

# Informal Joint Performance and Audit Scrutiny Committee



*St Edmundsbury*  
BOROUGH COUNCIL

<b>Title:</b>	<b>Agenda</b>
<b>Date:</b>	<b>Thursday 29 January 2015</b>
<b>Time:</b>	<b>5.00 pm (PLEASE NOTE VENUE)</b>
<b>Venue:</b>	<b>Council Chamber District Offices College Heath Road Mildenhall</b>
<b>Full Members:</b>	<p style="text-align: center;"><b>Chairman</b> Sarah Broughton <b>Vice Chairman</b> Patricia Warby</p> <p><u>Conservative Members (7)</u>      Paul Farmer      Paul Simner Beccy Hopfensperger      Paula Wade Karen Richardson</p> <p><u>Independent Group Members (2)</u>      David Nettleton      Derek Redhead</p> <p><u>UKIP Member (1)</u>      Vacancy</p>
<b>Substitutes:</b>	<p><u>Conservative Members (3)</u>      Jeremy Farthing      Adam Whittaker Marion Rushbrook</p> <p><u>Labour Member (1)</u>      Diane Hind</p>
<b>Interests – Declaration and Restriction on Participation:</b>	Members are reminded of their responsibility to declare any disclosable pecuniary interest not entered in the Authority's register or local non pecuniary interest which they have in any item of business on the agenda (subject to the exception for sensitive information) and to leave the meeting prior to discussion and voting on an item in which they have a disclosable pecuniary interest.
<b>Quorum:</b>	Four Members
<b>Committee administrator:</b>	<b>Christine Brain</b> Scrutiny Officer <b>Tel:</b> 01638 719729 <b>Email:</b> <a href="mailto:christine.brain@westsuffolk.gov.uk">christine.brain@westsuffolk.gov.uk</a>

<b>5.00pm</b>	<p><b>Public Speaking</b></p> <p>Please note that under its Constitution, Forest Heath District Council permits public participation during its Performance and Audit Scrutiny meetings. Therefore, for the purposes of facilitating discussions, members of the public are invited to put questions/statements of not more than 3 minutes duration in relation to items to be discussed in Part 1 of the agenda only.</p>
<b>5.00pm</b>	<p>Informal discussions with Forest Heath District Council's Performance and Audit Scrutiny Committee on the three substantive items listed below under Items 4 to 6 inclusive, to be held in the <b><u>Council Chamber</u></b></p>
<b>5.30pm</b>	<p>The formal meeting of the Performance and Audit Scrutiny Committee will commence at 5.30pm or immediately following the conclusion of the informal discussions, whichever is the later, in the <b><u>Training Room</u></b>.</p>

All Members of Forest Heath's Performance and Audit Scrutiny Committee will be in attendance to enable informal discussions on the reports listed in Items 4 to 6 inclusive below to take place between the two authorities:

### **COUNCILLORS**

Conservative Group (8)	Michael Anderson John Bloodworth Colin Noble	Chris Barker Geoffrey Jaggard Tony Wheble	David Bimson John McGhee
Opposition Group (2)	Tim Huggan	Michael Jefferys	

On the conclusion of the informal discussions, the St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee will withdraw from the Council Chamber and hold its formal meeting in the **Training Room** as follows:

# Agenda

Page No

## Procedural Matters

### Part 1(A) - Public

**1. Apologies for Absence**

**2. Substitutions**

Any Member who is substituting for another Member should so indicate, together with the name of the relevant absent Member.

**3. Minutes**

**1 - 12**

To confirm the minutes of the meeting held on 26 November 2014 (copy attached).

*(Following the informal discussions held with Forest Heath District Council's Performance and Audit Scrutiny Committee on Items 4 to 6 below, Members are reminded that no further debate shall take place. However, Members are requested to either formally note/resolve Items 4 to 6 below).*

**4. Key Performance Indicators and Quarter 3 Performance Report 2014-2015**

**13 - 22**

Report No: **PAS/SE/15/001**

*(For reference purposes, Forest Heath District Council's Report Number is **PAS/FH/15/001**)*

**5. West Suffolk Strategic Risk Register Quarterly Monitoring Report - December 2014**

**23 - 36**

Report No: **PAS/SE/15/002**

*(For reference purposes, Forest Heath District Council's Report Number is **PAS/FH/15/002**)*

**6. Work Programme Update**

**37 - 42**

Report No: **PAS/SE/15/003**

*(For reference purposes, Forest Heath District Council's Report Number is **PAS/FH/15/003**)*

### Part 1(B) - Public

**7. Financial Performance Report (Revenue and Capital) Quarter 3 - 2014-2015**

**43 - 60**

Report No: **PAS/SE/15/004**

	<b>Page No</b>
<b>8. Delivering a Sustainable Budget 2015-16 - Update</b> Report No: <b>PAS/SE/15/005</b>	<b>61 - 66</b>
<b>9. Treasury Management Report 2014/15 - Investment Activity 1 April to 31 December 2014</b> Report No: <b>TMS/SE/15/001</b> will be considered by the Treasury Management Sub-Committee on 19 January 2015. The Chairman/Head of Resources and Performance will update the Committee verbally on any issues or recommendations arising from the consideration of this report.	<b>67 - 78</b>
<b>10. Annual Treasury Management and Investment Strategy Statements 2015/16</b> Report No: <b>TMS/SE/15/002</b> will be considered by the Treasury Management Sub-Committee on 19 January 2015. The Chairman/Head of Resources and Performance will update the Committee verbally on any issues or recommendations arising from the consideration of this report.	<b>79 - 96</b>
<b>11. Update on Procurement Exercise for External Fund Manager to Support Treasury Management Activities</b> Report No: <b>TMS/SE/15/003</b> will be considered by the Treasury Management Sub-Committee on 19 January 2015. The Chairman/Head of Resources and Performance will update the Committee verbally on any issues or recommendations arising from the consideration of this report.	<b>97 - 104</b>

## **Part 2 – Exempt**

None

# Informal Joint Performance and Audit Scrutiny Committee



*St Edmundsbury*  
BOROUGH COUNCIL

**Notes of Informal Discussions held on Wednesday 26 November 2014  
at 5.00pm in Conference Room West, West Suffolk House,  
Western Way, Bury St Edmunds**

PRESENT: St Edmundsbury Borough Council (SEBC)

Councillors Sarah Broughton, Paul Farmer, Diane Hind, Beccy Hopfensperger, David Nettleton, Paula Wade, and Patricia Warby

Forest Heath District Council (FHDC)

Councillor Tony Wheble  
(Chairman of the informal discussions)

Councillors John Bloodworth, Simon Cole, Tim Huggan and Bill Sadler

IN ATTENDANCE: SEBC – Councillor David Ray, Portfolio Holder for Performance and Resources

FHDC – Councillor Stephen Edwards, Portfolio Holder for Resources, Governance and Performance

Prior to the formal meeting, at 5.00pm informal discussions took place on the following seven items:

- (1) Mid-year Internal Audit Progress Report 2014-15;
- (2) Key Performance Indicators and Quarter 2 Performance Report 2014-15;
- (3) West Suffolk Strategic Risk Register Quarterly Monitoring Report – September 2014;
- (4) Biannual Corporate Complaints and Compliments Digest;
- (5) West Suffolk Fees and Charges Policy;
- (6) Accounting for a single West Suffolk staffing structure and the move to a West Suffolk Cost Sharing Model; and
- (7) Work Programme Update

All Members of Forest Heath District Council's Performance and Audit Scrutiny Committee had been invited to attend West Suffolk House, Bury St Edmunds to enable joint informal discussions on the above reports to take place between the two authorities.

The Chairman of St Edmundsbury's Performance and Audit Scrutiny Committee welcomed all those present to West Suffolk House and advised on the format of the proceedings for the informal joint discussions and subsequent separate meetings of each authority, prior to handing over to the Chairman of Forest Heath's Performance and Audit Scrutiny Committee, who would be chairing the informal joint discussions.

SEBC's Performance and Audit Scrutiny Committee noted that under its Constitution, FHDC permitted public participation at its Performance and Audit Scrutiny meetings. Therefore, for the purpose of facilitating this Constitutional requirement, it was proposed that public speaking should be permitted prior to the start of the informal discussions to enable any questions/statements to be considered by both Performance and Audit Scrutiny Committees. On this occasion however, there were no questions/statements from members of the public.

Each report was then considered in the order listed on each authorities agenda.

1. **Mid-year Internal Audit Progress Report 2014-15**

The Senior Auditor presented the report, which advised Members of the work of the Internal Audit Section for the first half of 2014/2015 (Appendix A), and provided Members with an insight of the variety of corporate projects and activities which were supported through the work of the team. The report also included an update on progress made against the 2014/15 Internal Audit Plan previously approved by the Committee in May 2014. Five full audit reviews had been completed, and no significant risk exposures or control issues had been identified.

Members scrutinised the report in detail and asked questions to which responses were duly provided. It was suggested that future reports should include more detail on fee earning.

2. **Key Performance Indicators and Quarter 2 Performance Report 2014-15**

The Business Partner (Resources and Performance) presented the report, which set out the Key Performance Indicators (KPIs) being used to measure the Council's performance for 2014/2015. The report also included the second quarter indicators covering April to September 2014 for both Forest Heath and St Edmundsbury Borough Council, together with a combined performance for West Suffolk, where relevant.

Appendix A contained all the KPIs for both Councils and West Suffolk. The current quarter two performance summary for Forest Heath showed that of

24 indicators, 8 were green, 3 were amber, 5 were red and 8 were data only indicators. For St Edmundsbury, the current quarter two summary showed that of a total of 24 indicators, 9 were green, 3 were amber, 4 were red and 8 were data only indicators. For West Suffolk there were a total of 21 indicators, of which 7 green, 3 were amber, 4 were red and 7 were data only indicators.

It was reported that the general performance in dealing with the various planning applications was steadily improving. The performance improvement for Major projects was encouraging. The team were now getting to grips with the inherent back-log and the Council would be seeing sustained improvements across all categories of applications during the next two quarters.

Members scrutinised a number of the indicators, with particular emphasis on those showing 'red' under the traffic light system, and asked questions on a number of areas in the report, to which officers duly responded.

Discussions were held on the major and other planning indicators, the percentage of industrial units vacant; and the collection of council tax. In particular detailed discussions were held on:

- (1) **FAC001** - Income generated from leisure service activities which were council controlled. Members suggested that a value on income received from feed-in-tariff could be included.
- (2) **HOU005** - Time taken to make decisions on homelessness applications (days). Officers agreed to provide more detail and information as to why targets were not being met.
- (3) **COR006** - Percentage return on the investment of the council's reserves and balances. The Head of Resources and Performance agreed to discuss with the Head of Operations on how best to include the rate of return being achieved on council assets for 2015/16.

Members again discussed the issue of enforcement and suggested the inclusion of an indicator for monitoring enforcement. This would enable Members to understand how the service area was working and help Members to support officers with improving enforcement performance. The Head of Planning and Growth duly responded and it was agreed that further details on enforcement performance would be provided to Members.

3. **West Suffolk Strategic Risk Register Quarterly Monitoring Report – September 2014**

The Head of Resources and Performance presented the second quarterly risk register monitoring report in respect of the West Suffolk Strategic Risk Register. The Register was updated regularly by the Risk Management Group and at its recent meeting the Group reviewed the target risk, the risk level

where the Council aimed to be, and agreed a current risk assessment. These assessments formed the revised West Suffolk Risk Register (Appendix 1).

Since the last assessment report presented to the Committee on 31 July 2014, there had been no new risks identified and no risks had been amended or closed. However, some individual controls and actions had been updated and those which were not ongoing and had been completed by September 2014 had been removed from the Register.

Members scrutinised the report and held detailed discussions on the following risks, to which officers duly responded:

- **WS1B** – Financial planning.
- **WS4** - Staff retention (professional staff / technical staff) staff trust and goodwill (morale)
- **WS6** – Managing public / councillor expectations with less resources.
- **WS7a** – ICT integration
- **WS8a** – Delivery of the families and communities agenda.
- **WS8c** – Delivery of the housing agenda.

Members on this occasion did not make any suggestions for amendments to the Risk Register.

*(Councillor Diane Hind arrived during the consideration of this item)*

#### 4. **Biannual Corporate Complaints and Compliments Digest**

The Head of Families and Communities, presented the report which provided an overview of the quantity and range of corporate complaints and compliments received during 1 April to 30 September 2014, which the Committee used to monitor the Council's effectiveness at responding to and learning from any mistakes which had been made. The report included information relating to Forest Heath District Council and St Edmundsbury Borough Council working together across West Suffolk, with data provided for the individual councils as appropriate.

For the first half of this financial year, across both councils, 26 corporate complaints and 59 compliments had been received, and data for the individual councils was provided.

The report provided a breakdown of the corporate complaints, including outcomes and lessons learned and also highlighted the compliments that had been received across the authority during the reporting period and outlined the Service or individuals who received them.

Members considered the digest in detail and asked questions to which responses were duly provided. In particular discussions were held on self-service and questioned how easy was it to register a complaint; the customer



services team and the number of calls they handled and suggested the council should be providing training courses for other councils.

Members expressed their delight in the number of compliments received in the reporting period to date and commended the customer services team.

#### 5. **West Suffolk Fees and Charges Policy**

The Head of Resources and Performance, presented the report which informed Members of a Draft West Suffolk Fees and Charges Policy, attached as Appendix B, to create a single, clear and consistent approach to formulating, agreeing and reviewing the fees and charges set by the West Suffolk councils.

In the summer 2014, a review of the West Suffolk councils' fees and charges was carried out by the councils' Senior Auditors. The review examined the ways in which fees and charges were currently set by West Suffolk, when charging for the provision of a service. The review work only covered those fees and charges where the councils had control over their setting and excluded Council Tax and Business Rates. The report include at Appendix A the outcomes from the review.

It was reported that the West Suffolk fees and charges were agreed annually through the budget setting process for both councils. Recommendations made in the annual process came from officers, working with portfolio holders and within the councils' governance framework who undertook work to set fees and charges at an appropriate level. In order to improve the process a West Suffolk Fees and Charges Policy had been drafted.

Members scrutinised the Draft West Suffolk Fees and Charges Policy attached at Appendix B in detail and asked a number of questions, to which officers duly responded. In particular, discussions were held on the split of income generated from waste management and property and who reviewed the overall fees and charges.

#### 6. **Accounting for a single West Suffolk staffing structure and the move to a West Suffolk Cost Sharing Model**

The Head of Resources and Performance, presented the report which informed Members that the allocation of the single staffing structure across the West Suffolk partnership between Forest Heath District Council and St Edmundsbury Borough Council had to date been driven by the level of savings generated from the baseline position back in 2012.

To date, the sharing of the savings had been deemed to be balanced across the two councils and acceptable to external auditors. However, recharging each council for the savings from shared services was a very labour intensive

and retrospective process which, once completed each quarter, typically resulted in an overall sharing of costs that could have been achieved more simply from cost sharing the operational costs (of salaries for example) at the outset. Also, the current process caused some confusion for members and officers when managing and monitoring budgets and considering future costs and savings for the partnership as information was not live.

Therefore, a new approach to cost sharing for West Suffolk was required that both recognised the shared nature of much of West Suffolk's service delivery and recognised that the councils remained separate legal entities. The West Suffolk cost sharing model must therefore be transparent and comply with external audit requirements.

The report included a proposed cost sharing model for income and employee costs as detailed in Table 2 and 3 and at paragraph 2.17 of reports PAS/SE/14/006 and PAS/FH/14/006. It was also proposed that the model should be reviewed annually as part of the budget setting process with any necessary amendments to the model (in order to secure delivery against the principles set out in paragraph 2.12 of the report) be reported to the Performance and Audit Scrutiny Committee in the Autumn.

Members scrutinised the report in detail and asked a number of questions, to which officers duly responded. In particular, discussions were held on the income from assets, which would be retained by the individual council. Members supported the report, which they felt was a very practical and could be reviewed, as necessary.

*(Councillor Beccy Hopfensperger arrived during the consideration of this item).*

## **7. Work Programme Update**

The Head of Resources and Performance presented the report, which provided information on the current status of each Committee's Work Programme for 2015.

On the conclusion of the informal joint discussions at 6.20pm, Members of Forest Heath District Council's Performance and Audit Scrutiny Committee withdrew from Conference Chamber West to Conference Chamber East to hold their formal meeting.

The Chairman then formally opened the St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee in Conference Chamber West at 6.25pm.

# Performance and Audit Scrutiny Committee



**Minutes** of a meeting of the **St Edmundsbury Performance and Audit Scrutiny Committee** held on **Wednesday 26 November 2014 at 6.25 pm** at the **Conference Chamber, West Suffolk House**, Western Way, Bury St Edmunds

Present: **Councillors**

**Chairman** Sarah Broughton  
**Vice Chairman** Patricia Warby

Paul Farmer  
Diane Hind

Beccy Hopfensperger  
David Nettleton

Paula Wade

In Attendance: Councillor David Ray, Portfolio Holder for Performance and Resources

## **Remembrance**

The Committee observed a one minute silence in remembrance of the late Councillor Gordon Cox, a former Member of the Borough Council and Member of the Performance and Audit Scrutiny Committee.

## 1. **Apologies for Absence**

Apologies for absence were received from Councillors Derek Redhead and Karen Richardson.

## 2. **Substitutions**

The following substitutions were declared:

Councillor Diane Hind substituting for Councillor Derek Redhead.

## 3. **Minutes**

The minutes of the meeting held on 24 September 2014, were confirmed as a correct record and signed by the Chairman

4. **Mid-Year Internal Audit Progress Report 2014/15**

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report PAS/SE/14/001 (previously circulated).

Members had scrutinised the report in detail and had asked a number of questions to which responses were duly provided.

There being no decision required, the Committee **noted** the contents of the report and the progress made against the 2014/15 Internal Audit Plan.

5. **Key Performance Indicators and Quarter 2 Performance Report 2014-15**

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report PAS/SE/14/002 (previously circulated).

Members had scrutinised the report in detail and had asked a number of questions to which responses were duly provided.

There being no decision required, the Committee **noted** the performance against the Key Performance Indicators for Quarter 2, 2014-15.

6. **West Suffolk Strategic Risk Register Quarterly Monitoring Report - September 2014**

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report PAS/SE/14/003 (previously circulated).

Members had scrutinised the report in detail and had asked a number of questions to which responses were duly provided.

There being no decision required, the Committee **noted** the contents of the West Suffolk Strategy Risk Register Quarterly Monitoring Report for September 2014.

7. **Biannual Corporate Complaints and Compliments Digest**

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report PAS/SE/14/004 (previously circulated).

Members had scrutinised the report in detail and had asked a number of questions to which responses were duly provided.

There being no decision required, the Committee **noted** the contents of the Biannual Corporate Complaints and Compliments Digest.

8. **West Suffolk Fees and Charges Policy**

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report PAS/SE/14/005 (previously circulated).

Members had scrutinised the report in detail and had asked a number of questions to which responses were duly provided.

With the being unanimous, it was

**RECOMMENDED**

That the West Suffolk Fees and Charges Policy, attached as Appendix B to Report PAS/SE/14/005 be approved.

9. **Accounting for a Single West Suffolk Staffing Structure and the move to a West Suffolk Cost Sharing Model**

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report PAS/SE/14/006 (previously circulated).

Members had scrutinised the report in detail and had asked a number of questions to which responses were duly provided.

With the being unanimous, it was

**RECOMMENDED**

That:

- a) Subject to the approval of full Council, as part of the 2015/16 budget setting process and subject to external audit support, the proposed cost sharing model for income and employee costs as detailed in Table 2 and 3 and at paragraph 2.17 of Report PAS/SE/14/006, be approved.
- b) The proposed model, as detailed in Table 2 and 3 and at paragraph 2.17 of Report PAS/SE/14/006, be reviewed annually as part of the budget setting process with any necessary amendments to the model (in order to secure delivery against the principles set out in paragraph 2.12 of Report PAS/SE/14/006), be reported through to Performance and Audit Scrutiny Committee in the Autumn.

10. **Work Programme Update**

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report PAS/SE/14/007 (previously circulated).

Members had scrutinised the report in detail and had asked a number of questions to which responses were duly provided.

There being no decision required, the Committee **noted** the contents of the work programme for 2015.

**11. Ernst and Young Presentation of Annual Audit Letter 2013/14**

The Committee received Report PAS/SE/14/008 (previously circulated), presented by Melanie Richardson (External Audit Manager) which updated Members on the outcome of the annual audit of the 2013/2014 financial statements by Ernst and Young (the Council's external auditors) as detailed in their Annual Audit Letter for 2013/2014, attached as Appendix 1 to the report. The letter was for information and confirmed the completion of the audit of the 2013/2014 financial statements.

It was reported that the final fee of £60,356 for work carried out, included two small additional sums totalling £2,900. The first additional sum of £2,000 reflected work undertaken by Ernst and Young over and above that planned due to extra time spent in undertaking the audit trail which supported the financial statements. Details of the work were included in the Annual Audit Letter at Appendix 1.

The second sum of £900 was an Audit Commission variation to the base scale fee to reflect the extra audit procedures required nationally, and further details were attached at Appendix 2.

Both of these additional fees had been agreed by the Section 151 Officer.

Members asked questions, to which Melanie Richardson duly responded. There being no decision require, the Committee **noted** the contents of the report.

**12. Financial Performance Report (Revenue and Capital) Quarter 2 - 2014-15**

The Committee received Report PAS/SE/14/009 (previously circulated), which updated Members on the current position with regard to the 2014-15 year end forecast financial position.

The latest Revenue Budget Summary for the year to date position after six months currently showed an underspend of £90,200 with a forecast position for the year end showing an underspend of £290,500. In terms of the Council's capital financial position, the first six months of 2014/15 showed an expenditure of £1,137,000. The Council had received £92,500 in capital receipts in the period to 30 September 2014, and the revenue reserves summary showed an opening balance of £12,612,806 with a forecast closing balance of £13,113,628.

Members scrutinised the report in detail and asked a number of questions in relation to the report to which responses were provided.

Members discussed the Waste Management and Property Services underspend and questioned how many vacant posts were there and their role, to which officers agreed to provide a written response.

Members also discussed market tolls and officers agreed to provide in future reports year-on-year comparisons.

There being no decision required, the Committee **noted** the year end forecast financial position.

### 13. **Delivering a Sustainable Budget 2015-16 and Budget Consultation Results**

The Committee received Report PAS/SE/14/010 (previously circulated), which set out the context of the 2015/16 budget process, including a summary of the budget consultation focus group results and the proposed saving and income generation items for delivering a balanced budget for 2015/16.

The budget gap for the years 2015/16 to 2017/18 were projected in Table 1 of the report. The current budget assumptions for the 2015/16 and for the period of the Medium Term Financial Strategy were also detailed in Appendix B. The key budget assumptions continued to be reviewed as more accurate information became available.

Attached as Appendix A to the report, was the initial results of the budget consultation exercise which was carried out over the summer in order to inform the budget setting process and help councillors to make decisions about the 2015/16 budget. The purpose of the consultation was to gauge public opinion on the main savings/income generating options and to test views on a range of issues relating to council priorities and themes in the Medium Term Financial Strategy, such as channel shift, families and communities and our commercial approach.

The Performance and Audit Scrutiny Committee was asked to support the inclusion of a number of budget proposals set out in Table 2 of the report, taking into account the public consultation results outlined in Appendix A, in order to progress securing a balanced budget for 2015/16.

The Committee was further asked to support the removal of a number a proposals from the 2015/16 budget, set out in paragraph 1.5.2 of the report, following the public consultation exercise.

Members scrutinised the report and asked a number of questions to which officers duly responded. In particular detailed discussions were held on the proposal to change the bin collection days; charging for replacement bins and the use of volunteers.

The Committee also discussed the budget consultation areas set out in paragraph 1.5.3, which required further work. The Committee unanimously supported the exploration / individual business case for the markets; bus station building and money from development. However, in relation to the housing proposal, one member was against the proposal for the council to

invest in building houses to rent and sell as they felt the council should have more of an enabling role by supporting developers.

Members **noted** the progress made on delivering a balanced budget for 2015/16.

With the vote being unanimous, it was

**RECOMMENDED**

That taking into account the public consultation results outlined in Appendix A to Report PAS/SE/14/010, Cabinet:

- 1) includes the proposals, as detailed in Table 2 at paragraph 1.5.1 of Report PAS/SE/14/010.
- 2) removes the proposals, as detailed in paragraph 1.5.2 of Report PAS/SE/14/010.

14. **Mid-Year Treasury Management Report 2014-15 Investment Activity 1 April to 30 September 2014**

The Committee received Report TMS/SE/14/001 (previously circulated), which had been considered by the Treasury Management Sub-Committee on 17 November 2014.

The Chairman provided a verbal update on the Sub-Committee's consideration of the report, which summarised the Treasury Management activity for the first six months of the 2014/15 financial year. The Sub-Committee was advised that interest earned during the first six months of the financial year amounted to £0.176m against the profiled budget for the period of £0.264m; a budgetary deficit of £0.088m. This was due to a lower rate of interest than projected during the period. The reduction in the interest rates was primarily due to the continued low Bank of England base rate and subsequent poor investment rates being offered by the banks and building societies and financial institutions. In the current economic climate it is considered likely that the current low rates will continue for the remainder of this year.

The Sub-Committee had scrutinised the content of the report, asking questions of officers who duly responded. There were no issues or recommendations needed to be brought to the attention of the Performance and Audit Scrutiny Committee on this occasion.

The Performance and Audit Scrutiny Committee discussed the report and there being no decision required, **noted** the contents of the report.

The Meeting concluded at 7.28 pm

**Signed by:**

**Chairman**



# Informal Joint Performance and Audit Scrutiny Committee



*St Edmundsbury*  
BOROUGH COUNCIL

<b>Title of Report:</b>	<b>Key Performance Indicators and Quarter 3 Performance report 2014-15</b>	
<b>Report No:</b>	<b>PAS/SE/15/001</b>	
<b>Report to and dates:</b>	<b>Performance and Audit Scrutiny Committee</b>	29 January 2015
<b>Portfolio holder:</b>	Dave Ray Portfolio Holder for Resources and Performance <b>Tel:</b> 01359 250912 <b>Email:</b> david.ray@stedsbc.gov.uk	
<b>Lead officer:</b>	Rachael Mann Head of Resources and Performance <b>Tel:</b> 01638 719245 <b>Email:</b> rachael.mann@westsuffolk.gov.uk	
<b>Purpose of report:</b>	This report sets out the Key Performance Indicators being used to measure the Council's performance for 2014-15 and an overview of performance against those indicators for the third quarter of 2014-15.	
<b>Recommendation:</b>	<p><b>Performance and Audit Scrutiny Committee:</b></p> <p><b>Members are requested to Review the Council's performance against the Key Performance Indicators for Quarter 3, 2014-15 and identify any further information required or make recommendations where remedial action or attention is required to address the Council's performance.</b></p>	

<b>Key Decision:</b> (Check the appropriate box and delete all those that <b>do not</b> apply.)	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>		
<b>Consultation:</b>	This report has been prepared in consultation with all relevant staff and Leadership Team.		
<b>Alternative option(s):</b>	The option of doing nothing may result in poor performance, monitoring performance can highlight where remedial action may be needed		
<b>Implications:</b>			
Are there any <b>financial</b> implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li>While there are no direct financial or budget implications arising from this report, it is possible that any recommendations of the Committee may have some resource implications. For example, resources may need to be reallocated to improve performance in a future period.</li> </ul>	
Are there any <b>staffing</b> implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li></li> </ul>	
Are there any <b>ICT</b> implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li></li> </ul>	
Are there any <b>legal and/or policy</b> implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> There are no legal implications from this report. Poor performance levels may impact on the Council's ability to implement its policies or high-level strategies.	
Are there any <b>equality</b> implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li></li> </ul>	
<b>Risk/opportunity assessment:</b>		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
<b>Risk area</b>	<b>Inherent level of risk</b> (before controls)	<b>Controls</b>	<b>Residual risk</b> (after controls)
	Low/Medium/ High*		Low/Medium/ High*
Failure to achieve optimum or target performance which may impact on resources	High	Regular reporting of performance to Joint Leadership Team, Portfolio Holders and to PASC can highlight where remedial action may be needed.	Medium
<b>Ward(s) affected:</b>		All Ward	
<b>Background papers:</b>		None	
<b>Documents attached:</b>		Appendix A – Forest Heath, St Edmundsbury and West Suffolk Key Performance Indicators 2014-15 – Quarter 3 Results	

## 1. Key issues and reasons for recommendations





### 1.1 Key Issues

1.1.1 The report at **Appendix A** presents performance against Quarter 3 2014-15 for both Forest Heath and St Edmundsbury, together with a combined performance for West Suffolk where this is relevant.

1.1.2 Forest Heath KPIs are denoted with a FH/ prefix, St Edmundsbury KPIs are denoted with a SE/ prefix and those for West Suffolk with a WS/ prefix.

1.1.3 The information included in the report has been provided by Heads of Service and service management. Most indicators report performance against an agreed target using a traffic light system with additional commentary provided for performance indicators below optimum performance. Other KPIs report a data value only (e.g. no target performance) in order to track performance over time.

1.1.4 The following table shows the status of the current performance for all indicators:

<b>Quarter 3 2014-15</b>	PI on or exceeded target 	PI below target within tolerance 	PI significantly below target 	Data only Indicators 
<b>Forest Heath KPIs</b>	12	4	0	10
<b>St Edmundsbury KPIs</b>	11	4	2	10
<b>West Suffolk KPIs</b>	7	4	1	7

1.1.5 Where performance is below target the data is supported by notes and explanations from services.

1.1.6 An indicator for return on our investments was suggested by the committee and work continues on pulling together some proposed indicators for the 2015/16 KPI discussions.

### 1.2 Planning Performance

1.2.1 Generally performance in dealing with the various planning applications is steadily improving. Performance on both minor and other applications has improved significantly since quarter two, with the performance of other applications exceeding its target. The team are now getting to grips with the inherent back log and we should see this improvement being sustained across all categories of applications.

1.2.2 As requested at the November committee meeting, there have been some indicators added in relation to planning enforcement. These indicators give details of the number of enforcement cases both opened and closed in the past quarter. They can be found in **Appendix A**, indicator numbers 59 to 62.

1.2.3 These figures give a snapshot of complaints over the last quarter and details of the work being carried out by consultants appointed by the Council to address the backlog and resource issues in enforcement. A new enforcement team will soon be in place with a Principal Enforcement Officer due to take up their post on 2 February

2015. Forthcoming reports will contain more measureable indicators of enforcement performance. In addition, the Development Manager will be writing a monitoring report for the Council's Development Control Committee which will include key performance and outcomes for planning applications, appeals and enforcement.



No:	Code and Short Name	13/14 Actual	Target	Performance						Quarterly Traffic Light Icon	Short Term Trend Arrow	Target	Latest Note
			Annual Target 2014/15	Q1 2014/15		Q2 2014/15		Q3 2014/15				Cumulative or Quarter	
				Value	Target	Value	Target	Value	Target				
14	FH/FAC004* Percentage of household waste recycled and composted	46.00%	49.00%	48.28%	49.00%	46.00%	49.00%	50.00%	49.00%		↑	Quarter	Estimate for quarter based on average data from October and November as no data for December available at present. The annual target of 49% recycling and composting should be achievable given our performance for the first half of the year and our new contract for recyclables accepts more materials.
15	SE/FAC004* Percentage of household waste recycled and composted	50.00%	53.00%	55.06%	53.00%	54.00%	53.00%	55.00%	53.00%		↑	Quarter	Estimate for quarter based on average data from October and November as no data for December available at present. The annual target of 53% recycling and composting should be achievable given our performance for the first half of the year and our new contract for recyclables accepts more materials.
16	WS/FAC004* Percentage of household waste recycled and composted	49.00%	51.00%	51.67%	51.00%	51.00%	52.00%	52.00%	51.00%		↑	Quarter	Estimate for quarter based on average data from October and November as no data for December available at present. The annual target of 51% recycling and composting should be achievable given our performance for the first half of the year and our new contract for recyclables accepts more materials.
17	FH/FAC005* Number of fly tipping incidents	289		58		104		149			↑	Cumulative	There were a total of 149 incidents of flytipping recorded over the first three quarters, which is significantly lower than the 217 incidents recorded over the same period last year. This decrease is largely attributed to continued targeted enforcement in hot spot areas.
18	SE/FAC005* Number of fly tipping incidents	206		47		107		161			↑	Cumulative	There were a total of 161 incidents of flytipping recorded over the first three quarters, which is slightly higher than the 153 incidents recorded over the same period last year
19	WS/FAC005* Number of fly tipping incidents	495		105		211		310			↑	Cumulative	
20	FH/SE/FAC006* Number of fly tipping interventions	937		222		469		624			↑	Cumulative	In quarters 1,2 and 3 there were 624 enforcement interventions taken to combat flytipping. This is around four times the number of actual incidents because many of the actions are proactively taken such as the majority of 'duty of care' inspections. Out of these interventions there were 212 investigations, 151 warning letters, 251 'duty of care inspections' 3 fixed penalty notice, 5 cautions and 2 successful prosecutions.
21	SE/FAC006* Number of fly tipping interventions	129		153		302		411			↑	Cumulative	In quarters 1,2 and 3 there were 411 enforcement interventions taken to combat flytipping. This is around three times the number of actual incidents because many of the actions are proactively taken such as the majority of 'duty of care' inspections. Out of these interventions there were 59 investigations, 28 warning letters, 320 'duty of care inspections', stop and search operations and 2 successful prosecutions.
22	WS/FAC006* Number of fly tipping interventions	1,066		375		771		1,035			↑	Cumulative	

**Priority: Homes for our communities**

23	FH/HOU001* Average stay in temporary accommodation (all provisions) in weeks	7	16	12	16	8	16	10	16		↓	Quarter	
24	SE/HOU001* Average stay in temporary accommodation (all provisions) in weeks	13	16	9	16	12	16	8	16		↑	Quarter	
25	WS/HOU001* Average stay in temporary accommodation (all provisions) in weeks	10	16	10	16	11	16	9	16		↑	Quarter	
26	FH/HOU003* Total number of empty properties (empty for a period of 12 months or longer) brought back into use for West Suffolk through Council intervention	Changed from 13/14 indicator	50	65	12		25		37		—	Cumulative	Verbal update to be provided at the meeting

No:	Code and Short Name	13/14 Actual	Target	Performance						Quarterly Traffic Light Icon	Short Term Trend Arrow	Target	Latest Note
			Annual Target 2014/15	Q1 2014/15		Q2 2014/15		Q3 2014/15				Cumulative or Quarter	
				Value	Target	Value	Target	Value	Target				
27	SE/HOU003* Total number of empty properties (empty for a period of 12 months or longer) brought back into use for West Suffolk through Council intervention	Changed from 13/14 indicator	50	73	12		25		37		▬	Cumulative	Verbal update to be provided at the meeting
28	WS/HOU003* Total number of empty properties (empty for a period of 12 months or longer) brought back into use for West Suffolk through Council intervention	Changed from 13/14 indicator	100	138	25		50		74		▬	Cumulative	Verbal update to be provided at the meeting
29	FH/SE/HOU004* The number of applicants on the housing register	1,153		1,153		1,260		1,301			↓	Cumulative	
30	SE/HOU004* The number of applicants on the housing register	1,661		1,661		1,881		2,014			↓	Cumulative	
31	WS/HOU004 The number of applicants on the housing register	2,814		2,814		3,141		3,315			↓	Cumulative	
32	FH/SE/HOU005* Time taken to make decisions on homelessness applications (Days)	21	14	16	14	18	14	15	14		↑	Quarter	Improved performance is as a result of implementation of revised working practices. Performance is expected to meet target next quarter
33	SE/HOU005* Time taken to make decisions on homelessness applications (Days)	22	14	15	14	19	14	15	14		↑	Quarter	Improved performance is as a result of implementation of revised working practices. Performance is expected to meet target next quarter
34	WS/HOU005* Time taken to make decisions on homelessness applications (Days)	22	14	15	14	18	14	15	14		↑	Quarter	Improved performance is as a result of implementation of revised working practices. Performance is expected to meet target next quarter
35	FH/HOU006* Number of households where homelessness prevented	127	150	35	37	93	75	136	112		↑	Cumulative	The emphasis on homeless prevention has resulted in improved performance against this indicator and will maintained moving forward.
36	SE/HOU006* Number of households where homelessness prevented	146	180	46	45	90	90	135	135		↓	Cumulative	The emphasis on homeless prevention has resulted in improved performance against this indicator and will maintained moving forward.
37	WS/HOU006* Number of households where homelessness prevented	273	330	81	82	183	165	271	247		↓	Cumulative	The emphasis on homeless prevention has resulted in improved performance against this indicator and will maintained moving forward.
38	FH/HOU007* Number of people accepted as homeless	72		18		37		49			↑	Cumulative	
39	SE/HOU007* Number of people accepted as homeless	198		63		115		150			↑	Cumulative	
40	WS/HOU007* Number of people accepted as homeless	270		81		152		199			↑	Cumulative	
41	FH/HOU008* Number of households living in temporary accommodation	45		8		8		10			↓	Quarter	
42	SE/HOU008* Number of households living in temporary accommodation	130		37		30		28			↑	Quarter	
43	WS/HOU008* Number of households living in temporary accommodation	175		45		38		38			▬	Quarter	
44	FH/HOU009* Private sector tenancies made available through West Suffolk Lettings Partnership	19	40	12	10	20	20	31	30		↑	Cumulative	
45	SE/HOU009* Private sector tenancies made available through West Suffolk Lettings Partnership	60	90	7	22	15	45	28	67		↑	Cumulative	The reduction of available properties in the market continues to be a problem. We are therefore looking at alternative approaches.
46	WS/HOU009* Private sector tenancies made available through West Suffolk Lettings Partnership	79	130	19	32	35	65	59	97		↑	Cumulative	See above comments
47	FH/HOU010* Number of private rented properties brought up to standard	38		6		12		22			↑	Cumulative	
48	SE/HOU010* Number of private rented properties brought up to standard	13		6		18		28			↑	Cumulative	
49	WS/HOU010* Number of private rented properties brought up to standard	51		12		30		50			↑	Cumulative	

No:	Code and Short Name	13/14 Actual	Target	Performance						Quarterly Traffic Light Icon	Short Term Trend Arrow	Cumulative or Quarter	Latest Note
			Annual Target 2014/15	Q1 2014/15		Q2 2014/15		Q3 2014/15					
				Value	Target	Value	Target	Value	Target				
50	FH/HOU011* Percentage of major planning applications determined within 13 weeks	28.60%	60.00%	50.00%	60.00%	66.67%	60.00%	55.56%	60.00%		↓	Quarter	9 major applications were determined in the quarter, with 5 being within the agreed timescales.
51	SE/HOU011* Percentage of major planning applications determined within 13 weeks	23.10%	60.00%	22.22%	60.00%	75.00%	60.00%	57.14%	60.00%		↓	Quarter	7 major applications were determined in the quarter, with 4 being within the agreed timescales.
52	WS/HOU011* Percentage of major planning applications determined within 13 weeks	25.53%	60.00%	30.77%	60.00%	72.73%	60.00%	56.25%	60.00%		↓	Quarter	
53	FH/HOU012* Percentage of minor planning applications determined within 8 weeks	52.70%	65.00%	23.08%	65.00%	46.15%	65.00%	71.43%	65.00%		↑	Quarter	42 minor applications were determined in the quarter, with 30 being within 8 weeks.
54	SE/HOU012* Percentage of minor planning applications determined within 8 weeks	39.30%	65.00%	54.10%	65.00%	40.43%	65.00%	59.38%	65.00%		↑	Quarter	64 minor applications were determined in the quarter, with 38 being within 8 weeks.
55	WS/HOU012* Percentage of minor planning applications determined within 8 weeks	43.37%	65.00%	44.83%	65.00%	43.02%	65.00%	64.15%	65.00%		↑	Quarter	
56	FH/HOU013* Percentage of other planning applications determined within 8 weeks	70.00%	80.00%	71.93%	80.00%	66.04%	80.00%	80.00%	80.00%		↑	Quarter	60 other applications were determined in the quarter, with 48 being within 8 weeks.
57	SE/HOU013* Percentage of other planning applications determined within 8 weeks	54.60%	80.00%	81.29%	80.00%	70.76%	80.00%	81.40%	80.00%		↑	Quarter	172 other applications were determined in the quarter, with 140 being within 8 weeks.
58	WS/HOU013* Percentage of other planning applications determined within 8 weeks	58.12%	80.00%	78.95%	80.00%	69.64%	80.00%	81.03%	80.00%		↑	Quarter	
59	FH/HOU014* Number of planning enforcement cases opened	New indicator for 14/15						21				Quarter	During 2014/15, the Council has used external consultants to help address the backlog of enforcement cases. Since June, these consultants have had 147 cases passed to them, with 103 of these cases having been investigated, dealt with and closed.
60	SE/HOU014* Number of planning enforcement cases opened	New indicator for 14/15						38				Quarter	During 2014/15, the Council has used external consultants to help address the backlog of enforcement cases. These consultants have had 79 cases passed to them, with 23 of these cases having been investigated, dealt with and closed.
61	FH/HOU015* Number of planning enforcement cases closed	New indicator for 14/15						40				Quarter	
62	SE/HOU015* Number of planning enforcement cases closed	New indicator for 14/15						31				Quarter	

#### Corporate indicators

63	WS/COR002* Working days/shifts lost due to sickness absence - all	5.67	6.50	5.67	6.50	6.12	6.50	6.95	6.50		↓	Quarter	
64	FH/COR004* Percentage of benefit fraud prosecutions which were successful	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%		100.00%		—	Quarter	
65	SE/COR004* Percentage of benefit fraud prosecutions which were successful	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%		100.00%		—	Quarter	
66	WS/COR005* % of non-disputed invoices paid within 30 days of receipt	SE - 96.50% FH - 97.67%	98.00%	Not available	98.00%	Not available	98.00%	Not available	98.00%			Quarter	
67	FH/COR006* Percentage return on the investment of the council's reserves and balances	2.10%	1.90%	1.82%	1.90%	1.69%	1.90%	1.67%	1.90%		↓	Quarter	The falling rate is due to the continuing low bank base rate and not being able to replace the high interest rates on maturing investments. Expected to be on budget for actual interest income received due to higher investment balances available.
68	SE/COR006* Percentage return on the investment of the council's reserves and balances	1.31%	1.50%	0.85%	1.50%	0.83%	1.50%	0.80%	1.50%		↓	Quarter	The reduction in the average interest rate is primarily due to the continued fall in rates being offered on both call accounts, and fixed term investments. Please see report XX for further details.
69	FH/COR007* Collection of Council Tax	97.12%	98.00%	29.73%	29.55%	58.09%	57.39%	83.45%	83.22%		↑	Cumulative	
70	SE/COR007* Collection of Council Tax	98.40%	98.00%	30.07%	29.86%	59.38%	59.01%	86.55%	87.34%		↓	Cumulative	
71	FH/COR008* Collection of Business Rates	98.51%	99.00%	28.39%	28.60%	56.38%	58.50%	82.63%	82.65%		↓	Cumulative	
72	SE/COR008* Collection of Business Rates	98.27%	99.00%	30.21%	28.60%	58.82%	58.50%	84.49%	84.00%		↓	Cumulative	



No:	Code and Short Name	13/14 Actual	Target	Performance						Quarterly Traffic Light Icon	Short Term Trend Arrow	Target	Latest Note
			Annual Target 2014/15	Q1 2014/15		Q2 2014/15		Q3 2014/15				Cumulative or Quarter	
				Value	Target	Value	Target	Value	Target				
73	WS/COR009* Percentage of answered calls	New indicator for 14/15	90.00%	95.00%	90.00%	91.00%	90.00%	94.00%	90.00%		↑	Quarter	
74	FH/COR010* Number of face to face contacts (not including visitor management)	New indicator for 14/15		14,846		13,364		11,143			↑	Quarter	
75	SE/COR010* Number of face to face contacts (not including visitor management)	New indicator for 14/15		17,949		15,315		21,741			↓	Quarter	
76	WS/COR010* Number of face to face contacts (not including visitor management)	New indicator for 14/15		32,795		28,679		32,884			↓	Quarter	

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# Informal Joint Performance and Audit Scrutiny Committee



*St Edmundsbury*  
BOROUGH COUNCIL

<b>Title of Report:</b>	<b>West Suffolk Strategic Risk Register Quarterly Monitoring Report – December 2014</b>	
<b>Report No:</b>	<b>PAS/SE/15/002]</b>	
<b>Decisions plan reference:</b>	Not applicable	
<b>Report to and date/s:</b>	<b>Performance and Audit Scrutiny Committee</b>	29 January 2015
<b>Portfolio holder:</b>	David Ray Portfolio Holder for Resources and Performance <b>Tel:</b> 01359 250912 <b>Email:</b> <a href="mailto:david.ray@stedsbc.gov.uk">david.ray@stedsbc.gov.uk</a>	
<b>Lead officer:</b>	Rachael Mann Head of Resources and Performance <b>Tel:</b> 01638 719245 <b>Email:</b> <a href="mailto:rachael.mann@westsuffolk.gov.uk">rachael.mann@westsuffolk.gov.uk</a>	
<b>Purpose of report:</b>	To review the West Suffolk Strategic Risk Register Quarterly Monitoring Report.	
<b>Recommendation:</b>	<b>Performance and Audit Scrutiny Committee:</b>  <b>It is <u>RECOMMENDED</u> that Members scrutinise the updated West Suffolk Strategic Risk Register at Appendix 1 and refer any major issues requiring attention to Cabinet.</b>	
<b>Key Decision:</b>  <i>(Check the appropriate box and delete all those that <b>do not</b> apply.)</i>	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	
<b>Consultation:</b>	• Not applicable	
<b>Alternative option(s):</b>	• Not applicable	
<b>Implications:</b>		

Are there any <b>financial</b> implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li>There are no direct financial or budget implications arising from this report. Specific risks associated with finance and resources are included in the West Suffolk Strategic Risk Register at Appendix 1.</li> </ul>	
Are there any <b>staffing</b> implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li></li> </ul>	
Are there any <b>ICT</b> implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li></li> </ul>	
Are there any <b>legal and/or policy</b> implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li></li> </ul>	
Are there any <b>equality</b> implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li></li> </ul>	
<b>Risk/opportunity assessment:</b>		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
<b>Risk area</b>	<b>Inherent level of risk</b> (before controls)	<b>Controls</b>	<b>Residual risk</b> (after controls)
See individual assessments against each risk as detailed in Appendix 1			
<b>Ward(s) affected:</b>		All Wards	
<b>Background papers:</b>		None	
<b>Documents attached:</b>		Appendix 1 – West Suffolk Strategic Risk Register 2014/2015	

## **1. Key issues and reasons for recommendations**

### **1.1 Key Issues and Summary**

- 1.1.1 The West Suffolk Strategic Risk Register is updated regularly by the Risk Management Group. The Group is comprised of service representatives, including Health and Safety, supported by a Director and the Portfolio Holder for Resources, Governance and Performance. Heads of Service may be required to provide further information as requested by the Group.
- 1.1.2 At its most recent assessment in January 2015 the Group reviewed the Target Risk, the risk level where the Council aims to be, and agreed a Current Risk assessment. These assessments form the revised West Suffolk Strategic Risk Register at **Appendix 1**.
- 1.1.3 Part of this assessment included the consideration of the controls and actions in place to address the individual risks. Where Target Risk levels are lower than the Current Risk assessment, further action is either being taken or planned in order to treat the risk and meet the target.
- 1.1.4 Since the last assessment reported to the Committee on 26 November 2014, there have been no new risks identified and no risks have been amended or closed. Some individual controls or actions have been updated and those that were not ongoing and had been completed by December 2014 have been removed from the register.

### **1.2 New or Amended Risks**

- 1.2.1 There have been no new risks identified in the period.
- 1.2.2 Following the December review, the probability of the Inherent Risk of WS1A has been changed from 2 to 3 to reflect the importance of Business Rates Retention and improved financial reporting.
- 1.2.3 In light of the recent news concerning the closure of RAF Mildenhall, the probability of the Inherent Risk WS12 has been changed from 2 to 3 to highlight the risk of losing a large employer and contributor to the local economy.

### **1.3 Closed Risks**

- 1.3.1 No risks have been closed since the last assessment which was reported to the Committee on 26 November 2014.

### **1.4 Reasons for Recommendations**

- 1.4.1 The Council's Strategic Plan for 2014/2015, adopted by Council in February 2014, includes three key priority areas supported by a range of actions to deliver specific outcomes.
- 1.4.2 The West Suffolk Strategic Risk Register identifies and records the level of risk associated with delivering the Council's plans alongside meeting its statutory responsibilities and the organisation's overall ability to respond to change.

Through assessment of risk and the likelihood and impact of potential failure to meet these challenges, the level of controls and, where possible, action required is identified and implemented.

# West Suffolk Strategic Risk Register 2014/15 - December 2014

# Appendix 1

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RISK ID NUMBER	Date risk added to register	Type	Current Owner	Title	Description - What are we trying to avoid?	WS Inherent Risk	Summary of Actions - What we are doing / need to do to prevent it.	Who is responsible for the actions	Start date	Target completion date/ Complete	WS Residual Risk
WS1 A	10-Jul-14	Financial	Head of Resources and Performance	Poor financial management	Failure in specific areas to achieve projected income, or expenditure exceeds the approved budgets (revenue or capital).		1) Monthly monitoring reports (revenue and capital) to budget holders.	Head of Resources & Performance	On-going	On-going	
							2) Business rate retention income and localising of Council tax being monitored monthly by Finance and ARP	Head of Resources & Performance	On-going	On-going	
							3) Regular meetings between budget holders and Resources and Performance business advisors/partners	Service Managers / Business Partners / Advisers	On-going	On-going	
							4) Scrutiny of financial reports by LT and Members through Performance and Audit Scrutiny Committee	LT	On-going	On-going	
							5) New joint financial management system now in place, development of more comprehensive budget planning, monitoring and reporting processes including training for budget holders	Head of Resources & Performance	Apr-14	Mar-15	
							6) Strengthen links to KPI monitoring	Head of Resources & Performance	Apr-14	Mar-15	
WS1 B	10-Jul-14	Financial	Head of Resources and Performance	Poor financial planning	Failure to deliver a sustainable Medium Term Financial Strategy, especially in view of continued financial uncertainty around areas such as Comprehensive Spending Review, localisation of Business Rates, localising Council Tax, increased service demand, and use of reserves.  Over reliance on any one particular MTFS theme such as behaving more commercially or being an investing authority		1) Budget preparation for 2015/16 continues to challenge all six MTFS themes. Proposals include reference to such themes so that scrutiny can take place by LT	LT	On-going	Mar-15	
							2) Demand trends and financial implications validated as part of budget setting. Using monitoring reports to identify trends.	Service Managers / Business Partners / Advisers	On-going	On-going	
							3) Review being undertaken of approach to setting fees and charges	Head of Resources and Performance	Apr-14	Mar-15	
							3) Medium Term Financial Strategy update - including review of assumptions, sensitivity analysis and review of reserve and balance levels	Head of Resources and Performance	On-going	On-going	
							4) Scrutiny of financial reports by LT and Members through Performance and Audit Scrutiny Committee	LT	On-going	On-going	
							5) Implement Behaving more commercially task and finish group actions	LT	Apr-14	Mar-15	
6) Monitor Government statements on future of local government funding	LT	On-going	On-going								
WS2	10-Jul-14	Customer	Head of Families & Communities	Maintain and promote our public image, maintain effective communications	Councils being portrayed negatively in the media (including social media) which undermines public trust and confidence. Councils' poor reputation preventing them from entering into positive partnerships with others, or securing funding. Lack of public trust and confidence in the councils that could affect their ability to work WITH communities in achieving the strategic priorities and to achieve behaviour change (e.g. around recycling, channel shift etc.).  This could also potentially impact on our ability to recruit staff in competitive market.		1) Monitor media coverage through daily media alerts and, where appropriate, provide a robust response.	Comms Team	On-going	On-going	
							2) Positively engage with social media to disseminate positive stories about West Suffolk and address errors or misrepresentation	Comms Team	On-going	On-going	
							3) Train and support staff and Members in proactive communications and dealing with media.	Comms Team	On-going	On-going	
							4) Deliver a communications work programme which focusses on proactive communications.	Comms Team	On-going	On-going	
							5) 100% rewrite to content for new West Suffolk web site.	Comms Team / Head of Families & Communities	Jun-14	Completed	

# West Suffolk Strategic Risk Register 2014/15 - December 2014

# Appendix 1

RISK ID NUMBER	Date risk added to register	Type	Current Owner	Title	Description - What are we trying to avoid?	WS Inherent Risk	Summary of Actions - What we are doing / need to do to prevent it.	Who is responsible for the actions	Start date	Target completion date/ Complete	WS Residual Risk
WS3	10-Jul-14	Customer	Head of Families & Communities	Failure to deliver channel shift	Service delivery methods do not meet customer needs or expectations with potential to damage Councils' reputation; customer expectations may need to be more carefully managed in new financial climate; services fail to deliver savings in required time scale or maintain quality; excessive demands on staff time.		1) Appoint web design team to create new web presence for SEBC & FHDC. 2) Ensure sufficient resource to support the provision of web content - rewrite and not a shift of existing / old content, (100% re-write of content required, now going live in November with all new content). 3) Complete new web presence with full digital by default capability. (Planned completion date dependant on loading of planning policy docs, new committee system etc). 4) Clear and consistent public communications to explain changes to services and establish realistic expectations of service levels. 5) Continuing development to ensure web site remains fit for purpose.	Head of Families & Communities Head of Families & Communities Head of Families & Communities Corporate Comms Manager Head of Families & Communities	May-14 Jun-14 Oct-14 On-going Nov-14	Completed Completed On-going On-going On-going	
WS4	10-Jul-14	Professional	Head of Human Resources, Legal & Democratic Services	Staff retention (professional staff / technical staff). Staff trust and goodwill (morale)	Lack of staff skills, experience and capacity could prevent delivery of services and high levels of performance. Failure to have motivated staff with appropriate workload.		1) Corporate training programme in place (including induction) for staff and members. 2) Identification of workforce needs through effective Workforce Development Planning. 3) Regular cycle of staff reviews (as and when needed) and follow up action plans. 4) A development and support programme is continuously being reviewed to support staff and managers through the change agenda in the public sector, this includes staff resilience and capacity management. 5) Consistent and regular communication to staff, including opportunities for feedback. 6) Annual workforce monitoring data presented to the West Suffolk Joint Staff Consultative Panel; no significant issues raised. Monitoring period has been realigned to April - March. 7) Salary bench-marking being undertaken 8) More outreach to Careers Fairs, Colleges and schools	HR Business Partner HR Business Partner Head of HR, Legal and Democratic Services Head of HR, Legal and Democratic Services Corporate Comms Manager Head of HR, Legal & Democratic Services / HR Business Partner Head of HR, Legal and Democratic Services	On-going On-going On-going On-going On-going On-going On-going	On-going On-going On-going On-going On-going On-going On-going	
WS6	10-Jul-14	Political	Chief Executive	Managing public / councillor expectations with less resources	Falling short of providing the level of service that the public and councillors expect and demand.		1) Understand priorities and expectations through Strategic Plan and MTFS 2) Develop corporate project plan and assign lead officers and members to the key council projects. 3) Assign dedicated corporate project resources to lead on the monitoring of the corporate plan 4) Review and align service and skilled resources available to the corporate plan including communicate resources.	LT LT LT LT	On-going On-going On-going On-going	On-going On-going On-going On-going	



**West Suffolk Strategic Risk Register 2014/15 - December 2014**

**Appendix 1**

RISK ID NUMBER	Date risk added to register	Type	Current Owner	Title	Description - What are we trying to avoid?	WS Inherent Risk	Summary of Actions - What we are doing / need to do to prevent it.	Who is responsible for the actions	Start date	Target completion date/ Complete	WS Residual Risk
							5) Regular monitoring and update discussions with portfolio holders on the corporate project plan progress	Corporate Programme Manager	On-going	On-going	

# West Suffolk Strategic Risk Register 2014/15 - December 2014

# Appendix 1

RISK ID NUMBER	Date risk added to register	Type	Current Owner	Title	Description - What are we trying to avoid?	WS Inherent Risk	Summary of Actions - What we are doing / need to do to prevent it.	Who is responsible for the actions	Start date	Target completion date/ Complete	WS Residual Risk
WS7	10-Jul-14	Technological Financial Customer	Corporate Programme Manager / All HoS	Poor project management	Key strategic outcomes not being delivered due to projects failing to be completed on time. Budgets are overspent due to delays. Peaks and troughs in resource demands for support services are not managed, resulting in unmanageable workloads for e.g. IT team, exacerbating the delays.		1) Creation of efficient project management framework (led by corporate project manager). 2) Development and ongoing oversight of corporate project plan, to avoid concurrent demands on support services. 3) Training of all staff involved in project work in core project management skills. 4) Project support and resources to be included in further project business cases. 5) Better understanding of Corporate capacity / priorities.	Corporate Programme Manager Corporate Programme Manager L&D team LT LT	On-going Jun-14 On-going On-going On-going	On-going On-going On-going On-going On-going	
WS7a	10-Jul-14	Technological	Head of Resources and Performance	ICT integration	Integration of ICT across services and systems not being achieved.		1) Planned alignment of ICT infrastructure and corporate systems through corporate project plan 2) Planned Business Applications alignment – including, Customer Access solution, Waste Management, GIS system - through corporate project plan 3) Regular review of both integration programmes through corporate projects plan. 4) Implementation of Integration Tool kit. 5) Monthly testing of the Council PSN compliance including the checking and monitoring of new and existing staff. No tolerance approach adopted. 6) Development of a West Suffolk ICT Statement of Direction and review of ICT Business Partner role.	Infrastructure Support Manager Business Development & Innovation Manager Corporate Programme Manager/ LT Business Development & Innovation Manager Infrastructure Support / Development & Innovation Manager Business Development & Innovation Manager	On-going On-going On-going On-going On-going Apr-14	On-going Jun-15 On-going On-going On-going Mar-15	
WS8 Page 30	10-Jul-14	Political Social									
	(a)		Head of Families & Communities	Failure to deliver; Families & Communities agenda	Opportunities being missed to create or influence the provision of: (i) a thriving voluntary sector and active communities who take the initiative to help the most vulnerable (ii) people playing a greater role in determining the future of their communities (iii). improved wellbeing, physical and mental health (iv) accessible countryside and green spaces		1) Initial Families & Community Strategy now complete. Continuous development and review of strategy to ensure that it remains fit for purpose. 2) Locality Officers established. 3) Locality budgets available. 4) New way of working for councillors. 5) Review of grants	Families & Communities Manager Families & Communities Manager Families & Communities Manager Families & Communities Manager Families & Communities Manager	Oct-13 Oct-13 Oct-13 Oct-13 Feb-14	On-going Completed On-going On-going Apr-15	
	(b)		Head of Planning & Growth	Failure to deliver; Growth Agenda inc coping with growth and increase in demand	Opportunities being missed to create or influence the provision of: (i) beneficial growth that enhances prosperity and quality of life		1) Developing engagement with the two Local Enterprise Partnerships. New Six Point Plan for Jobs and Growth. Monitoring the local economy. 2) Small budget to support businesses with grants. Business rate income being closely monitored from April 2013 by ARP. Developing Inward Investment strategy. Increase Business engagement	Head of Planning & Growth Head of Planning & Growth	On-going On-going	On-going On-going	

RISK ID NUMBER	Date risk added to register	Type	Current Owner	Title	Description - What are we trying to avoid?	WS Inherent Risk	Summary of Actions - What we are doing / need to do to prevent it.	Who is responsible for the actions	Start date	Target completion date/ Complete	WS Residual Risk
					(ii) existing businesses that are thriving and new businesses brought to the area		3) Support to WSC, SCC, UCS and other agencies involved with skills development. Monitoring attainment levels.	Head of Planning & Growth	On-going	On-going	
					(iii) people with the educational attainment and skills needed in our local economy		4) New Markets Development Officer post. Developing market towns action plan. Supporting and developing Business Improvement Districts.	Head of Planning & Growth	On-going	On-going	
					(iv) vibrant, attractive and clean high streets, village centres and markets						

RISK ID NUMBER	Date risk added to register	Type	Current Owner	Title	Description - What are we trying to avoid?	WS Inherent Risk	Summary of Actions - What we are doing / need to do to prevent it.	Who is responsible for the actions	Start date	Target completion date/ Complete	WS Residual Risk
(c)			Head of Housing / Head of Planning & Growth	Failure to deliver; Housing Agenda	Opportunities being missed to create or influence the provision of: (i) sufficient housing for current and future generations, including more affordable homes and improvements to existing housing (ii) new developments that are fit for the future, properly supported by infrastructure, and that build communities, not just housing (iii) homes that are flexible for people's changing needs		1) West Suffolk Housing strategy adopted, implementation of agreed Action Plan.	Head of Housing	Oct-14	Apr-18	
							2) Sub-regional Strategic Housing Market Assessment completed 2008 to identify levels of need, with annual updates and reviews.	Head of Housing	On-going	On-going	
							3) Implement revised targets for Affordable Housing for new developments over a certain size. Continue to implement Local Plans.	Head of Housing/Head of Planning & Growth	On-going	On-going	
							4) Adopted PPS3 Housing proposals for developing affordable housing, particularly in rural areas.	Head of Housing/Head of Planning & Growth	On-going	On-going	
							5) Growth area status confirmed and funding received for infrastructure works for housing development and further funding approved. Continue to work on implementation of Community Area Funding Support. Growth area funds now allocated.	Head of Planning & Growth	On-going	On-going	
							6) Local Investment Plan 2014-18 approved by HCA, now working with RP partners to deliver. Quarterly monitoring of plan and annual review.	Head of Housing	On-going	On-going	
							7) West Suffolk Choice Based Lettings Scheme reviewed April 2013 to reflect changes in legislation - retendering of sub-regional system to be completed by March 2015. There has been a delay among the various partners in agreeing the spec and procurement method for the new system the target completion time is to be confirmed.	Housing Options Manager	Apr-14	01/03/2015 (Delayed, revised date to be confirmed)	
							8) Expansion of West Suffolk Lettings Partnership co-ordinates work with private sector landlords, help given to applicants to access private rented sector.	Housing Business & Partnership Manager	On-going	On-going	
							9) Disabled Facilities Grants process and Home Improvement Agency contract to be reviewed in order to introduce a more co-ordinated and integrated service across agencies.	Public Health & Housing Manager	Apr-14	Mar-15	
WS9	10-Jul-14	Legal	Head of Human Resources, Legal & Democratic Services	Ineffective governance that doesn't take into account the rapidly ever changing external environment.	The Constitution not fully reflecting and enabling new ways of working within West Suffolk, including the ability to behave more commercially, and ultimately may therefore not support the delivery of good quality and improved services that meet the local community's needs.		1) Review of the Constitutions commenced in 2013-14 and is currently in progress	Head of HR, Legal & Dem Services/ Joy Bowes/ Democratic Services Manager	On-going	Before May 2015 elections	
							2) Task and Finish Group established to agree new constitution principles	Head of HR, Legal & Dem Services/ Democratic Services Manager	Jul-14	Before May 2015 elections	

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RISK ID NUMBER	Date risk added to register	Type	Current Owner	Title	Description - What are we trying to avoid?	WS Inherent Risk	Summary of Actions - What we are doing / need to do to prevent it.	Who is responsible for the actions	Start date	Target completion date/ Complete	WS Residual Risk
WS11	10-Jul-14	Economic Financial Competitive	Chief Executive / Directors	Failure to adapt to new public sector models, explore opportunities with partners	West Suffolk fails to deliver better services for public sector customers (regardless of the organisation), fails to close its budget gap due to missing opportunities for new sources of funding and opportunities for savings through economies of scale and better integration.		1) Keep a watching brief on, and disseminate information on new funding models and opportunities through DCLG, RSN, LGA, EELGA etc. 2) Maintain good relationships with public sector partners, e.g. CCG, SCEG, ARP authorities to hear of, and take opportunities arising from opportunities for partnership working. 3) Robust business cases for identified opportunities	Policy Team Chief Executive and Directors LT	On-going On-going On-going	On-going On-going On-going	
WS12	10-Jul-14	Partnership	Head of Planning & Growth	Loss of a key employer (for example USAFE, Racing Industry, Greene King, WS Hospital, Centre Parcs, British Sugar)	Failure to retain major employers in the area and the economic impact that it would have		1) Awareness of and engagement with the top 100 employers in the area. 2) Ensuring there is sufficient employment land / premises for expansion. 3) Understand skills shortage and requirements by linking business to education providers and encourage business to take on apprentices. 4) Help businesses access third party funding. 5) Six point jobs and growth plan 6) Establish a Mildenhall Task Group	Head of Planning & Growth Head of Planning & Growth Head of Planning & Growth Head of Planning & Growth Head of Planning & Growth Head of Planning & Growth	On-going On-going On-going On-going On-going On-going	On-going On-going On-going On-going On-going On-going	
WS13	10-Jul-14	Partnership Financial	Directors	Partner / Public Sector failure	Partners or partnerships failing; cost shunting (transfer of costs between partners); partnerships not achieving desired outcomes.		1) Robust SLA arrangements in place. 2) Regular monitoring of arrangements / outcomes. 3) Regular meetings with key partners	All HoS All HoS All HoS	On-going On-going On-going	On-going On-going On-going	
WS14	10-Jul-14	Physical Social Legal	Director	Service failure through unplanned events	Reduced level or failure to deliver services to both internal and external clients due to unforeseen events.		1) Each service needs to have sufficient cross-trained staff to be able to continue essential services delivery in the event of an unexpected staff shortage. 2) Services must have a workable Business Continuity Plan arrangements in place. 3) Combined West Suffolk Business Continuity Plan is in place for major identified threats, regularly reviewed and practised. 4) Appointed officers within each service to be responsible for the continuity plans.	Heads of Service / Service Managers Heads of Service/All staff LT Heads of Service / Appointed Officers	On-going On-going On-going On-going	On-going On-going On-going On-going	

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RISK ID NUMBER	Date risk added to register	Type	Current Owner	Title	Description - What are we trying to avoid?	WS Inherent Risk	Summary of Actions - What we are doing / need to do to prevent it.	Who is responsible for the actions	Start date	Target completion date/ Complete	WS Residual Risk
WS16	10-Jul-14	Legal	Director	Breach of data protection and information security	Failure to ensure the accuracy and control of data. Not using good practice when handling data.		1) Information governance group coordinates councils' approach to risks 2) Records Management Working Group to coordinate councils' approach to records management 3) Regular buildings checks to ensure information is held securely. 4) Review of building access arrangements and implement new arrangements. 5) Improve staff communication on good practices and data security 6) Information Security e-learning - 1st phase, existing officers, completed. All new staff to complete module as part of induction programme.	Director Director Internal Audit Manager Service manager- Facilities Management Corp Comms Manager Director	On-going On-going On-going Aug-14 On-going Apr-14	On-going On-going On-going Aug-15 On-going On-going	
WS18	10-Jul-14	Customer Financial Professional	Head of Resources & Performance	Poor Performance Management	Risk of individual services having below par performance levels and possible dips in performance while establishing new service models.		1) Performance and Audit Scrutiny Committee (PASC) receive comprehensive performance monitoring report 2) Early identification, reporting and monitoring of potential problem areas. 3) Reporting of KPI's to be integrated with Financial Performance reporting.	Head of Resources & Performance / R&P Business Service Managers / Business Partners / Advisers Business Partners / Advisers	On-going On-going On-going	On-going On-going Mar-15	
WS19	10-Jul-14	Economic Social	All HoS	Demographic changes	Unable to meet the demands created by population changes (caused by growth, ageing, diversity, employment) including the impact on infrastructure and other related service provision.		1) Key services (planning, housing and waste) use forecasting models (e.g. East of England forecasting model, POPGROUP) to build population change into future service planning 2) Monitor, research and analysis around demographics through DCLG, ONS, LGA, LGC and other sources and share key findings with relevant services. 3) Attend meetings of Suffolk Information Forum to share best practice around population monitoring and forecasting. NB particular attention needs to be paid to Forest Heath due to population forecasts not being able to deal accurately with USAFE population.	Haed of Housing/ Planning & Growth/Operations Policy Team Policy Team	On-going On-going On-going	On-going On-going On-going	

RISK ID NUMBER	Date risk added to register	Type	Current Owner	Title	Description - What are we trying to avoid?	WS Inherent Risk	Summary of Actions - What we are doing / need to do to prevent it.	Who is responsible for the actions	Start date	Target completion date/ Complete	WS Residual Risk
WS20	10-Jul-14	Physical	Head of Human Resources, Legal & Democratic Services	Implementation of the Corporate Health and Safety Policy	Failure to ensure the safety and well being of staff. Failure to provide safe and healthy environment for visitors and the general public. Risk of corporate manslaughter charges.		1) Corporate Health and Safety strategy, objectives and implementation plans in place for all internal and external functions performed by the Council.	Health & Safety Manager	On-going	On-going	
							2) Full-time H&S Manager leading this work.	Health & Safety Manager	On-going	On-going	
							3) Well being programme in place.	Health & Safety Manager	On-going	On-going	
							4) Requirement for all staff to complete online H&S training.	Health & Safety Manager	On-going	On-going	
							5) Communications to staff.	Corp Comms Manager	On-going	On-going	
							6) Appropriate insurances in place and regularly reviewed.	Health & Safety Manager	On-going	On-going	
							7) Establish a programme of safety audits				
WS21	10-Jul-14	Social Legal	Head of Housing	Safeguarding children and vulnerable adults	Children and vulnerable adults being treated in an improper manner and not in accordance with legislation.		1) Working in Countywide safeguarding partnership.	Head of Housing	On-going	On-going	
							2) Joint Vulnerable Adults Safeguarding policy to be developed April 15.	Head of Housing	Oct-14	On-going	
							3) Safe recruitment procedures are adopted for all staff.	Head of HR, Legal & Dem Services	Jul-09	On-going	
							4) Council's self-assessment of safeguarding arrangements confirmed by Safeguarding Board as complying with the responsibilities under the Children's Act. Review to be completed March 2015.	Head of Housing	On-going	On-going	
							5) Regular staff and member training and briefing sessions - introducing an e-learning module on safeguarding. Investigate possibility of introducing subject into Corporate Induction Training Programme.	Head of Housing / HR, Legal & Dem Services	On-going	On-going	

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# Informal Joint Performance and Audit Scrutiny Committee



*St Edmundsbury*  
BOROUGH COUNCIL

<b>Title of Report:</b>	<b>Work Programme Update</b>	
<b>Report No:</b>	<b>PAS/SE/15/003</b>	
<b>Decisions plan reference:</b>	Not applicable	
<b>Report to and date:</b>	<b>Performance and Audit Scrutiny Committee</b>	29 January 2015
<b>Chairman of the Committee:</b>	Sarah Broughton Chairman of the Performance and Audit Scrutiny Committee <b>Tel:</b> 01284 787327 <b>Email:</b> sarah.broughton@stedsbc.gov.uk	
<b>Lead officer:</b>	Christine Brain Scrutiny Officer <b>Tel:</b> 01638 719729 <b>Email:</b> Christine.brain@westsuffolk.gov.uk	
<b>Purpose of report:</b>	<ol style="list-style-type: none"> <li>Members are asked to consider and <b>note</b> the current status of its Work Programme attached at <b>Appendix 1(A)</b>.</li> <li>Attached at <b>Appendix 1(B)</b>, for information is the current position of the Work Programme for Forest Heath District Councils Performance and Audit Scrutiny Committee.</li> </ol>	
<b>Recommendation:</b>	<b>Performance and Audit Scrutiny Committee:</b>  <b>It is <u>RECOMMENDED</u> that:</b>  <b>Members consider and <u>note</u> the current status of its Work Programme.</b>	

## Performance and Audit Scrutiny Committee Work Programme (St Edmundsbury Borough Council)

Description	Lead Officer
<b>Early June 2015 (Time: 5.00pm)</b> <b>Informal Joint Meeting</b> <b>(Hosted by St Edmundsbury Borough Council)</b>	
<b>Joint Reports</b>	
Internal Audit Annual Report (2014-15) and Outline Internal Audit Plan (2015-16)	Internal Audit Manager
Annual Governance Statement (2013-14) Action Plan Review	Internal Audit Manager
Key Performance Indicators 2015-16 and Quarter 4 2014-15 Performance Report	Resources and Performance Business Partner
West Suffolk Strategic Risk Quarter 4 –March 2015)	Service Manager (Finance and Performance)
Biannual Corporate Complaints and Compliments Digest (Oct 2014 March 2015)	Head of Families and Communities
Work Programme Update	Scrutiny Officer
<b>St Edmundsbury Specific Reports</b>	
EY – Presentation of the Annual Certification Report (2013-14)	Head of Resources and Performance
EY – Presentation of External Audit Plan and Fees 2014-15 and 2015-16 Indicative Fees	Head of Resources and Performance
<b>End July 2015 (Time: 5.00pm)</b> <b>Informal Joint Meeting</b> <b>(Hosted by Forest Heath District Council)</b>	
<b>Joint Reports</b>	
Key Performance Indicators and Quarter 1 Performance Report 2015-2016	Resources and Performance Business Partner
West Suffolk Strategic Risk (June 2015)	Service Manager (Resources and Performance)
Work Programme Update	Scrutiny Officer
<b>St Edmundsbury Specific Reports</b>	
Annual Performance Report on the Apex	Commercial Manager
Financial Outturn Report (Revenue and Capital (2014-2015)	Head of Resources and Performance
Financial Performance Report (Revenue and Capital) Quarter 1 (April – June 2015)	Service Manager (Resources and Performance)
Annual Treasury Management Report 2014-2015 and Investment Activity 1 April-30 June 2015	Service Manager (Resources and Performance)

<b>End September 2015 (Time: 4.30pm)</b>	
EY – Presentation of 2014-2015 ISA 260 Annual Governance Report to those Charged with Governance	Head of Resources and Performance
Annual Governance Statement 2014-2015	Head of Resources and Performance
2014-2015 Statement of Accounts	Head of Resources and Performance
Work Programme Update	Scrutiny Officer
<b>Late November 2015 (Time: 5.00pm) Informal Joint Meeting (Hosted by St Edmundsbury Borough Council)</b>	
<b>Joint Reports</b>	
Mid-year Internal Audit Progress Report 2015/16	Internal Audit Manager
KPI and Quarter 2 Performance Report (2015-2016)	Resources and Performance Business Partner
West Suffolk Strategic Risk Register Quarterly Monitoring Report – Sept 2015	Service Manager (Resources and Performance)
Biannual Corporate Complaints and Compliments Report	Head of Families and Communities
Work Programme Update	Scrutiny Officer
<b>St Edmundsbury Specific Reports</b>	
EY- Presentation of Annual Audit Letter (2014-2015)	Head of Resources and Performance
Financial Performance Report (Revenue and Capital) Quarter 2 – 2015-16	Service Manager (Resources and Performance)
Delivering a Sustainable Budget 2016-2017 and Budget Consultation Results	Head of Resources and Performance
Mid-year Treasury Management Performance Report and Investment Activity (April – Sept 2015)	Service Manager (Resources and Performance)

## Performance and Audit Scrutiny Committee Work Programme (Forest Heath District Council)

Description	Lead Officer
<b>Early June 2015 (Time: 5.00pm)</b>	
<b>Informal Joint Meeting (Hosted by St Edmundsbury Borough Council)</b>	
<b>Joint Reports</b>	
Internal Audit Annual Report (2014-15) and Outline Internal Audit Plan (2015-16)	Internal Audit Manager
Annual Governance Statement (2013-14) Action Plan Review	Internal Audit Manager
Key Performance Indicators 2015-16 and Quarter 4 2014-15 Performance Report	Resources and Performance Business Partner
West Suffolk Strategic Risk Quarter 4 (March 2015)	Service Manager (Finance and Performance)
Biannual Corporate Complaints and Compliments Digest (Oct 2014 March 2015)	Head of Families and Communities
Work Programme Update	Scrutiny Officer
<b>Forest Heath Specific Reports</b>	
EY – Presentation of the Annual Certification Report (2013-14)	Head of Resources and Performance
EY – Presentation of External Audit Plan and Fees 2014-15 and 2015-16 Indicative Fees	Head of Resources and Performance
<b>End July 2015 (Time: 5.00pm)</b>	
<b>Informal Joint Meeting (Hosted by Forest Heath District Council)</b>	
<b>Joint Reports</b>	
Key Performance Indicators and Quarter 1 Performance Report 2015-2016	Resources and Performance Business Partner
West Suffolk Strategic Risk (June 2015)	Service Manager (Finance and Performance)
Work Programme Update	Scrutiny Officer
<b>Forest Heath Specific Reports</b>	
Financial Outturn Report (Revenue and Capital (2014-2015)	Head of Resources and Performance
Financial Performance Report (Revenue and Capital) Quarter 1 (April – June 2015)	Service Manager (Finance and Performance)
<b>End September 2015 (Time: 6.00pm)</b>	
EY – Presentation of 2014-2015 ISA 260 Annual Governance Report to those Charged with Governance	Head of Resources and Performance
Annual Governance Statement 2014-2015	Head of Resources and Performance
2014-2015 Statement of Accounts	Head of Resources and Performance
Annual Corporate Environmental Statement 2014-2015	Environment Manager
Work Programme Update	Scrutiny Officer

<b>Late November 2015 (Time: 5.00pm)</b> <b>Informal Joint Meeting</b> <b>(Hosted by St Edmundsbury Borough Council)</b>	
<b>Joint Reports</b>	
Mid-year Internal Audit Progress Report 2015/16	Internal Audit Manager
KPI and Quarter 2 Performance Report (2015-2016)	Resources and Performance Business Partner
West Suffolk Strategic Risk Register Quarterly Monitoring Report – Sept 2015	Service Manager (Finance and Performance)
Biannual Corporate Complaints and Compliments Report	Head of Families and Communities
Work Programme Update	Scrutiny Officer
<b>Forest Heath Specific Reports</b>	
EY- Presentation of Annual Audit Letter (2014-2015)	Head of Resources and Performance
Financial Performance Report (Revenue and Capital) Quarter 2 – 2015-16	Service Manager (Resources and Performance)
Delivering a Sustainable Budget 2016-2017 and Budget Consultation Results	Head of Resources and Performance

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# Performance and Audit Scrutiny Committee



*St Edmundsbury*  
BOROUGH COUNCIL

<b>Title of Report:</b>	<b>Financial Performance Report (Revenue and Capital) Quarter 3 – 2014-15</b>	
<b>Report No:</b>	<b>PAS/SE/15/004</b>	
<b>Decisions plan reference:</b>	Not applicable.	
<b>Report to and dates:</b>	<b>Performance and Audit Scrutiny Committee</b>	29 January 2015
<b>Portfolio holder:</b>	Dave Ray Portfolio Holder for Resources and Performance <b>Tel:</b> 01359 250912 <b>Email:</b> david.ray@stedsbc.gov.uk	
<b>Lead officer:</b>	Rachael Mann Head of Resources and Performance <b>Tel:</b> 01638 719245 <b>Email:</b> rachael.mann@westsuffolk.gov.uk	
<b>Purpose of report:</b>	This report sets out the Financial Performance for the third quarter of 2014-15 and forecasted outturn position for 2014-15.	
<b>Recommendation:</b>	<b>Performance and Audit Scrutiny Committee:</b>  <b>Members are requested to <u>note</u> the year end forecast financial position and forward any relevant issues or comments to Cabinet for their consideration.</b>	
<b>Key Decision:</b>  <i>(Check the appropriate box and delete all those that <b>do not</b> apply.)</i>	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	

<b>Consultation:</b>		<ul style="list-style-type: none"> <li>This report and the figures therein have been compiled by the Finance team in consultation with the relevant budget holders, services and Leadership Team.</li> </ul>	
<b>Alternative option(s):</b>		<ul style="list-style-type: none"> <li>In order for the Council to be able to meet its strategic priorities it is essential that sufficient and appropriate financial resources are available.</li> </ul>	
<b>Implications:</b>			
Are there any <b>financial</b> implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> <li>As set out in the body of this report.</li> </ul>	
Are there any <b>staffing</b> implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li></li> </ul>	
Are there any <b>ICT</b> implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li></li> </ul>	
Are there any <b>legal and/or policy</b> implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li>As outlined in the body of this report.</li> </ul>	
Are there any <b>equality</b> implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li></li> </ul>	
<b>Risk/opportunity assessment:</b>		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
<b>Risk area</b>	<b>Inherent level of risk</b> (before controls)	<b>Controls</b>	<b>Residual risk</b> (after controls)
	Low/Medium/ High*		Low/Medium/ High*
Budget variances	High	Clear responsibilities for budget monitoring and control ensure that there is strong accountability for each individual budget line. Budget monitoring is undertaken on a monthly basis with budget holders and reported to Leadership Team quarterly.	Low
Wider economic situation around income levels	High	Budgets reflect the economic situation facing the Council, and have been scrutinised by officers and members at budget setting time. Continue to monitor areas closely to ensure assumptions remain reasonable.	Medium
Capital investment plans continue to be affordable, prudent and sustainable	Medium	Prudential Indicators are in place to safeguard the Council	Low



Treasury Management	Medium	Treasury Management Policy and Procedures are in place	Low
Fluctuation in Business rate retention yield	High	Work with ARP to understand the variance to deliver a realistic forecast.	Medium
<b>Ward(s) affected:</b>		All Ward	
<b>Background papers:</b>		None	
<b>Documents attached:</b>		<p>Appendix A – Revenue budget summary, for the period April to December 2014.</p> <p>Appendix B – Capital budget summary, for the period April to December 2014.</p>	

## **1. Key issues and reasons for recommendation**

### **1.1 Key Issues**

- 1.1.1 Savings achieved through sharing services with Forest Heath District Council have to date been predominately delivered through the joining up of services and staff structures. However it was always envisaged that further savings could be achieved through the procuring and commissioning of joint service and supply contracts.
- 1.1.2 As reported to the November Committee, Report PAS/SE/14/009, during September and October business partners and advisors from the Resources and Performance team held a number of budget challenge meetings with heads of service and portfolio holders. The focus of these meetings was to review all supplies, service and income budgets across West Suffolk. This review took into account previous spending patterns, but more importantly what the projected spending and income requirement under a shared service for 2015/16 would look like. The challenge meetings also provided the opportunity to consider potential contractual savings as a result of joining up contracts across West Suffolk. Through these challenge days, £128,000 of savings were identified which were built into the 2015/16 budget setting process.
- 1.1.3 The report includes a year end forecast outturn under spend of £108,000 and details of these can be seen in **Appendix A**. This is a significant decrease to the £290,500 under spend forecasted at the end of September, as reported at the November committee. The main reasons for this change are due to the now expected shortfall in planning income, coupled with further reductions in investment income.
- 1.1.4 The overall underspend forecasted in this financial year has arisen in part from the budget challenge work during the past few of months as we continue to control our overall spending in preparation for the 2015/16 budget. Wherever appropriate, potential savings identified through this process were implemented immediately rather than waiting for the next financial year.
- 1.1.5 The Council's capital financial position for the first nine months of 2014/2015 shows expenditure of £1,692,000. Further details are provided in **Appendix B**.

### **1.2 Revenue Performance**

- 1.2.1 The year to date position after nine months currently shows an under spend of £502,000. The forecast position for the year end is showing an under spend of £108,000. Details are set out in **Appendix A**.
- 1.2.2 Members are requested to note the year end forecast position and the significant variances as outlined in the paragraphs below. Budget holders will continue to work with Resources Business Partners and Business Support Advisors for the remainder of the financial year in order to monitor the forecast position and an outturn position will be provided to this committee at the end of the financial year. The forecasted year end position will also feed into the 2015/16 budget setting process.
- 1.2.3 Initial reporting is showing that the overall business rate yield anticipated for 2014/15 is higher than the forecasted yield as part of the NNDR1 return back in January 2014. We will continue to monitor the business rates closely with Anglia

Revenues Partnership and a further update will be provided in the year end outturn report. Any additional income or shortfall against what was forecast will be transferred from the Business Rate Reserve.

### 1.3 **Commentary on Significant Revenue Performance Variances**

1.3.1 Significant year end forecast variances are explained in the table below.

<b>Year end forecast variance: Over / (under) spend</b>	<b>Explanation</b>
(£80,000)	Rebate received on previously paid gate fee expenditure for dry recyclables, not budgeted for. Paid up until October 2014.
(£220,000)	Waste management underspends relating to savings on vehicle costs due to lower fuel prices, tipping charges less than anticipated and some vacant posts in the operation team.
(£150,000)	More people visiting the town centres (and using the car parks) than anticipated.
(£50,000)	Increased tickets sales at the Apex resulting in more income than budgeted.
(£30,000)	Part year reduction in TIC costs associated with move into the Apex
(£30,000)	Income from renting desk space at West Suffolk House to external organisations.
£75,000	A reduction in income from rents of industrial properties, due to some vacant properties and irrecoverable debts (representing 2.7% of total budget).
£200,000	See paragraphs 1.3.3 to 1.3.5 below.
£50,000	Repayments of housing benefit over payments below expected level.
£20,000	As at December 2014 the estimated level of building control income will be lower than was predicted at this time last year.
£50,000	Market toll income 12% lower than anticipated.
£220,000	Current returns on the Council's investments to date are £183,000 lower than anticipated, with a deficit of £220,000 predicted for the end of the financial year. This difference would normally be funded from the Council's interest equalisation reserve, however in the event of an overall underspend across the Council this transfer would not be made.

1.3.2 As part of the budget setting process for 2015/16, work has been done to adjust the budgets for the variances stated above.

1.3.3 The variance reported in Planning, as reported in **Appendix A**, is created in the main by two elements. The first is the introduction of Permitted Development Orders and the impact of the 'Prior approval' process, which has reduced the number of applications the authority are now able to charge for, even though these applications still require a similar level of resource to administer. The anticipated loss of income will be provided at the meeting. It should be noted that these

changes to the Permitted Development Order were intended to be a short term incentive and will need to be reviewed by any new Government in 2015/16.

- 1.3.4 The second is linked to additional legal costs relating to enforcement and appeals. Appeal costs of circa £100k were unbudgeted and would typically be funded from the council's contingency general fund. For 2014/15 it is proposed that these costs are funded from the overall underspend presented in this report. In terms of enforcement, members will note in Report PAS/SE/15/001 on this agenda that the significant backlog in enforcement has been substantially reduced as a result of outsourcing 79 cases to an external agency.
- 1.3.5 In the context of the above extra budgetary pressures, it should be noted that the overall performance in planning has improved in quarter 3 as reported in the Performance and Audit Scrutiny Committee Report PAS/SE/15/001.

### **Capital Position**

- 1.3.6 The table below is a high level summary of capital expenditure against budget for 2014/15. The Resources Team will continue to work with Budget Holders to monitor capital spend and project progress closely for the remainder of the financial year and an updated position will be presented to this committee on a quarterly basis.

<b>Service Area</b>	<b>Revised 2014/15 Budget £000s</b>	<b>Spent to 31 December 2014 £000s</b>
Planning & Growth	2,787	132
Housing	1,000	642
Resources & Performance	0	13
Families & Communities	323	216
Operations	1,895	689
<b>TOTAL</b>	<b>6,015</b>	<b>1,692</b>

**Summary by Head of Service**

**Appendix A**

<b>Head of Service</b>	<b>Budget to Date £</b>	<b>Actual to Date £</b>	<b>Over/(Under) Spend to Date £</b>	<b>Y/E Forecast Variance £</b>
Head of Resources & Performance	3,407,377	3,615,203	207,826	(9,000)
Head of Human Resources & Democratic Services	1,190,857	1,134,080	(56,777)	(22,000)
Head of Families and Communities	1,056,430	991,999	(64,431)	17,000
Head of Planning and Growth	742,963	930,018	187,055	145,000
Head of Operations	2,055,085	1,127,626	(927,459)	(459,000)
Head of Housing	793,677	762,828	(30,849)	0
<b>TOTALS:</b>	<b>9,246,389</b>	<b>8,561,754</b>	<b>(684,635)</b>	<b>(328,000)</b>
Interest Receivable	(444,000)	(261,000)	183,000	220,000
<b>TOTALS:</b>	<b>8,802,389</b>	<b>8,300,754</b>	<b>(501,635)</b>	<b>(108,000)</b>

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Detail by Head of Service					Appendix A	
LT01 HEAD OF RESOURCES & PERFORMANCE						
Cost Centre	Cost Centre Description	Budget to Date £	Actual to Date £	Variance to Date £	Y/E Forecast Variance £	Year End Variance Notes
1000	Resources & Performance	420,166	386,210	-33,956	0	Expected to be on budget at year end.
1090	Grants to Organisations	453,513	458,654	5,141	0	
8000	General Fund Adjustments	424,690	388,383	-36,307	0	Additional business rate income forecast, however this will be transferred into the Business Rate Reserve.
<b>Resources &amp; Performance:</b>		<b>1,298,369</b>	<b>1,233,247</b>	<b>-65,122</b>	<b>0</b>	
1001	Internal Audit	129,616	134,950	5,334	0	
<b>Internal Audit:</b>		<b>129,616</b>	<b>134,950</b>	<b>5,334</b>	<b>0</b>	
1002	ICT	773,458	837,824	64,366	0	Expected to be on budget at year end.
<b>ICT:</b>		<b>773,458</b>	<b>837,824</b>	<b>64,366</b>	<b>0</b>	
1010	Anglia Revenues Partnership	976,757	1,012,608	35,851	0	Expected to be on budget at year end.
1012	Council Tax Administration	-191,281	-206,881	-15,600	0	Expected to be on budget at year end.
1013	Business Rate Administration	-132,863	-134,175	-1,312	-59,000	Discretionary NNDR Relief budgeted not required £118k, half to be transferred to Business Rates Reserve.
4090	Housing Benefits	-370,896	-350,272	20,624	50,000	Based on profile of receipts in 2014/15 for Housing Benefit Overpayment Recovery, there will be a shortfall of £50,000 at year end.
<b>Anglia Revenues Partnership:</b>		<b>281,717</b>	<b>321,280</b>	<b>39,563</b>	<b>-9,000</b>	
1100	Corporate Expenditure	780,093	827,852	47,759	0	Expected to be on budget at year end.
1150	Non-Distributed Costs	109,287	221,583	112,296	0	Expected to be on budget at year end.
1151	Non-Distributed Costs - Cost of Unused Assets	2,700	7,604	4,904	0	
<b>Corporate Expenditure:</b>		<b>892,080</b>	<b>1,057,039</b>	<b>164,959</b>	<b>0</b>	
1020	Emergency Planning	32,137	30,863	-1,274	0	
<b>Emergency Planning:</b>		<b>32,137</b>	<b>30,863</b>	<b>-1,274</b>	<b>0</b>	
<b>TOTALS: RESOURCES &amp; PERFORMANCE</b>		<b>3,407,377</b>	<b>3,615,203</b>	<b>207,826</b>	<b>-9,000</b>	
LT02 HEAD OF HR & DEMOCRATIC SERVICES						
Cost Centre	Cost Centre Description	Budget to Date £	Actual to Date £	Variance to Date £	Y/E Forecast Variance £	Comments
1030	Human Resources & Payroll	249,193	253,780	4,587	15,000	Additional licences for roll out of ICT Projects and maintenance agreements
<b>Human Resources:</b>		<b>249,193</b>	<b>253,780</b>	<b>4,587</b>	<b>15,000</b>	
1032	Health & Safety	70,493	55,122	-15,371	-12,000	Additional work and sale of Health & Safety online training to outside organisations

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	<b>Health &amp; Safety:</b>	<b>70,493</b>	<b>55,122</b>	<b>-15,371</b>	<b>-12,000</b>	
1031	Central Training Services	101,073	94,566	-6,507	0	
	<b>Learning &amp; Development:</b>	<b>101,073</b>	<b>94,566</b>	<b>-6,507</b>	<b>0</b>	
1040	Legal Services	159,625	137,524	-22,101	-25,000	Additional income, mainly relating to S106 agreements
	<b>Legal Services:</b>	<b>159,625</b>	<b>137,524</b>	<b>-22,101</b>	<b>-25,000</b>	
1130	Democratic Services	125,314	98,001	-27,313	0	Expected to be on budget at year end.
1131	Members Expenses	296,013	297,770	1,757	0	
1132	Mayoralty & Civic Functions	81,790	69,702	-12,088	0	
	<b>Democratic Services:</b>	<b>503,117</b>	<b>465,473</b>	<b>-37,644</b>	<b>0</b>	
1041	Electoral Registration	68,144	61,076	-7,068	0	
1042	Election Expenses	39,213	66,538	27,325	0	
	<b>Elections:</b>	<b>107,357</b>	<b>127,614</b>	<b>20,257</b>	<b>0</b>	
	<b>TOTALS: HR &amp; DEMOCRATIC SERVICES</b>	<b>1,190,858</b>	<b>1,134,079</b>	<b>-56,779</b>	<b>-22,000</b>	
<b>LT03</b>	<b>HEAD OF FAMILIES &amp; COMMUNITIES</b>					
Cost Centre	Cost Centre Description	Budget to Date £	Actual to Date £	Variance to Date £	Y/E Forecast Variance £	Comments
1140	Policy	79,938	86,849	6,911	0	
	<b>Policy:</b>	<b>79,938</b>	<b>86,849</b>	<b>6,911</b>	<b>0</b>	
1141	Communications	110,974	126,063	15,089	0	
	<b>Communications:</b>	<b>110,974</b>	<b>126,063</b>	<b>15,089</b>	<b>0</b>	
1050	Customer Services	368,801	264,274	-104,527	0	Expected to be on budget at year end.
3100	Bus Stations	157,190	160,747	3,557	0	
	<b>Customer Services:</b>	<b>525,991</b>	<b>425,021</b>	<b>-100,970</b>	<b>0</b>	
2041	Sports Development & Community Recreation	38,119	22,142	-15,977	0	
2080	Community Development	260,099	264,171	4,072	0	
2085	Community Centres	41,308	67,752	26,444	17,000	Higher cleaning costs than budgeted associated with Chalkstone Community Centre
	<b>Families &amp; Communities:</b>	<b>339,526</b>	<b>354,065</b>	<b>14,539</b>	<b>17,000</b>	
	<b>TOTALS: FAMILIES &amp; COMMUNITIES</b>	<b>1,056,429</b>	<b>991,998</b>	<b>-64,431</b>	<b>17,000</b>	
<b>LT04</b>	<b>HEAD OF PLANNING &amp; GROWTH</b>					
Cost Centre	Cost Centre Description	Budget to Date £	Actual to Date £	Variance to Date £	Y/E Forecast Variance £	Comments
5000	Development Control	-206,716	63,130	269,846	200,000	Please see paragraph 1.3.3 to 1.3.5 in the covering report.
	<b>Development Control:</b>	<b>-206,716</b>	<b>63,130</b>	<b>269,846</b>	<b>200,000</b>	
5005	Planning Policy	584,951	508,038	-76,913	0	Expected to be on budget at year end.



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5006	Local Plan	-47,225	9,863	57,088	0	Expected to be on budget at year end.
<b>Place Shaping:</b>		<b>537,726</b>	<b>517,901</b>	<b>-19,825</b>	<b>0</b>	
1060	Land Charges	-116,232	-97,326	18,906	-20,000	Additional income from search fees
5010	Building Control	-84,792	-28,188	56,604	24,000	AS at December 2014 the estimated level of building control income will be lower than was predicted at this time last year.
5015	Planning & Regulatory Support	242,013	199,713	-42,300	-30,000	Salary underspend due to vacant post
<b>Business (BC &amp; Support):</b>		<b>40,989</b>	<b>74,199</b>	<b>33,210</b>	<b>-26,000</b>	
3090	Prevention of Pollution	85,972	59,195	-26,777	-5,000	
3091	Environmental Management	27,042	26,899	-143	0	
3092	Drinking Water Quality	4,306	2,250	-2,056	0	
3093	Climate Change	69,118	69,892	774	0	
4020	Home Energy Conservation	3,562	150	-3,412	0	
<b>Environment:</b>		<b>190,000</b>	<b>158,386</b>	<b>-31,614</b>	<b>-5,000</b>	
3095	Licensing	-45,049	-50,145	-5,096	0	

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3096	Hackney Carriage & Private Hire Licensing	-46,866	-32,507	14,359	12,000	Under achievement of licence fee income
3097	Food Safety	50,652	36,117	-14,535	-18,000	Salary underspend due to vacant post
3098	Health & Safety at Work Act/Enforcement	60,102	45,374	-14,728	-18,000	Salary underspend due to vacant post
<b>Business Reg &amp; Licensing:</b>		<b>18,839</b>	<b>-1,161</b>	<b>-20,000</b>	<b>-24,000</b>	
5020	Economic Development & Growth	115,684	127,871	12,187	0	
5021	Strategic Tourism & Markets	61,880	64,419	2,539	0	
5022	Bury Christmas Fayre	-15,437	-72,785	-57,348	0	
5023	Park & Ride	0	-2,973	-2,973	0	
5024	Vibrant Town Centres	0	1,033	1,033	0	
<b>Economic Development &amp; Growth:</b>		<b>162,127</b>	<b>117,565</b>	<b>-44,562</b>	<b>0</b>	
<b>TOTALS: PLANNING &amp; GROWTH</b>		<b>742,965</b>	<b>930,020</b>	<b>187,055</b>	<b>145,000</b>	
<b>LT05 HEAD OF OPERATIONS</b>						
Cost Centre	Cost Centre Description	Budget to Date £	Actual to Date £	Variance to Date £	Y/E Forecast Variance £	Comments
3005	Vehicle Workshop	-30,839	-29,872	967	0	
3006	Pool Cars	-6	3,024	3,030	0	
3010	Vehicle Workshop Trading Account - FHDC	0	-8,553	-8,553	0	
<b>Fleet Management:</b>		<b>-30,845</b>	<b>-35,401</b>	<b>-4,556</b>	<b>0</b>	
900	Ex-1090 Section (13/14 only)	-10	-1	9	0	
3000	Depots	-13,907	-25,637	-11,730	0	
3060	Grounds Maintenance Operatives	-26,466	3,440	29,906	0	
3061	Tree Maintenance Operatives	0	11,076	11,076	0	
3065	Waste & Cleansing Operatives	-346,105	-460,432	-114,327	-100,000	Vacancy management combined with savings on fuel costs
6020	Markets	-66,018	-19,871	46,147	50,000	Bury Market income lower than budgeted, has been reflected in the 2015/16 budgets
<b>Operational:</b>		<b>-452,506</b>	<b>-491,425</b>	<b>-38,919</b>	<b>-50,000</b>	
3030	Street Cleansing	965,644	972,867	7,223	0	
3040	Refuse Collection (Black Bin)	729,820	743,092	13,272	0	
3041	Recycling Collection (Blue Bin)	467,179	280,760	-186,419	-150,000	7 month rebate for previously paid gate fee expenditure for dry recyclables, not budgeted for.
3042	Compostable Collection (Brown Bin)	259,287	227,396	-31,891	-50,000	Waste tipping charges expected to be lower than budgeted.
3043	Bulky, Fridges, Metal & Scrap Collection	79,255	84,749	5,494	0	
3044	Clinical & Hazardous Waste Collection	13,798	8,995	-4,803	0	
3045	Multi-Bank Recycling Sites	-8,976	-21,871	-12,895	0	
3048	Trade Waste	-270,697	-394,959	-124,262	0	Additional income from trade waste fees, to be used to fund the costs of the new in-cab technology to support the overall Waste Service
<b>Waste - Business &amp; Commercial</b>		<b>2,235,310</b>	<b>1,901,029</b>	<b>-334,281</b>	<b>-200,000</b>	
1080	Property Services	26,847	57,580	30,733	0	Expected to be on budget at year end.
<b>Property Maintenance:</b>		<b>26,847</b>	<b>57,580</b>	<b>30,733</b>	<b>0</b>	
1081	Estates Management	102,697	71,268	-31,429	0	Expected to be on budget at year end.

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6000	Industrial & Business Units	-996,131	-1,031,656	-35,525	35,000	Budget included rent income for properties that are now vacant, and for some which are anticipated to be irrecoverable debts
6010	Town Centres & Shops	-606,697	-644,241	-37,544	40,000	As Above
<b>Property Management:</b>		<b>-1,500,131</b>	<b>-1,604,629</b>	<b>-104,498</b>	<b>75,000</b>	
1070	Offices: West Suffolk House	-47,712	-116,307	-68,595	-30,000	Additional income from renting desk to external organisations.
1071	Offices: Haverhill House	-4,963	-25,608	-20,645	0	
1072	Offices: College Heath Road	0	2,468	2,468	0	
1075	Courier & Postal Service	93,467	88,405	-5,062	0	
1076	Printing & Copying Service	19,125	40,500	21,375	0	
3020	Public Conveniences	119,150	99,721	-19,429	0	
3070	District Highways Services	266,799	282,906	16,107	0	
3071	Street Furniture	24,885	5,100	-19,785	0	
3072	Land Drainage & Associated Works	6,487	-1,902	-8,389	0	
<b>Facilities &amp; Highways Services:</b>		<b>477,238</b>	<b>375,283</b>	<b>-101,955</b>	<b>-30,000</b>	
1082	CCTV & Support	99,712	87,609	-12,103	0	
3025	CCTV	183,698	193,165	9,467	0	
3026	Green Travel Plan	-20,512	-22,966	-2,454	0	
3027	Street Banners & Displays	-288	390	678	0	
<b>CCTV &amp; Support:</b>		<b>262,610</b>	<b>258,198</b>	<b>-4,412</b>	<b>0</b>	
3110	Off Street Car Parks	-1,921,920	-2,126,332	-204,412	-150,000	More people visiting the town centres (and using the car parks) than anticipated
3120	On Street Car Parking	-91,311	-91,311	0	0	
<b>Car Parking:</b>		<b>-2,013,231</b>	<b>-2,217,643</b>	<b>-204,412</b>	<b>-150,000</b>	
2000	Leisure Services Management & Support	29,146	75,236	46,090	0	Expected to be on budget at year end.
2017	Arboriculture (Tree Maintenance Works)	193,014	103,475	-89,539	-8,000	Saving associated with the re-profiling of the tree maintenance works.
2020	Other Parks and Play Provision	345,928	319,452	-26,476	-20,000	Car parking income at Hardwick Heath higher than anticipated
2021	Abbey Gardens	209,903	252,539	42,636	30,000	Lower than anticipated income from bowls & golf and tennis courts being unusable, plus additional costs for bedding plants.
2022	Nowton Park	74,154	78,953	4,799	0	
2023	East Town Park	80,251	74,489	-5,762	0	
2024	Clare Country Park	336	-7,130	-7,466	0	
2025	Children's Play Areas	82,787	77,506	-5,281	0	
2050	Cemeteries & Closed Churchyards	150,501	135,300	-15,201	0	
2055	Allotments	150	-1,189	-1,339	0	
<b>Leisure &amp; Cultural - Parks</b>		<b>1,166,170</b>	<b>1,108,631</b>	<b>-57,539</b>	<b>2,000</b>	
2030	Arts, Heritage & Cultural Services	184,666	197,054	12,388	0	
2031	Moyse's Hall Museum	168,979	175,716	6,737	0	
2032	West Stow Country Park	106,264	126,842	20,578	0	
2033	West Stow ASVT Operating Account	0	-27,088	-27,088	0	
2035	Heritage Outreach Services	11,625	6,610	-5,015	0	
2036	Heritage Sites & Monuments	4,375	4,870	495	0	
2037	West Front Houses	44,788	27,278	-17,510	0	

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2070	Tourist Information Centres	94,644	68,598	-26,046	-30,000	Reduction in costs associated with move into the Apex.
2071	Shopmobility	19,182	13,182	-6,000	0	
<b>Leisure &amp; Cultural - TIC &amp; Heritage:</b>		<b>634,523</b>	<b>593,062</b>	<b>-41,461</b>	<b>-30,000</b>	
2061	The Athenaeum	57,470	59,351	1,881	0	
2062	The Guildhall, Bury St Edmunds	29,833	29,095	-738	0	
<b>Leisure &amp; Cultural - Public Halls:</b>		<b>87,303</b>	<b>88,446</b>	<b>1,143</b>	<b>0</b>	
2072	Bury Festival	35,000	23,651	-11,349	0	
<b>Commercial - Entertainment &amp; Events:</b>		<b>35,000</b>	<b>23,651</b>	<b>-11,349</b>	<b>0</b>	
2010	Leisure Promotion	137,205	97,563	-39,642	-26,000	Saving on marketing spend.
2040	Sports & Leisure Centres	527,163	549,461	22,298	0	
<b>Commercial - Marketing:</b>		<b>664,368</b>	<b>647,024</b>	<b>-17,344</b>	<b>-26,000</b>	
2011	Leisure - Commercial Activities	25,590	-18,013	-43,603	-50,000	Increased tickets sales at the Apex resulting in more income than budgeted.
2060	The Apex	436,841	441,832	4,991	0	
<b>The Apex</b>		<b>462,431</b>	<b>423,819</b>	<b>-38,612</b>	<b>-50,000</b>	
<b>TOTALS: OPERATIONS</b>		<b>2,055,087</b>	<b>1,127,625</b>	<b>-927,462</b>	<b>-459,000</b>	
<b>LT06 HEAD OF HOUSING</b>						
Cost Centre	Cost Centre Description	Budget to Date £	Actual to Date £	Variance to Date £	Y/E Forecast Variance £	Comments
4021	Housing Renewals	80,183	87,957	7,774	0	
4031	Burial of the Dead	11,439	15,398	3,959	0	
4032	Gypsies & Travellers	21,648	22,398	750	0	
4033	Other Public Health Services	150,228	147,006	-3,222	-5,000	Professional fees underspend predicted
<b>Public Health &amp; Housing:</b>		<b>263,498</b>	<b>272,759</b>	<b>9,261</b>	<b>-5,000</b>	
4000	Housing Development & Strategy	160,948	153,876	-7,072	0	
<b>Housing Development &amp; Strategy:</b>		<b>160,948</b>	<b>153,876</b>	<b>-7,072</b>	<b>0</b>	
4010	Homelessness	191,826	145,110	-46,716	0	
4011	Housing Advice & Choice Based Lettings	116,655	111,283	-5,372	5,000	Locata costs higher than budgeted
4015	Non-HRA Housing Properties	0	-2,008	-2,008	0	
<b>Housing Options:</b>		<b>308,481</b>	<b>254,385</b>	<b>-54,096</b>	<b>5,000</b>	
4005	Housing Business & Partnerships	60,750	81,808	21,058	0	
<b>Housing Business &amp; Partnerships:</b>		<b>60,750</b>	<b>81,808</b>	<b>21,058</b>	<b>0</b>	
<b>TOTALS: HOUSING:</b>		<b>793,677</b>	<b>762,828</b>	<b>-30,849</b>	<b>0</b>	

**St Edmundsbury Borough Council****Appendix B****Capital Monitoring - April 2014 - December 2014**

Project Description	2013-14 Actual Spend	2014-15 Original Budget incl c/fwds	2014-15 Revised Budget	2014-15 Actual Spend to Date	2014-15 Variance to date	Notes
Bury Town Football - Relocation Scheme	51,854	1,877,000	0	0	0	Scheme unlikely to progress in this current year.
Environmental Improvement Works, Risbygate Street	0	72,000	0	0	0	
Cattle Market Redevelopment - TC Management & Enhancement Fund	0	242,000	0	0	0	
Town centre public realm works	0	312,000	0	0	0	
St Andrews St South access arrangements	0	35,000	35,000	9,841	(25,159)	Works complete, expected to be spent by end of financial year.
Peach Maltings	0	51,000	0	0	0	
Haverhill Plaza	0	5,000	5,000	0	(5,000)	Project agreed by HAWP - delivery in Jan/Feb 2015
Hollands Road Employment Units	0	27,000	27,000	14,542	(12,458)	
Hardwick Heath Parking	0	24,000	0	0	0	
Nowton Park Car Parking	2,000	31,000	0	(1,544)	(1,544)	
Children's Play Equipment - Haverhill Recreation Ground	6,327	64,000	64,000	4,600	(59,400)	Contractors start on site early January, with completion by the end of March 2015.
Children's Play Equipment - Nowton Park	37,000	0	0	0	0	
Children's Play Equipment - Horringer Court	0	0	0	47,931	47,931	Funding for this project is from Suffolk County Council Property Services budget transfer (£36,000), SCC ward members' locality budget (£4,000) and S106 agreement (£8,000).
Moyse's Hall & West Stow new exhibits	20,684	0	0	0	0	
West Stow - Collections Building	0	0	0	32,503	32,503	Expense incurred from when the Collections Study Building was built. Due to the archaeological importance of the site, a trench was dug to check for finds. Due to the length of time taken to write the report, we have only recently received the bill associated with this work.
BSE Skatepark	155,170	0	0	93,113	93,113	Scheme complete. Funded by Bury Skate Park Experience (£72,000), Suffolk Environmental Trust (£9,960) and Bury Town Council.
Parks Infrastructure	16,457	29,000	29,000	34,837	5,837	

## FHDC 5 Year Capital Programme Report

Project Description	2013-14 Actual Spend	2014-15 Original Budget incl c/fwds	2014-15 Revised Budget	2014-15 Actual Spend to Date	2014-15 Variance to date	Notes
Haverhill Crematorium (Feasibility)	0	0	0	3,500	3,500	
Infrastructure Completion	0	15,000	0	0	0	
Tassel Road, Roads and Sewers	0	7,000	0	0	0	
Homefield Business Park - new access road	0	6,000	0	0	0	
Cycle Stands Cattle Market	0	5,000	0	0	0	
Feasibility Studies - Environmental Enhancement Schemes	0	20,000	0	0	0	
Gypsy and traveller site	(17,044)	589,000	0	0	0	Unlikely to be expenditure in current year
Havebury - Bury Road, Chedburgh	0	400,000	0	0	0	
Millfields Way, Haverhill	95,000	96,000	96,000	95,000	(1,000)	
Private Sector Housing Leasing Scheme	25,000	0	0	0	0	
Purchase of Lake Avenue HMO	0	0	200,000	163,478	(36,522)	Purchase cost and renovation costs, funding from affordable housing provision
Provision of Affordable Housing	0	304,000	104,000	0	(104,000)	Unallocated to any current schemes
Generating Renewable Energy	0	44,000	0	0	0	
Vehicle & Plant Purchases	164,593	1,110,000	392,000	179,316	(212,684)	Revised budget profile from P Clifford
CCTV Cameras and Server	0	272,000	272,000	3,617	(268,383)	Contract currently out to tender
Suffolk Business Park Investment	0	2,121,000	2,621,000	117,318	(2,503,682)	Agreed at full Council on 23/09/14 - £3m less what already paid of original loan
Growth Area Initiatives		78,000	0	0	0	
Haverhill Railway Walks, Education		27,000	27,000	0	(27,000)	
High Street Haverhill Improvements	2,504	693,000	0	0	0	Unlikely to have any expenditure in current financial year
Clements Primary School Site	30,583	0	0	0	0	
Millfields Way, Haverhill - Housing Scheme	0	85,000	85,000	0	(85,000)	
Lark Valley Path	70,335	27,000	27,000	0	(27,000)	
Oakes Road, Open Space, Bury St Edmunds		2,000	0	0	0	Scheme complete
Lake Avenue, Open Space, Bury St Edmunds		2,000	0	0	0	Scheme complete
Spring Lane Nature Reserve		3,000	0	0	0	Scheme complete

FHDC 5 Year Capital Programme Report

Project Description	2013-14 Actual Spend	2014-15 Original Budget incl c/fwds	2014-15 Revised Budget	2014-15 Actual Spend to Date	2014-15 Variance to date	Notes
Gainsborough Recreation Ground, Bury St Edmunds		3,000	0	0	0	Scheme complete
Park & Ride Site - Claas	57,725	0	0	0	0	
Westley Estate Precint	50,412	0	0	0	0	
Mustow Street Crossing	15,440	0	0	0	0	
Historic Buildings Grant	7,500	3,000	0	0	0	
Rural Environment - minor improvement works in villages		46,000	0		0	
Rural Initiatives Grant Scheme	25,824	152,000	152,000	51,012	(100,988)	
Empty Homes Grants to Private Owners	0	71,000	0		0	
Private Sector Disabled Facilities Grants	405,266	830,000	400,000	251,740	(148,260)	Slight under spend expected at year end.
Private Sector Renewal Grants	238,559	522,000	200,000	132,079	(67,921)	Slight under spend expected at year end.
<b>Asset Management Plan</b>						
Major Planned Building Works	0	500,000	0	0	0	
HH Office Improvements	0	0	33,000	32,558	(442)	
Bury Leisure Centre Flumes & Cladding	35,496	518,000	518,000	225,222	(292,778)	Work on scheme currently progressing, expected to be complete by end of March 2015.
The Apex - New Public Venue	0	34,000	0	0	0	
The Apex - Improvements	100,015	18,000	18,000	21,257	3,257	
Bury Cemetery Buildings	0	0	70,000	0	(70,000)	Project likely to be deferred to the next financial year
Bury Leisure Centre - All Weather Pitch	0	150,000	0	0	0	
Haverhill Leisure Centre - All Weather Pitch	0	150,000	200,000	0	(200,000)	Project likely to be deferred to the next financial year
New Moreton Hall Park	0	0	160,000	1,909	(158,091)	This is a S106 funded project. The land is not yet transferred to SEBC. The project will go out to tender this financial year for award next financial year. The spend will be deferred to 2015/16.
County Upper School MUGA	0	1,000	0		0	
Abbey Gardens Play Area	0	2,000	0		0	
Leisure Asset Management Scheme	0	337,000	78,000	0	(78,000)	
Shared FMS - Agresso	165,533	0	0	13,074	13,074	Phase 1 - System implementation is complete
Idox System - Software	62,855	0	0	0	0	

FHDC 5 Year Capital Programme Report

Project Description	2013-14 Actual Spend	2014-15 Original Budget incl c/fwds	2014-15 Revised Budget	2014-15 Actual Spend to Date	2014-15 Variance to date	Notes
CRM Project	48,160	0	170,750	164,985	(5,765)	Project progressing, spend profile according to Customer Access Business Case
<b>PENDING ITEMS</b>						
Haverhill depot water borehole	0	0	21,000	0	(21,000)	
	<b>1,873,246</b>	<b>12,012,000</b>	<b>6,004,750</b>	<b>1,691,890</b>	<b>(4,312,860)</b>	



# Performance and Audit Scrutiny Committee



*St Edmundsbury*  
BOROUGH COUNCIL

<b>Title of Report:</b>	<b>Delivering a Sustainable Budget 2015/16 - Update</b>	
<b>Report No:</b>	<b>PAS/SE/15/005</b>	
<b>Report to and date/s:</b>	<b>Performance and Audit Scrutiny Committee</b>	29 January 2015
	<b>Cabinet</b>	10 February 2015
	<b>Council</b>	24 February 2015
<b>Portfolio holder:</b>	David Ray Performance and Resources <b>Tel:</b> 01359 250912 <b>Email:</b> <a href="mailto:david.ray@stedsbc.gov.uk">david.ray@stedsbc.gov.uk</a>	
<b>Lead officer:</b>	Rachael Mann Head of Resources and Performance <b>Tel:</b> 01638 719245 <b>Email:</b> <a href="mailto:rachael.mann@westsuffolk.gov.uk">rachael.mann@westsuffolk.gov.uk</a>	
<b>Purpose of report:</b>	The purpose of this report is to update members on progress made towards delivering a balanced budget for 2015/16.	
<b>Recommendation:</b>	<b>It is <u>RECOMMENDED</u> that members:</b>  (1) Note the progress made on delivering a balanced budget for 2015/16.  (2) Support the Overview and Scrutiny Committee recommendations on car park tariffs for 2015/16 as detailed in Paragraph 1.3.2 of this Report, together with Report OAS/SE/14/001, and asks Cabinet to approve them as part of the budget setting process for 2015-16.	

<b>Key Decision:</b> <i>(Check the appropriate box and delete all those that <b>do not</b> apply.)</i>		<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	
<b>Consultation:</b>		<ul style="list-style-type: none"> <li>PAS/SE/14/010 - Delivering a sustainable Budget 2015-2016 and Budget Consultation Results</li> <li>OAS/SE/14/001 - Car Park Tariffs 2015/16</li> </ul>	
<b>Alternative option(s):</b>		<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	
<b>Implications:</b>			
<i>Are there any <b>financial</b> implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> As detailed in the body of this report	
<i>Are there any <b>staffing</b> implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
<i>Are there any <b>ICT</b> implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
<i>Are there any <b>legal and/or policy</b> implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> The Local Government Finance Act 1988 (Sc 114) - requires the chief finance officer to report to councillors if there is or is likely to be an unbalanced budget.	
<i>Are there any <b>equality</b> implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> To be considered as part of implementation of service changes	
<b>Risk/opportunity assessment:</b>		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
<b>Risk area</b>	<b>Inherent level of risk (before controls)</b>	<b>Controls</b>	<b>Residual risk (after controls)</b>
	Low/Medium/ High*		Low/Medium/ High*
Savings projections are not achieved resulting in budget deficit.	Medium	Budgetary control, including reporting of variances to members. Use of general fund reserves to cover budget deficits.	Low
The business rate retention scheme underachieving the yield assumed in the MTFS.	High	Work with the Anglia Revenues Partnership team to monitor the position and deliver a realistic forecast.	Medium
Adverse Changes in the assumptions, i.e provisional formula grant settlement, used in the MTFS resulting in a larger budget gap.	Medium	The assumptions are regularly monitored and updated. Use of general fund reserves to cover budget deficits.	Low
<b>Ward(s) affected:</b>		All Wards	

<p><b>Background papers:</b>  <i>(all background papers are to be published on the website and a link included)</i></p>	<p>PAS/SE/14/010 - Delivering a sustainable Budget 2015-2016 and Budget Consultation Results</p> <p><a href="https://democracy.westsuffolk.gov.uk/documents/s3547/Report%20-%2014.11.26%20-%20Delivering%20a%20Sustainable%20Budget%202015-16%20and%20Budget%20Consultation%20Results.pdf">https://democracy.westsuffolk.gov.uk/documents/s3547/Report%20-%2014.11.26%20-%20Delivering%20a%20Sustainable%20Budget%202015-16%20and%20Budget%20Consultation%20Results.pdf</a></p> <p>OAS/SE/14/001 - Car Park Tariffs 2015/16</p> <p><a href="https://democracy.westsuffolk.gov.uk/documents/s5007/OAS%20SE%2014%20001%20-%20Car%20Park%20Tariffs%202015-16.pdf">https://democracy.westsuffolk.gov.uk/documents/s5007/OAS%20SE%2014%20001%20-%20Car%20Park%20Tariffs%202015-16.pdf</a></p>
<p><b>Documents attached:</b></p>	<p>None</p>

## 1. Key issues and reasons for recommendations

### 1.1 Position at January 2015

1.1.1 St Edmundsbury continues to face considerable financial challenges as a result of uncertainty in the wider economy and constraints on public sector spending. In this context, and like many other councils, we have to make difficult financial decisions.

1.1.2 It is essential that the council's financial and budgetary strategies are sufficiently robust to enable it to deliver a sustainable budget position in the short and medium term. This Committee has a key role in the scrutiny of the budget process and proposals for achieving a balanced budget.

1.1.3 In November 2014, the Committee received report PAS/SE/14/010- Delivering a Sustainable Budget 2015-2016 and Budget Consultation Results which set out the context of the 2015/16 budget, including details of savings targets, budget assumptions and known pressures for 2015/16. The report also detailed the result of the recent Council budget consultation.

### 1.2 Latest Budget Projections

1.2.1 **Table 1** below sets out additional pressures and the progress made to date in achieving the 2015/16 savings target. These are now being incorporated into the budgets, over and above those items brought to members' attention in November 2014 as part of report PAS/SE/14/010.

**Table 1:** Further savings and budget pressures identified

Description	2015/16 £'000 Pressure/ (Saving)
<b>Remaining Budget Gap per report to PASC in November 2014 (PAS/SE/14/010)</b>	<b>180</b>
<b><i>Further Savings Identified</i></b>	
Income through being an investing authority as per Cabinet report CAB/SE/14/009	(19)
Net reduction in Abbeycroft management fee following final negotiations (includes allowance for increased sports development role and management of major sporting events)	(28)
Reduction in Housing Benefit Payment assumptions and subsidy arrangements	(66)
Additional council tax income following approved tax base increase for council tax setting purposes, cabinet report CAB/SE/14/008	(33)
Changes to Formula Grant – provisional settlement	(25)
Leisure income/savings	(66)
Other minor budget changes	(4)
<b><i>Further Pressures Identified</i></b>	

Net effect of council tax freeze for 2015/16 – budget assumption only – Subject to Full Council at its meeting of 24 February 2015 <b>see paragraph 1.2.2 below</b>	61
<b>Final Budget Gap</b>	<b>0</b>

- 1.2.2 The above table provides for a balanced budget position for St Edmundsbury Borough Council in 2015/16. This includes an assumption of a Council Tax freeze for 2015/16. However, this part of the budget setting process is subject to Full Council decision on 24 February 2015.
- 1.2.3 The above table assumes no savings for the Bury St Edmunds bus station building. As reported to Committee in November, a marketing exercise has been carried out and a number of options are still being explored. Decisions relating to the bus station building will be subject to further consideration in due course.
- 1.3 **Recommendations from the Overview and Scrutiny Committee regarding car park tariffs 2015/16**
- 1.3.1 The annual car park tariffs report, including supporting evidence and justification for tariff changes was presented and scrutinised by the Overview and Scrutiny Committee on 17 December 2014, Report No: OAS/SE/14/001.
- 1.3.2 Following scrutiny, the Committee noted the following recommendations for inclusion in this Delivering a Sustainable Budget 2015-16 Update Report, of the Performance and Audit Committee:
- (1) In accordance with the Car Parking Charges Review Group recommendation (24 October 2012) and Cabinet approval (12 December 2012), that a full review of car parking charges should commence in June 2015 on completion of Pay on Exit/Automatic Number Plate Recognition (ANPR) feasibility investigations and completion of a review on car parking capacity across the district.
  - (2) That no increase would be applied to any existing tariff or permit on any car park during 2015/16 financial year.
  - (3) The current 'Free from 3' offer in Bury St Edmunds and Haverhill on Tuesdays and Fridays respectively would continue for a further year.
  - (4) The introduction of a new tariff structure arising on commencement of a revised Borough of St Edmundsbury Off Street Parking Places Order in 2015:
    - a) A tariff of £1.80 for up to 4hrs and £3.00 (all day) to be introduced on the new 40-space Shire Hall car park in Bury St Edmunds (which will replace the Manor House provision).
    - b) The introduction of low emission vehicle tariff of 60p for up to 4hrs, £1.20 all day on the Old Sale Yard (Rose and Crown) car park in Haverhill.

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# Treasury Management Sub-Committee



*St Edmundsbury*  
BOROUGH COUNCIL

<b>Title of Report:</b>	<b>Treasury Management Report 2014/15 – Investment Activity 1 April to 31 December 2014</b>	
<b>Report No:</b>	<b>TMS/SE/15/001</b>	
<b>Decisions plan reference:</b>	Feb15/02	
<b>Report to and date/s:</b>	<b>Treasury Management Sub- Committee</b>	19 January 2015
	<b>Performance and Audit Scrutiny Committee</b>	29 January 2015
<b>Portfolio holder:</b>	David Ray Portfolio Holder for Resources and Performance <b>Tel:</b> 01359 250912 <b>Email:</b> <a href="mailto:david.ray@stedsbc.gov.uk">david.ray@stedsbc.gov.uk</a>	
<b>Lead officer:</b>	Rachael Mann Head of Resources and Performance <b>Tel:</b> 01638 719245 <b>Email:</b> <a href="mailto:rachael.mann@westsuffolk.gov.uk">rachael.mann@westsuffolk.gov.uk</a>	
<b>Purpose of report:</b>	The purpose of this report is to present the Council's Treasury Management Investment Report summarising the investment activities for the first nine months of the 2014/15 financial year.	

<b>Recommendation:</b>	<b>Treasury Management Sub-Committee:</b>  The Sub-Committee is asked to:  a. Scrutinise the content of this report, including details of the treasury management performance for the first nine months of the 2014/15 financial year.  b. Make recommendations as appropriate via the Performance and Audit Scrutiny Committee to Cabinet and Council regarding the attached Treasury Management Report for 2014/15 ( <b>Appendix 1 refers</b> ).	
<b>Key Decision:</b>  <i>(Check the appropriate box and delete all those that <b>do not</b> apply.)</i>	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	
<b>Consultation:</b>	Treasury management activities are undertaken in consultation with Sector, (the Council's appointed treasury management advisers), and also takes into account information obtained from investment brokers and other economic commentators.  This committee provides for the scrutiny of treasury management strategies and performance, with changes in strategies and policies subject to approval by Cabinet and full Council.	
<b>Alternative option(s):</b>	Options for the management of Council investments are formally considered within the annual treasury management and investment strategy. This includes key strategies in respect of the maintenance of the Council's debt free status, the continuation of in-house management of funds, and the approach to be adopted in establishing the creditworthiness of potential counterparties. The changing nature of the economic climate requires that these key areas are subject to on-going review.	
<b>Implications:</b>		
<i>Are there any <b>financial</b> implications? If yes, please give details</i>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • <b>See section 2.1</b>	
<i>Are there any <b>staffing</b> implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
<i>Are there any <b>ICT</b> implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
<i>Are there any <b>legal and/or policy</b> implications? If yes, please give details</i>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • <b>See section 2.2</b>	
<i>Are there any <b>equality</b> implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
<b>Risk/opportunity assessment:</b>	<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	



<b>Risk area</b>	<b>Inherent level of risk (before controls)</b>	<b>Controls</b>	<b>Residual risk (after controls)</b>
	Low/Medium/ High*		Low/Medium/ High*
Fluctuations in interest rates or in projected cash-flows having significant impact on budgeted investment income.	High	Spread of investment for periods of up to two years. Budget monitoring and quarterly performance reports. Use of interest equalisation reserve to smooth out year on year fluctuations.	Medium
Bank/building society failure resulting in loss of Council funds.	High	Use of Sector on counterparty credit ratings (based on Fitch and Moody ratings) and the setting of lending limits. Use of non – rated building societies based on asset base and additional credit checks.	Medium
<b>Ward(s) affected:</b>	All Wards		
<b>Background papers:</b> <i>(all background papers are to be published on the website and a link included)</i>	Treasury Management Performance and Annual Treasury Management and Investment Strategy – 2013/14 (D252) and 2014/15 (E225)		
<b>Documents attached:</b>	Appendix 1 – Third Quarter Treasury Management Report 2014/15  Appendix 2 – Investments as at 31 December 2014		

## **1. Key issues and reasons for recommendations**

### **1.1 CIPFA's Revised Code of Practice**

1.1.1 CIPFA's revised Code of Practice for Treasury Management (the Code) published in November 2009, was adopted by the Council on 23 February 2010. Given that Treasury Management activities involve the management of significant cash flows and investments, the Code requires that members are provided with regular reports on the performance of the Council's treasury management function, including an annual treasury management and investment strategy (setting out its treasury management policies and strategies for the forthcoming year), a mid year treasury management review and an annual outturn report at the close of the financial year.

### **1.2 Investment Activity: 1 April 2014 to 31 December 2014**

1.2.1 The total amount invested as at 1 April 2014 was £34.25m and at 31 December 2014 £42.24m. The increase in balances over this period was primarily due to timing differences in respect of the collection of local taxes (Council Tax, Non Domestic Rates etc) and the payment of precepts (i.e. to Suffolk County Council, Suffolk Police and central government).

1.2.2 The 2014/15 Annual Treasury Management and Investment Strategy (report E225 refers) sets out the Council's projections for the current financial year. The budget for investment income in 2014/15 is £0.558M which is based on a continuation of the previous year's 1.5% target rate of return on investments.

1.2.3 As at the end of December 2014, interest actually earned during the first nine months of the financial year amounted to £0.261m against a profiled budget for the period of £0.444m; a budgetary deficit of £0.183m. This budgetary deficit was due to a lower average rate of interest than projected during the period (i.e. an average rate of return of 0.80% against a target rate for the period of 1.50%). The reduction in the average interest rate is primarily due to the continuing low bank base rate of 0.50% which in turn has seen a reduction in the interest rates on the Council's call accounts and fixed term investments. In the current economic climate it is considered likely that these current low rates will continue for the remainder of this year.

1.2.4 Most market analysts are predicting that current bank base rates will be held at 0.5% for the remainder of the financial year, with Sector (the Council's treasury management advisers) now projecting that the base rate will remain unchanged until later in 2015 when a 0.25% increase is predicted. Investment rates have continued to fall over the period, due primarily to the banks' ability to easily access cheap funds from the UK Government via the Funding for Lending Scheme which has decreased their reliance on borrowing wholesale funds (such as local authority investments). If this trend continues for the remainder of the year the budgeted investment income for 2014/15 will not be achieved (estimated deficit £0.220m). This shortfall in budgeted income can be met from the Council overall general fund in year and/or the Council Interest Equalisation Earmarked Reserve.

1.2.5 A full list of investments held (exclude call account balances) as at 31 December 2014 is shown at **Appendix 2**.

## **2. Additional supporting information**

### **2.1 Financial Implications**

2.1.1 Continuing low rates of return could have a detrimental effect on the Council's ability to generate income from its surplus funds.

### **2.2 Legal and Policy Implications**

2.2.1 There are no legal, policy compliance / power implications as a result of this report.

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# Third Quarter Treasury Management Report 2014/2015

## **1 Introduction**

1.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management 2009 (the Code) was adopted by Council on 23 February 2010.

1.2 The primary requirements of the Code are as follows:

- a. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
- b. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
- c. Receipt by Council of an Annual Treasury Management Strategy Report for the year ahead, a mid year review report (as a minimum) and an annual review report of the previous year.
- d. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
- e. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body which in this Council is the Treasury Management Sub-Committee.

1.3 Treasury management in this context is defined as:

'The management of the local authority's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.'

1.4 The purpose of this report is to meet one of the above requirements of the CIPFA Code, namely the mid year review report of treasury management activities, for the financial year 2014/15.

## **2 The Council's Debt Free Status**

2.1 The Council became debt free in 1992 and since then has refrained from any borrowing apart from the temporary use of overdraft facilities. This continues in 2014/15 with the result that the Council had no Prudential Code indicators so far as borrowing was concerned in the year. During the financial year all the Council's investments were managed by in-house staff.

### **3 Investment Strategy for 2014/15**

- 3.1 The Council's 2014/15 Annual Treasury Management and Investment Strategy was approved by full Council on 11 February 2014 (report E226 refers). The investment strategy for 2014/15 was to give priority to the security and liquidity of investments whilst at the same time seeking to optimise the return on investments.
- 3.2 The target rate of return for investments for 2014/15 was 1.50%. This target rate was based upon investment rate projections for the year provided by Sector (the Council's treasury management advisors), together with consideration of the profile of the Council's portfolio of investments (i.e. mixture of liquid and fixed term investments). Based upon the anticipated funds available for investment in the year (taking into account planned capital expenditure and receipts from asset disposals) this gave a target investment income of £0.560m, equivalent to £14.60 for each Council Tax band D property. This figure was used in the preparation of the Council's budget for 2014/15.

#### **Investment Rates in 2014/15**

- 3.3 The Bank of England Base Rate continues to remain at its historic low of 0.50% and most market analysts predict that it will remain at this low level for the remainder of the current financial year with a possible small increase in the first quarter of 2015/16. Investment rates steadily dropped throughout the first half of the year, due primarily to the banks ability to easily access cheap funds from the UK Government via the Funding for Lending Scheme. The banks ability to access these funds has decreased their reliance on borrowing wholesale funds (such as local authority investments), which has resulted in the dampening of investment rates. The Funding for Lending Scheme was introduced on 13 July 2012 and has been extended to allow participants to borrow until January 2015.

#### **The Council's Lending Criteria 2014/15**

- 3.4 The Council's Annual Treasury Management and Investment Strategy requires that deposits are only placed with a limited number of high quality banks and building societies whose credit rating is independently assessed as sufficiently secure by the Council's treasury advisers (Sector) or, for non rated building societies, subject to their meeting minimum financial criteria (based on asset base size).
- 3.5 The unprecedented nature of the current economic and banking crisis has forced local authorities to keep their lending criteria under constant review to ensure that the balance between security of capital, liquidity of investments and yield on investment income is adequately maintained.
- 3.6 The below tables shows the credit criteria applicable at the 1 April 2014 and 31 December 2014:

## Credit Criteria: Rated Banks and Institutions

Sector Colour Code Key*	Credit Criteria 1/4/14
Purple	Max £10m for max of 2 years (subject to max 30% of portfolio)
Orange	£9m for max of 2 years (subject to max 30% of portfolio)
Red	£8m for max of 1 year (subject to max 25% of portfolio)
Green	£4m for max of 6 months (subject to max 20% of portfolio)
Blue (nationalised / substantially owned by the UK government)	£12m for max 2 years

## Credit Criteria: Rated Building Societies

Sector Colour Code Key*	Credit Criteria 1/4/14
Red	£8m for max of 1 year (subject to max 25% of portfolio)
Green	£4m for max of 1 year (subject to max 20% of portfolio)

## Credit Criteria: Non- Rated Building Societies

Asset Base**	Credit Criteria 1/4/14
Asset base > £2,500m	£3m for max 6 months
Asset base > £1,000m	£2.5m for max 6 months

\* In order to simplify the complex system of commercial credit ratings, Sector has developed a system of colour codings which reflect the relative strengths of individual banking institutions. Details of these colour codings are provided in the Council's Annual Treasury Management and Investment Strategy.

\*\* Further restrictions on non-rated building societies include a requirement for societies to be covered by a Dun and Bradstreet credit rating.

## 4 Compliance with Treasury Limits

- 4.1 During the first nine months of the financial year the Council operated within the approved Treasury limits and Prudential Indicators (as set out in the Council's Treasury Policy Statement and Annual Treasury Strategy Statement, including the above approved changes to lending limits where applicable). No institutions in which investments were made had any difficulty in repaying investments and interest in full during the period.

## 5 Investment activity, first nine months of 2014/15

5.1 Investments were made with counterparties that met the agreed lending criteria and investment periods. Investment periods range from overnight to two years (one year for new investments), dependent on the Council's cash flows, the view on interest rates and the actual interest rates on offer.

5.2 Market investments in the year are summarised as follows:

	<u>Value (£m)</u>
Opening balance 1 April 2014	34.25
Add: Investments made during the year (includes transfers to business reserve accounts)	55.80
<b>Sub Total</b>	<hr/> 90.05
Investments realised during the year (includes withdrawals from business reserve accounts)	47.81
<b>Balance at 31 Dec 2014</b>	<hr/> 42.24 <hr/>

5.3 Where possible, investments were made in fixed term investments in order to lock into interest rates which exceed the Council's budgeted rate and to provide some certainty of return for a proportion of the Council's investments.

5.4 During the period, for cash flow generated balances, use was made of the instant access and 95 day notice business reserve accounts with Barclays and NatWest. At 31 December 2014, in order to maintain liquidity whilst at the same time achieving earnings in excess of base rate, £20.9m was held in these accounts at interest rates between 0.40% and 0.65%.



## INVESTMENTS AS AT 31/12/14

Principal	Counterparty	Start Date	Maturity Date	Interest Rate (%)
£2,929,887	Santander UK Business Reserve Account	Inst/Acc	Inst/Acc	0.4000
£8,066,897	Barclays Reserve Account	Inst/Acc	Inst/Acc	0.6500
£10,000,000	NatWest 95 Day Notice Account	95 day	95 day	0.6000
£4,500,000	Bank of Scotland	12/02/14	12/02/15	0.9500
£1,500,000	Bank of Scotland	11/04/14	10/04/15	0.9500
£3,000,000	Ulster Bank	01/05/14	30/04/15	0.8600
£2,000,000	Bank of Scotland	04/07/14	06/07/15	0.9500
£2,000,000	Nationwide Building Society	01/08/14	03/08/15	0.9700
£1,500,000	Nationwide Building Society	04/09/14	03/09/15	0.9700
£2,000,000	Bank of Scotland	06/10/14	06/10/15	1.0000
£4,750,000	Bank of Scotland	03/11/14	03/11/15	1.0000
<b>£42,246,784 TOTAL as at 31/12/14</b>				

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# Treasury Management Sub-Committee



*St Edmundsbury*  
BOROUGH COUNCIL

<b>Title of Report:</b>	<b>Annual Treasury Management and Investment Strategy Statements 2015/16</b>	
<b>Report No:</b>	<b>TMS/SE/15/002</b>	
<b>Decisions plan reference:</b>	<b>Feb15/02</b>	
<b>Report to and date/s:</b>	<b>Treasury Management Sub-Committee</b>	19 January 2015
	<b>Performance and Audit Scrutiny Committee</b>	29 January 2015
<b>Portfolio holder:</b>	David Ray Portfolio Holder for Resources and Performance <b>Tel:</b> 01359 250912 <b>Email:</b> david.ray@stedsbc.gov.uk	
<b>Lead officer:</b>	Rachael Mann Head of Resources and Performance <b>Tel:</b> 01638 719245 <b>Email:</b> rachael.mann@westsuffolk.gov.uk	
<b>Purpose of report:</b>	To seek approval of the Annual Treasury Management and Investment Strategy statements 2015/16 (including Treasury related Prudential Indicators).	
<b>Recommendation:</b>	<p><b>Treasury Management Sub Committee:</b></p> <p>The Treasury Management Sub-Committee is asked to make recommendations via the Performance and Audit Scrutiny Committee to Cabinet and Council regarding approval of the proposed Annual Treasury Management and Investment Statements 2015/16, (attached in <b>Appendix 1</b>)</p>	

<b>Key Decision:</b> <i>(Check the appropriate box and delete all those that <b>do not</b> apply.)</i>		<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	
<b>Consultation:</b>		<ul style="list-style-type: none"> <li>Treasury management activities are currently undertaken in consultation with Sector (the Councils appointed Treasury Management advisers) and also takes into account information obtained from investment brokers and other economic commentators. The committee provides for the scrutiny of treasury management strategies and performance, with changes in strategies and policies subject to approval by Cabinet and full Council.</li> </ul>	
<b>Alternative option(s):</b>		<ul style="list-style-type: none"> <li>Options for the management of Council investments are formally considered within the Annual Treasury Management and Investment Strategy.</li> </ul>	
<b>Implications:</b>			
<i>Are there any <b>financial</b> implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> <li>Total budgeted interest receipts from investments, included in the MTFS, for 2015/16 is £243k</li> </ul>	
<i>Are there any <b>staffing</b> implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li></li> </ul>	
<i>Are there any <b>ICT</b> implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li></li> </ul>	
<i>Are there any <b>legal and/or policy</b> implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li></li> </ul>	
<i>Are there any <b>equality</b> implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li></li> </ul>	
<b>Risk/opportunity assessment:</b>		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
<b>Risk area</b>	<b>Inherent level of risk</b> (before controls)	<b>Controls</b>	<b>Residual risk</b> (after controls)
	Low/Medium/ High*		Low/Medium/ High*
Fluctuations in interest rates or in projected cash flows having significant impact on budgeted investment income.	High	Spread of investments for periods of up to two years. Budget monitoring and quarterly performance reports. Use of interest equalisation reserve to smooth out year-on-year fluctuations.	Medium

Bank and building society failure resulting in loss of Council funds.	High	Use of Sector advice on counterparty credit ratings (based on Fitch, S&P and Moody ratings) and the setting of lending limits. Use of non-rated building societies based on asset base and additional credit checks.	Medium
<b>Ward(s) affected:</b>		All Wards	
<b>Background papers:</b> <i>(all background papers are to be published on the website and a link included)</i>		Treasury Management Performance (E224) and Annual Treasury Management and Investment Strategy 2014/15 (E225)	
<b>Documents attached:</b>		Appendix 1 – Annual Treasury Management and Investment Strategy Statements 2015/2016	

## **1. Key issues and reasons for recommendation**

### **1.1 Annual Treasury Management and Investment Strategy**

1.1.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management requires that, prior to the start of the financial year, the Council formally approve an Annual Treasury Management and Investment Strategy which sets out its treasury management policy and strategy statements for the forthcoming year.

1.1.2 The purpose of this report is present those strategy statements to the Treasury Management Sub-Committee for consideration.

### **1.2 Major changes between the 2014/15 Strategy and the new 2015/16 Strategy**

1.2.1 There have been no major changes to the Strategy since it was present to this committee on 20 January 2014.

### **1.3 Treasury Management Code of Practice**

1.3.1 The approved Treasury Management Code of Practice, report E226 has been updated accordingly to reflect the proposed Annual Treasury Management & Investment Strategy Statements 2015/16. There are however no major changes to the Code of Practice to report since it was present to this committee on 20 January 2014.

1.3.2 Adherence to the principles of this Treasury Code of Practice should ensure that Treasury Management within the authority is adequately controlled, and carried out in accordance with professional guidance of best practice

## **2. Interest Rate Projections**

2.1 The following table shows the revised interest rate projections from Sector (the Council's advisors) based on the current economic climate.

2.2

	<b>Previous Strategy</b>	<b>New Strategy</b>
2015/16	1.50%	0.90%
2016/17	1.50%	1.50%
2017/18	2.25%	2.00%
2018/19	2.25%	2.50%

## **3. Counterparty Ratings**

3.1.1 The Council continues to use the Sector Colour Coded matrix in conjunction with information available from other industry sources to identify suitable counterparties for investments.

### 3.1.2 **Lending Criteria - Rated Banks and Investment Scheme**

Sector Colour Code Key	Maximum Duration / Investment Values*
Purple	Max £10m for max of 2 years (subject to max 50% of portfolio)
Orange	£9m for max of 2 years (subject to max 40% of portfolio)
Red	£8m for max of 1 year (subject to max 35% of portfolio)
Green	£6m for max of 6 months (subject to max 30% of portfolio)
Blue (nationalised / substantially owned by the UK government )	£15m for max of 2 years

\* Note - This represents an adaption of the Sector approach

### 3.1.3 **Lending Criteria - Rated Building Societies**

Sector Colour Code Key	Proposed Limits*
Red	£8m for max of 1 year (subject to max 35% of portfolio)
Green	£6m for max of 1 year (subject to max 30% of portfolio)

### 3.1.4 **Lending Criteria - Non Rated Building Societies(Asset Base Criteria)**

Asset Base	Maximum Duration / Investment Values
Asset base > £2,500m	£3m for max 6 months
Asset base > £1,000m	£2.5m for max 6 months

- 4.** Please see the Annual Treasury Management and Investment Strategy Statement 2015/16, (**Appendix 1**) for full details.

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**ST EDMUNDSBURY  
BOROUGH COUNCIL**

***ANNUAL TREASURY  
MANAGEMENT AND  
INVESTMENT STRATEGY  
STATEMENTS  
2015/2016***

To be approved at Council **24 February 2015**

# **ANNUAL TREASURY MANAGEMENT AND INVESTMENT STRATEGY STATEMENTS 2015/2016**

## **TREASURY MANAGEMENT POLICY STATEMENT**

1. The Council defines its treasury management activities as:

“The management of the organisation’s cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and pursuit of the optimum performance consistent with those risks”.

2. The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council, and any financial instruments entered into to manage these risks.

3. The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

4. The Council’s policies for borrowing and investments are detailed in the Treasury Management Annual Investment Strategy below.

## **ANNUAL INVESTMENT STRATEGY 2015/16**

### **Introduction**

5. Guidance from the Department for Communities and Local Government (CLG) on Local Government Investments in England requires that an Annual Investment Strategy be set by the Council.

6. The Chartered Institute of Public Finance and Accountancy’s (CIPFA) Code of Practice on Treasury Management also sets out various requirements for the Council to meet. The primary requirements of the Code are as follows:

- Receipt by the full Council of Treasury Management Statements and Reports - including the Annual Treasury Management Investment Strategy Statement & Policy Statement, Minimum Revenue Provision Policy, a Mid-year Review Report and an Annual Report (stewardship report) covering activities during the previous year.
- Creation and maintenance of Treasury Management Practices (Code of Practice) which set out the manner in which the Council will seek to achieve those policies and objectives.
- Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.

- Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For the Council this is the Treasury Management Sub-Committee.

7. The Council's general policy objective is to invest surplus funds prudently. The Council's investment priorities are; security and liquidity of the capital at an optimum yield which is commensurate with security and liquidity.

## **Risk Management**

8. The Council regards the successful identification, monitoring and control of risk to be prime criteria by which the effectiveness of its Treasury Management activities will be measured. The main risks to the Council's treasury activities are:

- Credit and Counterparty Risk – Security of the Council's Investments.
- Market or Interest Rate Risk – Fluctuations in interest rate levels and thereby in the value of investments.
- Liquidity Risk – Inadequate cash resources.
- Inflation Risk – Exposure to inflation.
- Legal and Regulatory Risk – Non compliance with Statutory and Regulatory requirements and the risk of fraud.

9. The above risks have been taken into account when setting the proposed Annual Treasury Management and Investment Strategy Statements. The risk that remains the Council's primary focus is that around the credit and counterparty risk and potential loss of its investments in a similar way to that following the Icelandic Banks collapse. The controls that the Strategy require are:

- credit worthiness checks of counterparties through the Council's external treasury advisor, Sector Treasury Services Ltd (now known as Capita Asset Services) or
- Asset Value checks assisting the Council to manage this risk.

10. Officers also have access, through the Council's treasury advisor to real time market advice and expertise.

11. Further risk centres on the loss of interest receipts through decreased interest rates which has a direct impact on the Medium Term Financial Strategy (MTFS). Should the market move in an adverse direction, the actual receipts will be lower than forecast budgets and therefore have a detrimental effect on this significant revenue income stream to the MTFS. In the current climate this is a high risk for the Council but beyond its control. The position will be monitored and actual interest receipts against forecast will be reported through Leadership Team and Performance, Audit and Scrutiny Committee, the outcome of which may require the Council to revise its MTFS accordingly.

12. Given the current volatility in financial markets and the performance of institutions, it is probable that status changes may occur during the next 12 months. Accordingly it may be necessary for Officers to update Members verbally as to the impact of these changes and, if appropriate, on alternative courses of action which may have to be considered in order for the Council to have worthwhile investment opportunities during the year.

## **Scheme of delegation and the role of the Section 151 officer**

13. The Section 151 Officer, or Deputy Section 151 Officer, has delegated responsibility under the Treasury Management Code of Practice for the execution and administration of treasury management decisions.
14. The Section 151 Officer or Deputy Section 151 Officer may delegate their treasury management responsibilities to members of their staff. The full scheme of delegation can be found in the Council's Treasury Management Code of Practice (in the section TMP5 – Organisation, Clarity and Segregation of Responsibilities, and Dealing Arrangements).
15. Staff that have responsibility for the treasury function are required to have sufficient knowledge and expertise in treasury management to be able to understand and critically consider the advice provided by the Council's treasury consultants.
16. The training needs of staff are considered on a regular basis as part of the Council's appraisal process. The Section 151 Officer or Deputy Section 151 Officer will ensure that treasury management staff receive appropriate training and have the necessary skills to be able to undertake their duties effectively.

## **Use of External Brokers/Advisors/Fund Managers**

17. The Council has approval for the use of fund managers, brokers and/or advisors.
18. The Council will ensure, through regular meetings and discussions with their fund managers, brokers and/or advisors, that the service is tailored to the Council's needs and strategic aims, and that they appreciate the Council's position on the balance between risk and reward in its treasury activities. The Council has regard to all the advice and information provided by the external support, but responsibility for treasury decisions remains with the Council.

## **Creditworthiness Policy & Lending Criteria**

19. The Council needs to set investment criteria for its investments based on who is an appropriate institution to hold the Council deposits. Ideally any counterparty policy should spread investments over the maximum number of counterparties, who vary in type i.e. building societies or banks. However, the key concern of the counterparty policy is to manage risk in a practical way rather than stick to a theoretical ideal. Usually those organisations or types of investments with the lower risk (best credit worthiness) are those that pay the lowest returns, those with lower credit worthiness have to pay the higher returns to attract investors. Therefore the Council must strike a balance of risk and return.
20. The Council uses the creditworthiness service provided by Sector Treasury Services Ltd (now known as Capita Asset Services). This service uses a sophisticated modelling approach which uses all of the following to produce a colour coded rating for each institution:
  - credit ratings from all three rating agencies - Fitch, Moodys and Standard and Poors

- credit watches and credit outlooks from credit rating agencies
- sovereign ratings to select counterparties from only the most creditworthy countries
- credit default swap (CDS) data

21. These colour codes are used by the Council to determine the creditworthiness of counterparties and the maximum duration and value of investments with individual banks and building societies. Where banks/building societies are part of a merged group structure, the limits are applied to the group as a whole.

22. Sector produces two colour codes for each counterparty. The first colour code is based upon the assessments of the credit rating agencies and takes account of rating watches and outlooks as well as changes in sovereign ratings. The second colour code also takes account of Credit Default Swap (CDS) data relating to individual counterparties, which can give an early warning of potential changes in credit ratings. The Council uses the first colour code to determine the maximum value and duration of investments, but remains mindful and takes into account CDS data provided by Sector (particularly where CDS spread is shown as "out of range" within the Sector model), together with other market data, when selecting the counterparties to use. Within this framework the Council will therefore use counterparties within the following colour coded bands:

**Lending Criteria - Rated Banks and Investment Scheme**

Sector Colour Code Key	Maximum Duration / Investment Values*
Purple	Max £10m for max of 2 years (subject to max 50% of portfolio)
Orange	£9m for max of 2 years (subject to max 40% of portfolio)
Red	£8m for max of 1 year (subject to max 35% of portfolio)
Green	£6m for max of 6 months (subject to max 30% of portfolio)
Blue (nationalised / substantially owned by the UK government )	£15m for max of 2 years

\* Note – This represents an adaption of the Sector approach

23. The lending criteria for rated building societies is based on the same Sector colour coding system as the rated banks.

**Lending Criteria – Rated Building Societies**

Sector Colour Code Key	Proposed Limits*
Red	£8m for max of 1 year (subject to max 35% of portfolio)
Green	£6m for max of 1 year (subject to max 30% of portfolio)

• Note – This represents an adaption of the Sector approach

24. All credit ratings will be monitored on an on-going basis. The Council is alerted to changes to ratings of all three agencies through its use of the Sector creditworthiness service.

- if a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use for new investments will be withdrawn immediately.
- in addition to the use of Credit Ratings the Council will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

25. Sole reliance will not be placed on the use of this external service. In addition the Council will also use market data and market information (for example, as provided by the Council's brokers/fund managers), information on government support for banks and the credit ratings of that government support.

26. The majority of UK building societies do not obtain formal credit ratings and as such, investments with these organisation have to be treated with caution. In the absence of formal credit ratings Sector advises caution in the use of such counterparties, particularly in the current economic climate. The following credit criteria (based on asset values and other sources of financial and credit rating information) have been established by the Council in consultation with Sector and seek to limit the value and duration of investments with these organisations.

***Lending Criteria – Non Rated Building Societies(Asset Base Criteria)***

Asset Base	Maximum Duration / Investment Values
Asset base > £2,500m	£3m for max 6 months
Asset base > £1,000m	£2.5m for max 6 months

27. In addition to the above asset base criteria the following additional criteria are applied:

- A commercial credit rating organisation, such as Dun and Bradstreet, to be used to provide credit rating reports on building societies, prior to the placing of funds, to ensure that the proposed investment values are within recommended credit limits
- Latest available accounts to be obtained and reviewed by in-house staff to establish key trends and to ensure that the credit rating recommendations are based on latest available financial results
- Review of available media coverage for any advance negative warnings regarding the stability of individual building societies.

28. The Head of Resources and Performance, in consultation with the Portfolio Holder for Performance and Resources, will continue to monitor the adequacy of the above lending criteria and make changes as necessary to respond to the changing economic climate and external advice. Details of any changes made will be included within the next treasury management reporting cycle to the Performance and Audit Scrutiny, Treasury Management Sub Committee, Cabinet and full Council.

29. In looking for security and a return on smaller investments the Council will continue to use deposit /call accounts with major banks and building societies on its approved counterparty list. In parallel with this option, and to deal with any further uncertainties in the financial markets, it is proposed that, should the need arise the Council will place investments with the Debt Management Office through the Debt Management Agency Deposit Facility or with Local Authorities direct. Whilst the rates of interest earned are below market rates the Council's capital investments will be protected.

### **Investment Security - Specified and Unspecified Investments**

30. The Secretary of State requires that the Council identifies institutions which will be used for specified and unspecified investments.

31. The definitions of specified and unspecified investments are shown below:

- An investment is a *specified investment* if all of the following apply:
  - (a) the investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling;
  - (b) the investment is not a long-term investment (1 year or more)
  - (c) the making of the investment is not defined as capital expenditure by virtue of regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting)(England) Regulations 2003 [SI 3146 as amended];
  - (d) the investment is made with a body or in an investment scheme of high credit quality (see below); or with one of the following public sector bodies:
    - i. the UK Government
    - ii. a local authority in England & Wales (as defined in section 23 of the 2003 Act) or similar body in Scotland or Northern Ireland
    - iii. a parish or community council.
  
- An *unspecified investment* is any other investment that does not meet the definition of a specified investment. Basically these are investments with maturity dates greater than 1 year, or where no credit ratings have been awarded to the organisations concerned.

32. The criteria set for the use of specified and unspecified investments are set out below:

**Specified Investments** - All such investments will be sterling denominated, with maturities up to maximum of 1 year, meeting the minimum 'high' rating criteria where applicable.

	<b>Minimum 'High' Credit Criteria</b>
Debt Management Agency Deposit Facility	--
Treasury Bills	--
Term deposits – local authorities	--
Term deposits – banks and rated building societies (see separate table for credit criteria re non-rated building societies)	Based on Sector's Colour Code system
Bonds issued by a financial institution which is guaranteed by	AAA

the UK government	
Certificates of deposits issued by banks and building societies	Short-term F1, Long-term A, Individual C, Support 2
Sovereign bond issues (non-UK)	AAA
Money Market Funds	Short-term F1, Long-term A, Individual C, Support 2

**Non-Specified Investments** - All such investments will be sterling denominated, with maturities over 1 year, meeting the minimum 'high' rating criteria where applicable, or with non rated organisations – ie non rated building societies.

A maximum of 90% will be held in aggregate in non-specified investments

	<b>Minimum Credit Criteria</b>	<b>Max % of total investments</b>	<b>Max. maturity period</b>
Term deposits – other LAs with maturities >1yr	-	50	2 years
Term deposits – non-rated building societies	See table above	90	1 year
Term deposits – banks and rated building societies with maturities >1yr	Based on Sector's Colour Code system – see tables above	90	2 years
	<b>Minimum Credit Criteria</b>	<b>Max % of total investments</b>	<b>Max. maturity period</b>
Bonds issued by multilateral development banks with maturities >1yr	AAA	25	2 years
Bonds issued by a financial institution which is guaranteed by the UK government with maturities >1yr	AAA	25	2 years

### **Investment Liquidity - Longer Term Investments**

33.The following longer term investment restrictions will apply:-

- No more than £20M (nominal) can be invested for periods of 1 year or longer.
- No investments can be made for periods longer than 5 years.
- The total value of funds controlled by any individual advisor to the Council shall not exceed £30M (nominal).

On any day:

- No more than £15M (nominal) in total shall be held in investments where the remaining term up to the date of maturity is at least 4 years but not exceeding 5 years.
- No more than £20M (nominal) in total shall be held in investments where the remaining term up to the date of maturity exceeds 1 year.



- No more than 60% of the total value of investments held will be subject to a variable rate of return.

### **Borrowing/External Debt**

34. The option of short or long term borrowing is available to the Council. However the Council must have regard to the Prudential Code when setting borrowing limits and must ensure that any borrowing is sustainable and affordable.

35. The Council's external debt as at 31 December 2014 was as follows:-

	£
Public Works Loan Board	0
Mortgages	0
Bonds	0
Temporary Loans	0
Long Term Loans	0

### **Council's Banker**

36. On 1 April 2014 Lloyds Bank Plc became the Council's bank. On adoption of this strategy, the bank meets the credit criteria of F2 or above for short term investments. It is the Council's intention to use deposit and / or call accounts provided by Lloyds for short term liquidity requirements (e.g. overnight and weekend investments) and business continuity arrangements.

### **Balanced Budget Requirement**

37. The Council complies with the provisions of S32 of the Local Government Finance Act 1992 to set a balanced budget.

### **Future Interest Rates**

38. The Bank of England continues to hold the Official Base rate at 0.5%. It has remained at this rate since 5 March 2009.

39. Given the current economic situation it is difficult to forecast when the base rate will increase. The Council is working with its external fund managers and advisors to ensure that it maximises all of its returns on investments in line with the latest information available.

40. The average investment interest rates which are expected to apply to the Council's investments have been determined in consultation with the external advisors and have been included in the MTFS interest projections as follows:

- 2015/16 – 0.90%
- 2016/17 – 1.50%
- 2017/18 – 2.00%
- 2018/19 – 2.50%

41. Although the governments 'funding for lending' scheme is due to end in January 2015, the effects could continue to affect the rates of return available in 2015/16.

## **Total Investments**

42. Please see the following table for full details of the investments held by the Council as at 31 December 2014.

<b>Counterparty Name</b>	<b>Value £</b>	<b>Interest Rate %</b>	<b>Investment Date</b>	<b>Date of Return</b>
<b>BANK OF SCOTLAND ACCOUNT</b> Bank of Scotland Call Account	162,007	0.400		
<b>NATWEST ACCOUNTS</b> NatWest Call Account NatWest 95 Day Notice Account	163,468 10,000,000	0.500 0.600		
<b>BARCLAYS ACCOUNT</b> Barclays Reserve Account	8,066,897	0.650		
<b>SANTANDER ACCOUNT</b> Santander UK Business Reserve Account	2,929,887	0.400		
<b>TEMPORARY INVESTMENTS</b> Bank of Scotland Bank of Scotland Ulster Bank Bank of Scotland Nationwide Building Society Nationwide Building Society Bank of Scotland Bank of Scotland	4,500,000 1,500,000 3,000,000 2,000,000 2,000,000 1,500,000 2,000,000 4,750,000	0.950 0.950 0.860 0.950 0.970 0.970 1.000 1.000	12-Feb-14 11-Apr-14 01-May-14 04-Jul-14 01-Aug-14 04-Sep-14 06-Oct-14 03-Nov-14	12-Feb-15 10-Apr-15 30-Apr-15 06-Jul-15 03-Aug-15 03-Sep-15 06-Oct-15 03-Nov-15
<b>TOTAL VALUE OF INVESTMENTS HELD</b>	<b>42,572,259</b>			

## **Capital Finance**

43. The financing of the Council's capital programme is considered by Cabinet and is ratified by Council. External financing is required to be inline with the Councils approved Treasury Management and Investment Strategy and approved Prudential Indicators.

## **Treasury Management Code of Practice**

44. The Treasury Management Code of Practice is the subject of a separate report. The Code of Practice underpins the Strategy and provides further details regarding the operational requirements and processes regarding treasury management

## **Prudential Indicators**

45. The Council's overall Treasury Management Strategy and Code of Practice links into the Council's Prudential Indicators and Minimum Revenue Provision Policy which are subject to separate reports to Council. A summary of the treasury related indicators is as follows:

	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
<b>TREASURY MANAGEMENT PRUDENTIAL INDICATORS</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Authorised limit for external debt -</b>	<b>Approved</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
Borrowing	£1,111,000	£1,111,000	£1,111,000	£1,111,000
Other long term liabilities	£0	£0	£0	£0
<b>TOTAL</b>	<b>£1,111,000</b>	<b>£5,111,000</b>	<b>£5,111,000</b>	<b>£5,111,000</b>
<b>Operational boundary for external debt -</b>				
Borrowing	£1,000,000	£1,000,000	£1,000,000	£1,000,000
Other long term liabilities	£0	£0	£0	£0
<b>TOTAL</b>	<b>£1,000,000</b>	<b>£1,000,000</b>	<b>£1,000,000</b>	<b>£1,000,000</b>
<b>Maturity Structure of Borrowing</b>				
Upper Limit for % of borrowing maturing in:				
• Under 12 Months	100%	100%	100%	100%
• 1 - 2 years	0%	0%	0%	0%
• 2 - 5 years	0%	0%	0%	0%
• 5 - 10 years	0%	0%	0%	0%
• Over 10 years	0%	0%	0%	0%
The lower limit for all periods	0%	0%	0%	0%
<b>Upper limit for fixed interest rate exposure</b> expressed as a % of total investments	100%	100%	100%	100%
<b>Upper limit for variable rate exposure</b> expressed as a % of total investments	60%	60%	60%	60%
<b>Upper limit for total principal sums invested for over 364 days</b> (per maturity date)	£20,000,000	£20,000,000	£20,000,000	£20,000,000

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# Treasury Management Sub-Committee



*St Edmundsbury*  
BOROUGH COUNCIL

<b>Title of Report:</b>	<b>Update on procurement exercise for external fund manager to support treasury management activities</b>	
<b>Report No:</b>	<b>TMS/SE/15/003</b>	
<b>Decisions plan reference:</b>	Not applicable.	
<b>Report to and dates:</b>	<b>Treasury Management Sub-Committee</b>	19 January 2015
	<b>Performance and Audit Scrutiny Committee</b>	29 January 2015
<b>Portfolio holder:</b>	Dave Ray Portfolio Holder for Resources and Performance <b>Tel:</b> 01359 250912 <b>Email:</b> <a href="mailto:david.ray@stedsbc.gov.uk">david.ray@stedsbc.gov.uk</a>	
<b>Lead officer:</b>	Rachael Mann Head of Resources and Performance <b>Tel:</b> 01638 719245 <b>Email:</b> <a href="mailto:rachael.mann@westsuffolk.gov.uk">rachael.mann@westsuffolk.gov.uk</a>	
<b>Purpose of report:</b>	The purpose of this report is to provide members of the Sub-Committee with options around the timing for the procurement exercise for external fund managers to support the Council's treasury management activities.	

<p><b>Recommendation:</b></p>	<p><b>Treasury Management Sub-Committee:</b></p> <p>The Sub-Committee is asked to:</p> <ol style="list-style-type: none"> <li>a. Scrutinise the content of this report, including options around the timing for the procurement exercise for external fund managers to support the Council’s treasury management activities.</li> <li>b. Recommend Option B, as detailed in paragraph 1.2.1, via the Performance and Audit Scrutiny Committee to Cabinet.</li> </ol>
<p><b>Key Decision:</b></p> <p><i>(Check the appropriate box and delete all those that <b>do not</b> apply.)</i></p>	<p><i>Is this a Key Decision and, if so, under which definition?</i></p> <p>Yes, it is a Key Decision - <input type="checkbox"/></p> <p>No, it is not a Key Decision - <input checked="" type="checkbox"/></p>
<p><b>Consultation:</b></p>	<p>Treasury management activities are undertaken in consultation with Sector (the Council’s appointed treasury management advisers) and also takes into account information obtained from investment brokers and other economic commentators.</p> <p>This committee provides for the scrutiny of treasury management strategies and performance, with changes in strategies and policies subject to approval by Cabinet and full Council.</p> <p>Under Item 4, report TMS/SE/14/001, of the Treasury Management Sub Committee Meeting on 17th November, members of the Committee received a verbal update from the Head of Resources and Performance on where the Council was with regards to testing the market for External Fund Managers for supporting the Council’s Treasury Management activities. A report containing options around the timing of this piece of work was requested for presentation at this meeting of the Sub-Committee on 19 January 2015.</p>
<p><b>Alternative option(s):</b></p>	<p>Options for the management of the Council investments are formally considered within the annual treasury management and investment strategy. This includes key strategies in respect of the maintenance of the Council’s debt free status, the continuation of in-house management of funds, and the approach to be adopted in establishing the creditworthiness of potential counterparties. The changing nature of the economic climate requires that these key areas are subject to on-going review.</p>

<b>Implications:</b>			
Are there any <b>financial</b> implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Are there any <b>staffing</b> implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Are there any <b>ICT</b> implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Are there any <b>legal and/or policy</b> implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Are there any <b>equality</b> implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
<b>Risk/opportunity assessment:</b>		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
<b>Risk area</b>	<b>Inherent level of risk</b> (before controls)	<b>Controls</b>	<b>Residual risk</b> (after controls)
	Low/Medium/ High*		Low/Medium/ High*
Additional costs may be incurred if the Council needs to borrow to meet capital expenditure	Medium	Ensure sufficient funds are retained to meet capital expenditure requirements	Low
If the Council did need to liquidate an investment early this would result in the loss of interest, additional charges and penalties imposed by the fund and fund manager	High	Only commit funds that the Council are sure they will not need during the term of the investment.	Low
Loss of interest through not moving to a Fund Manager	Medium	With the current low interest rates in the market place – it is felt that delaying the appointment until 2015/16 would not have a material impact.	Low
<b>Ward(s) affected:</b>	All Wards		
<b>Background papers:</b> <i>(all background papers are to be published on the website and a link included)</i>	E193 - Review of the Council's Treasury Management Strategy (18 November 2013)		
<b>Documents attached:</b>	None		

## **1. Key issues and reasons for recommendations**

### **1.1 Background**

- 1.1.1 The Sub-Committee at its meeting of 18th November 2013, as part of report E163, agreed to the option of both the use of Treasury Management Advisors and External Fund Managers, which was subsequently recommended to and approved by Cabinet, as external support for its Treasury Management Investment Activities. As a result the current Treasury Management Strategy sets out the potential use of fund managers and treasury management advisors.
- 1.1.2 External Fund managers can be used to manage local authorities' investments directly (placing the investment), by observing the limits set out in the Council's Annual Investment Strategy. It was envisaged that a procurement exercise on a potential fund manager be carried out during 2014/15. This report provides members of the Sub-Committee with options around the timing of this piece of work.
- 1.1.3 Although the Council hasn't formally appointed an External Fund Manager it still makes use of External Treasury Management Advisors - Sector, who seek to help authorities to meet their obligations under the legislation and codes of practice, including; the production of an Annual Investment Strategy; keep the authorities up-to-date with changes to relevant public credit ratings (credit worthiness through up-to-date risk assessed counterparty lists); assist with the use of risk management techniques and assist with the training of officers and Members on the above.
- 1.1.4 The current contract with Sector for Treasury Management advice is extendable until March 2017 and can be terminated on 31st March 2015.

### **1.2 Procurement exercise on a potential fund manager**

- 1.2.1 Officers have summarised below two potential options on the timing for a procurement exercise for appointment and use of an external fund manager:
- **Option A** – A procurement exercise commences during the last quarter of 2014/15 – following the approval of the Council's spending plans as part of 2015/16 budget and council tax setting reports at the end of February.
  - **Option B** – A procurement exercise commences during the summer of 2015 –allowing for further opportunity to consider the business cases for some potentially significant investment opportunities such as PSVII, Waste Transfer Site and Investing in Housing within the Borough, and the Council's overall spending plans.



### 1.3 **Factors to consider on the timing of the procurement exercise**

1.3.1 Below are a number of factors for Members of the Sub Committee to consider when considering options A and B above. These factors have been considered by Officers when arriving at the recommendation set out at the beginning of the report.

<b>Factor</b>	<b>Consideration</b>
<p>Spending plans and value of investment balances for a fund manager</p>	<p>The Council continues to plan for the short to medium term, however the budget and council tax report for 2015/16, to be considered at Full Council on 24<sup>th</sup> February 2015, will focus primarily on the year 2015/16 with future plans subject to the re-approval by the new administration following the May 2015 general and local elections.</p> <p>It is anticipated that the Budget and Council Tax reports for 2015/16 will make reference to, but will not be seeking approval of any investment plans for some of the significant investment opportunities; such as the Public Service Village Phase II, the Waste Transfer Site and the potential investing in Housing within the Borough; that are currently being considered by the Council with each investment being the subject of an individual business case and relevant due diligence.</p> <p>With so much uncertainty in the Council's medium term spending and potential borrowing plans it could prove difficult to predict accurately the treasury management activities and therefore support required from an external fund manager beyond 2015/16.</p> <p>Having said that, the Council does have a statutory requirement to plan for a minimum of 3 years and therefore the projects for 2016-18 contained in the 2015/16 budget and council tax report to Full Council on 24<sup>th</sup> February 2015 could be used as the guide to procure external fund managers with flexibility then built into the contract.</p>
<p>Current market conditions and rates of return</p>	<p>Investment rates have continued to fall, due primarily to the banks' ability to easily access cheap funds from the UK Government via the Funding for Lending Scheme which has decreased their reliance on borrowing wholesale funds (such as local authority investments). Whilst the current base rate remains at 0.5% and with the medium term rates beyond 12months remaining at some of the lowest, it isn't without surprise that the current advice is for short term investments of up to 12months.</p> <p>The value of external fund managers is in accessing some of the hidden market rates above those accessible by an in-house treasury team; these rates haven't been experienced for some time now and therefore the in-house team are broadly experiencing similar rates to those offered through a fund manager (this is however based on our limited</p>

	<p>experience of fund manager returns) allowing also for the brokerage fee that is payable through a fund manager.</p> <p>The Council's Treasury Management Advisors are now projecting that the base rate will remain unchanged until later in 2015 when a 0.25% increase is predicted. However, whilst interest rates in the short and medium term remain so low, it is not considered to have a material impact on the Council not having a formal contract with an external Fund Manager.</p>
Value for Money	<p>The Council is likely to get the most out of its proposed procurement exercise when it has a clear understanding of its cash flow (investment and borrowing) requirements. This will form the basis of the specification for testing the market. Without clear plans, the Council will have to be ambiguous with its cash flow requirements and request a high degree of flexibility with an external fund manager. This could have an impact on the likely brokerage fees from the procurement exercise.</p> <p>Another factor that could assist St Edmundsbury with achieving overall value for money would be to consider a joint procurement opportunity with Forest Heath, whose contract with its existing fund managers expires May 2015.</p>

### **Timetable of Options**

- 1.3.2 The below table summarises the high level timetable for both procurement options.

<b>Event</b>	<b>Option A</b>	<b>Option B</b>
Approval of 2015/16 spending plans	24 <sup>th</sup> February 2015	24 <sup>th</sup> February 2015
Agree Specification for Fund Managers and investment balances available	Middle of March 2015	Middle of July 2015
Appoint external support (up to 2 days) for procurement exercise	By end of March 2015	By the end of July 2015
Conduct procurement exercise	April – June 2015	August – September
Appoint external fund managers	August 2015	October 2015
External Fund Managers to feed into 2016/17?? Treasury Management Activities	February 2016	February 2016

## **2. Additional supporting information**

### **2.1 Legal and Policy Implications**

2.2 There are no legal, policy compliance / power implications as a result of this report.

2.3 This report is in line with the current Treasury Management Strategy.

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