

Borough Council of  
**King's Lynn &  
West Norfolk**



# **RESOURCES AND PERFORMANCE PANEL – AUDIT AND RISK COMMITTEE**

**Thursday 30 April 2009  
Immediately following the Resources and Performance  
Panel meeting which commences at 6.00pm**

## Venue

Committee Suite  
King's Court  
Chapel Street  
King's Lynn  
Norfolk  
PE30 1EX



INVESTOR IN PEOPLE



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Borough Council of  
**King's Lynn &  
West Norfolk**



King's Court, Chapel Street, King's Lynn, Norfolk, PE30 1EX.  
Telephone: 01553 616200  
Fax: 01553 616758

22 April 2009

Dear Member

**Resources and Performance Panel – Audit and Risk Committee**

You are invited to attend a meeting of the above-mentioned Committee which will be held on **Thursday 30 April 2009, immediately following the Resources and Performance Panel meeting, in the Committee Suite, King's Court, King's Lynn**, to discuss the business shown below.

Yours sincerely

Chief Executive

**AGENDA**

**1. Apologies for absence**

To receive any apologies for absence.

**2. Minutes**

To approve the minutes of the Resources and Performance – Audit and Risk Committee meeting held on Wednesday 25 February 2009 (Pages 902 - 909) previously circulated.

3. **Declarations of Interest**

Please indicate whether the interest is a personal one only or one which is also prejudicial. A declaration of a personal interest should indicate the nature of the interest and the agenda item to which it relates. In the case of a personal interest, the member may speak and vote on the matter. If a prejudicial interest is declared, the member should withdraw from the room whilst the matter is discussed.

4. **Urgent Business**

To consider any business which, by reason of special circumstances, the Chairman proposes to accept as urgent under Section 100(b)(4)(b) of the Local Government Act, 1972.

5. **Members Present Pursuant to Standing Order 34**

Members wishing to speak pursuant to Standing Order 34 should inform the Chairman of their intention to do so and on what items they wish to be heard before the meeting commences.

6. **Chairman's Correspondence** (if any)

7. **Matters referred to the Committee from other Council Bodies and responses made to previous Committee recommendations/requests** (if any)

To receive comments, and recommendations from other Council bodies, and any responses subsequent to recommendations, which this Committee has previously made. (N.B. some of the relevant Council bodies may meet after dispatch of the agenda).

8. **Annual Report of Benefit Investigations Unit** (Pages 5 - 9)

The Committee are invited to note the attached report.

9. **Benefits Fraud and Prosecution Policy** (pages 10 - 18)

The Committee are invited to note the attached report.

10. **Cabinet's Forward Decision List for 6 May 2009**

The following items are on the Cabinet Forward Decision List for consideration on 6 May 2009, and have been identified by the Chairman and Vice-Chairman for consideration by the Panel.

(a) **Annual Audit and Inspection Letter 2007/2008**  
(pages 19 - 32)

The committee are invited to note the attached report and make any appropriate comments to Cabinet.

## **EXCLUSION OF THE PUBLIC AND PRESS**

To consider the following resolution:

“That under Section 100(a)(4) of the Local Government Act, 1972, the press and public be excluded from the meeting for the following item of business on the grounds that it may involve the likely disclosure of exempt information as defined in paragraph 1 of Part 1 of Schedule 12A to the Act.”

### **(b) Review of Internal Audit (\*To follow)**

The Committee are invited to comment on the report and make any appropriate recommendations to Cabinet.

## **RETURN TO OPEN SESSION**

**\*N.B. A COPY OF THE ABOVE MENTIONED REPORT WILL BE SENT TO MEMBERS OF THE PANEL FOLLOWING PUBLICATION OF THE CABINET AGENDA FOR 6 MAY 2009 MEETING.**

### **11. Audit & Risk Committee Work Programme (Page 33)**

To consider the Committee's Work Programme.

### **12. Date of Next Meeting**

To note that the next meeting of the Resources and Performance Audit and Risk Committee will be held on **Thursday 21 May 2009**.

**To: Panel Members – Councillors J R Legg (Chairman), A Beales (Vice-Chairman), P Burall, M Chenery of Horsbrugh, A Lawrence, A Morrison, Mrs J Mickleburgh, D Pope and N J C Ullswater.**

**Portfolio Holders:**

**Councillor N J Daubney, Leader & Portfolio Holder for Resources**

**Councillor R Johnston, Portfolio Holder for Performance**

**Chief Executive**

**Deputy Chief Executive and Executive Director, Finance and Resources**

**Executive Director, Revenues and Customer Services**

**Management Team**

**Chief Internal Auditor**

**Press**

**Officers:** The following Officers are invited to attend in respect of item(s) shown against their name:

Item 8 & 9 - Sarah Chapman, Investigations Manager

Item 10 (a) & 10 (b) - Dave Thomason, Deputy Chief Executive, Executive Director, Finance and Resources

## POLICY REVIEW & DEVELOPMENT REPORT

<b>Type of Report:</b> Annual report	<b>Portfolio(s):-</b> Performance
<b>Author Name:</b> Sarah Chapman	<b>Consultations:-</b>
<b>Tel:</b> 01553 616560	
<b>Email:</b> sarah.chapman@west-norfolk.gov.uk	
<b>OPEN</b>	

**PR&D Panel:** Resources and Performance Panel – Audit and Risk Committee  
**Date:** 30 April 2009  
**Subject:** Annual Report of Benefit Investigations Unit

### Summary

The Benefit Investigations Unit, undertake work to prevent and detect benefit fraud. This report provides Members with information regarding the work undertaken during the 2008/2009 financial year.

### Recommendation

To note the report

## 1. Purpose of the report

- 1.1 This report is intended to advise the Audit and Risk Committee of the work undertaken by the Benefit Investigations Unit during the 2008/2009 financial year.

## 2. Background

- 2.1 The administration of the national Housing Benefits Scheme by the Council is the biggest single service provided by the Council. In 2008/2009 £39 million was paid to over 13,500 claimants on low incomes to enable them to pay their rent and council tax payments. Inevitably with such big numbers and sums of money there is some fraud and error within the system. Errors by claimants and by staff processing benefit claims have to be identified and classified and work is constantly undertaken to minimise both. The latest estimate In 2008/2009 of Local Authority error is £156,877. This is within the target set by Central Government so the Council does not incur any subsidy penalty. On fraud, the Council's Benefit Investigation's Unit has the task of preventing and detecting benefit fraud.

**3. Work undertaken in 2008/2009**

- 3.1 Every year, the Investigations Unit receive fraud referrals from a number of sources. Each case is risk assessed for investigation. In 2008/2009 the Unit received 1,281 referrals, (1,366 in 2007/08). 405 (328 in 2007/08) of those cases were not investigated, and a further 164 (210 in 2007/08) were passed to the Department of Works and Pensions as they involved Social Security benefits. In total, therefore, some 712 (798 in 2007/08) cases were formally investigated by the 4 Investigations Officers in the Unit.
- 3.2 The Unit has a Fraud Policy which sets out the Council's objectives and lays down guidelines on those cases that should be considered for prosecution. The Unit carry out regular Fraud Awareness training to staff in the Benefits Section, the Council Information Centre, Housing and other interested Departments.
- 3.3 Members of the public can contact the Investigations Unit using the free-phone telephone number 0800 281 879 or can complete a referral on-line via the Council's website. All information is treated in the strictest confidence.
- 3.4 Of the 712 cases that were formally investigated, 188 (244 in 2007/08) cases resulted in fraud being proven. Of these 188 cases, 54 (50 in 2007/08) were subject to formally prosecution action where evidence gained was 'beyond all reasonable doubt'. The 134 (174 in 2007/08) fraud proven – non prosecution cases gained evidence of the 'balance of probability' but not "beyond all reasonable doubt".

From our 7 prosecution cases the following sentences were given:-

- 8 month prison sentence suspended for 2 years
- 175 hours unpaid work to be completed in the next 12 months
- £100.00 fine with £100.00 prosecution costs
- 70 hours unpaid work with £260.00 costs
- 6 month prison sentence
- 80 hours unpaid work with £100.00 prosecution costs
- 50 hours unpaid work with £50.00 prosecution costs

A further 4 prosecution cases have been completed in March 2009 but are not counted until April 2009. The following sentences were given:-

- 6 month driving disqualification with a £500.00 fine
- £1,000.00 fine with £100.00 prosecution costs and a £15.00 surcharge
- 100 hours unpaid work with £100.00 prosecution costs
- 12 month conditional discharge with £100.00 prosecution costs.

## AGENDA ITEM 8

The tables below detail those cases and their sources of referral.

Formal Sanctions	2008/09	2007/08
Prosecution	- 7	7
Administration penalty	- 30	31
Formal caution	- 17	12

Fraud Type	Number (2008/09)	2007/08
Working and claiming benefit	29	24
Undeclared capital	9	10
Living together	5	2
Undeclared Incapacity Benefit	0	1
Undeclared Tax Credits	8	6
Non residency	1	3
Income Support/Jobseekers Allowance ceased	0	1
Other	0	1
Landlord fraud	0	1
Contrived tenancy	0	1
Undeclared Private Pension	1	0
Undeclared Income	1	0

Source of Referral	Number (2008/09)	2007/08
Housing Benefit Data Matching Service	30	29
Department of Work and Pensions	7	10
Other Council Section	0	1
Benefits Visiting Section	3	1
Housing Department	1	1
Housing Benefits Section	7	5
Police	0	1
National Fraud Initiative	0	2
Customer Information Centre	1	0
Overpayment Section	2	0
Benefit Enquiry Unit	1	0
Hotline	2	0

Fraud Proven – Non Prosecution

Total cases - 134 174 - (2007/08)

<b>Fraud Type</b>	<b>Number (2008/09)</b>	<b>2007/08</b>
Non residency	34	31
Income Support/Jobseekers Allowance ceased	29	23
Working and claiming benefit	19	19
Undeclared income	2	2
Living together	4	5
Undeclared capital	10	12
Landlord Fraud	0	1
Undeclared Incapacity Benefit	10	11
Undeclared non-dependant	1	9
Other	0	2
Undeclared Private Pension	2	14
Undeclared State Pension	0	12
Payment fraud	0	1
Undeclared Tax Credits	15	25
Industrial Injuries Benefit undeclared	2	4
Undeclared Bereavement Benefit	1	3
Undeclared ICA	2	0
Contrived Tenancy	3	0

<b>Source of Referral</b>	<b>Number (2008/09)</b>	<b>2007/08</b>
Housing Benefit Data Matching Service	70	111
Department of Work and Pensions	4	6
Other Council Section	0	2
Benefits Visiting Section	30	18
Housing Department	0	4
Housing Benefits Section	14	10
National Fraud Initiative	1	20
Anonymous telephone call	0	2
Returned mail	4	1
Hotline	2	0
Overpayment Section	1	0
Housing Association	5	0
Benefit Enquiry Unit	1	0
Pro-active	2	0

**4. Financial Implications**

- 4.1 In the past, the work of the Investigations Unit was a direct incentive by the Government with rewards for achievements of targets. Costs towards fraud prevention and detection are now all included within the Administration Subsidy that the Council receives to administer the Housing Benefit Scheme.
- 4.2 The Investigations Unit though do still generate income in addition to the government funding through the costs awarded against proven cases and the repayment of overpayments of benefit. In 2008/2009 some £228,000 (£159,000 in 2007/08) was identified for recovery from claimants.

**5. Further Information**

Copies of the Council's Fraud Policy and Fraud Awareness Guidance can be obtained from Sarah Chapman, the Council's Investigation Manager, telephone 01553 616560, e-mail:sarah.chapman@west-norfolk.gov.uk

**POLICY REVIEW & DEVELOPMENT REPORT**

<b>Type of Report:</b> Benefit Enquiry Unit	<b>Portfolio(s):-</b> Performance
<b>Author Name:</b> Sarah Chapman	<b>Consultations:-</b>
<b>Tel:</b> 01553 616560	
<b>Email:</b> sarah.chapman@west-norfolk.gov.uk	
<b>OPEN</b>	

**PR&D Panel:** Resources and Performance Panel – Audit and Risk Committee  
**Date:** 30 April 2009  
**Subject:** Benefits Fraud and Prosecution Policy

<p><b>Summary</b></p> <p>The Benefit Investigations Unit, undertake work to prevent and detect benefit fraud. This report provides Members with information regarding the proposed amended financial consideration figures within the Prosecution Policy, of the Benefits Fraud Policy</p> <p><b>Recommendation</b></p> <p>To note the report</p>
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**1. Purpose of the report**

1.1 This report is intended to propose an amendment to the Financial Considerations figures within the Prosecution Policy, of the Benefits Fraud Policy.

**2. Background**

2.1 The Prosecution Policy sets out the Borough Council's policy on the prosecution and sanctioning of persons who have committed criminal offences against the authority in dishonestly obtaining Social Security Benefits. In bringing any prosecution, the seriousness of the offence will often be seen as the amount of benefit fraudulently claimed.

**3. Current Prosecution Policy Financial Considerations**

- 3.1 1) Below £400.00 overpaid = Not generally prosecuted unless previous fraud identified or in the public interest. A simple caution may be given.
- 2) Between £400.00 and £1,500.00 = A prosecution would be considered but in most cases an Admin Penalty of 30% of the overpayment would be offered.
- 3) Over £1,500.00 overpaid = Prosecution would be recommended.

**4. Proposed Prosecution Policy Financial Considerations**

- 4.1 1) Below £2,000.00 overpaid = A prosecution would be considered if previous fraud identified or in the public interest. In most cases a simple caution may be given if the offence has been admitted or an Admin Penalty of 30% of the overpayment may be offered.
- 2) Over £2,000.00 overpaid = Prosecution would be recommended.
- 4.2 The proposed figures are currently used by the Department for Work and Pensions. An amendment to the Council's figures would provide continuity and further aide joint working.

**5. Further Information**

A copy of the current Benefits Fraud and Prosecution Policy is attached as Appendix 1.

**BOROUGH COUNCIL OF KINGS LYNN AND WEST NORFOLK**

**BENEFITS FRAUD POLICY**

**AIM**

To ensure Benefit Fraud is detected and punished.

**Background**

Housing Benefit is a major pillar of support from the public purse to those on low incomes. It is a vital form of financial help for some of the most vulnerable members of society. The system of claiming benefit is complex, and, as a result this can lead to error and the potential for fraudulent activity.

Local Authorities have a statutory duty under section 151 of the Local Government Finance Act 1972 to make arrangements for the proper administration of their financial affairs, this includes the prevention and detection of Housing Benefit and Council Tax Benefit fraud.

**Borough Council of Kings Lynn and West Norfolk Policy**

The Council has a dedicated Benefit Investigation Unit responsible for the investigation of suspected Housing and Council Tax Benefit fraud. It is also responsible for the investigation of other Social Security fraud under the Social Security Administration Act 1992. The unit aims to investigate these cases and make recommendations to the Benefit Section for adjudication. This way it maintains its independence.

It is also the policy of the unit to co-operate with other Government agencies in the cases of fraud and to adopt Good Practice and Best Value recommendations where appropriate. The unit has its own code of practice and internal policy and procedures which are followed. The unit also follows the Fraud Procedures and Instructions Manual and associated Fraud Circulars issued by the Department of Work and Pensions. Where a fraud is identified which involves a member of the Council's staff or is a member of the Council, the unit will liaise with the Council's Internal Audit Section as to how the investigation should proceed.

The Unit is managed by the Investigations Manager, reporting to the Revenues and Benefits Manager, together with three Area Investigators and one Administrative Assistant. Investigators are encouraged to undertake the formal training given by the DWP, and are rewarded by progression through two salary grades as an incentive to gain the qualification.

The Borough Council will operate and comply in full with the Verification Framework standards, have a detailed policy for considering prosecution and other sanctions for benefit fraud cases, and operate government initiatives wherever possible, and maintain up to date and working Service Level Agreements with the Department for Work and Pensions and Fraud Investigation Service.

### **Freedom of Information, Human Rights and Regulation of Investigatory Powers Act**

All investigations will strictly adhere to the regulations contained in the above Acts.

The Regulation of Investigatory Powers Act 2000 came into force on 25 September 2000. With effect from that date, all surveillance must be in accordance with that Act, and the Department of Work and Pensions has issued a Code of Practice, which must be applied.

From 25 September 2000, authorisation and renewals on forms RIP1 and RIP2 must support all surveillance.

Local Authorities should be aware that the adoption of the statutory code of practice will not be an option, it is a requirement, and will not need to be approved by Councils, any surveillance involved in a case, even if it does not form part of the eventual prosecution case, will be deemed unlawful if not properly authorised and could lead to a challenge against the whole case under Article 8 of the Human Rights Act, The authorising officers specified in the Act are Assistant Chief Officer or Senior Officer of the Investigating Section depending on the level of authorisation required and if surveillance is not properly authorised, it may be subject to legal challenge.

### **Benefit Investigation Objectives**

The Council is committed to the prevention and detection of benefit fraud and the protection of public funds. The unit was established in order that the Council could ensure that its statutory duty to pay only bona fide benefit applications could be met where possible.

The main objectives are:

**Prevention:** by establishing systems of control and procedures to seek to ensure that only genuine claims are processed and paid.

**Detection:** by investigating and, where appropriate, recommending the disallowance or reassessment of fraudulent or irregular applications and existing claims.

**Deterrence:** by creating and developing a culture which discourages applicants from making false claims and ensures those clients who receive benefit fulfil their responsibilities. The consideration of Prosecution or other sanction will be considered in certain cases.

All investigations will be carried out in a professional, objective and efficient manner. The Unit is located within the Benefits Section and works with other Council Departments and other organisations, including the Department for Work and Pensions (DWP), in order to provide the most effective anti-fraud resource to the Council.

Targets will be set for the Investigations Unit each year, and will be monitored and reported as part of the Council's quarterly performance management system.

### **Strategy**

The unit has established both referral and investigation procedures to achieve a consistent approach.

It will constantly monitor and update procedures to maintain the best possible service at all times.

It will liaise with other departments within the authority to create a culture of fraud awareness and develop a confidential referral procedure.

It will further liaise and co-operate with external agencies such as, other Local Authorities, Fraud Investigation Service (through Service Level Agreements), Employment Service, and Utility companies holding regular liaison meetings.

It will utilise to best effect any government initiatives to assist the prevention and detection of fraud

### **Target Areas**

The Investigations Unit will have the following specific target areas:

**Do not redirect envelopes:** Benefits mail is not redirected if for example the recipient has moved. On return of the envelope the circumstances are investigated.

**Planning List:** A check of planning applications is cross referenced with Housing and Council Tax benefits.

**Fraud Referrals:** This is the mainstay of the units work. All referrals are prioritised for investigation and allocated to Investigators.

**Fraud Hotline:** A 24 hour free phone telephone service (out of hour's answer phone) will be maintained to allow the public to report their suspicions. The number will be advertised locally and re-emphasised in all publicity material.

**Land Registry Checks:** To establish the ownership details of properties that are subject to private letting.

**DVLA Checks:** Registration details of vehicles observed as part of investigations will be checked using DVLA records, always observing the rules concerning Regulation of Investigatory Powers Act (RIPA).

**Observations:** The investigation of certain cases requires surveillance or at least drive-bys to gather information. Often this needs to be undertaken out of hours. The unit will undertake all such observations in accordance with RIPA and also in accordance with the Unit's Code of Practice..

**Proactive Work:** Proactive work will be undertaken as considered necessary depending upon the time and circumstances, e.g. referrals against a particular firm, employer, street/caravan site etc.

**Data Matching:** The Unit will take part in national data matching exercises undertaken by the DWP and Housing Benefit Matching Service, and investigations will be carried out accordingly.

**Publicity:** The unit will undertake to promote throughout the community, awareness of fraud issues. This will include promotion of the fraud hotline, information on Council leaflets and posters, publicising prosecutions and regular press articles to highlight fraud awareness.

**Training:** The unit is responsible for the organisation of fraud awareness training.

**Health and Safety:** All of the Unit's activities will be undertaken in accordance with the Council's Health and Safety policies and the Unit's own Code of Practice.

**Code of Conduct:** The investigators will carry out all activities in accordance with the Authorities codes of conduct and the Human Rights Act.

**National Fraud Initiative:** The Unit will participate in the National Fraud Initiative administered by the Audit Commission.

### **Prosecution Policy**

This part of the policy sets out The Borough Councils policy on the prosecution and sanctioning of persons who have committed criminal offences against the authority in dishonestly obtaining Social Security Benefits.

### **Financial Considerations**

In bringing any prosecution, the seriousness of the offence will often be seen as the amount of benefit fraudulently claimed. The following amounts will be used in most cases:

- 1) Below £400.00 overpaid = Not generally prosecuted unless previous fraud identified or it is in the public interest. A simple caution may be given.

- 2) Between £400.00 and £1,500.00 = A prosecution would be considered but in most cases an Administrative Penalty of 30% of the overpayment would be offered.
- 3) Over £1,500 00 overpaid = Prosecution would be recommended.

**Deciding Whether To Prosecute**

When deciding upon an individual case, the following is a non-exhaustive list of circumstances that will be considered:

- 1) Duration of offence and number of offences.
- 2) Offenders physical/mental conditions.
- 3) Voluntary Disclosure.
- 4) Previous Fraud.
- 5) Social Factors.
- 6) Clarity of evidence.
- 7) Failure in investigation or benefit administration.
- 8) Attitude during interview.
- 9) Whether the offender has a position of trust.
- 10) The offence is deliberate i.e. false from the onset.
- 11) Common sense of Investigator.
- 12) Would a prosecution reflect badly upon the Council.

The Unit will undertake interviews under caution and prosecution preparation work. The case will then be passed to the Legal Services Manager to instigate court proceedings.

The final decision upon whether to prosecute will rest with the Revenues and Benefits Manager and the Legal Services Manger.

Publicity of all successful fraud prosecutions will normally follow immediately after the sentencing of an offender unless it is considered that further publicity was not in the public's interest.

### **Administrative Penalties**

The Social Security Administration Act 1992 as amended by the Fraud Act 1997 allows a local authority to apply an Administrative Penalty as an alternative to prosecution at 30% of the total overpayment. Upon accepting a penalty the claimant has 28 days to change their mind. If a penalty is not accepted or is withdrawn the local authority must be prepared to prosecute, therefore all cases of Administrative Penalty must be of prosecution standard.

Administrative Penalties will generally be considered for fraudulent overpayments of between £400 and £1,500 if it was a first offence and/or there was no planning involved in the fraud.

In the majority of cases the Council will make an offer of a 30% penalty and this will be added to the overpayment which is recoverable. The decision upon whether to offer an Administrative Penalty will be taken by the Investigations Manager.

The offer of a penalty should be made in a special interview, and the offender should be told that it is not an interview under caution, acceptance of the penalty is not a declaration of guilt, the recovery of the penalty will occur in the same way as the recovery of the overpayment, he/she has 28 days in which to change their mind should they accept the penalty, but in the event of non-acceptance prosecution would be instituted and failure to repay the debt or default on instalments will result in proceedings for recovery.

The Investigations Officer who conducts the original interview under caution will **not** normally undertake the administrative penalty interview.

### **Simple Cautions**

The purpose of a Simple Caution is to deal quickly and simply with less serious offenders, to save unnecessary appearance in a criminal court and to reduce the chances of the re-offending.

A Simple Caution is a serious matter, which should be recorded and used in the future if a person should offend again. It may be cited in any subsequent court proceedings.

In order to safeguard the offender's interests, the following conditions must be met before a caution is administered, there must be evidence of the offender's guilt, sufficient to give realistic prospect of conviction, the offender must admit the offence and the offender must understand the significance of a caution and give informed consent to being cautioned.

A Simple Caution can only be issued if the claimant admits the offence. If the claimant denies the charge it cannot be issued, but a formal prosecution may then be considered. Any overpayment will be recoverable.

All Simple Cautions will be administered in accordance with the Police and Criminal Evidence Act.

**Internal Fraud**

Investigation of Internal Fraud is not part of this Fraud Strategy Document. Incidents of internal fraud are dealt with by the Internal Audit Section and details of the Council's policy are documented in the Ant Fraud and Corruption Strategy.

# Annual Audit and Inspection Letter

Borough Council of King's Lynn and West Norfolk

Audit 2007/08

March 2009



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## Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.

# Key messages

- 1 Kings Lynn and West Norfolk Borough Council services have continued to improve in some areas but the rate of improvement fell below the average for district councils nationally in 2007/08.
- 2 There have, however, been some notable improvements in environmental indicators, due to the work on improved neighbourhoods, and the focus that brings to enviro-crime, street cleaning and enhanced recycling.
- 3 Regeneration continues to be the top priority, and momentum has been sustained.
- 4 The Council is making slow but steady progress on equalities and diversity, having achieved Level 2 of the local government Equalities Standard in October 2008.
- 5 Corporate systems are improving, for example by the introduction of robust performance monitoring arrangements, but are still not consistently driving service improvement.
- 6 Relationships with partners remain good and improving, with the Council working closely with their local strategic partners on wide range of issues, including a shared response to the challenges of the recession.
- 7 The Council continues to improve staff training and management, but the overall capacity of the workforce remains stretched.
- 8 An unqualified opinion was given on 5 September 2008.
- 9 The Council has improved its use of resources and increased its overall score for financial management from 2 to 3.

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## Action needed by the Council

- 10 Members should ensure that they continue to focus on the areas for improvement identified in the interim audit letter issued in December 2008.
- 11 Members should continue to focus on improving the level of basic services as well as concentrating on delivering major regeneration and growth for the local area. Members should review whether the current capacity levels are appropriate for these tasks.

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# Purpose, responsibilities and scope

- 12 This report provides an overall summary of the Audit Commission's assessment of the Council. It draws on the most recent Comprehensive Performance Assessment (CPA), the findings and conclusions from the audit of the Council for 2007/08 and from any inspections undertaken since the last Annual Audit and Inspection Letter.
- 13 We have addressed this letter to members as it is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business and that it safeguards and properly accounts for public money. We have made recommendations to assist the Council in meeting its responsibilities.
- 14 This letter also communicates the significant issues to key external stakeholders, including members of the public. We will publish this letter on the Audit Commission website at [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk). (In addition the Council is planning to publish it on its website).
- 15 Your appointed auditor is responsible for planning and carrying out an audit that meets the requirements of the Audit Commission's Code of Audit Practice (the Code). Under the Code, the auditor reviews and reports on:
  - the Council's accounts;
  - whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (value for money conclusion); and
  - whether the Council's best value performance plan has been prepared and published in line with legislation and statutory guidance.
- 16 This letter includes the latest assessment on the Council's performance under the CPA framework, including our Direction of Travel report, and the results of any inspections carried out by the Audit Commission under section 10 of the Local Government Act 1999. It summarises the key issues arising from the CPA and any such inspections. Inspection reports are issued in accordance with the Audit Commission's duty under section 13 of the 1999 Act.

# How is the Borough Council of Kings Lynn & West Norfolk performing?

17 The Borough Council of Kings Lynn & West Norfolk was assessed as Good in the Comprehensive Performance Assessment carried out in 2003. These assessments have been completed in all district councils and we are now updating these assessments, through an updated corporate assessment, in councils where there is evidence of change. The following chart is the latest position across all district councils.

**Figure 1 Overall performance of district councils in CPA**



Source: Audit Commission

## The improvement since last year - our Direction of Travel report

### What evidence is there of the Council improving outcomes?

18 The Council is in the second year of its corporate strategy for 2007/11. The four aims and the eight key priorities, which link back to the Sustainable Community Strategy and the Norfolk Local Area Agreement, remain those set out in the original plan. These encompass regeneration of the main towns and development of thriving rural villages, and environmental issues including cleanliness, refuse and recycling. The Council also aims to ensure services are accessible, of appropriate quality and continuously improve, whilst keeping council tax increases low.

## How is the Borough Council of Kings Lynn & West Norfolk performing?

- 19 The Council has continued to improve services but the rate of improvement fell below the average for district councils nationally in 2007/08. Fifty three per cent of the Council's performance indicators (PIs) improved. This is below the national average. Just under 55 per cent of indicators were above average, with 31 per cent amongst the top performers, and 18 per cent being amongst the worst performance nationally.
- 20 In line with Council priorities, 67 per cent of environmental indicators have improved during the year, due to the work on improved neighbourhoods, and the focus that brings to enviro-crime, street cleaning and enhanced recycling. Recycling has improved by 15 per cent over the past three years and is now above the national average. More households are using the brown bin refuse scheme, with over 9,000 now in use, up from 5,500 at the beginning of the year.
- 21 Crime levels continue to fall, apart from robberies, with the rates for domestic burglaries and vehicle crimes among the lowest in the country. The Council is contributing to this reduction by working closely with the police in the Safer Neighbourhoods programme that has been rolled out across the nine urban and rural neighbourhoods of the Borough. In planning there was a more mixed picture, with a greater coherence and impetus to planning policy but slippage on the speed with which determinations of planning applications were made and an increase in successful appeals against the Council. High levels of successful planning appeals can lead to reduced confidence in the planning process by local people.
- 22 The Council and its partners have made further progress in delivering the ambitious regeneration agenda. In particular it has:
- secured Growth Point status for Kings Lynn. This has done much to consolidate the sub-regional importance of the borough, as well as unlocking £2.75 million of central government funding towards delivering 5,000 new homes;
  - delivered the first phase of housing in the Nar-Ouse regeneration area (NORA), with over 100 units of which 25 per cent are affordable homes geared towards meeting priority housing need;
  - made considerable progress on plans to relocate the College of West Anglia (COWA) and Anglia Ruskin University (ARU) on a new campus;
  - played a key role in securing a new academy for Kings Lynn;
  - facilitated the largest inward investment into the region, the £400 million Palm Paper plant;
  - completed the £5 million project to refurbish The Walks; and
  - consolidated the neighbourhood management programme, which continues to deliver improvements in the quality of life in areas of multiple deprivation. The new neighbourhood agreement in Fairstead is one of only eleven national pilots.

As a result the momentum of its ambitious regeneration plans has been maintained.

## How is the Borough Council of Kings Lynn & West Norfolk performing?

- 23 The Council and its partners have improved access to services by sharing premises with a number of providers, including jobcentre plus at the Council's Customer Information Centres at Hunstanton and Downham Market. This has created effective one stop shops. Some of the negative social and information effects of post office closures have been mitigated by the extension of the Council's network of Community Information Points to 17. These improvements in access to services and information across the Borough have resulted in improved customer satisfaction at these new facilities, and the lessons learned are being used in the planning to improve the council website.
- 24 The Council is making slow but steady progress on equalities and diversity, having achieved Level 2 of the local government Equalities Standard in October 2008. This followed the adaptations last year to buildings, to improve compliance with the Disability Discrimination Act requirements, and the appointment of an equalities officer who has developed a more consistent approach across the Council. Equalities impact assessments have been trialled in a number of service areas, and have been applied to the ongoing exercise to identify savings to meet funding shortfalls. However, these are not yet consistently applied across all Council services. The Council has also secured £400,000 of new governmental community cohesion funding and is participating in a national programme to review the issues affecting migrant workers. Whilst this increases the capacity of the Council to develop an approach to community cohesion across the borough, it is not clear what impact this has had to date.
- 25 The Council is adequately managing and improving its value for money (VfM). There is a robust corporate approach to prioritising and improving VfM. Cultural services and waste management continue to provide good VfM, with improved recycling rates and wider geographical service coverage being delivered at low unit costs. The recent refurbishment of the crematorium, in close consultation with local faith leaders and funeral directors, is improving service while continuing to deliver significant revenues. The focus on VfM is being sharpened still further by the sharp fall in Council revenues and rise in demand for example for benefits as the continuing recession bites more deeply.

### How much progress has it made in implementing improvement plans to sustain future improvement?

- 26 Corporate priorities are well understood by staff and partners and are driving service planning and resourcing decisions. There is a strong link between the corporate priorities and the county-wide sustainable communities' strategy and local area agreement. However, the local service planning process remains inconsistent, with a continuing failure to develop and deliver SMART<sup>1</sup> outcome based targets in all service areas. Despite this, some good examples exist in services such as Arts, Entertainment and Sports Centres, with clear targets in facility business plans. Benchmarking data is being used more effectively in target setting in some areas, such as in environmental health, with a more concerted attempt to learn from authorities with beacon status.

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<sup>1</sup> Specific, Measurable, Achievable, Realistic, Timely

## How is the Borough Council of Kings Lynn & West Norfolk performing?

- 27 Relationships with partners have improved over the year and are good, with the Council using the local strategic partnership as a means of extending its response to the challenges of the recession. The Council is working more effectively with partners to deliver community leadership in a number of areas. The West Norfolk Partnership's Sustainable Communities Strategy continues to have a positive impact on local quality of life. The Council and its partners are actively working with rural communities on neighbourhood schemes contributing to improved community safety, such as local sports development and environmental protection. The working relationship with the County Council has strengthened. But performance management of partnership working remains a work in progress.
- 28 Corporate systems have been improved, for example by the introduction of robust performance monitoring arrangements, but are still not consistently driving service improvement. The focus on performance management has not matched that on value for money. Councillor engagement in performance management has improved and councillors are more consistently scrutinising performance, however, this has not yet been fully effective in driving up the rate of improvement. Members of staff are not fully convinced of the value of the new monitoring system, some finding the data inputting requirements too burdensome. This sense of overstretch, particularly among managers came out clearly from the latest staff survey, which otherwise found the organisation to be in good health.
- 29 Project management procedures have been improved in recent years but the completion of the Walks regeneration project this year has provided the context for a further stock take. The evaluation report on the Walks highlighted a number of issues which have now been converted into an action plan to further improve internal project management.
- 30 The financial outlook for the medium term is challenging. The Council had previously anticipated the need for difficult spending decisions in coming years. The timescale for this has been brought forward by recent economic developments, with the sharp reduction in income from its assets having already impacted on the Council's financial situation. The Council has moved quickly to prepare for these decisions, and to put together a package of measures to help blunt the impact on local residents.
- 31 The capacity of the Council to continue to deliver improvements in its priorities remains stretched. It has been improved by recent investments in extra staff in key services and by good management of both sickness and training. Sickness absences are amongst the lowest levels nationally and continuing to reduce. Training has been made a higher priority internally, and with partners across the public sector, with the Borough Council now collaborating with Unison to put on a programme of Skills for Life and IT training to level 2 qualifications in these core areas. But some important areas of risk remain. Staffing levels are 15 per cent lower than they were in 2005/06, and local government review is adding significantly to the pressures on staff capacity. Further efficiency measures risk increasing the sense of overstretch that was evident in the staff survey, and in the limited enthusiasm for more rigorous performance data monitoring. The current difficult economic circumstances increase the risk to the momentum necessary to deliver the Council's increasingly ambitious vision.

## How is the Borough Council of Kings Lynn & West Norfolk performing?

- 32** Norfolk is currently subject to a review by the Boundary Committee into the future of local government across the county. Whilst the outcome of this review may not be known for some time, it is inevitably drawing on the capacity of officers, councillors and partners. Additionally, it is beginning to delay decisions about future partnerships, including shared services provision, which in turn is adding to budgetary pressures. There is a risk that improvement levels may not be sustained going forward.

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### Service inspections

- 33** An inspection of Regeneration Services is taking place during March 2009. It is expected that a report will be published in June 2009.

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# The audit of the accounts and value for money

**34** Your appointed auditor has reported separately to the Council and has issued:

- report to those charge with governance, providing an unqualified opinion on your accounts and a conclusion on your vfm arrangements to say that these arrangements are adequate in August 2008; and
- an interim audit letter to members in December 2008 (presented to the Cabinet on 13 January 2009).

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## Use of Resources

**35** The findings of the auditor are an important component of the CPA framework described above. In particular the Use of Resources score is derived from the assessments made by the auditor in the following areas.

- Financial reporting (including the preparation of the accounts of the Council and the way these are presented to the public).
- Financial management (including how the financial management is integrated with strategy to support council priorities).
- Financial standing (including the strength of the Council's financial position).
- Internal control (including how effectively the Council maintains proper stewardship and control of its finances).
- Value for money (including an assessment of how well the Council balances the costs and quality of its services).

**36** For the purposes of the CPA your auditor has assessed the Council's arrangements for use of resources in these five areas as follows.

## The audit of the accounts and value for money

**Table 1**

<b>Element</b>	<b>Assessment</b>
Financial reporting	2 out of 4
Financial management	3 out of 4
Financial standing	3 out of 4
Internal control	2 out of 4
Value for money	2 out of 4
<b>Overall assessment of the Audit Commission</b>	<b>2 out of 4</b>

Note: 1 = lowest, 4 = highest

### The key issues arising from the audit

**37** Key issues have been identified in the interim audit letter of December 2008.

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# Looking ahead

- 38 The public service inspectorates have developed a new performance assessment framework, the Comprehensive Area Assessment (CAA). CAA will provide the first holistic independent assessment of the prospects for local areas and the quality of life for people living there. It will put the experience of citizens, people who use services and local tax payers at the centre of the new local assessment framework, with a particular focus on the needs of those whose circumstances make them vulnerable. It will recognise the importance of effective local partnership working, the enhanced role of Sustainable Communities Strategies and Local Area Agreements and the importance of councils in leading and shaping the communities they serve.
- 39 CAA will result in reduced levels of inspection and better coordination of inspection activity. The key components of CAA will be a joint inspectorate area assessment and reporting performance on the new national indicator set, together with an organisational assessment which will combine the external auditor's assessment of value for money in the use of resources with a joint inspectorate assessment of service performance.
- 40 The first results of our work on CAA will be published in the autumn of 2009. This will include the performance data from 2008/09, the first year of the new National Indicator Set and key aspects of each area's Local Area Agreement.

# Closing remarks

- 41 This letter has been discussed and agreed with Ray Harding. A copy of the letter will be presented to members. Copies need to be provided to all Council members.
- 42 Further detailed findings, conclusions and recommendations on the areas covered by audit and inspection work are included in the reports issued to the Council during the year.
- 43 The Council has taken a positive and constructive approach to audit and inspection work, and I wish to thank the Council's staff for their support and cooperation during the audit.

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## Availability of this letter

- 44 This letter will be published on the Audit Commission's website at [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk), and also on the Council's website.

**Susan Jewkes**  
**Comprehensive Area Assessment Lead**

11 March 2009

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# The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

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## AUDIT AND RISK COMMITTEE – WORK PROGRAMME TO MARCH 2009

### **Items for Discussion on 30 April 2009**

- Annual Report of Benefit Investigations Unit
- Benefits Fraud and Prosecution Policy
- Annual Audit and Inspection Letter 2007/2008

### **Other items to be reviewed**

- Interim Audit and Inspection Letter (last considered 08.01.09)
- Annual Audit and Inspection Letter (last considered 30.04.09)
- CPA Use of Resources Assessment Results (annual last considered 08.01.09)
- Data Quality Arrangements (annual last considered 08.01.09)
- External Audit – matters arising from audit of Statement of Accounts – timescale determined by Audit Commission
- Internal Audit Plan 2008/09 – Activity update and implementation of Audit Recommendations – (30.10.08) review progress to 30 April 2009 – May 2009
- CIPFA Internal Audit Benchmarking (30.10.08) t.b.a.
- CIPFA Audit Committee Guidance – Self Assessment Checklist – (last considered 30.10.08) Internal Review to commence early 2009 t.b.a.
- 2009-2012 Strategic Audit Plan (annual last considered 25.02.09)
- Audit of the Statement of Accounts for year ended 31 March 2009 – October 2009
- Value for Money Strategy – Review of Strategy and implementation (following the yearly review of the Strategy by the Audit Commission) (agreed 30/08/07)
- Concessionary Travel – (30.10.08) update review July 2009
- Fraud and Investigations Unit – Half Year reports - April and October
- WNP – Internal Audit follow-up review September/October 2009
- E-Government and Access to Services Audit – as appropriate
- Environmental and Sustainability Review (last considered 25.02.09)
- WNP Aspire 2 Perform – EERA be invited to give an annual review – (last considered 25.02.09) - February 2010