

A meeting of the **CORPORATE GOVERNANCE PANEL** will be held in **MEETING ROOM 1, PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON, PE29 3TN** on **TUESDAY, 24 JUNE 2008** at **6:00 PM** and you are requested to attend for the transaction of the following business:-

**Contact
(01480)**

APOLOGIES

1. MINUTES (Pages 1 - 2)

To approve as a correct record the Minutes of the meeting of the Panel held on 14th May 2008.

**Miss H Ali
388006**

2. MEMBERS' INTERESTS

To receive from Members declarations as to personal and/or prejudicial interests and the nature of those interests in relation to any Agenda Item. Please see Notes 1 and 2 overleaf.

3. FINAL ACCOUNTS 2007/08 (Pages 3 - 42)

To consider a report by the Head of Financial Services seeking approval of the draft Statement of Accounts for the 2007/08 financial year.

**S Couper
388103**

4. BENEFIT FRAUD PROSECUTION POLICY AND PROCEDURES
(Pages 43 - 54)

To consider a report by the Head of Customer Services on the outcome of a review of the existing procedure for the sanction and prosecution of those persons found to be committing benefit fraud.

**Mrs J Barber
388105**

5. ANNUAL REVIEW OF THE INTERNAL AUDIT SERVICE (Pages 55 - 60)

To consider a report by the Audit and Risk Manager outlining the findings of the Annual Review of the Internal Audit Service.

**D Harwood
388115**

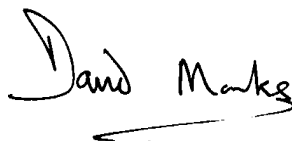
6. INTERNAL AUDIT SERVICE: INTERNAL AUDIT AND ASSURANCE PLAN (Pages 61 - 70)

To consider a report by the Audit and Risk Manager on the Internal Audit and Assurance Plan for the 12 month period commencing in August 2008.

**D Harwood
388115**

7. **EXTERNAL AUDIT PLAN 2008/09** (Pages 71 - 92)
- To consider the Huntingdonshire District Council External Audit Plan for 2008/09.
- S Couper
388103**
8. **CHANGES TO THE CONSTITUTION - STANDARDS COMMITTEE**
- To consider a report by the Director of Central Services and Monitoring Officer – **TO FOLLOW** – on changes required to the Constitution arising from the Standards Committee (England) Regulations 2008.
- Ms C Deller
388007**
9. **COMPLAINTS** (Pages 93 - 96)
- To consider a report by the Director of Central Services on the internal complaints determined by the Local Government Ombudsman in 2007/08.
- A Roberts
388004**
10. **EXCLUSION OF THE PUBLIC**
- To resolve:-
- that the public be excluded from the meeting because the business to be transacted contains exempt information relating to individuals.
11. **LOCAL GOVERNMENT OMBUDSMAN: LOCAL SETTLEMENT OF COMPLAINT** (Pages 97 - 98)
- To consider a report by the Director of Central Services on the local settlement of a complaint made to the Local Government Ombudsman.
- A Roberts
388004**
12. **COUNCIL TAX BENEFIT COMPLAINT: AWARD OF COMPENSATION** (Pages 99 - 100)
- To consider a report by the Head of Customer Services seeking approval of a compensation payment made under the Council's internal complaints system.
- Mrs J Barber
388105**

Dated this 18 day of June 2008



Chief Executive

Notes

1. *A personal interest exists where a decision on a matter would affect to a greater extent than other people in the District –*
 - (a) *the well-being, financial position, employment or business of the Councillor, their family or any person with whom they had a close association;*
 - (b) *a body employing those persons, any firm in which they are a partner and any company of which they are directors;*
 - (c) *any corporate body in which those persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or*
 - (d) *the Councillor's registerable financial and other interests.*
2. *A personal interest becomes a prejudicial interest where a member of the public (who has knowledge of the circumstances) would reasonably regard the Member's personal interest as being so significant that it is likely to prejudice the Councillor's judgement of the public interest.*

Please contact Miss H Ali, Democratic Services Officer, Tel No: 01480 388006 / e-mail: Habbiba.Ali@huntsdc.gov.uk if you have a general query on any Agenda Item, wish to tender your apologies for absence from the meeting, or would like information on any decision taken by the Panel.

Specific enquiries with regard to items on the Agenda should be directed towards the Contact Officer.

Agenda and enclosures can be viewed on the District Council's website – www.huntingdonshire.gov.uk (under *Councils and Democracy*).

If you would like a translation of Agenda/Minutes/Reports or would like a large text version or an audio version please contact the Democratic Services Manager and we will try to accommodate your needs.

Emergency Procedure

In the event of the fire alarm being sounded and on the instruction of the Meeting Administrator, all attendees are requested to vacate the building via the closest emergency exit and to make their way to the car park adjacent to the Methodist Church on the High Street (opposite Prima's Italian Restaurant).

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Agenda Item 1

HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the CORPORATE GOVERNANCE PANEL held in the Council Chamber, Pathfinder House, St Mary's Street, Huntingdon, PE29 3TN on Wednesday, 14 May 2008.

PRESENT: Councillors M G Baker, P J Downes, P M D Godfrey, J A Gray, T V Rogers and L M Simpson.

APOLOGY: An Apology for absence from the meeting was submitted on behalf of Councillor C J Stephens.

1. ELECTION OF CHAIRMAN

RESOLVED

that Councillor C J Stephens be elected Chairman of the Panel for the ensuing Municipal Year.

Having noted that Councillor C J Stephens had submitted his apologies for absence from the meeting, it was

RESOLVED

that Councillor J A Gray be elected Chairman for the duration of the meeting.

Councillor J A Gray in the Chair.

2. MINUTES

The Minutes of the meeting of the Panel held on 26th March 2008 were approved as a correct record and signed by the Chairman.

3. MEMBERS' INTERESTS

No declarations were received.

4. APPOINTMENT OF VICE-CHAIRMAN

RESOLVED

that Councillor M G Baker be appointed Vice-Chairman of the Panel for the ensuing Municipal Year.

Chairman

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FINAL ACCOUNTS 2007/08
(Report by the Head of Financial Services)

1. FINAL ACCOUNTS

- 1.1 Much of the content of the Council's Final Accounts is set by a statutory Code of Practice. As a result, they are not easy for the lay reader to understand but the inclusion of notes to various accounts helps explain some of the key aspects.
- 1.2 Their prime purpose is to form the official record of what has happened in the last year and, when audited, they will demonstrate that a proper level of financial stewardship has been achieved on behalf of local residents. The Annual Statement of Assurance on Corporate Governance, which will also form part of the booklet, when it is published after audit, will be considered separately at the Panel's September meeting.
- 1.3 The Code has changed for the 2007/08 accounts so that the accounts more closely follow the form of reporting for private sector organisations. However there still need to be variations to reflect the specific statutory requirements applying to Local Authorities. A brief explanation of the changes is given in the accounts booklet and the 2006/07 figures have been restated to provide meaningful comparative figures.
- 1.4 The Panel, on behalf of the Council, needs to formally approve the accounts before the audit can take place. If the Council's auditors, Grant Thornton UK LLP, identify any significant concerns during the course of the audit then these must be reported back to the Panel.
- 1.5 The Use of Resources assessment refers to the expectation of the Audit Commission that there will be **robust discussion of the final accounts**. In order to enhance discussion there will be an introduction to explain the key elements of the main accounts and the changes required this year. Panel members are also encouraged to identify, in advance, any areas on which they require explanation or clarification to ensure that fuller explanations can be given at the meeting thus leading to improved discussion. Please notify Steve Couper of any areas at least 24 hours prior to the meeting.
- 1.6 The timetable for preparing the Statement of Accounts in time to give the Panel time to consider it before the meeting continues to be demanding. It will be sent to Members as soon as possible following the publication of the agenda

2. RECOMMENDATIONS

- 2.1 It is recommended that the Panel approve the draft Statement of Accounts so that the audit can commence.

ACCESS TO INFORMATION ACT 1985

Final Accounts and Working Papers held in the Accountancy Section

Contact Officer: Eleanor Smith, Accountancy Manager ☎ 01480 388157

Steve Couper, Head of Financial Services ☎ 01480 388103

steve.couper@huntsdc.gov.uk



Draft
Statement of Accounts
For the year ended 31 March 2008

Chairman of the Council 2007/08	Councillor P Swales
Leader of the Council 2007/08	Councillor I C Bates
Executive Councilor for Finance 2007/08	Councillor T V Rogers
Chief Executive	Mr D Monks
Director of Commerce and Technology	Mr T Parker
Auditors	Grant Thornton UK LLP

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Introduction and Financial Summary

In order to ensure that the financial accounts of local authorities are reliable a national Code of Practice has been created which sets out how they should be prepared and what they must include. Huntingdonshire's accounts comply with this Code.

The Code is updated annually to reflect the latest developments in accountancy – there are some significant changes this year and an explanation of the main changes can be found on page 5.

This booklet presents the accounts of Huntingdonshire District Council for the period from 1 April 2007 to 31 March 2008. The main statement is the Income and Expenditure Account which includes the cost of providing the Council's services that are partly funded from the council tax.

The Balance Sheet summarises the Council's assets and liabilities at the end of the year (31 March 2008) and the Cash Flow Statement sets out where the money came from and how it was spent. Explanatory notes give greater detail.

Overview

The table below shows a simplified version of the revenue summary:

Revenue Expenditure	2007/08
	Actual
	£000
Services	
Gross Expenditure	69,221
Income including fees and charges and the government reimbursement of benefits.	-37,792
Net Cost	31,429
Other Items	
Investment Income	-2,742
Trading undertakings surplus	-580
Required adjustments relating to items such as pensions, capital and financing costs.	-10,658
Total to be funded	17,449
Funding	
Council Tax	-6,326
Collection Fund adjustment	7
Revenue Support Grant	-1,674
NNDR from national pool	-9,976
LABGI	-371
	-18,340
	-891
Movement on Council Reserves	
General Fund Balance	1,171
Delayed Projects Reserve	-280
	891

When the Council set its budget for 2007/08 in February 2007 it made provision to use up to £1,565k from reserves to fund revenue expenditure. Over the course of the year the Council has again been successful in raising additional income and keeping expenditure down.

Overall income was £1,512k higher than expected. This included £369k of Local Authority Business Growth Incentive (LABGI) Grant to reward the Council for achieving business growth in the district over and above the Government's target threshold and £254k of Planning Delivery Grant which reflected the Council's success in achieving Government targets. There were also increases in investment interest (£159k), a higher recharge to capital (£578k) due to more spending on assets together with additional income from charges including leisure centres (£155k) and planning (£107k).

Expenditure was £854k lower than expected. This included savings on utility bills and running costs at leisure centres (£261k), an unexpected relaxation of the rules for recovering VAT (£138k), the general contingency not being required (£140k), lower maintenance costs on refuse freighters (£85) and an increase in the value of projects that were deferred to next year (£169k).

The net result is that it has been possible to add £891k to reserves this year resulting in a total revenue reserve of £20.7m at the end of the year. The increase in reserves gives extra flexibility for the Council to introduce greater efficiency and ensure spending is focussed in those areas that will make a real difference for local people.

Capital investment in assets of £16.5m has taken place during the year. Projects included leisure centre refurbishments (£0.6m), a new Creative Enterprise Centre at St Neots (£0.7m), a new pavilion with extended changing rooms at Priory Park (£0.5m), Eastfield House, new customer service centre and offices (£8.4m), environmental improvements (£0.4m), housing (£3.0m), further investment in information technology (£1.0m) and operational vehicles (£0.2m). These were funded partly from grants and contributions (£2.6m) with the remainder from Capital Reserves.

Capital Reserves (accumulated capital receipts from the sale of land and buildings) started the year at £28.7m and the net impact of funding capital expenditure and the proceeds from asset sales means the position at the end of the year is £16.0m

The Council is thus left with the following Reserves:

Reserves at 31 March 2008	
Revenue**	20.7
Capital	16.0
Total	36.7

** including Delayed Projects Reserve of £335k

Council Tax and Collection Fund

The Council, in line with its long-term financial strategy, set a Council Tax of £109.91 for 2007/08. This tax level was the 18th lowest of all the 238 English District Councils (average £155, highest £290) and was a cash increase of just £5.22 per year; or 10p per week.

The Council Tax for the County Council, Police and Fire Authorities and town and parish councils, that Huntingdonshire collects on their behalf, brought the average band D council tax charge for residents of the District up to £1,306.

The Council Tax due increased to £75.3m, £236k (0.3%) more than originally budgeted, as improved collection rates allowed the provision for bad debts to be reduced. After the payments to the County (£53.6m), Police (£8.6), Fire (£3.0m), District (£6.3m) and Town and Parishes (£3.5m) are made a surplus of £163k will be left to be distributed between the principal authorities in proportion to their 2008/09 Council Tax.

Pensions

The accounts show that the Council had a future pension deficit of £23.7m at the start of the year due to historic poor performance of the equity market and increased longevity of pensioners. The Council funds this deficit via its annual contributions to the pension fund which are based on calculations carried out by an actuary every three years. The necessary increase in contributions over the next few years has already been built into the Council's financial plan.

It is pleasing to note that the deficit has again fallen significantly over the last year to £18.3m as a result of better investment returns, increased contributions and some changes to the scheme.

Conclusion

The Council has been independently judged as "excellent" and continues to focus its service developments on those areas that local people see as a priority. In order to achieve this without significant increases in the Council Tax opportunities to increase efficiency are constantly being sought.

It successfully obtains grant funding from the Government and other bodies, looks for opportunities to increase income from charges and is careful to avoid any unnecessary spending. This maximises the Council's revenue reserves giving flexibility to ensure that the expected financial pressures in coming years can be successfully managed to minimise the impact on service provision.

Terry Parker BA(Hons) FCA
Director of Commerce & Technology
24th June 2008

Statement of Accounts approved by the Corporate Governance Panel
Chairman: Cllr. C. J. Stephens
24th June 2008

CHANGES TO THE CODE OF PRACTICE FOR THE 2007/08 ACCOUNTS

The accountancy profession has been identifying ways in which the style and content of local government accounts can more closely follow the approach in private companies. As a result of this, two significant changes have been introduced that affect this year's financial accounts:

- The treatment of financial instruments
- Capital accounting adjustments

Wherever possible the 2007/08 accounts have been restated to provide meaningful comparative figures with these new approaches.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset in one organisation and a financial liability in another organisation. Examples include:

- Goods received but payment not yet made
- Loans
- Investments
- Services delivered but payment not yet received

The main changes that impact on the Council's accounts relate to:

1. **Loans at less than market rate.** When the Council gives home improvement loans there is a need to recognise the financial impact of them being interest free.
2. **Non recoverable debts.** The new guidance contains more detailed requirements for estimating the amounts that may not be collected.
3. **Additional information.** The new guidance requires further information to be included on the significance of financial instruments and the nature and extent of any risks relating to financial instruments and how these will be managed.

Capital accounting

Two new accounts are required:

1. **Capital adjustment account.** This shows the difference between the cost of fixed assets (e.g. buildings) and the sums provided to pay for them. It is created from merging two previous accounts.
2. **Revaluation reserve.** This reserve records the net gain from the change in value of assets since 1 April 2007.

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

An Authority is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Director of Commerce and Technology
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- To approve the Statement of Accounts by 30 June 2008

The Responsibilities of the Director of Commerce and Technology

In preparing this Statement of Accounts which present fairly the financial position of the Authority, I have:

- Selected suitable accounting policies and applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with the Code of Practice
- Kept proper accounting records which were up to date
- Taken into account, where appropriate, any post-balance sheet events
- Taken reasonable steps for the prevention and detection of fraud and other irregularities

Terry Parker BA (Hons) FCA
Director of Commerce and Technology
Dated 24th June 2008

Annual Statement on Governance

To follow

Auditor's Report

To follow

Accounting Policies

1. **General**

The Statement of Accounts summarises the council's transactions for the 2007/08 financial year and its position at the year-end of 31 March 2008. It has been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom – a Statement of Recommended Practice 2007* (the SORP) issued by the Chartered Institute of Public Finance and Accountancy which reflect the Financial Reporting Standards (FRS) and Statements of Standard Accounting Practice (SSAPs) applicable to Local Government. The main policies adopted in compiling the accounts are set out below.

2. **Accounting Concepts**

These accounts have been prepared in accordance with the underlying concepts of the:

- Council being a 'going concern' - a continuing business
- Accrual of income and expenditure – including items in the year they relate to rather than the year they take place.
- Primacy of legislative requirements – legislation overrides standard accounting practice

The concepts of consistency and prudence are also followed where they do not conflict with the application of the underlying concepts above. The accounting statements are prepared with the objective of presenting fairly the financial position and transactions of the authority.

3. **Amounts due (Debtors) and amounts payable (Creditors)**

In the accounts, income and expenditure items are included in the year to which they relate, rather than the year in which cash payments are made or received, by the creation of debtors and creditors. Most of these sums are based on detailed records so no material estimates have had to be included.

4. **Tangible Fixed Assets**

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis. Infrastructure and community assets are included in the balance sheet at historical cost, net of depreciation where appropriate. Operational assets, primarily land and property, are included in the balance sheet at the lower of net current replacement cost or net realisable value in current use. Non-operational assets are similarly valued with reference to market value. All assets held at current value were re-valued at 1st April 2004. Such revaluations are made every five years with intermediate indexation.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service account.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only. Gains arising before that date have been consolidated into the Capital Adjustment Account.

5. Impairment of assets

Impairment is a change in events or circumstances that results in a reduction in an asset's value. Where this can be attributed to the use of the asset (consumption of economic benefits), rather than a general change in prices, it is charged to service revenue accounts. Otherwise, it is set off against any revaluation gains relating to that asset included in the Revaluation Reserve, with any excess charged to the relevant service revenue account.

A full review of impairment of assets is combined with the five year revaluation. Material impairments between revaluations are reflected in the accounts each year

6. Intangible Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council is capitalised when it will bring benefits to the Council for more than one financial year.

Purchased software licences are capitalised as intangible assets and initially included on the balance sheet at cost. The outstanding amount is reduced each year by charging a proportion to revenue over the period of economic benefit which is deemed to be 4 years.

7. Sale of Fixed Assets

When an asset is disposed of, the value of the asset in the balance sheet is written off to the Income and Expenditure Account. Receipts from the sale are credited to the Income and Expenditure Account resulting in a gain or loss on disposal.

Income from the sale of assets is a capital receipt and is credited to the Usable Capital Receipts Reserve. It can then be used to finance new capital investment.

8. Leases

Finance leases. The Council leases certain items of vehicles, plant and equipment from Finance companies. They are capitalised and included in the fixed assets shown on the balance sheet. They are accounted for using the policies applied to tangible fixed assets.

Operating leases. Operating lease rental is charged to revenue in the year it is payable under the terms of the lease.

9. Deferred Charges

Deferred charges are payments of a capital nature where no fixed asset is created (e.g. capital grants to other organisations). They are charged to service revenue accounts in the year of expenditure. The cost is met from existing capital resources and a transfer to the Capital Financing Account reverses out the amounts charged in the Statement of Movement on the General Fund Balance so there is no impact on the level of council tax.

10. Depreciation

Assets are depreciated over their useful economic life. Straight line depreciation is used for all assets except vehicles and plant to which a 25% reducing balance basis is applied. The value of each asset is shown net of cumulative depreciation in the balance sheet.

11. Deferred Grants and Contributions

For operational assets, contributions and grants to finance capital expenditure are credited to the deferred grants account and credited to services over the life of the asset. This is a change to the accounting policy where previously the grant and contribution had been netted off capital expenditure in the year of receipt. Grants relating to deferred charges are credited to the asset account in the year in which it is received.

12. Charges to Revenue for Fixed and Intangible Assets

Service revenue accounts, support services and trading accounts are charged for the depreciation on the assets used in the provision of the service. In addition there may be a charge for impairment losses.

The Council is not required to raise council tax to cover this depreciation, but it is required to make an annual provision from revenue to contribute towards the repayment of any loans taken to finance assets. The charges to service revenue accounts for capital are replaced by this provision in the Statement of Movement on the General Fund Balance. As the Council has not yet funded any capital expenditure from loans the 2007/08 Statement simply removes the depreciation.

13. Stock and Work in Progress

The value of stock is included in the accounts at average purchase price. Work in progress is included at cost or net realisable value whichever is the lower in accordance with SSAP 9.

14. Reserves

The Council maintains reserves to meet certain types of expenditure, for future policy purposes and to cover contingencies. They are created by appropriating amounts in the Statement of Movement on the General Fund Balance. When expenditure is incurred that is to be financed from a reserve, it is charged to the relevant service revenue account and therefore included in the Income and Expenditure Account. The reserve is then transferred back into the General Fund Balance statement so that there is no charge against council tax for the expenditure.

15. Investments

Investments are shown in the Balance Sheet at market value.

16. Pensions

Cambridgeshire County Council administers the Local Government Pension Scheme in which Huntingdonshire District Council's employees may participate; it is accounted for as a defined benefits scheme. The accounting policy is to recognise the full liability that the Council has for meeting the future cost of retirement benefits arising from years of service earned by employees up to the balance sheet date, net of the contributions paid into the Fund and the investment income they have generated; this meets the requirements of FRS17.

Details of the Council's expenditure, income, assets and liabilities relating to The Local Government Pension Scheme, are given on pages 34 to 37.

17. Revenue Grants

Grants and subsidies have been credited to the appropriate revenue account and accruals have been made for balances known to be receivable for the period to 31st March 2008. Government grants to cover general expenditure (e.g. Revenue Support Grant) are credited to the Income and Expenditure Account.

18. Group Accounts

The Statement of Recommended Practice requires the Council to produce Group Accounts if they are relevant. The Council is not undertaking any actions that would make this necessary.

19. Allocation of Support Services

The costs of overheads and support services are charged to services on the basis of use in accordance with the costing principles of the CIPFA *Best Value Accounting Code of Practice 2006*; the basis of the charge varies according to the nature of the support service provided. Administrative buildings are apportioned on the basis of area occupied.

20. Value Added Tax

VAT is not included in the income and expenditure accounts (revenue and capital) as most VAT is recoverable. The only exception is irrecoverable VAT relating to the provision of exempt services, which is charged to the relevant service. However, for 2007/08 Her Majesty's Revenue and Customs have indicated that all VAT will be recoverable. Although statutory notice to this effect has not been received the accounts have been based on recovering this VAT but the fact is also recorded in contingent liabilities.

21. Contingent assets and liabilities

If a liability arises from an event which is too uncertain or the amount of the obligation cannot be reliably estimated, the liability is disclosed as a contingent liability. Similarly contingent assets are not included in the accounts but disclosed as notes.

22. Leisure Centre Management Committees

The Leisure Centre Management Committees are constituted under section 102 of the Local Government Act 1972 and consequently are required to report independently of Huntingdonshire District Council by means of separate statements of accounts.

23. Financial Instruments

It has been noted above that there are changes to the Code of Practice that affect financial instruments. The following accounting policies arise from the new requirements.

24. Impairment of financial assets (bad debt provision)

Provision is made to cover potential losses in collection of income due to the Council. The level of provisions made for bad debts takes into account the nature,

value and age of debts and is reviewed each year and takes account of historic losses for similar groups of assets Provisions are charged to the appropriate service revenue account, and when bad debts occur, they are charged to the provision set-up in the balance sheet.

25. Nature and disclosure of risks arising from Financial Instruments

The Authority's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay sums due
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments
- Market risk – the possibility that financial loss might arise as a result of changes in interest rates

The Authority has adopted CIPFA's *Code of Practice on Treasury Management in the Public Services*, has an agreed Treasury Management Strategy which addresses risk, and has set treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code. These documents address the risks associated with investments

During 2007/08 the Authority was not exposed to any risks associated with long-term borrowing as it had none.

The credit risk associated with sums due (debtors) are managed by making an allowance for impairment based on an assessment of the risks for each type of debt and the age of those debts. Details are shown in note 20 and note 6 to the Collection Fund

26. Accounting for home improvement loans

There has been a change in accounting policy in 2007/08 relating to home improvement loans to individuals which in the past have been treated as capital expenditure; from 2007/08 they are accounted for as long-term debtors with a contra entry in the capital adjustment account. The 2006/07 balance sheet has been restated to reflect this change.

These loans are interest-free but the Code requires the accounts to recognise the fair value of the loans which is calculated using an assumed average life of the loan of 10 years and a rate of interest on 10 year (maturity) PWLB rates as at 1 April of the year in which the loans were given. The resulting reduction in value is charged to the Income and Expenditure Account but reversed out through the Statement of Movement on General Fund Balance

Income and Expenditure Account

2006/07		Note	2007/08		
Net Expenditure £000			Gross Expenditure £000	Income £000	Net Expenditure £000
	Net Cost of Services				
	Cultural, Environmental & Planning Services				
5,570	Leisure	1	6,393	-841	5,552
5,870	Environmental Services		7,580	-1,448	6,132
3,258	Refuse Collection		3,624	-313	3,311
2,453	Planning and Development	2	5,368	-2,801	2,567
	Housing Services				
2,756	Housing General Fund		26,821	-23,719	3,102
81	Local Taxation Benefits		6,303	-6,146	157
983	Highways and Transportation		2,507	-1,239	1,268
	Central Services				
801	Local Taxation Collection		1,614	-553	1,061
110	Other Central Services		667	-415	252
0	Exceptional item	3	4,748	0	4,748
2,847	Corporate and Democratic Core		3,389	-326	3,063
255	Non-distributed costs		245	-29	216
24,984	NET COST OF SERVICES		69,259	-37,830	31,429
	Corporate Income and Expenditure				
-102	Gain on disposal of assets				-102
3,401	Parish Precepts				3,555
-498	Trading undertakings surplus	4			-580
72	Interest payable				55
-2,922	Interest and investment income	5			-2,797
23	Amounts payable into the Housing Capital Receipts Pool				9
137	Pensions interest cost and expected return on assets	12			-57
25,095	NET OPERATING EXPENDITURE				31,512
	Principal Sources of Finance				
-9,288	Demand on the Collection Fund				-9,874
-1,762	General Government Grants				-1,674
-9,129	Distribution from the Non-domestic rate pool				-9,976
-887	Local Authority Business Growth Incentive Grant				-371
4,029	DEFICIT FOR THE YEAR				9,617

Statement of Movement on the General Fund Balance

2006/07 £000		2007/08 £000
-18,102	General Fund Balance brought forward	-19,240
4,029	Deficit for the year (Income and Expenditure Account)	9,617
-5,167	Net amount required by statute and non-statutory proper practices to be credited to the General Fund	-10,787
-1,138	Increase in General Fund Balance for the year	-1,170
-19,240	General Fund Balance carried forward	-20,410

The following note explains the items that are required by statute and non statutory proper practices to be debited or credited to the General Fund Balance for the year

2006/07 £000		2007/08 £000	2007/08 £000
	Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year		
-3,674	Depreciation and impairment of fixed assets	-8,997	
103	Government grants deferred amortisation	708	
-2,467	Write downs of deferred charges to be financed from capital resources	-2,084	
1,532	Net gain on sale of fixed assets	790	
-3,354	Net charges made for retirement benefits in accordance with FRS17	-2,893	
0	Amount by which finance costs calculated in accordance with the SORP are different from those required by statute	-173	
-7,860			-12,649
	Amounts not included in the Income and Expenditure Account but required by statute to be included when determining the Movement on the General Fund balance for the year		
-160	Commutation adjustment	-171	
-23	Transfer from usable capital receipts to meet payments to the Housing Capital Receipts Pool	-9	
1,996	Employer's contributions payable to the Cambridgeshire County Council Pension fund and retirement benefits payable direct to pensioners	2,411	
1,813			2,231
	Transfers to or from the General Fund balance that are required to be taken into account when determining the Movement on the General Fund balance for the year		
880	Net transfer to or from earmarked reserves**		-369
-5,167	Net additional amount required to be credited to the General Fund Balance for the year		-10,787

** excluding Collection Fund

Statement of Total Recognised Gains and Losses

2006/07		2007/08
£000		£000
4,029	Deficit on the Income and Expenditure Account	9,617
-1,054	Surplus arising from the revaluation of assets	-942
-7,043	Actuarial gains (-) and losses on Pension Fund assets and liabilities	-5,381
-75	Deficit/ surplus (-) on the Collection Fund	32
-4,143	Total recognised gain (-) / loss for the year	3,326

The movement of £3,326k in 2007/08 represents the reduction in reserves as shown on the balance sheet during the year.

Balance Sheet as at 31 March

2007 restated			2008	
£000		Note	£000	£000
2,864	Intangible assets	13,14		2,503
	Tangible fixed assets			
	Operational assets			
22,721	Land and buildings		23,938	
6,818	Vehicles and plant		6,709	
8,336	Infrastructure		8,596	
1,396	Community asset		1,406	
	Non-operational assets			40,649
18,836	Investment properties		20,143	
5,588	Assets under construction		7,573	
615	Surplus assets, held for disposal		615	28,331
67,174	Total fixed assets			71,483
47,107	Investments	17	10,100	
1,322	Long-term debtors	18	1,184	11,284
115,603	Total long-term assets			82,767
	Current assets			
108	Cash		96	
91	Stock	19	134	
6,907	Debtors	20	6,587	
6,000	Short-term investments		30,250	
403	Payments in advance		455	
13,509			37,522	
	Current liabilities			
0	Short-term borrowing		0	
-5,800	Creditors	21	-4634	
-1,384	Receipts in advance		-862	
-1,446	Cash overdrawn		-2,050	
-8,630			-7,546	
4,879	Net current assets			29,976
	Long-term liabilities			
-183	Deferred credits (including capital receipts)		-160	
-408	Deferred grants and contributions		-1,399	
-23,683	Pension scheme liability		-18,302	
-24,274				-19,861
96,208	Total assets less liabilities			92,882
	Financed by:			
68,485	Capital adjustment account	24	70,310	
0	Revaluation reserve	25	942	
28,157	Usable capital receipts reserve	26	16,023	
0	Financial instruments adjustment account		-173	
4,009	Earmarked reserves	27	3,672	
19,240	General Fund balance	27	20,410	
-23,683	Pensions reserve	28	-18,302	
96,208				92,882

Terry Parker BA (Hons) FCA, Director of Commerce and Technology

24th June 2008

Cash Flow Statement

This statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes

	2006/07		2007/08	
	£000	£000	£000	£000
Revenue Activities				
<i>Cash outflows</i>				
Employment costs	21,460		23,018	
Other operating cash payments	6,337		9,927	
Precepts paid out	64,469		68,723	
Contribution to the NNDR pool	45,589		47,157	
Housing benefits	20,252		21,903	
<i>Cash inflows</i>				
Council tax receipts	-65,301		-69,388	
Non-domestic rate receipts	-46,248		-47,444	
Non-domestic rate receipts from national pool	-10,337		-9,641	
Revenue support grant	-1,762		-1,674	
Local Authority Business Growth Incentive Grant	-487		-771	
DSS grants for benefits	-25,364		-27,487	
Other Government grants	-2,641		-2,000	
Cash received for goods and services	-3,447		-2,977	
Other operating cash receipts	-5,556	-3,036	-3,550	5,796
Returns on Investments and Servicing of Finance				
<i>Cash outflows</i>				
Interest paid	170		55	
<i>Cash inflows</i>				
Interest received	-1,795	-1,625	-2,797	-2,742
Capital Activities				
<i>Cash outflows</i>				
Purchase of fixed assets	14,285		12,895	
Long-term investments	0		0	
Other capital cash payments	3,236	17,521	2,018	14,913
<i>Cash inflows</i>				
Sale of ex-Council houses	-1,481		-688	
Sale of other assets	-79		-481	
Long-term investments	-26,522		-37,007	
Capital grants received	-1,762		-2,630	
Other capital cash receipts	-1,194	-31,038	-795	-41,601
Net cash inflow before financing		-18,178		-23,634
Management of liquid resources				
Net increase/decrease in short-term deposits		17,100		24,250
Financing				
<i>Cash outflows</i>				
<i>Cash inflows</i>				
Change in balance at bank	0	0	-1,078	616

Notes to the Main Financial Statements

Notes to the Income and Expenditure Account

1. Leisure Centre Management Committees

The Authority contributed the following deficit support to the Leisure Centres in the District which are managed jointly with other bodies

	2006/07	2007/08
	£000	£000
St Ivo	827	754
Huntingdon	654	663
St Neots	596	638
Ramsey	539	368
Sawtry	526	442
	3,142	2,865

2. Building Control

The Building (Local Authority Charges) Regulations 1998 require the costs of providing certain specified elements of the service to break-even over a 3-year period.

	2006/07	2007/08
	£000	£000
Income	-491	-508
Expenditure	460	410
Surplus (-)/deficit	-31	-98
Cumulative surplus (-)/deficit (3 years)	-13	-141

3. Exceptional item (£4,748k)

There has been material impairment of the Authority's buildings because the valuation of the replacement depot, Eastfield House, is less than the capital cost of building due to the fact that it has been specifically designed to match the Council's need for a particular balance of depot and office facilities. There is no significant market for this particular balance of uses which results in a low valuation.

Impairment would normally be charged to services as part of accommodation overheads, however due to the nature and size of the adjustment it is included in the Income and Expenditure account as an exceptional item. The cost is reversed out in the Statement of Movement on General Fund Reserve so there is no impact on the council tax.

4. Trading Undertakings

The following items are defined as trading undertakings by the Code of Practice. The Code now requires that notional interest is not charged to service and trading accounts but that it can be taken into account when deciding on the fees and charges to be levied. The table below shows the surplus before and after notional interest is taken into account.

	2006/07		2007/08	
	Turnover £000	Surplus £000	Turnover £000	Surplus £000
Markets				
Huntingdon	63	19	55	13
Ramsey	4	-1	5	1
St Ives	139	91	136	76
Management	0	-63	1	-62
	206	46	197	28
Industrial properties	505	293	625	390
Commercial properties	202	159	225	162
TOTAL before interest	913	498	1047	580

5. Interest on Internal Balances

Interest receipts credited to the General Fund include all amounts received in respect of balances held and invested externally, except for interest on the s106 reserve which is credited to that reserve

6. Minimum Revenue Provision

The net amount charged to revenue in compliance with the statutory requirement to set aside a minimum revenue provision for the repayment of external loans is nil because the Council is debt-free for the purpose of this calculation

7. Expenditure on Publicity

Under section 5 of the Local Government Act 1986, the Authority is required to disclose the level of expenditure on publicity

	2006/07 £000	2007/08 £000
Recruitment advertising	105	143
Other advertising	180	200
	285	343

8. Members' Allowances

The total paid in 2007/08 was £345k (2006/07 £337k)

9. Employee Remuneration

The number of employees whose remuneration in the year was £50,000 or more is shown in the table below. It includes pay and other employee benefits but not employer's pension contributions

	2006/07	2007/08
£50,000 - £60,000	3	1
£60,000 - £70,000	10	8
£70,000 - £80,000	2	4
£80,000 - £90,000	1	1
£90,000 - £100,000		2
£130,000 - £140,000	1	
£140,000- £150,000		1

10. Audit fees

	2006/07	2007/08
	£000	£000
Grant claim certification	22	20
Statutory inspections	6	6
External audit	75	77
	103	103

11. Related Party Transactions

The Council must disclose in the accounts any material transactions with related parties which include Councillors, Chief Officers, Central Government and other Local Authorities. No material transactions have been identified for disclosure that are not reported elsewhere in these Accounts.

12. Pension Costs

Details of pension costs are included in the statement of pension costs, assets and liabilities on page 36.

Notes to the Balance Sheet

13. Assets

All assets held at current value were revalued at 1 April 2004. Revaluations are made every five years with intermediate indexation. The valuations were carried out externally and independently by LM Catley ARICS on the basis of current use and/or market value as appropriate. Accounting policy 11 explains the depreciation policy adopted.

As at 31 March 2008 the Council was contractually committed to capital works valued at approximately £10.4m of which £9.4m related to the new HQ project.

	Operational assets				Non-operational assets			Intangible assets	TOTAL
	Land and buildings (note 1)	Vehicles, plant, equipment	Infra-structure	Community assets	Investment properties (note 2)	Assets under construction	Surplus assets held for disposal	Intangible assets	
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value 1 April 2007	22,721	6,818	8,336	1,396	18,836	5,588	615	2,864	67,174
Movements in 2007/08									
Additions	7,004	1,316	607	10	68	2,990		899	12,894
Disposals		-9			-220				-229
Revaluations	267	-4			675				938
Depreciation	-852	-1,412	-422			-9		-1,260	-3,955
Impairment losses	-5,676								-5,676
Adjustment	474		75		169	-381			337
Net book value 31 March 2008	23,938	6,709	8,596	1,406	19,528	8,188	615	2,503	71,483

Notes

1. The Council operates five leisure centres, managed jointly with other bodies, provided by the Council on land associated with schools. These were revalued in 2006/07 and are now included in the accounts at current cost.
2. Investment properties are generally held for economic development purposes, but are required to be shown as investment properties. The revaluation figure reflects the fact that part of the Pathfinder House site has received planning permission for housing.

Major assets held at 31 March 2008	Number
Offices	3
Depots	1
Leisure centres	5
Markets	2
Bus stations	2
Public conveniences	9
Car parks	25
Mobile home park	1
Country parks and recreation grounds	7
Vehicles and plant	130
Investment properties	132
Surplus assets held for disposal	7

14. Financing of Capital Expenditure

	2006/07 £000	2007/08 £000
Capital receipts	17,598	13,888
External contributions and capital grants	1,693	2,631
Revenue	0	0
Total financed	19,291	16,519

15. Deferred Charges

	Balance 1.4.07 £000	Expenditure £000	Grants £000	Depreciation £000	Balance 31.3.08 £000
Grants for leisure projects	0	164		-164	0
Improvement grants	0	1,387	-745	-642	0
Housing Association grants	0	850		-850	0
Grants for community projects	0	317		-317	0
Other	0	45		-45	0
	0	2,763	-745	-2,018	0

16. Leases

In previous years the Council has used finance leases to meet the cost of vehicles, plant and equipment.

	2007	2008
	£000	£000
Assets held under finance leases		
Value of assets acquired in the year	0	0
Total capital value of lease agreements	208	208
Lease rentals paid in the year	0	0
Assets held under operating leases		
Payments	1	1
Future commitments as at 31st March	0	0

17. Investments

	2007	2008
	£000	£000
Long-term investments held at 31 March		
Investec Investment Fund	21,496	0
Alliance Bernstein Investment Fund	11	0
City Deposit Brokers Investment Fund	25,500	10,000
Other (net of provision for losses)	100	100
	47,107	10,100

Most surplus cash held in the Council's reserves was invested through the services of external fund managers, Investec and CDCM. In July 2007 the Council provided the required notice to Investec and requested the return of £21.5m long term investments to the Council. These are managed in-house to meet the Council's cash flow requirements over the next two years.

The funds managed by CDCM and those returned by Investec are all invested in cash instruments in order to achieve a rate of return on investment that is in excess of that achievable at Local Authority 7-day money market rates. The interest rate risk exposure resulting from these investments is minimal because all the investments are at fixed rates.

Other long-term investments at 31 March 2008 of £0.1m (net) include £0.4m invested with Chancery bank, of which £0.3m is converted to share capital as a consequence of financial restructuring of the Bank. Because it is in administration, an equal provision is made against losses.

18. Long-term Debtors

	Balance 1.4.07 £000	Repayments /new advances £000	Balance 31.3.08 £000
Loans – St Neots Town Council	125	-9	116
Housing advances	636	-20	616
House improvement loans *	498	-120	378
House mortgages	49	-14	35
Employee loans	14	25	39
	1322	-138	1,184

* Balance at 1/4/07 restated due to change in accounting policy

19. Stock

	31.3.07 £000	31.3.08 £000
Diesel	7	43
Printing	16	26
Refuse sacks	37	22
Rail passes	7	19
Car park tickets	8	11
Other	16	13
	91	134

20. Debtors

	31.3.07 £000	31.3.08 £000
Amounts falling due in one year:		
Government Departments	1,008	1,074
NNDR National Pool	25	360
Cambridgeshire County Council	223	234
Other Public Authorities	99	122
Huntingdonshire Housing Partnership	1,475	779
Housing tenants	320	215
Local taxation	1,808	1,922
NNDR payers	361	299
Investment interest	1,538	1,050
General debtors	1,417	2,458
Loans to employees of less than 1 year	58	13
Total debtors	8,332	8,526
Less provision for bad debts	-1,425	-1,939
Net Position	6,907	6,587

21. Creditors

	31.3.07 £000	31.3.08 £000
Government Departments	1,655	641
Local Authorities	247	468
Leisure Centre Management Committees	304	15
Other	3,594	3,510
	5,800	4,634

22. Long-term borrowing

The Council has no long-term borrowing

23. Reserves

The Council maintains 6 types of reserves, some are available to meet expenditure and others are not:

- Capital reserves (revaluation reserve and the capital adjustment account) that are brought about by the capital accounting arrangements and cannot be used to meet expenditure
- Usable capital receipts reserve represents the balance of capital receipts that are available to finance capital expenditure
- Earmarked revenue reserves are available to finance revenue expenditure but only for specified purposes
- General fund balance is available to support revenue and capital expenditure
- Financial instruments adjustment account represents the difference in the carrying value of home improvement loans and the fair value taking into account the loss of interest due to the loans being interest-free; it does not affect the Authority's resources
- Pension fund liability represents the balance on the pension fund, which is an accounting entry to meet the requirements of FRS17 and does not affect the resources available to the Council.

24 Revaluation Reserve

The Balance Sheet figures for 31 March 2007 have been adjusted to reflect the implementation of the Revaluation Reserve. It has been included in the Balance Sheet with a zero opening balance. The Revaluation Reserve therefore only shows revaluation gains since 1 April 2007.

25. Capital Adjustment Account

The credit balance on the Fixed Asset Restatement Account (£23,190k) has been combined with the balance on the Capital Financing Account (£91,675k) to create the new Capital Adjustment Account with an opening balance of £68,485k.

	2007/08	
	£000	£000
Balance as at 1st April		68,485
Financing of capital expenditure		
Capital receipts	13,887	
External grants and contributions	<u>2,630</u>	16,517
Provision for depreciation	-3,921	
Deferred charges and debtors	-5,303	
Commutation adjustment	-171	
Impairment	-5,077	
Disposal	<u>-220</u>	-14,692
Balance as at 31st March		70,310

26. Usable Capital Receipts

	2006/07		2007/08	
	£000	£000	£000	£000
Balance as at 1st April		29,445		28,157
Receipts				
Sale of Council houses	1,439		688	
Sale of land and other buildings	79		392	
Repayment of loans	41		43	
Improvement grants	49		46	
Non-specified investments	<u>14,633</u>	16,241	<u>585</u>	1754
Receipts applied during the year		<u>-17,529</u>		<u>-13,888</u>
Balance as at 31st March		28,157		16,023

27. Revenue Reserves

	Balance 1.4.07 £000	Movement £000	Balance 31.3.08 £000
Earmarked reserves:			
S106 agreements	1,257	-379	878
Commutated S106 payments reserve	1,055	29	1,084
Repairs and renewals funds	948	163	1,111
Delayed projects reserve	615	-280	335
Other reserves	144	99	243
	4,019	-368	3,651
Collection Fund	-10	31	21
	4,009	-337	3,672
General fund balance	19,240	1,170	20,410

28. Pensions reserve

	Balance 1.4.07 £000	Movement £000	Balance 31.3.08 £000
Pensions reserve (see page 36)	-23,683	5,381	-18,302

29. Contingent Assets and Liabilities

Contingent Assets

1. The Authority has settled a claim for negligence from an ex-employee and with legal costs the claim totals £218k as at 31 March 2008. There is a dispute between the two insurance companies that covered the Council during the relevant periods, over which is liable to meet this claim and the matter is being taken to Court for a legal opinion. The Authority expects that one of the insurance companies will be found responsible and will reimburse the settlement.

Contingent liabilities

1. Following the transfer of the Council's housing stock to Huntingdonshire Housing Partnership in 2000 the Council bears continuing unlimited liability in two respects:
 - Necessary associated sewer maintenance in excess of £65k p.a.
 - Environmental pollution arising on the land transferred
2. In 2003 it was determined that discretionary rate relief should not have been granted to the five Leisure Centre Joint Committees. Legal advice concluded that correction only needed to be made in the accounts back to 2001 though this cannot be certain until a decision by CLG. As a result of the legal opinion, no financial provision has been made for the value of the relief from the start of the current non-domestic rates system until April 2001 which is estimated at £1m.
3. The Council's insurer was MMI until 1993 and it is still liable for claims relating to the period when it insured the Council. The Council has entered a Scheme of Arrangement whereby MMI could claw back the claims payments made since 30 September 1993, should MMI become insolvent. As at 31 March 2008 the maximum clawback is £574k.
4. Her Majesty's Revenue and Customs has indicated that all VAT will be recoverable including that which previously was irrecoverable relating to the provision of exempt services. The accounts have been based on recovering this VAT but as a statutory notice to this effect has not been received it is included as a contingent liability. The revenue impact is estimated to be £138k and capital impact £106k

5. The question of whether VAT is payable on off-street parking is still not resolved and is currently being considered by the European Court of Justice. Depending on the outcome it may be possible to reclaim some VAT already paid to HM Revenue and Customs but this would be subject to the Council demonstrating it had not been "unjustly enriched". In order to maximise the chance of such reclaims the Council has been withholding the VAT on car parking since January 2006. This now amounts to £315k and is included in the Balance Sheet as a creditor. If it transpires that this sum must be paid to HM Revenue and Customs then interest will also have to be paid for the period it was withheld.
6. The Environmental Protection Act 1990 Part IIA makes the Council liable for the revenue costs of remediation of contaminated land where no other responsible person can be identified

Notes to the Cash Flow Statement

30. Reconciliation of the net deficit on the Income and Expenditure Account to the movement in cash on revenue activities

	2006/07		2007/08	
	£000	£000	£000	£000
Net revenue activities cash flow		-3,036		5,796
Net interest received	-2,850		-2,742	
Depreciation	3,674		3,920	
Adjustment for stock, debtors and creditors	4,027		1,026	
Deferred charges	2,467		2,018	
Sale of council houses	-1,439		-688	
Capital grants	-103		-102	
Pensions appropriation	1,358		482	
Surplus on sale of fixed assets	-92		-102	
Housing capital receipts pool	23	7,065	9	3,821
Income and Expenditure Account deficit		4,029		9,617

31. Reconciliation of net cash flow to the movement in net funds

	1.4.07 £000	Movement £000	31.3.08 £000
Cash in hand	108	-12	96
Cash overdrawn	-1,446	-604	-2,050
Short-term borrowing	0	0	0
Short-term investments	6,000	24,250	30,250
	4,662	23,634	28,296

32. Analysis of change in management of liquid resources and financing

	1.4.07 £000	Movement £000	31.3.08 £000
Short-term borrowing	0	0	0
Short-term investments	6,000	24,250	30,250
	6,000	24,250	30,250

33. Liquid resources

Liquid resources are loans and investments of less than 1 year which are used to manage the cash flow of the Authority

34. Analysis of Government Grants

	2006/07		2007/08	
	£000	£000	£000	£000
Revenue support grant		1,762		1,674
Benefits grants:				
Council tax benefits	5,543		5,831	
Rent allowances	19,821	25,364	21,656	27,487
Other:				
Local Authority Business Growth Incentive Grant	487		771	
Other capital grants	1,138		1,429	
Benefits administration	887		979	
Other	1,266	3,778	1,124	4,303
		30,904		33,464
Debtor		488		-66
		31,392		33,398

Collection Fund

Income and Expenditure Account

2006/07			2007/08		
£000	£000		Note	£000	£000
	-646	Balance brought forward 1st April			-73
65,665		Council tax income	2	69,196	
74		Transfers from General Fund		-7	
5,485		Council tax benefits		5,776	
-221	71,003	Change provision for non-collection	4	306	75,271
Less Precepts on the Fund					
-50,181		Cambridgeshire County Council		-53,575	
-8,040		Cambridgeshire Police Authority		-8,584	
-2,847		Cambridgeshire Fire Authority		-3,009	
-5,961		Huntingdonshire District Council:			
		General expenses		-6,312	
-3,401	-70,430	Parish Precepts		-3,555	-75,035
	-73	Deficit-/surplus on council tax			163
45,813		NNDR collectable		47,382	
-224		less cost of collection		-225	
-45,589	0	less payment due to National Pool	5	-47,157	0
	-73	Deficit- /surplus carried forward at 31st March			163

Notes to the Collection Fund

- These accounts present the movements in the Collection Fund, which is a statutory fund separate from the General Fund of the Council. The accounts are however consolidated into the Council's accounts. They have been prepared on an accruals basis.

The deficit on the Collection Fund is split between that relating to Huntingdonshire District Council (£21k surplus) which is included in the earmarked reserves on page 27 and the amounts due from the precepting authorities which are included as debtors in the Balance Sheet.

- Parish and Town Council precepts are transferred to the General fund before being paid to the Parish or Town Council
 - Interest is not payable/chargeable to the Collection fund on cash flow variations between it and the General Fund.

- (c) The balance at the year end is distributable between the major precepting bodies in proportion to their respective precepts in 2008/09
- (d) In the accounts of the Council the balance attributable to this Authority is a reserve, but the sums due to or from the major precepting authorities is treated as a creditor or debtor

3. Precepts and demands

The following authorities made a precept or demand that was greater than £250k

	2006/07	2007/08
	£000	£000
Cambridgeshire County Council	50,181	53,557
Cambridgeshire Police Authority	8,040	8,581
Cambridgeshire Fire Authority	2,847	3,009
St Neots Town Council	669	696
Huntingdon Town Council	540	570
St Ives Town Council	474	469

4. Council Tax

	2006/07		2007/08	
	£000	£000	£000	£000
Base debit	79,390		83,877	
Add MOD contribution	506	79,896	527	84,404
<i>Deduct</i> Property exemptions	-3,507		-3,786	
Disability exemptions	-84		-87	
Discounts	-5,155		-5,559	
Write offs	-153		-131	
Provision for non-collection	-68	-8,967	433	-9,130
		70,929		75,274

Taxbase at 31 March 2008				
Tax band	Properties	Exemptions & discounts	Band D multiplier	Band D equivalent
A	10,849	2,101	0.67	5,861
B	17,945	2,350	0.78	12,130
C	16,687	1,737	0.89	13,289
D	10,915	993	1.00	9,921
E	8,167	712	1.22	9,112
F	3,294	263	1.44	4,378
G	1,608	116	1.67	2,487
H	140	21	2.00	238
Total	69,605	8,293		57,416

	2006/07	2007/08
Council tax charge per band D property	£1,245	£1,306
Actual taxbase used (Band D equivalent)	57,137	57,402
Estimated taxbase	56,939	57,434

5. National Non-domestic Rates (NNDR)

	2006/07		2007/08	
	£000	£000	£000	£000
NNDR based on uniform business rate	52,193		54,948	
Adjustment to previous years	-373		-1,098	
Less Mandatory relief	<u>-5,875</u>	45,945	<u>-6,292</u>	47,558
Less Discretionary relief	-85		-92	
Add Charity relief from General Fund	22	-63	23	-69
Net yield		45,882		47,489
Less Collection costs & interest on refunds	-235		-273	
Less irrecoverables & provision for bad debts	-58	-293	-59	-332
Contribution to National Pool		45,589		47,157

The uniform business rate set by the Government for 2006/07 was 44.4p (2006/07 43.3p)

Total ratable value at 31 March 2007 £123.2m
Total ratable value at 31 March 2008 £125.3m

6. Irrecoverables and Provisions for bad debts

Council Tax

	2006/07	2007/08
Change in Bad Debt provision	68	-437
Irrecoverables	153	131
Total	221	-306

NNDR

	2006/07	2007/08
Change in Bad Debt provision	-157	-59
Irrecoverables	215	118
Total	58	59

Pension Costs, Assets and Liabilities

This section provides information about the Council's assets, liabilities, income and expenditure related to The Local Government Pension Scheme in relation to its employees.

1 Introduction

This statement is in accordance with Financial Reporting Standard No 17, Retirement Benefits (FRS17), which requires the Council to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees.

2 The Pension Scheme

Employees of Huntingdonshire District Council may participate in the Cambridgeshire County Council Pension Fund, part of the Local Government Pension Scheme (LGPS). The fund is administered as a defined benefit scheme by Cambridgeshire County Council in accordance with LGPS Regulations 1997, as amended.

3 Revenue cost to Huntingdonshire District Council in 2007/08

In 2007/08 the Council paid an employer's contribution of £2.23m representing 14.3% of employees' pensionable pay into Cambridgeshire County Council's Pension Fund (£1.83m and 12.1% in 2006/07), which provides scheme members with defined benefits related to pay and service.

4 Discretionary Payments

In addition, the Council has liabilities for discretionary pension payments outside of the main scheme. These additional payments relating to added years benefits that were awarded, together with the related increases in 2006/07, amounted to £186k representing 1.2% of pensionable pay (£170k and 1.1% in 2006/07).

There were no capital costs of discretionary increases in pension payments agreed by the authority during 2007/08 (£34,800 in 2006/07).

5 Valuation of Pension Fund

The contribution rate is determined by the Fund's actuary based on triennial valuations. The rate for 2007/08 was determined on the basis of contribution rates set in the latest formal valuation of the Pension Fund as at 31 March 2007. This valuation concluded that to meet future funding required higher rates 16.3% (from 1 April 2008), 18.4% (from 1 April 2009) and 20.4% (from 1 April 2010) to meet estimated liabilities in accordance with Government regulations.

Due to reduced returns, the new contribution rates are no longer adequate to cover 100% of the liabilities and these notes outline the latest position according to the fund actuary.

The valuations, for the purposes of FRS17, are based on the latest formal valuation as at 31 March 2007 and rolled forward by Hymans Robertson, the independent actuaries to the County Council Fund. Liabilities are valued using the projected unit method, which assesses the future liabilities of the fund discounted to their present value as at 31 March 2008.

6 Assumptions Used for Valuation of the Fund

The main assumptions used in the Pension Fund calculations are as shown below.

County Fund – Main Assumptions	Valuations as at	
	31 March 2007	31 March 2008
- rate of inflation	3.2%	3.6%
- rate of increase in salaries	4.7%	5.1%
- rate of increase in pensions	3.2%	3.6%
- rate of discounting scheme liabilities	5.4%	6.9%

In accordance with CIPFA guidance the discount rate employed for the 2007/08 financial year is the yield available on long-dated, high quality corporate bonds at the FRS17 valuation date.

It should be noted that if the age profile of the active membership is rising significantly then, under the projected unit method, the current service costs will increase as the members of the scheme approach retirement.

Changes to the Local Government Pension Scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. The actuary has included an allowance for 25% of future retirements to elect additional lump sum payment. The financial impact of this commutation is included in the actuarial gain/loss in the pension fund.

The actuary in preparing the balance sheet at 31 March 2008 and the revenue account to 31 March 2008, has made allowance for the removal of the 'Rule of 85' for new entrants from 1 October 2006 where any new entrants were included in the membership data for the formal valuation at 31 March 2007. No allowance has been made for the effect of the abolition of the 'Rule of 85' for new entrants since 31 March 2007.

7 Huntingdonshire District Council's Assets and Liabilities in the Fund

The position is outlined below and takes into account the commitments from discretionary payments outside the main scheme

	2006/07 £000	2007/08 £000
Share of assets in County Council Fund	75,939	70,795
Present value of scheme liabilities	-96,873	-86,278
Present value of discretionary pensions	-2,749	-2,819
Net pension liability	-23,683	-18,302

The impact on the Council's assets and liabilities, stated above, has been incorporated in the Council's Financial Accounts.

The net pension liability shows the underlying commitment that the authority has in the long term to pay retirement benefits. Statutory arrangements for funding the deficit mean that employer's pensions contributions will be varied from year to year to meet the liabilities as assessed by the scheme actuary.

8 Total County Pension Fund Assets

Assets are valued at fair value, principally market value for investments, and consist of:

	Expected Rate of Return per annum		Proportion of Total assets held by the Fund	
	31 March 2007	31 March 2008	31 March 2007	31 March 2008
Equity Investments	7.8%	7.7%	74%	70%
Bonds	4.9%	5.7%	11%	13%
Property	5.9%	5.7%	13%	12%
Cash	4.9%	4.8%	2%	5%
Total Fund Assets	7.2%	7.0%	100%	100%

9 Movement in Net Pension Liabilities

The movement in the net pension liabilities for Huntingdonshire District Council is analysed below.

	2006/07		2007/08	
	£000	£000	£000	£000
Deficit as at 1 April		-29,370		-23,683
Current service cost	-3,182		-2,950	
Employer Contributions	1,828		2,232	
Contributions for Unfunded Benefits	168		179	
Past service costs	0		0	
Impact of settlements and curtailments	-35		0	
Net return on assets	-137	-1,358	57	-482
Actuarial gains/losses (-)		7,045		5,863
Deficit as at 31 March		-23,683		-18,302

The charge to the Income and Expenditure Account is reduced by £482k appropriation to the pension reserve.

The actual gain/loss can be further analysed as follows.

	2006/07	2007/08
	£000	£000
Actual return less expected return on pension scheme assets	726	-9175
Change in financial assumptions underlying the present value of liabilities	6,038	15,699
Experience gains and losses arising on the scheme liabilities	281	-661
Actuarial gain/loss(-) in pension plan	7,045	5,863
Actuarial gain/loss(-) as a percentage of net pension liability	29.7%	32.0%

10 Charges to expenditure

Charges to service accounts are based on an appropriate share of current service cost (the increase in future benefits arising from service in the accounting year). Discretionary benefits awarded on early retirement are charged to service accounts as they become payable.

Interest costs and expected return on assets are included within the Income and Expenditure Account, increasing the net operating expenditure. However, an appropriation to the pensions reserve replaces these entries with the actual employer's contributions paid in the year, meaning that there is no net effect on the General Fund result for the year.

11 Further information

Further information about the Pension Fund can be found in Cambridgeshire County Council's Pension Fund Annual Report, which is available on request from the Director of Resources, Cambridgeshire County Council, Shire Hall, Castle Hill, Cambridge, CB3 0AP.

BENEFIT FRAUD PROSECUTION POLICY & PROCEDURES (Report by Head of Customer Services)

1. INTRODUCTION

- 1.1 This report is to formalise the outcome of a review of the existing procedure for the sanction and prosecution of those persons found to be committing benefit fraud. The existing procedures for disposal of these matters are contained in the council's Anti-Fraud and Corruption Strategy.
- 1.2 The Fraud Team undertakes investigation of allegedly fraudulent applications for housing benefit and council tax benefit. This work complies with various legislative requirements as well as providing protection of the public purse.
- 1.3 The Team are part of the Benefit Service and report through the Benefit Manager to the Head of Customer Services.

2. SANCTIONS & PROSECUTIONS

- 2.1 All cases of Benefit Fraud identified following investigation are referred to the Head of Customer Services (HoS) by the Fraud Manager (FM) in accordance with the Prosecution Policy. The FM will make recommendation on disposal of every case based on the public interest and evidential test and the HoS will approve or amend these in line with the existing procedures and the likelihood of securing a conviction.
- 2.2 The council currently brings all prosecutions through the Head of Legal Services. The council's Solicitor either then presents the cases in court or instructs other High Street solicitors to act as agents, or in Crown Court matters instructs counsel through recommended chambers.
- 2.3 All others sanctions, in relation to Benefit Fraud Matters, short of prosecution which are allowed by legislation or Home Office guidance are conducted by the Fraud Manager (FM), once such disposal has been agreed by the Head of Customer Services (HoS).
- 2.4 Where partner organisations are involved (for example, the Department for Work and Pensions) they will sometimes lead on any sanction or prosecution as agreed as part of the partnership working arrangements in place. These actions will include any offences identified by the Fraud Team.
- 2.5 The Fraud Team undertake in excess of 400 investigations into alleged benefit fraud each year. The success rate of these investigations resulted in 109 sanctions and prosecutions

2006/2007 and 120 in 2007/2008, this number continues to increase year on year. Sanctions include Formal Cautions and Administrative Penalties (fines) as well as prosecutions.

- 2.6 The Fraud Team provide a service to the Benefit Section. However, its expertise and specialist knowledge has led to its use by the Local Taxation and Housing Departments. There are no formal arrangements in place to allow such investigations and no funding or internal recharges made for this type of work by the Fraud Team.

3. PROPOSAL

- 3.1. Having undertaken a review of the council's prosecution policy and procedures, and noting the year on year increase in fraud detection and sanction activity, it is proposed that the issuing of lesser sanctions (Formal Cautions & Administrative Penalties) be delegated to the Fraud Manager, and that these changes are reflected in the Prosecution Policy. The number of cases being dealt with in this manner cannot be undertaken by the HoS due to volume and requirement to manage the process throughout.
- 3.2. The volume of cases passed to the councils Legal Services Team has resulted in some delays in cases being brought to court. A pilot scheme was introduced in early 2007 to train and then allow the Fraud Manager to present some matters in court for first, plea and sentencing hearings where the cases are relatively straight forward. This has been found to be very successful and reference to the council's own solicitor, where legal advice was required, has been maintained. It is proposed that this delegation be formally agreed and included in the constitution.
- 3.3. The Fraud Team need to have in place an agreed process for reporting on other types of council fraud and for this activity to be funded by way of recharges to those services.

5. RECOMMENDATIONS

- 5.1 It is

RECOMMENDED

that the Chief Officers/Panel/Cabinet

- (a) note the content of this report;
- (b) agree and authorise the revised Prosecution Policy attached at Annexe A;
- (c) authorise the amendment of the Delegated Functions within the Council Constitution to allow the Fraud Manager to undertake court hearings and issue appropriate sanctions as detailed in paragraph 3.1;
- (d) amend the same functions to allow the Fraud Team staff to undertake investigations in fraud affecting other District Council services and report to the relevant HoS on the outcomes, findings and recommendations of these investigations.

BACKGROUND INFORMATION

The Social Security Administration Act 1992, as amended.

The Fraud Act 2006

Police and Criminal Evidence Act 1984

Criminal Procedures and Investigations Act 1996

Local Government Acts 1972, as amended

Local Government Finance Act 1992, as amended

Housing Act 1996

HDC- Anti-Fraud and Corruption Strategy

Contact Officer: Julia Barber – Head of Customer Services



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HUNTINGDONSHIRE DISTRICT COUNCIL

Benefits Prosecution Policy

1. Introduction

- 1.1 Huntingdonshire District Council (the council) is committed to the professional delivery of housing and council tax benefit services to its customers and the contribution that this service can make to the corporate objective of having low levels of poverty in the district. Benefit is for those who are most vulnerable in society and the Council therefore has two main aims:
- To deliver the correct amount to the correct person as soon as possible.
 - To ensure that benefits are taken up by those who are entitled to them.
- 1.2 The Council also has a duty to protect the public funds it administers from abuse and is aware of the risks within the benefits system for fraud, error or other irregularity. In carrying out this duty, the authority may use information provided to it for the purpose of the prevention and detection of fraud. It may also share this information with other bodies administering public funds solely for these purposes.
- 1.3 The Council will, wherever possible incorporate effective internal controls to minimise the risk of fraud occurring. However, despite this fraud can be perpetrated and appropriate procedures need to be in place.
- 1.4 The Council understands that some people will attempt to obtain benefit to which they are not entitled and sometimes this is done deliberately. Where an investigation has revealed this is the case, the Council will consider the individual circumstances of the case and where appropriate will consider criminal prosecution, alternatively an Administrative Financial Penalty or a Formal Caution may be applied.
- 1.5 The Social Security Administration Act 1992, as amended, allows authorities to consider offering offenders a financial penalty or a formal caution as an alternative to prosecution. Such sanctions can only be offered if the case could be brought to court. However, should the offender refuse to accept such sanction then the Council must consider instigating proceedings against the individual concerned.
- 1.6 The Council's policy outlines the procedures to be followed with regard to the prosecution of benefit claimants, landlords, employees and members who have committed benefit fraud. It will serve as a policy statement that is

supported by members of the Council who have endorsed the Fraud and Corruption Strategy, and as an operational guide for Investigating Officers.

- 1.7 The council will always have regard to the circumstances of the individual it is dealing with when considering any case following an investigation into alleged benefit fraud. Every case will be treated on its own merits and know distinction will be made due to gender, sexual orientation, religion or race. The council will, however, have regard to any extenuating and relevant circumstances of the individual including age, disability or language difficulties which may have contributed to apparent offending.
- 1.8 The term Sanction refers to any penalty that can be imposed by the council and allowed by legislation where offending contrary to the Social Security Administration Act 1992, Theft Act 1938, or the Fraud Act 2006 appears in the councils opinion to have occurred.

2. The Policy

- 2.1 The Investigation Officers must adhere, at all times, to the requirements of the Police and Criminal Evidence Act 1984, the Social Security Administration Act 1992 (as amended), the Code of Practice for Crown Prosecutors and the Criminal Procedures and Investigations Act 1996, and any other relevant legislation.
- 2.2 All cases that fall into the criteria outlined in 2.4, regardless of the level of the overpaid benefit, will be passed to the Fraud Manager who will decide, unless there are exceptional circumstances, whether a sanction is appropriate and the type. Where criminal proceedings are to be considered in any case a recommendation will be made to the Head of Customer Service on such disposal for that officers agreement. A monthly list of all non-prosecution matters will be provided by the Fraud Manager to be agreed by the Head of Service.
- That prosecution is referred to the most appropriate organisation, i.e. where the primary fraud appears to have been perpetrated. This could be the Department for Work & Pensions, the Police, the Councils Legal Department, The councils Fraud Team or any other body deemed appropriate.
 - Imposition of an administrative penalty (this can only be offered where there are sufficient grounds to prosecute but the penalty option is preferred).
 - Imposition of a formal caution (this can only be offered where there are sufficient grounds to prosecute and the offence has been admitted at interview).
 - Closure of the case without sanction, as it would not be in the public interest to pursue the particular case. However, the reasons should be fully documented and authorised by the Head of

Customer Services.

- 2.3 **The First Test of Public Interest.** To be considered in all cases regardless of the method of sanction chosen.

The public interest factors can increase the need to prosecute or may suggest an alternative course of action. The factors will vary from case to case. Not all the factors will apply to each case and there is no obligation to restrict consideration to the factors listed. In making a decision to prosecute all available information must be carefully considered.

The points outlined in 2.4 and 2.5 should be taken into consideration when determining whether or not to prosecute.

2.4 Common Public Interest Factors in Favour of a prosecution

- a) The defendant is alleged to have committed the offence whilst under an order of the court.
- b) The defendant has previous convictions or cautions that are relevant to the present offence.
- c) A conviction is likely to result in a significant sentence.
- d) The defendant is in a position of trust.
- e) There is evidence that the offence was premeditated.
- f) There are grounds to believe that the defendant was motivated solely by personal gain.
- g) There are grounds for believing that the offences were likely to be continued or repeated e.g. by a history of recurring conduct.
- h) The offence is alleged to have occurred over a long period of time involving more than one period of deception.
- i) The offence, although not serious in itself, is widespread in the area where it is committed.
- j) There is evidence that the offence was carried out by more than one person.
- k) The evidence shows that the suspect was a ringleader or an organiser of the offence.
- l) The overpayment of benefit is in excess of £2,000.00 or the fraud spans a period exceeding 52 weeks.
- m) A good prima facie case has been established and clear reports have been compiled at every stage of the investigation.

2.5 Common Public Interest Factors Against a prosecution

- a) There has been a long delay between the offence taking place and the date of the trial, unless
 - the offence is serious
 - the delay has been caused in part by the defendant
 - the offence has only recently come to light.
- b) The defendant is elderly or is, or was at the time of the offence, suffering from significant mental or physical ill health, unless the offence is serious or there is a real possibility that it may be repeated.
- c) The offence was committed as a result of a genuine mistake or misunderstanding (these factors must be balanced against the seriousness of the offence).
- d) It is a first offence and the loss or harm can be considered minor (based on each individual case) particularly if it was caused by misjudgement.
- e) The amount of the overpayment is less than £2,000.00 and the period spans less than 52 weeks.
- f) The court is likely to impose a very small or nominal penalty.
- g) The defendant admitted the offence at the first opportunity and made an offer of repayment. Failure to honour such an agreement will result in the continuance of initiated action.
- h) The defendant (whether it is a landlord or tenant) has put right the loss or harm that was caused. However, simply because the defendant can pay compensation does not mean that s/he can avoid prosecution.
- i) Maladministration or delay of the housing/council tax benefit scheme has occurred at some period during the offence.

3. Alternatives to Prosecution

- 3.1 Only cases that qualify for court on both the strength of evidence and the public interest factors can be considered for an alternative to prosecution. In essence, this means that the collated evidence must be sufficient to enable criminal proceedings to be initiated. If the evidence is insufficient then no alternative should be offered. In addition to strong independent evidence, there must be an admission of guilt at the interview under caution for a formal caution to be considered. Investigations, which fail to meet the above criteria, must be closed without sanction.

- 3.2 The defendant must give his informed consent to the alternative procedure to prosecution being offered. If the offer is declined the Council must always be in a position to instigate criminal proceedings should it wish to do so. This means that an investigation must have been undertaken as if it was the intention to prosecute if the case is proved. It would be a serious misuse of power to offer an alternative to prosecution in any case where a prosecution would be unlikely to succeed in court.
- 3.3 As a general rule the following cases should not normally be considered for an alternative to prosecution:
- a) The defendant is a council member, employee or an employee of another welfare organisation.
 - b) The defendant has declined to accept or has withdrawn from their agreement to accept an administrative penalty.
 - c) The defendant has declined a formal caution.
 - d) The defendant has already received an administrative penalty or formal caution for a previous offence.
 - e) The defendant is subject to a prosecution by another agency for a similar offence.
 - f) The defendant has previous convictions for similar offences.
 - g) Where there is evidence that the defendant has used alias/es to claim benefit.

4. Formal Caution

- 4.1 A formal caution is an oral or written warning given, to a person who has committed an offence, as an alternative to prosecution. In any case selected for caution there must be evidence to prove the offence, an admission at an interview under caution and the person being cautioned must give informed consent. A formal caution is a deterrent, and does not affect the recipient except if by re-offending when it may be cited in court on conviction for future offences. Where a caution has been declined the case must then be considered for criminal proceedings.
- 4.2 The Fraud Manager, or other delegated Fraud Team Member in consultation with the Head of Customer Services will offer a formal caution in appropriate cases. These will include:
- a) A first offence that was disclosed by the defendant at the first opportunity.
 - b) A first offence where the overpayment does not exceed £2,000 unless there are exceptional circumstances. In such circumstances

the agreement of the Head Of Service must be sought before such a sanction is offered.

C) Where a genuine mistake or oversight contributed to the offence.

5. Administrative Penalty

5.1 Section 115a of the Social Security Administration Act 1992, as amended by section 15 of the Social Security Administration (Fraud) Act 1997 introduced financial administrative penalties as an alternative to prosecution. A financial penalty amounting to 30% of the gross adjudicated overpayment can be offered in a fraud case if the following conditions are met:

- a) There is a recoverable overpayment of benefit as defined by the Social Security Administration Act 1992
- b) The cause of the overpayment is attributed to an act or omission on the part of the defendant, and
- c) There are grounds for instituting criminal proceedings for an offence relating to the overpayment upon which a penalty is based.
- d) The person to offered such a penalty has the ability to repay it within a reasonable timescale and the imposition of such a penalty will not over-burden them if they have existing priority debts.
- e) Penalties will be only be offered where the overpayment does not exceed £2000 unless there are exceptional circumstances. In such circumstances the agreement of the Head Of Service must be sought before such a penalty is offered.

5.2 If the offender declines the offer of an administrative penalty or the offender withdraws his agreement to pay the penalty the case must be considered for prosecution. Where the person signs the agreement but then defaults on repayment of the Penalty this will also be treated as a withdrawal of the agreement by that person.

5.3 The Fraud Manager or other delegated Fraud Team officer in consultation with the Head of Customer Services will offer an Administrative Penalty in appropriate cases. These will include:

- a) An offence where the overpayment is significant enough to consider that the claimant be prosecuted, but also dependant on the length of time over, which the overpayment arose.
- b) Whether or not there has been an admission at an interview under caution.
- c) What action the Department of Social Security is taking on any part

of the benefit it administers.

6. Recording Sanctions and Prosecutions

- 6.1 For an effective regime of sanctions to be successful it is highly desirable that accurate records of all convictions, administrative penalties and formal cautions are maintained. This will enable the correct decisions to be made taking full account of the defendant's background. Therefore, it is important that an acceptance record of each is maintained.
- 6.2 All sanctions must be recorded by the Council and copies of all documents used to consider and issue the sanction retained. Relevant paperwork must also be sent to the Department for Work and Pensions to update the central database on sanction activity.

7. Publicity

- 7.1 It is the Council's intention to positively promote this policy as well as the outcome of any prosecutions, which will deter others from fraudulent activity.

8. Reporting and Review

- 8.1 Summary information on cases and action taken will be reported to the Head of Customer Services and the Executive Councillor for Finance on a quarterly basis.
- 8.2 This policy will be reviewed annually or when changes in legislation require it.

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ANNUAL REVIEW OF THE INTERNAL AUDIT SERVICE (Report by the Director of Commerce & Technology)

1. Introduction

- 1.1 The Accounts & Audit Regulations 2006 require the Council to conduct an annual review of the effectiveness of its system of internal audit. The results of the review need to be reported to the Panel prior to its approval of the Statement of Assurance on Corporate Governance.
- 1.2 At the last meeting of the Panel, Members' adopted an Assurance Framework, to assist with the preparation of the Annual Governance Statement. It recognised that the systems of internal audit within the Council are wider than the Internal Audit Service and link to a number of areas already covered by the Assurance Framework (e.g. corporate governance, financial, risk and performance management, data quality, policies and procedures, third party assurances).
- 1.3 This report provides details of the outcome of the second annual review of the system of internal audit.

2. Internal Audit Service Review

- 2.1 Guidance accompanying the Accounts & Audit Regulations 2003 suggests that a review of the Internal Audit Service should be undertaken in accordance with 'proper practice'. This is acknowledged to be the 2006 Code of Practice for Internal Audit in Local Government issued by The Chartered Institute of Public Finance and Accountancy (CIPFA). The Code contains 11 Standards (see Annex A) that describe the processes that a professional internal audit service should follow and comply with.
- 2.2 Compliance with these Standards provides assurance to the Panel that the Audit & Risk Manager's annual report and opinion is based upon sound audit practices and supported by sufficient, evidenced work to allow supportable conclusions and opinions to be formed on individual audit reviews. The Audit & Risk Manager's annual report is an important source of evidence to the Panel.
- 2.3 The Code of Practice contains a checklist which has been used as the basis for a self-assessment review of the internal audit service. The review was completed by a member of the internal audit team and reviewed by the Audit & Risk Manager. The review was undertaken in early May.

3. Peer Review of the system of Internal Audit

- 3.1 In addition to the self-assessment, a peer review was conducted by the Head of Audit, Scrutiny and Information Governance of Cambridgeshire County Council. This consisted of:
 - A review of the self assessment process and of supporting evidence;
 - Reviewing staffing, training and development for the service;
 - Consideration of the adequacy of resources of the function;

- Assessing performance against key performance indicators for the function and client feedback;
- Review of plans for continuous improvement of the service;

3.2 The peer review concluded that “the system of internal audit at Huntingdonshire District Council is generally effective”. It identified just two areas of concern which related to the effectiveness of the Panel and the introduction of agreed audit actions. Relevant extracts from the report are shown below

- “The effectiveness of internal audit is affected by the effectiveness of the Council’s “audit committee”, which at Huntingdonshire, is the Council’s Corporate Governance Panel. Guidance issued by CIPFA on Audit Committees recommends that the Panel should measure its own effectiveness. This task has not yet been completed. Such a review would assist the Panel in coming to its own view about its effectiveness and how it may further develop its governance role.

I recommend that the Panel undertake a review of its effectiveness against CIPFA’s best practice guidance for Audit Committees and that the Head of Internal Audit be asked to feed in views as a contributor to the assessment”.

- “The performance monitoring scorecard shows an implementation rate [for agreed audit actions] for 2007/08 of 30 percent. I consider this rate to be unacceptably low.

I recommend that Chief Officers’ Management Team consider ways in which this rate can be increased and inform Corporate Governance Panel of their proposed actions”.

3.3 It is proposed that a review of the effectiveness of the Corporate Governance Panel should be undertaken as recommended by the peer review. The review will require the participation of all the Members of the Panel. The review will be facilitated by the Internal Audit & Risk Manager and the outcome of the review be considered by the Panel at its September meeting, prior to the Panel’s approval of the annual governance statement.

3.4 Members will be aware from previous reports that the percentage of agreed audits introduced on time has hovered around the 30% mark for a number of months. It is accepted that this figure is too low and steps have been taken to improve it. Each Head of Service must make reference to the percentage they have achieved in their quarterly report to the Chief Officer’s Management Team and performance information is published on a monthly basis to all Heads of Service and Directors. These initiatives have had an immediate impact and, at 31 May, 36% of agreed audits had been introduced on time with a further 33% being introduced subsequently, giving an overall figure of 69%.

4. External Audit Opinion

- 4.1 The Council's external auditors who have conducted their own independent review of the internal audit service against the Code of Practice. They conclude that the internal audit service meets the requirements of the Code and have made no recommendations for further action.

5. Conclusion

- 5.1 Two areas where the CIPFA Code is not fully complied with were reported to the Panel in September 2007 (i.e. that line management is by the Head of Financial Services rather than the Director of Commerce & Technology and that the non-audit responsibilities of delivering risk management and insurance services are carried out by the Audit and Risk Management Section). These were not considered to be significant by the Peer Review or External Audit.
- 5.2 Based on the three elements – the self assessment, the Peer Review and External Audit's opinion the Panel should be able to assume a good degree of reliance on the internal audit system when they consider the Annual Governance Statement.
- 5.3 Two issues were highlighted in the Peer Review (paragraph 3.2 above) and the Panel need to consider what action they wish to take on these items.

6. Recommendations

- 6.1 It is recommended that the Panel:
- note that the internal audit system is generally effective;
 - note the action plan that has been prepared to address the areas for improvement identified in the self assessment (Annex B);
 - undertake a review of its own effectiveness against CIPFA's best practice guidance for Audit Committees.

ACCESS TO INFORMATION ACT 1985

CIPFA Code of Practice for Internal Audit in Local Government 2006

Internal audit self-assessment

Email correspondence with the external auditor

Report from Cambridgeshire County Council

Contact Officer: Steve Couper, Head of Financial Services ☎ **01480 388103**

2006 Code of Practice for Internal Audit in Local Government: Standards

Standard

- 1 **The Scope of Internal Audit** – deals with formal terms of reference, coverage of the internal control environment and the audit's role in relation to preventing fraud and corruption.
- 2 **Independence** – deals with overall operational independence as well as auditors own independence and impartiality.
- 3 **Ethics** – sets minimum standards for the performance and conduct of all internal auditors under the four main principles of integrity, objectivity, competence and confidentiality.
- 4 **Audit Committees** – deals with the relationship between the Audit & Risk Manager and the Audit Committee (i.e. this Panel).
- 5 **Relationships** – sets out the principles of good relationships with management, other internal auditors, external auditors, other regulators and inspectors and elected members.
- 6 **Staffing, Training and Continuous Professional Development** – deals with staff resources, qualifications and training.
- 7 **Audit Strategy and Planning** – deals with the requirement to produce a strategy document and annual audit plan.
- 8 **Undertaking Audit Work** – deals with risk based auditing, the processes to be carried out in individual audit assignments, incl. planning, fieldwork and quality control.
- 9 **Due Professional Care** – deals with auditor competence and diligence, respecting and understanding confidentiality.
- 10 **Reporting** – sets out the principles of reporting on audit assignments, follow-up arrangements and providing an annual opinion on the control environment.
- 11 **Performance, Quality and Effectiveness** – sets out the need for an audit manual and establishing quality and performance measures.

Internal Audit Self Assessment – Action Plan

Standard	Self assessment question	Response	Date to be introduced by
3.3.4	Are audits of particular parts of the Council rotated between audit staff to ensure independence of approach?	<p>It is necessary to balance rotation with the benefits of existing experience in the allocation of audits when the audit team is few in number.</p> <p>The audit manager rotates audits where it is beneficial and personally reviews the audit brief and quality during the course of each audit. This would highlight any over-familiarity or complacency.</p>	Under constant review.
10.2.7	Does the Audit & Risk Manager have mechanisms in place to ensure that risk registers are updated following internal audit reviews?	<p>Managers are responsible for their own risk register entries, including assessing the effectiveness of internal controls.</p> <p>The process for agreeing changes to the risk register is being developed.</p>	31 August 2008
11.1.1	Is the audit manual reviewed regularly and updated to reflect changes in working practices and standards?	<p>The audit manual contains detailed procedures explaining the whole auditing process and is regularly updated.</p> <p>The recent introduction of electronic working papers and changes to the storage of audit records needs to be reflected in the manual.</p>	30 September 2008
11.3.3	Does the Audit & Risk Manager compare the performance and the effectiveness of the service over time, in terms of both the achievement of targets and the quality of the service provided to the user?	<p>Internal audit were members of the CIPFA Audit Benchmarking Group from 2001. It was decided not to join the Group in 2007/08 as the output was becoming less useful due to the fall in District Council members. The decision to re-join will be reviewed each year.</p> <p>Annual and end of audit survey forms are issued to auditee's to allow them to comment upon the service they receive.</p>	Decision on joining will be taken annually.

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**INTERNAL AUDIT SERVICE
INTERNAL AUDIT & ASSURANCE PLAN
(Report by the Audit & Risk Manager)**

1. PURPOSE

- 1.1 To comment on the attached internal audit and assurance plan for the 12 month period commencing August 2008.

2. STRATEGIC AND ANNUAL PLANNING

- 2.1 The Audit and Risk Manager is required to provide an opinion on the whole of the Council's internal control environment each year. This opinion assists the Chief Executive and this Panel when they are preparing the Council's annual assurance statement. The work that is undertaken to allow the audit opinion to be formed is governed, in the main, by the annual audit plan.
- 2.2 The Internal Audit Service maintains a four year strategic audit plan, listing all the risk and system areas that are considered likely to affect the Council's internal control environment. The strategic plan shows the relative importance of each risk and system area and the frequency with which it should be audited. Risks recorded in the risk register have been mapped to these audit areas and this has led to a number of audit areas being combined so that audits can address common risk themes across services, rather than be conducted on a service by service basis.
- 2.3 To prepare the annual audit plan, the strategic plan is first reviewed and audits placed in priority order. The highest priority schemes which can be delivered within the resources available are then included in the annual audit plan which, following the comments of this Panel, will be approved by the Director of Commerce and Technology.

3 RESOURCING THE AUDIT PLAN

- 3.1 The total days required to complete the four year strategic plan exceeds available resources by about 15 days per year. This shortfall is not significant enough to have an impact on the breadth of internal audit coverage provided or the level of assurance that the Panel will be able to take from the Audit & Risk Manager's annual opinion statement. The position will be reviewed annually.
- 3.2 Member's will recall that, at the last meeting of the Panel, it was reported that one member of the audit team was likely to be absent until April 2009 on maternity leave. In order to deliver the audit plan, within the financial resources available, consideration is being given to a variety of options including recruiting and sharing an auditor with Peterborough City Council, using Deloitte's (the current IT auditors) for some general audits or recruiting a trainee auditor.

4. RECOMMENDATION

- 4.1 That the Panel note the annual audit and assurance plan for the 12 month period commencing August 2008.

ACCESS TO INFORMATION ACT 1985

Strategic Audit Plan

The Council's Risk Register

Contact Officer: David Harwood, Audit & Risk Manager ☎ 01480 388115

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Internal Audit Service

Internal Audit
&
Assurance Plan
2008 - 2009

2008 - 2009 Internal Audit & Assurance Plan

The Internal Audit & Assurance Plan for the period August 2008 to July 2009 has been prepared in accordance with best practice as contained in the 2006 CIPFA Code of Practice for Internal Audit.

The Code requires that Internal Audit provide an opinion on the overall adequacy and effectiveness of the Council's internal control environment and that the opinion should inform the Annual Statement of Assurance on Corporate Governance.

The plan has been developed to take account of this requirement and provides the opportunity for reviews of corporate governance, risk management and operational controls to be undertaken as well as the more traditional financial areas.

All the risks present in the risk register as at 31 May 2008 have been included within the four year strategic audit plan. Reviews that have clear links to risks within the risk register (identified by an extract of the register) will consider the effectiveness of the controls that are in place to manage the risks identified. They will also consider the assurance opinion that has been included in the register.

A summary of the audits planned for the period are listed on the following pages, together with the name of the Liaison Officer responsible for dealing with any audit report or other issue that arises from an audit review.

The annual assurance opinion that I provide will be based upon the findings of the reviews carried out.

In addition to undertaking the audits detailed in the plan, the review of fraud related risk areas will continue. Internal audit are also likely to be involved in providing advice and assistance to managers, advising on new project developments and dealing with any whistleblowing allegations received. Days allocated to these areas is shown at the end of the plan.

Whilst it is envisaged that all the audits contained in the plan will be undertaken, the identification of any new risks or significant changes in residual risk scores, may require audits to be substituted so as to ensure that reviews are undertaken of areas identified as being of greatest risk to the achievement of Council objectives. Chief Officers and Heads of Service will be informed of any changes before they are introduced.

David Harwood
Audit & Risk Manager
31 May 2008

Corporate Systems

Purchasing : S Couper

Risk: 39	<i>Inherent</i>	High	<i>Residual</i>	High
Risk: 65	<i>Inherent</i>	High	<i>Residual</i>	Low
Risk: 92	<i>Inherent</i>	High	<i>Residual</i>	High

20

39 The Code of Procurement is not followed correctly, leading to accusations of irregular practices, the challenging of award decisions and increased procurement costs.

65 Council employees make poor procurement decisions on a daily basis resulting in increased costs of goods and services.

92 Change to EU Procurement Legislation

The risks associated with purchasing/procurement appear on three separate occasions in the risk register. This review will consider general compliance with the Code of Procurement and examine the reasons behind the decisions taken. The review will also consider how to improve value for money in general day to day purchasing.

Staff Development: P Duerden

Risk: 2	<i>Inherent</i>	Very High	<i>Residual</i>	High
Risk: 3	<i>Inherent</i>	High	<i>Residual</i>	High

15

2 COMT The Council does not invest in or develop its staff leading to motivational problems and few service developments being delivered on time or budget.

3 COMT The Council has difficulties in recruiting or retaining skilled staff due to its reputation or failure to provide appropriate support to staff.

This review will examine the processes and procedures that allow managers to identify their staff's training requirements, the support offered to staff, the development of the corporate training programme and that the training offered is appropriate to both staff's personal development and the current and future needs of the service. This area was last reviewed in July 2003 and received a limited assurance opinion.

Management of Vacancies: P Duerden

This review will examine how managers are controlling staff vacancies within their Service areas. The audit will seek to establish how vacancies are managed, the provision of services when vacancies occur, the Human Resources Service role, and the affect upon service budgets. This area was last reviewed in April 2003 and received a limited assurance opinion.

15

Delivery of MTP Bids: T Parker

Achievement of the Council's objectives relies upon the efficient and effective use of resources. The audit will review a sample of MTP bids approved in 2006/07 and 2007/08 considering such issues as the setting of targets / aims, achievement of aims, completion within timescales, post implementation review and compliance with the project management methodology. This area was last reviewed in October 2005 and received a limited assurance opinion.

5

Holiday Leave: P Duerden

A review of the take up of the annual leave entitlement by key officers who maintain or have access to financial records or are key decision takers. Instances have been found elsewhere where key officers have been involved in fraudulent activity which was only uncovered when annual leave was taken. This area was last reviewed in June 2002.

3

Local Strategic Partnership: I Leatherbarrow

20

Developing and delivering action plans that meet the aims of the Local Community Strategy are a key aim for the Council. This review will examine the steps that are being taken to manage those plans. This audit will commence in the latter part of the year. Scoping of the work will be agreed with the Head of Service prior to the audit commencing.

Discrimination & Social Exclusion: I Leatherbarrow

10

Risk: 54

*Inherent***High***Residual***Medium**

54 Managers discriminate against certain service users by not considering the needs of all service users when delivering or developing services.

The Council has achieved Level 2 of the Equality Standard. This review will consider the work that has been undertaken across the Council to ensure that there is fair and equal access to services for all. This area was last reviewed in August 2005 and received an adequate assurance opinion.

Work/Life Balance: P Duerden

10

The Council's People Strategy includes as one of its objectives "... balancing the needs of work with the needs of employees". To meet this objective the Council agreed to "implement work/life balance policies, practices and flexible working". This audit will examine how these policies have been introduced and the effect that the scheme has had on service delivery. *This area has not been reviewed previously.*

Local Transport Issues : P Jose / S Ingram

8

Risk: 8

*Inherent***Very High***Residual***Very High**

Risk: 59

*Inherent***High***Residual***Medium**

8 COMT Staff are unwilling to change their mode of transport and the aims of Corporate Travel Plan are not met, resulting in the loss of car parking spaces for shoppers and other workers within Huntingdon town centre and damage to the Huntingdon economy.

59 The Council does not react to local transport issues, developments, and needs, leading to increased chance of adverse economic impact on the District.

This area has not been reviewed previously. The audit will examine how the market town and local transport plan are being delivered.

Discretionary Service Charges: S Couper

10

The Local Government Act 2003 introduced new devolved powers, both to trade and charge for non statutory services. This review will examine the use made of the discretionary charging powers.

Total Allocation	116
------------------	-----

Financial Systems

National Non Domestic Rates: J Barber 10

To review on an annual basis a particular aspect of the NNDR system. This year's review will examine liability and billing procedures.

Housing Benefits: J Barber 15

Risk: 27 *Inherent* **High** *Residual* **Medium**

27 An interruption in the benefit system service or inadequate numbers of trained/skilled staff may lead to benefits not being paid correctly or on time.

To review on an annual basis the administration of the Housing Benefit systems. This year's areas will be agreed with the Head of Service prior to commencement. Areas considered to be key operational and financial controls identified within Housing Benefit & Council Tax Performance Standards appropriate to this area will also be considered. The review will also consider the BACS payment system that has recently been introduced.

Creditors: S Couper 15

To review on a cyclical basis specific areas of the creditors system. This years review will concentrate on the controls within the purchase ledger. Issues identified from the fraud and corruption plan will also be considered.

Council Tax: J Barber 15

Risk: 67 *Inherent* **High** *Residual* **Low**

67 Council Tax direct debits are not collected on time (collected twice) leading to an increase (reduction) in the cost of borrowing and local reputation damage.

To review on a cyclical basis specific areas of the Council Tax system. This year's review will examine liability and billing. Areas identified in the anti-fraud plan will also be reviewed.

Integrated Payroll & Personnel System: P Duerden 25

Elements of the payroll/HR system are reviewed on an annual basis. The audit will examine the appointment process for variable hours, temporary and casual employees, the monitoring and review of temporary contracts, and include a limited probity review to ensure that no ghost employees exist. In addition the procedures followed to manage other variable and permanent pay variations (overtime, weekly payroll, grade changes etc) will be reviewed. This area was last reviewed in April 2005 and received a limited assurance opinion. The audit will also consider if the benefits that were expected from the purchase of the integrated software have been realised.

Main Accounting System: S Couper 10

The e-financial management system is a key system that is reviewed every other year. The system was last reviewed in March 2007 and received a substantial assurance opinion.

Loans & Investments: S Couper

Risk: 47

Inherent **High**

Residual **High**

6

47 Council's funds not invested appropriately leading to losses or poor returns resulting in unexpected Council Tax increases or service cuts.

This audit will review the management of loans and investments against the Treasury Management Strategy. The implementation of previously agreed audit actions will also be reviewed. This area was last reviewed in July 2006 and received a substantial assurance opinion.

Debtors: S Couper

To review on a cyclical basis specific areas of the debtors system. The audit will review amongst others, the payment of accounts, their receipt and processing, management of credit balances, reconciliation and controls and a review of the controls introduced to address key fraud related areas.

15

Payment Cards: J Barber

This review will examine the controls introduced to manage the new payment card process including income reconciliation.

2

Value Added Tax: S Couper

A review of the systems used to administer VAT within the authority. This will include the controls in place to ensure that input and output tax is being accounted for correctly, the accuracy of the monthly returns and monitoring of the partial exemption position. This area was last reviewed in August 2004 and received a limited assurance opinion.

15

Staff Allowances: P Duerden

This review will examine the controls within the systems for the payment of all staff allowances except travel allowances. This area was last reviewed in November 2004 and received a limited assurance opinion.

15

Total Allocation 143

Central Services

Commercial Rents & Estate Management: C Meadowcroft

Risk: 50

Inherent **High**

Residual **Medium**

8

50 Poor management of Council owned industrial/commercial properties leading to the loss of development opportunities and reducing financial returns.

This review will examine the controls that are in place to manager the industrial & commercial property portfolio, including financial returns, termination of agreements, financial viability checks on potential lessee's and development/disposal opportunities. The area was last reviewed in January 2004 and received a substantial assurance opinion.

IT Procurement Process: C Hall / C Meadowcroft

Risk: 72

Inherent **High***Residual* **High**

5

72 Insufficient consideration given to contract terms & conditions or system users' needs prior to IT solutions being sought, leading to delays in procurement process.

This audit will consider the procedures followed by managers when contemplating IT purchases and the information that is presented to Legal Services. This area has not been audited previously, although audits dealing with Legal Services role in the procurement process have been undertaken.

Total Allocation 13**ICT Audit****Telecoms/VOIP: C Hall**

10

Telecoms have historically been an important tool for the Councils, it allows the Council to communicate internally between staff, with its constituents, and allows constituents to contact the Council. In recent years Technology has developed which allows telephone calls traditionally made through the phone system to be made over data lines; this technology is Voice over Internet Protocol (VOIP). This Audit will look at the Councils Telecoms Infrastructure, whether the traditional telecoms solution or VOIP infrastructure (Dependent on the Councils chosen technology at the time of the Audit).

E-Payments: C Hall / J Barber

8

E-Payments is the process by which payments can be taken over the internet, or via a web browser. The review will cover Website maintenance, access control, account validation, system accounting, interfaces, security, Audit trails and disaster recovery.

Network Infrastructure: C Hall

12

The network infrastructure enables users to connect to servers and equipment which is not directly connected to their own physical PC or workstation. This could be on the next desk (as in printers), other rooms, other buildings or even other countries depending on the type of network. A review of the Network infrastructure will look at how the Councils network is accessed, how it is supported and monitored and how the network is secured against unauthorised access.

Total Allocation 30**Environmental and Community Services****Historic Building Grants: S Ingram**

8

This area was last audited in May 2004 and received a limited assurance opinion. The audit will examine the controls surrounding the award and payments of grants.

Choice Based Lettings: S Plant

6

To review the arrangements for the administration of the CBL scheme. This area has not been reviewed previously.



Huntingdonshire District Council

External Audit Plan 2008-09

May 2008

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Appendix A Independence and objectivity

1 Introduction

Background

- 1.1 This plan sets out the audit work to be undertaken for the 2008-09 financial year for Huntingdonshire District Council (the Council). The plan is based on the Audit Commission's risk-based approach to audit planning and the requirements of Comprehensive Area Assessment ('CAA'), which from 1 April 2008 replaces Comprehensive Performance Assessment ('CPA'). This plan reflects:
- Our Code of Audit Practice responsibilities;
 - Audit work specified by the Audit Commission for 2008-09;
 - Current national risks relevant to the Council's local circumstances; and
 - Our initial assessment of the Council's local risks and improvement priorities, based on meetings with senior officers, internal audit and review of key Council documents.
- 1.2 During 2008-09, the role of the Relationship Manager will be replaced by the post of a Comprehensive Area Assessment Lead ('CAAL'). The CAAL will provide the focal point for the Commission's work in your local area, lead the CAA process, and ensure that the combined inspection programme across all inspectorates is tailored to the level and nature of risk for the area and its constituent public bodies. The Commission has become the statutory gatekeeper of all inspection activity involving local authorities. Our work as auditors feeds into this process via the use of resources assessment and other risk based work as well as appropriate dialogue with the CAAL.
- 1.3 As we have not yet completed our audit for 2007-08, the audit planning process for 2008-09, including the risk assessment, will continue as the year progresses, and the information and fees in this plan will be kept under review and updated as necessary.

Our responsibilities

- 1.4 We comply with the statutory requirements governing our audit work, in particular, the Audit Commission Act 1998, the Local Government Act 1999 and the Code of Audit Practice (the Code).
- 1.5 The Code defines auditors' responsibilities in relation to:

- Audited bodies' arrangements for securing value for money in their use of resources (section two); and
 - The financial statements, including the annual governance statement (section three).
- 1.6 We comply with the statutory requirements governing audit work, in particular:
- The Audit Commission Act 1998;
 - The Code of Audit Practice; and
 - Auditing standards
- 1.7 The Audit Commission's Statement of Responsibilities of Auditors and of Audited Bodies sets out the respective responsibilities of the auditor and the Council. The Audit Commission has issued a copy of the Statement to every audited body.
- 1.8 The Statement summarises where the different responsibilities of auditors and of the audited body begin and end, and our audit work is undertaken in the context of these responsibilities.

2 Use of Resources Audit

Introduction and Approach

- 2.1 The Code of Audit Practice ('the Code') requires us to issue a conclusion on whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, having regard to a standard set of relevant criteria issued by the Audit Commission. This is known as the value for money conclusion. In meeting this responsibility we will review evidence that is relevant to the Councils' corporate performance management and financial management arrangements, and follow up work from previous years to assess progress in implementing agreed recommendations.
- 2.2 In accordance with the Code of Audit Practice, we are required to complete a number of pieces of work to support our Value for Money conclusion. These are set out in the following paragraphs.

Use of Resources Assessment

- 2.3 This will be the first year of a new use of resources assessment, which will form an element of the CAA framework. The Audit Commission has specified that auditors will complete a use of resources assessment for 2008-09.
- 2.4 There have been significant changes to the criteria for 2008-09. The assessment will emphasise the importance of improved value for money outcomes for local people. It is based on wider considerations other than cost and performance. It will also look at how commissioning and procurement are improving efficiency and how non-financial resources are used to support value for money.
- 2.5 The overall judgement will be based upon the evidence from three themes scored by the auditor and will give particular emphasis to the value for money outcomes being achieved. The assessment criteria below are based on current proposals:

Table One - Proposed Use of resources assessment criteria

Managing money	<ul style="list-style-type: none"> • Financial health • Financial planning • Understanding costs • Financial monitoring and forecasting • Financial reporting
Managing the business	<ul style="list-style-type: none"> • Leadership • Performance management • Commissioning and procuring services • Risk management and internal control • Ethical behaviour and counter-fraud
Managing other resources	<ul style="list-style-type: none"> • Natural resources • Physical assets • People and IT

- 2.6 We will report details of the scores and judgements made to the Council. The scores will be accompanied, where appropriate, by recommendations for improvement. The scores will be reported to the Audit Commission and used as the basis for its overall use of resources judgement for the purposes of CAA.
- 2.7 For each of the significant risks identified in relation to our use of resources work, we consider the arrangements put in place by the Council to mitigate these risks and plan our work accordingly.
- 2.8 Our initial risk assessment for use of resources work is shown in Table Two overleaf. This will be updated through our continuous planning process as the year progresses.

Risk Assessment and Audit Response

Table Two Local Risk Based Work to Support the 2008-09 Value for Money Conclusion

Risk	Proposed audit response
The Council is proposing to enter into a shared services arrangement for various functions including financial ledgers and payroll with four of its neighbouring authorities. As part of this, it is planned that the Council will change its financial ledgers in December 2008.	Liaise with, and monitor the progress of, the Council with proposals up to the point of implementation of the shared services. Any move to a shared service will result in additional computer audit work being required to ensure that there has been no loss or degradation of data at the point of transfer of Financial Ledgers.
Inadequate workforce planning and capacity can impact on delivery of ambitions and priorities, further continuous improvement and strategic planning.	Workforce planning will be covered by the "Managing other resources" theme in the Use of Resources assessment.
All types of public body will need to be preparing for and responding to the sustainability agenda.	The sustainability development agenda will be covered by the "Managing other resources" theme in the Use of Resources assessment.

Data Quality

2.9 The Audit Commission has specified that auditors will be required to undertake audit work in relation to data quality. This is based on a three-stage approach covering:

- Stage 1 – review of corporate arrangements;
- Stage 2 – analytical review; and
- Stage 3 – risk-based data quality spot-checks of a sample of performance indicators.

2.10 Work will be focused on the overall arrangements for data quality, particularly on the responsibility of the Council to manage the quality of its data, including data from partners where relevant.

2.11 Our fee estimate reflects an assessment of risk in relation to the Council's data quality arrangements and performance indicators. This risk assessment may change depending on our assessment of your overall corporate arrangements at stage 1 and we will update our plan accordingly, including any impact on the fee.

Other mandated work

2.12 The Council participates in the National Fraud Initiative, which is the Audit Commission's computerised data matching exercise designed to detect fraud perpetrated against public bodies. This work will be carried out by an individual appointed to assist in the audit of the Council's accounts (in accordance with section 3(9) of the Audit Commission Act 1998) and will be considered as part of our Use of Resources assessment.

3 Financial Statements Audit

Introduction and Approach

- 3.1 The Council's financial statements are an essential means by which it accounts for the stewardship of resources and its financial performance in the use of those resources. It is the responsibility of the Council to:
- Ensure the regularity of transactions by putting in place systems of internal control to ensure that financial transactions are in accordance with the appropriate authority;
 - Maintain proper accounting records; and
 - Prepare financial statements which present fairly the financial position of the Council and its expenditure and income in accordance with the Statement of Recommended of Practice.
- 3.2 The auditor is required to audit the financial statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board (APB). We are required to give an opinion as to:
- Whether they present fairly the financial position of the Council and its expenditure and income for the year in question;
 - Whether they have been prepared properly in accordance with relevant legislation, applicable accounting standards and other reporting requirements; and
 - Whether the Annual Governance Statement ('AGS') has been presented in accordance with relevant requirements and to report if it does not meet these requirements, or if the statement is misleading or inconsistent with our knowledge.
- 3.3 In order to gain sufficient assurance to support our opinion on the financial statements, we will carry out a review of:
- The Council's arrangements for the preparation of its financial statements, the AGS and the Whole of Government Accounts ('WGA') consolidation pack. The 2008-09 WGA consolidated pack will need to be produced in accordance with the International Financial Reporting Standards (IFRS).

- Internal audit, to determine the extent of reliance we can place on their work for the purposes of our audit;
 - The internal control framework for key financial systems;
 - The materiality of balances and transactions impacting on the financial statements; and
 - The key risks relevant to the preparation and audit of the financial statements.
- 3.4 The adoption of International Financial Reporting Standards ('IFRS') within the public sector has been deferred until 2009/10, but local government remains on target to implement IFRS in 2010/11.

Risk Assessment and Audit Response

- 3.5 We are required to issue an opinion on whether the financial statements present fairly the financial position of the Council as at 31 March 2009, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2008 ('SoRP'). We will carry out our audit of the accounts in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board ('APB').
- 3.6 Our audit will be risk based. We have not yet carried out a detailed risk assessment for our audit of the 2008-09 accounts, as we have yet to undertake the audit of the 2007-08 accounts. Our high level risk assessment is summarised in Table Three below. We will keep our risk assessment under review, and prepare our audit strategy document in June 2009 to take account of our work in continually assessing risks to the audit of the financial statements.

Table Three: 2008-09 Financial Statements Audit □ Initial Risk Assessment

Area	Audit Response
Significant redevelopment of Pathfinder House and the Council depot is on-going with the projected total cost estimated at £23m. The project is planned to complete in 2008/9.	We will continue to monitor progress of the development through review of the Council's capital programme update reports and our quarterly liaison meetings with the Council.

Area	Audit Response
<p>Proposals have been made to review the management of five leisure centres which are currently managed under a dual use agreement. The Council currently acts as the accountable body for these Centres.</p> <p>Constitutional reform of the Centres is due to complete in 2008/9 and may result in the Centres being incorporated fully into the Council's accounts. Any incorporation/change to management arrangements will result in additional disclosures being required to be made in the accounts.</p>	<p>We will liaise with the Council throughout this process and provide advice on the necessary accounting treatment as required.</p>

4 Grant Claims and Returns

Introduction and Approach

- 4.1 In addition to our Code responsibilities, we are required by the Audit Commission to certify the Council's grant claims and returns, in accordance with the following arrangements:
- Claims and returns below £100,000 are not subject to certification;
 - Claims and returns between £100,000 and £500,000 are subject to a reduced, 'light -touch' certification; and
 - Claims and returns 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.
- 4.2 Robust arrangements for preparing, albeit a small number of claims and returns are important to mitigate a number of risks, including:
- Increased costs to the Council, both in terms of incurring additional fees and also officer time in dealing with issues arising from certification work;
 - Delayed payment of grant or financial penalty from grant paying departments, due to delays in claim certification;
 - Risk of unexpected grant repayment due to amendments and qualifications; and
 - Potential adverse impact on external assessment of the Council's governance and internal control arrangements.
- 4.3 To assist the Council in ensuring that arrangements for preparing 2008-09 claims and returns are robust, we will:
- Follow up on any issues raised during our 2007-08 certification work in relation to the Council's preparation of grants;
 - Agree the timetable and estimated budget in advance of carrying out our certification work; and
 - Prepare a grants report, summarising issues from the 2008-09 audit, to facilitate continuous improvement.

5 Audit Team and working together

The Team

5.1 The key members of the audit team for 2008-09 are shown in Table Four.

Table Four: Key team members

Name	Responsibilities
Paul Winrow Engagement Lead paul.winrow@gtuk.com 07787 152884	Responsible for the overall delivery of the audit including the quality of outputs, signing the opinion and conclusion, and liaison with the Chief Executive and the Corporate Governance Panel.
Liz Sanford Audit Manager liz.sanford@gtuk.com	Manages and co-ordinates the different elements of the audit work, including certification grant claim and returns. Key point of contact for the Head of Financial Services and the accountancy team.
Thomas Foster Performance Manager thomas.foster@gtuk.com	Responsible for the delivery of elements of the use of resources work including the value for money theme of the use of resources assessment, and data quality work.
Bob Jacobs Information Technology Audit Manager bob.s.jacobs@gtuk.com	Responsible for the delivery of the Information Technology aspects of our audit.

5.2 The core audit team will be supported by other specialist and support staff, as necessary, during the course of the audit, including:

- Governance and Risk Assurance specialists; and
- Technical Accounting specialists.

Independence

- 5.3 We are not aware of any relationships that may affect the independence and objectivity of the audit team, which we are required by auditing and ethical standards to communicate to you. We comply with the ethical standards issued by the APB and with the Audit Commission's requirements in respect of independence and objectivity as summarised at Appendix A.

Audit Outputs

- 5.4 The table below summarises the audit reports we plan to issue in respect of the 2008-09 audit plan.

Table Five: Summary of Planned Outputs

Planned output	Indicative Date
2008-09 Audit plan	April 2008
2008-09 Audit Strategy Document to those charged with governance (which will cover accounts)	June 2009
2008-09 Annual report to those charged with governance ('ISA 260' report which will cover accounts and value for money conclusion)	September 2009
Data quality audit reporting	November 2009
Use of resources – 2008-09 reporting of scores and recommendations	November 2009
Annual audit letter	November 2009
2008-09 Grant Claims Report - if required	January 2010

- 5.5 Our reports are prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies, issued by the Audit Commission. Reports are addressed to members or officers and are prepared for the sole use of the audited body, and no responsibility is taken by auditors to any member or officer in their individual capacity, or to any third party.

Quality of service

- 5.6 We are committed to achieving and maintaining the highest quality of service. If you have any comments on our service, please contact Paul Winrow, in the first instance. Alternatively you may wish to contact Grant Thornton's National Head of Government Audit, Richard Tremeer.
- 5.7 If we are unable to satisfy your concerns, you have the right to make a formal complaint to the Audit Commission. The complaints procedure is set out in the

leaflet 'Something to Complain About' which is available from the Commission's website or on request.

Meetings

5.8 The audit team will maintain knowledge of your issues to inform our risk-based audit through regular liaison with key officers.

5.9 The meetings will be organised by Grant Thornton and our proposal for this is as described in the table below.

Table Six: Proposed meetings

Council officers	Audit team	Timing	Purpose
Director of Commerce and Technology, Head of Financial Services	Engagement Lead (EL) and Audit Manager (AM).	Quarterly: To be arranged	General update plus audit plan, accounts and VFM progress.
Head of Internal Audit	EL and AM	At least every six months	Update on audit progress and issues.
Accountancy Manager	EL and AM	At least every six months	Update on financial statement audit issues.
Corporate Governance Panel	EL and AM, with Performance Lead and IT Audit Manager as appropriate	In accordance with Corporate Governance Panel timetable	Formal reporting of: Audit Plan Annual governance report Annual audit letter Other issues and reports as appropriate

6 Audit Fee

The fee

- 6.1 We are committed to targeting work where it will have the greatest effect, based upon assessments of risk and performance. This means planning our audit work to address areas of risk relevant to our audit responsibilities and reflecting this in the audit fees. It also means making sure that our work is coordinated with the work of other regulators, and that our work helps you to improve.
- 6.2 Our risk assessment process starts with the identification of the significant financial and operational risks applying at the Council with reference to:
- Our cumulative knowledge of the Council;
 - Planning guidance issued by the Audit Commission;
 - The specific results of previous and ongoing audit work;
 - Meetings with Council officers;
 - Liaison with internal audit; and
 - The results of other review agencies' work where relevant.
- 6.3 The structure of scale fees is set out in the Audit Commission's work programme and fee scales 2008-09. Scale fees are based on a number of variables, including the type, size and location of the audited body.
- 6.4 The Audit Commission has undertaken a national consultation exercise on their proposed work programme and fees for 2008-09. This follows the consultation exercise on the proposed new approach to auditors' use of resources assessments and the introduction of Comprehensive Area Assessment.
- 6.5 Our planned fee for the 2008-09 Code audit work is £102,847 this compares with £97,080 for 2007-08. It should be noted that the total fee has been calculated on the basis that all five leisure centres will require full code audits, whereas only four were subject to this in 2007-08.
- 6.6 A breakdown of the audit and inspection fee is provided in Table Seven overleaf.

Table Seven: Audit Fee

Area	Plan 2008-09 £	Plan 2007-08 £
Financial statements	40,147	39,360
Use of Resources	34,830	34,400
Whole of Government Accounts	2,870	2,870
Audit of Leisure Centres	25,000	20,450
Total Audit Fee	102,846	97,080
Estimate for certification of grant claims and returns	TBC	20,000

6.7 The planned fee above, excludes:

- Certification of grant claims and returns - we will provide an estimate of the cost of certifying 2008-09 grant claims and returns once the 2007-08 certification process has been completed;
- The Audit Commission's fee for participation in the National Fraud Initiative, which continues to be billed separately; and
- Dealing with any local government elector questions and objections, which will be billed separately, as required.

Assumptions

6.8 In setting the fee, we have assumed that:

- The level of risk in relation to the audit of the financial statements is not significantly different from that identified for 2007-08;
- The Council will inform us of significant developments impacting on our audit;
- Internal audit meets the appropriate professional standards;
- Internal audit undertakes appropriate work on all systems that provide material figures in the financial statements sufficient that we can place reliance for the purposes of our audit;
- The Council continues to provide best practice quality working papers and records will be provided to support the financial statements by the start of our audit;
- Requested information will be provided within agreed timescales; and

- Prompt responses will be provided to draft reports.
- 6.9 The Audit Commission has the power to determine the fee above or below the scale fee where it considers that substantially more or less work is required than envisaged by the scale fee. The Audit Commission may, therefore, adjust the scale fee to reflect the actual work that needs to be carried out to meet the auditor's statutory responsibilities, on the basis of the auditor's assessment of risk and complexity at a particular body.
- 6.10 It is a matter for the auditor to determine the work necessary to complete the audit and, subject to approval by the Audit Commission, to seek to agree an appropriate variation to the scale fee with the Council. The Audit Commission expects normally to vary the scale fee by no more than 30 per cent (upwards or downwards). This fee then becomes payable. The planned fee for 2008/9 is -30% less than the scale fee.

Process for agreeing changes in audit fees

- 6.11 Any changes to the plan and proposed fee will be agreed with the Director of Commerce and Technology in advance, and reported to the Corporate Governance Panel. Changes may be required if the Council's residual audit risks alter, or is a different level of work is required, for example by the Audit Commission or as a result of changes in legislation, professional standards or financial reporting requirements.

Billing Arrangements

- 6.12 The audit and inspection fee will be billed as follows:

Table Eight: Billing schedule

Fee	Billing Profile
Audit fee £25,712	Quarterly: June 2008, September 2008, December 2008 and March 2009

Additional Services

- 6.13 Under section 35 of the Audit Commission Act 1998, we may undertake additional services work at the request of the audited body.

Non Code Work

- 6.14 We may agree to carry out additional work outside of the core audit, or non-audit work provided it does not present a conflict of interest and is in accordance with Audit Commission guidance. The scope and fees for any such work will be agreed with the Director of Commerce and Technology in advance and will be reported to the Corporate Governance Panel.

7 2008/09 Inspection Plan

CPA and Inspection

- 7.1 The Audit Commission's CPA and inspection activity is underpinned by the principle of targeting our work where it will have the greatest effect, based upon assessments of risk and performance.
- 7.2 The Council's CPA category is therefore a key driver in the Commission's inspection planning process. In 20045, the Council was categorised as excellent.
- 7.3 The Commission has applied the principles set out in the CPA framework, CPA – district council framework from 2006, recognising the key strengths and areas for improvement in the Council's performance.
- 7.4 Strengths in the Council's performance include:
- The Council is making improvement in many priority areas.
 - Progress has been made on equalities with level two of the equalities standard achieved
 - The Council has clear plans and investment for improvement which focus resident priorities .
- 7.5 Areas for improvement in the Council's performance include:
- Overall improvement and comparative performance as measured by performance indicators is below average.
 -
- 7.6 On the basis of their planning process the Commission have identified where inspection activity will be focused for 2008/09 as follows.

Table Nine: Summary of inspection activity

Inspection activity	Reason/impact
Relationship Manager (RM) / Comprehensive Area Assessment Lead (CAAL) role	To act as the Commission's primary point of contact with the Council and the interface at the local level between the Commission and the other inspectorates, government offices and other key stakeholders.
Direction of Travel (DoT) assessment	An annual assessment, carried out by the RM, of how well the Council is securing continuous improvement. The DoT statement will be reported in the annual audit and inspection letter. The DoT assessment summary will be published on the Commission's website.

Appendix A Independence and objectivity

Auditors appointed by the Audit Commission are subject to the Code of Audit Practice ("the Code") which includes the requirement to comply with ISAs when auditing the financial statements. Professional standards require auditors to communicate to those charged with governance, at least annually, all relationships that may bear on the firm's independence and the objectivity of the audit engagement partner and audit staff. Standards also place requirements on auditors in relation to integrity, objectivity and independence.

The standard defines 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case, the appropriate addressee of communications from the auditor to those charged with governance is the Corporate Governance Panel. The auditor reserves the right, however, to communicate directly with the Executive matters which are considered to be of sufficient importance.

Auditors are required by the Code to:

- Carry out their work with independence and objectivity;
- Exercise their professional judgement and act independently of both the Commission and the audited body;
- Maintain an objective attitude at all times and not act in any way that might give rise to, or be perceived to give rise to, a conflict of interest; and
- Resist any improper attempt to influence their judgement in the conduct of the audit.

In addition, the Code specifies that auditors should not carry out work for an audited body that does not relate directly to the discharge of the auditors' functions under the Code. If the Council invites us to carry out risk-based work in a particular area, which cannot otherwise be justified to support our audit conclusions, it will be clearly differentiated as non-Code work in the plan.

The Code also states that the Audit Commission issues guidance under its powers to appoint auditors and to determine their terms of appointment. The Standing Guidance for Auditors includes several references to arrangements designed to support and reinforce the requirements relating to independence, which auditors must comply with. These are as follows:

- Any staff involved on Audit Commission work who wish to engage in political activity should obtain prior approval from the Engagement Lead;

- Audit staff are expected not to accept appointments as lay school inspectors;
- Firms are expected not to risk damaging working relationships by bidding for work within an audited body's area in direct competition with the body's own staff without having discussed and agreed a local protocol with the body concerned;
- Auditors are expected to comply with the Audit Commission's statements on firms not providing personal financial or tax advice to certain senior individuals at their audited bodies, auditors' conflicts of interest in relation to PFI procurement at audited bodies, and disposal of consultancy practices and auditors' independence;
- Auditors appointed by the Audit Commission should not accept engagements which involve commenting on the performance of other Audit Commission auditors on Audit Commission work without first consulting the Audit Commission;
- Auditors are expected to comply with the Audit Commission's policy for both the Engagement Lead and the second in command (Audit Manager) to be changed on each audit at least once every five years with effect from 1 April 2003 (subject to agreed transitional arrangements);
- Audit suppliers are required to obtain the Audit Commission's written approval prior to changing any Engagement Lead in respect of each audited body; and
- The Audit Commission must be notified of any change of second in command within one month of making the change. Where a new Engagement Lead or Audit Manager has not previously undertaken audits under the Audit Commission Act 1998 or has not previously worked for the audit supplier, the audit supplier is required to provide brief details of the individual's relevant qualifications, skills and experience.

COMPLAINTS
(Report by the Director of Central Services)

1. INTRODUCTION

- 1.1 The purpose of this report is to provide Members with an analysis of internal complaints and a summary of complaints determined by the Local Government Ombudsman.

2. SUMMARY OF INTERNAL COMPLAINTS

- 2.1 The Council's internal complaints system summarises complaints into six categories as follows:-

- ◆ action of employee;
- ◆ council policy;
- ◆ council procedures;
- ◆ equality of service;
- ◆ failure to respond; and
- ◆ service delivery.

- 2.2 The table attached at Annex A provides an analysis of complaints by complaint reason, the Division involved and results compared with the previous two years.

- 2.3 The Council captures information relating to verbal complaints. These complaints predominantly relate to the Operations Division and for the period 2007/08 921 complaints were received out of 43,699 service requests, which represented a complaint rate of 2.1%.

3. SUMMARY OF OMBUDSMAN COMPLAINTS

- 3.1 The Local Government Ombudsman Service has published its provisional statistics for complaints determined against the District Council in the year 1st April 2007 to 31st March 2008.

- 3.2 The Ombudsman has received 18 complaints in 2007/08, which represents a small increase on the 17 received in the previous year. The following table provides a summary of the complaints received by decision compared with previous years.

Decisions	2005/06	2006/07	2007/08
Formal report finding maladministration causing injustice	0	0	0
Complaints settled locally	5	1	1
Maladministration causing no injustice	0	0	0
No maladministration	0	0	0
No, or insufficient, evidence of maladministration	9	7	3
Ombudsman's Discretion	1	3	1
Outside LGO's jurisdiction	0	3	4
Premature complaints	2	3	9
Total excluding premature	15	14	9
Total	17	17	18

3.3 One complaint was settled locally which concerned the processing of a planning application and as a result the Council agreed to pay the complainant £500 (see report elsewhere on the Agenda). This represented the total amount of compensation paid during the year.

3.4 A comparison of complaints received by subject area in relation to District Council services, including premature complaints, is set out in the table below. The largest number of complaints received related to planning, which is typical for rural England.

Subject Area	2005/06	2006/07	2007/08
Transport and highways	2	0	2
Housing (not including HB)	0	0	2
Housing Benefit	0	2	0
Public finance	1	0	1
Planning & Building Control	6	9	12
Other	3	5	2
Total	12	16	19

3.5 The difference in the totals between the two tables is attributable to the fact that the Ombudsman may receive a complaint in one year but the decision may not be made until the following year.

3.6 The Ombudsman does not normally consider a complaint unless a Council has had the opportunity to deal with the complaint itself. So if someone complains to the Ombudsman without having taken the

matter up with a Council the Ombudsman will usually refer it back to the Council as a '*premature complaint*' to see if the Council can itself resolve the matter.

- 3.7 The average time for the Council responding to complaints was 30 days against a target of 28 days. In 2006/07 the average time taken to respond to the Ombudsman was 28 days.

4. CONCLUSION AND RECOMMENDATIONS

- 4.1 The Panel are invited to note the contents of the report.

BACKGROUND PAPERS

Local Government Ombudsman Provisional Complaint Statistics 2007/08

Contact Officer: Tony Roberts
Central Services Manager
(01480) 388004

Annex A

Complaint Reason	Division Involved 2005/06 and action	Division involved 2006/07 and action	Division involved 2007/08 and action
Action of Employee	2 Development Control (2 SI) 8 Council Tax (7 NAT and 1 RTC) 1 Housing (NAT) 1 Public Health 1 Benefits (FT) 1 Admin - Ops	3 Housing (NAT and 1 SI) 1 Public Health 4 Council Tax (NAT, 1SI and 1 FT) 3 Development Control (NAT) 2 Benefits (NAT) 2 Planning Policy	1 Public Health 1 Benefits (SI) 5 Development Control 2 Planning Policy
Council Policy	1 Housing (NAT) 3 Benefits (SI) (NAT) 2 Council Tax (2 NAT)	3 Council Tax (NAT) 1 Development Control 7 Benefits (NAT)	3 Council Tax 2 Benefits 4 Housing (NAT) 1 Development Control
Council Procedures	3 Benefits (2 SI) (CIP) 5 Council Tax (4 NAT) (FT) 1 Business Rates (NAT) 1 Housing (SI) 1 Development Control	2 Development Control (NAT) 7 Benefits (NAT and 1 CIP) 6 Council Tax (NAT and 1 CIP) 1 Housing (NAT) 1 Recruitment	1 Development Control (NAT) 4 Benefits (1 NAT, 2 SI) 1 Business Rates (NAT) 5 Housing (3 NAT) 1 Commercial Team
Equality of Service	2 Development Control (2 NAT) 1 Operational (SI)		1 Housing (NAT) 1 Operational 1 Development Control
Failure to Respond	1 Housing (NAT) 2 Benefits 1 Development Control (SI)	1 Development Control	
Service Delivery	4 Development Control (3 NAT) 4 Council Tax (4 NAT) 1 Highways 1 Business Rates 1 Operational 1 Planning Policy 1 Housing (SI) 2 IT	1 Development Control (NAT) 2 Council Tax (NAT and 1 SI) 2 Benefits (NAT) 2 Planning Policy (NAT) 1 Housing (NAT)	8 Development Control 3 Operational (CIP) 1 Amenities 2 Benefits (1 SI, 1 NAT) 2 Housing (1 NAT) 4 Council Tax (NAT) 1 Planning Policy
Total	53	52	58

KEY:

NAT	No Action Taken
CIP	Change in Procedures
SI	Staff Instruction
RTC	Referral to Contractor
CIS	Change in Service
FT	Formal Training

By virtue of paragraph(s) 4, 7 of Part 1 of Schedule 12A of the Local Government Act 1972.

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