we remain committed to improving this area of employment.	
BV017a % Employees from ethnic minorities	1.42	1.43	1.37	1.37	▲	2.00	n/a	This decrease is due to one member of staff from a minority ethnic background leaving the Council.	

SO7: Use resources effectively and provide high performing, value for money services that focus on customer satisfaction									
Year End 08/09	Actual Q1 09/10	Actual Q2 09/10	Half Year 09/10	Performance Half Year	Target Half Year	Target Annual 09/10	Compared to 08/09 Half Year	Commentary	
BV008 % Invoices paid within 30 days	86.97	95.70	96.64	96.17	●	97.00	✓		
BV009 % Council Tax collected	97.38	30.11	57.11	57.11	★	56.94	✗		
BV010 % National Non Domestic Rate collected	98.06	33.53	60.67	60.67	●	61.28	✗		
BV079bi % Housing Benefit Recovered: Overpayment	84.85	105.50	91.65	91.65	★	83.50	✓		
BV012 Days / shifts lost to sickness	9.78	1.99	2.73	4.72	▲	4.00	✗	Further interrogation of sickness figures is being undertaken to identify reasons for this increase. Swine flu and long term/short term absence is being assessed for impact.	
BV015 % Employees retiring on grounds of ill health	0.00	0.13	0.00	0.00	★	0.20	✓		
LPI HR1 % New staff receiving corporate induction	92.25	100.00	93.75	96.88	●	100.00	✓		
LPI HR2 % Employees receiving annual appraisal	97.00	n/a	59.00	59.00	★	50.00	✗	This figure represents the number of appraisals that have been reported as having taken place. The real figure is likely to be higher than this.	
LPI HR3 Average no. days training & development per employee	3.37	0.79	0.75	1.54	▲	1.76	✗	Training is mainly accessed on a needs led basis and a reduction in demand has resulted in a drop in direct delivery.	
LPI HR4 No. IT training hrs per employee	2.31	0.43	0.26	0.69	▲	1.50	✗	Much of IT training is demand led and a reduction in demand has led to a reduction in the overall training cost.	

SO7: Use resources effectively and provide high performing, value for money services that focus on customer satisfaction										
Year End 08/09	Actual Q1 09/10	Actual Q2 09/10	Half Year 09/10	Performance Half Year	Target Half Year	Target Annual 09/10	Compared to 08/09 Half Year	Commentary		
LPI IT2 % Helpdesk calls responded to within agreed timescale	98.59	98.50	98.91	98.70	●	100.00	100.00	✓		
LPI TR1 % Return on financial investments against benchmark	191.18	427.27	376.19	376.19	★	100.00	100.00	✓		
NH180 Number of changes of circumstances affecting Housing Benefit /Council Tax Benefit entitlement processed within the year	12851.00	6938.00	12156.00	12156.00	★	5950.00	11900.00	✓		
NH181 Time taken to process Housing Benefit/Council Tax Benefit new claims and change events	11.00	10.69	12.33	12.33	▲	11.39	11.39	✓	The target has not been achieved in the second quarter due to a combination of increasing workload and impact of increased holiday leave during the summer. Assessors have worked hard in recent weeks to bring work right up to date and this is already being reflected in improved performance during quarter three.	
BV076d No. of housing benefit prosecutions & sanctions, per yr, per 1000	5.73	2.02	1.83	3.85	★	3.00	6.00	✓		
BV014 % Employees retiring early (excluding ill-health)	0.25	0.00	0.00	0.00	★	0.10	0.30	▲		
SO8: Promote an extremely positive image and reputation and ensure high levels of customer satisfaction										
Year End 08/09	Actual Q1 09/10	Actual Q2 09/10	Half Year 09/10	Performance Half Year	Target Half Year	Target Annual 09/10	Compared to 08/09 Half Year	Commentary		
LPI IT3 Percentage availability of ICT service	99.92	100.00	100.00	100.00	●	100.00	100.00	✓		
LPI CC2 % Customers who were seen within 10 minutes	53.53	52.09	55.85	54.13	▲	85.00	85.00	✗	There was an increase in the total number of customers seen and an improvement since quarter one. The difficulty in reaching this target is that Housing Benefit enquiries are the highest volume and generally take longer than most other services.	
LPI CC3 % External phone calls answered in 6 rings	79.10	90.90	88.16	89.42	●	90.00	90.00	✓		
LPI CC6 % Customers who received prompt service and didn't have to wait long	68.00	83.00	79.50	79.50	●	80.00	80.00	n/a		
LPI CC7 % Customers who thought the advisor/information was helpful	91.00	93.00	93.00	93.00	★	90.00	90.00	n/a		
LPI CC8 % Customers whose query was resolved	91.00	89.00	89.00	89.00	★	80.00	80.00	n/a		

EXETER CITY COUNCIL
SCRUTINY COMMITTEE - RESOURCES
26 NOVEMBER 2009

RESOURCES SCRUTINY STEWARDSHIP TO 30 SEPTEMBER 2009

1. PURPOSE OF REPORT

This report advises members of any major differences by management unit to the revised budget.

2. STEWARDSHIP TO 30 SEPTEMBER 2009

2.1 The current forecast suggests that net expenditure for this committee will decrease from the revised budget by a total of £826,380, with the largest part of this underspend, estimated to be £700,000, unlikely to be spent this financial year on the Local Government Review. Supplementary budgets of £92,170 are included but the Notional charges budgets in respect of FRS17 Pension Costs and Capital charges have been deducted to provide the total budget for management accounting purposes.

2.2 The main variations by management unit are detailed below:

	£
2009-2010 REVISED BUDGET	16,358,850
86A1 REVENUE COLLECTION / BENEFITS	(115,810)
It is estimated at the end of the first quarter that there will be a net increase in Housing Benefits subsidy. The total is £115,810 which is 0.32% of the total Housing Benefits Subsidy (£36,698,150).	
86A3 CORPORATE	7,930
A revised scale of fees for external audit work to be carried out during the year will result in an increase in costs.	
86A4 CIVIC CEREMONIALS	(22,350)
A revised rental has been agreed for the High Street shop attached to the Guildhall civic building.	
86A5 DEMOCRATIC REPRESENTATION	(710,640)
It is expected that there will be an underspend on Members' Expenses by the end of the financial year. The budget provision that was made to finance the cost of Local Government Review is expected to be underspent because of the delay in announcing the final conclusion.	
86A7 UNAPPORTIONABLE OVERHEADS	5,420
There is an increase due in payments to the pension fund administered by Devon County Council to meet the approved cost of early retirements and redundancies.	

86A8 CHIEF EXECUTIVE SERVICES	(41,120)
Savings have accrued from vacancies and maternity leave.	
86B1 TREASURY SERVICES	(4,530)
A review of duties and posts within the administration team and secretarial support to the Director, has resulted in increased costs to this budget head but these will be offset in the long-term by savings in management unit 86B7.	
86B4 LEGAL SERVICES	(4,870)
There have been some minor pay savings within the service.	
86B5 CORPORATE CUSTOMER SERVICES	36,980
A review of duties and posts within the Civic Centre and Mail services has resulted in redundancy costs being incurred.	
86B7 DIRECTOR CORPORATE SERVICES	22,610
Redundancy costs have been incurred following a review of secretarial support to the Director.	
 2009-2010 EXPECTED FINAL OUTTURN	<hr/> £15,532,470 <hr/>

3. RECOMMENDATION

- 3.1 That the Scrutiny Committee - Resources note this report.

HEAD OF TREASURY SERVICES

CORPORATE SERVICES DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended)

Background papers used in compiling this report:

None

**SCRUTINY COMMITTEE - RESOURCES
STEWARDSHIP**

APRIL 2009 TO SEPTEMBER 2009

ANNUAL BUDGET	£	SUPPLEMENTARY BUDGET	£	NOTIONAL CHARGES***	REVISED BUDGET	£	CODE		CURRENT OUTTURN FORECAST	£	FORECAST VARIANCE
1,628,580					1,628,580		86A1	REVENUE COLLECTION / BENEFITS	1,512,770		(115,810)
244,660			(2,030)		246,690		86A2	ELECTIONS & ELECTORAL REGISTRATION	246,690		0
669,260					669,260		86A3	CORPORATE	677,190		7,930
265,510		25,560		31,160	259,910		86A4	CIVIC CEREMONIALS	237,560		(22,350)
1,899,730					1,899,730		86A5	DEMOCRATIC REPRESENTATION	1,189,090		(710,640)
1,019,300		27,780			1,047,080		86A6	GRANTS/CENTRAL SUPPORT/CONSULTATION	1,047,080		0
86,310					86,310		86A7	UNAPPORTIONABLE OVERHEADS	91,730		5,420
1,218,870		22,000	(32,470)		1,273,340		86A8	CHIEF EXECUTIVE SERVICES	1,232,220		(41,120)
0			(4,070)		(4,070)		86A9	STRATEGIC/COMMUNITY PARTNERSHIPS	(4,070)		0
3,206,140		5,000	4,430		3,206,710		86B1	TREASURY SERVICES	3,202,180		(4,530)
218,870			(11,570)		230,440		86B2	INTERNAL AUDIT	230,440		0
707,960			(4,360)		712,320		86B3	HUMAN RESOURCES	712,320		0
614,780			(29,240)		644,020		86B4	LEGAL SERVICES	639,150		(4,870)
2,839,350		7,080	216,850		2,629,580		86B5	CORPORATE CUSTOMER SERVICES	2,666,560		36,980
1,975,850		4,750	309,440		1,671,160		86B6	IT SERVICES	1,671,160		0
150,040			(7,750)		157,790		86B7	DIRECTOR CORPORATE SERVICES	180,400		22,610
16,745,210		92,170	470,390		16,358,850			NET EXPENDITURE BEFORE INTERNAL RECHARGES	15,532,470		(826,380)
(10,931,860)					(10,931,860)			LESS INTERNAL RECHARGES	(10,931,860)		0
£ 5,813,350		£ 92,170	£ 470,390		£ 5,426,990			NET EXPENDITURE	4,600,610		(826,380)

*** Includes:
Capital Charges
FRS17 Pension Costs

Transfers to/from Earmarked Reserves

OVERALL FORECAST EXPENDITURE FOR THE YEAR AFTER MOVEMENTS TO/FROM RESERVES 4,600,610

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EXETER CITY COUNCIL

SCRUTINY COMMITTEE – RESOURCES 25 NOVEMBER 2009

CORPORATE COMPLAINTS MONITORING

1. PURPOSE OF REPORT

- 1.1 This report presents a summary of complaints received by the Council from the public during the financial year 2008/09.

2. BACKGROUND

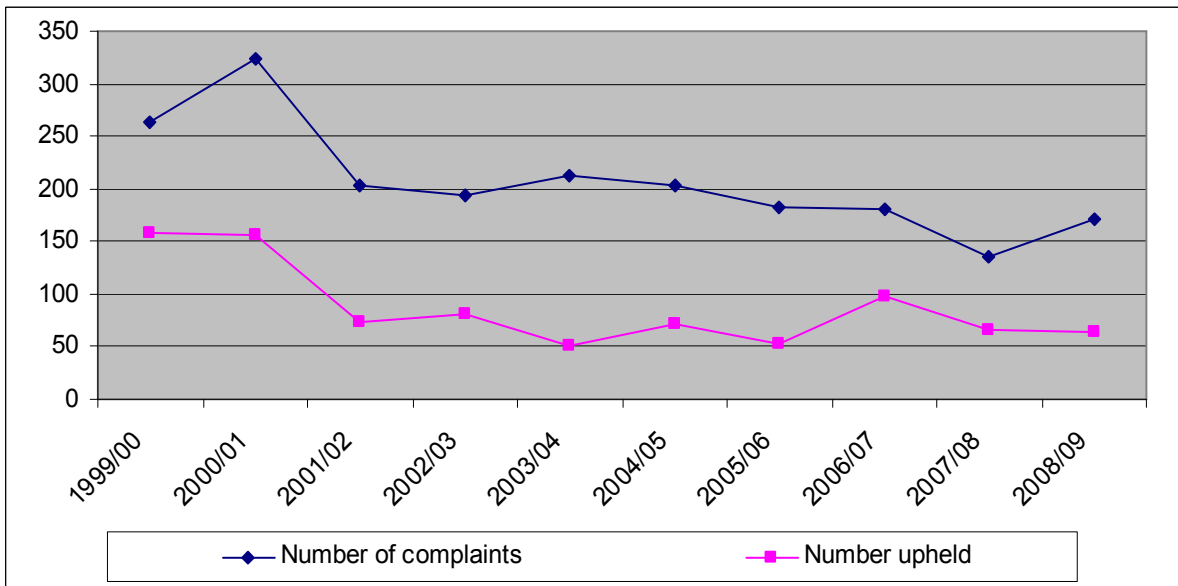
- 2.1 As part of the corporate complaints procedure each directorate records the number and type of complaint received for each service, what stage in the process the complaint reaches, and the outcome of that complaint. Annual reports analysing the results are published on the Council's website (www.exeter.gov.uk/complaints).
- 2.2 Corporate complaints are those where the customer is complaining about dissatisfaction with a service rather than a request for service. For example if a customer complains about a fly tipping incident this would be a request for a service to remove the items. If however the Council failed to remove the items and the customer complained then this would be a corporate complaint about the level of service we have provided.
- 2.3 Complaints are usually investigated in the first instance at Head of Service level. The customer is then sent a reply detailing the findings. The customer is invited to return a reply paid postcard stating whether or not they are happy with the way in which the complaint has been dealt with. If the customer is not satisfied, they may escalate the complaint to a second stage of investigation by a Director and ultimately refer the complaint for a third stage investigation by the Chief Executive if they remain dissatisfied. Should they still be dissatisfied, their recourse is to the Local Government Ombudsman.
- 2.4 Representatives from each directorate and the Policy Unit attend the Complaints Monitoring Group twice a year to discuss trends in complaints, to improve both the process and the results, and to learn lessons to develop service delivery.
- 2.5 In analysing the data from directorates for this report, officers have not identified any issues of concern which would warrant a change in the way services are delivered.

3. RESULTS

Total Number of Complaints Received and Number Upheld

- 3.1 During 2008/09, a total of 172 complaints were received under the Council's corporate complaints procedure. This is an increase of 26% on the 2007/08 when 136 complaints were received and follows a four-year decrease in the number of complaints received. At the same time the number of complaints upheld decreased from 65 (48%) in 2007/08 to 64 (37%) in 2008/09.

Figure 1: Total complaints and number upheld by year



3.2 These differences were across almost all services so it is difficult to identify any underlying reasons for the changes other than those described in paragraphs 3.4 to 3.9 below.

3.3 During 2008/09, 19% of complaints progressed to stage 2 which is a slight increase on 2007/08 (16%) and the percentage of complaints that progressed to stage 3 almost doubled from 7% in 2007/08 to 13% in 2008/09. It is difficult to identify any underlying reason for this increase other than complainants simply not being happy with the outcome of the investigation if the result was not in their favour.

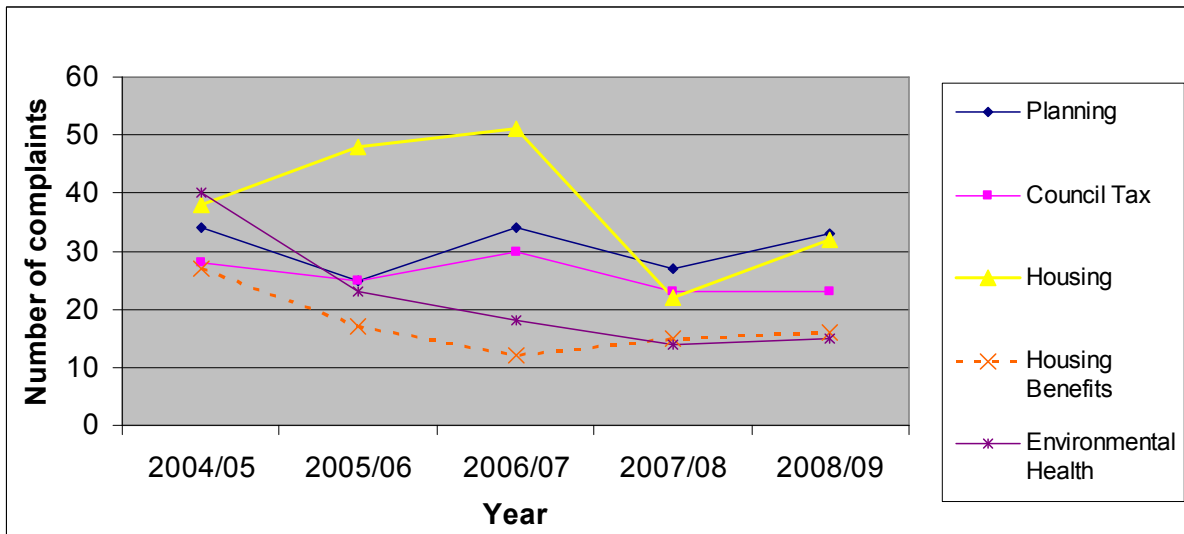
Breakdown by Service

3.4 Figure 2 below shows that Planning continues to receive the highest number of complaints: 37 during 2008/09, including three that went directly to stage 2 and one that went to stage 3. This is a 37% increase on 2007/08, when a total of 27 complaints were received for Planning, however 11 of the complaints related to the same application, an application for student accommodation which was allowed by an Inspector on appeal¹.

3.5 Of the Planning complaints received at Stage 1 in 2008/09, 36% were found to be justified or part justified compared to 32% in 2007/08.

¹ Planning member Working Group 14 April 2009 report [Complaints regarding the Planning and Building Control Unit](#)

Figure 2: Highest Number of Complaints by Service 2004 -2009



3.6 During 2007/08, Housing saw a 61% decrease in complaints but in 2008/09, the number of complaints received rose again by 45% from 22 to 32, the second highest figure for the year. This is because previous figures underreported the number of complaints about Housing Repairs. An internal review report at the end of 2007, identified that the service did not have a robust system for logging requests for, and complaints about, repairs. This is now being addressed and has led to an inevitable increase in figures.

3.7 Of the 32 Housing complaints received in 2008/09, 34% were found to be justified or part-justified compared to 36% in 2007/08.

3.8 Council Tax received 23 complaints during 2008/09, the third highest figure for the year but the same number as was received in 2007/08. 47% of these complaints were found to be justified or part-justified which continues a decrease on the past two years (60% in 2005/06 and 56% in 2006/07). To provide some context for these figures, the Council has over 50,000 Council Tax payers.

3.9 Apart from small increases and decreases experienced across services the other significant change was in Leisure and Museums which received nine complaints in 2008/09, including one that went straight to Stage 2, compared to only one complaint in 2007/8. Of the complaints received at Stage 1, 25% were found to be justified or part justified. These complaints are about diverse and unrelated issues and do not appear to be part of a trend.

Ombudsman

3.10 The Local Government Ombudsman received 30 complaints and enquiries regarding Exeter City Council during 2008/09. However they are unable to make comparisons between these figures and the previous year as the recording methods they used changed following a restructure.

3.11 Only one of the complaints to the Ombudsman was upheld and this was in respect of the means used by the Council to recover a debt of Council Tax arrears from a person who was alleged to have suffered from untreated mental and physical health problems. Procedures have been reviewed as a result, and it was agreed by the Executive in March that the Head of Treasury Services would consult with the Portfolio Holder for Business Transformation and Human Resources prior to commencing bankruptcy proceedings in future cases.

- 3.12 The Ombudsman's annual review states "My investigators have found the Council's responses to enquiries effective and helpful and information provided commendably thorough. We value the constructive approach demonstrated in dealing with complaints made."²

Benchmarking

- 3.13 As reported previously, benchmarking complaints received by the Council is difficult because councils are at different stages of developing their complaints management systems and they also record and categorise complaints in different ways.
- 3.14 Any meaningful benchmarking exercise is likely to require research and will only be feasible as part of a wider review of the complaints handling system.

Improvements to Services

- 3.15 The majority of complaints have required only minor adjustments or improvements to be made to services. Examples include:
- Parking Services have amended the signage in the Cathedral and Quay car park to reflect the current hours of operation of the lift.
 - The majority of Contract and Direct Services and Environmental Health complaints related to staff attitudes and not responding to residents. This issue has been addressed and necessary action taken.
 - As a result of a complaint about the recovery of council tax, the bailiff notice was found to be deficient and this led to a change in the department's internal processes.

Complainant Satisfaction

- 3.16 Figures for complainant satisfaction should be treated with caution as those customers not receiving a positive outcome to their complaint may perceive that the complaint was not dealt with properly. By the same token we cannot assume that if the complainant does not return the card and does not pursue the complaint that they are happy with the way the complaint was handled and processed.
- 3.17 Across the Council satisfaction cards were received from 52 complainants (33%) during 2008/09. This continues a slight year on year increase from 29% in 2007/08 and 27% in 2006/07. Of the cards returned during 2008/09, 48% of complainants said they were happy with the way in which their complaint had been handled. The table below shows the results for the services with the highest number of complaints for the last three years.

² The Local Government Ombudsman's Annual Review Exeter City Council for the year ended 31 March 2009, Page 4
<http://www.lgo.org.uk/documents/annualreview/2009/exeter.pdf>

Figure 3: Satisfaction Monitoring

	2008/09		2007/08		2006/07	
	Returns as % of total complaints	% of returns satisfied	Returns as % of total complaints	% of returns satisfied	Returns as % of total complaints	% of returns satisfied
Planning	15% (5)	40%	32% (7)	29%	43% (13)	15%
Housing	35% (8)	63%	9% (2)	100%	31% (16)	33%
Council Tax	41% (13)	31%	35% (8)	63%	50% (15)	87%

Response Rate

3.18 Table 2 below gives figures for the percentage of complaints that were sent an acknowledgement within the standard five working days and the percentage who then received a full reply within the standard three weeks by directorate.

Figure 4: Acknowledgment of Complaints

	2008/09		2007/08		2006/07	
	% sent initial reply within standard	% sent full reply within standard	% sent initial reply within standard	% sent full reply within standard	% sent initial reply within standard	% sent full reply within standard
Community & Environment	98%	94%	87%	87%	93%	94%
Corporate Services	85%	84%	87%	96%	82%	86%
Economy & Development	91%	67%	95%	79%	86%	95%
Chief Executive's Department	50%	0%	*100%	*0%	*100%	*100%

*only 1 complaint received

3.19 The Chief Executive's Department tends to receive complaints that relate to issues across the Council so are often more complex to investigate and take longer to respond to. In addition, these complaints sometimes go to another service initially before it is realised that a corporate response is appropriate and this causes a delay in acknowledging the complaint.

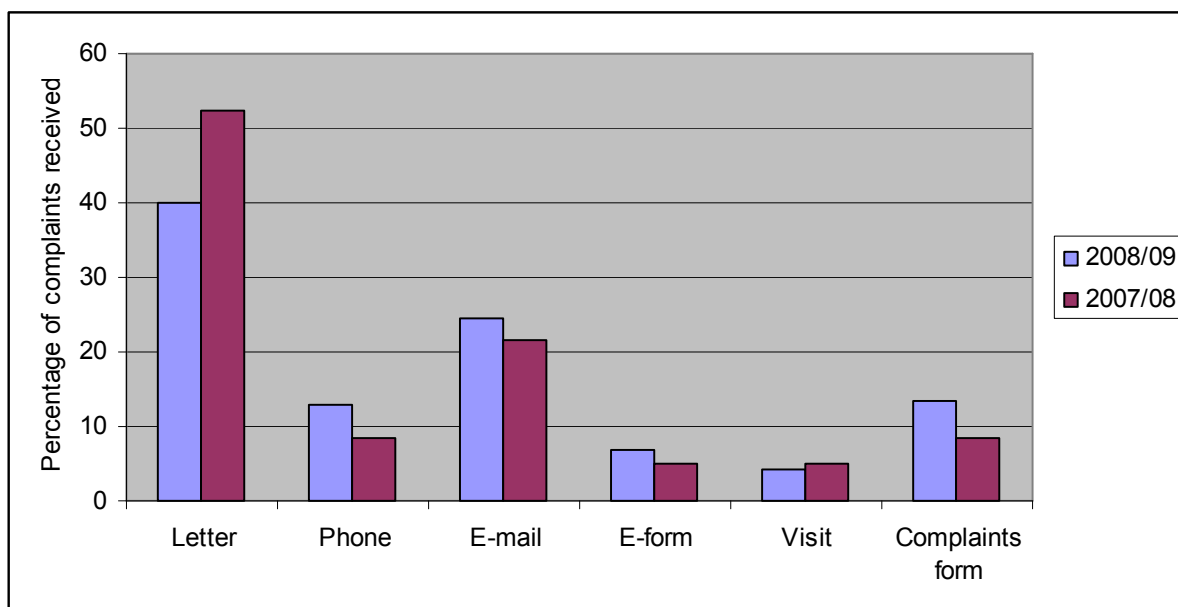
3.20 In the case of the Economy and Development Directorate, a large proportion of the out-of-time responses were to complaints received over a short period in respect of the application for student accommodation referred to in paragraph 3.4. It was necessary to investigate the history of the site, which had been the subject of several applications and appeals, and it was thought desirable to formulate a composite response that could be modified to suit individual complaints. Therefore some of the earlier complaints took longer to respond to than would otherwise have been the case.

- 3.21 The Corporate Services' rate for sending a full response dropped from 96% in 2007/08 to 84% in 2008/09. This appears to be due to a delay in the paperwork being received for investigation. As a result processes for handling correspondence have been tightened up and it is anticipated that figures will improve for next year.
- 3.22 Community and Environment is the only directorate to see an improvement in response rates: from 87% in 2007/08 to 94% for acknowledgments and 98% for full replies in 2008/09.

Method of Receipt

- 3.23 During 2008/09, the majority of customers lodged complaints via a letter (37%) though this is a reduction on 2007/08 (57%). E-mail communication seems to have decreased slightly to 23% in 2008/09, compared to 26% in 2007/08.
- 3.24 The chart below shows the methods by which the Council has received complaints over the last two years.

Figure 5: Method of Receipt



Equalities Monitoring

- 3.25 As previously mentioned, the majority of complaints arrive by letter. As the customer is already unhappy with their relationship with the council and is making a complaint, it is considered inappropriate to go back to them and ask for additional, sensitive monitoring information. Similarly, staff would not ask for this information if a complaint came in by e-mail or over the phone. The best way of collecting equality monitoring information is by electronic complaints forms submitted via the internet site or by hard copy form. For this reason, although the Council has included monitoring information on complaints forms since 2002, it is only in the last two years that any substantial returns have been received.
- 3.26 However 2008/09, saw a substantial decrease in the amount of information received with only 13% of complainants returning equality monitoring forms. With such small figures involved this information carries a health warning and it raises questions about the value of requesting such information.

- 3.27 Any further consideration of the best way to ensure that our complaints system is accessible to all communities might be included as part of a wider review of the complaints handling system.

Figure 5: Complaints Equalities Monitoring

	% of complainants who returned a monitoring form (number)	Percentage of returns from:		
		Women	Black & minority ethnic people	People with disabilities
2008/09	13% (22)	59%	0%	41%
2007/08	30% (41)	41%	7%	12%
2006/07	26% (47)	57%	4%	9%
2005/06	20% (36)	47%	8%	17%

4 FUTURE ACTION

- 4.1 The Complaints Monitoring Group will continue to develop an analysis of the Council's corporate complaints. This will enable a clearer link to be established between complaints and service improvements and in particular will help the Council demonstrate that it learns from, and improves, as a result of complaints.

5. RECOMMENDATION

- 5.1 That Scrutiny Committee – Resources note the report and the work being done to improve services as a result of complaints received from our customers.

ASSISTANT CHIEF EXECUTIVE

CHIEF EXECUTIVE SUPPORT UNIT

Local Government (Access to Information) Act 1985 (as amended)

Background papers used in compiling this report:

None.

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EXETER CITY COUNCIL

SCRUTINY COMMITTEE – RESOURCES 25 NOVEMBER 2009

EXECUTIVE
8 DECEMBER 2009

CAPITAL MONITORING STATEMENT TO SEPTEMBER 2009

1.0 PURPOSE OF THE REPORT

- 1.1 In accordance with the Prudential Code for Capital Finance in Local Authorities, it is necessary to monitor performance against the prudential indicator for capital expenditure and highlight significant deviations from expectations. This report therefore sets out the current position in respect of the Council's annual capital programme and advises Members of the anticipated variations.
- 1.2 The report seeks Member approval to amend the annual capital programme, in order to reflect the reported variations.

2.0 BACKGROUND

- 2.1 Local authorities are required to estimate the total of capital expenditure that it plans to incur during the financial year when it sets the prudential indicators for capital expenditure. This shows that its asset management and capital investment strategies are affordable, prudent and sustainable.
- 2.2 Capital expenditure is a significant source of risk and uncertainty since cost variations, delays and changing specifications are often features of large and complex capital projects.
- 2.3 In order to manage the risks associated with capital programming the annual capital programme is updated every six months, to reflect any cost variations, slippage or acceleration of projects.
- 2.4 It is considered timely for the capital programme to be amended mid-year to reflect the variations to individual projects, so that the impact of changes between financial years can be incorporated into the capital programme for 2010/11 and beyond and presented to Members as part of the annual budget process.

3.0 REVISIONS TO THE CAPITAL PROGRAMME

- 3.1 The 2009/10 Capital Programme, including commitments brought forward from 2008/09, was last reported to Scrutiny Committee - Resources on 16 September 2009. Since that meeting the following changes have been made that have increased the programme:

Description	£	Approval/funding
Capital Programme, as at 16 September 2009	25,204,870	
Social Housing Grants	(22,080)	Transferred to revenue
National Cycle Network	124,250	Contribution from DCC
Revised Capital Programme	25,307,040	

4.0 MONITORING PERFORMANCE

- 4.1 In order to help improve overall delivery and monitoring of the capital programme schemes have been placed within two categories, C1 and C2. Category C1 is for those schemes that the Council is reasonably certain of being able to deliver within planned timescales. Conversely, Category C2 is for those schemes that the Council is less certain of being able to deliver primarily due to factors outside the control of the Council.
- 4.2 The categories do not extend to the HRA Capital Programme as it was hoped that the full programme would be deliverable within planned timescales due to the Council's commitment to achieving the Decent Homes Standard.

5.0 PERFORMANCE

5.1 Projected Outturn

The capital programme for the current financial year is £25,307,040. It is projected that £1.4 million of the programme will need to be carried forward into future years. For details, please refer to Appendix 1 and to the explanations below.

- 5.2 Based upon the forecasts after six months, Appendix 2 sets out the desired changes to the capital programme for Executive to consider for approval.

5.3 Progress

During the first six months of the current financial year the Council spent £6,013,431 of the 2009/10 Capital Programme.

- 5.4 This equates to 23.8% of the revised Capital Programme being spent in the first six months of 2009/10, compared to £5.8 million (19.6%) being spent in the first six months of 2008/09.

5.5 The table below sets out how the Council is performing in terms of capital expenditure, compared to the same time last financial year, analysed by category:

Category	2009/10 Expenditure 2nd Quarter	2008/09 Expenditure 2nd Quarter	2009/10 Expenditure expressed as percentage of Capital Programme	2008/09 Expenditure expressed as percentage of Capital Programme
C1	3,040,533	2,643,890	22.9%	18.4%
C2	945,886	892,539	15.5%	10.4%
HRA	2,027,012	2,292,253	34.0%	33.9%
Total	6,013,431	5,828,682	23.8%	19.6%

6.0 VARIANCES AND ACHIEVEMENTS

6.1 The main variances and achievements are as follows:

6.1.1 Community & Environment

Cultural City

- **Play Area Refurbishments (Budget £356,530)**

Floodlight columns have been installed at the Multi Use Games Area at Pendragon Road and will be made operational during November 2009.

Play equipment at Summerway Park was installed in February 2009 and is proving a success. The remainder of the budget will fund additional equipment for children and teenagers.

A range of outdoor fitness equipment for teenagers and adults and an outdoor table tennis table (both unique for parks in Exeter) have been installed at Belmont Park.

The Countess Wear Multi Use Games Area initial public consultation phase has been completed, and a formal planning application has been submitted. It is anticipated that the facility will be installed in Spring 2010.

A Multi Use Games Area and an extensive range of play facilities have been provided at Kings Heath Park and this is now the best equipped play area in the city. It is planned to provide additional seating and planting at the site this financial year.

A Multi Use Games Area at Wyvern has been provided (Summer 2008) and work has begun on installation of the children's play area and landscaping. Work should be completed by Spring 2010.

- **Contribution to RAMM re HLF Parks Bid (Budget £176,800)**

This budget is for the landscaping at the rear of the museum building and cannot be undertaken until the contractor's compound has been removed; therefore it is proposed that the budget be deferred until 2010/11.

Cared for Environment

- **New Trade Waste Recycling Service Vehicle (Budget £33,360)**

In 2008/09 one vehicle was purchased to be used on the new recycling rounds collecting cardboard and plastics and it is proposed that the remainder of the budget be deferred to 2010/11 when the success of the current round can be determined and the decision whether to buy a second vehicle made.

- **General Open Space Improvements (£0 Budget)**

It was necessary to rebuild a pathway in Northernhay Gardens in advance of the Taste of the West festival in order to establish a route from the rear entrance of the park to allow access for emergency vehicles.

Everyone has a Home

- **Social Housing Grants (Budget £3,386,470)**

It is proposed to defer £775,520 of this budget to 2010/11 in line with scheduled expenditure.

6.1.2 Economy & Development

Accessible City

- **National Cycle Network (Budget £148,700)**

Work this year in relation to the National Cycle Network beside the Exe Estuary includes the viewing platform near Turf and a short length of cycleway to bypass the lock pit, also at Turf, it should be noted that Devon County Council pays half of these costs.

Prosperous City

- **Canal Basin and Quayside (Budget £966,100)**

Planning permission for the new road/car park/boat store has been granted, and tender returns are within budget with work expected to commence in November and complete in the Spring. The first phase of the optic fibre cable link to Exton Road has been completed, with the final phase to progress once the route has been finalised. Works of demolition to the old chandlery are underway. The Signpost development adjoining 60 Haven Road is due to complete in November. Terms are agreed, subject to contract, for a variation to the development agreement for the old electricity building to allow the recent planning permission for a play centre to be implemented. Devon County Council's application for the outdoor education centre has been approved.

- **Science Park (Budget £95,760)**

The Science Park is broadly on schedule despite slippage of a month in submission of the planning application. The aim is still for a start on site in 2010 with the first building occupied in 2011. The accompanying infrastructure, being delivered as part of the New Growth Point, is also progressing well to ensure that the necessary transport and utilities infrastructure is in place in time.

6.1.3 **Housing Revenue Account**

Everyone Has a Home

Due to an overspend within the Housing Revenue Account reactive repair works and void property budgets it has been necessary to make savings on several capital schemes in order to reduce the Housing Revenue Account contribution to capital.

- **Upgrading Council Roads/Footpaths (Budget £15,540)**

The works were completed in 2008/09 so the budget is no longer required.

- **External Walls (Budget £12,000)**

The works were completed in 2008/09 so the budget is no longer required.

- **Asbestos Removal Works (Budget £50,000)**

It has been necessary to undertake extensive asbestos removal works and it is forecast that there will be an overspend in the region of £50,000 at the end of the financial year. Once asbestos has been identified as being in poor condition it must be removed to protect the health and safety of the occupiers of those properties and contractors.

- **Communal TV Aerials (Budget £5,000)**

The work to upgrade all the communal TV aerials to receive digital signal was completed in 2008/09 so the remaining budget is no longer required.

7.0 RECOMMENDED

7.1 It is recommended that the current position in respect of the annual capital programme be noted.

HEAD OF TREASURY SERVICES

CORPORATE SERVICES DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended)
Background papers used in compiling this report:

1. None

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2009-10
CAPITAL MONITORING TO 30 SEPTEMBER 2009

	Lead Officer	Category	2009/10 Capital Programme	2009/10 Spend	2009/10 Forecast Spend	2009/10 Budget to be Carried Forward to 2010/11	2009/10 Programme Variances Under 0	£
COMMUNITY & ENVIRONMENT								
ACCESSIBLE CITY								
Riverside Valley Park Enhancement	PM	C2	29,120	10,569	29,120			0
STRONG COMMUNITIES CITY								
Develop Matthews Hall Topsham	AC	C2	15,000	15,000				0
CULTURAL CITY								
Old Paper Mill Countess Weir	AC	C2	25,130	0	25,130			0
Playing Fields General Improvements	PM	C2	10,140	2,384	10,140			0
Bromhams Farm Changing Rooms	PM	C2	51,510	26,678	51,510			0
Play Area Refurbishments	AC	C2	356,530	138,122	280,230	76,300		0
Sports Facilities Refurbishment	AC	C1	104,870	14,734	39,870	65,000		0
Parks Improvements	PM	C2	15,930	5,549	15,930			0
Roof Improvements to Topsham Museum	AC	C1	45,000	0	45,000			0
Leisure Management Contract	AC	C2	64,750	600	54,750	10,000		0
Pyramids Filters/New Swimming Pool	AC	C2	109,830	76,624	77,830	32,000		0
Exwick Community Centre	AC	C2	46,260	0	21,260	25,000		0
Contribution to RAMM re HLF Parks Bid	PM	C1	176,800	0	0	176,800		0
RAMM Re-development	AC	C1	8,797,860	1,798,049	8,797,860			0
RAMM Off Site Store	AC	C1	10,280	0	10,280			0
CARED FOR ENVIRONMENT								
Essential MRF Capacity Works	RN	C1	10,520	0	0			(10,520)
Home Recycling Scheme	RN	C1	70,000	7	70,000			0
Public Toilet Refurbishment	PM	C1	11,640	0	11,640			0
Replace Wash Down at MRF and Drainage Alterations	RN	C1	30,000	0	10,000			(20,000)
Local Authority Carbon Management Programme	PM	C2	101,260	0	101,260			0
Improvements to Cemetery Roads & Pathways	PM	C1	10,150	181	10,150			0
New Trade Waste Recycling Service Vehicle	RN	C1	33,360	0	0	33,360		0
Cemeteries & Churches Storage Improvements	PM	C2	50,000	0	10,000	40,000		0
Midi Recycling Banks	RN	C1	15,000	390	15,000			0
Upgrade of Turf Sewage Treatment Plant	AC	C2	10,000	0	10,000			0
General Open Space Improvements	PM	C1	0	13,839	13,839			13,839

2009-10
CAPITAL MONITORING TO 30 SEPTEMBER 2009

	Lead Officer	Category	2009/10 Capital Programme	2009/10 Spend	2009/10 Forecast Spend	2009/10 Budget to be Carried Forward to 2010/11	2009/10 Programme Variances Under 0	£
EXCELLENCE IN PUBLIC SERVICES								
Vehicle Replacement Programme	PM	C1	574,000	397,446	397,446	125,500	(51,054)	£
Provision of Garden of Remembrance	PM	C1	18,480	2,524	18,480		0	£
Exwick Cemetery New Burial Area	PM	C1	7,000	7,035	7,040		40	£
Higher Cemetery New Storage Yard & Buildings	PM	C2	2,390	0	2,390		0	£
Oakwood House	PM	C1	61,530	0	0	61,530	0	£
Belle Isle Nursery - Various Improvements	PM	C2	47,230	926	47,230		0	£
Replacement of 'Tractor Sheds'	PM	C1	14,670	3,995	14,670		0	£
HEALTHY & ACTIVE PEOPLE								
Disabled Facility Grants	RN	C1	473,920	177,103	473,920		0	£
EVERYONE HAS A HOME								
Warm Up Exeter	RN	C2	150,000	137,024	150,000		0	£
PLEA Scheme	RN	C2	88,580	0	88,580		0	£
Wessex Loan Scheme	RN	C1	287,460	0	287,460		0	£
Social Housing Grants	SW	C2	3,196,390	361,000	2,420,870	775,520	0	£
Private Sector Renewal Scheme	RN	C2	105,900	64,418	105,900		0	£
Development of General Fund Housing Land	SW	C2	1,850	0	1,850		0	£
Shakespeare Road Site	SW	C2	68,050	0	68,050		0	£
PSL Improvement Programme	SW	C2	200,000	31,327	200,000		0	£
Renovation Grants	RN	C1	555,250	31,894	555,250		0	£
SAFE CITY								
CCTV Consultancy in Respect of Enhancements	RN	C1	18,250	6,000	18,250		0	£
COMMUNITY & ENVIRONMENT TOTAL			16,071,890	3,323,421	14,583,185	1,421,010	(67,695)	£

2009-10
CAPITAL MONITORING TO 30 SEPTEMBER 2009

	Lead Officer	Category	2009/10 Capital Programme	2009/10 Spend	2009/10 Forecast Spend	2009/10 Budget to be Carried Forward to 2010/11	2009/10 Programme Variances Under	£
ECONOMY & DEVELOPMENT								
ACCESSIBLE CITY								
National Cycle Network	DH	C1	148,700	188,003	148,700			0
Signage / Pedestrian Interpretation	RS	C2	53,710	37,970	53,710			0
Implementation of Council Walking Strategy	DH	C2	14,890	5,965	14,890			0
Refurbish Broadwalk House Car Park	RC	C2	100,000	4,146	100,000			0
CULTURAL CITY								
18 North Street Panelling	RS	C1	17,530	17,733	17,530			0
Corn Exchange Enhancements	DP	C1	143,490	5,725	143,490			0
Floodlighting	RS	C2	1,340	222	1,340			0
CARED FOR ENVIRONMENT								
Heavitree - Environmental Enhancement	RS	C2	7,250	2,226	7,250			0
City Centre Enhancements	JR	C2	160,110	350	160,110			0
Custom House	DP	C1	5,000	1,539	5,000			0
Conservation Area Enhancements	RS	C2	10,460	3,000	10,460			0
lbstock Environmental Improvements	DP	C2	4,450	0	4,450			0
Planting Improvements in Riverside Valley Park	RS	C2	14,250	0	14,250			0
LEARNING CITY								
Improvements to Quay House Visitor Centre	RB	C1	53,000	0	53,000			0
PROSPEROUS CITY								
Basin / Quayside Redevelopment	DP	C2	966,100	148,518	966,100			0
Science Park	RB	C2	95,760	26,970	95,760			0
SAFE CITY								
CCTV at Haven Road Car Park & Boat Storage	RC	C2	60,000	0	60,000			0
Security Measures for Riverside Valley Park	DH	C2	3,250	0	3,250			0
			1,859,290	442,368	1,859,290	0	0	0

2009-10
CAPITAL MONITORING TO 30 SEPTEMBER 2009

	Lead Officer	Category	2009/10 Capital Programme	2009/10 Spend	2009/10 Forecast Spend	2009/10 Budget to be Carried Forward to 2010/11	2009/10 Programme Variances Under 0	£
CORPORATE SERVICES								
ACCESSIBLE CITY								
Equal Opportunities Improvements	PM	C1	27,280	0	27,280			0
ELECTRONIC CITY								
IT Capital Programme	PE	C1	641,510	159,536	637,010		(4,500)	0
IT Capital Programme	PE	C2	101,520	781	101,520			0
EXCELLENCE IN PUBLIC SERVICES								
Replace Control Panels in Civic Centre Lifts	JS	C1	59,200	60,314	60,314		1,114	0
Civic Centre Communal Area Refurbishment	JS	C1	159,070	0	159,070			0
Civic Centre Update Committee Room Audio Visual Equipment	JS	C1	50,000	0	50,000			0
Capitalised Staff Costs	AS	C1	370,000	0	370,000			0
CORPORATE SERVICES TOTAL			1,408,580	220,631	1,405,194	0	(3,386)	0

2009-10
CAPITAL MONITORING TO 30 SEPTEMBER 2009

	Lead Officer	Category	2009/10 Capital Programme	2009/10 Spend	2009/10 Forecast Spend	2009/10 Budget to be Carried Forward to 2010/11	2009/10 Programme Variances Under 0	£
HRA CAPITAL								
EVERYONE HAS A HOME								
	SW	Sheltered Accommodation	656,000	89,072	606,000		(50,000)	£
	SW	Adaptations	400,000	308,777	400,000		0	£
	SW	Defective Properties - British Steel	337,120	77,825	337,120		0	£
	SW	Rendering Works - Flats	407,520	177,332	407,520		0	£
	SW	UPVC Gutters, Downpipes and Fascia Boards	100,000	65,005	100,000		0	£
	SW	MRA Fees	362,200	0	362,200		0	£
	SW	Environmental Improvements - Fencing	11,370	9,826	11,370		0	£
	SW	Communal Door Entry System	15,840	1,937	15,840		0	£
	SW	Environmental Improvements - General	133,040	8,583	98,580		(34,460)	£
	SW	Upgrading Council Roads / Footpaths	15,540	0	0		(15,540)	£
	SW	Programmed Re-roofing	250,000	16,678	250,000		0	£
	SW	Rennes / Faraday House Fire Alarm Upgrade	16,690	14,593	14,593		(2,097)	£
	SW	Housing Condition Survey	35,000	27,390	35,000		0	£
	SW	Energy Conservation	216,780	163,623	216,780		0	£
	SW	Asbestos Survey	200,000	42,309	150,000		(50,000)	£
	SW	Council House Extensions	133,030	25,811	133,030		0	£
	SW	External Walls	12,000	0	0		(12,000)	£
	SW	Kitchen Replacements	900,000	346,015	900,000		0	£
	SW	Asbestos Removal Works	50,000	63,128	100,000		50,000	£
	SW	Bathroom Replacements - Programmed	401,340	152,438	401,340		0	£
	SW	Construct Hard Standings / Parking Spaces	20,000	0	20,000		0	£
	SW	Communal TV Aerials	5,000	0	0		(5,000)	£
	SW	3 Bed Conversions to 4 Bed Dwellings	38,550	29,400	38,550		0	£
	SW	Development of HRA Land	36,320	0	36,320		0	£
	SW	Weirfield House Refurbishment	64,000	44,320	64,000		0	£
	SW	Programmed Electrical Re-wiring	460,260	67,165	410,260		(50,000)	£
	SW	Electrical Voids	144,000	98,749	144,000		0	£
	SW	Central Heating Programme	377,680	173,855	377,680		0	£
COUNCIL HOUSEBUILDING PROGRAMME								
	SW	Merlin Crescent	144,000	15,964	144,000		0	£
	SW	Sivell Place	24,000	7,217	24,000		0	£
HOUSING REVENUE ACCOUNT TOTAL			5,967,280	2,027,012	5,798,183	0	(169,097)	£
CAPITAL AND PROJECT EXPENDITURE TOTAL			25,307,040	6,013,431	23,645,852	1,421,010	(240,178)	£

2009-10
CAPITAL MONITORING TO 30 SEPTEMBER 2009

Lead Officer	Category	2009/10 Capital Programme	2009/10 Spend	2009/10 Forecast Spend	2009/10 Budget to be Carried Forward to 2010/11	2009/10 Programme Variances Under 0
		£	£	£	£	£
HRA Capital Schemes	N/A	5,967,280	2,027,012	5,798,183	0	(169,097)
Reasonably certain of being able to deliver within planned timescales	C1	13,252,060	3,040,533	12,718,789	462,190	(71,081)
Less certain of being able to deliver primarily due to factors outside the control of the Council	C2	6,087,700	945,886	5,128,880	958,820	0
CAPITAL AND PROJECT EXPENDITURE TOTAL		25,307,040	6,013,431	23,645,852	1,421,010	(240,178)

Category 1

Is for those schemes that the Council is reasonably certain of being able to deliver within planned timescales

Category 2

Is for those schemes that the Council is less certain of being able to deliver, primarily due to factors outside the control of the Council

Lead Officer Key Table	
Head of Leisure and Museums	AC
Head of Treasury Services	AS
Engineering and Construction Manager	DH
Head of Estates Services	DP
Head of Environmental Health Services	RN
Director of Economy and Development	JR
Head of Corporate Customer Services	JS
Head of IT Services	PE
Head of Contracts and Direct Services	PM
Head of Economy and Tourism	RB
Head of Administration and Parking Services	RC
Head of Planning Services	RS
Head of Housing and Social Inclusion	SW

**2009-10
REVISED CAPITAL PROGRAMME**

	£	£	£	£	£	£	£
	2009/10 Capital Programme	Future Years Budget Spent in Advance	Budget Deferred to Future Years	Additional Budget Requirement	Saving Reported	2009/10 Revised Capital Programme	£
COMMUNITY & ENVIRONMENT							
ACCESSIBLE CITY							
Riverside Valley Park Enhancement	29,120					29,120	
STRONG COMMUNITIES CITY							
Develop Matthews Hall Topsham	15,000					15,000	
CULTURAL CITY							
Old Paper Mill Countess Weir	25,130					25,130	
Playing Fields General Improvements	10,140					10,140	
Bromhams Farm Changing Rooms	51,510					51,510	
Play Area Refurbishments	356,530		(76,300)			280,230	
Sports Facilities Refurbishment	104,870		(65,000)			39,870	
Parks Improvements	15,930					15,930	
Roof Improvements to Topsham Museum	45,000					45,000	
Leisure Management Contract	64,750		(10,000)			54,750	
Pyramids Filters/New Swimming Pool	109,830		(32,000)			77,830	
Exwick Community Centre	46,260		(25,000)			21,260	
Contribution to RAMM re HLF Parks Bid	176,800		(176,800)			0	
RAMM Re-development	8,797,860					8,797,860	
RAMM Off Site Store	10,280					10,280	
CARED FOR ENVIRONMENT							
Essential MRF Capacity Works	10,520				(10,520)	0	
Home Recycling Scheme	70,000					70,000	
Public Toilet Refurbishment	11,640					11,640	
Replace Wash Down at MRF and Drainage Alterations	30,000				(20,000)	10,000	
Local Authority Carbon Management Programme	101,260					101,260	
Improvements to Cemetery Roads & Pathways	10,150					10,150	
New Trade Waste Recycling Service Vehicle	33,360		(33,360)			0	
Cemeteries & Churches Storage Improvements	50,000		(40,000)			10,000	
Midi Recycling Banks	15,000					15,000	
Upgrade of Turf Sewage Treatment Plant	10,000					10,000	
General Open Space Improvements	0			13,839		13,839	

**2009-10
REVISED CAPITAL PROGRAMME**

	2009/10 Capital Programme	Future Years Budget Spent in Advance	Budget Deferred to Future Years	Additional Budget Requirement	Saving Reported	2009/10 Revised Capital Programme
	£	£	£	£	£	£
EXCELLENCE IN PUBLIC SERVICES						
Vehicle Replacement Programme	574,000		(125,500)		(51,054)	397,446
Provision of Garden of Remembrance	18,480					18,480
Exwick Cemetery New Burial Area	7,000			40		7,040
Higher Cemetery New Storage Yard & Buildings	2,390					2,390
Oakwood House	61,530		(61,530)			0
Belle Isle Nursery - Various Improvements	47,230					47,230
Replacement of 'Tractor Sheds'	14,670					14,670
HEALTHY & ACTIVE PEOPLE						
Disabled Facility Grants	473,920					473,920
EVERYONE HAS A HOME						
Warm Up Exeter	150,000					150,000
PLEA Scheme	88,580					88,580
Wessex Loan Scheme	287,460					287,460
Social Housing Grants	3,196,390		(775,520)			2,420,870
Private Sector Renewal Scheme	105,900					105,900
Development of General Fund Housing Land	1,850					1,850
Shakespeare Road Site	68,050					68,050
PSL Improvement Programme	200,000					200,000
Renovation Grants	555,250					555,250
SAFE CITY						
CCTV Consultancy in Respect of Enhancements	18,250					18,250
COMMUNITY & ENVIRONMENT TOTAL	16,071,890	0	(1,421,010)	13,879	(81,574)	14,583,185

**2009-10
REVISED CAPITAL PROGRAMME**

	2009/10 Capital Programme	Future Years Budget Spent in Advance	Budget Deferred to Future Years	Additional Budget Requirement	Saving Reported	2009/10 Revised Capital Programme
	£	£	£	£	£	£
ECONOMY & DEVELOPMENT						
ACCESSIBLE CITY						
National Cycle Network	148,700					148,700
Signage / Pedestrian Interpretation	53,710					53,710
Implementation of Council Walking Strategy	14,890					14,890
Refurbish Broadwalk House Car Park	100,000					100,000
CULTURAL CITY						
18 North Street Panelling	17,530					17,530
Corn Exchange Enhancements	143,490					143,490
Floodlighting	1,340					1,340
CARED FOR ENVIRONMENT						
Heavitree - Environmental Enhancement	7,250					7,250
City Centre Enhancements	160,110					160,110
Custom House	5,000					5,000
Conservation Area Enhancements	10,460					10,460
Ibstock Environmental Improvements	4,450					4,450
Planting Improvements in Riverside Valley Park	14,250					14,250
LEARNING CITY						
Improvements to Quay House Visitor Centre	53,000					53,000
PROSPEROUS CITY						
Basin / Quayside Redevelopment	966,100					966,100
Science Park	95,760					95,760
SAFE CITY						
CCTV at Haven Road Car Park & Boat Storage	60,000					60,000
Security Measures for Riverside Valley Park	3,250					3,250
ECONOMY & DEVELOPMENT	1,859,290	0	0	0	0	1,859,290

2009-10
REVISED CAPITAL PROGRAMME

	2009/10 Capital Programme	Future Years Budget Spent in Advance	Budget Deferred to Future Years	Additional Budget Requirement	Saving Reported	2009/10 Revised Capital Programme
	£	£	£	£	£	£
CORPORATE SERVICES						
ACCESSIBLE CITY						
Equal Opportunities Improvements	27,280					27,280
ELECTRONIC CITY						
IT Capital Programme	641,510				(4,500)	637,010
IT Capital Programme	101,520					101,520
EXCELLENCE IN PUBLIC SERVICES						
Replace Control Panels in Civic Centre Lifts	59,200			1,114		60,314
Civic Centre Communal Area Refurbishment	159,070					159,070
Civic Centre Update Committee Room Audio Visual Equipment	50,000					50,000
Capitalised Staff Costs	370,000					370,000
CORPORATE SERVICES TOTAL	1,408,580		0	1,114	(4,500)	1,405,194

**2009-10
REVISED CAPITAL PROGRAMME**

	2009/10 Capital Programme	Future Years Budget Spent in Advance	Budget Deferred to Future Years	Additional Budget Requirement	Saving Reported	2009/10 Revised Capital Programme
	£	£	£	£	£	£
HRA CAPITAL						
EVERYONE HAS A HOME						
Sheltered Accommodation	656,000				(50,000)	606,000
Adaptations	400,000					400,000
Defective Properties - British Steel	337,120					337,120
Rendering Works - Flats	407,520					407,520
UPVC Gutters, Downpipes and Fascia Boards	100,000					100,000
MRA Fees	362,200					362,200
Environmental Improvements - Fencing	11,370					11,370
Communal Door Entry System	15,840					15,840
Environmental Improvements - General	133,040				(34,460)	98,580
Upgrading Council Roads / Footpaths	15,540				(15,540)	0
Programmed Re-roofing	250,000					250,000
Rennes / Faraday House Fire Alarm Upgrade	16,690				(2,097)	14,593
Housing Condition Survey	35,000					35,000
Energy Conservation	216,780					216,780
Asbestos Survey	200,000				(50,000)	150,000
Council House Extensions	133,030					133,030
External Walls	12,000				(12,000)	0
Kitchen Replacements	900,000					900,000
Asbestos Removal Works	50,000			50,000		100,000
Bathroom Replacements - Programmed	401,340					401,340
Construct Hard Standings / Parking Spaces	20,000					20,000
Communal TV Aerials	5,000				(5,000)	0
3 Bed Conversions to 4 Bed Dwellings	38,550					38,550
Development of HRA Land	36,320					36,320
Weirfield House Refurbishment	64,000					64,000
Programmed Electrical Re-wiring	460,260				(50,000)	410,260
Electrical Voids	144,000					144,000
Central Heating Programme	377,680					377,680
COUNCIL HOUSEBUILDING PROGRAMME						
Merlin Crescent	144,000					144,000
Sivell Place	24,000					24,000
HOUSING REVENUE ACCOUNT TOTAL	5,967,280	0	0	50,000	(219,097)	5,798,183

APPENDIX 2

2009-10
REVISED CAPITAL PROGRAMME

2009/10 Capital Programme	Future Years Budget Spent in Advance	Budget Deferred to Future Years	Additional Budget Requirement	Saving Reported	2009/10 Revised Capital Programme
£	£	£	£	£	£
CAPITAL AND PROJECT EXPENDITURE TOTAL	25,307,040	0	(1,421,010)	64,993	(305,171)
					23,645,852

EXETER CITY COUNCIL

SCRUTINY COMMITTEE - RESOURCES 25 NOVEMBER 2009

EXECUTIVE
8 DECEMBER 2009

OVERVIEW OF GENERAL FUND REVENUE BUDGET 2009/10

1. PURPOSE OF THE REPORT

- 1.1 To advise Members of the overall projected financial position of the General Fund Revenue Budget after six months, for the 2009/10 financial year.

2. REVENUE POSITION – EXECUTIVE SUMMARY

FUND	Latest Approved Budget	Stewardship Variance June 2009	Outturn Forecast 2009/10
	£	£	£
General Fund	19,912,850	(389,550)	19,523,300
HRA*	(682,100)	(2,120)	(684,220)
* Net deficit			

GENERAL FUND – Appendix A

- 2.1 The Service Committee budgets shows a forecast under spend of £367,040 (1.85%) against a revised Service Committee Net Expenditure budget of £19,812,850 and an overall under spend of £389,550 against the General Fund Expenditure including investment interest, Business Growth Incentive Grant and the provision for redundancy.
- 2.2 The pay settlement for 2009/10 has now been agreed at 1% for the majority of staff. The budgets for 2009/10 included a provision of 1.5% for the pay award and there is therefore a saving on pay budgets. This saving has been reflected within the individual Scrutiny Committees.
- 2.3 Details of the variances are being disclosed in stewardship reports to individual Scrutiny Committees during the current cycle of meetings. However the main variances are as follows:
- 2.3.1 **Scrutiny Committee Community – (An over spend of £46,410)**

In Museum Services expenditure there is additional expenditure on business rates for the library facility. Utility and premises maintenance costs for the RAMM are also greater than estimated. This has been partly offset by savings from vacant posts. The net overspend is estimated at £18,300.

Environmental Protection Services have an increase in cost in respect of the service for the Home Call Alarm equipment and a reduction in grant income from the Department of Health. The current overspend is anticipated to be £42,660.

There is estimated additional expenditure in respect of the use of Private Sector Leasing, bed and breakfast accommodation and Serviced Temporary accommodation. This is due mainly to an increase in PSL void properties prior to hand back and an increase in the cost of bed and breakfast over the first quarter together with an increase in the number of rooms available under Serviced Accommodation. The forecast overspend is £117,950.

These overspends have been partly offset by additional income from Licensing activities (£36,910) and net income from Recycling (£38,240); savings from a vacant post and a reduction in agency staff in Grounds Maintenance (£57,330) and some savings in other minor costs.

2.3.2 Scrutiny Committee Economy – (An over spend of £412,930)

There is a reduction in Car Park income, Building Control and Planning fees due to the general downturn in the economy resulting in a predicted shortfall of £272,450.

The overall income levels for the Archaeological Field Unit are projected to be down for the year. This is due to the increasingly competitive nature of the service market. Costs in respect of redundancy have also been incurred. The total overspend is forecast to be £296,660.

This has been offset by additional income from the Markets and Halls (£77,110), and additional rental income from Commercial properties (£58,900) mainly as a result of lease renewals.

2.3.3 Scrutiny Committee Resources – (An under spend of £826,380)

As a result of the Boundary Commission decision to further delay the recommendations in respect of the Local Government Review (LGR) pending the Court of Appeal decision, the £1 million of funding allocated for the implementation of LGR including mobile working has yet to be committed. This is estimated have a significant impact upon the revenue budget (under spend of £700,000) in 2009/10.

It is estimated at the end of the second quarter that there will be a net increase in Housing Benefits subsidy. The total is £115,810 which is 0.3% of the total Housing Benefits Subsidy (£38,248,990).

There has also been additional income in respect of revised rental at a shop attached to the Guildhall civic building and some savings from staff vacancies and maternity leave in Chief Executive Services (£41,120). This has been partly offset by redundancy costs and small variations in other service units.

3. OTHER FINANCIAL VARIATIONS

3.1 There is a net transfer from Earmarked Reserves of £807,860 including £80,200 from the Local Development Framework reserve, £200,520 from the Planning Delivery Grant reserve, £140,000 from the Leisure Contract reserve and £352,830 from the Repairs Fund in respect of AIM works carried forward from 2008/09 to be undertaken in 2009/10, £21,420 from Building Control reserve, £18,950 from Empty Homes reserve, £5,190 from the Housing Market Assessment reserve, £5,000 from Travelsmart reserve and £6,250 contribution to the Licensing reserve.

3.2 There is a reduction of £43,990 in respect of the Business Growth Incentive Grant as a result of the Government's redistribution of grant monies.

- 3.3 A provision of £500,000 was made for redundancy and currently £165,991 has been incurred under Service Committee Net Expenditure.
- 3.4 The overall net transfer from the General Fund Working Balance is estimated to be £2,188,064 at 31 March 2010 after accounting for July approved supplementary budgets of £456,220.

4. HOUSING REVENUE ACCOUNT (HRA)

During this period the total of the variances indicate that there will be a net deficit of £684,220 which will be transferred to the working balance at 31 March 2010. £682,100 was a planned reduction in the working balance to support Revenue Contributions to Capital expenditure (RCC) and £2,120 is the estimated additional deficit identified at the end of the first quarter stewardship. It is estimated that the working balance will stand at £2,174,045 at 31 March 2010.

Details of the variances are being disclosed in stewardship reports to Scrutiny Committee Community during the current cycle of meetings.

5. OUTSTANDING SUNDRY DEBT

- 5.1 The Council issues invoices for a range of sundry debts, including :-

- Commercial rent
- Trade waste
- Service charge and ground rent for leasehold flat owners
- Home call alarms
- Housing benefit overpayments
- and a range of other services such as room rental.

This does not include housing rent, council tax or business rate debt.

- 5.2 Additional information has been requested for these reports to demonstrate the outstanding invoices by different service. Unfortunately, it is not possible to recreate the reports and they have therefore been run for October 2009, rather than September 2009. The main effect of this is to significantly reduce the amount of current outstanding debt as most of the periodic (quarterly invoices) have now been paid.

- 5.3 Outstanding debt at 30 September 2008 stood at £3.468m, at 31 December 2008 it was £3.959m and at 31 March 2009 it was £4.061m. By October 2009 it was £3.001m. An aged debt analysis is shown below, which demonstrates that of the £3.001m debt, £0.7m is less than 30 days old. Debt over 30 days old has decreased over the ten months from £2.691m to £2.229m.

Age of Debt	October 2009	March 2009	December 2008
Up to 29 days (current)	708,672	1,724,055	£1,267,743
30 days – 1 Year	1,153,907	1,309,735	£1,600,756
1 – 2 years	383,548	304,504	£329,621
2 – 3 years	198,437	158,055	£221,535
3 – 4 years	158,512	220,090	£171,663
4 – 5 years	117,213	117,505	£121,193
5 + years	280,826	227,459	£246,581
Total	£3,001,115	£4,061,403	£3,959,091

5.4 Of the outstanding debt, the table below sets out the main services and debts owing:

Service	Outstanding debt – October 2009 £
▪ Commercial rent	£406,652
▪ Trade waste	£60,071
▪ Service charge and ground rent for leasehold flat owners	£48,375
▪ Home call alarms	£4,404
▪ Housing benefit overpayments*	£1,023,612
▪ Engineering	£92,522
▪ AFU	£314,172
▪ Economy & Tourism	£104,109
▪ HRA	£113,866
▪ General Fund Housing	£102,299
▪ River & Canal	£56,114

* These overpayments occur largely due to claimants' change of circumstances which leads to a lower benefit entitlement once a reassessment is made. This figure represents about 2.9% of the total annual benefits paid.

6. CREDITOR PAYMENTS PERFORMANCE

The creditors' payments in respect of the Statutory Performance Indicator BVPI8 shows that the percentage paid within 30 days was 96.2% for the first half of 2009/10 compared with 81.49% for the first half of 2008/09. Work with the software supplier, together with staff development on the new operating system has improved the overall performance. Work is continuing to increase performance further.

7. TREASURY MANAGEMENT UPDATE

7.1 Iceland investments – There has been a little additional news in respect of the £5m invested in two Icelandic banks. The solicitors working for the LGA have prepared claims for local authorities to be submitted to the Banks. Additional advice has meant that both claims are for the full amount invested, all interest due up until maturity and penalty interest due up to 22 April 2009 (at around 22% - the current penalty rate in Iceland), which has substantially increased both claims. However, as a result, Landsbanki have revised down the amount they anticipate that Councils will receive to 83p in the pound. The advice regarding Glitnir remains that, if confirmed as preferential creditors, Councils will receive 100%.

7.2

The table below compares the Council's investment and borrowing levels at 31 March 2009 and 30 September 2009.

Date	Investments £m	Borrowing £m
31 March 2009	26.091	18.000
30 September 2009	25.552	16.000
Reduction since 31 March 09	(0.539)	(2.000)

Detailed Treasury Management reports will be presented to Scrutiny Committee – Resources and the Executive Committee on a half yearly basis in November and June each year.

8. CONCLUSION

- 8.1 The forecast decrease in Service Committee net expenditure for 2009/10 totals £367,040 including the supplementary budgets of £456,220. This together with transfers from Earmarked Reserves and the reduction of £43,990 from the Business Growth Incentive Grant will result in a transfer of £2,188,064 from the Working Balance.
- 8.2 The forecast General Fund Working Balance at 31 March 2010 is £3,395,049 and equates to 20.5% of the General Fund net expenditure.
- 8.3 It is estimated that the HRA working balance will stand at £2,174,045 at 31 March 2010.
- 8.4 The current advice in respect of the Icelandic investments suggests that the Council should eventually recover all of the Glitnir money and most of the Landsbanki money.
- 8.5 The creditor's payment performance has improved significantly and is currently 96.2%.

9. RECOMMENDATION

It is recommended that:

- The General Fund forecast financial position for the 2009/10 financial year is noted.
- The HRA forecast financial position for 2009/10 financial year is noted.
- The outstanding Sundry Debt position as at October 2009 is noted.
- The recovery position of Icelandic investment is noted.
- The Statutory Performance Indicator BVPI8 for creditor's payments is noted.

HEAD OF TREASURY SERVICES

CORPORATE SERVICES DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended)

Background papers used in compiling the report:

None

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EXETER CITY COUNCIL
2009-2010 REVENUE ESTIMATES - SUMMARY
as at 30th September 2009

APPENDIX A

	Annual Budget £	Supplementary Budgets £	Revised Annual Budget £	Year End Forecast £	Variance to Budget £
SCRUTINY - COMMUNITY	16,716,480	238,120	16,954,600	17,001,010	46,410
SCRUTINY - ECONOMY	1,121,770	125,930	1,247,700	1,660,630	412,930
SCRUTINY - RESOURCES	5,813,350	92,170	5,905,520	5,079,140	(826,380)
less Notional capital charges	(3,174,750)		(3,174,750)	(3,174,750)	0
Deferred Charges	(2,392,750)		(2,392,750)	(2,392,750)	0
FRS17 Pension Adjustment	1,272,530		1,272,530	1,272,530	0
<u>Service Committee Net Expenditure</u>	19,356,630	456,220	19,812,850	19,445,810	(367,040)
Net Interest	(300,000)		(300,000)	(200,500)	99,500
Business Growth Incentive Grant	(100,000)		(100,000)	(56,010)	43,990
Provision for redundancy	500,000		500,000	334,000	(166,000)
<u>General Fund Expenditure</u>	19,456,630	456,220	19,912,850	19,523,300	(389,550)
Transfer To/From(-) Working Balance	(1,997,254)	(456,220)	(2,453,474)	(2,188,064)	265,410
Transfer To/From(-) Earmarked Reserves	(932,000)		(932,000)	(807,860)	124,140
AIM Carried Forward	0		0	0	0
<u>General Fund Net Expenditure</u>	16,527,376	0	16,527,376	16,527,376	0
Formula Grant	(11,892,916)		(11,892,916)	(11,892,916)	0
<u>Council Tax Net Expenditure</u>	4,634,460	0	4,634,460	4,634,460	0

Working Balance

March09

March10

£ 5,583,113

£ 3,395,049

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EXETER CITY COUNCIL

SCRUTINY COMMITTEE – RESOURCES 25 NOVEMBER 2009

EXECUTIVE
8 DECEMBER 2009

ANNUAL STATEMENT OF MINIMUM REVENUE PROVISION

1. PURPOSE OF REPORT

- 1.1 To approve the Annual Statement of Minimum Revenue Provision for the Council.

2. BACKGROUND

- 2.1 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 came into force on 31 March 2008. The Regulations require Full Council to approve an Annual Statement of Minimum Revenue Provision which is the amount set aside from revenue for the repayment of debt principal relating to the General Fund only. The Housing Revenue Account remains exempt from making Minimum Revenue Provision although it can make voluntary set asides if it wishes. The Regulations require a retrospective approval for 2007/08 and 2008/09 and approval for 2009/10. For the 2010/11 financial year Full Council will be asked to approve the Annual Statement as part of the Annual Investment Strategy.
- 2.2 The Council did not make a Statement as it was debt-free last year and did not believe that it was necessary, however it has since been clarified that all Authorities are required to make a Statement regardless of whether they have debt.

3. MINIMUM REVENUE PROVISION

- 3.1 The Regulations require that "a local authority shall determine for the current financial year an amount of minimum revenue provision which it considers to be prudent".
- 3.2 Minimum Revenue Provision (MRP) is an amount set aside from revenue to meet the repayment of debt principal. Under the old Regulations this was 4% of principal outstanding for the General Fund and no requirement to set aside MRP in the Housing Revenue Account. In local government accounting depreciation is charged and then reversed out so it does not affect the level of Council Tax, however MRP is charged to the General Fund and therefore does affect levels of Council Tax.
- 3.3 The Secretary of State for Communities and Local Government has issued guidance under section 21(1A) of the Local Government Act 2003. This states that "the broad aim of prudent provision is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of the grant."

3.4 The guidance notes detail five options which the Secretary of State considers prudent. These are described in section 4 below:

- (a) Regulatory Method;
- (b) Capital Financing Requirement Method;
- (c) Asset Life (Equal Instalment) Method;
- (d) Asset Life (Annuity) Method; and
- (e) Depreciation Method

4. MRP OPTIONS

4.1 Regulatory Method

MRP is equal to the amount determined in accordance with the former regulations 28 and 29 of the 2003 Regulations as if they had not been revoked. In effect this is 4% of the debt principal outstanding.

4.2 Capital Financing Requirement Method

MRP is equal to 4% of the non-housing Capital Financing Requirement, which is a Prudential Indicator.

4.3 Asset Life (Equal Instalment) Method

Where capital expenditure on an asset is financed wholly or partly by borrowing then MRP is determined by reference to the life of the asset and an equal amount charged in each year.

4.4 Asset Life (Annuity) Method

MRP is the principal element for the year of the annuity required to repay over the asset life the amount of capital expenditure financed by borrowing.

4.5 Depreciation Method

MRP is equal to the provision required in accordance with depreciation accounting in respect of the asset, including any amount of impairment chargeable to the Income and Expenditure Account. As standard depreciation rules are used where an asset is part financed by loan, e.g. 50% loan, 50% Capital Receipt, then the full 100% depreciation charge on the asset is required to be charged as MRP. MRP is required to be charged annually until the cumulative amount of the provision is equal to the original expenditure financed by borrowing. Should the asset be disposed of then the charge needs to continue as if the asset had not been disposed of unless the debt is repaid.

5. 2007/08 MRP

6.1 In respect of 2007/08, prior to the introduction of the regulations. The Council will use the regulatory method, which was in force at that time, namely 4% of the qualifying Capital Financing Requirement. The charge for the year was zero.

6. 2008/09 and 2009/10 MRP

- 6.1 In respect of 2008/09 and 2009/10, the Council will match borrowing against specific capital investment and adopt the Asset Life (Equal Instalment) Method for MRP. In this way the funding for the asset will be paid off over the useful life of that asset. This will ensure that loans are repaid over the asset life thus freeing financial resources for investment in other schemes or in asset renewal. It is also simple to operate and gives certainty in each year as to the level of charge for principal. The other advantage is that it makes business cases and scheme appraisals easier to compile. As a general rule the Council will seek to borrow over the same period of the asset life up to a maximum of 50 years in line with the Regulations. The charge for 2008/09 remains zero. There was borrowing of £2.177m during 2008/09, which will be allocated to improvements to longer dated assets. It would be appropriate therefore to write down over 25 years and the charge for 2009/10 will be £87,000.

7. RECOMMENDATION

- 7.1 That the Annual Statement of Minimum Revenue Provision for the Council be approved.

HEAD OF TREASURY SERVICES

CORPORATE SERVICES DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended)

Background papers used in compiling the report:

None

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Agenda Item 16

EXETER CITY COUNCIL

SCRUTINY COMMITTEE – RESOURCES 25 NOVEMBER 2009

EXECUTIVE
8 DECEMBER 2009

TREASURY MANAGEMENT – 2009/10

1. PURPOSE OF REPORT

- 1.1 To report on the current performance for the 2009/10 financial year and the position regarding investments and borrowings at 30 September 2009.

2. NET INTEREST POSITION

- 2.1 The General Fund shows an estimated net reduction in interest receivable compared to the budget, the position is:

	Estimate	Sept 09	Estimated Outturn	Variation
	£		£	£
Interest paid	(60,000)	(25,433)	(45,000)	15,000
Interest earned				
Interest from portfolio	603,000	322,168	499,000	(104,000)
Temporary investment interest	40,000	9,842	30,000	(10,000)
Other interest earned	4,000	1,971	4,000	(100)
Less				
Interest to HRA	(230,000)	(115,000)	(230,000)	0
Interest to s106 agreements	(45,000)	(22,500)	(45,000)	0
Interest to Trust Funds	(12,000)	(6,000)	(12,000)	0
Lord Mayors Charity	0	(250)	(500)	(500)
GF interest received	<u>360,000</u>	<u>190,231</u>	<u>245,500</u>	<u>(114,500)</u>
Net interest	<u>300,000</u>	<u>164,798</u>	<u>200,500</u>	<u>(99,500)</u>

- 2.2 The other interest earned relates principally to car loan repayments and various repayments of interest.
- 2.3 The reduction against budget has been caused by a number of factors. Please see section 3 for a detailed explanation.

3. INVESTMENT INTEREST

- 3.1 A decision has been taken in line with advice from our Treasury advisors, that investments held with Investec are reduced in order to reduce the reliance on borrowing. It is planned, over the course of the year, to remove up to £12 million from Investec. Whilst this has the effect of reducing our investment interest for the year, it will reduce the interest paid as well and reduce our risk exposure as well as bringing our borrowing in line with our need to borrow for capital investment purposes.
- 3.2 In addition, temporary lending opportunities have been limited as the Council has maintained a negative cashflow during the year and relied upon short term borrowing to cover the shortfall.
- 3.3 The HRA interest is calculated according to statute, and will only change if the rate of interest earned changes during the year. At this stage, there is no evidence of this being the case and thus the full impact will fall on the General Fund.
- 3.4 There has been a little additional news in respect of the £5m invested in two Icelandic banks. The solicitors working for the LGA have prepared claims for local authorities to be submitted to the Banks. Additional advice has meant that both claims are for the full amount invested, all interest due up until maturity and penalty interest due up to 22 April 2009 (at around 22% - the current penalty rate in Iceland), which has substantially increased both claims. However, as a result Landsbanki have revised down the amount they anticipate that Councils will receive to 83p in the pound. The advice regarding Glitnir remains that, if confirmed as preferential creditors, Councils will receive 100%.

4. BORROWINGS

- 4.1 The Council has had to borrow temporarily for cashflow purposes throughout the first half of the year and incurred interest of £25,433 so far. Interest rates remain very low. At 30 September 2009 the Council had £16,000,000 of borrowing which is being repaid over the next few months as set out in 3.1 above. The Council continues to have no long term debt.

5. FUTURE POSITION

- 5.1 In order to ensure that the Council's borrowing is matched to its capital investment, the Council will reduce its investments held by Investec to approximately £8m. Whilst this will inevitably mean much lower future investment returns, it is a low risk strategy.
- 5.2 Short term borrowing rates currently remain extremely low and therefore the Council will continue to utilise this in the short term. However it is important to note that PWLB rates will increase as the Government's borrowing increases, therefore, with advice from our Treasury advisers, Sterling, the Council will look to move towards long term borrowing at the appropriate time.
- 5.3 Short term investment opportunities remain limited and the Council have added another call account facility (Nat West) to allow a further spread of investment. The Council is also limiting its use of the Co-op's facility as they have been downgraded by Fitch following the merger with Britannia Building Society.

6. RECOMMENDATION

6.1 That the Treasury Management report for the first six months of 2009/10 be noted.

HEAD OF TREASURY SERVICES

CORPORATE SERVICES DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended)

Background papers used in compiling the report:

None

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EXETER CITY COUNCIL

SCRUTINY COMMITTEE – RESOURCES 25 NOVEMBER 2009

EXECUTIVE
8 DECEMBER 2009

STAFFING – HOUSING BENEFITS

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to seek approval for an increase in the establishment of the Housing Benefits Team by 1 full time member of staff.

2. BACKGROUND

- 2.1 In previous years the Housing Benefits service has delivered significant efficiency savings resulting in a reduced establishment. However, as a result of the current economic downturn the benefit caseload has risen significantly in recent months. Resulting from this the Housing Benefits service is faced with having to cope with the increased volumes of work whilst maintaining its current good performance standards. As an indication, the Council's benefit caseload has increased from 9,678 in April 2008 to currently stand at 10,330 at the end of September 2009, an increase of almost 7%. The current establishment for benefit assessment staff is 21.7 FTE.
- 2.2 The Government has also recognised the pressures that local authorities are facing with regard to their statutory duty of administering housing benefit claims. The Government's Budget Report 2009 announced that it had set aside further additional funding as a result of the economic downturn to ensure that local authorities can continue to deliver and improve effective support services for the unemployed. Included within this report was provision for additional administrative subsidy to respond to the expected extra Housing Benefit and Council Tax Benefit workload in local authorities. It has therefore been agreed that in 2009/10 an additional £30m subsidy in addition to the previously agreed £45m announced in January 2009 will be provided to Local Authorities. The additional amount of funding that Exeter will receive in 2009/10 is £50,249.

3. THE PROPOSAL

- 3.1 In view of the increased workload and the desire to maintain the current good service performance it is proposed that the establishment in the Housing Benefits section is increased by the addition of one full time member of staff.

4. FINANCIAL IMPLICATIONS

- 4.1 The cost of an additional assessment officer post at Grade 5 including staff oncosts is £22,200 per annum rising to £24,700 per annum at the top of the grade. The additional cost of this post in the current financial year is more than met by the additional administration grant funding that we will receive from the Government.

5. RECOMMENDATION

- 5.1 That the Executive be **RECOMMENDED** to approve the creation of an additional post of Benefits Assessment Officer at Grade 5.

HEAD OF TREASURY SERVICES

CORPORATE SERVICES DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended)

Background papers used in compiling the report:

None

EXETER CITY COUNCIL

SCRUTINY COMMITTEE - RESOURCES 25 NOVEMBER 2009

INTERNAL AUDIT WORK – 1st HALF-YEAR 2009/10

1. PURPOSE OF THE REPORT

- 1.1 To advise Members of the work undertaken by the Internal Audit Unit.

2. BACKGROUND

- 2.1 This Committee is responsible for considering the work undertaken by Internal Audit as part of the overall probity checking and systems testing of the Council. The 2009/10 Audit programme was approved at this Committee's 25 March 2009 meeting.
- 2.2 A summary for each main audit completed is provided and examples given of the areas for improvement found.

3. WORK UNDERTAKEN

Objectives

- 3.1 Internal Audit's objective is to examine the Council's financial and non-financial systems to check that adequate internal controls are in place to prevent loss due to frauds, errors and inefficiency, and that due attention is paid to Corporate Governance and risk management. A summary of the main audits completed is provided below and details are given at Appendix 1 of areas identified for improvement identified that are assessed as either 'High' or 'Medium' risk.

Findings

- 3.2 **Housing benefits** – due to the number of transactions and complexity of the system, this audit is broken down into sections and work is undertaken throughout the year. The areas examined during this period were:
- assessment of benefit claims – please see Appendix 1, point 1.1
 - performance indicators (carried out at the request of the HB manager) – some errors were found, for example, in the classification of the claim. The findings of the audit were the subject of a staff meeting at which time they were reminded of the importance of entering correct PI data. Regular meetings about performance indicators are now held and if a member of staff is found to make consistent errors they will receive individual refresher training

Based upon the audit undertaken and the manager's positive attitude to action the audit recommendations made, the operation of the system is considered to be at a good standard.

- 3.3 **Main accounting (re: 2008/09)** – The audit checked that:

- information was being accurately transferred from the feeder systems (e.g. payroll, creditors, income, etc.) into the main accounting system
- bank reconciliations were up-to-date and signed as checked by a senior manager
- capital assets had been accounted for and depreciated correctly
- the final accounts were prepared and presented in a format consistent with relevant accounting recommendations and requirements, and complied with relevant financial reporting standards and accounting codes of practice

I am pleased to report that there were no matters arising and that the system is therefore considered to be operated at a good standard.

- 3.4 **Creditors** – a) in addition to the Audit Commission's National Fraud Initiative (NFI) data matching exercise, half-yearly checks are undertaken to identify any duplicate payments using twelve months worth of creditors' invoices. In addition to the four cases identified by the NFIs, which Internal Audit has been allocated responsibility for investigating, another case was found:
- in three of the above five cases, the staff involved had already identified and recovered the overpayments
 - in one case the staff had identified the overpayment and had off-set the amount against a current invoice
 - in the case identified by Internal Audit, this overpayment had not been identified when reported, but action was taken to recover such

The number of overpayments identified by the NFI was particularly low, aided by the controls that exist in the Creditors computer system. All of the occurrences were down to human error in that:

- the 'their reference' had been keyed in differently, or
- the 'their reference' had been keyed in the same, but an extra space and/or a dot had been input

b) purchases using the corporate credit cards were reviewed for compliance and examples were found where the transactions:

- did not have adequate supporting documentation
- did not have valid VAT receipts resulting in the Council being unable to reclaim VAT in those cases
- were not properly authorised

Action taken: Internal Audit reported to each relevant Head of Service and the respective credit cardholder the findings of the audit and reminded that purchases must be authorised by an independent person prior to the transaction taking place, and that proper receipts must be obtained and provided to support the transactions.

- 3.5 **Performance indicators** – the Council's 2008/09 PI results were audited prior to being published. It was found that in a few cases that the PI data requirements had not been correctly interpreted, and in one case the 4th quarter's result had been entered instead of the full year's result. Overall the standard of data quality has improved year-on-year.

- 3.6 **Computers** – a) all Councils were required to meet the GovConnect security standards in order to use the Government's secure computer network to communicate with Government departments and other bodies such as the police. A prime example is Housing Benefits which receives and sends data to the Department of Work & Pensions in order to process benefits claims. One of these requirements was that all the Council's information had to be protectively marked in accordance with its sensitivity, and appropriate security measures put in place for that classified as RESTRICTED or PROTECTED. Users of GovConnect were also required to be trained before they could access the systems. Internal Audit worked with IT and others to ensure that the Council met the requirement successfully, and an on-line training package was written by an Internal Auditor that provides proof that users have sat and passed the knowledge tests

b) work has started in conjunction with Treasury Services and IT on ensuring that the Council meets the Payment Card Industry (PCI) requirements. PCI controls are designed to ensure that on-line electronic payments are made securely and that payment card data is not held or accessible by unauthorised persons.

3.7 **Housing** – a) the Business Plan Statistical Analysis (BPSA) return was checked by Internal Audit and a number of minor errors were found. These were reported to the person who completed the return and amended before it was submitted to the Government

b) the Housing Strategy Statistical Appendix (HSSA) return was checked. Due to the number of errors found the following recommendations were made and agreed:

- managers should be reminded that all HSSA data should be promptly submitted to the person responsible for completing the return
- all figures should be accompanied by adequate supporting documentation (preferably in electronic format) that clearly show how the results were calculated or where the data was obtained from
- all documentation should be cross-referenced to the appropriate HSSA reference.

3.8 **Payroll** – please see Appendix 1, point 1.2.

3.9 **Investigations** – a) there has been an increase in the use of the Council's on-line 'Report It' fraud hotline, with the majority of reports being made in respect of housing benefits, and some suspicions of sub-letting of council housing

b) in one internal case two employees were found to have falsified their timesheet records and their overtime claims, which resulted in dismissal

c) a current case involves the possible falsification of time recording

d) an anonymous internal whistleblowing case was investigated but it was found there was no proof of the allegations made. The Internal Audit findings are to be reported to Standards Committee.

4. **RECOMMENDATION**

4.1 That the Internal Audit Report for the 1st half-year of 2009/10 be received.

HEAD OF AUDIT

Local Government (Access to Information) Act 1985 (as amended)
Background papers used in compiling the report: None

CORPORATE SERVICES DIRECTORATE

1.1 Housing Benefits – assessments

Executive Summary

From the testing undertaken, controls are in place and working in the following areas: Allocation and monitoring of workloads; Household and non-dependents; Extended payments; Disputes and appeals.

However, the audit found the following areas for improvement:

'High' and 'Medium' priority areas	Action agreed?	Date agreed
<p>1.a) The declaration of interest form that staff are required to sign uses the Benefit Regulations (2006) definition of 'close relatives'. This results in parents-in-law having to be declared, but not grandparents who are considered to be 'closer' relatives than parents-in-law</p> <p>b) Due to other work priorities, checks had not been made to ensure all staff had signed the declaration forms and their user access rights to computer systems appropriately restricted</p>	<p>Yes – the declaration of interest form will be amended to include the need to make a mandatory declaration of grandparents</p> <p>Yes - the checks will be completed</p>	<p>Oct 2009</p> <p>By end of Sept 2009</p>
<p>2. Lack of evidence that:</p> <p>a) new landlord signatures had been properly verified</p> <p>b) landlord signatures on rent proofs had been checked to the database</p>	<p>Yes – staff to be reminded of the verification checks they are required to undertake</p>	<p>Actioned</p>
<p>3.a) There was no evidence that the annual uprating of the income parameters had been independently checked.</p> <p>b) Amendments made to individual parameters during the year are not independently checked</p>	<p>Yes – an independent person will undertake these checks after each amendment</p>	<p>Oct 2009</p>
<p>4. The overall accuracy result for the first quarter 1st April to 1st July 2009 was 87.43%</p>	<p>Yes - capability investigations will be carried out on those staff who continually make errors</p> <p>Development plans to be drawn up for all staff that will include improving accuracy</p> <p>Two team managers to undertake 100% checks on individual members of staff on a twice yearly basis</p>	<p>Immediate</p> <p>Immediate</p> <p>Immediate</p>

1.2 Payroll

Executive Summary

From the testing undertaken, controls are in place and generally working for deductions, payments and transfer of electronic data.

However, the audit found the following areas for improvement:

'High' and 'Medium' priority areas	Action agreed?	Date agreed
1. Input is required to be checked for correctness, however, two errors were found that had not been identified by Payroll staff	Yes – although the check is in place, these two errors were overlooked. Payroll staff have been reminded to ensure they thoroughly check input	Actioned
2. a) Cases found where units had submitted incorrect data in that: <ul style="list-style-type: none"> • post grades differed to the employee grades • post hours differed to employee hours 	1. Yes – HR, will as part of administrators' training, give guidance on how secondments into different graded jobs should be dealt with 2. Independent periodic (half-yearly) establishment checks to be undertaken to identify such anomalies	Dec 09/ Jan 10 Actioned
3. a) The Council's pre-employment checks are not as stringent as agencies are required to undertake (e.g. to combat identity theft) b) No evidence that documentary evidence had been seen (e.g. educational qualifications, driving licences)	1. Yes - HR will remind administrators of the type of checks that must be undertaken HR will include this in the administrators' training	Immediate Dec 09/ Jan 10
4. a) Treasury staff had not undertaken reconciliations for the sample of deductions selected b) None of the previous reconciliations had been signed by the persons who undertook them nor those who had checked them	Yes – reconciliations have been brought up-to-date and previous reconciliations signed by those concerned	Actioned

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EXETER CITY COUNCIL

SCRUTINY COMMITTEE - RESOURCES 25 NOVEMBER 2009

RISK MANAGEMENT

1. PURPOSE OF THE REPORT

- 1.1 To advise the Committee of the Council's risk management progress and seek approval for the updated corporate risk register

2. BACKGROUND

- 2.1 The Risk Management Policy makes this Committee responsible for:
- considering the corporate risk register (CRR) and recommending its approval to the Executive
 - monitoring the effectiveness of risk management throughout the Council and the progress made against the CRR target for actions dates.

3. RISK REGISTER

- 3.1 The Risk Management Group and relevant officers have reviewed the risks and, based upon actions implemented and actual experience, have reassessed the Impact and Likelihood scores. This has resulted in the following risk changes:

3. Social

- New Council Housing Building Programme – New – Medium risk due to the affects of possible project overspends or not delivering the project within Government timescales

7. Managerial/Professional

- Swine Flu – New – High risk due to the predicted Autumn increase in cases

8. Financial

- Concessionary Fares – Further representations have been made to the Transport Minister (other Councils in a similar position have done likewise). An indication was given that a proposal from Government may be forthcoming for 2010/11, subject to consultation, but unless and until this is confirmed, the risk of continuing financial loss remains high.

8. Financial

- Royal Albert Memorial Museum levels of environmental control – New – High risk as it is essential that the environmental controls meet the Government Indemnity Scheme (GIS) requirements

- **Housing and Planning Delivery Grant** – New – Medium risk of financial loss if the award is less than budgeted for, given that the method of allocation may change. The risk is mitigated as far as possible by responding to any draft changes, and working towards the performance targets which govern the allocation of grant. Further, the reliance of the Planning service on HPDG funding for staffing is being gradually reduced.

8. Financial

- Science Park – New – Medium risk of financial loss, mitigated by the regular and

transparent monitoring of project and development finances.

8. Financial

- Planning Appeals – New – Low risk of financial loss due to the revised processes for dealing with telecom applications being amended following the recent awards of costs against the Council.

10. Partnership/Contractual

- **Archaeological Field Unit** – New – High risk of financial loss if the new structure being devised on the instructions of Executive does not succeed in making the Unit break even. There are associated risks given the issues to be resolved regarding the future of archive material and the backlog in writing up investigations. These risks will be mitigated by implementation and monitoring of the new arrangements once agreed.

11. Competitive

- Major Client/Work – increased from Low to Medium risk as the loss of major clients would affect the relevant services.

4. RISK MANAGEMENT PROGRESS

- 4.1 Risk management reports have been made to the November meetings of the Community and the Economy Scrutiny Committees of the risks relating to their areas
- 4.2 The roll-out to the services of risk and business continuity management is continuing with work being undertaken with Car Parks. The Customer Services Centre and the IT Unit have been contacted and preparatory discussions have taken place.
- 4.3 As reported to the November 2008 meeting of this Committee, the compilation of the full Register has a timescale of nearly two months. The risk register was therefore circulated to all heads of service two weeks before the committee meeting and asked to check that their entries were correct in order to ensure that members have the latest information available to them.

5. RECOMMENDATIONS

That the Scrutiny Committee - Resources:

- 5.1 reviews the updated Corporate Risk Register
- 5.2 notes the risk management progress to date

HEAD OF AUDIT

CORPORATE SERVICES DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended)

Background papers used in compiling the report:


None

Exeter City Council Corporate Risk Register	Inherent Risk (impact x likelihood)			What has been done to control risks (i.e. countermeasures)	Residual Risk (impact x likelihood) and Risk Priority			What needs to be done to control risks	Target date(s)	Responsible officer	Strat Obj ref	Change
	I	L	Tot		I	L	Tot					

1. Political																
1. Local Government Review																
a) Risks & threats:																
<ul style="list-style-type: none"> Reorganisation might not proceed A unitary pattern may be chosen which is not in Exeter's best interests 																
Consequences:																
<ul style="list-style-type: none"> An opportunity to provide a unitary system of local government for the City will be lost Exeter's best interests would not be served within an inappropriate structure Loss of key staff 																
b) Benefits and opportunities:																
<ul style="list-style-type: none"> Improved co-ordination and delivery of local government services within the City More influence, control and accountability from locally elected councillors 																
3	3	9	3	9	3	3	3	3	9	3	3	3				
Strong case made to government and Boundary Committee for England				<ul style="list-style-type: none"> Support of stakeholders Public support Staff kept informed of progress Working with other Devon authorities to address staffing issues for pre/post decision period 				<ul style="list-style-type: none"> Continue to engage and communicate with stakeholders and staff Monitor legal challenge and be ready to respond at short notice if required 				Ongoing		Chief Executive	All	↑
Policy Unit issues guidance and notifications to the responsible officers to ensure they are aware of the requirements				<ul style="list-style-type: none"> Policy Unit issues guidance and notifications to the responsible officers to ensure they are aware of the requirements 				<ul style="list-style-type: none"> Policy Unit to ensure responsible officers fully aware of the requirements Internal Audit to test and assess security of 				Ongoing		Head of Policy Relevant Heads of	7 8	↑
3	3	9	3	9	3	3	3	3	9	3	3	3				
2. Quality of data				a) Risks & threats:				Consequences:								
Data is inaccurate, incomplete or out-of-date																

Exeter City Council Corporate Risk Register	Inherent Risk (impact x likelihood)		What has been done to control risks (i.e. countermeasures)	Residual Risk (impact x likelihood) and Risk Priority			What needs to be done to control risks	Target date(s)	Responsible officer	Strat Obj ref	Change
	I	L		Tot	I	L					

<ul style="list-style-type: none"> Government targets and Council's strategic objectives not met poor service delivery not identified inefficient use/waste of resources adverse comment in audit management letter adverse media comment <p>b) Benefits and opportunities:</p> <ul style="list-style-type: none"> Accuracy of and confidence in data enables better decision making Under-performance quickly identified and corrected 											
<ul style="list-style-type: none"> Policy Unit provided training on new PI computer system Internal Audit undertake substantial testing of supporting data and results 							supporting data and results		Service		

3. Social											
1. Social Housing – Homelessness											
a) Risks and threats:											
<ul style="list-style-type: none"> Failure to sustain the Government's Bed & Breakfast target of no family to be put in B&B except in emergency and then to stay no longer than 6 weeks Failure to meet Govt's targets to reduce use of temporary 	3	4	12	3	3	9	M				
<ul style="list-style-type: none"> Homelessness Strategy/Prevention Action Plan to reduce numbers accepted as homeless (agreed with DCLG) Temporary Accommodation reduction strategy in place Fast-track Housing Benefits claims, use of DHPs Staff duties – change to prevention work 								<ul style="list-style-type: none"> Continue to meet Government B&B targets Ensure adequate supply of alternative temporary accommodation to replace B&B, either PSLs or supported accommodation Provide suite of performance indicators to monitor work of the section to HMT, members and tenants (through the PRC) Continue to monitor 	<ul style="list-style-type: none"> Ongoing Ongoing Ongoing Ongoing 	Strategic Housing Manager Housing Needs Manager	1 4 

Exeter City Council Corporate Risk Register	Inherent Risk (impact x likelihood)			What has been done to control risks (i.e. countermeasures)	Residual Risk (impact x likelihood) and Risk Priority			What needs to be done to control risks	Target date(s)	Responsible officer	Strat Obj ref	Change
	I	L	Tot		I	L	Tot					
<p>Risks and benefits</p> <p>accommodation by 50% & homeless acceptances by 25% both by 2010</p> <p>Consequences:</p> <ul style="list-style-type: none"> • Government sanctions - reduce homelessness grant - take over service • legal action against Council by any person in B&B longer than 6 weeks from April 2004 <p>b) Benefits and opportunities:</p> <ul style="list-style-type: none"> • Reduce homelessness cases by prevention advice/assistance for families • Increased quality of temp accommodation • Partnership working with the private sector • Increase in DCLG grant • Reduced B&B costs 				<ul style="list-style-type: none"> • Engagement with private sector landlords • Increased resources for new affordable housing • Changes to Home Choice policy to increase priority to homeless applicants • Closer working with neighbouring LAs through DSHG and DHMG • Completion of 31 unit alternative accommodation private sector scheme • Monthly monitoring statistics through HMT • Quarterly monitoring through Scrutiny Committee, PRC & P1E • Increased resources into debt outreach work for potentially homeless families and rent deposit schemes – Homemaker SW –through the Q10 budget • Increased use of HRA land for development - report agreed by Council • Introduction of the Extralet scheme • Introduction of the Let Start scheme • Introduction of STAR lettings for rough sleepers 				<p>market conditions to spot signs of any trends that may effect the number of households facing homelessness</p> <ul style="list-style-type: none"> • Pursue new development opportunities on HRA land including provision of additional temporary accommodation 				

Exeter City Council Corporate Risk Register	Inherent Risk (impact x likelihood)			Residual Risk (impact x likelihood) and Risk Priority			What needs to be done to control risks	Target date(s)	Responsible officer	Strat Obj ref	Change
	I	L	Tot	I	L	Tot					

<p>Risks and benefits</p>												
<p>2. New Council Housing Building Programme a) Risks and threats</p> <ul style="list-style-type: none"> • Project overspends • Project not delivered or not delivered within Government timescales <p>Consequences:</p> <ul style="list-style-type: none"> • impact on capital and revenue general fund budget • hand back of HCA grant • reputation damaged with CLG and HCA for future bidding <p>Benefits/Opportunities:</p> <ul style="list-style-type: none"> • Enhanced housing stock and increased business plan income • Eco-friendly housing shows leadership to other providers • Enhanced reputation for delivering projects on time and on budget • New homes to help reduce homeless households in temporary accommodation 	3	3	9	3	3	9	M	<ul style="list-style-type: none"> • Engagement of Homemaker for free advice and assistance for those in mortgage difficulties • Full site investigations undertaken • Detailed designs agreed with Architect • Cost plans established with internal and external QS • Procurement strategy agreed for engaging a contractor • External consultants engaged to manage aspects of the project • Detailed project/key tasks plan established • Detailed risk plan agreed • CORE project group established utilising a range of section from across the authority • On-going dialogue with the HCA 	<ul style="list-style-type: none"> • Phase 1 start on site – March 2010 • All units completed – March 2011 	Head of Housing Services Strategic Housing Manager	1 4	New

Exeter City Council Corporate Risk Register	Inherent Risk (impact x likelihood)			Residual Risk (impact x likelihood) and Risk Priority			What needs to be done to control risks	Target date(s)	Responsible officer	Strat Obj ref	Change
	I	L	Tot	I	L	Tot					
Risks and benefits											

4. Technological												
1. IT Security	Inherent Risk (impact x likelihood)			Residual Risk (impact x likelihood) and Risk Priority			What has been done to control risks (i.e. countermeasures)	Target date(s)	Responsible officer	Strat Obj ref	Change	
	I	L	Tot	I	L	Tot						H
a) Risks and threats: <ul style="list-style-type: none"> Breach resulting in unauthorised access of sensitive information Consequences: <ul style="list-style-type: none"> loss of Council's credibility and reputation legal action against Council disruption/closure of services b) Benefits and opportunities: <ul style="list-style-type: none"> Gain recognised security standards and credibility Prevent service interruption (e.g. through malicious damage) 	3	4	12	3	3	9	M	<ul style="list-style-type: none"> Security forum in place Working towards BS7799 compliance Quality Analyst in place Firewall and virus protection in place and regularly updated Established security controls and policies to comply with the Government Connect Code of Connection (CoCo) 	<ul style="list-style-type: none"> Ongoing Ongoing Ongoing 	Head of IT Services Head of Audit Head of HR	7	↑
2. IT Hardware & Software a) Risks & threats: <ul style="list-style-type: none"> Physical damage Systems failure of hardware and software Loss of IT equipment Interruption to power supply Consequences: <ul style="list-style-type: none"> inability to provide IT and critical services data loss 	4	3	12	3	2	6	M	<ul style="list-style-type: none"> Disaster recovery system in place and ongoing testing Uninterruptible power supplies (UPS) implemented Support contracts in place and tested Back-up and recovery systems in place Server and infrastructure upgrade programme Secure server room 	<ul style="list-style-type: none"> Ongoing Ongoing 2009 Project currently frozen 	Head of IT Services Head of Audit Head of Contracts & Direct Services	7	↑

Exeter City Council Corporate Risk Register	Inherent Risk (impact x likelihood)		Residual Risk (impact x likelihood) and Risk Priority		What needs to be done to control risks	Target date(s)	Responsible officer	Strat Obj ref	Change
	I	L	H	M					

Risks and benefits	What has been done to control risks (i.e. countermeasures)		Residual Risk (impact x likelihood) and Risk Priority		What needs to be done to control risks	Target date(s)	Responsible officer	Strat Obj ref	Change
	I	L	H	M					
<ul style="list-style-type: none"> • damage to reputation b) Benefits and opportunities: • Ensure availability of services to the public 					<ul style="list-style-type: none"> • Implement new service desk with IT Infrastructure Library (ITIL) including developing a Change Management Data Base (CMDB) • 24/7 electrical cover for data centre 	<ul style="list-style-type: none"> • Oct 09 			
					<ul style="list-style-type: none"> • Firewall upgrades • New data centre implemented • Contributed towards Council's overall business continuity plan • Testing undertaken 2008 • PDAs can be disabled/ data wiped by Help Desk • User training emphasises not to hold confidential data on mobile devices' hard drives • CoCo controls and systems implemented • Hardening of mobile and removable media (encryption and policies) • Controls in place to bypass power regulator and any major power interruption 				

5. Legislative/Regulatory and Legal										
1. Health & Safety Note: a number of issues arise under this heading and separate H&S action plans are maintained at Directorate level	4		2		8		M		Relevant Heads of Services	7 8
	I	L	H	M	L	Tot	I	L		
2. Legislation	4	3	12						All Heads of Service	7 8
a) Risks & threats:										
• Failure to:										
- respond to new										

Exeter City Council Corporate Risk Register	Inherent Risk (impact x likelihood)			What has been done to control risks (i.e. countermeasures)	Residual Risk (impact x likelihood) and Risk Priority			What needs to be done to control risks	Target date(s)	Responsible officer	Strat Obj ref	Change
	I	L	Tot		I	L	Tot					
<ul style="list-style-type: none"> - legislation comply with new/existing legislation - Members to take into account legal implications of decisions <p>Consequences:</p> <ul style="list-style-type: none"> • judicial review • damage to reputation • damages or fines <p>b) Benefits and opportunities:</p> <ul style="list-style-type: none"> • Council complies with legislation and carries out its legal duties • Protects staff and the public 				<ul style="list-style-type: none"> professional bodies and organisations to seek assistance and advice • Legal obtains local gov't law updates from the internet, publishers, course organisers and colleagues • Legal advice available to Members and colleagues (open door policy) • Heads of Service and staff obtain relevant updates from central government, professional organisations and local government associations • CPD/training courses 								
<p>3. Taxi Restriction a) Risks & threats:</p> <ul style="list-style-type: none"> • Decision to retain quantity restriction policy may be challenged in court and is only defensible if there is a robust case proving that it is in the consumers' interest to restrict numbers (currently 59) <p>Consequences:</p> <ul style="list-style-type: none"> • legal action and costs incurred <p>b) Benefits and opportunities:</p> <ul style="list-style-type: none"> • De-restriction policy 	2	4	8	<ul style="list-style-type: none"> • Licensing Committee considers all applications for new HC Licences in line with Taxi Policy • Taxi Policy is reviewed in conjunction with triennial taxi survey (last conducted Autumn 2007, reported March 2008) • Last survey concluded no unmet demand • Liaison meetings with the trade carried out • Review of taxi access issues for users with a disability conducted and reported in Q4 2007-08 	2	4	8	<ul style="list-style-type: none"> • Should a legal challenge be made it will be considered in the light of current circumstances 	• Ongoing	Head of Environmental Health	8	↑

Exeter City Council Corporate Risk Register	Inherent Risk (impact x likelihood)			What has been done to control risks (i.e. countermeasures)	Residual Risk (impact x likelihood) and Risk Priority			What needs to be done to control risks	Target date(s)	Responsible officer	Strat Obj ref	Change	
	I	L	Tot		I	L	Tot						H
Risks and benefits				What has been done to control risks (i.e. countermeasures)				H M L					
should benefit the consumer and widen opportunities for licensed Hackney Carriage (HC) drivers to gain plates and enter trade				<ul style="list-style-type: none"> Taxi Policy on restriction reviewed and maintained 									
<ul style="list-style-type: none"> Numbers of wheelchair accessible taxis would increase, as all new taxis have to meet this criteria Increased numbers of HC vehicles may lower fares to consumers, cope with peak hours better (e.g. night-time) and reduce risk of unlicensed taxis being hailed by public (improved public safety) 				<ul style="list-style-type: none"> Asbestos register maintained and updated Contractors supervised and new staff advised Financial bids made to remove such materials Specialist surveyors employed to update register Asbestos management plans for Council properties Asbestos manager appointed Jan 2007 Additional funding made available to manage 									
<p>4. Asbestos Materials</p> <p>a) Risks & threats:</p> <ul style="list-style-type: none"> Contamination of the environment Effect on individuals' health <p>Consequences:</p> <ul style="list-style-type: none"> death through asbestosis prosecution of staff civil damages sought <p>b) Benefits and opportunities:</p> <ul style="list-style-type: none"> Actions reaffirm the Council's commitment to 	4	2	8		3	2	6	M	<ul style="list-style-type: none"> Staff to be reminded periodically of inherent risks Asbestos management plans to be trialled and rolled out to all responsible managers 	<ul style="list-style-type: none"> Ongoing Dec 09 	All Facilities Managers Head of Contracts & Direct Services	2 7 8	↑

Exeter City Council Corporate Risk Register	Inherent Risk (impact x likelihood)			Residual Risk (impact x likelihood) and Risk Priority			What needs to be done to control risks	Target date(s)	Responsible officer	Strat Obj ref	Change
	I	L	Tot	I	L	Tot					
Risks and benefits											
protect staff, residents and users • Avoidance of possible asbestosis claims							What has been done to control risks (i.e. countermeasures)				

asbestos in Council properties • Policy approved by SMT and Members April 2008 • Specialist training on policy and wider responsibilities provided to all officers with responsibility to manage asbestos • Pro-forma asbestos management plans being developed											
--	--	--	--	--	--	--	--	--	--	--	--

6. Environmental											
1. Materials Reclamation Facility											
a) Risks & threats:											
4	4	16	3	9	3	3	3	3	3	3	3
<ul style="list-style-type: none"> Potential risk of fire No sprinkler system Consequences: <ul style="list-style-type: none"> fire would quickly take hold and destroy building refit cost £6-8 million need to transport recycled waste to other MRFs Benefits: <ul style="list-style-type: none"> Enables recycling targets to be met and derives income Enables control of quality of recyclates, commanding higher demand and price 	<ul style="list-style-type: none"> Good housekeeping Suitable training of staff Machinery regularly maintained Dust control Fire doors Fire alarm linked to 24/7 control centre to inform emergency services Building and equipment are fully insured. Surplus recyclables currently sent to suitable MRFs in S. England (that have capacity to take more if needed) New closer MRF contracted to take portion of recyclates, thereby spreading risk 	<ul style="list-style-type: none"> Continue maintenance, housekeeping and training. In the event of serious fire: Short term - all materials to be transported to other MRFs in S England and redeploy the 25 MRF staff within Cleansing services within Cleansing services <u>Medium term</u> - recyclables redirected to proposed new super MRF being built at Newton Abbot 2009/10 	<ul style="list-style-type: none"> Ongoing review at Q'ly intervals 	Head of Environmental Health	2 7 8	↑					

Exeter City Council Corporate Risk Register	Inherent Risk (impact x likelihood)		Residual Risk (impact x likelihood) and Risk Priority		What needs to be done to control risks	Target date(s)	Responsible officer	Strat Obj ref	Change
	I	L	I	L					

Risks and benefits									
	2	4	8	2	3	6	M		
<p>2. Air Quality Management</p> <p>a) Risks & threats:</p> <ul style="list-style-type: none"> Exceed air quality standard for nitrogen dioxide caused by traffic <p>Consequences:</p> <ul style="list-style-type: none"> poor air quality penalties imposed by central government adverse publicity <p>b) Benefits and opportunities:</p> <ul style="list-style-type: none"> Improved air quality Reduces health risks 			<p>What has been done to control risks (i.e. countermeasures)</p> <ul style="list-style-type: none"> City declared air quality management area Annual review of air quality undertaken Air quality monitored on an ongoing basis. As an excellent authority, ECC is not required to produce an air quality action plan, but chooses to do so ECC has worked with DCC developing an air quality action plan to reduce nitrogen dioxide levels in the City caused by traffic (an integral part of LTP2); now approved by DEFRA ECC will continue to work with DCC over the development of the LTP3 		<p>What needs to be done to control risks</p> <ul style="list-style-type: none"> Medium term: unitary status would assist in better co-ordinating traffic management and air quality (NOx) although within the context of a different boundary Work in strengthening ECC relationship with relevant Dept. of DCC required in terms of LTP2 and the developing LTP3 (due 2012) 	<p>Target date(s)</p> <ul style="list-style-type: none"> Ongoing work with DCC to minimise NOx levels 	<p>Responsible officer</p> <p>Head of Environmental Health</p>	<p>Strat Obj ref</p> <p>2 3 5 7</p>	<p>Change</p> <p>↑</p>

7. Managerial/Professional	Inherent Risk (impact x likelihood)		Residual Risk (impact x likelihood) and Risk Priority		What needs to be done to control risks	Target date(s)	Responsible officer	Strat Obj ref	Change
	I	L	I	L					

	4	4	16	3	4	12	H		
<p>1. Swine flu</p> <p>a) Risks & threats:</p> <ul style="list-style-type: none"> Pandemic - high level of population infected, possibly from Autumn 2009, leading to large portion of staff ill and absent, and/or reluctant to attend work for fear of contracting illness <p>Consequences:</p>			<p>What has been done to control risks (i.e. countermeasures)</p> <ul style="list-style-type: none"> Homeworking arrangements for some staff (e.g. Benefits) Business Continuity Plans for services in place Specifically addressed in Cleansing Risk Register Excess Deaths Emergency Plan in place National campaign of health education, use of 		<p>What needs to be done to control risks</p> <ul style="list-style-type: none"> Review of BCPs to ensure robustness and improve where necessary Identification of priority services and measures to ensure support Strengthened awareness raising amongst staff, with corporate guidance on illness procedure (stay 	<p>Target date(s)</p> <ul style="list-style-type: none"> Ongoing Ongoing Ongoing 	<p>Responsible officer</p> <p>Head of Human Resources Emergency Planning Officer Heads of Service</p>	<p>Strat Obj ref</p> <p>7 8</p>	<p>Change</p> <p>New</p>

Exeter City Council Corporate Risk Register	Inherent Risk (impact x likelihood)			Residual Risk (impact x likelihood) and Risk Priority			What needs to be done to control risks	Target date(s)	Responsible officer	Strat Obj ref	Change	
	I	L	Tot	I	L	Tot						H
<p>Risks and benefits</p> <ul style="list-style-type: none"> • inability to deliver essential services critically undermined • adverse effect on all service delivery • increase in pressure on remaining staff • additional costs of providing cover • other services/businesses could be disrupted (fuel supply, public transport) • retail/business affected, leading to drop in Council income from under-use of car parks • diversion of Council staff to deal with emergency situation <p>b) Benefits and opportunities:</p> <ul style="list-style-type: none"> • provides opportunity to test BC plans • involvement shows Council's commitment to protect staff, residents and business • reduction in possible effects of such an event 	3	3	9	2	3	6	<p>anti-virals for treatment and advent of vaccinations for prevention</p> <ul style="list-style-type: none"> • Raising awareness of swine flu corporately, with guidance about symptoms, spread, need for hygiene, etc. 	<ul style="list-style-type: none"> • home if exhibiting symptoms and seek medical help), to reduce likelihood of transmission • Ongoing • Engendering vaccination of staff when vaccine becomes available • Ongoing • Increase preparedness for excess deaths emergency • Nov 09 • Emergency planning exercise for Swine Flu to be run 	<ul style="list-style-type: none"> • Ongoing • Ongoing • Nov 09 	Head of Human Resources Payroll	7 8	↑
<p>2. Staff Sickness</p> <p>a) Risks & threats:</p> <ul style="list-style-type: none"> • High or increasing levels of sickness <p>Consequences:</p>	3	3	9	2	3	6	<ul style="list-style-type: none"> • Case management introduced • Support through alternative remedies • Improved statistical 	<ul style="list-style-type: none"> • Continue management of sickness and implement formal action and intervention as appropriate • Training and 	<ul style="list-style-type: none"> • Ongoing • Ongoing • Ongoing 	Head of Human Resources Payroll	7 8	↑

Exeter City Council Corporate Risk Register	Inherent Risk (impact x likelihood)			Residual Risk (impact x likelihood) and Risk Priority			What needs to be done to control risks	Target date(s)	Responsible officer	Strat Obj ref	Change	
	I	L	Tot	I	L	Tot						H
Risks and benefits							What has been done to control risks (i.e. countermeasures)					
<ul style="list-style-type: none"> essential services not delivered adverse effect on service delivery increase in stress/pressure on remaining staff costs of providing cover b) Benefits and opportunities: <ul style="list-style-type: none"> Enables efficient service delivery Healthier working environment 	3	3	9				information <ul style="list-style-type: none"> Policies/procedures Contract with Occupational Health reviewed Managing sickness training Stress audits undertaken 	<ul style="list-style-type: none"> Ongoing 	Services Officer Relevant Heads of Service			
3. Recruitment and Retention of Staff a) Risks & threats: <ul style="list-style-type: none"> Failure to recruit and retain qualified staff Consequences: <ul style="list-style-type: none"> essential services not delivered affects on service delivery/strategic objectives increased sickness/pressure b) Benefits and opportunities: <ul style="list-style-type: none"> Attract and retain key staff Reduced advertising spend Increase in skilled and 	3	3	9	2	3	6	<ul style="list-style-type: none"> Increased range of recruitment sources Market supplement facility Single Status On-line application forms Modern apprenticeships Exit interviews Workforce planning profile HR employment strategy framework Competency framework - generic jobs – completed Developed marketing plan to address recruitment shortages and equal access to recruitment 	<ul style="list-style-type: none"> Continue to introduce career grades Continue to develop enhanced employee attraction through on-line recruitment Develop workforce plans and profile skill gaps 	<ul style="list-style-type: none"> Ongoing Ongoing 2009 	Head of Human Resources	7 8	↑

Exeter City Council Corporate Risk Register	Inherent Risk (impact x likelihood)		Residual Risk (impact x likelihood) and Risk Priority		What needs to be done to control risks	Target date(s)	Responsible officer	Strat Obj ref	Change
	I	L	I	L					
Risks and benefits									

committed workforce									
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8. Financial	Inherent Risk (impact x likelihood)		Residual Risk (impact x likelihood) and Risk Priority		What has been done to control risks (i.e. countermeasures)	Target date(s)	Responsible officer	Strat Obj ref	Change
	I	L	I	L					
1. Concessionary fares a) Risks & threats: <ul style="list-style-type: none"> Continuation of costs of concessionary travel exceeding budget provision. Consequence: <ul style="list-style-type: none"> Council's overall financial position worsens b) Benefits and opportunities: <ul style="list-style-type: none"> 	4	4	4	4	<ul style="list-style-type: none"> Making joint representations to Government with other Councils in a similar position, and local MP has been alerted to the problem Fixed sum deal agreed with Stagecoach 	<ul style="list-style-type: none"> Ongoing to March 2010 	Head of Parking, Engineering & Business Support Chief Executive	7	↑
2. Car Parks Income a) Risks & threats <ul style="list-style-type: none"> Effects of any significant reduction in demand Consequences: <ul style="list-style-type: none"> significant loss of income b) Benefits and opportunities: <ul style="list-style-type: none"> Completion of Princesshay will draw people into Exeter and increase overall demand for car parking spaces 	3	4	3	4	<ul style="list-style-type: none"> Strategy formulated to promote Exeter 	<ul style="list-style-type: none"> Ongoing Ongoing Ongoing Ongoing 	Head of Economy & Tourism Head of Parking, Engineering & Business Support	7	↑
3. RAMM development a) Risks & threats: <ul style="list-style-type: none"> Project does not meet project timetable leading 	4	4	4	3	<ul style="list-style-type: none"> Full funding now achieved from HLF, including additional £0.5m High reputation design 	<ul style="list-style-type: none"> Ongoing 	Head of Leisure & Museums	7	↑

Exeter City Council Corporate Risk Register	Inherent Risk (impact x likelihood)			What has been done to control risks (i.e. countermeasures)	Residual Risk (impact x likelihood) and Risk Priority			What needs to be done to control risks	Target date(s)	Responsible officer	Strat Obj ref	Change
	I	L	Tot		I	L	Tot					
<p>Risks and benefits</p>												
<p>to overspend, withhold of funds from HLF</p> <ul style="list-style-type: none"> • Reputational damage leading to loss of status • Museum collection lost or damaged • Emergence of an external problem preventing progress on project, putting budget and the timetable at risk e.g. archaeological discovery • Poor estimating of project costs leading to unaffordable tender returns necessitating further trimming or re-alignment of the project and loss of time • Structural problems coming to light only after contractor on site (and strong possibility of more in the near future), which means the Council is locked into project having lost control of costs • Mistakes or omissions by consultants lead to increased costs initially the responsibility of the City Council, and to the necessity of additional 				<p>team engaged</p> <ul style="list-style-type: none"> • Continuous appraisal of estimated costs vs budget is undertaken by QS • Base build tender under-budget • Fund raising re-energised • Contingency divided into base build and display components • Store element of project now complete • Presence of architect and consultant on site has been enhanced, to deal with problems earlier and more quickly, and hence mitigate delays and costs • Review of decision making processes undertaken, and substantial strengthening of the reporting system • Monthly review of full live risk register added to project meetings • Legal and technical advisers added to team to review actions of all concerned • Structural risks now largely worked through, but mechanical phase of the project now revealing 				<ul style="list-style-type: none"> • Monitor timetable and costs of preliminary store • Review to be undertaken of structural design to determine if problems should have been foreseen 	<ul style="list-style-type: none"> • Ongoing • 			

Exeter City Council Corporate Risk Register	Inherent Risk (impact x likelihood)			What has been done to control risks (i.e. countermeasures)	Residual Risk (impact x likelihood) and Risk Priority			What needs to be done to control risks	Target date(s)	Responsible officer	Strat Obj ref	Change
	I	L	Tot		I	L	Tot					
Risks and benefits												
costs in monitoring and taking action concerning such mistakes Consequences: <ul style="list-style-type: none"> increased costs service disruption status affected that ability to obtain further funding opportunities is reduced Benefits and opportunities: <ul style="list-style-type: none"> Enhancement of the museum and collections to 21st century standards meeting the needs of residents and visitors 	4	3	12	further issues, being managed through close control	4	3	12	H				
4. RAMM levels of environmental control a) Risks & threats: <ul style="list-style-type: none"> Environmental control levels do not meet the Government Indemnity Scheme (GIS) requirements Consequences: <ul style="list-style-type: none"> Altering the design means that abortive or redundant elements of the system already installed will have to be removed failure to meet the approved purposes of 	4	3	12	<ul style="list-style-type: none"> Project mechanical engineers have recalculated whole building and have redesigned the installation to achieve compliance It is physically possible to make the changes they propose without any radical changes to structure or performance, but there is a cost to the changes needed Council has engaged an independent consultant to review all project consultants calculations 	4	3	12	<ul style="list-style-type: none"> Independent engineers have provided interim positive report, but are doing further work. If this approves the system, then the risk will drop substantially Project engineers have admitted liability 	<ul style="list-style-type: none"> ASAP 	Head of Leisure & Museums	7	New

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	I	L	Tot		I	L	Tot						H
Risks and benefits				What has been done to control risks (i.e. countermeasures)									
the HLF grant resulting in requirement to repay all or significant proportion of the grant				<ul style="list-style-type: none"> Installation of newly designed system has begun A daily check of all removal activity is undertaken to measure the impact of the changes 									
<ul style="list-style-type: none"> additional expenditure to implement measures to address failure is only recoverable from the designer for costs incurred in delay, abortive works and fees to other consultants Benefits and opportunities: System has been thoroughly checked and reviewed 													
5. Superannuation (Pension) Fund	3	4	12	<ul style="list-style-type: none"> Pension contributions covered only for current financial year 	3	3	9	M	<ul style="list-style-type: none"> Potential increased revenue costs need to be considered within the Medium Term Financial Strategy Government led review of fund valuation and employees' contribution levels 	<ul style="list-style-type: none"> Ongoing Ongoing 	Head of Treasury Services	7	↑
a) Risks & threats: <ul style="list-style-type: none"> Underperformance of the pension fund Consequence: <ul style="list-style-type: none"> increased contributions causing revenue burden b) Benefits and opportunities: <ul style="list-style-type: none"> Valuable part of recruitment package 													
6. Investment Returns	4	4	16	<ul style="list-style-type: none"> Use of external fund managers Annual Investment strategy has been reviewed and updated 	4	2	8	M	<ul style="list-style-type: none"> Continue to review the performance of fund managers 	<ul style="list-style-type: none"> Ongoing 	Head of Treasury Services	5 7	↑
a) Risks & threats: <ul style="list-style-type: none"> Loss of capital due to failure of banks Lower returns due to 													

Exeter City Council Corporate Risk Register	Inherent Risk (impact x likelihood)			What has been done to control risks (i.e. countermeasures)	Residual Risk (impact x likelihood) and Risk Priority			What needs to be done to control risks	Target date(s)	Responsible officer	Strat Obj ref	Change
	I	L	Tot		H	M	L					
<p>Risks and benefits</p> <p>lower interest rates</p> <ul style="list-style-type: none"> Adverse external economic factors <p>Consequences:</p> <ul style="list-style-type: none"> budget shortfall due to loss of capital and lower investment returns <p>b) Benefits and opportunities:</p> <ul style="list-style-type: none"> Exceeding benchmark performance targets has positive budget impact 				<ul style="list-style-type: none"> Savings have been identified in the 2009/10 budget to offset the reduction of investment interest 								
<p>7. Housing Benefits Subsidy</p> <p>a) Risks & threats:</p> <ul style="list-style-type: none"> High level of 'local authority errors' Subsidy calculated incorrectly Subsidy level not achieved (e.g. homelessness) <p>Consequences:</p> <ul style="list-style-type: none"> subsidy not maximised Government error threshold exceeded subsidy reduced by Audit Commission <p>b) Benefits and opportunities:</p> <ul style="list-style-type: none"> Maximised subsidy has a positive overall revenue budget impact 	4	3	12	<ul style="list-style-type: none"> Currently below error threshold Internal Audit undertakes considerable testing 	4	2	8	<ul style="list-style-type: none"> Monitor level of subsidy regularly Staff training and development 	<ul style="list-style-type: none"> 1/4 ly Ongoing 	Head of Treasury Services	7	↑

Exeter City Council Corporate Risk Register	Inherent Risk (impact x likelihood)		What has been done to control risks (i.e. countermeasures)	Residual Risk (impact x likelihood) and Risk Priority			What needs to be done to control risks	Target date(s)	Responsible officer	Strat Obj ref	Change		
	I	L		Tot	I	L						Tot	H
Risks and benefits													
8. Investment Capital a) Risks & threats: <ul style="list-style-type: none"> Loss of investments due to external economic factors Loss of investment due to failure of banking system Consequences: <ul style="list-style-type: none"> inability to complete capital and revenue programmes loss of interest increased need to borrow increased cost of borrowing b) Benefits and opportunities: <ul style="list-style-type: none"> Increase in investment returns Government backed guarantees 	4	3	12	4	2	8	M	<ul style="list-style-type: none"> Review of Council's Treasury Management Policy Review of investment strategy 	<ul style="list-style-type: none"> Review all credit ratings Pursue loss of debt with LGA/Government Continual review of Treasury Management policies and strategies 	Ongoing	Head of Treasury Services	5 7	↕
9. Housing and Planning Delivery Grant a) Risks & threats: <ul style="list-style-type: none"> Award less than budgeted for Consequence: <ul style="list-style-type: none"> adverse effect on the Unit's budget reduction in staffing inability to meet service targets and 	4	2	8	4	2	8	M	<ul style="list-style-type: none"> Monitoring and responding to any draft allocation changes Monitoring implications of any proposals to change the system Cautious estimates of future awards Actions to reduce the draw on the existing reserve 	<ul style="list-style-type: none"> Actively work towards and anticipate targets Reduce the reliance of Planning Services on HPDG funding for staffing 	Ongoing	<ul style="list-style-type: none"> Head of Planning & Building Control 	7	New

Exeter City Council Corporate Risk Register	Inherent Risk (impact x likelihood)			What has been done to control risks (i.e. countermeasures)	Residual Risk (impact x likelihood) and Risk Priority			What needs to be done to control risks	Target date(s)	Responsible officer	Strat Obj ref	Change	
	I	L	Tot		I	L	Tot						H
standards or fund projects													
10. Insurance a) Risks & threats: <ul style="list-style-type: none"> Failure to control/manage insurance matters Loss of professional negligence insurance (re: Pell Frischman/SWW) Consequence: <ul style="list-style-type: none"> increase in claims and increase in premiums the Council becomes liable for claims b) Benefits and opportunities: <ul style="list-style-type: none"> Reduction in insurance costs 	2	4	8	<ul style="list-style-type: none"> Commenced implementation of QLAS for provision of more management information Insurance audits undertaken by insurer Provision of training (e.g. contract management) Monthly management information reports produced Insurer's undertook motor claims audit Draft contract with Pell Frischman obtained 	2	3	6	M	<ul style="list-style-type: none"> Further training – where identified or required by either management reports or the Council's insurers Monitor situation with Pell Frischman/SWW and checks with insurers 	<ul style="list-style-type: none"> Ongoing Ongoing 	Head of Treasury Services	7	↑
11. Capital Programme a) Risks & threats: <ul style="list-style-type: none"> Capital programme is significantly underspent Failure to deliver approved capital projects on time Consequences: <ul style="list-style-type: none"> impact on the Use of Resources adverse comment in annual audit and inspection letter adverse media comment 	2	4	8	<ul style="list-style-type: none"> Report to SMT highlighting issues Managers required to accurately profile capital projects Prioritisation of schemes established Additional funding has been provided to help deliver capital programme 	2	3	6	M	<ul style="list-style-type: none"> Capital Programme to be revised after 6 months. This will be approved by SMT/Members and there will be revised target programme More awareness/training of project management skills for managers 	<ul style="list-style-type: none"> Ongoing Ongoing 	Head of Treasury Services Heads of service with capital schemes	5 7	↑

Exeter City Council Corporate Risk Register	Inherent Risk (impact x likelihood)			What has been done to control risks (i.e. countermeasures)	Residual Risk (impact x likelihood) and Risk Priority			What needs to be done to control risks	Target date(s)	Responsible officer	Strat Obj ref	Change	
	I	L	Tot		I	L	Tot						H
<p>Risks and benefits</p>				What has been done to control risks (i.e. countermeasures)				H M L					
<ul style="list-style-type: none"> economic impact of reduced spend on the Exeter area b) Benefits and opportunities: <ul style="list-style-type: none"> Reduced spend produces more investment interest 													
<p>12. Income from recyclates</p> <p>a) Risks & threats</p> <p>Economic downturn has caused:</p> <ul style="list-style-type: none"> instability and drop in recyclates prices disruption in reliability of acceptance by users; negative national coverage about the value of domestic recycling; risk to Council's reputation <p>b) Consequences:</p> <ul style="list-style-type: none"> significant reduction in income (£100K) higher costs for transport and gate fees undermining public will to recycle, leading to increased demands on residual waste collection 	3	3	9	<ul style="list-style-type: none"> Processing recyclates through Council MRF allows better quality control and greater flexibility to seek new user markets, and achieve the best price Dynamic monitoring of spot market prices for recyclates allows better planning of sales. Medium-term contract for waste paper affords protection to market fluctuations for this main recyclates commodity Education and communication programme to reinforce recycling message 	2	3	6	M	<ul style="list-style-type: none"> Continue existing measures 	<ul style="list-style-type: none"> 37% recycling 2009/10 	Head of Environmental Health	2 7	↗
<p>13. Annual Financial Accounts</p> <p>a) Risks & threats:</p>	3	3	9	<ul style="list-style-type: none"> Suitably qualified and experienced staff Attendance at Devon 	3	2	6	M	<ul style="list-style-type: none"> Professional development and training Additional training to 	<ul style="list-style-type: none"> Ongoing Ongoing 	Head of Treasury Services	7 8	↗

Exeter City Council Corporate Risk Register	Inherent Risk (impact x likelihood)		What has been done to control risks (i.e. countermeasures)	Residual Risk (impact x likelihood) and Risk Priority			What needs to be done to control risks	Target date(s)	Responsible officer	Strat Obj ref	Change
	I	L		Tot	H	M					
<p>Risks and benefits</p> <ul style="list-style-type: none"> Material misstatement of the annual accounts Failure to meet the implementation of the new International Financial Reporting Standards (IFRS) <p>Consequences:</p> <ul style="list-style-type: none"> loss of reputation impact on future CAA <p>b) Benefits and opportunities:</p> <ul style="list-style-type: none"> Unqualified accounts produced within required timeframe has a positive impact on reducing the Audit Commission's audit coverage including the Use of Resources 			Accounting Group <ul style="list-style-type: none"> Professional body (CIPFA) guidance Joined IFRS implementation project board hosted by DCC 				newer members of staff				
<p>14. Science Park</p> <p>a) Risks & threats:</p> <ul style="list-style-type: none"> Company incurs significant cost liabilities <p>Consequences:</p> <ul style="list-style-type: none"> loss of the Council's investment in the company adverse media and public criticism adverse affect on the Council's reputation adverse affect on jobs and commercial growth 	3	3	<ul style="list-style-type: none"> Regular and transparent monitoring of project and development finances. 				<ul style="list-style-type: none"> Senior level overview of company performance. 	<ul style="list-style-type: none"> Ongoing 	Head of Economy & Tourism	5 7 8	New

Exeter City Council Corporate Risk Register	Inherent Risk (impact x likelihood)		What has been done to control risks (i.e. countermeasures)	Residual Risk (impact x likelihood) and Risk Priority			What needs to be done to control risks	Target date(s)	Responsible officer	Strat Obj ref	Change
	I	L		Tot	I	L					

15. Boats using the canal a) Risks & threats: <ul style="list-style-type: none"> Third party accidents caused by or involving uninsured boats Consequences: <ul style="list-style-type: none"> possible liability of the Council to meet costs of losses or damages 	3	2	6	•	3	2	6	M	<ul style="list-style-type: none"> Work being undertaken to make possession of third party insurance a compulsory part of the use of the canal and laying up contract 	• Oct 10	Leisure Manager	3 7	↑
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9. Physical											
1. Civic Centre Power a) Risks & threats: <ul style="list-style-type: none"> Loss of power Consequences: <ul style="list-style-type: none"> loss of: <ul style="list-style-type: none"> communications computer systems (terminal) lighting essential services not delivered inability to provide general services b) Benefits and opportunities: <ul style="list-style-type: none"> Essential services recovered and adverse affects minimised 	Inherent Risk (impact x likelihood)		What has been done to control risks (i.e. countermeasures)	Residual Risk (impact x likelihood) and Risk Priority			What needs to be done to control risks	Target date(s)	Responsible officer	Strat Obj ref	Change
	I	L		Tot	I	L					

1. Civic Centre Power a) Risks & threats: <ul style="list-style-type: none"> Loss of power Consequences: <ul style="list-style-type: none"> loss of: <ul style="list-style-type: none"> communications computer systems (terminal) lighting essential services not delivered inability to provide general services b) Benefits and opportunities: <ul style="list-style-type: none"> Essential services recovered and adverse affects minimised 	3	2	6	<ul style="list-style-type: none"> Disaster Recovery system in place Uninterruptible Power Supply in place for IT data centre Business Continuity Plan in place 	3	2	6	M	•	•	•	Head of Corporate Customer Services Head of IT Services	5 7	↑
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10. Partnership/Contractual											
1. Archaeological Field Unit a) Risks & threats:	Inherent Risk (impact x likelihood)		What has been done to control risks (i.e. countermeasures)	Residual Risk (impact x likelihood) and Risk Priority			What needs to be done to control risks	Target date(s)	Responsible officer	Strat Obj ref	Change
	I	L		Tot	I	L					

1. Archaeological Field Unit a) Risks & threats:	4	4	16	• Executive has instructed officers to devise a structure for a smaller Unit	4	3	12	H	• Structure to be devised which can break even within the reasonable future	• 2009/10	Head of AFU	3 7 8	New
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Exeter City Council Corporate Risk Register	Inherent Risk (impact x likelihood)			Residual Risk (impact x likelihood) and Risk Priority			What needs to be done to control risks	Target date(s)	Responsible officer	Strat Obj ref	Change
	I	L	Tot	I	L	Tot					

<p>Risks and benefits</p> <ul style="list-style-type: none"> Unit continues to make a loss despite measures being taken Backlog in writing up investigations remains unresolved despite measures being taken <p>Consequences:</p> <ul style="list-style-type: none"> continuing cost to the Council threat to continued existence of the Unit uncertainty over undeposited archive material Scheduled Monuments Consents remain unresolved reputational risk to Council 							<p>What has been done to control risks (i.e. countermeasures)</p> <ul style="list-style-type: none"> Measures being put in place to reduce investigations backlog 				
							<p>What needs to be done to control risks</p> <ul style="list-style-type: none"> New arrangements to be monitored for financial robustness once in place Plans to be drawn up for safeguarding archive material Plans to be drawn up for dealing with key elements of backlog 				

11. Competitive																											
1. Major Client/Work																											
a) Risks & threats:																											
Loss of a major client or work			3	3	9	Identify service improvement via Service Improvement Portfolios			<ul style="list-style-type: none"> Medium term financial planning 			2	3	6	M	Review annually in budget and service planning process			<ul style="list-style-type: none"> Ongoing 			<ul style="list-style-type: none"> Relevant Heads of Services 			7		
Consequences:																											
services not viable						increased overheads			detrimental effect on revenue budget			staff redundancies and costs															
b) Benefits and opportunities:																											

Exeter City Council Corporate Risk Register	Inherent Risk (impact x likelihood)			Residual Risk (impact x likelihood) and Risk Priority			What needs to be done to control risks	Target date(s)	Responsible officer	Strat Obj ref	Change
	I	L	Tot	I	L	Tot					
Risks and benefits											

• Ensures events can be readily assessed and prompt responses											
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12. Customer/Citizen											
1. Telephone Switch a) Risks & threats: • Failure of telephone switch due to fire, flood, electrical fault, etc. Consequences: • essential services not delivered • no telephone service throughout the Council b) Benefits and opportunities: • Ensures business continuity and customers can contact the Council	Inherent Risk (impact x likelihood)			Residual Risk (impact x likelihood) and Risk Priority			What has been done to control risks (i.e. countermeasures)	Target date(s)	Responsible officer	Strat Obj ref	Change
	I	L	Tot	I	L	Tot					
	4	2	8	3	2	6	• Current arrangements covers standard failures of the system		IT Customer Services Manager	7 8	↑

Key:	
↑	Increased risk priority from last half-year
⇔	Same risk priority as last half-year
↓	Reduced priority from last half-year

Severity of impact matrix						
Score	Personal safety	Failure to provide statutory duties or meet legal obligations	Financial loss	Service disruption	Personal privacy infringement	Embarrassment or reputation
1 Minor	Minor injury or discomfort to an individual or several people	Litigation, claims or fines - Section/ Unit up to £5k	Up to 5% of budget	1 day	Isolated individual personal detail compromised or revealed	Contained within section or unit
2 Significant	Severe injury to an individual or several people	Litigation, claims or fines - Section/ Unit £5k to £10k	Up to 10% of budget	2-3 days	Some individual personal details compromised or revealed	Local public or press interest
3 Serious	Major injury to an individual or several people	Litigation, claims or fines - Section/ Unit £10k to £50k	Up to 25% of budget	3-5 days	Many individual personal details compromised /or revealed	National public or press aware
4 Major	Death of an individual or several people	Litigation, claims or fines - Unit over £50k	Over 25% of budget	5+ days	All personal details compromised or revealed	Section Head, Head of Service or Director forced to resign

Likelihood matrix		
Score	Definition	Environmental event (e.g. flooding)
1 Remote	Rare/may occur in exceptional circumstances	Once in 50 years
2 Unlikely	Could occur at some time	Once in 20 years
3 Likely/possible	Will/might occur at some time	Once in 5 years
4 Very likely	Almost certain/is expected to occur in most circumstances	Annually

Risk matrix				
Impact	4 Low	8 Medium	12 High	16 High
	3 Low	6 Medium	9 Medium	12 High
	2 Low	4 Low	6 Medium	8 Medium
	1 Low	2 Low	3 Low	4 Low
	1	2	3	4
Likelihood				

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