

Audit Panel

Monday, 7th June , 2010

MEETING OF AUDIT PANEL

Members present: Councillor Rodgers (Chairman); and
Councillors Ekin, Lavery and Mullaghan and Dr. Smith.

In attendance: Mrs. J. Thompson, Director of Finance and Resources;
Mr. A. Wilson, Head of Audit, Governance and
Risk Services;
Mrs. G. Ireland, Corporate Risk and Governance Manager;
Mr. A. Harrison, Acting Corporate Assurance Manager;
Mr. T. Wallace, Financial Accounting Manager; and
Mr. H. Downey, Committee Administrator.

Apology

An apology for inability to attend was reported from Councillor Rodway.

Minutes

The minutes of the meeting of 15th February were taken as read and signed as correct.

Belfast City Council Financial Accounts 2009/2010

The Panel considered the undernoted report:

“Relevant Background Information

The purpose of this report is to present to the Audit Panel the Financial Accounts of the Council for 2009/2010.

The Financial Accounts are an important element of the Council’s overall corporate governance framework as they provide assurance to Members and ratepayers on the stewardship of the Council’s finances and its financial position.

The Financial Report and accounts for the year ended 31st March 2010, 2010 have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (SORP) 2009 and the Department of the Environment Accounts Direction, Circular LG 10/10 dated 23rd April, 2010.

I can confirm that the Statement of Accounts for the year ended 31st March, 2010 has been prepared in the form directed by the Department of the Environment and, in my opinion, the Statement gives a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.

Key Issues

Council Net Expenditure

As previously reported to the Strategic Policy and Resources Committee on 19th March, 2010, Departmental expenditure forecast was £1.9m below budget for the year. This amount, however, was £0.5m short of the amount needed to cover the £2.4m contribution from reserves to the rate, agreed as part of the rates setting process for 2009/2010. This, along with the need to increase the bad debt provision by £0.2m, has resulted in a reduction on the District Fund Balance of £746,914.

Reserves

The impact of this financial position on the reserves is summarised in Table 1 below. It shows that the credit balance on the District Fund Reserves has reduced to £4,602,602 which is approximately 2.33% of annual gross expenditure, or 2.91% of the net operating expenditure. A strategy on how to address the reserves position of the Council was agreed at the Strategic Policy & Resources meeting on 22nd January, 2010.

Table 1

Summary of Reserves Position

Opening Balance		£5.3m
Under Spend	£(1.9m)	
Contribution from	£2.4m	

Reserves		
Increase in Bad Debt Provision	<u>£0.2m</u>	
Reduction in Reserves		<u>£0.7m</u>
<i>Closing Balance</i>		<u>£4.6m</u>

District Fund £4,602,602

The District Fund Reserves can be used to supplement income and unexpected expenditure in future years.

City Investment Fund £8,804,256

The City Investment Fund has been created to give a clear demonstration of the Council's propensity to action and its wish to contribute to the vibrancy, prosperity, culture and attractiveness of the city.

Capital Receipts Reserve £860,000

These are capital receipts which have originated primarily from the sale of assets and which have not yet been used to finance capital expenditure. This amount relates to the sale of land & buildings at Loop River which has been ring-fenced for the development of the capital scheme 'Loop River – New Facilities'.

Repairs and Renewals Fund £8,567,415

This fund was established under section 56 of the Local Government Act (NI) 1972 and has an approved limit of £22m and is to fund the closure of the landfill site.

Other Fund Balances and Reserves £579,910

This relates to the Election Reserve which has been set up to smooth the cost of running council elections.

Rates Claw-Back Reserve (£191,279)

This relates to the Minister for Finances decision to allow Local Authorities to defer the impact of the revaluation of MOD properties over a 4 year period, smoothing the impact on the District Fund Reserve.

Rates Income

Notification of a provisional Actual Penny Product has been received from the Land and Property Services Agency for the 2009/2010 year. The indication would be of a positive outturn in the region of £238k.

At this stage, we have not taken account of this figure in our annual accounts as these figures will not be finalised until the end of August. At that time we will make the necessary adjustments to the 2009/2010 accounts.

Investment Income

At 31st March, 2010 the Council had received income from its investments totalling £122k, compared to £1,563k in the previous financial year. This was due mainly to the collapse of the banking market in the last quarter of 2008/2009. Where previously the Council had been receiving interest rates of between 5% to 5.5% at the end of March 2009, during the 2009/2010 year interest rates collapsed, with interest rates at 31st March 2010 being between 0.3% to 0.42%.

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In addition, at the start of the 2008/2009 year, the Council had some £23.6m invested with the Northern Bank. However, due to the large capital spend during that year re the Ulster Hall and City Hall, at 31st March, 2009 the Council's investments had reduced to £4m.

These factors taken together have contributed to the reduction on investment income earned by the council.

At the last Audit Panel meeting, Members requested information on the Council's investments. Accordingly, at 31st March, 2010 the Council had £8.7m invested with the Northern Bank at interest rates of 0.3% to 0.42%.

The Council has other investments relating to the Belfast City Council Gas Pension Scheme and these are held in Index Linked Treasury Stock to meet the future liabilities of the scheme. These are accounted for separately.

Capital Programme

The cost of the Council's current and future capital commitments is as follows:

	Gross Cost	Grant Aid	Net Cost
Schemes Underway	£85.5m	£18.4m	£67.1m
Other Commitments	£26.8m	£9.5m	£17.3m
Total	£112.3m	£27.9m	£84.4m

During the year to 31st March, 2010, the Council incurred £12.1m of expenditure on capital schemes, of which the most significant spend being in the Ulster Hall Major Works £2.1m, Vehicles £1.8m and City Hall Major Works £3.23m. These amounts are being checked to ensure they agree with the information being provided for Members for the planned workshop on 4th June and, therefore, are subject to change.

Debt

The overall level of trade debtors has decreased steadily over the last 2-3 years, reducing from £10m at 31st March, 2008, to £7.5m at 31st March, 2009 to £5m at 31st March, 2010. An analysis of trade debtors, inclusive of VAT, for the last two years is shown below:

	31 March 2009	31 March 2010
Less than three months	£4,618,824	£2,930,828
Three to six months	£443,417	£170,470
Six Months to one Year	£1,462,971	£336,984
More than one year	£1,009,115	£1,554,432
Total	£7,534,327	£4,992,714

However, we have increased the bad debt provision by £0.2m to allow for potential bad debt in estates rental income due to the current economic climate

Creditors

The Council has a target of paying invoices within 30 days. During the year, the Council paid 53,126 invoices totalling £99,072,469.

The average time taken to pay creditor invoices was 28 days for the year ended 31st March, 2010.

Whilst the Minister at the Department of Finance and Personnel has reduced the target for the payment of invoice for central government departments to 10 days, this target is not mandatory for local government. However, the Council endeavours to process invoices as quickly as possible and monitors these figures on a regular basis.

Employee Details

During the 2009/2010 year, the employee costs of the council were £77,872,527 compared to £73,749,041 for 2008/2009. In addition agency costs for the 2009/2010 year were £3,799,623 compared to £5,548,007 for 2008/2009. This represents 49% of gross expenditure (51% 2008/09).

Staffing numbers are as follows:

	2009/10	2008/09
FTE	2,444	2,406
Actual Numbers		
Full-Time	2,268	2,269

Part-Time	316	295
<i>Total Actual</i>	<i>2,584</i>	<i>2,564</i>

This represents an increase of 38 full time equivalents. Internal movement of staff and the filling of vacant established posts accounts for some of the variances.

However, the Health and Environmental Services Department's figures increased the most. Details of the external recruitment of 30 staff on a temporary appointment basis and 10 on a permanent appointment basis is detailed below:

Temporary appointments:

Neighbourhood Watch Dev. Officer	1	Fully funded
Building Control Surveyors (Energy Performance Certification Scheme)	2	Fully funded
Community Safety Wardens	13	Part funded
Senior Community Safety Wardens	2	Part funded
Healthy Aging Coordinator	1	Part funded
Project Support Officer (Health Aging)	1	Part funded
Project Manager (Belfast Resilience)	1	Committee approval for a two year fixed term contract – April 2008
Trainee Technical Officer (Food Safety)	1	Trainee post for a two year programme
Dog Collection Officer	1	Temporary appointment for six months
Environmental Health Officer	1	Maternity cover
Cleansing Operatives	6	

Permanent appointments:

Recycling Operatives x 8

Committee approval was granted for a major review of the staffing levels and shift patterns at all Recycling Centres. The review including opening hours in both summer and winter to ensure that operational services provided at recycling Centres were fit for purpose. Agency cover was utilised to cover vacant posts during the review and the filling of permanent posts resulted in a corresponding reduction in agency use.

Safer City Project Officer x 2

The new generic posts of Safer City Project Officers provide for the management and ongoing development of successful projects such as Alleygating, the Wardens Project and Get Home Safe, as part of the Safer Belfast Plan. Committee approval was granted to create five new posts in June 2008.

A more detailed report on employee costs is included on the agenda and will continue to be reported to the Audit Panel on a quarterly basis.

Resource Implications

Financial

None

Human Resources

None

Asset and Other Implications

None

Recommendation

The Panel is requested to approve the Council's financial accounts and report for the year ended 31st March, 2010."

Following discussion, the Panel approved and recommended to the Strategic Policy and Resources Committee the Council's financial accounts and report for the year ended 31st March, 2010. The Panel agreed that a report, providing further information in respect of trust funds which the Council administered on behalf of three organisations, be submitted to a future meeting.

Updated Code of Governance

The Panel was advised that Audit, Governance and Risk Services had, in line with best practice, developed a Code of Governance for the Council, based upon the six core principles contained within the Chartered Institute of Public Finance and Accountancy's Solace Framework. The Corporate Risk and Governance Manager reported that the Code, which would assist the Council in complying with the principles of good governance and with new regulations, had been approved by the Audit Panel at its meeting on 13th May, 2008, and had, subsequently, been communicated to those managers responsible for undertaking actions identified within the document.

She explained that Audit, Governance and Risk Services had, as required under the Code, undertaken an annual review of the document in order to determine whether it continued to provide evidence of compliance with the Solace Framework and to gauge the progress being made in implementing planned improvement actions. The Code had been updated to reflect any recommendations arising from the review and to take into account also the Chartered Institute of Public Finance and Accountancy Statement 2009 and guidance which had been issued recently on the role of the Chief Financial Officer in public service organisations. She added that the review had highlighted a number of areas in which significant progress had been made, including the reporting of key performance information, the implementation of the revised policy for travel and subsistence for officers and of the CORVU performance management system and the ongoing delivery of fraud awareness training. A number of other areas of work were still ongoing, such as the development of a Financial Strategy and Medium-Term Financial Plan and the implementation of the Information Strategy and associated framework. Those tasks had been included within the Corporate Value Creation Map and their progress would be monitored on a quarterly basis by the Council's Performance Team.

The Panel approved the updated Code of Governance.

Annual Governance Statement 2009/2010

The Panel considered the undernoted report:

“Relevant Background Information

The Council has a statutory responsibility to prepare and publish annually an Annual Governance Statement (AGS) as part of the Financial Report.

As required, the statement for the year 2009/2010, has been prepared in line with the template outlined in the Accounts Directive provided by Department of the Environment (DOE). The AGS is consistent with the principles of the CIPFA/SOLACE Framework ‘Delivering Good Governance in Local Government’. In addition, the AGS takes account of the 2009 CIPFA statement and subsequent guidance March 2010, on the role of the Chief Financial Officer in Public Service Organisations. The AGS explains how the Council has complied with their statutory duties under the 2005 Order and also meets the relevant requirements of Regulation 2A of the Local Government Accounts and Audit (Amendment) Regulations (Northern Ireland 2006).

Specifically the AGS sets out:

- The Scope of responsibility of the Council in relation to its Governance
- The purpose of the Governance Framework
- The Governance Framework in place
- The results of the review of effectiveness of the framework
- Significant governance issues to be disclosed.

The AGS is approved by the Chair of Strategic Policy and Resources, the Chief Executive and Director of Finance and Resources.

Key Issues

The purpose of this report is to:

- Present the Audit Panel with the AGS for 2009/2010 for approval – this is attached.
- Endorse the key actions taken by the council to manage the significant issues declared in last year’s AGS. These are included as at Appendix A in the current AGS.
- Approve the significant issues which warrant inclusion in this year’s AGS.

Over the past year, there has been considerable effort put into developing and implementing the key elements of a governance framework within the Council to meet the requirements of the AGS. Significant progress has been made in terms of:

- Revised risk registers at Corporate, Departmental and Operational levels, this new format will facilitate the quarterly risk assurance reporting
- Enhancing our risk challenge and reporting framework, including agreement on the preparation of quarterly assurance statements by senior officers from the 1st April 2010. These statements were produced annually up to the 31st March 2010
- Ensuring our business continuity and pandemic plans are robust, reviewed, tested and reflect the needs of the Council.

Resource Implications

There are no significant resource implications.

Recommendation

The Audit Panel is asked to approve the Annual Governance Statement, which is attached at Appendix 1.

Appendix 1

Annual Governance Statement 2009-2010

Scope of responsibility

Belfast City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under Local Government (Best Value) Act (Northern Ireland) 2002 to make arrangements for continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has prepared an Annual Governance Statement which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. This statement explains how the Council has complied with this, their statutory duties under the 2005 Order and also meets the requirements of Regulation 2A of the Local Government Accounts and Audit (Amendment) Regulations (Northern Ireland 2006) in relation to the publication of a statement on internal control.

The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and the activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised, the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Belfast City Council for the year ending 31st March 2010 and up to the date of approval of the Annual Governance Statement and statement of accounts.

The governance framework

The key elements of the systems and processes that comprise the Council's governance arrangements include the following:

Belfast City Council has developed a corporate plan for the period 2008-2011, which was approved by Chief Officers Management Team in May 2008 and by the Strategic Policy and Resources Committee on 13 June 2008. The plan was developed over a ten-month period with significant engagement with Members, ratepayers, officers, and partners.

An annual update of the corporate plan is completed each year and includes the development of individual departmental plans. The annual plans set out clear objectives and targets for the coming year.

The Corporate plan helps the Council focus on the future. It sets out the values that the Council wants to create in the city and the key issues that the Council intends to focus on over the next three years. In doing this, the Corporate plan provides a sense of direction for the Council. By having an outward focus, the Corporate plan helps the Council deal with a changing external environment and helps to ensure that the Council's plans stay relevant and connected to what is happening in Belfast.

As outlined in the Council's Standing Orders, the Corporate Plan and the processes which underpin it act as the Council's main instrument of policy. The development and implementation of the Corporate Plan therefore embraces a number of processes including, for example:

- The establishment of agreed corporate priorities and strategic plan
- Strategic finance, human resources, asset management, information management and planning and performance frameworks to ensure resources are effectively allocated for implementation of the strategic plan
- The development and prioritisation of the capital programme and the city investment strategy
- The continuing integration and alignment of the key planning processes in the organisation, including, finance, HR, information management, performance management, asset management, risk management, business planning and programme management
- The development and implementation of strategies for effective partnership and working with key stakeholders, through the development of community planning and the supporting Council processes
- The development and implementation of an effective performance management framework
- Communication of the plan is via the Council's internet website; a communication plan has been agreed to ensure the plan is effectively communicated.

Our political governance structures include:

- Committee decision-making system; this includes the Strategic Policy and Resources Committee with responsibilities for dealing with corporate finance, planning, performance and policy

- Council minutes system on www.belfastcity.gov.uk.
- Budget and Transformation panel.

Our key mechanisms for measuring the quality of services for users and for ensuring that they represent the best use of resources include:

- Key performance questions, surveys and indicators
- The development of a performance management system which became operational during 2009/10
- The development of a customer focus strategy
- An annual VFM programme of audit work
- A corporate complaints system.

In order to define and document key council roles and responsibilities, a Scheme of Delegation is in place. This has been approved by the Council. The Scheme is explicitly linked to the objectives of the Council as they state that the purpose of delegation is to achieve economies of scale and minimise costs. The levels of authority and responsibility are set out in the Scheme of Delegation.

Standing Orders are in place and are documented on the Council's website.

The corporate objectives of the Council are linked to levels of responsibility and individual staff through the Strategic Plan and annual business planning processes and through the use of personal development plans.

A Code of Governance is developed; this was reviewed, updated and reported to COMT, the Assurance Board and the Audit Panel in the year 2009/10. The Code is based on the six principles set out in the CIPFA/SOLACE 'Delivering Good Governance in Local Government: A Framework', in addition it has recently been updated to reflect the CIPFA guidance on the Role of the Chief Financial Officer in Local Government.

The Council budget is set in line with the need to deliver the Corporate plan. A robust budgetary control system is in place.

Terms and conditions of employment and job descriptions are available for all staff.

The following structures, which facilitate staff development, conduct and good governance, are in place:

- Political governance structures which were implemented in the year 2007/08
- Committee reporting protocol
- Party Group Briefing sessions to facilitate and coordinate contact with officers
- The development of corporate values and their integration into the corporate plan
- The agreement of the customer focus strategy, an element of which is to develop corporate and service standards
- Code of conduct for staff
- Staff receive induction training including an introduction to the Code of Conduct
- Fraud awareness programme for staff; roll out commenced in 2009/10
- The NI Code of Local Government Conduct for Members
- Policy for acceptance and Provision of Gifts and Hospitality by Council Officers
- Policy for Potential Conflict of Interest Situations Encountered by Council Officers
- An Equality Reference Guide
- Sustainable Development Plan
- Fraud and corruption and whistle blowing policies.

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

- Standing Orders
- Financial Regulations
- Scheme of Delegation

- **Accounting Manual**
- **Codes of Conduct for officers and Members**
- **Corporate and budgetary planning**
- **The preparation of relevant regular financial reports**
- **Regular reviews of periodic and annual financial reports which indicate financial performance**
- **A programme of capital expenditure with clearly defined guidelines**
- **An Asset Management Group**
- **Formal project management disciplines**
- **An Information Panel and appropriate sub-groups; these enhance the IT governance arrangements within the Council.**

Continued effort has been put into developing and implementing the key elements of an assurance framework within Belfast City Council with the key elements being:

- **A process whereby managers are required to sign annual assurance statements**
- **Embedding risk management**
- **Developing business planning and related performance reporting arrangements**
- **A re-constituted Audit Panel**
- **Further developing the professionalism of the internal audit function, including the implementation of risk-based audits**
- **Review and update of the Code of Governance**
- **A Health & Safety Assurance Board.**

The Council has an established Audit Panel with comprehensive terms of reference. The terms of reference set out a clear statement of purpose that it will provide an independent assurance on the adequacy of the Council's risk management framework and associated control environment. It provides an independent scrutiny of the Council's financial and non-financial performance to the extent that it exposes it to risk and weakens the control environment. The Audit Panel received formal audit committee training in February 2010. The Audit Panel reports to Strategic Policy and Resources Committee.

The Audit Panel with support from the Assurance Board oversee the work of the Audit Governance and Risk Services section including the approval of the annual programme of work. The internal audit service, provided by Audit, Governance and Risk Services operates to the standards published in the CIPFA code of practice for internal audit in local government.

Audit, Governance and Risk Services lead on risk management activities within the Council. These have continued in line with the Council's Risk Management Strategy. Activities have focused on the identification, management, monitoring and reporting of the Councils' key risks. Corporate, departmental and operational risk registers are in place, in addition registers relating to major projects and key services have been developed where applicable.

Directors, Heads of Service and nominated senior staff within the Council completed declarations of assurance for the year end 2009/10. These signed assurance statements form part of the evidence which underpins the annual governance statement. From 1st April 2010 these will be signed on an ongoing 3 month basis.

The Council has in place a Business Continuity Policy which is subject to an annual review and has been communicated to relevant staff, the policy can also be viewed on the Audit, Governance and Risk Services pages on the internet. Business Continuity strategies and plans are in place for the Council's key services; these are reviewed, updated and aspects of the plans are tested on an annual basis. In addition, in order to ensure that the Council is prepared to meet the threat of a pandemic, a Strategic Business Continuity Pandemic Plan with supporting operational plans have been prepared and are also subject to ongoing review and updating.

Managers are aware of their responsibility for ensuring:

- **Compliance with relevant laws and regulations, internal policies and procedures**
- **Compliance with statutory responsibilities with regard to Health & Safety**
- **That expenditure is lawful within their area of responsibility**
- **That staff conduct council business in accordance with the law and proper standards**
- **That public money, for which they are responsible, is safeguarded and properly accounted for, and used economically, efficiently and effectively.**

The Financial Regulations include an explicit reference to management responsibility for internal control and set out the delegated powers of the Chief Financial Officer in ensuring expenditure is lawful. The Chief Financial Officer is the designated officer responsible for the proper administration of the Council's financial affairs. The Council's financial management arrangements conform to the CIPFA governance arrangements on the role of the Chief Financial Officer.

The Council has a Town Solicitor and a Legal Services Department to provide advice and support to Council staff and Members.

A Public Interest Disclosure ("Whistleblowing") policy is in place and has been communicated to all staff. The policy is posted on the Council's intranet. In addition, this policy is also included in the Code of Conduct for Local Government Employees.

A Corporate Complaints system is in place.

The following activities underpin the identification and support of the development needs of members and senior officers:

- Induction training for all staff which includes an introduction to the Code of Conduct
- Code of procedures on recruitment and selection
- Introduction of personal development plans
- Member development programme with induction sessions for Members

The following are channels of communication which focus on all sections of the community and other stakeholders. These channels ensure accountability and encourage open consultation:

- The Corporate plan
- 'One Council' corporate communication guidelines
- The Council's website found at www.belfastcity.gov.uk and the interlink site for staff
- Work is underway to develop a range of corporate and service standards
- Ongoing development and use of Citistats
- The council is engaging with the Department of the Environment re development of a community planning framework

- Ongoing consultation processes
- City Matters magazine
- Complaints handling system
- Council meetings are open to the public
- An Assurance Framework.

Review of effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, which gives an opinion on the Council's risk and control environment and by comments made by the external auditors and other external reviews.

The Audit Panel provides an independent assurance on the adequacy of the Council's risk management framework and associated control environment. It provides an independent scrutiny of the Council's financial and non-financial performance to the extent that it exposes it to risk and weakens the control environment. In accordance with a Local Government Audit recommendation, a review is in progress which measured the effectiveness of the Audit Panel against a CIPFA "best practice" checklist; this will be reported to the Audit Panel in June 2010.

Following a benchmarking exercise the Audit Panel has made a commitment to a minimum of four meetings through the year. During the course of 2009/10 the Audit Panel met five times.

The Assurance Board which comprises the Chief Executive, Director of Finance and Resources and Town Solicitor has the purpose of identifying areas of particular concern within the Council. It addresses issues of non compliance within the Council in particular around internal control or governance matters. The Assurance Board met four times during 2009/10.

The Code of Governance for Belfast City Council is based on the 6 core principles set out in the CIPFA/SOLACE Framework. The key systems, processes and documents are summarised in a table; the monitoring of these activities provides evidence of compliance with the core and supporting governance principles, along with the individual or committee responsible for monitoring and reviewing the same.

As set out in our Code of Governance, in February 2010 AGRS undertook a review and update of the Code. The main purpose of this review was to determine the progress being made to fully embrace the 6 governance principles. This included contacting various officers and determined whether the systems, processes and documents continued to provide evidence of compliance with the principles and also determined the progress made in implementing the planned improvement actions. In addition, the code was further updated to reflect the 2009 CIPFA statement and subsequent March 2010 guidance on the role of the Chief Financial Officer in Public Service Organisations. The updated Code was reported to COMT on 26th May 2010, the Assurance Board on 27th May 2010 and the Audit Panel on 7th June 2010.

This review of the Code has assisted in the preparation of this Annual Governance Statement. In addition it forms one of the assurances that senior managers and Members receive on the Council's internal control environment.

In the year 2009/10 AGRS reviewed the various sources of assurance and the key elements of the Council's internal control framework and will report to managers, COMT, the Assurance Board and the Audit Panel on these areas.

Local Government Audit has also provided a level of assurance through the provision of the annual external audit and provision of the management letter. An action plan is in place to address any issues identified.

Other sources of assurance include assurances from management and external review bodies.

In the year 2010 / 2011, the Strategic Policy and Resources Committee and the Audit Panel intend to monitor the actions taken by management to address identified weaknesses in the Council's internal control environment, and the management of key risks.

Significant governance issues

In response to the issues raised in the Annual Governance Statement for 2008/09, we can confirm that these issues were highlighted in appropriate risk registers, risk owners allocated and actions were put in place to address them. Actions taken in managing these issues were reported as appropriate to COMT, the Assurance Board and Audit Panel. However, it should be noted that given the nature of some of the risks identified, some actions are still ongoing. We have outlined the actions taken so far to manage the significant issues identified in the Annual Governance Statement for 2008/09 at Appendix A.

As part of the process of preparing this year's Annual Governance Statement all Directors and nominated senior officers have been asked to consider significant governance issues that require action and disclosure. The most significant issues for the Council are detailed below:

The Northern Ireland Landfill Allowance Scheme was introduced in April 2005 to provide a cost effective way of enabling Northern Ireland to meet its share of the UK targets as outlined in the Waste and Emissions Trading Act 2003, for reducing the land filling of biodegradable municipal waste to achieve compliance with the 1999 Landfill Directive (1999/31/EC). In common with other Councils in Northern Ireland there is a continuing risk that the Council incur fines for non-achievement of these targets. We are continuing to take all appropriate measures to address this risk and to demonstrate that the Council is making "Best Endeavours" both individually and in collaboration with arc21 to secure adequate waste treatment infrastructure facilities.

A major issue and key risk for the Council is the potential implementation of the Review of Public Administration and the current delays being experienced. Key risks exist around implications for the Council arising from the absence of firm decisions on key review of public administration issues including boundaries and funding and the associated delay in the legislative programme. The Council is actively involved with local and central government and the sectors representatives NILGA and SOLACE on this issue.

The Council still considers that despite actions undertaken over the last 12 months, the need to fully implement effective governance of all major projects remains an issue. The Council, whilst having taken steps to address this issue, now needs to embed the agreed governance framework/structure, policies and procedures to ensure robust control and management of all major projects and the spend attached. Work will continue over the next year to ensure that awareness, familiarity and compliance with the agreed protocols is achieved and that governance arrangements are put in place in order to manage the risks identified.

During 2009/10 the Health and Safety assurance framework has been supplemented by the appointment of a new Corporate Health and Safety Manager and the ongoing operation of the Health and Safety Assurance Board. Much work is in hand to improve the management of health and safety but further work needs to be undertaken to fully embed the framework and to adequately address the actions arising from the corporate review of health and safety management arrangements.

The economic climate presents ongoing challenges to the management of the overall Council financial position, in particular the management of debt, the impact on external income sources such as building control, and the implications for the rates income collected by Land and Property Service on behalf of the Council. Given this challenging environment, the Council is continuing to strengthen its financial management arrangements to improve financial planning, reporting and budgetary control and ensure that efficiency targets are met.

In addition, to further enhance our governance arrangements we propose over the coming year to take steps to address all issues which were raised in Annual Assurance Statements. These issues have been identified in the appropriate risk registers. The ongoing management of the existing actions and the implementation of proposed actions to manage these issues will be appropriately reviewed and reported and will form part of our next annual governance review.

Signed:

On behalf of the Committee of Strategic Policy and Resources,
the Chief Executive Officer and by the Chief Financial Officer

Appendix A

Significant risk and internal control issues declared
in the Annual Governance Statement 2008/2009

<u>Risk disclosed in AGS 2008/2009</u>	<u>Actions agreed or implemented to manage risk declared in AGS 2008/2009</u>
<p>Following the introduction of the Corporate Manslaughter Act, in 2008 the Council has reviewed its health and safety function and has appointed a Corporate Health and Safety Manager, with enhanced responsibilities, however, further work needs to be undertaken to implement a Health and Safety assurance framework and to implement actions arising from a corporate review of health and safety management arrangements.</p>	<p>A number of measures have been actioned that will see further improvements to the management of Health and Safety across the Council. Including,</p> <ul style="list-style-type: none"> • A Health and Safety Assurance Board is now in place, comprising the Directors of Legal Services, Finance and Resources and Health and Environmental Services. The Board meets to regularly review update reports on Health and Safety from the Corporate Health and Safety Manager and communicates key Health and Safety matters to the Chief Officers Management Team.

<u>Risk disclosed in AGS 2008/2009</u>	<u>Actions agreed or implemented to manage risk declared in AGS 2008/2009</u>
	<ul style="list-style-type: none"> • Within the past 12 months the Council has appointed Health and Safety Consultants to review and assist in the development of action plans to address the highest risk areas / locations identified by the Council. • The Council's existing Workplace Safety Inspection System has been reviewed and will now see inspection reports communicated to Senior Management and Chief Officers. <p>Work is ongoing to improve and further develop local departmental health and safety plans. It is anticipated that work in this area will be expedited with the recruitment of 2 additional staff to the Occupational Health and Safety Unit.</p> <p>Furthermore steps to introduce a new integrated management information system are at an advanced stage.</p>
<p>The risk to the Council of being unable to comply with the targets of the Northern Ireland Landfill Allowance Scheme (NILAS) is still a significant issue.</p>	<p>We are continuing to take all appropriate measures to address this risk and to demonstrate that the Council is achieving 'Best Endeavours' in its own actions and through its work with arc21 to secure residual waste treatment facilities in accordance with the Waste Plan timetable. This has included:</p> <ul style="list-style-type: none"> ▪ Continuing liaison with arc21 to introduce the necessary waste infrastructure. ▪ Agreement reached to aggregate total of waste disposed of between all councils in NI, via Arc 21, thereby giving protection against NILAS targets until around 2012/13. ▪ Examining recycling initiatives outside the scope of the arc21 waste plan. <p>A future Waste collection strategy is being developed looking at possible options for enforcement and possible separate collections for a number of waste streams.</p>

<u>Risk disclosed in AGS 2008/2009</u>	<u>Actions agreed or implemented to manage risk declared in AGS 2008/2009</u>
<p>The Council still considers that despite actions undertaken in the past year the need to implement effective governance of all projects still remains a significant issue, in particular to fully manage the resource requirements of large projects, for example, the Titanic Signature Project, North Foreshore and Connswater Greenway.</p>	<p>The Titanic Signature Project and Connswater Greenway have project boards which govern these projects, BCC have representatives on these boards. Further work is planned to take forward development of the North Foreshore. BCC will also be taking the lead role on Connswater Greenway in the near future and this project will therefore be subject to the policies, processes and procedures of BCC.</p> <p>In respect of other major projects in BCC these projects are subject to Gate Reviews at key points in their lifecycles. Regular reporting on progress is being developed via the P2net system (which has recently been implemented in PMU). The Review of the Centre and the Review of Governance arrangements have made various recommendations some of which have been implemented, i.e. setting up of the Department of Property and Projects. In line with these recommendations a proposed governance structure has been developed and submitted to COMT for consideration. Work will be ongoing to develop robust PPM methodologies and control mechanisms.</p>
<p>There are concerns that the extreme volatility of the current economic climate impacts negatively on the Councils finances and our ability to deliver services, in particular in the following areas:</p> <ul style="list-style-type: none"> • Reduction in external income streams including Building Control, Business Improvement Section and Information Services Belfast • Rising debt level as a consequence of customers finding it difficult to make payments including commercial waste customers or council tenants 	<p>In order to better manage this risk the Council has established a Budget and Transformation Panel which is comprised of one Member from each of the party groupings. The Panel reports its work to the Strategic Policy and Resources Committee.</p> <p>In addition a voluntary redundancy exercise was carried out with a view to reducing costs in areas which had been impacted by the economy. Following on from this review other structural and staffing reviews are currently being conducted to identify potential further efficiencies for the Council.</p>

<u>Risk disclosed in AGS 2008/2009</u>	<u>Actions agreed or implemented to manage risk declared in AGS 2008/2009</u>
<ul style="list-style-type: none"> • A collapsing or redundant market to purchase recyclables leads to a reduction in income • High utility costs; and the potential for a reduction of income if attendance at our facilities is not maintained. 	<p>During the year a group was set up chaired by the Director of Legal Services to review the Council's overall debt position. This resulted in regular meetings between the relevant department, CTU and legal. Procedures re chasing debt were reviewed leading to a more pro-active approach being taken, e.g. phone calls being made prior to second reminder letters being sent out. Monthly reports on the debt position were produced for relevant management.</p>
<p>The review of public administration (RPA) is seen as a major issue for the Council. Key concerns exist around:</p> <ul style="list-style-type: none"> • Ensuring that council input into RPA related discussions including the drafting of necessary legislation is timely and secures the interests of both the citizen and the local government sector • General uncertainty and delays in the RPA process and the external decision-making processes in place could make it difficult for the Council to effectively prepare for the transition process and ensure that necessary succession planning is taking forward • Inadequate or late information could restrain our ability to undertake appropriate and timely due diligence reviews of emerging policy/legislative proposals and to consider associated organisational consequences • Inadequate or untimely information could limit our ability to effectively engage, at both Elected Member and officer level, in the policy development and implementation phase of the RPA • That transferring functions would be insufficiently resourced at point of transfer which could significantly jeopardise future service delivery 	<p>In order to ensure that such risks are effectively managed the Council has implemented the following series of actions:</p> <ul style="list-style-type: none"> • Put in place appropriate governance, accountability and project management arrangements to oversee, manage and monitor the effective implementation of the RPA process within the Council. • The designation of the Council's Strategic Policy and Resources Committee as the RPA Transition Committee (TC) who are responsible for providing overall political direction to the process; • The designation of the Council's Chief Officers' Management Team as the RPA Transition Management Team (TMT) with responsibility for coordinating and managing overall RPA implementation • Established internal project management and support structures including the appointment of a fixed-term RPA co-ordination manager who is accountable to the TC and TMT

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<u>Risk disclosed in AGS 2008/2009</u>	<u>Actions agreed or implemented to manage risk declared in AGS 2008/2009</u>
<ul style="list-style-type: none"> • That emerging legislation and associated guidance to be issued by the Department of Environment could impact upon the Council's own modernisation agenda pre and post RPA. 	<ul style="list-style-type: none"> • Politically agreed Transition (Project) Plan in place with key implementation milestones outlined. • Established internal officer project teams to take forward specific strands of RPA related work (e.g. finance, service delivery, corporate response to RPA issues)"

The Corporate Risk and Governance Manager informed the Members that the significant issues disclosed in the Annual Governance Statement for 2009/2010 reflected some of the issues which had been identified within the Corporate Risk Register. In response to a question from a Member regarding the actions in place to manage the various risks, she explained that there were action plans in place to address these risks and that a more comprehensive risk review and assurance process had, on 1st April, been introduced. A report would, on a quarterly basis, be submitted to the Panel outlining the adequacy of the actions being taken to manage key risks.

The Panel approved and recommended to the Strategic Policy and Resources Committee the contents of the Annual Governance Statement for 2009/2010.

Annual Assurance Statement 2009/2010

The Panel noted the contents of a report from the Head of Audit, Governance and Risk Services regarding the Annual Assurance Statement for 2009/2010. The Statement constituted his professional opinion on the adequacy and effectiveness of the Council's internal control environment and demonstrated that it had in place adequate and effective systems of risk management, governance and control.

**Local Government Auditor's Audit Strategy
for Belfast City Council 2009/2010**

The Panel was advised that, under the Local Government (Northern Ireland) Order 2005, the Local Government Auditor, as the appointed independent external auditor, was required to examine, certify and report on the financial statements of Belfast City Council. The Head of Audit, Governance and Risk Services reported that the Local Government Auditor had issued an Audit Strategy for the Council for the 2009/2010 financial statements. He provided an overview of the Strategy, which set out the:

- (i) responsibilities for the preparation of accounts and associated regulations;
- (ii) scope of the audit;
- (iii) audit approach;

- (iv) records which were required to be provided for audit inspection;
- (v) timescales which would be involved; and
- (vi) Local Government Auditor audit staffing.

He explained that, in addition to the conventional aspects of an audit of the accounts, the Audit Strategy set out also the Local Government Auditor's proposed systems and corporate governance work.

The Panel noted the contents of the Audit Strategy for the Council for the 2009/2010 financial year.

Review of the Effectiveness of the Audit Panel 2009/2010

The Panel was informed that, in light of new audit regulations and a specific recommendation from the Local Government Auditor, a review of the effectiveness of the Audit Panel was undertaken on a regular basis in order to confirm its compliance with good practice. The Acting Corporate Assurance Manager explained that the purpose of the Audit Panel was to provide an independent assurance on the adequacy of the Council's risk management framework and associated control environment. He provided a brief overview of its Terms of Reference and explained that it met its responsibilities by meeting regularly and by reviewing and scrutinising reports prepared by internal and external audit and senior managers on financial matters, risk, governance and control. Where necessary, the Panel would request further information/assurances on specific issues. He reported that the Audit Panel had, in 2009/2010, met on five occasions and that it had been provided with refresher training. During the year, the Panel had reviewed a number of key documents/reports and had considered audit plans and issues arising from various audit activity.

The Acting Corporate Assurance Manager explained that, in line with the Local Government Auditor's recommendation, the review of the effectiveness of the Audit Panel had taken the form of a self-assessment against a Chartered Institute of Public Finance and Accountancy checklist, with Panel members being requested to identify areas for improvement.

During discussion, a Member highlighted the reliance which the Audit Panel placed on internal audit work and stressed the importance of ensuring that Members were not faced with any issues of an unexpected nature.

In response, the Acting Corporate Assurance Manager explained that the Panel received its assurances from various sources and pointed out that the introduction of a system of quarterly reporting should provide Members with further assurance regarding issues which may arise unexpectedly.

After further discussion, the Panel approved the assessment of the effectiveness of the Audit Panel.

Review of the Effectiveness of Internal Audit 2009/2010

The Panel considered the undernoted report:

“Relevant Background Information

The Local Government (Accounts and Audit) (Amendment) Regulations (Northern Ireland) 2006 which came into effect during 2007/2008 make local government bodies explicitly responsible for their financial management, internal control and risk management systems

The Regulations place four main requirements on authorities:

1. Ensure financial management is adequate and effective and establish a sound system of control including arrangements for the management of risk.
2. Conduct a review at least once a year of the effectiveness of the system of internal control.
3. Publish a statement on internal control* as part of the statement of accounts. This statement must be considered by a committee of the local government body, or by the members of the body meeting as a whole, and following that consideration, approved by the Chief Executive.
4. *Maintain an adequate and effective system of internal audit in accordance with proper practices (and ensure an annual review of the effectiveness of the system of internal audit).*

* - Now replaced by Annual Governance Statement

Regarding the fourth requirement, this means that the internal audit function (which is provided by Audit, Governance and Risk Services) must work to professional standards and that the organisation should undertake an annual review of the effectiveness of the system of internal audit.

In a sense, the Council is ahead of the Regulations. Audit, Governance and Risk Services has been working to professional standards for internal audit for a number of years. In 2006/2007 the Council commissioned an external review of the work of the Audit, Governance and Risk Services section. This review was undertaken by the Chartered Institute of Public Finance and Accountancy (NI). The results of this review were reported to the Council's Audit Panel in January, 2007 and the review confirmed that the service complied with the CIPFA 'Code of Practice for Internal Audit in Local Government' (2006).

The review involved CIPFA (NI) consulting with key stakeholders including AGRS staff, the then Chair of the Audit Panel, Assurance Board members and a sample of other stakeholders and reviewing audit files / documentation.

Further arrangements are in place to monitor the effectiveness of the internal audit function:

- the work of Audit, Governance and Risk Services may be relied upon by the Local Government Auditor as the basis for obtaining information/assurances around the Council's systems of internal control.
- effectiveness is also measured through management satisfaction questionnaires which AGRS issue at the end of each completed systems audit. Responses to these during 2009/2010 have been positive.
- The service reports regularly to a senior management Assurance Board and the Audit Panel on audit, governance and risk matters and routinely reports on its performance against key priorities and targets.

In order to comply with the Regulations the Local Government Auditor has advised that councils in Northern Ireland should undertake a self-assessment of its service against a compliance checklist included in the CIPFA Code of Practice for Internal Audit in Local Government (2006) and that this assessment should be considered by the Audit Panel.

Key Issues

Annual Review of Effectiveness of internal audit 2009/2010

We have completed the recommended self-assessment checklist and our overall conclusion is that the internal audit service complies with the CIPFA Code of Practice for internal audit in local government.

Future Plans

In developing the Audit, Governance and Risk Services plan for 2010/2011, we have identified further scope for consulting with stakeholders on the effectiveness of our Service and, during 2010/2011 will be developing a communication/stakeholder engagement plan to enable further assurances to be obtained regarding the effectiveness of the service and also to identify areas for improvement. In addition new customer service performance indicators for AGRS have been incorporated into the Council's CORVU performance management system for 2010/2011, which will enable regular reporting/monitoring of a range of aspects of the service.

Last year the Service undertook to have an external review of Audit, Governance and Risk Services in 2010. The Head of Audit, Governance and Risk Services is discussing the scope/timing of this review with the Director of Finance and Resources and will advise the Audit Panel at its next meeting regarding the detailed proposals/scope for such a review.

Resource Implications

None

Recommendations

That the Audit Panel notes that a review of the effectiveness of the internal audit service has been undertaken and that this review confirms compliance with the CIPFA Code of Practice for Internal Audit in local government.

That the Audit Panel approves the review of the effectiveness of the internal audit service, taking account of the completed checklist and the other arrangements for ensuring the effectiveness of the service, as highlighted in this report.

That the Audit Panel notes that the Head of Audit, Governance and Risk Services is in the process of discussing with the Director of Finance and Resources the scope of a possible review of the Service, and will report to the Audit Panel at its next meeting on the proposed way forward.”

Following discussion, the Panel adopted the recommendations.

Audit Governance and Risk Services Progress Report

The Panel considered a report outlining the work which Audit, Governance and Risk Services had undertaken between February and May, 2010.

The Head of Audit, Governance and Risk Services reported that, during the period, follow-up audits had been completed in relation to the new ticketing system and automated teller machine within the Belfast Waterfront Hall and a review of the health and safety management arrangements in place within the Council. Audit reports had been finalised in respect of Capital Projects, Peace III, the Waste Management Service, the Belfast Visitor and Convention Bureau and the Connswater Greenway Project, together with a value-for-money review relating to the use of consultants. Audits of the Bereavement Service, fixed assets, procurement and value-for-money reviews of utilities and advertising were at a draft stage and would, once finalised, be submitted to the Panel. In addition, audits of the Parks and Leisure Department and the Community Services Section were being planned.

He provided also details regarding fraud investigation work being undertaken by the Service and pointed out that fraud awareness training would, during the month of June, be delivered to staff within the Development Department. He highlighted also the work being undertaken in relation to risk management, business continuity management and pandemic planning.

After discussion, the Panel noted the information which had been provided.

Potential Conflict of Interest
Situations Encountered by Council Officers

(Mr. C. Quigley, Town Solicitor and Assistant Chief Executive, attended in connection with this item.)

The Panel considered the undernoted report:

“Relevant Background Information

1. Background/Purpose of Report

Belfast City Council is committed to the principles of good governance. Governance is about how we ensure we do the right things in an open, honest and accountable manner.

In the interests of ensuring good governance, Audit Governance and Risk Services (AGRS) has been requested by the Town Solicitor and Assistant Chief Executive to review the Council’s existing policy, guidelines and processes in relation to dealing with potential conflict of interest situations encountered by Council officers, to compare this with best practice and report back to the Assurance Board, the Chief Officers’ Management Team and the Audit Panel on the results of the review. The purpose of this report is to present the results of this review to the Audit Panel. This is a timely review, since the Council is also in the process of developing and agreeing a policy and guidance for Elected Members in terms of declaration of interests and it is important that the policies/ processes for both Members and officers are as robust as possible.

2. Existing Policy, Guidance and Processes

In March 2006, following adverse media reports relating to poor governance in central government departments, COMT requested AGRS to bring together the existing policy and develop associated guidelines for staff in relation to potential conflicts of interest situations and gifts and hospitality.

After completion of research (including benchmarking) and consultation with relevant officers, the policy and updated guidelines were presented to COMT for approval in August, 2006.

The policy itself was based on the Local Government Act 1972 and had already been included in the Council's existing Employee Code of Conduct (April 2003) and in the Council's Standing Orders. The policy did not change as a result of the 2006 review. However, the opportunity was taken to review and consolidate the guidance for staff and to develop templates for recording individual potential conflicts of interest and maintaining associated Departmental registers.

Following COMT approval, the policy and guidelines were communicated to staff by the Corporate Risk and Governance Manager in October/November 2006 via e mail, the Intranet and briefings to Business and Finance Managers and Departmental Management Teams. The Council's Audit Panel was notified in January 2007, via the AGRS Progress Report, of the action that had been taken.

Key Issues

1. Key Features of Current Policy

The key elements of the current policy for officers encountering potential conflicts of interest situations are summarised below:

- Responsibility is placed on every member of staff for disclosing to an appropriate manager or officer of the Council every potential conflict of interest in which he/she may be involved.
- A relation of any officer or servant of the Council shall not be appointed or engaged or recommended for appointment or engaged in any department except with the consent of the Strategic Policy and Resources Committee and employees involved in appointments should, at all times, act in accordance with the Local Government Staff Commission's Code on Procedures on Recruitment and Selection.
- The Chief Executive shall report to the Council in any case where it comes to his attention that an officer of the Council has any interest in any transaction with the Council.
- Staff are expected to conduct themselves with integrity, impartiality and honesty and their private interests should not be such as to have the potential for allegations of impropriety or partiality to be sustained thereby bringing the Council into disrepute. In particular, attention is drawn (in the policy) to examples where potential conflicts of interest can occur, namely in relationships with councillors, contact with the local community and service users, relationships with contractors and political activity.

- An employee must not subordinate his / her duty to the Council to his / her private interests or put himself / herself in a position where duty and private interests conflict. The Council should not attempt to preclude officers from undertaking additional employment outside their hours of duty with the Council, but any such employment must not, in the view of the Council, conflict with or react detrimentally to the Council's interest, or in any way weaken public confidence in the conduct of the Council's business.
- Employees must declare to an appropriate manager any financial or non-financial interests that they consider could bring about conflict with the Council's interests, for instance:
 - Membership of an organisation receiving grant aid from the Council
 - Membership of an organisation or pressure group which may seek to influence the Council's policies
 - Membership of any organisation not generally open to the public without formal membership and which requires commitment of allegiance or has secrecy about rules, membership or conduct.
- Employees who have an interest, financial or non-financial, should not involve themselves in any decision or allocation of Council services or resources from which they, their friends or family, might benefit and should ensure that the matter is referred immediately to their line manager.
- Where the Council wishes to sponsor an event or service neither an employee nor any friends, partners or persons where a family relationship is deemed to exist must benefit from such sponsorship in a direct way without there being full disclosure to an appropriate manager of any such interest. Similarly, where the Council through sponsorship, grant aid, financial or other means gives support to a community, employees should ensure that impartial advice is given and that no conflicts of interest are involved.

The Town Solicitor and Assistant Chief Executive is currently in correspondence with the Local Government Staff Commission to ascertain if these examples of conflicts of interest are still relevant or need to be updated.

2. Key Features of Current Guidelines/Process

The key elements of the current guidelines for officers encountering potential conflicts of interest situations are summarised below:

- As a general rule of thumb officers should ask themselves 'Could this course of action be satisfactorily defended in public?' Where there is any doubt about the application of this policy, officers should consult their line manager in the first instance and ensure they inform their Line Manager promptly if they encounter a potential conflict of interest situation.
- The principles underlying pecuniary interests relate to a person's interest in a matter being based on the probability that the person stands to gain or lose financially from it.
- Where there is a perception of serious conflicts, it is not sufficient to declare them. They must be effectively dealt with or avoided altogether.
- The officer facing the potential conflict of interest is responsible for completing the relevant form and forwarding the form to the officer with responsibility for input of the forms to the registers.
- Each Chief Officer should ensure that responsibility for the input of the forms to the registers is clearly allocated to a specific officer and communicated within their Department.
- Each Chief Officer should decide whether the registers should be maintained centrally within their Department or individually within each Section. The location of the registers will impact on:
 - the ease with which the annual review of the registers by Chief Officers can be conducted; and
 - the accessibility of the registers to staff and the ease with which staff may maintain the registers up to date.
- Periodic reminders are issued to all staff regarding current policy / guidance (last included in the September, 2009 version of Intercom, issued to all staff).

3. **Benchmarking**

In order to validate whether the current policy and guidelines continue to represent good practice, a benchmarking exercise has been undertaken with other government bodies, namely:

- Local government in Northern Ireland (Fermanagh District Council, Antrim Borough Council, Craigavon Borough Council);
- Other public sector bodies in Northern Ireland (NI Assembly/ Northern Ireland Civil Service, Housing Executive, Health & Social Care Trust, Belfast Education & Library Board);
- Local government in England (Sunderland City Council, Sheffield City Council, Brent Council, South Tyneside Council).

The main issues arising from this benchmarking exercise are as follows:

(i) *Policies and Guidelines for Officers encountering potential conflicts of interest*

Belfast City Council's policies and guidelines continue to represent good practice. The Council has a clear and concise specific policy for conflict of interest situations encountered by Council officers which compares favourably against the other organisations with whom we have benchmarked.

However the benchmarking exercise has identified some improvements that could be considered, as follows:

- Assign responsibility for day to day 'ownership' of the policy/guidelines, management of the implementation of policy and periodic reporting on its implementation.
- Implement a requirement of bi-annual returns (even if a 'nil return') for all staff above a certain grade
- Implement a 'Sign off' document as part of all tender and grant appraisals/approvals for officers to declare any possible conflicts of interest (to be completed even if a nil return)

(ii) Processes

The Council's processes compared well to those in benchmarked authorities but could be improved in certain respects, in relation to communication / awareness, and monitoring of the implementation of policy as follows:

Communication/awareness of policy:

- The policy could be covered in induction training
- I.T. could be used more to help communicate/ re-communicate the policy/guidelines to existing staff for example by requiring electronic acknowledgement of receipt and understanding of the policy and completion of forms
- Training to existing staff could be improved. (Note: the fraud awareness training being implemented by AGRS in 2010/2011 will cover the Council's gifts, hospitality and conflict of interest policies)

Monitoring of the implementation of policy:

- Ensure arrangements are in place for Departmental monitoring of the policy
- A process of quarterly reporting on the compliance with policy to be incorporated as part of the quarterly risk management process

Some of the issues identified above also came out of the last AGRS review of this area in early 2009.

Recommendations

- The Audit Panel is asked to agree that responsibility for overall ownership of the policies, guidelines and processes for conflicts of interest is assigned to the Town Solicitor / Assistant Chief Executive and that the Risk & Governance Manager is the nominated officer, responsible for the maintenance, monitoring and communication of the policy to staff and for addressing the recommendations arising from this review. The Audit Panel is also asked to agree that the Risk & Governance Manager should report quarterly on the compliance with policy as part of the quarterly risk management process, and should also report to Chief Officers / Members on an annual basis on the application of the policy.

- In addition, and particularly in the light of recent departmental re-organisations, each Chief Officer should ensure that arrangements be put into place for Departmental monitoring of the policy and such an officer should be nominated within each Department to oversee compliance with this policy.

Resource Implications

There are no major resource implications arising from this review, although maintenance and continuous improvement to existing policies, guidelines and processes will now be allocated to a nominated individual and will require staff time.

Recommendation

That the Audit Panel agrees the recommendations above.”

During discussion, the Town Solicitor and Assistant Chief Executive confirmed that the policy relating to declarations of interest for Members was in the process of being finalised and that it would, following consideration by each of the Party Groupings, be submitted to the Strategic Policy and Resources Committee for approval.

The Panel adopted the recommendations contained within the report.

Sickness Absence 2009/2010

The Panel considered the undernoted report:

“Purpose of report

This report:

- Provides sickness absence data for the Council’s seven departments for the financial year 2009/2010.
- Compares this year’s performance to the same period last year.
- Proposes targets for the reduction in sickness absence for the financial years 2010/2011 and 2011/2012.

Relevant Background Information

- In 2007/2008 the average number of days lost per full time employee was 13.91.
- On 23rd May, 2008, the Strategic Policy and Resources Committee agreed an overall council target reduction in absence of two days by 2010/2011, i.e. to reduce to 12 average day’s absence by 2010/2011.

- The council exceeded this target during 2008/2009 and reduced sickness absence in the year by 2.69 days to 11.22 days.
- In May 2009, the Strategic Policy and Resources Committee agreed a new two year council target to reduce sickness absence to 10.50 days by 2010/2011.

Key Issues

Key Findings

- At the end of the financial year 2009/2010, the average number of day's sickness absence per full time employee is 11.98 days (this figure excludes swine flu; if swine flu is included the figure is 12.22 days)
- This means that the target to reduce sickness absence agreed for 2009/2010 has not been met.
- Almost the same numbers of staff were absent this year compared to the same time last year. (61.7% in 2009/10, 61.9% 2008/09) and almost the same number of staff had no absence this year compared to the same time last year. (38.3% in 09/10, 38.1% in 2008/09)
- It is clear that the reason for the increase is the duration of the absences.
- This year 63% (19,217 days) of absence was classified as long-term compared to 60% (16,351 days) last year.
- The table below shows that there has been a reduction of nearly four days sickness absence per full time employee since 2005/2006.

<i>2005/06</i>	<i>2006/07</i>	<i>2007/08</i>	<i>2008/09</i>	<i>2009/10</i>
15.75 days	15.08 days	13.91 days	11.22 days	11.98 days

Impact of Swine Flu

- Approx.1.9% (0.24 day per full time employee) of the overall figures related to sickness absence classified as swine flu.

Benchmark information

The Council's figure of 11.98 compares as follows;

Belfast City Council average days absence 2009/10	11.98
*Northern Ireland Housing Executive average days absence 2009/10	13.60
**Northern Ireland Civil Service average days absence 2008/09	11.00

Audit Panel should note:

- * The figure for the Northern Ireland Housing Executive may have to be refined and has not been reported to their board.
- ** The 2009/2010 figure for NICS absence is not available. Members should also note NICS figures do not include absences of industrial staff.

Dealing with long term sickness

- Hotspots were identified mid year in Parks and Leisure, Corporate Services and Health and Environmental Services. Fortnightly meetings with corporate HR identified some sections were reluctant or slow to act on the advice given. Some sections with high absence rates used significant discretion in the management of long term cases. There were also a number of cases of serious illness which required external medical consultations before management could take a decision. Rigorous follow ups on occupational health/medical consultant reports, and case reviews of difficult or long term absence cases has assisted in the management of such cases.

Performance against target information

- The attached appendix provides performance against target rates at corporate, departmental and service level for this year and last year (swine flu excluded).
- The size of a department has a significant impact on the overall sickness figures and so information on the size of each department is also included in the appendix.
- This performance met the target set by Members in May, 2008 but failed to meet the revised target set in May, 2009.
- Five out of seven departments met their target for 2009/10 (Chief Executive's, Legal Services, Finance and Resources, Development and Property and Projects).

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- The two departments which failed to meet their agreed target for 2009/2010 employ the highest number of staff in the council (Parks and Leisure, Health and Environmental Services).
- Health and Environmental Services employs 35.4% of the workforce with Parks and Leisure employing 26.3% of the workforce.

Actions taken to improve absence rates:

- A new Attendance Policy was introduced in January, 2010.
- Transfer arrangements to move employees from the old to the new policy were agreed with TUs and HR has held monthly compliance checks in relation to the transfer of employees from the old to the new policy.
- All relevant officers and TUs were trained on the new policy.
- Extensive communication exercise undertaken to ensure staff awareness of new policy.
- New system of fortnightly meetings between HR and the departments to ensure compliance with the policy and to advise on difficult cases.
- Case reviews to progress difficult cases appropriately.
- Action learning/discussion forums between HR and departments to agree a corporate approach to difficult attendance management issues.
- Additional occupational health clinics to assist with the increased referrals resulting from the implementation of the new Attendance Policy
- Monthly meetings with Occupational Health and HR to discuss Occupational health aspects of attendance management.

Target for reduction 2010/2011

It is proposed that a new two year target to reduce to 11.0 days per full time equivalent by March 2011 and 10.75 days by March 2012 per full-time equivalent is agreed.

Recommendation

The Audit Panel is asked to note the year end performance figures and approach to the target.

Appendix

Performance against targets (excludes Swine Flu)	Where should be at March to meet target	Actual days absence per fte at March 2010	Variance	Actual days absence per fte at March 2009	% of workforce employed in this part of the Council	% of sickness absence in this part of the Council
BCC	10.85	11.98	-1.13	11.22		
Chief Executive's	10.73	9.02	1.71	11.41	3.36%	2.53%
Corporate Communications	15.88	7.12	8.76	18.88	0.81%	0.48%
Committee & Member Services	10.86	10.47	0.39	10.86	1.18%	1.03%
Good Relations	6.21	2.76	3.45	6.21	0.74%	0.17%
Legal Services	4.01	2.27	1.74	4.01	0.91%	0.17%
Finance and Resources	7.71	7.48	0.23	7.72	10.67%	6.66%
Human Resources	6.02	5.08	0.94	6.02	1.62%	0.69%

BIS	9.41	9.29	0.12	9.41	1.07%	0.83%
Financial Services	13.06	11.61	1.45	14.06	1.94%	1.88%
ISB	6.98	6.67	0.31	6.98	4.66%	2.59%
Health & Environmental Services	10.87	12.22	-1.35	11.21	35.40%	36.11 %
Environmental Health Services	9.65	9.45	0.20	9.65	8.04%	6.34%
Building Control	5.74	7.44	-1.70	5.74	2.92%	1.82%
Cleansing	12.09	13.55	-1.46	12.59	19.56%	22.12 %
Waste Management	12.11	15.42	-3.31	12.61	4.15%	5.34%
Directorate Support	4.87	6.30	-1.43	4.87	0.72%	0.38%
Parks and Leisure	12.76	15.84	-3.08	13.49	26.43%	34.95 %
Leisure	13.94	14.68	-0.74	14.94	12.41%	15.20 %
Parks & Cemeteries	12	17.26	-5.26	12.50	13.42%	19.33 %

Development Department	9.9	9.37	0.53	10.12	11.53%	9.02%
Economic Initiatives	10.66	5.77	4.89	10.66	1.96%	0.94%
Waterfront & Ulster Hall	6.14	3.28	2.86	6.14	2.56%	0.70%
Community	12.07	12.37	-0.30	12.57	4.74%	4.89%
Directorate Support	8.29	13.21	-4.92	8.29	2.27%	2.50%
Property and Projects	11.06	10.84	0.22	11.06	11.67%	10.55%
Core Improvement Team	4.7	8.26	-3.56	4.70	1.19%	0.82%
Facilities Management	11.13	11.58	-0.45	11.38	9.34%	9.02%

The Head of Human Resources reviewed the sickness absence statistics for 2009/2010 and pointed out that, whilst the Council had failed to meet its target for the year, the figures still represented a decrease of almost four days since 2005/2006. She outlined the extent of the work which had been undertaken to date in addressing absence management and highlighted, in particular, the introduction in January of a new Attendance Policy and the measures which had been put in place to address long-term sickness absence.

During discussion, it was suggested that it would be beneficial for the Council to compare sickness statistics with an organisation of a similar size, even within the private sector, and for individual units to benchmark externally with others undertaking similar functions. A Member voiced concern that two of the Council's seven Departments had failed to meet the agreed sickness target for the period and suggested that the relevant Directors should be advised that the Audit Panel was monitoring their Department's performance closely and that, should the trend continue, they would be invited to attend a future meeting in order to outline their plans to address the issue.

After further discussion, the Audit Panel noted the year-end sickness figures for 2009/2010 and recommended that the Strategic Policy and Resources Committee approve the proposed target absence figures for 2010/2011 and 2011/2012.

Staff Numbers, Overtime and Agency Costs

The Panel considered undernoted report:

“Purpose of report

This report:

- **Provides information on staff numbers for the Council's seven departments at quarter four 2009/10 and compares them to the same time last year (quarter four 2008/2009)**
- **Compares overtime costs for the period April 09 to March 10 to the same time last year (April 2008 to March 2009)**
- **Compares agency costs for the period April 09 to March 10 to the same time last year (April 2008 to March 2009)**

Relevant Background Information

- **On 15th February, 2010 the Audit Panel agreed that reports on staff numbers, overtime and agency costs should be made to the Chief Officers' Management Team and Audit Panel on a quarterly basis starting from quarter four 2009/2010.**

Key Issues

The attached appendix provides information on the following:

- **The number of people in post at quarter four 2009/2010 at corporate and departmental level compared to numbers for the same time last year.**

- The cost of overtime at corporate and departmental level for the rolling year April 2009 – March 2010 compared to the same period last year April 2008 – April 2009.
- Agency cost at corporate and departmental level for the rolling year April 2009 – March 2010 compared to the same period last year April 2008 – April 2009.

Key Findings

People in post

- The average number of people in post at quarter four of this year is 2444 compared to 2406 for the same time last year (quarter four 2008/2009)
- This represents an overall net increase of 38 or (1.6%)
- Internal movement of staff and the filling of vacant established posts accounts for some of the variances.
- However, the Health and Environmental Services Department's staff numbers increased the most. Details of the external recruitment of 30 staff on a temporary appointment basis and 10 on a permanent appointment basis is detailed below:

Temporary appointments:

Neighbourhood Watch Dev. Officer	1	Fully funded
Building Control Surveyors (Energy Performance Certification Scheme)	2	Fully funded
Community Safety Wardens	1 3	Part funded
Senior Community Safety Wardens	2	Part funded
Healthy Aging Coordinator	1	Part funded
Project Support Officer (Health Aging)	1	Part funded
Project Manager (Belfast Resilience)	1	Committee approval for a two year fixed term contract -April 2008
Trainee Technical Officer (Food Safety)	1	Trainee post for a two year programme
Dog Collection Officer	1	Temporary appointment for six months
Environmental Health Officer	1	Maternity cover
Cleansing Operatives	6	

Permanent appointments:**Recycling Operatives x 8**

Committee approval was granted for a major review of the staffing levels and shift patterns at all Recycling Centres. The review including opening hours in both summer and winter to ensure that operational services provided at recycling Centres were fit for purpose. Agency cover was utilised to cover vacant posts during the review and the filling of permanent posts resulted in a corresponding reduction in agency use.

Safer City Project Officer X 2

The new generic posts of Safer City Project Officers provide for the management and ongoing development of successful projects such as Alleygating, the Wardens Project and Get Home Safe, as part of the Safer Belfast Plan.

Committee approval was granted to create five new posts in June 2008.

Overtime costs

- Overtime costs for the rolling period April 2009 to March 2010 is £4,733,913
- Overtime costs for the same period previous year (April 2008 to March 2009) was £4,835,767
- This represents a reduction of £101,854 or (2.11%) this year
- Finance and Resources accounted for £66,730 of the total reduction, mainly in Financial Services and ISB.
 - The reduction in overtime in Financial Services is mainly as a result of CTU “bedding down” and improved processes being introduced.
 - In ISB overtime has been managed more tightly from month to month and overtime costs incurred because of all the decants have been charged to a separate decant budget held by Facilities Management

Agency costs

- Agency costs for the rolling period April 2009 to March 2010 is £3,759,598.

- This figure differs from the figures contained in the Financial Accounts 2009/2010 because a number of invoices relating to agency costs were processed after this report was produced.
- Agency costs for the same period previous year (April 2008 to March 2009) was £5,490,521.
- This represents a reduction of £1,730,923 or (31.50%).
- Health and Environmental Services accounted for £1,132,869 of the total reduction. This is as a result of posts that were covered by agency (Cleansing and Waste Management) during operational reviews being filled on a permanent basis on completion of the reviews.

Decision Required

The Audit Panel is requested to note the contents of this report.

APPENDIX

People in post	Average number of people this year (Q4 09/10)	Average number of people in post this time last year (Q4 08/09)	Variance between people in post this year and same time last year
BCC	2443.7	2405.8	+37.9
Chief Executive's	82.2	80.6	+1.6
Legal Services	22.4	18.6	+3.8
Finance and Resources	261.5	269.0	-7.5
Health & Environmental Services	867.4	826.7	+40.7
Parks and Leisure	647.6	643.7	+3.9
Development Department	276.8	275.5	+1.2
Property and Projects	285.8	291.6	-5.8

Overtime costs	Overtime costs for the period April 08 - March 09	Overtime costs for the period April 09 - March 10	Variance
BCC	£4,835,767	£4,733,913	£ -101,854
Chief Executive's	60,421	52,610	- 7,811
Legal Services	-	-	-
Finance and Resources	148,962	82,232	-66,730
Health & Environmental Services	2,048,435	2,082,326	33,891
Parks and Leisure	1,673,470	1,643,126	- 30,344

Development Department	347,779	346,917	- 862
Property and Projects	556,700	526,702	-29,998

Agency Costs	Agency costs for the period April 08 - March 09	Agency costs for the period April 09 - March 10	Variance
BCC	5,490,521	3,759,598	£- 1,730,923
Chief Executive's	81,317	71,303	-10,014
Legal Services	72,087	57,389	-14,698
Finance and Resources	256,379	194,283	- 62,096
Health & Environmental Services	2,275,396	1,142,527	- 1,132,869
Parks and Leisure	1,763,967	1,513,475	-250,492

Development Department	576,493	492,271	- 84,222
Property and Projects	464,882	288,350	-176,532

After discussion, the Panel adopted the recommendation and agreed that reports in relation to staff numbers, overtime and agency costs should, in future, include the numbers of agency staff employed within each Department.

Update on Telephony Mobile Phones

(Mr. P. Gribben, IS Portfolio Manager, Information Services Belfast, attended in connection with this item.)

The Panel was reminded that it had, over a number of meetings, been provided with updates regarding actions being taken to improve the management and control of telephony across the Council. The IS Portfolio Manager provided further information in relation to this exercise and highlighted the fact that, in moving in August, 2009, BT landline and call charges to Office for Government Commerce tariffs, the Council had generated savings of approximately £80,000 for that financial year. In addition, the consolidation of the billing process for BT landlines had reduced significantly the administrative burden being placed upon the Council's Central Transactions Unit. Information Services Belfast was working with BT to analyse telephone usage in order to identify further savings and was considering the establishment of a corporate contract with Office for Government Commerce Buying Solutions and the possibility of including other councils in the creation of a framework agreement for telephony which could bring further economy of scale and reductions in tariffs. Orange and Vodaphone, the Council's primary mobile phone providers, were moving also to single accounts and using tariffs on the Office for Government Commerce framework.

The IS Portfolio Manager reminded the Audit Panel that, at its meeting on 15th February, it had discussed the feasibility of the Council centralising its telephone/internet provision under one provider in order to achieve savings, as was now common practice in the domestic market. He reported that the Council's current internet service provider had been commissioned four years previously and that it was in the process of moving to a new provider, at a significantly reduced cost. He explained that the new contract would generate significant economies due to the size of the Council. However, research into the market for internet service provision had not identified any providers of bundled telephony services and internet to the private sector, as had been suggested by the Panel.

The Panel noted the information which had been provided and that updates in respect of telephone/mobile phones would continue to be submitted on a regular basis.

Decant and Refurbishment Costs

(Mr. G. Millar, Director of Property and Projects and Mr. G. Wright, Head of Facilities Management, attended in connection with this item.)

The Panel considered the undernoted report:

“Relevant Background Information

At its meeting of 15th, February 2010, the Audit Panel requested financial details of the various buildings leased by the Council and also a summary of all decant-related costs for the period 2007-2010.

This report sets out the information requested and also the context in which the various items of expenditure arose.

Context & background

As requested by the Audit Panel, this report contains details of both leased buildings and related decant costs for the past three years. However, to properly understand the issues it is useful to look at relevant matters both before and after this three year period.

As far back as 2003/2004, the Council accepted the need to refurbish the City Hall and to address overcrowding in various Council premises. Following various site visits by the Members, it was agreed to move the Building Control and Cleansing Services into Clarendon House as a temporary solution so that work on the City Hall could be planned. A series of delays then occurred due to disagreements over alternative accommodation and the City Hall project was suspended until after the 2006 centenary year.

At the same time the Review of Public Administration (RPA) was announced, at first in the seven council model advocated by Secretary of State Hain which entailed a major transfer of functions to councils. The new Assembly then later revisited this decision opting for an eleven council model with a more limited transfer of functions.

The impact on Council accommodation plans was the same in that it became extremely difficult to plan office requirements with any certainty as the future size, scale and scope of the Councils services was unknown.

In these unclear circumstances, decisions were taken to acquire a lease in Adelaide Exchange to allow City Hall work to go ahead and to give the Council some flexibility depending on the final outcome of RPA which was originally due 2009 and then 2011.

During this period, the owner of Clarendon House pressed the Council to leave and served a notice of termination under the Business Tenancies Order as he wished to develop the site. Council staff had also been seeking to move or to substantially redevelop the building particularly in regard to air conditioning given the unsuitability of the premises and the fact that they had only agreed to move in temporarily but were coming up to a five year stay. A lease on Lanyon Place was the outcome of this particular issue.

Further changes occurred when the City Hall was completed and staff moved back as a 'Review of the Centre' had taken place with resultant reorganisation of departments hence the more recent series of decants.

The overall approach in this uncertain environment has been to get the Council out of unsuitable buildings it had leased for staff accommodation over the years i.e. Linenhall Exchange, Scottish Amicable, Callendar Street and to consolidate staff in City Hall, CWB, Adelaide Exchange and Lanyon Place at the same time freeing up Seymour House for disposal.

Ideally by now we should have been clear about RPA but as that is now on the long finger the Council needs to consider its future accommodation requirements in these circumstances and is a task the Accommodation Steering Group identified for itself post the City Hall completion.

All decisions regarding leasing of buildings have been brought through the committee process as have a large number of decants. Some of the more recent decants which were consequences of committee decisions on staff structures were taken at senior officer level. The following tables set out the financial information requested.

*Cost of leasing buildings (excluding
the cost of staying as we were)*

Spending on accommodation annually has risen from 2007/2008 to 2010/2011 by £714k on foot of the closure of the City Hall and the leasing of Adelaide Exchange and also because of the closure of Clarendon House and the leasing of the 5th floor at Lanyon Place. This increase also reflects the annual increases in rates, utilities and service charges.

Members need to bear in mind a number of issues when comparing the costs of accommodation between 2007/08 and the present.

First of all, there has been a peak in costs in 2009/2010 due to the City Hall move. However we are now on a downward trend as Linen Hall Exchange lease is to be surrendered June, 2010 and Seymour House will be come available for disposal.

Even without the move from the City Hall the position we were in 2006/2007 was unsustainable. The existing buildings leased by the Council required substantial upgrades, maintenance and increasing compliance works in relation to DDA, Fire and Energy certification as well as other statutory requirements. Some of the leases were quite old and very onerous with major liabilities sitting with the Council.

The Building Control and Cleansing Services had been complaining for at least a year regarding the situation in Clarendon House. The Health and Environment Services Committee in 2007 had considered reports outlining air conditioning improvements costed at £221, 500 and spot cooling at £46,000 respectively but deferred both reports pending a more realistic accommodation solution.

The Callendar Street premises did not comply with DDA legislation in that there were no wcs on the ground floor or first floors, no lift, and there were difficulties in providing a ramped entrance due to footpath widths. The premises were also in general poor repair with a dilapidations clause in the lease requiring the Council to make good with the work estimated by Building Maintenance at around £250,000.

The above are only two of the main headline costs of remaining in these unsuitable buildings. Together with a raft of other repairs, compliance works and inevitable staff changes the costs of staying as we were was not a realistic option for the Council both in cost terms and in regard to staff issues.

It was also apparent that issues existed regarding staff morale coupled with the ineffectiveness of managing staff at remote locations needed to be addressed. Parks management staff were spread between CWB, Scottish Amicable, the Stables and Malone House and in a department going through a major change and improvement process that was far from ideal. Parks are now all located in Adelaide Exchange with the Scottish Amicable lease closed and the Stables and Malone House accommodation available for more commercial uses.

A further issue causing unrest was the perceived inequitable treatment of staff with some people being in good accommodation and others in relatively poor conditions and it was only a matter of time before a case was taken against Council.

Other issues included amalgamating Business Improvement Services with Human Resources in CWB, freeing up the Linenhall Exchange lease and moving Policy and Performance teams to City Hall to support the Chief Executive.

The Council arrived in this predicament were it had to do something due to a series of one off decisions by individual departments and committees and while we are in the midst of consolidating accommodation given the prevailing circumstances this report recommends further work on a longer term accommodation strategy.

Cost of decanting

It should first be pointed out that this report regards the overall cost of decanting as including the necessary refurbishment and preparatory building work needed at a number of sites. The one-off headline costs associated with the decant programme for the period in question are as follows:

Total	571,649	415,264	380,489	£1,367,402
<u>Less Savings</u>				£477,000
<i>Closures</i>				
Clarendon House				
Scottish Amicable				
Callender Street				
Linehall Exchange & Clarendon House				£192,800
City Hall Net Rates				£239,583
Net Cost Of Decants				£458,019

Overall, therefore, when the various savings and adjustments are set against the one-off decant costs, the nett cost of the various decants carried out in the last three years will, by the end of the current financial year, be considerably reduced. Again this does not take account of the opportunity costs of staying as we were.

It is also important to note that decant activity has not been limited to the moves to and from the City Hall; there have been a total of 24 separate decants since April 2007, involving nearly 800 staff. This produced a cost-per-head decant figure of £196. It should be noted that the removals activity was subjected to competitive public tender in 2006/2007 in preparation for the decant of the City Hall.

It should also be noted that most of the Council's quite considerable holdings in art & artefacts had to be removed from the City Hall and placed in appropriate storage during the refurbishment period. Some items (mostly portraiture) also had to be restored and repaired and all items were then reinstated in the City Hall upon its re-opening in 2009. All of this cost a total of £203,208 and again this activity was subjected to competitive tender by the Facilities Management Section in 2007.

Finally, once the planned decant of the Audit, Governance & Risk Section from Seymour House to Adelaide Exchange is completed next month (and a final location for the Reprographics unit is agreed and implemented) the property at Seymour House will also be vacant and available for disposal should the Council be so minded which will generate a capital receipt.

Key Issues

The Panel is asked to note that, during the whole of the decant period, Council services have continued to be delivered without fail and in some instances better with a number of efficiencies being enabled by the relocation of particular staff sections.

The Council has now rationalised the number of office buildings it utilises. This has addressed a number of the immediate issues in terms of risks surrounding compliance, maintenance and working conditions. There is, however, going forward a requirement to consider a longer term sustainable accommodation plan. This plan should consider, as part of a comprehensive economic appraisal, the various options such as: continuing to lease, buy, develop, decentralise or alternative working arrangements (eg. remote working).

This economic appraisal will form the basis of a Council's approach to providing accommodation in the most cost effective manner and in the context of the wider corporate objectives.

It is probable that the Council will continue in occupation at Lanyon Place until 2017 which will coincide with the break options both in this and the Adelaide Exchange leases. However as the notice to exercise both of these breaks must be given in December 2015 and August 2016 respectively it is essential that the council begins to develop an overall accommodation plan now in order to be ready for that fast-approaching deadline. Such a plan will need to take into account existing staff numbers, the potential for internal organizational growth, any relevant BCC strategic objectives or policies and the potential implications of RPA etc. Before reaching any conclusion it is important that this work commences as soon as possible and a report will shortly be submitted to the Strategic Policy & Resources Committee seeking approval to progress with the longer term Accommodation Plan.

Resource Implications

There are no direct resource implications arising from this report.

Recommendations

It is recommended that the Panel note and endorse the information contained herein, most particularly the need for the development of a comprehensive accommodation plan which will maximise potential capital receipts, minimise revenue expenditure so far as possible, contribute to the efficiency agenda and provide effective and sustainable accommodation for the organisation as it moves forward."

During discussion, a Member made the point that there had been a lack of communication in relation to a number of decants and this had created difficulties particularly for Members and for the public. Clarification was sought as to whether a number of sections which had been involved in decants had purchased new furniture in the process.

In response, the Director of Property and Projects pointed out that every effort was made to publicise decants taking place, including the provision of information on the Council's website. He undertook to submit, in future, reports to the relevant Committees advising of decanting arrangements. In response to a further question regarding the timescale for the development of an accommodation plan, he stated that it would be preferable, in order to ensure that the Council had in place arrangements prior to the expiry of a number of leases on buildings and in preparation for the potential implementation of the Review of Public Administration, to draft options for accommodation by 2012 at the latest. The Head of Facilities Management confirmed that the only major decant which had involved the purchase of furniture had related to Adelaide Exchange.

The Panel noted the information which had been provided.

Cost of Postage

At the request of a Member, the Panel agreed that a report be submitted to its next meeting detailing the costs of postage across the Council.

Date of Next Meeting

The Panel agreed that its next meeting would take place in the Conor Room at 1.00 p.m. on Tuesday, 14th September.

Chairman