

**BRISTOL CITY COUNCIL**  
**AUDIT COMMITTEE**  
**24<sup>th</sup> April 2015**

**Report of:** Service Director – Property  
Service Director - Finance

**Report Title:** Markets Service

**Ward:** Citywide

**Officer presenting report:** Robert Orrett/Peter Gillett

**Contract Telephone Number:** 0117 922 4086

**RECOMMENDATION**

The Audit Committee note and discuss the progress delivering revised operational and financial controls. The resourcing for final reconciliation work to be noted.

**SUMMARY**

This report provides an overview of the Markets business unit and its income. It provides a summary of organisational changes implemented and actions implemented and completed to respond to recommendations of Internal Audit on Markets Operations, and decisions made that will conclude the final matters arising.

**SIGNIFICANT ISSUES IN THE REPORT ARE:**

1. The management of the Markets business unit has restructured as has the team
2. Procedures for management have been revised and updated to assure robust financial control
3. Items identified by Internal Audit has generally been resolved
4. Resource has now been agreed for a one-off reconciliation project, which is being commenced.

**1. Introduction**

1.1. At the Meeting of the Audit Committee on 23 September 2014, it was resolved that a presentation is to be made to a future Committee meeting to

update members on the Markets Service financial position.

- 1.2. An audit review of Markets Operations was undertaken in November 2012 resulting in a 'poor' audit opinion. Three follow up reviews have taken place (July 2013, February 2014 and June 2014).

## **2. Background and Context**

- 2.1. The Markets business unit is responsible for the management, administration and operation of the Council's retail markets service. The Council enjoys established rights under the Markets Charter which provide for the control and regulation of market activity throughout the city. The markets service is responsible for the protection and utilisation of this asset, through which the Council is able to retain a strategic control of markets throughout its administrative area.
- 2.2. The unit is in regular contact with residents, visitors, traders and colleagues within the Council. At a local level the unit is in contact with organisations such as Destination Bristol, Slow Food Bristol and Local Food Links.
- 2.3. Markets is managed within Facilities Management as part of the Property Division within the Place Directorate.
- 2.4. The principle operation is the daily St Nicholas Market. It also includes car boot sales, catering concessions, Christmas market, Friday and Saturday markets, Farmers' market.
- 2.5. The 2012 Internal Audit report identified weaknesses in financial controls within Markets and between the business unit and Finance. These were particularly associated with two factors – the dominance of cash collections, and utilisation of a dedicated and separate Markets accounting system – MACCS

## **3. Report**

- 3.1. Management and team has been fundamentally restructured. New lead managers have understood the requirements, and implemented agreed improvements and changes to respond to most of the recommendations. Finance and Markets have agreed the need to add temporary external resource to achieve a one-off reconciliation and debt recovery project to conclude the final part of the requirements.
- 3.2. Overall income budget and forecast for 2014-15 compared with previous years is shown at appendix 1. There has been significant increase in relation to the concessions income, due to re-organisation of the cross-cutting approach. There has also been marginal improvement in recovery across the business unit following the introduction of revised controls and processes, and team restructure.
- 3.3. There has been a large amount of change delivered in the financial management of Markets. Collection arrangements have been revised with support of traders so that cash collections have been ended and replaced with electronic payments. The MACCS system is no longer used, due to the switch away from cash collections. Residual issues on MACCS are being worked through as all current collections are all recorded now via ABW.

MACCS is still in operational for older arrears but will be phased out and not used for new work.

- 3.4. Procedures have been reviewed and revised – for Markets and the interface with Finance. Invoicing, debtor management and arrears recovery are all now managed on a systematic basis with structured management review.
- 3.5. It has not been possible to secure sufficient resources internally to conclude reconciliation of historic payments, linked to the transition between MACCS, CPS and ABW. Approval has recently been obtained to secure dedicated, external financial specialist resource to provide a focussed piece of work on full reconciliation, and associated debtor/arrears management.
- 3.6. A summary of item headings raised by the last internal report, and resolution of these, is included at appendix 2.

## **Other Options Considered**

Not applicable.

## **Risk Assessment**

Not applicable.

## **Equalities Impact Assessment**

None necessary for this report

## **Legal and Resource Implications**

Legal – N/A

Resources - Temporary accounting resource for reconciliation project approved

## **Appendices**

Appendix 1            Overview of Markets income

Appendix 2            Resolution of Internal Audit items

## **LOCAL GOVERNMENT ACCESS TO INFORMATION Background papers**

None

## Appendix 1

### Overview of Markets income

Budget fee income 2014-15	£852,290.00
Forecast fee income 2014-15	£852,290.00
Fee income received to date 2014-15	£807,843.72
Actual fee income 2013-14	£656,098.81
Actual fee income 2012-13	£671,590.51
% change in fee rates 2014-15	2.8%
% change in fee rates 2013-14	3.3%

### Debtor totals – Amounts from ABW

Debtors 1 + years	£41,188.96
-------------------	------------

## Appendix 2

### Resolution of Internal Audit items

#### Item 1 - Reconciliation

Cashless collection of fees was instigated from July 2014.

MACCS and ABW are not compatible systems to interrogate – MACCS no longer used for collections; Reports for management of arrears etc. are available from ABW.

Approval granted to secure dedicated credit control resource to deliver one-off reconciliation project. Now being progressed.

#### Item 2 - Integration with ABW

MACCS no longer used for collections; Reports for management of arrears etc. are available from ABW. MACCS only retained for continuity of historic records.

#### Item 3 - Arrears

New procedures have been designed and implemented following the team restructure. These link with ABW capabilities and are monitored regularly by managers and reported to the Service Manager – Facilities Management who is the line manager.

The one-off reconciliation project will include full reconciliation of arrears and trigger processes for recovery as appropriate.

#### Item 4 – Trader Accounts

Invoicing is now accurate and timely, with all traders on ABW.

#### Item 5 – Third Party Insurance

MACCS has been used for monitoring and control of Traders' Insurance compliance. This is to be replaced by a system used by Building Services – "uniform"

#### Item 6 – Financial Risk Assessment

A robust process is now in place which monitors and controls financial risk.

Vacancies and applications are monitored weekly, and the system has been changed from reactive to pro-active

#### Item 7 – Charges

All charging is now through ABW, and payments by Direct Debit.

#### Item 8 – Trading Concessions

Markets management restructure has brought across the expertise from the City Docks Estates team. Concession negotiations are now directly supported by a Principal Property Officer.

#### Item 9 - Vacancy Management

Procedures now include monthly review of vacancy levels.