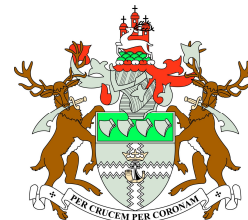


Supplementary Council Agenda



Epping Forest District Council

Council Tuesday, 20th April, 2010

Place: Civic Offices, High Street, Epping
Room: Council Chamber
Time: 7.30 pm
Committee Secretary: Council Secretary: Ian Willett
Tel: 01992 564243 Email: iwillett@eppingforestdc.gov.uk

6. REPORTS FROM THE LEADER, CHAIRMAN OF THE OVERVIEW AND SCRUTINY COMMITTEE AND MEMBERS OF THE CABINET (Pages 3 - 6)

To receive reports from the Leader, Chairman of the Overview and Scrutiny Committee and members of the Cabinet on matters falling within their area of responsibility:

- (a) Report of the Leader;
- (b) Report of the Chairman of the Overview and Scrutiny Committee;
- (c) Report of Community Safety and Transport Portfolio Holder;
- (d) Report of Environment Portfolio Holder;
- (e) Report of Finance and Economic Development Portfolio Holder;
- (f) Report of Housing Portfolio Holder;
- (g) Report of Legal and Estates Portfolio Holder;
- (h) Report of Leisure and Wellbeing Portfolio Holder - attached;
- (i) Report of Performance Management Portfolio Holder - attached.

18. REPORT OF THE AUDIT AND GOVERNANCE COMMITTEE - ANNUAL REPORT 2009/10 (Pages 7 - 14)

(Councillor A Green – Chairman of the Committee) To receive the attached Annual report.

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Report to the Council

Committee: Cabinet

Date: 20 April 2010

Subject: Leisure and Wellbeing Portfolio

Portfolio Holder: Councillor Brian Rolfe

Item: 6(h)

Recommending:

That the report of the Leisure and Wellbeing Portfolio Holder be noted.

SLM Contract

Negotiations have commenced with SLM, the Council's Leisure Services provider regarding an extension to their existing contract which expires in January 2013, with an option to extend for a further 3 years. Members will recall that this exercise is tied in with the discussions with SLM regarding the provision and operation of a new sports hall at Waltham Abbey Swimming Pool and the recent decisions of Council to approve capital funding at Loughton and Ongar in order to reduce overall revenue spend through the contract management fee. I will be seeking Members' views on any changes they may wish to see such as opening hours and bank holiday closures.

District Museum

Extended funding has recently been secured from Heritage Lottery Fund and Renaissance in the Regions for 2010/11, to continue the post of Exhibitions Asst. which supports the production of a Touring Exhibitions programme. This will enable a further series of exhibitions to be produced for display at the Museum and then toured across Essex and the East Region.

Recent monitoring of the Museum Service has identified a range of increases in visitor and participant activity including a 35% increase in workshops for schools; more applications for 'Loan Boxes' and greater numbers attending activity workshops based at the Museum.

Community Development

£50,000 has recently been secured from Big Lottery as part of its Play Builder's Fund, for provision of a new skateboarding facility in Town Mead Waltham Abbey. This funding is being part matched by Waltham Abbey Town Council.

Sports Development

A special trampolining project for children with additional needs funded through £27,000 from ECC Local Priority Fund, has been highlighted as a model of best practise in West Essex. The project which is provided by Sports Development takes place at Epping Sports Centre and is designed especially to improve self esteem and confidence amongst children referred through schools. Early feedback from schools

and families highlights significant improvement in children's attainment and confidence in general.

Community Arts

The Arts Council has recently agreed to the development of a new £15,000 project for the district, which will see the enhancement of creative skills amongst local youth activity providers and voluntary groups, for the benefit of people of all ages in local communities.

Youth Council

A very successful Youth Conference was hosted by Epping Forest Youth Councillors in March, which was attended by 80 year 10 pupils representing all secondary schools across the district. The event included discussion groups to allow participants to put forward their views on local priorities for young people and a mass debate on whether the voting age should be lowered to 16 years.

Report to the Council

Committee: Cabinet

Date: 20 April 2010

Subject: Performance Management Portfolio

Portfolio Holder: Councillor Richard Bassett

Item: 6(i)

Recommending:

That the report of the Performance Management Portfolio Holder be noted.

Cabinet Key Objectives 2010/11

We have now finalized the Key Objectives for 2010/11. We have reduced the number down from last year to just 12 with much clearer actions and targets all linked back to Medium-Term Aims and budget for 2010/11. Work is now progressing on the new Council Plan for 2010/14.

Key Performance Indicators

At the next meeting of the Finance and Performance Management Scrutiny Panel we will be reporting on Adoption of Key Performance Indicators 2010/11. Since the last meeting of the Scrutiny Panel, the Council has received notification from the Department for Communities and Local Government of the deletion of the following National Indicators (NI) which had been adopted as KPIs for 2009/10, with effect from 1 April 2010:

- NI 14 Reducing avoidable contact
- NI 170 Previously developed vacant land
- NI 180 Housing/Council Tax Benefit – Changes of circumstance
- NI 184 Food establishments broadly compliant with food hygiene law

Although there is no longer a statutory requirement to report performance against these indicators, it is considered that NI 14 (Avoidable Contact) has proved to be a useful tool for the identification of areas for service improvement over the last two years. Given that systems are already in place for the assessment of levels of avoidable contact across relevant service areas, the Corporate Executive Forum wishes to explore options for maintaining the spirit and purpose of NI 14 through the development of a replacement local performance indicator, and it is intended that a further report in this respect will be made to a future meeting of the Scrutiny Panel.

Also being presented will be an interesting document which will map the NIs and LPIs back to the Sustainable Community Strategy Key Objectives, Sustainable Community Strategy Key Objectives, and the Cabinet Key Objectives.

Business Plans from Directorates

I have also been reviewing many of the business plans from the departments for 2010/11 and have tried to ensure that they line up with the Key Objectives. This is progressing well but I still have several to finalise.

Emergency Planning

There shortly will be a consultation workshop which will discuss the development of a coordinated emergency response that would incorporate Parish and Town views as well as the District Council's and will be based on the . This is based on the consultation document that we have received from the Cabinet Office called the "Draft Strategic National Framework on Community Resilience"

This framework explores the role and resilience of individuals and communities before, during and after an emergency. Local emergency responders will always have to prioritise those in greatest need during an emergency, focusing their efforts where life is in danger. There will be times when individuals and communities are affected by an emergency but are not in immediate danger and will have to look after themselves and each other for a period until any necessary external assistance can be provided. This framework, therefore, invites individuals and communities to prepare themselves in the event of an emergency and provides examples of how to do so.

It will be an exploratory debate on how community resilience might work in the Epping Forest Area and will be developed in the District against the background of the proposals outlined in the consultation documents. We have arranged a consultation workshop for Wednesday 26 May 2010 (10.00 to 12.30p.m) here at the Civic Offices and invitations will go out this week to all Parish and Town Councils. The consultation runs until 1 July 2010.

EPPING FOREST DISTRICT COUNCIL

THIRD ANNUAL REPORT

OF THE

AUDIT AND GOVERNANCE COMMITTEE

2009/10

1. INTRODUCTION

- 1.1 Epping Forest District Council's Audit and Governance Committee was established in 2007. This is the Committee's third Annual Report, covering the municipal year 2009/10.
- 1.2 Membership of the Committee comprises three District Councillors: during 2009/10 these were Councillors Andrew Green (Chairman), Ann Haigh and Antony Watts; and two independent members: Melanie Peddle (Vice Chairman) and Robert Thompson.

2. TERMS OF REFERENCE

- 2.1 In summary, the purpose of the Committee is to provide:
 - 2.1.1 independent assurance on the adequacy of the Council's risk management framework and the associated control environment;
 - 2.1.2 independent scrutiny of the Council's financial and non-financial performance, to the extent that it affects the Council's exposure to risk and weakens the control environment;
 - 2.1.3 oversight of the financial reporting process.
- 2.2 The full terms of reference are set out in Appendix 1.
- 2.3 Following the collapse of the Icelandic banks national reports were published by the Audit Commission in March 2009 and by the Communities and Local Government Select Committee in June 2009. In November 2009, acting on recommendations in both reports for improvements to treasury management controls, the Chartered Institute of Public Finance & Accountancy (CIPFA) revised its Treasury Management Code of Practice and its Prudential Code.
- 2.4 A key change to the Codes was that "The Council will be expected to name a committee to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and Policies." Consequently, it is proposed to add that responsibility to the terms of reference of the Committee as soon as due process permits.

3. MEETINGS

- 3.1 The Committee met five times during the municipal year.
- 3.2 The Committee is supported by the Director of Finance and ICT and the Chief Internal Auditor, who attend Committee meetings.
- 3.3 The Council's external auditors are invited to attend meetings of the Committee and may, when they consider it appropriate, request a private meeting with the Committee, with other parties excluded.

- 3.3 In addition the Committee invites senior officers to attend its meetings, to aid the Committee's understanding of relevant issues and to explain delays in implementing audit recommendations, especially high priority recommendations.
- 3.4 A Corporate Governance Group, consisting of senior Council officers, chaired by the Chief Executive, meets monthly to consider governance issues across the whole of the Council's operations. Its minutes are circulated to the Committee for information and review.

4. THE YEAR IN REVIEW

Control Environment and Risk Management Arrangements

- 4.1 Through the year, the Committee kept under review the effectiveness of the Council's arrangements for risk management. These comprise the Risk Management Strategy, Risk Management Policy Statement, Corporate Risk Register and terms of reference for the Officer Risk Management Group. The Committee believed that, taken together, these represented appropriate and cohesive risk management arrangements. Additionally, the Committee was concerned to know that the Council's management showed a good level of risk awareness in its routine operations.
- 4.2 To assist it in seeking assurance that the Council was following appropriate and relevant Audit Commission recommended best practices, the Committee reviewed the executive summaries and recommendations from several Audit Commission National Local Government Studies. Topics covered included Icelandic banks; managing local strategic partnerships; strategic asset management; responding to the recession; fighting fraud; and data security.
- 4.3 At the Committee's request, it received six-monthly reports on material insurance claims, to allow it to consider if any claims might have resulted from internal control failures that required to be addressed.
- 4.4 Following adverse audit reports, the Committee received a presentation on performance improvement in the Building Maintenance Works Unit. The Committee was advised of progress in implementing improvements and sought assurance that outstanding issues would be dealt with by target dates. The Committee reminded the responsible officer of its concerns over the poor results achieved by the audits of each stock-take and asked to be kept updated on progress.
- 4.5 The Committee received a report of an internal investigation into a breach of the Data Protection Act in respect of certain personal data for taxi driver licensing. The Committee was satisfied that corrective measures being put in place should be sufficient to avoid a recurrence of the internal control failure that gave rise to the breach. The Committee had asked that the level of risk for loss of data be reviewed in the Corporate Risk Register. An increased risk level was duly agreed.

- 4.6 Each year, the Council is required to publish an Annual Governance Statement. The Committee reviewed and approved the Council's statement for 2008/09 and the associated action plan identifying future improvements to the process for compilation and publication of the statement.

Effectiveness of the System of Internal Audit

- 4.7 The Committee reviewed and approved the Council's Annual Internal Audit Plan for 2009/10, which set out the programme of internal audits for the year. The Committee was concerned to ensure that due precedence was given to departments and processes where there were higher levels of risk, especially with regard to financial loss and potential for loss of data.
- 4.8 The Committee received quarterly monitoring reports on the performance and audit results of the Council's Internal Audit Unit. The Committee considered the reports in the context of the adequacy of the Council's governance arrangements and internal control framework. The Committee keeps under review progress in implementing Internal Audit recommendations for improvements.

Statutory Statements of Account

- 4.9 As required by its terms of reference, the Committee considered the draft Statements of Account for 2008/09. The Director of Finance and ICT explained changes to critical accounting policies and practices and two unusual transactions that were reflected in the Accounts. The Committee questioned the Director on various aspects of the Accounts and, having received satisfactory answers, recommended the Accounts to the Council for adoption.

External Audit Reports

- 4.10 Early in the year, the Council's external auditors (PKF (UK) LLP) presented to the Committee their annual plan and proposed fees for 2009/10, for noting and approval. The Committee also noted a number of risks highlighted by the Auditors which, while not significant, merited audit emphasis.
- 4.11 As well as undertaking the statutory audit of the Council's financial statements, the external auditors are required to assess the Council's performance in use of resources and achieving value for money, according to criteria set by the Audit Commission. The auditors presented their assessments to the Committee; the Council was rated as performing adequately in managing finances, governing the business and managing resources.
- 4.12 At the Committee's final meeting of the year, the auditors introduced their audit plan and proposed fees for 2010/11. A number of emerging external audit issues had been identified and the Committee noted that similar risks had been also identified in the Internal Audit Plan.

5. CONCLUSION

- 5.1 During the year under review, the Committee further extended its understanding of, and influence over, the Council's governance and risk management arrangements . However, the Council's is not a static business and to continue to be effective, the Committee must remain vigilant for new and different risks that will no doubt continue to emerge.

Background Information

Further information on the Audit and Governance Committee can be obtained from the Local Democracy / Committees / Audit and Governance Committee area of the Council's web site.

Terms of Reference

The Terms of Reference of the Audit and Governance Committee incorporate the following roles and functions for the Committee:

- (a) To consider the effectiveness of the Council's risk management arrangements, control environment and associated anti-fraud and anticorruption measures.
- (b) To seek assurances that action is being taken on risk related issues, identified by Auditors and Inspectors.
- (c) To be satisfied that the Council's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it.
- (d) To approve the Council's Internal Audit Strategy Plan, Annual Audit Plan and monitor performance against all associated plans.
- (e) To review summary Internal Audit reports and the main issues arising and seek assurance that action has been taken where necessary.
- (f) To receive an Annual Report from the Chief Internal Auditor.
- (g) To ensure that there are effective relationships between External and Internal Audit, Inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted.
- (h) To review financial statements, including the Council's Statement of Accounts, External Auditor's opinion and reports to Members, and monitor management action in response to the issues raised by External Audit.
- (i) Review, and challenge where necessary, the actions and judgements of Management, in relation to the Council's Statement of Accounts, paying particular attention to:
 - (i) critical accounting policies and practices, and any changes to them;
 - (ii) decisions requiring a major element of judgement;
 - (iii) the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
 - (iv) significant adjustments resulting from the audit; and
 - (v) any material weakness in internal control reported by the Internal or External Auditor.
- (j) Consider other reports of External Audit and inspection agencies which are relevant to the functions of the Committee.

(k) For the Committee to meet privately and separately at least once a year with the External Auditor and Chief Internal Auditor.

(l) To have the right to call any Members or officers of the Council as required.

(m) To consider performance and best value issues to the extent that they relate to the audit and control environment and risk management issues of the Council.

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