

Chief Executive's Office

Chief Executive: N.M. Pringle

**To: All Members of Cabinet:
R.J. Phillips (Leader)
G.V. Hyde (Deputy Leader)
Mrs. L.O. Barnett
P.J. Edwards
Mrs. J.P. French
J.C. Mayson
D.W. Rule MBE
R.V. Stockton
D.B. Wilcox
R.M. Wilson**

Your Ref:

Our Ref: NMP/CD

Please ask for: Mr. N.M. Pringle

Direct Line/Extension: (01432) 260044

Fax: (01432) 340189

E-mail: npringle@herefordshire.gov.uk

31st August, 2004

Dear Councillor,

**MEETING OF CABINET
THURSDAY, 9TH SEPTEMBER, 2004 AT 2.15 P.M.
COUNCIL CHAMBER, BROCKINGTON, 35 HAFOD ROAD, HEREFORD**

AGENDA (04/06)

1. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

2. DECLARATIONS OF INTEREST

To receive any declarations of interest by members in respect of items on this agenda.

3. PROPOSALS FOR A SINGLE, COHERENT CORPORATE PLANNING PROCESS

To approve proposals for a single, coherent corporate planning process which integrates the Herefordshire Plan ambitions, aims and targets; the Council's contribution, performance indicators and targets (including statutory Best Value and Performance Plans); the Council's actions and resources (financial, human, ICT and physical, including the Improvement Plan) to achieve them; and the Council's performance management. *(Pages 1 - 26)*

4. RECOVERY OF TOWN AND PARISH COUNCIL ELECTION COSTS

To review the charges for fees to be levied on parish and town councils at ordinary elections and for casual vacancies. *(Pages 27 - 30)*

5. BUDGET MONITORING 2004/05

To note the position with regard to revenue budget monitoring for Programme Areas in 2004/05. *(Pages 31 - 36)*

6. CAPITAL PROGRAMME MONITORING 2004/05 TO 31 JULY 2004

To note the current position of the Capital Programme forecast for 2004/05. *(Pages 37 - 44)*

7. TREASURY MANAGEMENT ACTIVITIES 2003/2004

To receive a report on the Council's Treasury activities for the period 1st April, 2003 to 31st March, 2004. *(Pages 45 - 56)*

8. AUDIT SERVICES ASSURANCE REPORT 2003/04

To receive a report on Audit Services activity during the year 2003/04 and an opinion on the Council's overall level of internal control including any areas of concern. *(Pages 57 - 78)*

9. POSTAL VOTING UPDATE

To note the recent recommendations of the Select Committee report on postal voting issues. *(Pages 79 - 82)*

10. HEREFORDSHIRE UNITARY DEVELOPMENT PLAN (UDP): REPRESENTATIONS TO THE REVISED DEPOSIT DRAFT

To agree a method for considering representations to the Revised Deposit Draft UDP. *(Pages 83 - 84)*

Yours sincerely,



N.M. PRINGLE
CHIEF EXECUTIVE

Copies to: Chairman of the Council
Chairman of Strategic Monitoring Committee
Vice-Chairman of Strategic Monitoring Committee
Chairmen of Scrutiny Committees
Group Leaders
Directors
County Secretary and Solicitor
County Treasurer

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- Inspect agenda and public reports at least five clear days before the date of the meeting.
- Inspect minutes of the Council and all Committees and Sub-Committees and written statements of decisions taken by the Cabinet or individual Cabinet Members for up to six years following a meeting.
- Inspect background papers used in the preparation of public reports for a period of up to four years from the date of the meeting. (A list of the background papers to a report is given at the end of each report). A background paper is a document on which the officer has relied in writing the report and which otherwise is not available to the public.
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- Have a reasonable number of copies of agenda and reports (relating to items to be considered in public) made available to the public attending meetings of the Council, Cabinet, Committees and Sub-Committees.
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COUNTY OF HEREFORDSHIRE DISTRICT COUNCIL

BROCKINGTON, 35 HAFOD ROAD, HEREFORD.

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Do not delay your vacation of the building by stopping or returning to collect coats or other personal belongings.

PROPOSALS FOR A SINGLE, COHERENT CORPORATE PLANNING PROCESS

PROGRAMME AREA RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

9TH SEPTEMBER, 2004

Wards Affected

County-wide

Purpose

To approve proposals for a single, coherent corporate planning process which integrates the Herefordshire Plan ambitions, aims and targets; the Council's contribution, performance indicators and targets (including statutory Best Value and Performance plans); the Council's actions and resources (financial, human, ICT and physical, including the Improvement Plan) to achieve them; and the Council's performance management.

Key Decision

This is not a Key Decision

Recommendation

THAT the new corporate planning process should be put into place with immediate effect and that the structure and broad content headings for the Corporate Plan for 2005-2008 should be as proposed in Appendix 2 to the report.

Reasons

In publishing its updated current Corporate Plan at the end of June 2004, the Council declared its intention to review its corporate planning process so as to ensure clarity about priorities and that all the Council's resources are deployed effectively and efficiently to achieve them

Considerations

1. At present the Council has a number of different processes and plans which are imperfectly related one to another. As the 2002 Comprehensive Performance Assessment (CPA) found, this makes it difficult to communicate overall priorities clearly, internally and externally, and inhibits effective performance management, particularly at the level of the Cabinet and the Council. Although important progress has been made since the CPA by means of the Council's first Corporate Plan and the Improvement and Performance plans, these have also increased the number of plans and the potential for confusion.
2. The Council must, of course, comply with the legal requirements regarding Best Value Performance Indicators (BVPIs) and statutory plans. But this shouldn't be allowed to stand in the way of developing strategic performance indicators and

targets which relate unequivocally to the Council's priorities and which provide an effective basis for monitoring and review. Cabinet called for improvements in this respect at its meeting on 17 June, which considered the updated current Corporate Plan and BVPIs. As part of this, there is a need to build in a systematic basis for the comparison of the Council's performance with that of other local authorities.

3. There is a need for a rolling three-year Corporate Plan which sets out what the Council intends to do to play its full part in achieving the ambitions of the Herefordshire Plan; and how the Council's priorities, targets, actions and resources will achieve this.
4. There is equally a need for an Annual Operating Plan for the whole Council which makes clear, in concrete terms, what it aims to achieve in the first year of the Corporate Plan and what it will do, with what resources, to make sure this happens. The Annual Operating Plan will provide the basis for performance monitoring by the Cabinet and the Strategic Monitoring Committee.
5. The full benefits of the proposed system will not be realised if new plans are simply added as new layers on top of those which already exist. It is therefore vital that the Council jettisons anything which doesn't add significant value in this respect. This means that service plans need a comparably sharp focus which reflects their contribution to the Herefordshire Plan and the Council's priorities and provides a good basis for monitoring by subject scrutiny committees. It is also proposed that there should no longer be directorate plans.
6. It will not be possible, nor is it necessary, to produce a full draft Corporate Plan for the public consultation scheduled to begin in late September (alongside that in respect of budget priorities for 2005-2006 and Council Tax). However, it is crucial that the Cabinet is able at that time to consult about its proposed strategic priorities for the period of the new Corporate Plan (2005-2008) to provide the context for simultaneous and linked consultation on budget options for 2005-2006 and the Council Tax.
7. The new process will need to be kept under review and progressively improved. In particular, there will be a need to link this with the forthcoming review of the Herefordshire Plan. For now the Council has to take as its starting point the Herefordshire Plan as it stands.
8. To these ends **proposals** are attached, as follows:

Appendix 1 – the critical path for the proposed new corporate planning process as it would operate in 2004-2005 (copies of this in larger format are available on request – see contact details below);

Appendix 2 – the proposed structure and broad content headings for the Corporate Plan for 2005-2008.
9. **Appendix 3** illustrates the proposed format for the core material in the new Corporate Plan. With the addition of columns relating solely to 2005-2006, the format of the core of the Annual Operating Plan would be identical.
10. The primary users of these plans will be Council members and staff. Although they will also be of interest to stakeholders and partners and be available to the public, consideration will be given to how best to communicate the main messages to different external audiences.

Financial Implications

There are no new financial implications: the process will be implemented with existing resources.

Alternative Options

There are numerous possible different approaches to a corporate planning process. The principles of best practice are plain, however: clarity of purpose and priorities; directly related and meaningful performance indicators and targets; one process which links targets, actions, risk management and the resources to achieve them; and one which enables internal and external audiences to understand what an organisation is trying to do and whether it is succeeding.

These principles have to be applied in a way which makes sense for this Council at this time. Since there is no ideal model and that we need to learn by doing, what matters is making a start with a robust system that makes sense to the Council and making a commitment to its progressive review and improvement.

Risk Management

There are risks at two levels; those associated with not developing a single, coherent process; and those associated with these specific proposals. The former have been addressed earlier in this paper.

The risks associated with these proposals are that we would fail to meet the timetable to deliver the desired outcomes in terms of high quality planning documents and more effective performance management. These will be addressed by means of formal project management, including regular progress reports to Cabinet and the Strategic Monitoring Committee.

The greatest and most immediate risk would be if the Cabinet were to fail to define sufficiently clearly by mid September its strategic priorities for the period 2005-2008 (which also requires being plain about what won't get priority). This risk is being addressed by means of discussions between Cabinet and the Chief Executive's Management Team and by then bringing proposals for public consultation to Cabinet in mid September, alongside those in respect of budget options for 2005-2006 and Council Tax.

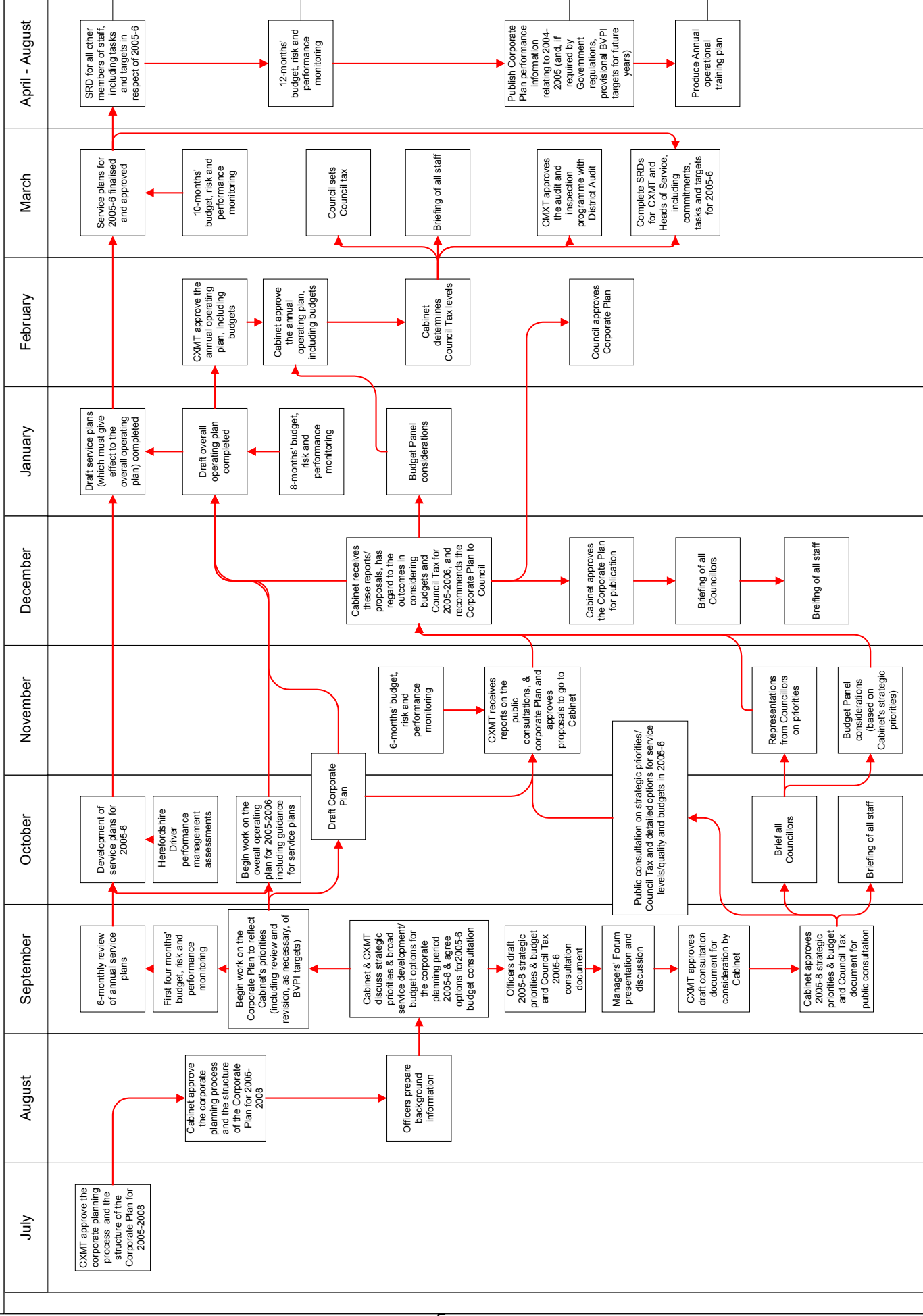
Consultees

Extensive consultation is an integral part of this process (see **Appendix 1**). Detailed proposals for this will be put to Cabinet.

Background Papers

None

Corporate Planning Process Critical Path for 2004-5



PROPOSED STRUCTURE AND BROAD CONTENT HEADINGS FOR THE NEXT CORPORATE PLAN (2005-2008)

THE CORPORATE PLAN

Introduction: action for a better Herefordshire

Explains what the Plan is, and what it is intended to do, i.e. sets out how the Council intends to create a better Herefordshire - by doing all it can to fulfil the Herefordshire Partnership's long-term plan for the county

Looks back over the previous operating year (2003-2004) and focuses on the next three years

Makes clear:

the principal challenges facing the county

the Council's commitment to:

- ✓ understanding the needs and wishes of users/customers and doing all it can to meet them
- ✓ community leadership, working in partnership with the public and organizations
- ✓ diversity

the Council's priorities (and what aren't priorities)

the improvements in services and in the efficiency and effectiveness of the Council which are planned

the main risks to their achievement

how the Council's resources - organisational, financial, human, ICT and physical - will be deployed to bring about the planned improvements and avoid or mitigate the risks

Is the basis for leading and managing the Council's performance

So incorporates Best Value performance indicators and the Local Public Service Agreement between the Council and the UK Government

Setting the scene

Profile of Herefordshire: geography; demographic and social characteristics; economy

The major challenges facing the county

Summary of what the Council does: broad powers and duties

The Council's vision and ambitions: the Herefordshire Plan

The vision

The ten ambitions

Explain that these form the starting point for the rest of the Plan, along with....

"Making it happen"

which depends on the Council being an effective and efficient organisation, with the energy, ability and ambition to improve and innovate

Summary of performance against Plan in 2003-2004

Highlights of achievements (and shortfalls), expenditure, major reviews

The Council's priorities

Bold, clear statement of the Council's priorities for the next three years

Top billing for community leadership and improvements in front-line services, highlighting the link to the LPSA

But also the most important corporate/support service improvements which are essential to ensure the provision of better front-line services (e.g. important Improvement and Performance Plan measures; investment in ICT and staff development)

All underpinned by a continuous programme of substantial improvements in efficiency and effectiveness (*Gershon*)

The big, overarching risks

What they are: financial, reputational (public perceptions, external inspection, CPA etc.), human (recruitment and retention, skills) etc.

How they will be managed/avoided/mitigated

Achieving the ambitions: the Council's targets and actions for the next three years

Individual landscape/tabular sections based on the ten Herefordshire Plan ambitions

Each to show:

the ambition, and related aims and measures of progress

in due course (once they are set, following the 2005 review?) target outcomes to 2011 (or other appropriate end-date)

the Council's contribution (target outputs/outcomes) to 2011 (or other appropriate end-date)

the Council's contribution over the next three years (targets and actions to achieve them, including proposed improvements in efficiency or effectiveness)

the principal risks to achieving them and how they will be managed/avoided/mitigated

including the broad levels and types of resources (financial, human etc.) to achieve the targets/actions and manage the risks

(See the proposed lay-out – **Appendix 3**)

Making it happen

Content equivalent to the ambitions section above (and to the same format) on key corporate/support improvements, including key objectives, targets and actions in respect of:

principal improvement Plan/Performance Management Plan measures not included in the functional sections immediately above

equalities and diversity (internal and external)

customer service and care, including effective external communication and e-government

freedom of information and data protection

medium-term financial strategy

development of human resources, including management and leadership development/effective internal communication/knowledge management/learning/skills for modern working

ICT – effective current use; investment

research, policy development, review and evaluation to make the Council more efficient and effective, e.g. operational and asset management (including property and procurement)

Appendices

Performance against plan in 2003-2004

Summary/grid showing broad expected income and expenditure over the three-year plan period

Possibly, grid showing provisional expected expenditure for each ambition (including "Making it happen") over the three-year plan period

National and local Best Value Performance Indicators and targets

The Local Public Service Agreement

Chart showing the Council's planning process, i.e. what each plan is for and how each relates to the others

High-level timetable/critical path for the planning process

The political structure

The management structure

The Herefordshire Plan to 2011					The Council's contribution			
					to 2011		To 2008	
Ambition	Aims	Indicator(s)	Target(s)	Cabinet Member/CXMT responsibility	Indicator(s)	Target(s)	Target(s)	Actions/risks/resources
Reduce crime and disorder and make Herefordshire safer	Helping older people to remain independent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Supporting those who care for others	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	To reduce alcohol related crime and disorder	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	To improve the quality of life of those living in, working in and visiting Herefordshire by tackling anti-social behaviour	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Herefordshire Plan to 2011		The Council's contribution					
		to 2011		To 2008			
Ambition	Aims	Indicator(s)	Target(s)	Cabinet Member/CXMT responsibility	Indicator(s)	Target(s)	Actions/risks/resources
	To increase public awareness of the implications of domestic violence and victims' confidence in the effectiveness of reporting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	To reduce illegal drug use and drug related crime	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	To reduce the number of deaths and serious injuries on our roads	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Herefordshire Plan to 2011					The Council's contribution			
					to 2011		To 2008	
Ambition	Aims	Indicator(s)	Target(s)	Cabinet Member/CXMT responsibility	Indicator(s)	Target(s)	Target(s)	Actions/risks/resources
Reduce poverty and isolation in Herefordshire	Involving excluded groups in decisions that affect their lives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Raising awareness of inclusion issues across the community	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Developing and sharing best practice	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Tackling problems of social exclusion in rural areas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combating poverty	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Herefordshire Plan to 2011					The Council's contribution			
					to 2011		To 2008	
Ambition	Aims	Indicator(s)	Target(s)	Cabinet Member/CXMT responsibility	Indicator(s)	Target(s)	Target(s)	Actions/risks/resources
Encourage communities to shape the future of Herefordshire	To improve the level of community activity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	To improve community involvement in the process of decision making	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	To support and maintain local services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	To develop effective partnerships to deliver the Ambition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Herefordshire Plan to 2011		The Council's contribution						
		Cabinet Member/CXMT responsibility	to 2011		To 2008			
Ambition	Aims		Indicator(s)	Target(s)	Indicator(s)	Target(s)	Target(s)	Actions/risks/resources
Develop Herefordshire as an active, vibrant and enjoyable place to be	For culture and leisure to be at the heart of the County's development	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	To encourage participation in culture and leisure by breaking down barriers to involvement, meeting the wide-range of needs and aspirations of the Herefordshire community	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Herefordshire Plan to 2011					The Council's contribution			
					to 2011		To 2008	
Ambition	Aims	Indicator(s)	Target(s)	Cabinet Member/CXMT responsibility	Indicator(s)	Target(s)	Target(s)	Actions/risks/resources
	To improve quality and variety of experience for visitors and local people throughout the County	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	To promote the cultural distinctiveness and diversity of the County	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	To sustain and grow the County's cultural assets through attracting additional resources	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Herefordshire Plan to 2011					The Council's contribution			
					to 2011		To 2008	
Ambition	Aims	Indicator(s)	Target(s)	Cabinet Member/CXMT responsibility	Indicator(s)	Target(s)	Target(s)	Actions/risks/resources
Protect and improve Herefordshire's distinctive environment	To identify, protect and enhance the County's environmental assets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	To achieve sustainable development by integrating environmental issues into Herefordshire's strategies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Herefordshire Plan to 2011		The Council's contribution					
		to 2011		To 2008			
Ambition	Aims	Indicator(s)	Target(s)	Cabinet Member/CXMT responsibility	Indicator(s)	Target(s)	Actions/risks/resources
	To foster an understanding of the impact of individual and collective actions upon the environment and encourage positive measures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	To encourage and facilitate joint working for environmental gain	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	To promote Herefordshire's environment as one of the County's major strengths	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Herefordshire Plan to 2011					The Council's contribution			
Ambition	Aims	Indicator(s)	Target(s)	Cabinet Member/CXMT responsibility	to 2011		To 2008	
					Indicator(s)	Target(s)	Target(s)	Actions/risks/resources
Develop an integrated transport system for Herefordshire	Improving pedestrian and cycle safety	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Providing better public transport in town and country	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reducing traffic on our roads	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Providing safer routes to schools	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Improving the quality of our roads	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Herefordshire Plan to 2011					The Council's contribution			
					to 2011		To 2008	
Ambition	Aims	Indicator(s)	Target(s)	Cabinet Member/CXMT responsibility	Indicator(s)	Target(s)	Target(s)	Actions/risks/resources
Meet Herefordshire's accommodation needs	Regularly identifying and responding to local accommodation needs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Improving the condition of public and private housing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Providing affordable and accessible accommodation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Providing the best housing advice when and where its needed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Herefordshire Plan to 2011					The Council's contribution			
					to 2011		To 2008	
Ambition	Aims	Indicator(s)	Target(s)	Cabinet Member/CXMT responsibility	Indicator(s)	Target(s)	Target(s)	Actions/ risks/ resources
	Involving residents in decisions that affect their homes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Providing housing which is more energy efficient and which involves the use of more locally produced and sustainable materials	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Making full use of the existing housing stock	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Herefordshire Plan to 2011					The Council's contribution			
					to 2011		To 2008	
Ambition	Aims	Indicator(s)	Target(s)	Cabinet Member/CXMT responsibility	Indicator(s)	Target(s)	Target(s)	Actions/risks/resources
Support business growth and create more and better paid work in Herefordshire	To encourage sustainable indigenous business development and growth	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	To encourage inward investment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	To improve infrastructure, communication and workspace provision	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	To foster innovation, including research and development	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Herefordshire Plan to 2011		The Council's contribution					
		Cabinet Member/CXMT responsibility	to 2011		To 2008		
Ambition	Aims		Indicator(s)	Target(s)	Indicator(s)	Target(s)	Actions/risks/resources
	Improving access to and increasing the range of educational opportunities available locally	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Sharing skills, information and knowledge wherever possible	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Ensuring appropriate advice is given to school leavers, helping them to make good progress	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

RECOVERY OF TOWN AND PARISH COUNCIL ELECTION COSTS

PROGRAMME AREA RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

9TH SEPTEMBER, 2004

Wards Affected

County-wide

Purpose

To review the charges for fees to be levied on parish and town councils at ordinary elections and for casual vacancies.

Key Decision

This is not a key decision.

Recommendations

- THAT (a) The Council's policy on charging parish and town councils to recover election costs, be reaffirmed and that the full cost of elections be charged except when combined elections take place, then only 50% of costs be recharged;**
- (b) An administration charge be made on all parishes for uncontested elections but (subject to the views of HALC) that this charge be based on a per-head of elector cost basis; and**
- (c) HALC be informed of the likely increase in costs that will be incurred at the May 2007 elections and the extra costs if the Government decides that the all-postal ballot method should be used at the local elections in 2007, this information to also include an assessment for uncontested and contested elections and be sent to each parish and town council.**

Reasons

To review the current policy in relation to the recovery of election costs for town and parish councils.

Considerations

1. From time to time and especially when ordinary elections are held every four years, complaints are raised by parish councils at the charges levied on them to pay for the cost of their elections. The May 2003 elections were no exception particularly given its additional unforeseen costs which arose from the all postal pilot. The Herefordshire Association of Parish Councils (HALC) has recently requested that the

Further information on the subject of this report is available from
Stephen Oram, Public Services Manager on 01432 260110

Herefordshire Council should re-visit its charging policy. HALC has suggested that the Council should absorb the cost of ordinary parish council elections to be held in May 2007 but that the full cost of any casual vacancy elections held should be paid by the parish concerned in full.

2. The Cabinet, at its meeting on 22nd February, 2001, re-considered the Council's policy introduced in 1998 on charging parish and town councils for elections, and reaffirmed that the full cost of elections should be charged except when combined elections with unitary and/or parliamentary elections take place, then only 50% of costs would be recharged. An administration charge is also made per parish on those councils who have uncontested elections.

CURRENT APPROACH

3. The Council's current policy seeks to recover all costs incurred in running parish and town council elections. The calculation involves taking the total cost per parish for those parishes that hold elections or a particular election. The figure is then divided by the total number of electors in each of the parishes concerned to give a cost figure for each budget head per elector. This figure is then used to calculate individual parish costs. This is an equitable way of calculating the costs and is recommended as the best approach to the issue. It more accurately reflects the difference in costs incurred because the larger parishes have more polling stations, staff costs, etc. Individual parish billing is required because, at the time of ordinary elections as in May 2003, each parish is a separate entity and some group parish councils had a mix of "uncontested" and "contested" elections.
4. An administration charge is also levied on parishes that only hold "uncontested" elections. This currently is £100 per parish save in the case of grouped parish councils where a maximum fee of £250 is charged for those group parish councils with three or more parishes.

PARISH COUNCIL CONSIDERATIONS

5. A number of representations have been received from Parish Clerks that the May 2003 election administration fee of £100 (£250 for grouped councils) for uncontested elections was too great. Even though a parish election may be "uncontested", an election has actually taken place and administrative costs have been incurred.
6. Regardless of how many parish councillors there are to be elected or the number of electors involved, the work undertaken for an uncontested election is the same for each individual parish. Adverts have to be prepared and placed, posters printed and displayed, nomination packs prepared, printed and posted, and candidates queries dealt with. The returned nomination forms have to be checked and processed, candidates advised of decisions and appropriate result notices prepared, printed and displayed. Candidate's election fees packs have to be prepared, printed, posted out and collated on return, even if a nil return is filed. In addition, in May 2003 we also had to include work associated with the statutory administration and registration of the new Model Code of Conduct requirements for parish councillors. This all has an administrative cost to the Council.
7. Several parish councils have proposed that the uncontested election fee for the future should also be a "per capita" approach, i.e. the total cost of uncontested elections should be calculated and then distributed on a per elector approach. This will have the effect of a more equitable spread of costs and is recommended but it will mean that larger parishes may pay more than the current £100.

8. The May 2007 election costs for parishes are likely to increase quite considerably if an all-postal ballot method is used and it may be prudent if parish councils consider recovering this cost over their next two/three years parish precepts. It would also be sensible for parish clerks to ensure that their annual parish precepts should also include a provision to cover the cost of a by-election should a casual vacancy occur in their parish prior to the next ordinary day of election in May 2007. These matters are under discussion with HALC with a view to providing advice to each council.
9. There is certainly a need for parish councils to make their own assessment of election costs and to reflect this in their precepts. To this end each Parish Clerk will be informed of the likely increase in costs that will be incurred at election time because of the likelihood the Government may decide on the use of an all-postal ballot method at the local elections in 2007. This should also include the cost if traditional methods are used together with an assessment for uncontested and contested elections.

Alternative Options

The Council could agree to the request of HALC and absorb the parish council election costs, estimated to be in the region of £50,000/60,000.

Risk Management

There is a risk to the Council's finances if an agreed formula for charging is not in place with an attendant risk of some councils not paying.

Consultees

Herefordshire Association of Local Councils.

Individual parish council clerks.

Background Papers

None identified.

BUDGET MONITORING 2004/05

PROGRAMME AREA RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

9TH SEPTEMBER, 2004

Wards Affected

County-wide

Purpose

To note the position with regard to revenue budget monitoring for Programme Areas in 2004/05.

Key Decision

This is not a Key Decision

Recommendation

THAT the report be noted.

Reasons

Reports are presented to Cabinet as part of the Council's Performance Management arrangements. Cabinet Members will discuss the individual Programme Area figures with their Directors and Departmental Managers as appropriate.

Considerations

1. Appendix 1 shows the details of the spending as at 31st July, 2004 for each Programme Area, together with the projected outturn for 2004/05.
2. The budgets shown for 2004/05 include the final carry forwards from 2003/04. No adjustment has yet been made for the amount required to meet the capping of £300,000. A report will be presented to the next meeting of Cabinet.

Education

3. A very large proportion (80%) of Education budget is delegated to schools. Any under or over spending in school budgets will be automatically carried forward into the next financial year under the statutory arrangements for delegation to schools.
4. As far as the non-schools budget is concerned there is a carry forward of £1,415,000 from 2003/04 of which £1,011,000 is for existing commitments, mainly for schools and government funded grants. The remaining carry forward (£404,000) has been used to fund one-off contributions to summer capital projects (£277,000), additional provision for Whitecross PFI fees (£41,000) and support for schools in special measures (£40,000).

Further information on the subject of this report is available from
David Keetch, Assistant County Treasurer on (01432) 260227

5. At this early stage in the year it is anticipated that final expenditure will be within the overall budget after accounting for the carry forward of Standards Fund, the Schools' sickness scheme and PFI balances at next year-end. Trends evident to date suggest that underspends on transport and early years are likely and that higher budgets will be needed for the PFI set-up fees and centrally funded SEN support costs. A detailed budget review in the autumn is planned to verify these early trends.

Policy and Finance General

6. At this early stage in the year no significant overspendings or underspendings have been identified for Policy and Finance General. This assumes that the budget carry forwards of £1,986,000 from 2003/04 will be spent in full during 2004/05. There has already been significant spending against this sum, including amounts from the Development Fund, I.T and the Treasurer's investment in new systems for Council Tax and Housing Benefit. Based on the information at present, it would be reasonable to anticipate an underspending of £500,000 across all services during 2004/05.
7. It has been assumed that the ongoing costs of the job evaluation process, at present £35,000, will be met from reserves.

Policy and Finance Property

8. The projected overspend for Property of £492,000 includes £433,000 brought forward from 2003/04. The two major problems are the Markets and Fairs deficit brought forward from previous years which is remaining steady but not declining (£383,000) and the shortfall on Industrial Estates income which by the year end is expected to reach £400,000. The two overspendings are offset by savings on other services and additional retail income of £172,000.

Environment General

9. No particular budget issues have been identified so far, with the exception of Waste Disposal.
10. The Waste Disposal P.F.I contract budget is expected to be underspent by around £500,000 largely due to the sums included for additional costs following renegotiation not being required until 2005/06 and 2006/07. In addition the costs for the existing contract are anticipated as being lower than the budget assuming existing volumes are maintained. Any underspending will be transferred to the Council's General Reserves in line with current policy.

Environment Regulatory

11. Spending on Environment Regulatory is very much in line with the budget at present. Vacancies seem likely to produce modest savings of some £30,000 during the year.

Planning

12. During the first four months building control and development fee income is above budget by approximately £150,000. Staff savings due to vacancies have led to an underspending during the period of approximately £60,000. Unless the vacancies can be quickly filled a net underspending of at least £300,000 can be anticipated during 2004/05. Any additional fee income during the remainder of the year will increase this figure.

Social Care

13. The Social Care objective remains that of budget balance. There is a high risk that this may not be achieved, even though every effort will be made to do so. The Social Care budget is under considerable pressure this year from rising demand and costs across both children and vulnerable adults services. Unusual trends are showing at the first quarter.
- Children's services are experiencing higher costs in both residential and foster placements, including transport.
 - Learning Disability Services have lost Supporting People Grant and have more complex user needs to meet.
 - Mental Health Services (integrated with the Primary Care Trust) are experiencing increased demand.
 - Older People's Services have experienced the same number of requirements to pick up care home funding from people who previously funded themselves in the first quarter as for the whole of last year.
14. The risk assessment suggests a projection of £700,000 over-commitment (including the £245,000 debt carried forward). The underlying trend, if no action was taken, would be for a £1,450,000 over commitment at the end of the year, which is neither acceptable nor sustainable.
15. Robust management action is being taken to rectify the position. This will have an impact on the capacity to deliver services.

Strategic Housing

16. The projected year-end position is a balanced position, after incorporating the 2003/04 underspend. The General Fund is currently underspending as a result of staff vacancies and associated costs, but there are plans in place which will increase the rate of spend. The risk area is spend on homelessness, which is currently underspending, and no adverse circumstances are known.

Economic Development

17. Spending on Economic Development is within budget at present. Staff vacancies are expected to generate modest savings during the year. The carry-forward from 2003/04 of £355,000 included significant amounts for 2004/05 projects. In addition £121,000 from the carry forward has been allocated to cover expected income shortfalls in future years.

Social Development

18. An overall break-even position is currently anticipated. All carry forwards from 2003/04 services have been carefully reviewed. Recruitment problems are likely to generate further underspendings for the Youth Service. The additional budget of £79,000 allocated for grounds maintenance is unlikely to be sufficient to fully absorb the adopted land and inflationary issues that have impacted on the outturn in previous years. Some progress should be made in reducing the accumulated leisure deficit but it is unlikely that the position will be fully recovered in 2004/05.

Financing Transactions

19. A net underspending of £320,000 is expected during 2004/05 primarily as a result of debt rescheduling and slippage of the capital programme.

Conclusion

20. The projected 2004/05 outturn for the Programme Areas is an underspending of £304,000. In broad terms the expected overspendings on Social Care and Property have been more than offset by savings on Planning, the Waste Management P.F.I contract and some residual amounts left over from the carry forward from 2003/04.

Revenue Reserves Position as at 16th August 2004

21. The estimated value of general reserves as at this date total £3,725,000 incorporating the prudent reserve of £3,000,000. This sum reflects all the transactions in the 2003/04 accounts. In addition the Council hold earmarked reserves including amounts in respect of the Magistrates Courts and Waste Management P.F.I, in anticipation of future commitments. At this stage, no account has been taken of potential underspendings during the course of the current financial year.

Alternative Options

There are no alternative options.

Consultees

None identified.

Background Papers

None identified.

Summary Budget Monitoring Report 2004/05 - 31 st July 2004
Appendix 1

Programme Area	2004/05 Original budget	2003/04 Carry forwards	Budget 2004/05	Actuals to Period 4	Budgets to Period 4	Projected Outturn	Projected over or (under) spend
	£000	£000	£000	£000	£000	£000	£000
Education	81,153	(1,415)	82,568	27,220	27,440	82,568	0
Social Care	36,050	245	35,805	14,298	14,125	36,505	700
Policy and Finance - General	15,052	(1,986)	17,038	12,933	14,301	16,538	(500)
Policy and Finance - Property	2,167	433	1,734	633	266	2,226	492
Environment - General	17,652	97	17,555	2,591	4,352	17,055	(500)
Environment - Regulatory	2,337	(31)	2,368	745	789	2,338	(30)
Environment - Planning	2,226	(437)	2,663	433	888	2,363	(300)
Social Development	8,021	(34)	8,055	3,247	3,676	8,055	0
Economic Development	2,144	(355)	2,499	521	737	2,353	(146)
Housing	1,260	(60)	1,320	301	400	1,320	0
	168,062	(3,543)	171,605	62,922	66,974	171,321	(284)
Financing adjustments etc	7,511	3,543	3,968	320	387	3,648	(320)
Less Budget Limitation			(300)			-300	300
	175,573	0	175,273	63,242	67,361	174,669	(304)

CAPITAL PROGRAMME MONITORING 2004/05 TO 31 JULY 2004

PROGRAMME AREA RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

9TH SEPTEMBER, 2004

Wards Affected

County-wide

Purpose

To note the current position of the Capital Programme forecast for 2004/05.

Key Decision

This is not a Key Decision.

Recommendation

THAT the position be noted.

Reasons

Report for noting only.

Considerations

1. This is the first round of the 2004/05 capital monitoring process. The purpose of this monitoring exercise is to update the original budget position, as at 31st July, reporting new funding allocations and movements following the closedown on the 2003/04 capital programme.

Overview

2. The revised forecast for 2004/05 as at 31st July totals £32,921,000, a decrease of £2,017,000 from the original budget. The explanations for these changes are detailed in the body of this report. This programme is funded as detailed in Appendix 1.
3. The revised budgets include the allocation of Prudential Borrowing (PB) where applicable. The original budget included the total PB available of £5,000,000 and from that Cabinet allocated £4,741,000 to various capital schemes on the 22nd July. Due to the late allocation of funding £145,000 slippage on schemes has been identified and will be used in 2005/06. It is expected that further amounts of the 2004/05 PB allocation will slip into 2005/06 but as PB is unconditional no resources will be lost.
4. Actual spend in the first four months at £5,618,000 was 17% of the revised forecast. Total committed spend represents £8,824,000, 27% of the revised forecast. A

Further information on the subject of this report is available from
Josie Smith, Accountant – Capital and VAT Services, on (01432) 261867

summary of the programme expenditure for each area is set out on Appendix 2.

5. Set out in Appendix 3 is a list of all capital schemes with a budget in excess of £500,000.
6. Set out in Appendix 4 is a list of capital receipts received and expected in 2004/05.

Capital Programme Areas

7. Education

The capital budget for this area has decreased in this round of capital monitoring by £826,000 due to the revision of funding allocations within the capital programme by DfES, however no funding relating to specific projects has been lost. The budget is expected to increase in the next round of capital monitoring when National Grid for Learning schemes (to be funded by a revenue contribution) and Sure Start schemes (to be funded by capital grants) are included.

8. Social Care

The budget for this area has increased by £607,000 due to the following:

- Cabinet approved a capital bid for Community Equipment of £200,000 to help Herefordshire residents live as independently as possible in their own homes through the supply of equipment and related provisions. It is intended that these projects will complete before 31st March, 2005 although work is yet to start.
- A capital budget of £316,000 for Social Care ICT Development is to be funded temporarily from the Corporate Capital Receipts Reserve. This project is in response to the needs of the Electronic Social Care Record, which requires a re-examination of systems where service user data is held.
- A Mental Health Supported Capital Expenditure (Revenue) sum of £91,000 has been awarded to fund capital projects that assist the development of comprehensive social care mental health services for adults.

9. Property

The budget for this area has increased by £76,000 mainly due to the slippage of spend on disabled access capital schemes from 2003/04 to 2004/05.

10. Policy and Finance

The budget for this area has risen by £185,000 due to the following:

- A Garrick House Service Improvement Project of £116,000 has been approved. This budget is for internal alteration work and the installation of a British Telecom link. This project is being funded through revenue contributions mainly from the Chief Executive's Development Fund.
- Cabinet approved a capital bid for £4,000 to meet feasibility costs of providing an Info Shop in Ledbury.
- Other budget changes represent year-end creditor adjustments relating to the

Info in Bromyard and Community Participation and Planning capital schemes.

11. **ICT Services**

The budget for this area has risen by £1,422,000 due to the following:

- Cabinet approved ICT Services capital bids totalling £1,020,000. This allocation of funding is to be spent on network enhancement and continuity of service plus disaster recovery. The completion of these capital projects will help meet eGovernment targets and other business critical concerns.
- An additional budget of £70,000 for Supporting People Software has been created following the agreement of external capital grant funding.
- Other budget changes represent the carry forward, from 2003/04, of the Flexible Working Project budget and allocation of Implementing Electronic Government grant funding to pursue eGovernment plans to deliver e-enabled priority services.

12. **Environment General**

The budget for this area has increased by £484,000 due to the following:

- Cabinet approved a capital bid of £100,000 to meet planning and development costs for the provision of a new Crematorium in Hereford. Various options are being considered with a view to starting work on site next year.
- Cabinet approved a capital bid of £100,000 for the extension to Hereford Cemetery. This will involve a new burial area and improvements to the cremation vault burial area. This will extend the use and capacity of the cemetery facility.
- Cabinet approved a capital bid of £150,000 for improvements to public toilets. A rolling programme of improvements is being developed.
- Cabinet also approved a capital bid of £45,000 for restoration works on the closed landfill site at Leominster. The restoration work will involve capping the site and landscaping to comply with legal requirements. The completion of this work will result in reduced monitoring costs.
- Other budget changes are due to capital grant funding being awarded towards capital schemes, mainly Objective 2 European grant funding, towards the Rotherwas Access Road capital scheme.

13. **Social Development**

The budget for this area has increased by £426,000 following Cabinet approval of four capital bids:

- £140,000 for Phase 2 of the Friar Street Museum Resource and Learning Centre capital project. This Phase will complete the conversion of the centre and will create storage space for museum collections. This funding is essential to secure external Lottery grant funding.
- £100,000 for continued improvements at Aylestone Park for public open space facilities.
- £117,000 for the Ross Creative Learning Centre. This project will provide creative learning facilities for young people of Ross and the surrounding area with recreation and training for the wider community. This scheme is expected to attract external grant funding, which will be reflected in future capital monitoring reports.

- £10,000 for initial feasibility costs in relation to the relocation of Ross Library and Info centre. This scheme will be considered in future year's capital programmes.

14. **Economic Development**

The forecast spend for this area has decreased overall by £803,000.

- Cabinet approved a capital bid for Hereford City Centre enhancements of £395,000. This capital scheme will involve the physical and economic regeneration of the city centre by improving shop fronts, Eign Gate, High Town and High Street and the Victoria footbridge.
- The decrease in the overall capital forecast is due to the removal of the development of a Business Centre at Rotherwas capital budget due to funding not being secured. This was part of the Herefordshire Strategic Regeneration Package Phase 1 capital scheme.

15. **Strategic Housing**

The forecast spend for this area has decreased overall by £388,000. This is due to a property to be purchased from the Learning Disability Development Fund no longer being available. The budget will now be carried forward to 2005/06.

Cabinet approved a capital bid for Disabled Facilities Grants of £200,000. This will fund a backlog of adaptation requests.

Recently subsidence has been reported in some properties transferred to Herefordshire Housing Limited under the Large Scale Voluntary Transfer. Costs and legal obligation are yet to be determined. Budgets for these costs may be reflected in future capital monitoring reports.

Conclusion

The monitoring arrangements in place for the capital programme continue to identify improvements in its overall management.

Alternative Options

There are no alternative options.

Consultees

Not applicable.

Risk Management

Capital monitoring is in itself is an integral part of risk management. Potential overspends are highlighted at the earliest opportunity so adjustments can be made accordingly.

Background Papers

None identified.

APPENDIX 1

FUNDING OF REVISED 2004/05 CAPITAL PROGRAMME

Capital Area	Programme	2004/05 Revised Forecast 31/01/07	SCE(R)	Prudential Borrowing	LPSA UCA	Grants	Revenue Contribution	Capital Receipts Reserves	Unfunded
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Education		6,188	3,211	-	-	2,771	147	59	-
Social Care		739	92	200	-	96	-	351	-
P&F – Property		478	-	300	-	-	-	178	-
P&F – General		210	-	4	-	5	100	90	11
P&F – ICT Services		1,549	-	1,020	126	287	-	116	-
Environment General		12,330	11,072	395	-	863	-	-	-
Social Development		2,893	-	2,082	-	576	-	173	62
Economic Development		3,289	-	310	-	1,579	-	1,400	-
Strategic Housing		5,245	2,055	200	-	302	-	2,688	-
Total Revised Forecast		32,921	16,430	4,511	126	6,479	247	5,055	73
Original Budget		34,938	16,483	5,000	-	8,585	-	4,870	-
Change from original budget		(2,017)	(53)	(489)	126	(2,106)	247	185	73

APPENDIX 2

CAPITAL EXPENDITURE BY PROGRAMME AREA

	Outturn	Original Budget	Revised 2004/05 Forecast as at 31/07/04	Change from previous forecast	Actual spend at 31/07/04	Actual spend as a % of the revised forecast
Programme area	2003/04	2004/05	2004/05	2004/05	2004/05	
	£'000	£'000	£'000	£'000	£'000	%
Education	8,248	7,014	6,188	(826)	1,268	20%
Social Care	413	132	739	607	-	-
P&F – Property	2,142	402	478	76	82	17%
P&F – General	924	25	210	185	(4)	0%
P&F – ICT Services	882	127	1,549	1,422	181	12%
Environment General	10,879	11,846	12,330	484	1,690	14%
Social Development	460	2,467	2,893	426	428	15%
Economic Development	4,157	4,092	3,289	(803)	1,626	49%
Strategic Housing	4,929	5,633	5,245	(388)	347	7%
Prudential Borrowing to be allocated	-	3,200	-	(3,200)	-	-
Total	33,034	34,938	32,921	(2,017)	5,618	17%

APPENDIX 3

MAIN CAPITAL SCHEMES OF REVISED 2004/05 CAPITAL PROGRAMME

Capital Programme Area	Schemes with a Revised Forecast >£500,000
	£'000
Education schemes:	
Site Acquisitions	680
John Kyrle High – Sixth Form	506
New Deal for Schools condition property schemes	1,200
ICT Services schemes:	
ICT The Golden Thread Network Enhancement	770
Environment General schemes:	
Roman Road Improvements	3,525
Rural low floor bus project	500
Capitalised maintenance of principal roads	1,200
Capitalised maintenance of non-principal roads	3,272
Footways	550
Capitalised assessment & strength of bridges	500
Social Development schemes:	
Replacement Swimming Pool for North Herefordshire	1,709
Friar Street Museum Resource and Learning Centre	605
Economic Development schemes:	
Leominster Industrial Estate Access Road	2,533
Strategic Housing schemes:	
Social Housing Grants	3,100
<i>Other schemes less than £500,000</i>	<i>12,271</i>
Revised Forecast	32,921

APPENDIX 4

CAPITAL RECEIPTS FOR 2004/05

Sale Detail	Directorate Share	Directorate Share	Corporate Share	Total receipt
		£'000	£'000	£'000
Received				
The Old Goods Shed (deposit)	50% Property	16	15	31
Sub Total		16	15	31
Anticipated				
Various	50% Property	173	174	347
Various	100% Education	120	-	120
Various	100% Corporate	-	910	910
Total		309	1,099	1,408

TREASURY MANAGEMENT ACTIVITIES 2003/2004

PROGRAMME AREA RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

9TH SEPTEMBER, 2004

Wards Affected

County-wide.

Purpose

To receive a report on the Council's Treasury activities for the period 1st April, 2003 to 31st March, 2004.

Key Decision

This is not a key decision.

Recommendation

THAT the report detailed in Appendix 1 be noted.

Reasons

The reporting of the past financial year's performance is a requirement of the Council's Treasury Management Policy.

Considerations

1. A detailed report is attached at Appendix 1 with the following key points specifically drawn to the attention of Cabinet:
 - The maximum borrowing limits were not exceeded during the period (Section 1 of the report refers).
 - With regard to the transactions for the financial year 2003/2004, the cost of borrowing was slightly above budget and the investment income was significantly above the budget (Section 2 and 3 of the report refers).
 - The average rate for the debt portfolio fell during 2003/2004 by 0.9% (Section 2 of the report refers).
 - The return on investments managed by the County Treasurer's staff, exceeded the index benchmark for 2003/2004 (Section 3 of the report refers).
 - The net return on externally managed funds did not meet the index benchmark for 2003/2004 (Section 3 of the report refers).

Further information on the subject of this report is available from
Samantha Pitt on 01432 261860

- Debt rescheduling exercises were carried out in 2003/2004, generating substantial interest rate savings (Section 2 of the report refers).

Risk Management

Risk is managed in accordance with the Treasury Management Policy Statement approved by Cabinet in February 2002.

Consultees

None identified.

Background Papers

None identified.

TREASURY MANAGEMENT REPORT

PURPOSE

The purpose of this report is to advise Cabinet of the Council's Treasury Activities for 2003/2004.

1. MAXIMUM BORROWING LEVELS

- 1.1 Each year the Council makes a determination, as required by Section 45 of the Local Government and Housing Act 1989, relating to the maximum external debt that will be allowed in the following financial year. The determination also sets limits for borrowing of a short-term nature (less than 365 days) and places a maximum limit on debt with variable interest rates.
- 1.2 The limit for external borrowing is calculated in accordance with government regulations and gives a figure higher than the Council's actual external borrowing. This is due to the effect of using capital receipts and revenue fund balances as a substitute for external borrowing and the need to provide flexibility and headroom in managing cashflow. Cabinet will be aware that the limits to external borrowing imposed by Government have now been abolished with the introduction of the Prudential Code for Capital Investment. The Council now sets its own borrowing limits as detailed in the Cabinet report in February this year.
- 1.3 The limits for 2003/2004 approved by the Council were as follows: -

Borrowing Limits	£
Total Debt	105,000,000
Short Term Debt	40,000,000
Proportion of Debt with Variable Interest Rates not to Exceed	25%

The Council's actual figures did not exceed these limits at any stage during the year.

2. BORROWING TRANSACTIONS 2003/2004

- 2.1 The Public Works Loan Board (PWLB) had been the sole source of long-term borrowing for the Council since its inception and was the main source for long-term borrowing for the Council during 2003/2004. However during 2003/2004 the Council also borrowed from the money market in the form of a LOBO. LOBO loans became an attractive source of long term borrowing during 2003/2004 with low interest rates available, therefore it was decided to take advantage of this and it is estimated that interest savings of approximately £500,000 will be generated over the two year fixed period of the LOBO loan. The following summary gives information relating to the Council's external borrowing transactions in 2003/2004.

External Borrowing	£
As at 1st April, 2003	62,540,965
New Borrowing (see paragraph 2.2)	15,483,997
Less: Repayments	(25,170,011)
As at 31st March, 2004	<u>52,854,951</u>

2.2 The following new loans were taken during 2003/2004 as part of debt rescheduling exercises. This rescheduling took place after careful consideration of interest rate forecasts, expected capital spending and repayment profile. The rescheduling resulted in the Council obtaining lower interest rates payable on loans, an improved debt repayment profile and generated approximately £430,000 in interest savings over the term of the replacement loans. Two other factors made debt rescheduling particularly attractive in 2003/2004, ahead of the commencement of the new Prudential Code regime on 1st April 2004:

- the abolition of the Provision for Credit Liabilities (PCL), meant that 2003/2004 was the last opportunity to charge premia incurred in rescheduling debt to the PCL.
- The abolition of Higher Rate quota by the PWLB, meant that 2003/2004 was the last opportunity to convert higher quota PWLB loans using higher quota discount rates (which were higher than lower quota discount rates more commonly used in debt rescheduling). Using higher discount rates, where possible, enabled premia costs to be reduced, or discounts earned to be increased.

Date	Loan Type	Amount £	Period Years	Interest Rate %
09/07/03	Variable – Maturity	4,300,000	1	3 month variable
11/08/03	Variable – Maturity	1,481,142	1	3 month variable
14/01/04	Variable – Maturity	3,702,855	1	3 month variable
04/02/04	LOBO	6,000,000	50	2 years at 2.85%, then 48 years 4.5%
		15,483,997		

Rates of interest available in the year for PWLB Fixed Rate - Maturity (Lower Quota 20 to 25 years) loans ranged from 4.4% to 5.15%.

2.3 The cost of borrowing in 2003/2004 was £191,795 more than the budget of £2,976,909. Interest payments totalled £3,168,704. The average rate for the debt portfolio held at the year end dropped again this year from 5.6% to 4.7%, reflecting the repayment of short-dated high interest loans and new borrowing at lower interest rates as part of the rescheduling exercise (see paragraph 2.2).

2.4 The longer term debt at 31st March 2004 falls due for repayment as follows (NB it is assumed that the LOBO loan will be repaid in February 2006):

Long-term Debt Profile	£	% of total debt
Within		
1 year	11,135,249	21
1 – 5 years	12,817,039	24
5 – 10 years	1,373,427	3
10 – 15 years	1,897,226	4
15 years and over	25,632,010	48
	52,854,951	100

- 2.5 In addition to the external borrowing identified above, the Council has a bank overdraft facility with its bankers, National Westminster Bank plc, of £6,000,000, which was used on a limited basis during the year. This was used in replacement of any short-term borrowing of amounts less than £100,000 where it would not be cost effective to borrow through the money market. The overdraft facility was also used on a few occasions e.g. to process urgent CHAPS payments (approved by the County Treasurer) and the late repayment of a short term investment (for which the Council was subsequently compensated).
- 2.6 The Council's aim is to maintain a nil cleared balance, as far as possible, in low-interest bearing bank accounts. This is hard to achieve because some payments are made directly to the bank. However, such sums are not significant in overall terms. The average daily bank balance for 2003/2004, on which debit and credit interest is calculated, was £4,329 in credit. **Annex A** illustrates the balances for 2003/2004.

3. INVESTMENTS 2003/2004

- 3.1 The 1990 Regulations – Local Authority (Capital Finance) Approved Investments generally preclude long term investments, i.e. for a period exceeding one year. However limited access to the gilt market (Government Bonds) is available through schemes offered by fund managers.
- 3.2 The following provides a short Market Overview of short-term and long-term interest rates in 2003/2004

Short-term interest rates – Base rate was unexpectedly cut from 4.0% to 3.75% in February 2003 as Iraq war fears dampened growth prospects. A further cut to 3.5% in July was the bottom of this interest rate cycle. Rapidly improving growth prospects in the US from late July provoked a turn around in market expectations to increases in base rate, the first of which duly came in November to 3.75%, to be followed by a further increase in February 2004 to 4.0%.

Long-term interest rates – The PWLB lower quota 25-30 year rate started the year at 4.80% but fell to a bottom of 4.40% in mid June 2003. However, the rapid increase in growth prospects in the US in July pushed this rate back up to a range of 4.9 – 5.05% until late December, after which it eased back to 4.75% by the end of March 2004.

- 3.3 In order to minimise risk when investing Council funds, the Treasury Management Policy Statement sets out certain criteria and limits for the selection and monitoring of the list of Approved Investment Counterparties. This list is reviewed and revised, as appropriate, each month to take account of changes in credit ratings of individual counterparties. During the year the limits were marginally breached on a few occasions (these were approved by the County Treasurer) due to a lack of interest from potential counterparties (e.g. Building Societies not prepared to accept short term deposits).
- 3.4 **Internally Managed Investments** - During the year interest rates earned on internally managed funds have varied between 4.63% and 2.81% and the average daily investment managed internally was £33,157,425. The actual daily investments ranged from £43,640,000 to £12,570,000 during the year, which illustrates how much the temporary cashflow fluctuates throughout the year. The temporary short-term investment transactions for 2003/2004 are summarised as follows:

Internally Managed Funds	£	£
Balance at 1st April 2003		32,540,000
Investments made during year (285 transactions)	783,382,865	
Investments recalled during year	<u>(802,112,714)</u>	(18,729,849)
Balance at 31st March 2004		<u>13,810,151</u>

- 3.5 The level of funds that were available for investment decreased as expected during the year, following the payment of PWLB loan repayments due and meeting expenditure as the capital programme progressed.
- 3.6 The average interest rate achieved on internally managed funds was 3.65%, which compares favourably with the generally accepted yardstick of the average 7-Day (LIBID) rate (uncompounded) of 3.52%. The average return over the last six years has been 0.26% above the benchmark. The Council's returns on the temporary investments largely mirrored the prevailing base rate. **Annex B** compares the average interest rate earned on internally managed funds, the 7-day (LIBID) rate, the borrowing rate offered by PWLB (for lower quota 20-25 year maturity loans) and the Bank of England Base Rate.
- 3.7 **Externally Managed Investments** - Council funds of £6,822,721 (as at 31st March 2004) continued to be managed externally by Investec Asset Management Ltd (Investec). The average net return for the year was 2.69% and the net income earned is added to the fund. This did not compare well to the benchmark of the average 7-Day (LIBID) rate (compounded) of 3.59%. However, the average return over the last six years has been 0.40% above the benchmark.
- 3.8 Investec performed poorly compared to other fund managers in 2003/2004 due to the untimely disposals of gilts. However, they have assured the Council that they have taken steps to amend their investment process and that their long term strategy will improve from 2004/2005. The Council continues to monitor Investec's performance on a monthly basis and initial indications are that performance will improve in 2004/2005.
- 3.9 The Council achieved well above its investment income budget of £650,000 in 2003/2004 (as summarised in below). This was primarily due to slippage on the Capital Programme and cashflow advantages on delays in spending to budget, together with increased interest rates.

Summary of Investment Income	2003/2004 Actual £
Internally Managed Funds	1,227,628
Externally Managed Funds (net)	<u>183,212</u>
	1,410,840
Less: transfers to Schools	(115,824)
Interest payments to trusts etc.	<u>(58,948)</u>
	<u>(174,772)</u>
Interest Received 2003/2004	<u>1,236,068</u>
Budget 2003/2004	650,000
Variance	+90%

GLOSSARY OF TECHNICAL TERMS

Approved Investment Counterparties – a lending list constructed by the Chief Financial Officer comprising time, type, sector and specific counterparty limits, formulated using a suitable criteria for assessing and monitoring the credit risk of investment counterparties.

7-Day LIBID (London Inter-Bank Bid) rate – the rate generally used as the benchmark for internal and external investment performance. It is the interest rate at which banks in London are prepared to accept short-term deposits.

Gilt Market – Registered British government securities giving the investor an absolute commitment from the government to honour the debt that those securities represent.

LOBO (Lender Option, Borrower Option) – a long-term loan from the money market. These loans are taken out at an initial fixed interest rate for an initial fixed period (usually between one and five years). At the end of this initial period the lender has the option to change the interest rate payable on a semi annual basis, the borrower then has the option either to accept the new interest rate or repay the loan.

Maturity Loan – A maturity loan from the PWLB consists of half-yearly payments of interest only with a single repayment of principal at the end of the term.

Money Market – the majority of investment transactions are carried out on the Money Market through Brokers, although direct dealing with counterparties is also permitted. All staff involved in dealing must be aware of the principles set down in the London Code of Conduct for Principals and Broking Firms in Wholesale Markets.

Provision for Credit Liabilities (PCL) – amounts set aside in order to repay principal of borrowed money or to meet liabilities due under credit arrangements or (as a substitute for new borrowing) to defray expenditure which is being capitalised under the authorisation of a credit approval (abolished from 1/4/04)

Public Works Loan Board (PWLB) – An independent statutory body who consider loan applications from local authorities and other prescribed bodies. Loans are provided by Act of Parliament drawn from the National Loans Fund.

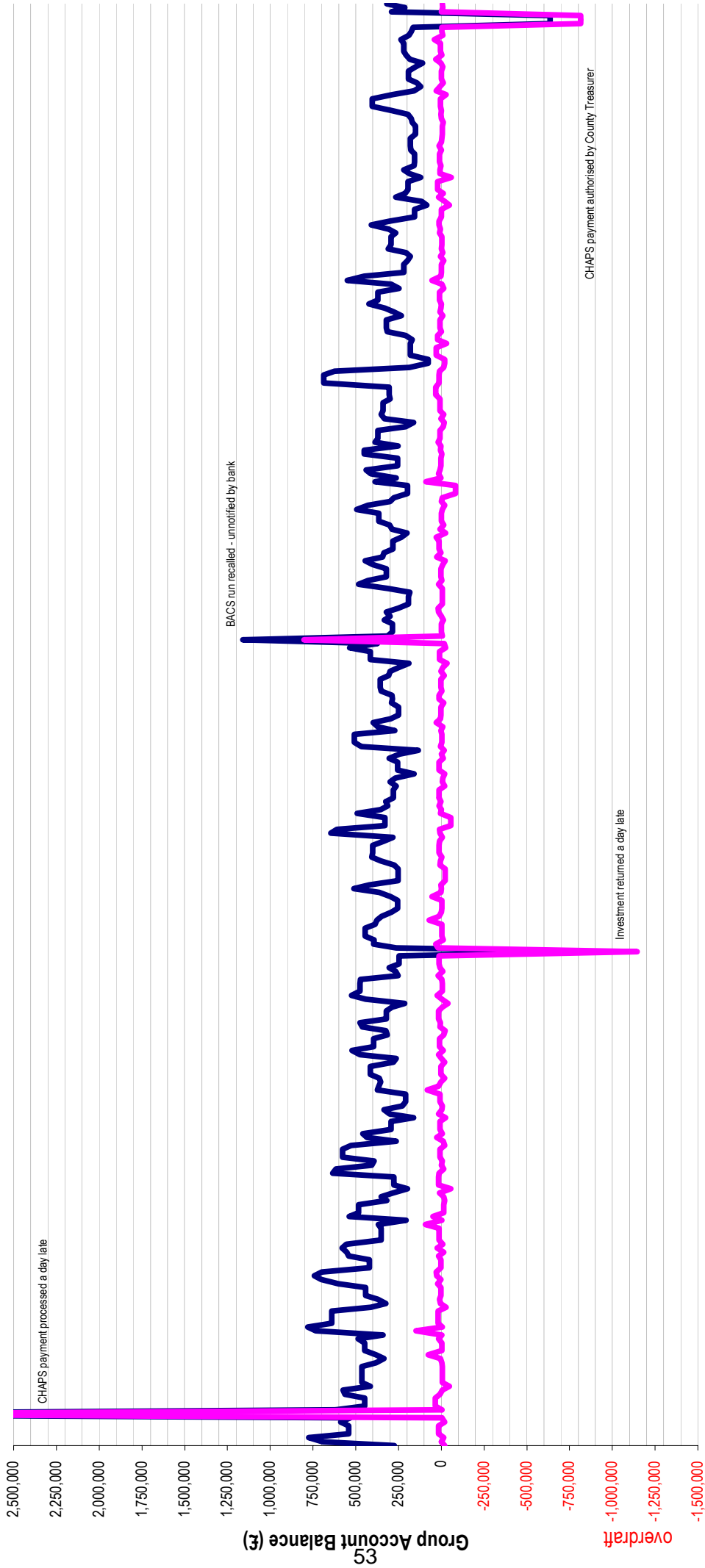
PWLB Quota – an authority's annual PWLB loan entitlement (abolished from 1/4/04) based on the sum of credit approvals for the year and repayments of principal amounts due in the year. Quota loans are issued at one of two sets of interest rates:

- **PWLB Lower Quota loans** – loans that form the part of the quota remaining after deducting the authorities PCL unapplied at the end of the previous financial year. These loans at interest rates close to the cost of Government borrowing.
- **PWLB Higher Quota loans** – loans at interest rates close to but just below market rates (abolished from 1/4/04).

Rescheduling – the rescheduling of long-term loans with the following aims:

- the generation of cash savings at minimum risk;
- in order to help fulfil the borrowing strategy; and
- in order to enhance the balance of the long-term portfolio (amend the maturity profile and/or the balance of volatility).

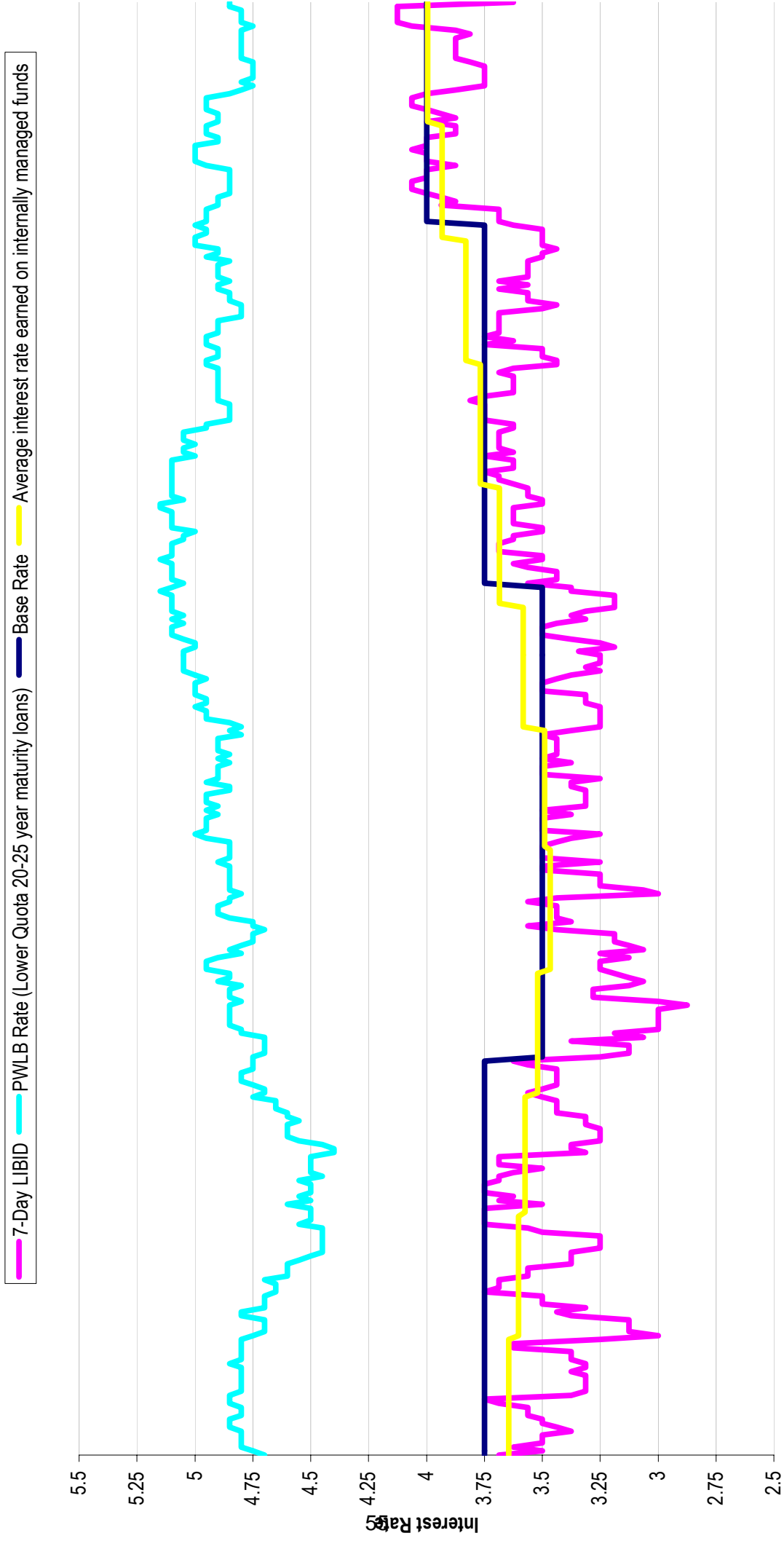
Herefordshire Group Account Bank Balances for 2003/2004



1st April 2003 to 31st March 2004

- Represents the uncleared group account bank balance i.e. some transactions included in this balance are subject to clearance. (This balance agrees to the bank statements).
- Represents the cleared group account bank balance i.e. all transactions included in this balance have cleared. (This is the balance on which interest is charged or earned)

Comparison of Interest Rate for 2003/2004



1st April 2003 to 31st March 2004

AUDIT SERVICES ASSURANCE REPORT 2003/04

PROGRAMME AREA RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

9TH SEPTEMBER, 2004

Wards Affected

County-wide

Purpose

To receive a report on Audit Services activity during the year 2003/04 and an opinion on the Council's overall level of internal control including any areas of concern.

Key Decision

This is not a key decision.

Recommendations

THAT the Assurance Report be approved and referred to Strategic Monitoring Committee for comment.

Reasons

Compliance with good practice as set out in the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom.

Considerations

1. The detailed Assurance report for 2003/04 is attached at Appendix 1 with the key conclusions set out below.
2. Following assessment of the Council's overall level of internal control, a satisfactory level of control has been achieved.
3. The four-year Strategic Plan is based on a detailed risk assessment evaluation, which directs Internal Audit work as encompassed in the Annual Plan.
4. There are several issues, which we would like to draw to Cabinet's attention. Although Internal Audit has identified issues at service level, these are not material issues that affect the Council's overall level of internal control. Where problems have been identified, immediate management action has been undertaken to ensure that control mechanisms are in place. An example here being the Disaster Recovery Audit where the Director has recruited external contractors to help improve the Council's position as quickly as possible. It is likely, however, that within the Audit

Further information on the subject of this report is available from
Tony Ford Principal Audit Manager on 01432 260425

Commission's annual management letter reference will be made to fundamental systems which have a marginal or worse opinion.

5. The key issues highlighted relate to IT security, Performance Management and the Jarvis contract. All of which are being addressed as matters of high priority. Follow up Audit work is planned to cover these areas during 2004/05.
6. It is satisfying to report that no fundamental systems were found to be unsatisfactory, and that positive action was taken in relation to BVPI 157-the number of types of interactions that are enabled for electronic delivery.
7. Management continue to respond positively to recommendations and has agreed to take action on 96.7% of the recommendations made, which is broadly the same as last year.
8. The Audit Commission has completed its full review of Internal Audit's work and continues to be able to rely on the work of the section, an important factor as the Audit Commission continue to increase the extent to which this is the case.

Risk Management

The four-year strategic plan is based upon a 'Traffic Lights' Methodology, with Red being high risk, Amber being medium risk and Green being low risk. Within each risk area consideration is also given to residual risk for specific functions or establishments based upon their last Audit opinion and current knowledge.

Consultees

None.

Background Papers

None identified.

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**HEREFORDSHIRE COUNCIL
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1. INTRODUCTION

- 1.1 The Accounts and Audit Regulations 2003 established requirements related to systems of internal control, and the review and reporting of those systems. Regulation 4 of the Accounts and Audit Regulations 2003 requires that from 1st April 2003 ‘*The relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body’s functions and which includes arrangements for the management of risk*’.
- 1.2 Herefordshire Council also has an obligation to include in their Statement of Accounts a statement on the system of internal financial control. The statement should set out the framework within which financial control is managed and reviewed and the main components of the system, including arrangements for internal audit. This statement reports on significant identified weaknesses and the actions undertaken to rectify them.
- 1.3 The Herefordshire Council Corporate Plan sets out how the Council will direct its corporate activity to the achievement of the ambitions of the Herefordshire Plan. Audit Services ensures that Directorates and Departments achieve their objectives with in a robust internal control environment.
- 1.4 Regular updates on audit work progress are sent to both Directors and Heads of Department, which enables issues at Directorate/Department level to be dealt with as they arise.
- 1.5 The Annual Audit Assurance report summarises the more important matters arising from Audit Services work for the financial year ending 31st March 2004. Audit opinion definitions ranging from Good to Unsound are contained in Appendix II.
- 1.6 The Audit Service would like to take this opportunity to thank all staff for their help and co-operation during audit visits.

2 INTERNAL AUDIT

- 2.1 Internal Audit is the independent appraisal function established by Management to review the internal control system as a service to the Council. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.
- 2.2 The four-year strategic plan is based on a risk assessment evaluation, which utilises a ‘Traffic Lights’ Methodology, with Red being high risk, Amber being medium risk and Green being low risk. Within each risk area consideration is also given to residual risk for specific functions or establishments based upon their last Audit opinion and current knowledge.
- 2.3 The Annual Plan emanates from the four year Strategic Plan. To ensure that Directorate and Department priorities are considered the Annual Plan is developed in consultation with Directors, Heads of Departments and Heads of Service.

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- 2.4 Audit Service's terms of reference has been formally agreed by Cabinet in the form of an Audit Charter (Appendix I), which outlines the independence of Audit Services, and its reporting protocols.
- 2.5 The Audit Commission has completed their review of Audit, which involved comparing audit activity with the CIPFA Code of Practice. The review has confirmed their reliance on the work of Audit Services.
- 2.6 The actual cost for Internal Audit Services amounted to £384,772 compared to a budget of £392,435. The underspend was due to staff vacancies during the year.

3 ACTION TAKEN ON 2002/03 KEY ISSUES

- 3.1 There were six key issues identified in 2002/3 that required attention:-

- **Improvement in ICT security arrangements to comply with BS7799**

There has been considerable progress relating to the work undertaken by the Information Security unit. This has resulted in an increase in the number of the objectives 'partially met' from 23 to 63, and a reduction in the number of objectives with 'no or limited control' from 93 to 43. An Information Policy, Information Security Procedures and a number of related policies have been produced and issued.

As a result the audit opinion moved from unsatisfactory in 2002/3 to marginal in 2003/4.

- **Improved data collection procedures for performance indicators.**

Although progress is being made in this area improvements are still required.

- **The Cashiers to improve documentation in relation to the Cash and Deposit Book.**

Improved documentation has contributed to the audit opinion moving from unsatisfactory in 2002/3 to satisfactory in 2003/4.

- **Risk Management to be developed and embedded across the Council.**

Risk Management was not fully embedded across the Council in 2003/4 however the County Treasurer has confirmed that he has now received from Directorates/Departments their identified risks, which have been analysed to identify themes and incorporated within a corporate risk register.

- **The publication of up to date Accounting Guidelines.**

Theses should have been published by the 31st March 2004, at the time of this report they still had not been published. They have however been

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reviewed by the Finance Managers Group. The Assistant County Treasurer has agreed a rolling timetable for publication with the County Treasurer.

- **Regular reconciliation of local management systems to Cedar.**

This was in relation to the Housing and Highways Divisions. Housing Services have now been transferred to Herefordshire Housing. With regards to the Highways Division improvements have ensured that commitment values on their local system are more accurate and actual figures are more comparable with payments made. However, there was a need to ensure the reconciliation with Cedar was up to date.

4 AUDIT ACTIVITY

4.1 Financial Standing

An element of the Council's financial standing is the level of assurance given by its fundamental systems. Fundamental systems are systems whose failure could cause major disruption or loss of financial control to the council.

Eleven fundamental systems were assessed; the outcomes are analysed in table 1 below: -

Table 1 Analysis of Fundamental Audit Opinions					
System	Good	Satisfactory	Marginal	Un-satisfactory	Unsound
Salaries & Wages Edn		✓			
Salaries & Wages		✓			
FMS- Financial Reporting and Control		✓			
FMS- Budget Creation and Monitoring		✓			
Creditors Payments			✓		
Bank Reconciliation			✓		
Sundry Debtors		✓			
NNDR		✓			
Council Tax		✓			
Housing Benefit		✓			
Cash and Deposit		✓			
TOTAL	0	9	2	0	0

The overall management of the Bank Reconciliation function was found to be satisfactory. Great efforts have been made by management and staff within the section to improve areas identified for improvement at the last audit. However there was a need for improved co-operation from feeder services. The Assistant County Treasurer is liaising with relevant sections to ensure that action is taken.

The marginal opinion given to Creditor Payments was based upon the level of implementation of previous recommendations. Also, weaknesses were identified in the release of payments exceeding £35,000 before authorising

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staff verified them. Improvements were required in the control and management of cheque stocks and related documentation.

Where fundamental systems have a marginal or worse opinion, it is likely that the Audit Commission will make reference to them in their management letter.

4.2 Systems of Internal Control

These are systems put in place by management to ensure adherence to policies, safeguard assets, ensure relevance, reliability and integrity of information and compliance with statutory requirements. In addition to the eleven fundamental systems, twelve system audits were undertaken during the year; their audit opinion is summarised in table 2

Directorate/Dept	Good	Satisfactory	Marginal	Un-satisfactory	unsound
Corporate			1		
County Secretary and Solicitors		1			
Education	1		1		
Environment	1	1	2		
Social Care and Strategic Housing		1	1	1	1
TOTAL	2	3	5	1	1

The unsound system relates to the computerised Fairer Charging System. This was written with a view to providing a system quickly and at a low cost, and was intended to be a temporary solution pending council-wide developments. Structurally the system is well written, but it lacks controls and facilities to provide a robust, secure and efficient operating mechanism. The requirements of the charging policy are very complex and there is heavy reliance upon other sections

Management were aware of the weaknesses in the system and arrangements were being made to replace it, however, there is still much work required on the current system to ensure as far as possible the data is correct and complete prior to a transfer. Additionally, certain simple controls have been recommended to prevent the occurrence of further errors and omissions before the new system comes into operation.

The unsatisfactory system relates to the Home Care Assistants Payroll. Although a great deal of effort was put in by staff, aiming to produce accurate information within a tight timescale, there were poor management controls, cumbersome contractual arrangements and systems, in addition to poor data verification procedures. Audit has made recommendations for improvements and will be following up action taken during the 2004/5 financial year.

4.3 The Prevention and Detection of Fraud and Corruption

As part of its Ethical framework, the Council has established a Standards Committee, and has adopted a Code of Conduct for members incorporating the mandatory requirements of the model Code. In addition, members have signed a formal declaration accepting the terms of the Code.

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The Standards Committee meet four times during the year, which ensured that members are able to monitor and test the operation of the ethical framework.

Table 3 highlights the main corporate documents and their availability.

Table 3 Schedule of Corporate Governance Arrangements Documents					
Date	Policy/Document	Availability			
		Public	Partners	Staff	Members
Jan 04	Standing Orders	✓	X	✓	✓
Jan 04	Financial Standing Orders and Regulations	✓	X	✓	✓
Jan 04	Scheme Of Delegations	✓	X	✓	✓
July 01	Whistle-Blowing Policy	✓	X	✓	✓
Table 3 Schedule of Corporate Governance Arrangements Documents					
Date	Policy/Document	Availability			
		Public	Partners	Staff	Members
October 02	Anti-fraud and Corruption Policy	✓	X	✓	✓
July 04	Complaints Procedure	✓	X	✓	✓
Jan 04	Code of Conduct for Employee	✓	X	✓	✓
July 01	Standing Orders for the Regulation of Contracts	✓	X	✓	✓

With regards to availability to staff, the Anti-fraud and Corruption Policy, Financial Standing Orders and Regulations, Complaints Procedures and Code of Conduct are on the Council's Intranet. The other documents have limited circulation. In addition, the Anti-fraud and Corruption Policy is available to the public through the Council's Website. The remaining documents are available at Info Shops and Libraries, while the Complaints Procedure is available at all Council receptions as well.

There is now a need for the Whistle- Blowing Policy, and Anti-fraud and Corruption Policy in addition to Standing Orders for the Regulation of Contracts to be reviewed.

Although Members receive training and guidance on some of the above key documents, there needs to be a review of training requirements on key corporate documents such as Standing Orders and Financial Regulations. However, induction delegates are requested to look at the Personnel Employment pack that can be found on the Council's Intranet.

The Council continues to have a satisfactory ethical framework. However improvements are needed to arrangements for the prevention and detection of fraud. Audit Services has developed a specific programme of work as part of the annual operational plan for 2004/5. This programme includes audit reviews of car mileage, travel and subsistence, contract and contract monitoring in addition to Renovation Grants. Staff should bear in mind that Herefordshire Council has a firm belief in the integrity of all its employees.

The Council took part in the National Fraud Initiative (NFI) data matching exercise for 2002. The large number of matches generated (1365) caused a significant peak in workload for the sections involved. The need to liaise with other Authorities meant long delays in finalising investigations. The total

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number of matches leading to full investigations was quite small at 2.5% of matches (25 Benefits, 9 Audit). The final position following all investigations for Housing Benefits there were four successful prosecutions and some £15,500 worth of fraudulent claims were identified. In addition Audit Services investigated nine payroll cases none of which were fraudulent.

4.4 **Best Value Performance Indicators (BVPs)**

As part of the Council's ongoing quest to ensure that BVPs and Local PIs are adequately supported and accurate, Audit Services reviewed fifteen indicators; nine have been completed, with the remaining six being work in progress.

The table below shows the position those completed

Table 4 Analysis of PI Audit Opinions					
	Audit Opinion				
	Good	Satisfactory	Marginal	Unsatisfactory	Unsound
Corporate Health		1	4	2	
Waste		2			
Total	0	3	4	2	0

Last year concerns were raised in relation to the Corporate Health Performance Indicator BV157- the number of types of interactions that are enabled for electronic delivery. It is pleasing to note that this year's review was given a satisfactory audit opinion. However across the performance indicators there continues to be a need for improved data capture procedures and better verification protocols.

The unsatisfactory audit opinions relate to the BVPI 8- Percentage of creditor invoices paid within 30 days and BVPI 12 - the number of working days/shifts lost due to sickness absence. For both these indicators verification errors were found, an example being that sickness absence had been overstated with half days being entered as full days. A system upgrade has been purchased, which has overcome this problem. Both systems are reliant on data from across the council, which increases the likelihood of verification issues.

4.5 **Risk Management**

A review of the Council's Risk Management structure was planned for 2003/4. This was deferred, until after the Cabinet approval of the Council's Risk Strategy on 15th April 2004. Service Plans for 2004/5 are taking account of Risk Management and the Corporate Risk Register is being developed. The Head of Performance Management is attending Directorate and Department Management Team Meetings to give advice and help further embed Risk Management across the Council. An Audit Review of the Council's Risk Management Process is within the Audit Plan for 2004/5.

4.6 **ICT**

During the year there were thirteen audit reviews, table 5 summarises the audit opinions.

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Table 5 Analysis of ICT Audit Opinions					
System	Good	Satisfactory	Marginal	Unsatisfactory	Unsound
GAP – Analysis BS7799 Follow up			✓		
Supporting People IT Control Review- Follow up		✓			
Access Controls- DMS		✓			
Disaster Planning				✓	
Access to Service Project and CRM			✓		
E-Gateway- Project Management Document Review				✓	
Smart Card Pilot Review				✓	
Access Controls Creditors		✓			
Internet Firewall Security			✓		
Access Controls- CT/NDR/HB			✓		
Payroll System Access				✓	
Email and Internet Security		✓			
E-Financials – Security Review		✓			
TOTAL	0	5	4	4	0

ICT plays a key part in the Council's drive for improvement in service delivery. To ensure a secure ICT environment, the minimum level of security is set out in BS 7799 the Code of Practice for Information Security Management. The opinion has moved from unsatisfactory last year to marginal this year. With regards to disaster planning, an action plan has been developed and agreed with the Head of ICT. Audit Services will be carrying out a follow up review later in the 2004/5 financial year.

Unsatisfactory audit opinions were raised for four audits. With regards to the E-Gateway Project Management Document Review, it was found that the requirements of PRINCE 2 standards were not met, and that the project did not proceed to the original timetable.

In relation to the Smart Card Pilot there was little documentation to evidence project control or effective use of the budget.

The review of Payroll access controls identified that there was a need for a formal procedure for the setting up of new users and a full review of authority access, in addition to a detailed review of menu access. The new payroll system should help resolve these issues.

Finally the Disaster Planning audit found that there was no Disaster Plan nor formal documented Business Continuity Plan should an ICT Disaster occur,

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management are taking positive action and a follow up audit during 2004/5 will review progress.

4.7 Establishment Visits

Directorate	Good	Satisfactory	Marginal	Un-Satisfactory	Unsound
Education	0	6	1	3	0
Social Care and Strategic Housing	0	2	1	0	0
Policy and Community	0	1	4	1	0
TOTAL	0	9	6	4	0

The main themes identified related to the use of orders and the authorising of orders, and the need for improved documentation in relation to inventories and income. Findings at establishments, in particular those visited for the first time highlighted the need for up to date Accounting Guidelines, which set out the key financial and associated procedures that are good practice for establishments to have in place.

4.8 Contracts

On 1st September 2003 the Council's ten year partnership with Jarvis Plc began, the contract with Jarvis is worth some £135m. The Audit Opinion was un-satisfactory as the review identified a lack of clarity and consistency of interpretation of the contract conditions. Audit Services was unable to give assurance that the monthly application and invoices were correct prior to payment. There was poor control of workflow and programming and there was extensive use of resource/input methods of controlling jobs, preventing efficiency savings. Recommendations have been made for improvements and there will be a follow up review during 2004/5.

4.9 Verification

These audits relate to reviews where the main emphasis on ensuring that there is compliance with laid down procedures.

Directorate/Department	Good	Satisfactory	Marginal	Un-Satisfactory	Unsound
Chief Executive				1	
Social Care and Strategic Housing		2			
Environment		1	1		
County Treasurer		1			
Education			1		
TOTAL	0	4	2	1	0

The unsatisfactory audit opinion related to the Computerised Human Resources Information System (CHRIS). The unsatisfactory opinion was due to the number of corrections required following testing on a sample of records from all directorates. However, action taken on the recommendations contained within the audit report should have a positive effect on any future audit opinion.

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4.10 Follow Up Audits

Recommendations made at previous audit reviews for all fundamental systems are followed up on an annual basis. In addition during the year five follow up audits were undertaken two had good audit opinions and two had a satisfactory audit opinion. The one with a marginal opinion related to Recycling Income. For 2004/5 a larger programme of follow up work has been planned.

5. RECOMMENDATIONS MADE IN 2003/4 AND ACTION TAKEN

Table 9 summarises the total number of recommendations made and accepted for the different types of audits.

Directorate/Department	Level 1 Recommendations		Level 2 Recommendations	
	Made	Accepted	Made	Accepted
Fundamental Systems	34	31	77	70
Systems	39	39	43	41
Computer Audits	24	24	47	42
Establishments	91	90	200	196
Contracts	12	12	4	4
Verification	22	22	19	19
Follow ups	4	4	41	41
TOTAL	226	222	431	413

Level 1 recommendations are due to statutory obligations, legal requirements, Council Policy, or major risk.

Level 2 recommendations are in order for sound internal control and confidence in the system to exist.

The percentage of recommendations accepted by management was 98.2% (98% in 2002/03) at level 1 and 95.8 (98%) at level 2. This maintains the high level of accepted recommendations as recorded last year.

It should be noted that formal recommendation acceptance on the following audits is overdue at the time of drafting and not included in the figures above.

Directorate/Department	Report Name	Level 1	Level 2
Policy and Community	E-mail & Internet Security	0	7
	BS7799 Gap Analysis	3	1
	Access to Services Project and CRM.	6	5
Strategic Housing and Social Care	Fairer Charging System	13	6

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6. COMPLIANCE WITH THE CIPFA CODE OF PRACTICE

6.1 Audit Performance

CIPFA issues a revised Code of Practice for Internal Audit in Local Government in 2003. This replaces the 2000 Code and reflects the Accounts and Audit Regulations 2003. The new code is intended to align Local Government more closely with standards in the National Health Service and Central Government.

The Code sets minimum standards for Ethics, together with ten standards divided into organisational and operational aspects. The findings of the Audit Commission review are summarised in table 9

Table 11 Code of Practice Summary of Findings	
Standard	Satisfactory
Ethics	Yes
1 – Scope of Internal Audit	Yes
2 – Independence	No
3 – Audit Committees	Yes
4 – Relationship with others	Yes
5 – Staffing, Training and Development	Yes
6 – Audit Strategy	No
7 – Management of Audit Assignments	Yes
8 – Due Professional Care	Yes
9 – Reporting	Yes
10 – Quality Assurance	Yes

Regarding independence the Authority does not comply with the Code as the Head of Internal Audit reports to a lower organisational level than the Chief Executive's Management Team. The County Treasurer considers the current arrangements within the department to be more than adequate in achieving the right balance between the independence of the Principal Audit Manager and the overall strategic management and quality assurance function provided by the Assistant County Treasurer and the County Treasurer. The County Treasurer feels it should also be emphasised that the Principal Audit Manager has direct access to all officers and members of the Authority.

The Audit Strategy is a high level statement of how the Internal Audit service is to be delivered and developed, and sets out the relative allocation of audit resources. The Strategy must be approved by members. The Strategy is being developed by the Principal Audit Manager and will be put forward for approval soon.

7. KEY ISSUES IDENTIFIED THAT REQUIRE ATTENTION

- **Improvement in IT security arrangements to comply with BS 7799.**
- **Improved data collection procedures for performance indicators.**
- **Risk Management continues to be embedded across the Council.**
- **Improvements in relation to the Jarvis contract.**

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- The publication of up to date Accounting Guidelines.
- Improvements are needed to arrangements for the prevention and detection of fraud

8. AUDIT OPINION

I am of the opinion that the Council's overall level of financial control continues to be satisfactory (Appendix II). However the Council needs to continue its on going improvements in the areas of Risk Management, ICT, Performance Management and arrangements for the prevention and detection of fraud.

R. A. Ford
Principal Audit Manager
August 2004

AUDIT SERVICES CHARTER

INTRODUCTION

The purpose of this Charter is to establish the authority and responsibility conferred by the Council on the Audit Services Team with respect to carrying out internal audit functions.

STATUTORY BACKGROUND

The need to maintain an internal audit function is implied by Section 151 of the Local Government Act 1972 under which local authorities are required to make proper arrangements for the administration of their financial affairs and to delegate responsibility for those arrangements to one of their officers. The Accounts and Audit Regulations 1996 are explicit about the requirement to maintain an internal audit function and state that local authorities shall maintain an adequate and effective system on internal audit of their accounting records and control systems.

THE NATURE OF AUDIT SERVICES

The Audit Services Team is an independent and objective assurance and consulting function established by the Council to examine and evaluate its activities as a service to senior management (officers and Members as appropriate). It functions by examining the adequacy and effectiveness of internal controls.

INTERNAL CONTROLS

This is the whole system of controls, both financial and otherwise, established by the Council in order to provide reasonable assurance that: -

- business risks are identified, assessed and managed effectively
- operations are effective and efficient
- there are sound systems of internal financial control
- there is compliance with laws and regulations
- assets are safeguarded from unauthorised use
- proper accounting records are maintained and the financial information used for business purposes or for publication is reliable.

THE ROLE OF AUDIT SERVICES

The role of the Audit Services Team is to understand the key risks to which the Council is exposed and to contribute to the improvement of the internal control environment - it is not a substitute for it. The Audit Services Team is therefore not directly responsible for the ensuring that adequate and effective internal controls are established to manage the key risks – that responsibility lies with senior management.

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VALUES OF AUDIT SERVICES

The Council expects the Audit Services Team to carry out their function in accordance with the following operational values: -

- To be client focused at all times
- To offer constructive comments and practical solutions
- To be proactive in approach
- To adopt a professional attitude to all tasks
- To be responsive to requests for advice.

AIM OF AUDIT SERVICES

The Audit Services Team aims to add value by contributing towards the improvement of the Council's activities by promoting effective control at reasonable cost in relation to the identified risks.

OBJECTIVES OF AUDIT SERVICES

The objectives of the Audit Services Team are: -

1. To assist the Council in the accomplishment of its objectives by bringing a systematic and disciplined approach to the evaluation and improvement of risk management, corporate governance and internal control processes.
2. To assist the Council in the effective discharge of its functions by providing independent analysis, appraisal, advice and recommendations on the activities subject to internal audit review.
3. To review, appraise and report on the adequacy and effectiveness of the systems of financial and internal control.
4. To review, appraise and report on the relevance, integrity and reliability of financial and other management information.
5. To review, appraise and report on the level of compliance with the policies, plans, procedures, statutory requirements and regulations that could have a significant impact on the Council's activities.
6. To review, appraise and report on the arrangements for protecting assets from loss resulting from theft, fraud, fire or misuse and, as appropriate, verifying their existence.
7. To review and appraise the economy, efficiency and effectiveness with which resources are deployed and recommend improvements in procedures and systems that will reduce wastage, extravagance and fraud.
8. To review service delivery arrangements and projects to ascertain whether the activities are being carried out as planned and the results are consistent with the

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Council's established policies.

9. To maintain a programme of development, review and assessment of the Council's risk management processes in order to provide assurance on their integrity.
10. To carry out any ad hoc appraisals, inspections, investigations, examinations or reviews requested by senior management or the political executive.
11. To act as the liaison with the Council's external auditors and coordinate audit effort with the District Auditor in order to avoid duplication of effort and increase audit coverage.
12. To develop shared audit protocol with colleagues in partner organisations in order to avoid duplication of effort and maximise internal audit coverage.
13. To maintain technical competence through continuing education and active participation in professional activities.
14. To adhere to the code of ethics, standards and guidelines of the relevant professional institutes and the Auditing Practices Board.
15. To utilise the resources designated for use by the Audit Services Team to maximise the efficiency and effectiveness of the internal audit function.
16. To serve on internal working groups as appointed by senior management.

INDEPENDENCE OF AUDIT SERVICES

The Audit Services Team reports administratively to the County Treasurer through the Assistant County Treasurer responsible for Financial Policy and Audit Services. The County Treasurer is the Council's Responsible Financial Officer under the terms of Section 151 of the Local Government Act 1972.

The Principal Audit Manager is responsible for the day to day management of the Audit Services Team and reports to the Assistant County Treasurer – Financial Policy and Audit Services. The Principal Audit Manager has the freedom to report to any level of management (officers and Members as appropriate) on audit findings without censure.

The Principal Audit Manager has no executive or managerial powers, functions or duties except for those relating to the management of the Audit Services Team and is not involved in the day to day management of the Council.

AUTHORITY OF AUDIT SERVICES

This Charter and the Council's Standing Orders and Financial Regulations confirm the authority conferred on the Audit Services Team by the Council.

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The Principal Audit Manager and his internal auditors have the authority to: -

- decide on the nature, scope and timing of audits
- access the books, documents, accounts, property, vouchers, records, correspondence and other data of the Council that are necessary to the proper performance of internal audit duties
- enter any of the Council's premises
- have discussion with the Council's line managers and other employees
- request any officer to provide the information and explanations needed to be able to form an opinion on the adequacy of and compliance with the internal control system.

The Council's officers are required to assist the Audit Services Team in the performance of their audit duties and to respond promptly to any requests for information, explanation, discussion, entry to premises or access to documents.

SCOPE OF AUDIT SERVICES

The risk of financial loss is not the sole concern of the Audit Services Team. The scope of audit activity encompasses the whole range of internal controls employed by the Council – both financial and non-financial.

The scope of the audit function is therefore sufficiently comprehensive to meet the Council's needs. It extends to cover all areas of the Council and its controlled entities and may involve working with colleagues in partner organisations.

AUDIT PROTOCOL

The Audit Services Team is required to observe the following protocol in carrying out their internal function: -

- Provide advance notice to the manager of each service area to be audited. An annual audit plan will be established after securing input from the Heads of Service and approval of the plan by the Chief Executive's Management Team and the Cabinet. The annual audit plan will also be reported to the Strategic Monitoring Committee.
- Conduct a preparatory meeting with the manager of the service being audited to discuss the nature of the audit, the length of engagement and the coordination of the review around operational constraints. The detail of the audit programme will be reviewed at that meeting with the service manager in order to ensure proper and thorough audit coverage.
- Conduct interim meetings with the service manager as appropriate to discuss progress with the review and findings as they arise.
- Preparation of a written draft internal audit report following the conclusion of the audit.

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- Conduct a final meeting with the service manager to discuss the draft report and confirm the accuracy of the audit findings and the appropriateness of the audit recommendations.
- Agreed amendments to the draft report will be reflected in the final report along with the service manager's response to the recommendations. Final copies of the report will be distributed as appropriate.
- The Head of Service is responsible for making sure that the action plan included in the final report is implemented.

AUDIT REPORTING

The Audit Plan

A four-year strategic plan providing for the review of significant Council activities will be prepared for approval by the Chief Executive's Management Team and the Cabinet prior to the start of each financial year. It will also be reported to the Strategic Monitoring Committee. The strategic plan will be based on an assessment of the risk pertaining to the achievement of the Council's objectives.

Mid-Year Assurance Report

The mid-year assurance report will identify the key internal control issues the Principal Audit Manager has identified or continues to be concerned about as a result of routine audit work. The report will provide summary information on special investigations and completed audit assignments and will be presented to CXMT for their comment before it is presented to Cabinet and then SMC.

Annual Audit Report

The first year of the strategic plan forms the basis of the annual operational plan for the Audit Services Team. An annual report on progress against that plan is required for the Chief Executive's Management Team and Cabinet before the end of June following the end of the relevant financial year. The annual report will also be presented to the Strategic Monitoring Committee.

Audit Assignment Reports

The Audit Services Team are required to submit timely reports on all audit assignments in accordance with the procedures and guidelines set out in the Audit Manual.

AUDIT STANDARDS

The Council requires Audit Services Team to follow the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom (published in November 2000).

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DETECTING AND DETERRING FRAUD

Deterrence of fraud is a responsibility of management. The Audit Services Team is responsible for examining and evaluating the adequacy and effectiveness of actions taken by management to fulfill this obligation.

The Audit Services Team shall be trained to recognise the potential indicators of fraudulent activity. If sufficient control weaknesses are detected, the Audit Services Team will carry out additional tests in order to confirm or otherwise an acceptable level of propriety and probity.

The Audit Services Team will not and can not, however, be as skilled in the detection of fraud as individuals whose sole purpose is to detect and investigate fraud – the remit of the internal audit function is much wider than prevention of fraud as set out in this Charter. Service managers must also be clear that auditing procedures alone, no matter how professionally they are carried out, cannot guarantee that fraud will be detected.

The Audit Services Team will assist in the investigation of fraud in order to: -

- Determine if controls need to be implemented or strengthened
- Design audit tests to help disclose the existence of similar frauds in the future
- Meet the internal auditor's responsibility to be able to recognise fraud.

A written report will be issued at the conclusion of each investigation. It will include all findings, conclusions, recommendations and corrective action to be taken.

March 2002

AUDIT OPINION

Quantification and Classification of Internal Control Levels

Control Level	Definition
Good	A few minor recommendations (if any).
Satisfactory	Minimal Risk- a few areas identified where changes would be beneficial.
Marginal	A number of areas have been identified for improvement.
Unsatisfactory	Unacceptable risks identified, changes should be made
Unsound	Major risks identified, fundamental improvements are required.

POSTAL VOTING UPDATE

PROGRAMME AREA RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

9TH SEPTEMBER, 2004

Wards Affected

County-wide

Purpose

To note the recommendations of the recent Select Committee Report on postal voting issues

Key Decision

This is not a key decision.

Recommendation

THAT the recommendations in the Postal Voting Report of The Housing, Planning, Local Government and the Regions Select Committee and their implications for local electoral registration be noted.

Reasons

After the European Elections held in June 2004 the Government is committed to make a firm decision on whether to extend all-postal voting.

Considerations

1. The Housing, Planning, Local Government and the Regions Select Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Office of the Deputy Prime Minister and its associated bodies. It resolved to conduct an inquiry into postal voting, exploring in particular the following issues:
 - electoral fraud
 - public perceptions
 - impact on turnout
 - administration and cost
 - access and disability issues
 - voter choice.
2. The Committee recently presented its report on these issues. It found that the Government's programme of electoral modernisation had developed against a background of declining voter turnout. In the June 2001 General Election, turnout was the lowest recorded since the advent of universal adult suffrage; only 59.4% of the 44,403,238 registered voters chose to vote, compared with 71.4% in the 1997

Further information on the subject of this report is available from Mr Stephen Oram, Public Services Manager on 01432 260110

General Election. Voting by post was first introduced after World War One in order to allow service personnel stationed overseas to vote at the December 1918 General Election. Until 2000 the facility was only available to limited groups, for example, those who would be absent from the area, or who had a physical disability. In 1999 a Home Office Working Party on Electoral Procedures undertook a review of how electoral procedures might be changed to increase voter turnout. The Working Party recommended the introduction of electoral pilot schemes as a means of testing innovative voting procedures.

3. All-postal voting pilots have been the most popular pilot; eighty all-postal pilots have taken place in England and Wales (including Herefordshire), and four in Scotland. Under an all-postal voting pilot, the entire electorate, whether or not they have applied to vote by post, is issued with a postal vote; there are no 'traditional' polling stations, although there may be staffed points for the completion and receipt of votes. As a result, polling is not confined to one day. The largest pilot to date took place in 2004 when elections for local councils and the European Parliament were combined on 10 June. Voters in the East Midlands, North East, North West and Yorkshire and the Humber regions, making up 30% of the electorate, were only able to vote by post. This large scale pilot should answer crucial questions about the scalability, costs and security of all-postal elections. Following these elections much comment has been made of the possibility of fraud taking place. Instances are currently being investigated and reports are awaited. Following these elections the Government must make a firm decision as to whether to extend all-postal voting.
4. The Committee found that evidence shows that all-postal voting has had a positive effect, increasing turnout by an average of 15% in all but three of the pilot areas. Gateshead, South Tyneside and Sunderland more than doubled their voter turnout. It has been suggested that higher turnouts are the result of increased incidences of electoral fraud, or "personation". The Electoral Commission, has evaluated each of the all-postal pilots, and although no hard evidence of greater fraud has been found, the Committee believes that steps should be taken to ensure the risk of fraud is not increased with the extension of all-postal voting. The Committee recommends:
 - Introduction of individual voter registration: Each voter's signature and a numeric individual identifier should be required to join the electoral register. A witnessed declaration of identity could be replaced with a voter-signed declaration requiring completion of the numeric individual identifier. This identifier should be verified electronically as standard practice;
 - Increased resources to allow Electoral Officers to verify a sample of signatures on returned ballot papers;
 - Establishment of a national database to record allegations of electoral offences;
 - Dissemination of information and guidance to police forces on electoral offences; and provision of search and arrest powers to the police to aid investigations of allegations of electoral offences; and
 - More rigorous prosecution of allegations of electoral offences, and harsher penalties for those convicted.
5. The Committee considers that the Government must also develop better systems to help those who may be unable to vote by post as a result of disability or literacy problems. It recommends assisted delivery points, and home assistance should be available throughout the polling period to offer impartial advice and assistance. Tactile voting devices should be redesigned to include candidates' names and political parties in Braille; and ballot material should be regulated to prevent overly complex designs.

6. All-postal elections rely on the reliability and security of the postal service. The Committee considers that the Government must ensure that the Royal Mail's audit trail is rigorous and transparent. The Committee recommends that the independent regulator, the Postal Services Commission (Postcomm), sets targets which require that the Royal Mail deliver 100% of ballot papers securely and accurately. Postcomm and the Electoral Commission should verify completion of this target through use of "seeded" ballot papers.
7. The Committee further recommends that the Government must not only rely on changes in the electoral system to increase voter turnout but that they must also ensure engagement of electors in politics.

Risk Management

The Committee's recommendation to move to individual voter registration will have an increased impact on the workload and costs of the Council's Electoral Registration Section.

Consultees

None identified

Background Papers

None identified

HEREFORDSHIRE UNITARY DEVELOPMENT PLAN (UDP): REPRESENTATIONS TO THE REVISED DEPOSIT DRAFT

PROGRAMME AREA RESPONSIBILITY: ENVIRONMENT

CABINET

9TH SEPTEMBER, 2004

Wards Affected

County-wide

Purpose

To agree a method for considering representations to the Revised Deposit Draft UDP.

Key Decision

This is not a key decision.

Recommendation

THAT the UDP Working Group be re-convened to allow initial consideration of representations made to the Revised Deposit Draft UDP, advising Cabinet accordingly.

Reasons

All duly made representations to the Plan at this stage have to be considered by the local planning authority. A method is required to facilitate Cabinet's consideration of the response which would then be proposed to Council. This method should provide for the incorporation of the views of Planning and Scrutiny Committees.

Considerations

1. During the UDP's revised deposit period in May/June 2004 some 1,413 representations were made on the changes made to the original deposit draft Plan.
2. The purpose of the Council's consideration of representations at this stage in the process is to establish a formal response, so that the Council's position at Inquiry is clear. The main factors will of course be the degree and content of opposition to changes which the Council has made to meet original objections submitted in 2002.
3. In order to facilitate consideration of representations received, it is proposed to re-convene the UDP Working Group. This Group was established by Cabinet in 2003 to consider representations to the original draft Plan, under the chairmanship of the Cabinet Member (Environment). As before, the Group would tackle the bulk of the detailed work needed to progress the Plan at this stage. It is proposed that as before the Group comprises:
 - Cabinet Members for Environment (Chairman) and Highways and Transportation

Further information on the subject of this report is available from David Nicholson, Forward Planning Manager on 01432 261952

- Chairman and Vice Chairman of Environment Scrutiny Committee
 - Chairman and Vice Chairman of Planning Committee
4. The views of local members on representations affecting sites in their wards will be sought as part of the process.
 5. Representations will need to be considered through the Group, Cabinet and Council in November before the commencement of the Public Inquiry in February 2005.
 6. The statutory Plan making process provides no opportunity to change the version of the Plan that will be before the Inspector at the Public Inquiry in February 2005. This will be the Revised Deposit Draft. Further changes may be proposed and consulted on, but these could only be incorporated into the Plan at the Modifications stage, after the Inquiry. They would then be open to formal objection, risking a further public inquiry. Reflecting this risk, Government guidance is that such changes should only be made in exceptional circumstances. In addition, the timetable to the UDP Inquiry would have to be considered if the Council resolved to make such changes at this stage.

Risk Management

Consideration of representations to the Revised Deposit Draft Plan is a statutory requirement in the plan making process with the risk of High Court challenge if this aspect is not discharged thoroughly.

Consultees

None

Background Papers

None identified.