

# Informal Joint Performance and Audit Scrutiny Committee



*St Edmundsbury*  
BOROUGH COUNCIL

<b>Title:</b>	<b>Agenda</b>								
<b>Date:</b>	<b>Wednesday 25 November 2015</b>								
<b>Time:</b>	<b>5.00pm</b>								
<b>Venue:</b>	<b>Conference Chamber West West Suffolk House</b> Western Way Bury St Edmunds								
<b>Full Members:</b>	<p style="text-align: center;"><b>Chairman</b> Sarah Broughton</p> <p style="text-align: center;"><b>Vice Chairman</b> Patricia Warby</p> <p><u>Conservative Members (8)</u></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;">Sarah Broughton</td> <td style="width: 33%;">Karen Richardson</td> </tr> <tr> <td>Carol Bull</td> <td>Peter Thompson</td> </tr> <tr> <td>Beccy Hopfensperger</td> <td>Paula Wade</td> </tr> <tr> <td>Betty Mclatchy</td> <td>Patricia Warby</td> </tr> </table> <p><u>Charter Member (1)</u> David Nettleton</p> <p><u>UKIP Member (1)</u> Barry Robbins</p>	Sarah Broughton	Karen Richardson	Carol Bull	Peter Thompson	Beccy Hopfensperger	Paula Wade	Betty Mclatchy	Patricia Warby
Sarah Broughton	Karen Richardson								
Carol Bull	Peter Thompson								
Beccy Hopfensperger	Paula Wade								
Betty Mclatchy	Patricia Warby								
<b>Substitutes:</b>	<p><u>Conservative Members (3)</u></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;">Jeremy Farthing</td> <td style="width: 33%;">David Roach</td> </tr> <tr> <td>Ivor Mclatchy</td> <td></td> </tr> </table> <p><u>Charter Member (1)</u> Diane Hind</p> <p><u>UKIP Member (1)</u> John Burns</p>	Jeremy Farthing	David Roach	Ivor Mclatchy					
Jeremy Farthing	David Roach								
Ivor Mclatchy									
<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>	Informal discussions with Forest Heath District Council's Performance and Audit Scrutiny Committee on the five substantive items listed below under Items 5 to 9 inclusive, to be held in <b><u>Conference Chamber West.</u></b>
<b>5.30pm</b>	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 <b><u>Conference Chamber West.</u></b>

All Members of Forest Heath District Council's Performance and Audit Scrutiny Committee have been invited to enable informal discussions on the reports listed in Items 5 to 9 inclusive below to take place between the two authorities.

**COUNCILLORS**

Conservative  
Members (8)

David Bimson  
Brian Harvey  
Colin Noble

Ruth Bowman  
Louise Marston  
Lance Stanbury

Louis Busuttil  
Christine Mason

West Suffolk  
Independent (1)

Andrew Appleby

UKIP (1)

Peter Ridgwell

On the conclusion of the informal joint discussions, Members of Forest Heath's Performance and Audit Scrutiny Committee will withdraw from Conference Chamber West to Conference Chamber East to hold their formal meeting and St Edmundsbury's Performance and Audit Scrutiny Committee will continue its meeting in **Conference Chamber West** as follows:

# Agenda

Page No

## Procedural Matters

### Part 1(A) - Public

**1. Substitutions**

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

**2. Apologies for Absence**

**3. Minutes**

**1 - 8**

To confirm the minutes of the meeting held on 23 September 2015 (copy attached).

**4. Public Participation**

Members of the public who live or work in the District are invited to put one question/statement of not more than 3 minutes duration relating to items to be discussed in Part 1 of the agenda only. If a question is asked and answered within 3 minutes, the person who asked the question may ask a supplementary question that arises from the reply.

A person who wishes to speak must register at least 15 minutes before the time the meeting is scheduled to start.

There is an overall limit of 15 minutes for public speaking, which may be extended at the Chairman's discretion.

*(Following the informal discussions held with Forest Heath District Council's Performance and Audit Scrutiny Committee on Items 5 to 9 below, Members are reminded that no further debate shall take place. However, Members are requested to either formally note/resolve Items 5 to 9 below).*

**5. Mid-Year Internal Audit Progress Report 2015-2016**

**9 - 18**

Report No: **PAS/SE/15/028**

*(For reference purposes, Forest Heath District Council's Report Number is PAS/FH/15/028)*

**6. Subscription Charge for the Brown Bin Service**

**19 - 28**

Report No: **PAS/SE/15/029**

*(For reference purposes, Forest Heath District Council's Report Number is PAS/FH/15/029)*

	<i><b>Page No</b></i>
<b>7. Balanced Scorecards Quarter 2 Performance 2015-2016</b>	<b>29 - 46</b>
Report No: <b>PAS/SE/15/030</b> <i>(For reference purposes, Forest Heath District Council's Report Number is PAS/FH/15/030)</i>	
<b>8. West Suffolk Strategic Risk Register Quarterly Monitoring Report - September 2015</b>	<b>47 - 62</b>
Report No: <b>PAS/SE/15/031</b> <i>(For reference purposes, Forest Heath District Council's Report Number is PAS/FH/15/031)</i>	
<b>9. Work Programme Update</b>	<b>63 - 66</b>
Report No: <b>PAS/SE/15/032</b> <i>(For reference purposes, Forest Heath District Council's Report Number is PAS/FH/15/032)</i>	

### **Part 1(B) - Public**

<b>10. Ernst and Young - Presentation of Annual Audit Letter (2014-2015)</b>	<b>67 - 84</b>
Report No: <b>PAS/SE/15/033</b>	
<b>11. Financial Performance Report (Revenue and Capital) Quarter 2 - 2015-2016</b>	<b>85 - 106</b>
Report No: <b>PAS/SE/15/034</b>	
<b>12. Delivering a Sustainable Budget 2016-2017- Update</b>	<b>107 - 110</b>
Report No: <b>PAS/SE/15/035</b>	
<b>13. Mid-Year Treasury Management Performance Report and Investment Activity (April - September 2015)</b>	<b>111 - 122</b>
Report No: <b>TMS/SE/15/005</b> will be considered by the Treasury Management Sub-Committee on 16 November 2015. The Chairman/Acting Head of Resources and Performance will update the Committee verbally on any issues or recommendations arising from the consideration of this report.	

### **Part 2 – Exempt**

NONE

# Performance and Audit Scrutiny Committee



*St Edmundsbury*  
BOROUGH COUNCIL

**Minutes** of a meeting of the **Performance and Audit Scrutiny Committee** held on **Wednesday 23 September 2015** at **4.30 pm** at the **Conference Chamber, West Suffolk House**, Western Way, Bury St Edmunds IP33 3YU

Present: **Councillors**

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

Carol Bull  
Betty Mclatchy  
Karen Richardson

Peter Thompson  
David Nettleton  
Barry Robbins

**Substitutes attending:**  
David Roach

**By Invitation:**  
Susan Glossop  
Ian Houlder, Portfolio Holder for Resources and Performance  
Ivor McLatchy

## 52. **Substitutions**

The following substitution was declared:

Councillor David Roach for Councillor Paula Wade.

## 53. **Apologies for Absence**

Apologies for absence were received from Councillors Beccy Hopfensperger and Paula Wade.

## 54. **Minutes**

The minutes of the meeting held on 30 July 2015, were accepted by the Committee as an accurate record and signed by the Chairman.

## 55. **Public Participation**

There were no questions/statements from members of the public.

56. **Ernst and Young - Presentation of 2014-2015 ISA Annual Results Report to those Charged with Governance**

The Committee received Report No: PAS/SE/15/023, which presented the results of the Ernst and Young (EY) audit of the financial statements for 2014-2015.

The report set out those issues they were formally required to report on to those charged with governance, under the Audit Commission Code of Audit Practice and International Standards on Auditing (ISA (UK & Ireland) 260).

The report also included the results of the work that EY had undertaken to assess the Council's arrangements to secure value for money in the use of its resources, as the Performance and Audit Scrutiny Committee was charged with governance in accordance with powers delegated to it under the Council's Constitution.

The Council's unaudited 2014-2015 statement of accounts, signed by the Council's Chief Financial Officer (Section 151 Officer) on 30 June 2015, had been updated to reflect adjustments recommended by EY from their audit work. Members were advised that the adjustments were all immaterial to the overall financial position of the Council and were in most cases merely presentational changes.

A copy of the Audit Committee Summary was attached as Appendix A, and was presented to the Committee by Neil Harris (Director) and Mary Springer (Auditor) from EY.

Also attached as Appendix B to the report was a Letter of Representation, on behalf of the Council in accordance with the audit of the financial statement for St Edmundsbury Borough Council for the year ended 31 March 2015. The Head of Resources and Performance advised the Committee that during the time of the audit, auditors were unable to obtain a third party confirmation of a £3m investment with Ulster Bank. Therefore, it was proposed that an additional paragraph be included in the Letter of Representation, above "subsequent events", to read as follows:

*"Specific Disclosure*

*I confirm that an Investment £3m with Ulster Bank, for which auditors were unable to obtain third party confirmation, existed at 31 March 2015."*

Mr Harris confirmed that all work on the audit of the Council's 2014-2015 financial statements had been concluded and no further errors had been identified. He explained that EY was currently working on closing down the audit files, which meant EY would not be able to issue an unqualified opinion and certificate until Friday 25 September 2015, on both the Council's 2014-2015 financial statements and arrangements for securing economy, efficiency and effectiveness in its use of resources. Mr Harris reassured Members that EY endeavours to conclude its audit work by the date of the Committee. He wished to thank the Head of Resources and Performance and her team who had been helpful and instrumental in making this a very smooth audit for EY.

However, he wished to draw the Committee's attention to a couple of key areas:

- 1) On page 24 – There had been a significant change to the valuation of the Apex, resulting in an impairment of £4.8m. EY reviewed the work of the valuer, and the Council was now revisiting its five year revaluation programme to ensure that any significant movements would be identified and appropriately disclosed.
- 2) On page 29 – Value for money risk identified – arrangements for financial resilience of local authorities. Mr Harris was satisfied with the assurances provided in how the Council was addressing the budget gap.
- 3) The audit fee for 2014-2015 remained the same as previously indicated to the Committee.

Finally, Mr Harris explained that this would be his final presentation to the Committee. A new audit lead (Rob Murray) would be taking over from November 2015, as he had completed his seven years as the Councils External Audit Director.

Members asked a number of questions in relation to the report, to which Mr Harris duly responded.

The Chairman expressed the Committees and her disappointment that EY were not in a position to issue its audit opinion until Friday 25 September 2015, instead of this evening (23 September 2015).

The Chairman, on behalf of the Committee wished to thank the Head of Resources and Performance and the Finance Team for their outstanding work also wished to thank EY for their audit work. In particular, thanked Neil for his work over the last seven years.

With the vote being unanimous, it was

**RESOLVED:** That

- 1) The unqualified opinion of the Financial Statements for 2014-2015 (page 3 of Appendix A), issued by the Auditor be noted.
- 2) The Value for Money conclusion stating that the Council had proper arrangements in securing economy, efficiency and effectiveness in its use of resources (page 3 of Appendix A), issued by the Auditor be noted.
- 3) The Letter of Representation on behalf of the Council be approved, before the Audit Director issues his opinion and conclusion, subject to the inclusion of the additional paragraph, as follows:

*Specific Disclosure - I confirm that an Investment £3m with Ulster Bank, for which auditors were unable to obtain third party confirmation, existed at 31 March 2015.*

**57. West Suffolk Annual Governance Statement 2014-2015**

The Committee received Report No: PAS/SE/15/024, which sought members approval of the Annual Governance Statement for 2014-2015, attached as Appendix A.

The Annual Governance Statement provided stakeholders with the assurance that the Council had operated within the law and that the Council had met the requirements of the Accounts and Audit Regulations 2015. The Annual Governance Statement accompanies the Statement of Accounts.

The document had been prepared by the Officer Governance Group and was presented as a joint statement for St Edmundsbury Borough Council and Forest Heath District Council to reflect both councils working together and sharing services across West Suffolk.

The Head of Resources and Performance advised that no significant governance issues had been raised, but the Annual Government Statement recognised the work of the planning and regulatory service and the additional resources deployed to the service during 2014-2015.

The Committee was asked to review and approve the Annual Governance Statement prior to being signed off by the Chief Executive and the Leader of the Council.

The Committee considered the Annual Governance Statement for 2014-2015 and with the vote being unanimous, it was

**RESOLVED**

That the Annual Governance Statement for 2014-2015, attached as Appendix A to Report No: PAS/SE/15/024 be approved for signing by the Chief Executive and the Leader of the Council.

**58. 2014-2015 Annual Statement of Accounts**

*(Councillor Karen Richardson arrived at 5.02pm, during the consideration and voting of this item)*

The Committee received Report No: PAS/SE/15/025, which sought Members approval of the 2014-2015 Statement of Accounts, attached as Appendix A, in accordance with the powers delegated to it under the Council's Constitution. Also attached at Appendix B, was a detailed schedule of payments made to Councillors during the financial year 2014-2015.

EY had commenced the audit of the Council's draft Statement of Accounts in July 2015, with a view to its completion prior to the 30 September 2015 deadline for publication. The results of EY's review of the accounts were provided in the Annual Results Report, which was included on the Committee's agenda (PAS/SE/15/023). The attached Statement of Accounts (Appendix A) had been amended (as appropriate) to take on board issues raised by the audit process up to the date of distribution. Only minor



presentational changes were now required prior to the signing of the accounts.

EY had confirmed that the audit of St Edmundsbury Borough Council had been concluded and would be issuing an unqualified opinion on the financial statements and the value for money conclusion that the Council had made the appropriate arrangements to secure economy, efficiency and effectiveness in the Council's use of resources by Friday 25 September 2015. This meant the Committee was in a position to sign the 2014-2015 Statement of Accounts off.

The Head of Resources and Performance wished to thank the Finance Team for all their work involved in pulling the accounts together and also thanked EY.

The Committee scrutinised the draft accounts and member payments in detail and asked a number of questions to which officers duly responded. In particular, the Committee raised questions to which responses were given as follows:

#### Members Payments

- i) That a note should be included to identify the current and past Mayor and Deputy Mayors.
- ii) Councillor Nettleton suggested that the other expenses column should be split into two, for clarification to highlight other allowances such as communications/IT/Broadband. Officers agreed to amend the expenses list prior to the deadline for publication.

#### Statement of Accounts

- i) It was suggested that the reference to Civic Regalia be reworded to read "Civic Insignia".

The Committee wished to convey its thanks and commended the Finance Team in the work involved in closing the accounts.

With the vote being unanimous, it was

#### **RESOLVED:** That

- 1) The 2014-2015 Statement of Accounts, attached as Appendix A to Report No: PAS/SE/15/025 be approved in accordance with the powers delegated to it under the Council's Constitution.
- 2) The Chairman of the Performance and Audit Scrutiny Committee signs the certification of the 2014-2015 Statement of Accounts on behalf of the Committee.
- 3) The Chief Finance Officer, in consultation with the Portfolio Holder for Resources and Performance, be given delegated authority to make any presentational and non-material changes to the

Statement of Accounts that may be required up to the date of publication.

59. **Delivering a Sustainable Budget 2016-2017**

*(For transparency Councillor Sarah Broughton declared that she sat on the Grant Working Party, but did not consider this a pecuniary interest in the item under discussion).*

*(Councillor Patricia Warby left the meeting at 5.38pm, during the consideration and prior to the voting of this item).*

The Committee received Report No: PAS/SE/15/026, which updated members on budget assumptions and timetable, along with the progress made to date on delivering a balanced budget for 2016-2017.

St Edmundsbury continued to face considerable financial challenges as a result of increased cost and demand pressures and constraints on public sector spending. In this context, and like many other councils, St Edmundsbury had to make difficult financial decisions.

The budget gap for years 2016-2017 to 2018-2019 were projected in Table 1 of the report. The current budget assumptions for 2015-2016 and for the period of the Medium Term Financial Strategy were detailed in Appendix A. The key budget assumptions continued to be reviewed as more accurate information became available.

The Performance and Audit Scrutiny Committee was asked to support and recommend to Cabinet the inclusion of a number of budget proposals, as set out in Table 2 of the report, in order to progress securing a balanced budget for 2016-2017.

The Committee was further asked to consider proposals in continuing the current scheme of gradually phasing out the Local Council Tax Support Grant by April 2017, and the continuation of the Rural Initiative Grant Scheme for the four year period 2016-2020 through reallocating the underspend of the previous Rural Action Plan.

Member scrutinised the report in detail and asked a number of questions to which officers duly responded. In particular discussions were held on the proposed vacancy savings assumptions; transport fuel assumptions; building control fee levels and future proposals and assumptions regarding fees and charges for brown bins.

Members **noted** the budget assumptions, timetable and progress made to date on delivering a balanced budget for 2016-2017.

With the vote being unanimous, it was

**RECOMMENDED**

That Cabinet includes the proposals, as detailed in Section 5 and Table 2 at paragraph 5.1 of Report No: PAS/SE/15/026 in securing a balanced budget for 2016-2017.

**60. Work Programme Update**

The Committee received Report No: PAS/SE/15/027, which provided information on the current status of the Committee's work programme. Attached as Appendix 1 to the report were details of items scheduled to be presented to the Committee during 2015-2016.

The Head of Resources and Performance informed the Committee that an additional item would be presented to the Committee at its November 2015 meeting on setting proposed fees for Brown Bins.

The Committee considered its work programme, and there being no decision required, **noted** the contents of the report, subject to the inclusion of a report on setting proposed fees for Brown Bins at its November 2015 meeting.

The Meeting concluded at 5.47pm

**Signed by:**

**Chairman**

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# Informal Joint Performance and Audit Scrutiny Committee



St Edmundsbury  
BOROUGH COUNCIL

<b>Title of Report:</b>	<b>Mid-Year Internal Audit Progress Report 2015/16</b>	
<b>Report No:</b>	<b>PAS/SE/15/028</b>	
<b>Report to and date/s:</b>	Performance and Audit Scrutiny Committee	25 November 2015
<b>Portfolio holder:</b>	Ian Houlder Portfolio Holder for Resources and Performance <b>Tel:</b> 01284 810074 <b>Email:</b> <a href="mailto:ian.houlder@stedsbc.gov.uk">ian.houlder@stedsbc.gov.uk</a>	
<b>Lead officer:</b>	Jon Snares Service Manager (Internal Audit) <b>Tel:</b> 01284 757239 <b>Email:</b> <a href="mailto:jon.snares@westsuffolk.gov.uk">jon.snares@westsuffolk.gov.uk</a>	
<b>Purpose of report:</b>	This report advises Members of the work of the Internal Audit Section for the first half of 2015/16 and gives Members a flavour of the variety of corporate projects and activities which are supported through the work of the team. The report also provides an update on progress made against the 2015/16 Internal Audit Plan previously approved by this committee.	
<b>Recommendation:</b>	<b>It is <u>RECOMMENDED</u> that</b> Members are asked to <b><u>note</u></b> the contents of this report, including progress made against the 2015/16 Internal Audit Plan.	
<b>Key Decision:</b>  (Check the appropriate box and delete all those that <b><u>do not</u></b> apply.)	Is this a Key Decision and, if so, under which definition? 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>The Internal Audit Plan was compiled in consultation with the Head of Resources and Performance (as S151 Officer), Leadership Team, and the external auditors; and</li> <li>Consultation with key officers is also carried out during the audit process and in the production of individual internal audit reports and follow up work.</li> </ul>	
<b>Alternative option(s):</b>		<ul style="list-style-type: none"> <li>N/A</li> </ul>	
<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)
Internal controls within the council may not be efficient and effective and as a result the council may not be identifying significant weaknesses that could impact on the achievement of the council's priorities and/or lead to fraud, financial loss or inefficiency.	Medium	Members receive and approve the Internal Audit Plan and receive a progress report during the year. The Audit Plan is based on an assessment of risk for each system or operational area.  External Audit reviews the work of Internal Audit and internal control arrangements.	Low
<b>Ward(s) affected:</b>		N/A	
<b>Background papers:</b> <i>(all background papers are to be published on the website and a link included)</i>		N/A	
<b>Documents attached:</b>		<b>Appendix A</b> – Mid-Year Internal Audit Progress Report 2015/16	

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

### **1.1 Background Information**

1.1.1 The Public Sector Internal Audit Standards require the Service Manager (Internal Audit) to report periodically to senior management and committee on Internal Audit's performance relative to its Audit Plan. Reporting should also include significant risk exposures and control issues where relevant, including fraud risks and governance issues. The Performance and Audit Scrutiny Committee is the designated committee to receive these periodic reports.

1.1.2 The purpose of this report is to update Members on progress made against the 2015/16 Audit Plan (approved by this committee in June 2015), and also provide a flavour of the work undertaken in the year to date.

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## **Mid-Year Internal Audit Progress Report 2015/16**

### **1. Introduction**

- 1.1 The Public Sector Internal Audit Standards require the Service Manager (Internal Audit) to report periodically to senior management and committee on Internal Audit's performance relative to its Audit Plan. Reporting should also include any significant risk exposures and control issues where relevant, including fraud risks and governance issues. The Performance and Audit Scrutiny Committee is the designated committee to receive these periodic reports.
- 1.2 The purpose of this report is to update Members on progress made against the 2015/16 Audit Plan (approved by this committee in June 2015), and also provide a flavour of the work undertaken in the year to date.

### **2. Review of Internal Audit work for the seven months to October 2015**

- 2.1 An overview of the work of Internal Audit for the first seven months of 2015/16, and progress made towards achieving the Audit Plan for the year, is set out below.

#### **Corporate and Consultancy Work**

- 2.2 A similar approach to last year's Internal Audit Plan is being taken in that as well as continuing to perform the usual statutory fundamental systems audits and other audit responsibilities, Internal Audit is also performing corporate and consultancy style work. This approach recognises that early audit input to activities can often help prevent or bring early resolution to internal control issues, and also bring audit skills and increase available resource on significant corporate projects. For 2015/16 to date the team has assisted in the following work areas:
  - re-designing service processes (Freedom of Information, Locality Budgets, Committee Administration, and Permits);
  - production of the West Suffolk Annual Governance Statement and its associated documents;
  - West Suffolk Strategic Risk Register;
  - fees and charges;
  - project development, delivery and management of projects across the West Suffolk councils;

- information governance;
- records management; and
- input to corporate projects such as the proposed Housing Development Company, solar energy projects, and investment in the commercial asset portfolio at Brandon.

2.3 During the year to date Internal Audit has also:

- responded to around 40 requests for financial vetting or other related financial advice including assessments of organisations' financial suitability to undertake specified contracts for the councils; and
- continued to provide advice to service areas on internal controls.

2.4 Internal Audit is currently working on developing an approach to undertake project 'health checks' on selected council projects. This work is in recognition that there are a number of new projects which are key to the councils achieving their strategic objectives, and this work will contribute towards the councils' management of their project risks. These project health checks will review the governance of selected projects and check that these projects are on track and well managed. Results of these project health checks will be shared as appropriate and learning points, including examples of good practice, will be disseminated amongst all project managers. This is a new area of work for Internal Audit and the approach will be trialled from the end of the 3<sup>rd</sup> quarter 2015/16.

### **Fee Earning Work**

2.5 Internal Audit is continuing to undertake fee earning work during 2015/16 and by the end of the financial year this is likely to result in approximately £23k of income being earned. Fee earning work consists of the following:

- work on behalf of East Cambridgeshire District Council as part of the agreement in place whereby West Suffolk provides that council with internal audit resources to assist in completion of their annual audit plan;
- audit of the council tax, non-domestic rates, and housing and council tax benefits systems at the Anglia Revenues Partnership (ARP) on behalf of East Cambridgeshire District Council (this is in addition to the work referred to above) and Breckland Council; and
- fee earning grant certification work for Suffolk County Council to provide assurance to the Department for Business Innovation & Skills that the conditions of the specific grant determination (Business Growth Programme and Employer Ownership Grant Scheme) have been complied with.

2.6 As mentioned above (paragraph 2.5 refers) the West Suffolk Internal Audit Team currently undertakes the council tax, housing benefit and non-domestic rates reviews for Breckland Council, East Cambridgeshire District Council, Forest Heath District Council and St Edmundsbury Borough Council. Waveney

District Council, Suffolk Coastal District Council and Fenland District Council have recently joined the ARP and discussions are currently in progress to determine the future internal auditing arrangements at ARP.

### **Core Financial Systems and Fundamental Review Work (statutory audits which must be undertaken every year)**

2.7 The following audits must be undertaken every year as these form the foundations of the annual internal audit opinion:

- Council Tax (in progress)
- Non Domestic Business Rates (in progress)
- Housing and Council Tax Benefits (in progress)
- Cash Handling (in progress)
- Accounts Receivable (in progress)
- Accounts Payable (in progress)
- Payroll
- Treasury Management
- Main Accounting System

2.8 At the time of writing this report, as can be seen at paragraph 2.7 above, the majority of the core financial systems / fundamental review work audits are currently in progress, while the remaining audits have not yet commenced. This is normal for this time of the year as these audits generally need to cover as much of the financial year as possible and are therefore not normally commenced until at least the third quarter. The work undertaken on these audits forms the basis of the annual internal audit opinion which will be reported to Performance and Audit Scrutiny members in the 2015/16 Annual Internal Audit Report.

### **Non-Fundamental Review Work**

2.9 This work includes reviewing internal controls within departmental systems, and other non-fundamental audits.

2.10 During the first half of the financial year 2015/16 the following work within this category was carried out:

- an audit review of the housing register (**Choice Based Lettings**) identified that satisfactory controls are in place for the allocation of housing and that needs are appropriately assessed. A substantial assurance opinion was provided, however actions have been agreed to improve the transparency of the decision making process to strengthen this further. Also, a new software system is due to be introduced in April 2016 and suggestions have been made for the Service to take forward with the new supplier to provide further automation, reports and functionality; and
- audit reviews have taken place (with work currently at draft report stage) in respect of **Markets, Apex Cash Handling Arrangements and Homelessness**. The results of these audits will be reported to Performance and Audit Scrutiny members in the 2015/16 Annual Internal Audit Report.

## Follow-Up Work

- 2.11 Follow-up work is undertaken to check the extent to which agreed recommendations / actions have been implemented in respect of previous audits undertaken. Where this follow-up work relates to a core financial system or fundamental review work, this will form an integral part of the annual audit for that area. However, where this relates to a non-fundamental system a separate follow-up audit will be undertaken and a follow-up audit report issued.
- 2.12 Five such follow up audit reviews have been completed and issued as final reports (the council to which they relate is denoted in brackets), these being:
- A **Contract Procedures (SEBC and FHDC)** follow up audit was completed to assess the progress of actions from previous audits undertaken. Many of the original actions have been completed through the introduction of new Contract Procedure Rules, while four actions remain as work in progress, focussing around the use of consultants, temporary staff and the continued maintenance of the Contracts Register.
  - A follow up review on a 2013/14 audit on the compliance with **Payment Card Industry Data Security Standards (PCI DSS) (SEBC and FHDC)** for outlying sites was undertaken. Arrangements for the storage and disposal of card holder data have been addressed and an e-learning training module is being created to ensure staff are aware of their responsibilities.
  - A follow up audit was conducted on the original 2013/14 **CCTV (SEBC and FHDC)** audit. This follow up review highlighted that it had been possible to make only limited progress on recommendations made in the original audit regarding staff guidance and record keeping requirements relating to CCTV – this was due to the resource intensive new CCTV systems project covering the Bury St Edmunds and Haverhill public areas. Internal Audit have since assisted the Service by producing and issuing CCTV guidance notes to outlying sites ensuring staff are aware of Data Protection requirements, record keeping requirements and appropriate use of the system.
  - A high level review to assess the progress of agreed actions from the 2013/14 **Elections (SEBC and FHDC)** audit was undertaken. As significant changes have occurred within the Service the new Service Manager is now reviewing working practices and will be introducing efficient processes for the delivery of elections which will address the outstanding actions.
  - A follow-up has been undertaken on the **Social Media and Mobile Computing (SEBC and FHDC)** audit report issued in April 2013. The review confirmed that all recommendations in respect of mobile computing have been implemented although some further work is still required to address some fairly minor recommendations made in respect of social media.

## 3. Probity

- 3.1 Councils are required to participate in the biennial National Fraud Initiative (NFI), an exercise involving data matching of records such as benefits, payroll, pensions, student awards, housing rents (where applicable), licences, parking permits, and travel concessions. Internal Audit takes a leading role in co-ordinating this exercise working across a number of service areas, as well as

ARP, to support those staff to provide their data so that they can then investigate and record the results of their matches. A significant number of these matches relate to council tax and housing benefits and these matches are investigated by ARP on behalf of the West Suffolk councils.

### 3.2 In respect of the current NFI exercise:

- Of the 1829 matches reported for St Edmundsbury Borough Council, 616 have been processed. A risk-based approach is taken when reviewing matches, with recommended matches as identified by the NFI application being addressed first (there were 423 of these), and a sample of remaining matches then reviewed. Whilst no frauds were detected, 10 errors totalling £25,285 were identified and arrangements are in place to recover this via credit notes, housing benefit adjustments or the housing benefit overpayment process.
- In respect of Forest Heath District Council - of the 902 matches reported, 297 have been processed. Again, a risk based approach is taken when reviewing matches, with recommended matches as identified by the NFI application being addressed first (there were 187 of these), and a sample of remaining matches then reviewed. Whilst no frauds have been detected, 5 errors totalling £5,423 were identified and are being recovered through either credit notes, liability being added to the council tax or the housing benefit overpayment process.

3.3 In order to further understand the fraud risk level within the councils, a fraud risk assessment review was undertaken with the objective of assessing the controls in place to reduce or detect fraud and to formulate an action plan for the residual risks. The review concluded that the West Suffolk councils generally have good controls in place with the risk of fraud thought to be low overall but it should be recognised that fraud can never be entirely mitigated. Fraud awareness work is therefore undertaken, through including short messages on the intranet on fraud related topics at periodic intervals.

3.4 The new CIPFA Code of Practice on Managing the Risk of Fraud and Corruption provides five key principles to embed effective standards for countering fraud and corruption. While the code is voluntary, an assessment is currently in progress to assess West Suffolk against these principles and may identify areas which could be strengthened.

3.5 Internal Audit has reviewed expenditure made on Government Procurement cards in use at the West Suffolk councils to check that no inappropriate transactions have been made – no significant issues arose from this work.

## 4. Resources

4.1 The staff complement of the team is currently 3.57 Full Time Equivalents (FTEs) comprising of the Service Manager Internal Audit (1 FTE), two Senior Auditors (2 FTEs), and an Auditor (0.57 FTE).

## **5. Conclusions**

- 5.1 The Service Manager (Internal Audit) currently considers that progress on the core financial systems audits (paragraph 2.6 refers), as well as other audit responsibilities, is in line with expectations and therefore the Audit Plan should be completed on time, resulting in an ability to deliver a robust annual audit opinion in the 2015/16 Annual Internal Audit Report.
- 5.2 There are no significant risk exposures or control issues arising from the audit work undertaken during the period that need to be specifically drawn to the attention of the Performance and Audit Scrutiny Committee.

# Informal Joint Performance and Audit Scrutiny Committee



*St Edmundsbury*  
BOROUGH COUNCIL

<b>Title of Report:</b>	<b>Subscription Charge for the Brown Bin Service</b>	
<b>Report No:</b>	<b>PAS/SE/15/029</b>	
<b>Report to and date/s:</b>	<b>Performance and Audit Scrutiny Committee</b>	25 November 2015
<b>Portfolio holders:</b>	Peter Stevens Portfolio Holder for Operations <b>Tel:</b> 07775 877000 <b>Email:</b> <a href="mailto:peter.stevens@stebc.gov.uk">peter.stevens@stebc.gov.uk</a>	
<b>Lead officer:</b>	Mark Walsh Head of Operations <b>Tel:</b> 01284 757300 <b>Email:</b> <a href="mailto:mark.walsh@westsuffolk.gov.uk">mark.walsh@westsuffolk.gov.uk</a>	
<b>Purpose of report:</b>	To consider and approve in principle a West Suffolk subscription charge for the brown bin service to take effect from April 2016.	
<b>Recommendation:</b>	<p><b>Performance and Audit Scrutiny Committee:</b></p> <p>That the Performance and Audit Scrutiny Committee <b>approve</b>, in principle, the £40 brown bin annual subscription charge, as detailed in Report No: PAS/SE/15/029, and agree to the implementation of the charge with effect from 1 April 2016 by the Head of Operations in line with the Council's Fees and Charges Policy.</p>	

<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>	<ul style="list-style-type: none"> <li>• Joint Cabinet Planning and the Portfolio Holder (Operations) have considered and reviewed the variables and assumptions in relation to the introduction of a subscription charge.</li> </ul>
<p><b>Alternative option(s):</b></p>	<ul style="list-style-type: none"> <li>• A number of subscription amounts have been considered to reflect experience elsewhere and to provide a sustainable budget over the next three years.</li> </ul>
<p><b>Implications:</b></p>	
<p><i>Are there any <b>financial</b> implications? If yes, please give details</i></p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> <li>• Introduction of the charge will avoid the expected reduction in recycling payments (RPP) from SCC.</li> <li>• The subscription charge will generate income to offset the cost of the service.</li> <li>• There will be costs associated with the transition to the new service. These will be funded through an agreement with the Suffolk Waste Partnership as agreed by Cabinet and Council in reports referenced below.</li> </ul>
<p><i>Are there any <b>staffing</b> implications? If yes, please give details</i></p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> <li>• A review of the operational costs will be undertaken during the first year once service demand is fully understood.</li> </ul>
<p><i>Are there any <b>ICT</b> implications? If yes, please give details</i></p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> <li>• To enable efficient administration, it is important that the corporate IT systems enable online applications and payments.</li> </ul>
<p><i>Are there any <b>legal and/or policy</b> implications? If yes, please give details</i></p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> <li>• The council has the power to charge for the collection of garden waste.</li> <li>• The new service is a service change and take-up is optional.</li> </ul>



<p>Are there any <b>equality</b> implications? If yes, please give details</p>		<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <ul style="list-style-type: none"> <li>• Inclusion in the new service is optional and the choice to participate will reflect the individual circumstances of each household.</li> <li>• A number of alternative options will be promoted to households to help them manage their organic waste such as home composting, food waste reduction advice, use of the Household Waste Recycling Centres and sharing bins with neighbours.</li> <li>• Assisted collections are available to residents who are unable to put their bin out for collection.</li> <li>• Payment options will be limited to reflect the corporate drive for channel shift e.g. online payments and customer self serve.</li> </ul>	
<p><b>Risk/opportunity assessment:</b></p>		<p>(potential hazards or opportunities affecting corporate, service or project objectives)</p>	
<p><b>Risk area</b></p>	<p><b>Inherent level of risk</b> (before controls)</p>	<p><b>Controls</b></p>	<p><b>Residual risk</b> (after controls)</p>
	<p>Low/Medium/ High*</p>		<p>Low/Medium/ High*</p>
<p>Limited take up</p>	<p>Medium</p>	<p>Review of experiences at other councils to guide the assumptions used. Scalability of service to reflect take up.</p>	<p>Medium</p>
<p>Cost of administering the application and payments systems.</p>	<p>High</p>	<p>Use of online applications. Adopt a simple pricing system to exclude means testing and refunds. Use of the waste back office system to update collection rounds.</p>	<p>Medium</p>
<p>Resident dissatisfaction with the level of the subscription charge.</p>	<p>High</p>	<p>The charge is in line with other councils. Take up of the service is optional.</p>	<p>Medium</p>
<p><b>Ward(s) affected:</b></p>		<p>All Wards</p>	
<p><b>Background papers:</b> (all background papers are to be published on the website and a link included)</p>		<p><a href="#">FHDC Cabinet 15SEP15 report CAB/FH/15/041</a> <a href="#">FHDC Council 14OCT15 report COU/FH/15/034</a> <a href="#">SEBC Cabinet 08SEP15 report CAB/SE/15/051</a> <a href="#">SEBC Council 22SEP15 report COU/SE/15/028</a></p>	
<p><b>Documents attached:</b></p>		<p>N/A</p>	

## **1. Key issues and reasons for recommendation(s)**

### **Introduction**

- 1.1 Respective Forest Heath and St Edmundsbury Cabinets and Full Councils have approved the introduction of a subscription charge of between £35 and £50 per annum for those households wishing to opt-in to the new organics waste collection service from April 2016.
- 1.2 Having regard to the respective Council budget setting process for the financial year 2016/17, this committee is asked to approve in principle an appropriate annual charge, between the approved limits, for Cabinet to consider.

## **2. Background**

- 2.1 The full background and rationale for these changes is detailed in the Cabinet reports (see the links in the 'background papers' section of this report).

## **3. The subscription charge and next steps**

- 3.1 Subscription charging
  - 3.1.1 Following the agreement of full Council to implement a subscription charging scheme between £35 and £50, additional work has been undertaken to ascertain the most appropriate charging level. Based on the analysis set out in this report it is recommended that the subscription charge is set at £40 per year, per bin, per household. Further details around the practicalities of the scheme are currently being worked through, however it is anticipated that if households are allowed additional brown bins these will also be charged at £40 per year. The implementation and take-up of the scheme will be reviewed in three years or before if necessary.
  - 3.1.2 The £40 charge across West Suffolk has been established to reflect a range of variables and assumptions and to take into account the following:
    - 1. Experience elsewhere;
    - 2. Impact on the service revenue budget; and
    - 3. Enabling efficient payment transactions.
  - 3.1.3 **Experience elsewhere**

More than a third of Councils across England now charge to collect garden waste from households and this figure is increasing. Some councils introduced a charge from the onset of the garden waste service, whilst others have made the transition from a "free" service i.e. provided to all households and paid for through the council tax, to a subscription based service.
  - 3.1.4 Nationally, the charge varies between £25 and £95 per annum and the frequency of collection varies between 40 weeks (20 collections) and

52 weeks (26 collections) per year. The table below outlines the current subscription charge among some of the local councils.

<b>Council</b>	<b>Subscription charge</b>
Kings Lynn BC	£42.00
Broadland	£47.00
Breckland	£42.00
Great Yarmouth	£51.60
South Norfolk	£39.50 - £44.00*
North Norfolk	£42.64
Norwich	£42.00
Mid Suffolk/Babergh	£45.00
Peterborough City Council	£39.00
Waveney DC (2016)	£42.00

\* reflects variable pricing based on payment method

3.1.5 In terms of the variation in the service provided among the councils outlined in Appendix A, most of the councils:

- provide an alternate week annual collection service;
- enable service subscribers to book and pay for the service online; and
- do not offer a refund e.g. if the resident moves from the area or opts out of the service.

3.1.6 There is variation among councils offering a pro-rata service charge i.e. the charge is reduced to reflect the length of the subscription year remaining at the time of application, and the availability of discounts e.g. a means tested service.

### 3.1.7 **Impact on the service revenue budget**

In calculating the impact of the subscription charge on the current service, a number of assumptions have been made. This is because the implications of charging a subscription are varied as it influences service take up and participation (customer choice and garden size), which in itself affects the amount of waste collected (tonnes), which affects potential income (RPP and subscription) and service costs (waste treatment gate fee, transitional costs, administration costs and operational collection costs).

3.1.8 Assuming operational collection costs initially remain unchanged along with costs associated with organic waste in the black bin, the dynamics of the above relationships for West Suffolk have been assessed using the following assumptions:

- around 70% of organic waste will continue to be collected;
- participation rate will be around one-third of current households; and

- estimated gate fee of £46 per tonne and a RPP of £54.76 per tonne.

3.1.9 The estimated results for West Suffolk are outlined in Appendix B based on the 2014/15 financial information for West Suffolk. The table provides the estimated brown bin service net cost resulting using three variables – (1) subscription charge, (2) take up rate and (3) tonnes of organic waste collected.

3.1.10 It should be noted however that:

- The purpose of the table is to show the indicative relationship between the participation rate, tonnes of garden waste collected, annual subscription income, gate fee cost and RPP income.
- Operational delivery costs are those experienced at present and are assumed to be worse case scenario i.e. no account has been made of potentially lower costs by servicing fewer households.
- Service expectation such as tonnes collected, participation rates etc. are assumed based on experiences elsewhere and are not guaranteed;
- The above costs relate to West Suffolk and not the full Suffolk taxpayer i.e. they exclude disposal cost impacts.
- There are no costs included associated with the continued administration of the subscription service or the promotion of alternative organic treatment options for non subscribers.
- The transitional costs associated with the implementation of the new scheme are not included. These costs will be incorporated into the cost sharing model agreed by Suffolk Waste Partnership as approved by Cabinet and Council in the reports referenced above.

3.1.11 Based on the information in Appendix B, all scenarios demonstrate a reduction in service costs. However, due to the wide variation in assumptions used, it has been agreed to (1) review the potential budget further and as part of the cost sharing with SCC; (2) to fix the subscription charge for three years and (3) review annually once a better understanding of take-up is available.

### 3.1.12 **Enabling efficient payment transactions**

In order to ensure the subscription process is efficient and supports the model of shared services across West Suffolk, the following principles are important:

- Embrace the corporate drive to maximise customer channel shift and self serve i.e. online payment transactions whilst utilising the full range of back office IT systems to minimise manual data entry.
- Use a single subscription charge across West Suffolk to simplify the:
  - Design and financial administration of the service;

- Promotion and advertising of the service;
- Customer understanding and awareness of the new scheme and the charge that applies; and
- Use of joint customer contact/access points

### 3.2 **The Next Steps**

#### 3.2.1 In terms of the next steps for the project:

- the joint procurement of the organics treatment service is currently underway, and it will be for garden waste only;
- it is expected that the new service will commence in April 2016 and will be offered to all residents in West Suffolk;
- west Suffolk wide publicity material and a communications plan will be finalised and implemented with a view to maximising the take-up of the scheme across the two councils;
- we will continue to promote home composting and use of the HWRC's; and
- we will work up proposals and costs associated with the administration of the subscription service and communications with residents.

**APPENDIX A: Summary of information from other councils**

<b>Council</b>	<b>Annual Charge</b>
Harlow Council	£94.92
Kingston Upon Thames	£78.00
Malvern Hills District Council	£65.00
Merton Council	£65.00
Wokingham Borough Council	£60 - £62
Chichester District Council	£55.75
Great Yarmouth Borough Council	£51.60
East Northamptonshire Council	£51.50
Southend-on-Sea Borough Council	£48.70
Mendip District Council	£48.00
Broadland District Council	£47.00
Mid Suffolk/Babergh	£45.00
Wyre Forest District Council	£43.00
North Norfolk District Council	£42.64
Breckland District Council	£42.00
Norwich	£42.00
Kings's Lynn and West Norfolk Borough Council	£42 - £47
Oxford City Council	£41 - £44
Brentwood Borough Council	£41.00
Bromsgrove Council	£40.00
Derby City Council	£40.00
Wiltshire Council	£40.00
South Norfolk	£39.50 - £44.50
Peterborough City Council	£39.00
Rushmoor Borough Council	£39.00
Exeter City Council	£38.00
Gloucester City Council	£36.00
Cornwall Council	£35.00
South Kesteven District	£35.00
Newark and Sherwood District Council	£30.00
Rushcliffe Borough Council	£30.00
Maldon District Council	£27 - £32
North Kesteven District	£25.00

Note:

Pricing range reflects where the council offers a variable charge.

**APPENDIX B: Summary of estimated service costs**

Take up	20%			30%			40%			50%		
	30%	50%	70%	30%	50%	70%	30%	50%	70%	30%	50%	70%
<b>% of current organic waste</b>												
<b>Subscription</b>	Estimated WCA service cost per annum (£'000)											
<b>-£35.00</b>	£396	£363	£330	£134	£101	£67	-£129	-£162	-£195	-£391	-£424	-£458
<b>-£39.00</b>	£336	£303	£270	£44	£11	-£23	-£249	-£282	-£315	-£541	-£574	-£608
<b>-£40.00</b>	£321	£288	£255	£21	-£12	-£45	-£279	-£312	-£345	-£578	-£612	-£645
<b>-£42.00</b>	£291	£258	£225	-£24	-£57	-£90	-£339	-£372	-£405	-£653	-£687	-£720
<b>-£45.00</b>	£246	£213	£180	-£91	-£124	-£158	-£429	-£462	-£495	-£766	-£799	-£833
<b>-£50.00</b>	£171	£138	£105	-£204	-£237	-£270	-£579	-£612	-£645	-£953	-£987	-£1,020

Notes:

Current West Suffolk service cost is £583,000 (2014/2015)

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# Informal Joint Performance and Audit Scrutiny Committee



*St Edmundsbury*  
BOROUGH COUNCIL

<b>Title of Report:</b>	<b>Balanced Scorecard and Quarter 2 Performance report 2015-16</b>	
<b>Report No:</b>	<b>PAS/SE/15/030</b>	
<b>Report to and dates:</b>	<b>Performance and Audit Scrutiny Committee</b>	25 November 2015
<b>Portfolio holder:</b>	Ian Houlder Portfolio Holder for Resources and Performance <b>Tel:</b> 01284 810074 <b>Email:</b> <a href="mailto:ian.houlder@stedsbc.gov.uk">ian.houlder@stedsbc.gov.uk</a>	
<b>Lead officer:</b>	Joanne Howlett Acting Head of Resources and Performance <b>Tel:</b> 01284 757264 <b>Email:</b> <a href="mailto:joanne.howlett@westsuffolk.gov.uk">joanne.howlett@westsuffolk.gov.uk</a>	
<b>Purpose of report:</b>	This report sets out the West Suffolk Balanced Scorecards being used to measure the Council's performance for 2015-16 and an overview of performance against those indicators for the second quarter of 2015-16.	
<b>Recommendation:</b>	<b>Performance and Audit Scrutiny Committee:</b>  <b>Members are requested to review the Council's performance using Balanced Scorecards for Quarter 2, 2015-16 and identify any further information required or make recommendations where remedial action or attention is required to address the Council's performance.</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 has been prepared in consultation with all relevant staff and Leadership Team.</li> </ul>	
<b>Alternative option(s):</b>		<ul style="list-style-type: none"> <li>The option of doing nothing may result in poor performance, monitoring performance can highlight where remedial action may be needed</li> </ul>	
<b>Implications:</b>			
<i>Are there any <b>financial</b> implications? If yes, please give details</i>		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>	
<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>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.</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*
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 – Resources & Performance Balanced Scorecard  Appendix B – Families & Communities Balanced Scorecard  Appendix C – Human Resources, Legal & Democratic Balanced Scorecard  Appendix D – Planning & Growth Balanced Scorecard  Appendix E – Operations Balanced Scorecard  Appendix F – Housing Balanced Scorecard
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## **1. Key issues and reasons for recommendation(s)**

### **1.1 Performance Measures**

- 1.1.1 Attached at **appendices A to F** are the current Balanced Scorecards (based on Head of Service area) which present Quarter 2 2015/16 performance. Unless otherwise stated, all performance figures on the scorecards are from a West Suffolk perspective. Where the performance for either individual Council is significantly different from the West Suffolk figure that it would have a different RAG rating, details of this are highlighted in the comments box.
- 1.1.2 The information included in the report has been provided by Heads of Service and service managers. 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.

### **1.2 Quarter 2 Performance**

- 1.2.1 Across all service balanced scorecards, there are indicators measuring the performance of the transactional finance functions. These are “% of non-disputed invoices paid within 30 days” and “% of debt over 90 days old”. In the first quarter of the year, against these indicators, all services areas had failed to meet the targets of more than 95% of non-disputed invoices paid with 30 days and less than 10% of debt over 90 days old.
- 1.2.2 The finance and performance team have been working with service areas to try and improve performance against both of these measures. Monthly business intelligence reports are sent out to service areas with details of all invoices processed, and detailed aged debt lists. Debt control workshops have also taken place to help improve debt collection performance.
- 1.2.3 As a result of this, performance against both of these indicators has improved across the council. Invoices paid within 30 days has risen from 78.50% in June to 87.96% in September. Debt over 90 days has dropped from 62.53% in June to 47.25% in September. Although these figures are still not within the target range, it shows improvements are being made.

### **1.3 Explanation of Balanced Scorecard**

- 1.3.1 As reported in the first quarter performance report, the quarterly Strategic Risk Register has been incorporated into the Balanced Scorecard for the second quarter. Each of the individual Balanced Scorecards have details of the relevant strategic risks, and the full detailed Strategic Risk Register can be found in report number PAS/SE/15/031.



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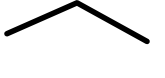

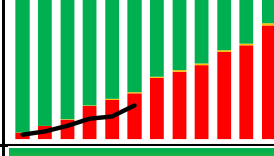
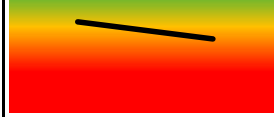

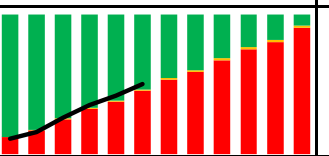
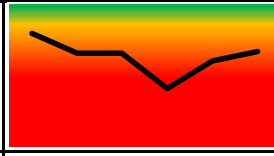
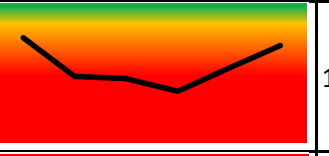
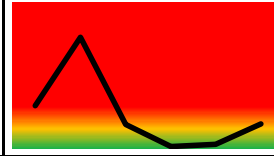
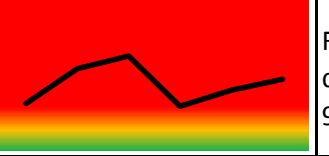
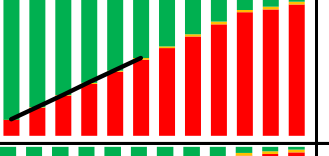

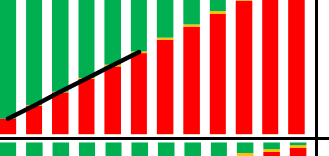

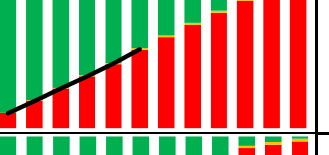
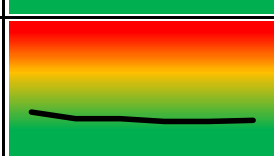
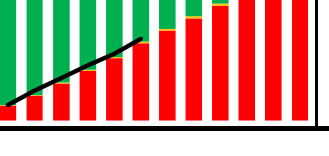
**WEST SUFFOLK - RESOURCES & PERFORMANCE BALANCED SCORECARD**

MONTH Sep 15

QUARTER Jul 15 - Sept 15

HALF YEARLY Apr 15-Sept 15

\* These indicators are at organisational level

		Current Value	Target	Frequency	Type	Trend	Comments			Current Value	Target	Frequency	Type	Trend	Comments		
RESOURCES	FINANCIAL	Year end forecast variance (under) / over spend against budget - FHDC	£ 47,000.00	-	M	Cumulative		See budget monitoring report for more details.	CUSTOMERS	SATISFACTION	Number of formal complaints	3	No target	B	Period only		All complaints relate to ARP.
		Year end forecast variance (under) / over spend against budget - SEBC	(£58,000.00)	-	M	Cumulative		See budget monitoring report for more details.			Number of formal compliments	0	No target	B	Period only		
		Income generated from SLAs	(£116,262.64)	(£160,706.00)	M	Cumulative		ICT income relating to services provided to ARP is not yet included in these figures. Expected to be achieve income target by the end of the financial year.		Organisational year end forecast variance (under) / over spend against budget - FHDC *		-	M	Cumulative		See budget monitoring report for more details.	
		% return on the investment of reserves and balances - FHDC	1.34	1.70	Q	Cumulative		Due to higher levels of balances than anticipated, actual income received for the year to date is £22,000 higher than budget.		Organisational year end forecast variance (under) / over spend against budget - SEBC *	(£83,500.00)	-	M	Cumulative		See budget monitoring report for more details.	
	% return on the investment of reserves and balances - SEBC	0.71	0.90	Q	Cumulative		Due to higher levels of balances than anticipated, actual income received for the year to date is £48,500 higher than budget.	Total income generated by organisation £ *		(£12,614,710.64)	(£11,570,616.00)	M	Cumulative				
	FINANCE & PERFORMANCE	% of non-disputed invoices paid within 30 days	86.79	95.00	M	Period only		53 invoices processed in September.		% of total non-disputed invoices paid within 30 days *	87.96	95.00	M	Period only		1,038 invoices processed in September.	
		% of debt over 90 days old	16.68	10.00	M	Cumulative		FHDC debt £24,601.78 - 7.85% over 90 days. SEBC debt £3,877.74 - 72.66% over 90 days.		% of total debt over 90 days old *	47.25	10.00	M	Cumulative		FHDC debt £157,699.33 - 44.28% over 90 days. SEBC debt £636,287.17 - 47.99% over 90 days.	
		Current Value	Target	Frequency	Type	Trend	Comments			Current Value	Target	Frequency	Type	Trend	Comments		
INTERNAL PROCESSES	FINANCE	% of all payments made to us by BACS, Direct Debit, online as opposed to cash & cheque *	0.00	0.00	Q	Period only		This indicator is to be developed going forward, so not available for second quarter.	OUTCOMES	ARP	% Collection of Council Tax - FHDC	56.41	56.36	M	Cumulative		
	ICT	% of ICT Helpdesk calls completed 'on time' as defined in SLAs	93.25	90.00	Q	Period only					% Collection of Council Tax - SEBC	58.03	58.27	M	Cumulative		
	ARP	Days taken to process Housing Benefit new claims and changes - FHDC	5.90	12.00	M	Period only					% Collection of Business Rates - FHDC	56.06	56.93	M	Cumulative		
		Days taken to process Housing Benefit new claims and changes - SEBC	5.50	12.00	M	Period only					% Collection of Business Rates - SEBC	58.77	56.74	M	Cumulative		

PROJECTS	Name	Project Lead	Project Stage	Project Status	Approval details	Approved budget	Forecast Spend	Variance	Comments

RISK	RISK ID NUMBER	Type	Title	Description - What are we trying to avoid?	WS Inherent Risk	WS Residual Risk	Last updated
	WS1 A	Financial	Poor financial management	Failure in specific areas to achieve projected income, or expenditure exceeds the approved budgets (revenue or capital).	Probability - 3; Impact - 5	Probability - 2; Impact - 3	September 2015
	WS1 B	Financial	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.	Probability - 3; Impact - 4	Probability - 2; Impact - 4	September 2015
	WS6 (on all scorecards)	Political	Managing public / councillor expectations with less resources	Falling short of providing the level of service that the public and councillors expect and demand.	Probability - 5; Impact - 4	Probability - 3; Impact - 4	September 2015
	WS7	Technological / Financial / Customer	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.	Probability - 4; Impact - 4	Probability - 2; Impact - 4	September 2015
	WS7a	Technological	ICT integration	Integration of ICT across services and systems not being achieved.	Probability - 4; Impact - 4	Probability - 3; Impact - 4	September 2015
	WS11	Economic / Financial / Competitive	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.	Probability - 4; Impact - 4	Probability - 3; Impact - 3	September 2015
	WS13	Partnership / Financial	Partner / Public Sector failure	Partners or partnerships failing; cost shunting (transfer of costs between partners); partnerships not achieving desired outcomes.	Probability - 4; Impact - 4	Probability - 3; Impact - 4	September 2015
	WS14 (on all scorecards)	Physical / Social / Legal	Service failure through unplanned events	Reduced level or failure to deliver services to both internal and external clients due to unforeseen events.	Probability - 3; Impact - 4	Probability - 2; Impact - 2	September 2015
WS18	Customer / Financial / Professional	Poor performance management	Risk of individual services having below par performance levels and possible dips in performance while establishing new service models.	Probability - 4; Impact - 4	Probability - 3; Impact - 3	September 2015	

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WEST SUFFOLK - FAMILIES & COMMUNITIES BALANCED SCORECARD

MONTH Sep 15

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		Current Value	Target	Frequency	Type	Trend	Comments			Current Value	Target	Frequency	Type	Trend	Comments		
RESOURCES	FINANCIAL	Year end forecast variance (under) / over spend against budget - FHDC	(£4,000.00)	-	M	Cumulative		See budget monitoring report for more details.	CUSTOMERS	SATISFACTION	% Customer satisfaction with customer service - overall journey	69.00	80.00	Q	Period only	Q2 figure for Customer Services in August and September. % response that agree or strongly agree to the question, 'Overall, I was satisfied with	
		Year end forecast variance (under) / over spend against budget - SEBC	(£11,000.00)	-	M	Cumulative		See budget monitoring report for more details.			Number of formal complaints	0	No target	B	Period only		
		Income generated from SLAs	-	-	M	Cumulative					Number of formal compliments	10	No target	B	Period only		
		% of non-disputed invoices paid within 30 days	95.00	95.00	M	Period only		40 invoices processed in September		Customer service mystery shopping - average % score	0.00	90.00	Q	Period only	Not available for second quarter, working towards data being available for the third quarter.		
		% of debt over 90 days old	0.00	10.00	M	Cumulative		FHDC debt £0 - 0% over 90 days. SEBC debt £0 - 0% over 90 days.									
		Current Value	Target	Frequency	Type	Trend	Comments			Current Value	Target	Frequency	Type	Trend	Comments		
INTERNAL PROCESSES	COMMUNICATIONS	Number of unique users of the West Suffolk councils website	81,010	No target	Q	Period only		Users = new and returning users within a defined period. Excludes all users from a West Suffolk IP address.	OUTCOMES	CUSTOMER SERVICES	% of issues resolved at first point of contact with Customer Services - telephone	92.00	80.00	M	Period only		
		Number of unique page views to the West Suffolk councils website	299,106	No target	Q	Period only		Unique page views = how many pages were viewed in that period of time. Excludes all users from a West Suffolk IP address			% of issues resolved at first point of contact with Customer Services - face to face	91.00	80.00	M	Period only		
		Number of online forms completed	785	No target	M	Period only		No formal target but aim to significantly increase online form use		Outcomes delivered from public health funding	0	0	Q		To be developed once funding proposals developed.		
		Number of page views to the West Suffolk intranet	208,488	No target	Q	Period only				Financial benefit of the families & communities agenda	0	0	B		This indicator is to be developed, so not available for second quarter.		
	CUSTOMER SERVICES	% of telephone calls answered	94.00	90.00	M	Period only				Reduction in fear/ perception of crime	0	0	B		This indicator is to be developed, so not available for second quarter.		
		Number of face to face contacts (not including visitor management)	14,421	No target	M	Period only											

PROJECTS	Name	Project Lead	Project Stage	Project Status	Approval details	Approved	Forecast	Variance	Comments

RISK	RISK ID NUMBER	Type	Title	Description - What are we trying to avoid?	WS Inherent Risk	WS Residual Risk	Last updated
	WS2	Customer	Maintain and promote our public image, maintain effective communications	Council services and decisions being misrepresented in the media (including social media) which undermines public trust and confidence. Councils' 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.	Probability - 3; Impact - 3	Probability - 3; Impact - 2	September 2015
	WS3	Customer	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.	Probability - 3; Impact - 4	Probability - 2; Impact - 4	September 2015
	WS6 (on all scorecards)	Political	Managing public / councillor expectations with less resources	Falling short of providing the level of service that the public and councillors expect and demand.	Probability - 4; Impact - 5	Probability - 3; Impact - 4	September 2015
	WS8a	Political / Social	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.	Probability - 4; Impact - 5	Probability - 3; Impact - 4	September 2015
	WS14 (on all scorecards)	Physical / Social / Legal	Service failure through unplanned events	Reduced level or failure to deliver services to both internal and external clients due to unforeseen events.	Probability - 3; Impact - 4	Probability - 2; Impact - 2	September 2015
	WS19	Economic / Social	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.	Probability - 4; Impact - 2	Probability - 2; Impact - 2	September 2015

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**WEST SUFFOLK - HUMAN RESOURCES, LEGAL & DEMOCRATIC BALANCED SCORECARD**



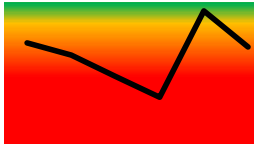
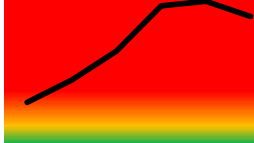
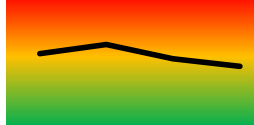

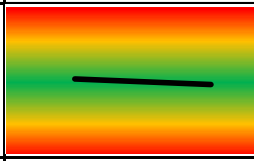

MONTH Sep 15

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HALF YEARLY Apr 15-Sept 15

\* These indicators are at organisational level

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		Current Value	Target	Frequency	Type	Trend	Comments			Current Value	Target	Frequency	Type	Trend	Comments		
RESOURCES	FINANCIAL	Year end forecast variance against budget - FHDC	£ 10,000.00	-	M	Cumulative		See budget monitoring report for more details.	CUSTOMERS	SATISFACTION	Number of formal complaints	6	No target	B	Period only		4 Elections, 2 Legal
		Year end forecast variance against budget - SEBC	£ 30,000.00	-	M	Cumulative		See budget monitoring report for more details.			Number of formal compliments	0	No target	B	Period only		
		% of non-disputed invoices paid within 30 days	87.72	95.00	M	Period only		57 invoices processed in September.		SERVICE	% on-line electoral registration *	98.00	95.00	A	Period only		
		% of debt over 90 days old	87.08	10.00	M	Cumulative		FHDC debt £2,538.28 - 100% over 90 days. SEBC debt £1,640 - 67.07% over 90 days.									
	STAFF	Average number of sick days lost per FTE per annum*	6.64	6.50	Q	Period only		Average FTE of 586.98 includes all permanent and temporary staff. Absence includes industrial injury.									
		Current Value	Target	Frequency	Type	Trend	Comments			Current Value	Target	Frequency	Type	Trend	Comments		
INTERNAL PROCESSES	HUMAN RESOURCES	Time taken to complete recruitment process - advert to offer (days)	27.27	35.00	Q	Period only			OUTCOMES	HUMAN RESOURCES	% Voluntary staff turnover *	9.19	7-12	Q	Period only		
		% of vacancies against establishment	5.00	10.00	Q	Period only					% successful staff appointments *	100.00	85.00	Q	Period only		
										H&S	Reported incidence of injuries, diseases and dangerous occurrences *	0	10	Q	Period only		There were no reported incidence of injuries, diseases and dangerous occurrences in this quarter.

PROJECTS	Name	Project Lead	Project Stage	Project Status	Approval details	Approved	Forecast	Variance	Comments

RISK	RISK ID NUMBER	Type	Title	Description - What are we trying to avoid?	WS Inherent Risk	WS Residual Risk	Last updated
	WS4	Professional	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.	Probability - 5; Impact - 4	Probability - 3; Impact - 4	September 2015
	WS6 (on all scorecards)	Political	Managing public / councillor expectations with less resources	Falling short of providing the level of service that the public and councillors expect and demand.	Probability - 5; Impact - 4	Probability - 3; Impact - 4	September 2015
	WS14 (on all scorecards)	Physical / Social / Legal	Service failure through unplanned events	Reduced level or failure to deliver services to both internal and external clients due to unforeseen events.	Probability - 3; Impact - 4	Probability - 2; Impact - 2	September 2015
	WS16	Legal	Breach of data protection and information security	Failure to ensure the accuracy and control of data. Not using good practice when handling data. Damage to council's reputation and individuals. Avoid legal challenge and prevent potential claims for compensation.	Probability - 4; Impact - 4	Probability - 2; Impact - 3	September 2015
	WS20	Physical	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.	Probability - 2; Impact - 5	Probability - 1; Impact - 5	September 2015

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WEST SUFFOLK - PLANNING & GROWTH BALANCED SCORECARD

MONTH Sep 15

QUARTER

Jul 15 - Sept 15

HALF YEARLY

Apr 15-Sept 15

		Current Value	Target	Frequency	Type	Trend	Comments			Current Value	Target	Frequency	Type	Trend	Comments		
RESOURCES	FINANCIAL	Year end forecast variance (under) / over spend against budget - FHDC	(£9,000.00)	-	M	Cumulative		See budget monitoring report for more details.	CUSTOMERS	SATISFACTION	Number of formal complaints	11	No target	B	Period only		
		Year end forecast variance (under) / over spend against budget - SEBC	£ 265,000.00	-	M	Cumulative		See budget monitoring report for more details.			Number of formal complaints	6	No target	B	Period only		
		Spend on professional fees in relation to planning appeals	£ 32,325	£ 40,224	M	Cumulative		£28,000 relates to FHDC appeals, £4,000 relates to SEBC appeals.									
		Income received against budget	(£1,296,757)	(£1,321,818)	M	Cumulative		SEBC under achieving income by £55k. FHDC over achieving income by £33k.									
		% of non-disputed invoices paid within 30 days	94.00	95.00	M	Period only		100 invoices processed in September.									
		% of debt over 90 days old	64.26	10.00	M	Cumulative		FHDC total debt £9,650.10 - 69.52% over 90 days. SEBC total debt £13,160.74 - 60.40% over 90 days.									
		Current Value	Target	Frequency	Type	Trend	Comments			Current Value	Target	Frequency	Type	Trend	Comments		
INTERNAL PROCESSES	PLANNING	% of major planning applications determined within 13 weeks	57.14	60.00	M	Period only		FHDC - 3 applications determined, 2 in time - 66.66%. SEBC - 4 applications determined, 2 in time - 50.00%	OUTCOMES	ECONOMIC DEV	New and existing businesses benefitting from the Council's Business Grant schemes	3	5	Q	Period only		2 grants were made by SEBC, and 1 by FHDC in this quarter. Each grant is for the amount of £1,500.
		% of minor planning applications determined within 8 weeks	74.51	65.00	M	Period only		FHDC - 14 applications determined, 11 in time - 78.57%. SEBC - 37 applications determined, 27 in time - 72.97%			ENVIRONMENTAL MGT	Renewable energy generated on Council properties (KWh)	104,583	No target	Q	Period only	
		% of other planning applications determined within 8 weeks	76.29	80.00	M	Period only		FHDC - 20 applications determined, 18 in time - 90.00%. SEBC - 77 applications determined, 56 in time - 72.77%		Number of solar PV rent-a-roof schemes delivered		1	No target	Q	Cumulative		11 schemes (6 at FHDC and 5 at SEBC) are in the pipe line and are expected to be delivered before December 2015.
	ENFORCEMENT	Number of new enforcement cases opened	37	No target	M	Period only		In September: FHDC cases opened - 23; SEBC cases opened - 14									
		Number of enforcement cases closed	42	No target	M	Period only		In September: FHDC cases closed - 19; SEBC cases closed - 23									
		Total number of enforcement cases open	292	No target	M	Period only		In September: FHDC total open cases - 91; SEBC total cases open -201									

PROJECTS	Name	Project Lead	Project Stage	Project Status	Approval details	Approved	Forecast	Variance	Comments

RISK	RISK ID NUMBER	Type	Title	Description - What are we trying to avoid?	WS Inherent Risk	WS Residual Risk	Last updated
	WS6 (on all scorecards)	Political	Managing public / councillor expectations with less resources	Falling short of providing the level of service that the public and councillors expect and demand.	Probability - 5; Impact - 4	Probability - 3; Impact - 4	September 2015
	WS8b	Political / Social	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; (ii) existing businesses that are thriving and new businesses brought to the area; (iii) people with the educational attainment and skills needed in our local economy; (iv) vibrant, attractive and clean high streets, village centres and markets.	Probability - 4; Impact - 5	Probability - 3; Impact - 4	September 2015
	WS14 (on all scorecards)	Physical / Social / Legal	Service failure through unplanned events	Reduced level or failure to deliver services to both internal and external clients due to unforeseen events.	Probability - 3; Impact - 4	Probability - 2; Impact - 2	September 2015
	WS12	Partnership	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	Probability - 3; Impact - 5	Probability - 2; Impact - 5	September 2015
	WS22	Economic / Social	Effects of the closure of RAF Mildenhall	Negative impact on the local economy, families and community or the housing market	Probability - 5; Impact - 4	Probability - 5; Impact - 2	September 2015

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**WEST SUFFOLK - HOUSING BALANCED SCORECARD**

MONTH Sep 15

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		Current Value	Target	Frequency	Type	Trend	Comments			Current Value	Target	Frequency	Type	Trend	Comments	
RESOURCES	FINANCIAL	Year end forecast variance (under) / over spend against budget - FHDC	(£6,000.00)	-	M	Cumulative		See budget monitoring report for more details.	CUSTOMERS	SATISFACTION	Number of formal complaints	3	No target	B	Period only	
		Year end forecast variance (under) / over spend against budget - SEBC	(£52,500.00)	-	M	Cumulative		See budget monitoring report for more details.			Number of formal compliments	0	No target	B	Period only	
		DFG mandatory grants paid £	£ 285,303.00	£ 374,500.00	M	Cumulative		Full budget expected to be spent by the year end.		SERVICE	Customer Services % of answered calls - housing	93.00	90.00	M	Period only	
		% of non-disputed invoices paid within 30 days	86.32	95.00	M	Period only		95 invoices processed in September.		% Private Rented Sector properties with rent at or below the Local Housing Allowance Rate	4.00	No target	Q	Period only		
		% of debt over 90 days old	100.00	10.00	M	Cumulative		FHDC debt £3,628.28 - 100% over 90 days. SEBC debt £748.00 - 100.00% over 90 days.								
	STAFF	Cases per member of staff - Housing Options	24.00	20-30	M	Period only										
		Cases per member of staff - Housing Standards	33.40	50-60	Q	Period only		This is an average figure across the team. A total of 730 cases were received during this quarter.								
		Current Value	Target	Frequency	Type	Trend	Comments			Current Value	Target	Frequency	Type	Trend	Comments	
INTERNAL PROCESSES	HOUSING OPTIONS	Average time taken to make decisions on homelessness applications (days)	15	14	Q	Period only			OUTCOMES	HOUSING OPTIONS	Numbers in Bands A & B	924	1300	M	Period only	
		Additional housing units registered with WSLP	34	30	Q	Cumulative					Household numbers in B&B	2	10	M	Period only	
	STRATEGIC HOUSING	Empty properties brought back into use through Council intervention	5	5	Q	Cumulative		Whilst we will keep a running total of homes empty for 6 months or longer, this target measures specific intervention undertaken by Housing.		STRATEGIC HOUSING	Number of new affordable homes delivered available for occupation	97	97	Q	Cumulative	
		% of units that are affordable on S106 sites	25.60	30.00	Q	Cumulative		Figure below 30% due to two schemes which we accepted below 30% on viability grounds. Bury scheme approved in 2011 with 14%, and a Haverhill scheme approved in 2014 with 13%.		HOUSING STANDARDS	Private sector Properties brought up to standard	30	30	Q	Cumulative	

PROJECTS	Name	Project Lead	Project Stage	Project Status	Approval details	Approved	Forecast	Variance	Comments

RISK	RISK ID NUMBER	Type	Title	Description - What are we trying to avoid?	WS Inherent Risk	WS Residual Risk	Last updated
	WS6 (on all scorecards)	Political	Managing public / councillor expectations with less resources	Falling short of providing the level of service that the public and councillors expect and demand.	Probability - 5; Impact - 4	Probability - 3; Impact - 4	September 2015
WS8c	Political / Social	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.	Probability - 5; Impact - 5	Probability - 4; Impact - 4	September 2015	
WS14 (on all scorecards)	Physical / Social / Legal	Service failure through unplanned events	Reduced level or failure to deliver services to both internal and external clients due to unforeseen events.	Probability - 3; Impact - 4	Probability - 2; Impact - 2	September 2015	
WS21	Social / Legal	Safeguarding children and vulnerable adults	Children and vulnerable adults being treated in an improper manner and not in accordance with legislation.	Probability - 3; Impact - 4	Probability - 2; Impact - 4	September 2015	

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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 – September 2015</b>	
<b>Report No:</b>	<b>PAS/SE/15/031</b>	
<b>Report to and date/s:</b>	<b>Performance and Audit Scrutiny Committee</b>	25 November 2015
	<b>Cabinet (if required)</b>	8 December 2015
<b>Portfolio holder:</b>	Ian Houlder Portfolio Holder for Resources and Performance <b>Tel:</b> 01284 810074 <b>Email:</b> <a href="mailto:ian.holder@stedsbc.gov.uk">ian.holder@stedsbc.gov.uk</a>	
<b>Lead officer:</b>	Joanne Howlett Acting Head of Resources and Performance <b>Tel:</b> 01284 757264 <b>Email:</b> <a href="mailto:joanne.howlett@westsuffolk.gov.uk">joanne.howlett@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>	• <b>Not Applicable</b>	
<b>Alternative option(s):</b>	• <b>Not Applicable</b>	
<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 Ward/s	
<b>Background papers:</b> <i>(all background papers are to be published on the website and a link included)</i>		None	
<b>Documents attached:</b>		Appendix 1- West Suffolk Strategic Risk Register 2015/2016	

## **1. Key issues and reasons for recommendation(s)**

### **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 November 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 Some individual controls or actions have been updated and those that were not ongoing and had been completed by September 2015 have been removed from the register.

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

- 1.2.1 There have been no new risks or amendments made to any existing risks since the Strategic Risk Register was last reported to this committee.

### **1.3 Closed Risks**

- 1.3.1 No existing risks have been closed since the Strategic Risk Register was last reported to this committee

### **1.4 Reasons for Recommendations**

- 1.4.1 The Council's Strategic Plan for 2013/2014, adopted by the 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.

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# West Suffolk Strategic Risk Register 2015/16 - September 2015

# (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
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	Apr-14	On-going	
							2) Business rate retention income and localising of Council tax being monitored monthly by Finance and ARP	Head of Resources & Performance	Apr-14	On-going	
							3) Regular meetings between budget holders and Resources and Performance business advisors/partners	Service Managers / Business Partners / Advisers	Apr-14	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-15	Dec-15	
							6) Strengthen the overall Performance Management Framework. E.g. Balanced Scorecards, PDRs, (also see WS18).	Head of Resources & Performance	Apr-15	Mar-16	
							7) Monitoring of investment decisions and original business cases targets/outcomes through an Officer group with representatives from Finance and Performance, Legal, Policy, Commercial and Programme Management	Head of Resources & Performance	Feb-15	on-going	
WS1 B	10-Jul-14	Financial	Head of Resources and Performance	Poor financial planning	<p>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.</p> <p>Over reliance on any one particular MTFS theme such as behaving more commercially or being an investing authority</p>		1) Budget preparation for 2016/17 - 2018/19 continues to challenge all six MTFS themes. Proposals include reference to such themes so that scrutiny can take place by LT	LT	Sep-15	Mar-16	
							2) Demand trends and financial implications validated as part of budget setting. Using monitoring reports to identify trends.	Service Managers / Business Partners / Advisers	Sep-15	On-going	
							3) Medium Term Financial Strategy update - including review of assumptions, sensitivity analysis and review of reserve and balance levels	Head of Resources and Performance	Sep-15	On-going	
							4) Scrutiny of financial reports by LT and Members through Performance and Audit Scrutiny Committee	LT	Jun-14	On-going	
							5) Monitor Government statements on future of local government funding	LT	Jun-14	On-going	
							6) New investment proposals to be considered through the Councils governance and decision making process including challenge by the Officer programme and investment groups.	LT	Jun-14	On-going	
							7) Use of data and intelligence in forecasting future scenarios.	LT	Sep-15		
WS2	10-Jul-14	Customer	Head of Families & Communities	Maintain and promote our public image, maintain effective communications	<p>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.).</p> <p>This could also potentially impact on our ability to</p>		1) Monitor media coverage through daily media alerts and, where appropriate, provide a robust response.	Comms Team	Aug-14	On-going	
							2) Positively engage with social media to disseminate positive stories about West Suffolk and address errors or misrepresentation	Comms Team	Aug-14	On-going	
							3) Train and support staff and Members in proactive communications and dealing with media.	Comms Team	Aug-14	On-going	
							4) Deliver a communications work programme which focuses on proactive communications.	Comms Team	Aug-14	On-going	

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**West Suffolk Strategic Risk Register 2015/16 - September 2015**

**(APPENDIX 1)**

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					recruit staff in competitive market.		5) Ensure that appropriate communications planning and support are identified for strategic projects. 6) Carry out timely and proportionate consultation that is available in an accessible format for everyone who wants to give us their views on a particular matter.	Comms Team	Aug-14	On-going	



West Suffolk Strategic Risk Register 2015/16 - September 2015

(APPENDIX 1)

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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) Continue to develop new web presence with full digital by default capability. 2) Clear and consistent public communications to explain changes to services and establish realistic expectations of service levels. 3) Continuing development to ensure web site remains fit for purpose. 4) Anglia Revenues Partnership, (ARP), project to rewrite and redesign website now underway. Customer service support to be provided to ensure there is an effective customer journey.	Head of Families & Communities Service Manager (Corporate Communications) Head of Families & Communities Head of Families & Communities, Head of Resources and	Oct-14 Jun-14 Nov-14 Jun-15	On-going On-going On-going Mar-16	
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) Continue to develop corporate training programme in place (including induction) for staff and members 2) To review Workforce/OD Strategy to include recruitment; succession planning; talent management and pay and reward 3) Regular evaluate outcome of Performance Reviews to identify talent management to inform succession planning 4) Consistent and regular communication to staff, including opportunities for feedback. New intranet now rolled out to facilitate this objective. 5) Annual workforce monitoring data presented to the West Suffolk Joint Staff Consultative Panel; no significant issues raised. 6) Salary bench marking being undertaken – monitor and determine areas which are becoming increasingly difficult to recruit high calibre of candidates and develop recruitment strategy	HR Business Partner HR Business Partner Head of HR, Legal and Democratic Services Service Manager (Corporate Communications) Head of HR, Legal & Democratic Services / HR Business Partner Head of HR, Legal and Democratic Services	Jun-14 Jun-14 Jun-14 Jun-14 Jun-14 Jun-14	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) Assign dedicated corporate project resources to support new projects as they arise. 3) Review and align service and skilled resources available to the strategic plan including communicate resources. 4) Regular monitoring and update discussions with portfolio holders on the corporate project plan progress	LT LT LT Programme Manager	Jun-14 Jun-14 Jun-14 Jun-14	On-going On-going On-going On-going	

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# West Suffolk Strategic Risk Register 2015/16 - September 2015

# (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 programme 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, including ICT support. 5) Early identification of Corporate capacity / priorities as part of business plan / project initiation. 6) Maintain a proactive communications strategy, including regular updates and further consultation as required, for members via the relevant portfolio holder. 7) Carry out Project Health Checks.	Programme Manager  Programme Manager  L&D team  LT  Head of Families & Communities  LT	Jun-14  Jun-14  Jun-14  Jun-14  Dec-15	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, Agresso Financial Management System (phase 2), Planning Idox 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 Information Strategy and links to the wider public sector integration agenda (Transformation Challenge Award)	Infrastructure Support Manager  Project Managers & Service Manager (ICT)  Programme Manager/ LT  Service Manager (ICT)  Infrastructure Support Manager  Service Manager (ICT)	Jun-14  Jun-14  Jun-14  Jun-14  Jun-14	On-going  Mar-16  On-going  On-going  On-going  Sep-16	
WS7b	10-Jul-14	Political Social									
WS7c	(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) Continue to develop the Families and Communities Officers role and new ways of working with councillors and the wider team. 3) Locality budgets available.	Service Manager (Families & Communities)  Service Manager (Families & Communities)  Service Manager (Families & Communities)	Oct-13  Oct-13  Oct-13	On-going  On-going  On-going	

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# West Suffolk Strategic Risk Register 2015/16 - September 2015

# (APPENDIX 1)

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	(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 (ii) existing businesses that are thriving and new businesses brought to the area (iii) people with the educational attainment and skills needed in our local economy (iv) vibrant, attractive and clean high streets, village centres and markets		1) Developing engagement with the two Local Enterprise Partnerships. Deliver 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 3) Support to WSC, SCC, UCS and other agencies involved with skills development. Monitoring attainment levels. 4) Continue to develop close working relationships with Whitehall, Norfolk partners, Lep to influence the design of any devolution agreements and business rates retention schemes.	Head of Planning & Growth	Apr-13	On-going	
	(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, with annual monitoring 2) Sub-regional Strategic Housing Market Assessment completed 2008 to identify levels of need, with annual updates and reviews. 3) Local Investment Plan 2014-18 approved by HCA, now working with RP partners to deliver. Quarterly monitoring of plan and annual review. 4) West Suffolk Choice Based Lettings Scheme regularly reviewed to reflect changes in legislation. Scheme re-tendered June 2015, with new system fully operational by April 2016. 5) Review of the West Suffolk Lettings Partnership scheme in securing tenancies in the private sector. 6) Disabled Facilities Grants process and Home Improvement Agency contract reviewed with partners in order to introduce a more co-ordinated and integrated service across agencies - tender completed September 2015, new service to be introduced Sept 2015 7) Establishment of commercial Housing Development Company in partnership with Suffolk County Council to build open market, private rented and affordable housing - Council Approved November 2015, Company incorporation January 2016, first Business and Delivery Plan February 2016.	Head of Housing	Oct-14	Apr-18	

**West Suffolk Strategic Risk Register 2015/16 - September 2015**

**(APPENDIX 1)**

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# West Suffolk Strategic Risk Register 2015/16 - September 2015

# (APPENDIX 1)

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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.	Policy Team	Jun-14	On-going	
							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.	Chief Executive and Directors	Jun-14	On-going	
							3) Robust business cases for identified opportunities	LT	Jun-14	On-going	
							4) Keeping a watching brief on the new/changing National policies on the Devolution agenda with Suffolk colleagues (also see WS8(b) 4)	Chief Executive and Directors	Jun-14	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) Liaison with the key employers to understand issues and opportunities by: coordinating and attending the West Suffolk Business Forum; organising the West Suffolk Business Festival (which provides opportunities for engagement with key employers); arranging visits to key employers for Leadership Team; promoting the ED team as a key point of contact for businesses and as a result responding to concerns and issues raised; and meeting and supporting business leaders in conjunction with the New Anglia Local Enterprise Partnership Growth Hub advisors.	Head of Planning & Growth	Jun-14	On-going	
							2) Ensuring there is sufficient employment land / premises for expansion.	Head of Planning & Growth	Jun-14	On-going	
							3) Understand skills shortage and requirements by linking business to education providers and encourage business to take on apprentices.	Head of Planning & Growth	Jun-14	On-going	
							4) Help businesses access third party funding.	Head of Planning & Growth	Jun-14	On-going	
							5) Further development of the six point jobs and growth plan	Head of Planning & Growth	Jun-14	On-going	
							6) In the worst case scenario (actions 1 - 5 ineffective) the ED team liaises with key partners such as Job Centre Plus and West Suffolk College to mitigate the impact of downsizing/restructuring.	Head of Planning & Growth			
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) Ensure robust SLA (Service Level Agreement) & JV	All HoS	Jun-14	On-going	
							2) Regular monitoring of arrangements / outcomes.	All HoS	Jun-14	On-going	
							3) Regular meetings with key partners, including fortnightly Suffolk CEO meetings to discuss impact and potential response of the Suffolk wide system. Ensure effective engagement in the Transformation Challenge Award	All HoS	Jun-14	On-going	
							4) Ensure effective engagement in the Transformation Challenge Award	CEO and LT	Jun-14	On-going	

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**West Suffolk Strategic Risk Register 2015/16 - September 2015**

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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	Aug-14  Aug-14  Aug-14  Aug-14	On-going  On-going  On-going  On-going	

West Suffolk Strategic Risk Register 2015/16 - September 2015

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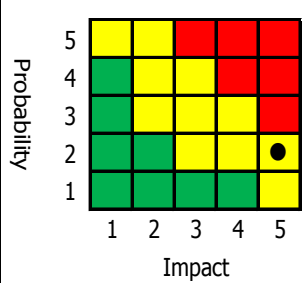
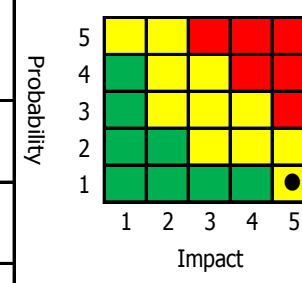
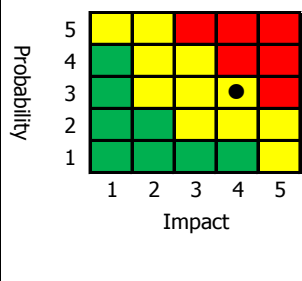
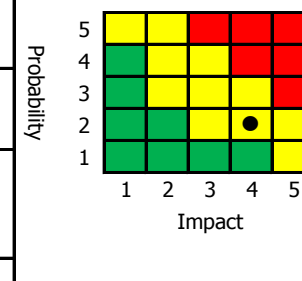
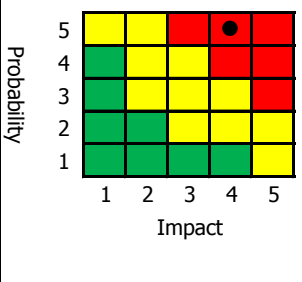
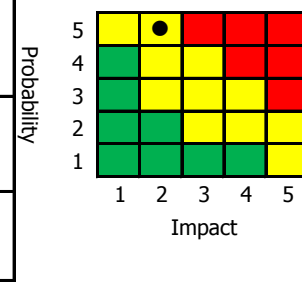
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WS16	10-Jul-14	Legal	Director	Breach of data protection and information security	Failure to ensure the accuracy and control of data. Not using good practice when handling data. Damage to council's reputation. Damage to individuals. Avoid legal challenge. Prevent potential claims for compensation.		1) Information governance group coordinates councils' approach to risks	Director	Jun-14	On-going	
							2) Records Management Working Group to coordinate councils' approach to records management	Director	Jun-14	On-going	
							3) Regular buildings checks to ensure information is held securely.	Service Manager (Internal Audit)	Jun-14	On-going	
							4) Reviewed building access arrangements at WSH. New security access barriers to be placed at the staff entrance, entrance to the first floor and access point from Reception to Café West.	Service Manager (Property Services)	Aug-14	Dec-15	
							5) Improve staff and member communication on good practices and data security	Service Manager (Corporate Communications)	Apr-14	On-going	
							6) Information Security e-learning - 1st phase, existing officers, completed. All new staff and members to complete module as part of induction programme.	Director	Apr-14	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	Head of Resources & Performance / R&P Business	Aug-14	On-going	
2) Early identification, reporting and monitoring of potential problem areas.	Service Managers / Business Partners / Advisers	Aug-14	On-going								
3) Strengthen the overall Performance Management Framework- review of the Balanced Scorecard as a performance management tool	Head of Resources & Performance	Apr-15	Mar-16								
4) Use PDR's to aid early identification of potential problem areas.											
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	Head of Housing/ Planning & Growth/Operations	Jun-14	On-going	
							2) Monitor, research and analysis around demographics through DCLG, ONS, LGA, LGC and other sources and share key findings with relevant services.	Policy Team	Jun-14	On-going	
							3) Attend meetings of Suffolk Information Forum and Transformation Challenge Award Data and Intelligence work stream 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.	Policy Team	Jun-14	On-going	

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West Suffolk Strategic Risk Register 2015/16 - September 2015

(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
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. 2) Well being programme in place. 3) Requirement for all staff to complete online H&S training and members to complete appropriate H&S induction programme. 4) Communications to staff. 5) Appropriate insurances in place and regularly reviewed. 6) Continue a programme of health and safety audits according to H&S Risk	Health & Safety Manager	Jun-14	On-going	
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. 2) Safe recruitment procedures are adopted for all staff recruitment. 3) Regular staff and member training and briefing sessions taking place included as part of induction and training programme 4) Operational links into the MASH (Multi Agency Safeguarding Hub) to be reviewed to ensure appropriate referrals are being made.	Head of Housing	Jul-09	On-going	
WS22	21-Apr-15	Economic and social	Chief Executive	Effects of the closure of RAF Mildenhall	Negative impact on the local economy, families and community or the housing market		1) Attend and play an active role in meetings of the Government-led Mildenhall, Alconbury and Molesworth Working Group as representatives of the community and local businesses 2) Co-ordinate and lead the Forest Heath member-led local Mildenhall and Lakenheath Airbases Group 3) Commission an impact study to measure the impact of the USAFE on West Suffolk and the surrounding areas 4) Work with external partners (including USAFE and UK Military) and internal departments to consider the actions to mitigate the impact of the net loss in USAFE personnel and also to consider opportunities for the RAF Mildenhall site in the context of the Government's One Public Estate Programme. 5) Hold engagement sessions with representatives from local businesses, housing organisations and the community to discuss the effects of the closure of RAF Mildenhall. Communicate with these groups throughout the project	Chief Executive	Feb-15	On-going	



**West Suffolk Strategic Risk Register 2015/16 - September 2015**

**(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

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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/15/032</b>	
<b>Report to and date:</b>	<b>Performance and Audit Scrutiny Committee</b>	25 November 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>	<p>1. Members are asked to consider and <b>note</b> the current status of its Work Programme attached at <b>Appendix 1(A)</b>.</p> <p>2. 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.</p>	
<b>Recommendation:</b>	<p><b>Performance and Audit Scrutiny Committee:</b></p> <p><b>It is <u>RECOMMENDED</u> that:</b></p> <p><b>Members consider and <u>note</u> the current status of its Work Programme.</b></p>	

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

Description	Lead Officer
<b>28 January 2016 (Time: 5.00pm)</b> <b>Informal Joint Meeting</b> <b>(Hosted by Forest Heath District Council)</b>	
<b>Joint Reports</b>	
Balanced Scorecard and Quarter 3 Performance Report 2015-16	Head of Resources and Performance
West Suffolk Strategic Risk Register – Quarter 3	Head of Resources and Performance
Work Programme Update	Scrutiny Officer
<b>St Edmundsbury Specific Reports</b>	
Financial Performance Report (Revenue and Capital) Quarter 3 – 2015-16	Service Manager (Resources and Performance)
Treasury Management Report 2015/16 – Investment Activity 1 April to 31 Dec 2015	Service Manager (Finance and Performance)
Annual Treasury Management and Investment Strategy Statements 2016/17	Service Manager (Finance and Performance)
<b>27 April 2016 (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 (2015-16) and Outline Internal Audit Plan (2016-17)	Internal Audit Manager
Annual Governance Statement (2014-2015) Action Plan Update	Internal Audit Manager
Balanced Scorecard and Quarter 4 Performance Report 2015-16	Head of Resources and Performance
West Suffolk Strategic Risk Register – Quarter 4	Head of Resources and Performance
Work Programme Update	Scrutiny Officer
<b>St Edmundsbury Specific Reports</b>	
Financial Performance Report (Revenue and Capital) Quarter 4 – 2015-16	Head of Resources and Performance
EY – Presentation of the Annual Certification Report (2014-2015)	Head of Resources and Performance
EY – Presentation of the External Audit Plan and Fees 2015-2016 and 2016-2017 Indicative Fees	Head of Resources and Performance

### **Future Items to be Programmed**

- 1) Key Performance Indicator (WS/HOU009) – Report on the Future of the West Suffolk Lettings Partnership

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

Description	Lead Officer
<b>28 January 2016 (Time: 5.00pm)</b> <b>Informal Joint Meeting</b> <b>(Hosted by Forest Heath District Council)</b>	
<b>Joint Reports</b>	
Balanced Scorecard and Quarter 3 Performance Report 2015-16	Head of Resources and Performance
West Suffolk Strategic Risk Register – Quarter 3	Head of Resources and Performance
Work Programme Update	Scrutiny Officer
<b>Forest Heath Specific Reports</b>	
Financial Performance Report (Revenue and Capital) Quarter 3 – 2015-16	Service Manager (Finance and Performance)
Treasury Management Report 2015/16 – Investment Activity 1 April to 31 Dec 2015	Service Manager (Finance and Performance)
Annual Treasury Management and Investment Strategy Statements 2016/17	Service Manager (Finance and Performance)
<b>27 April 2016 (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 (2015-16) and Outline Internal Audit Plan (2016-17)	Internal Audit Manager
Annual Governance Statement 2014-2015 Action Plan Update	Internal Audit Manager
Balanced Scorecard and Quarter 4 Performance Report 2015-16	Head of Resources and Performance
West Suffolk Strategic Risk Register – Quarter 4	Head of Resources and Performance
Work Programme Update	Scrutiny Officer
<b>Forest Heath Specific Reports</b>	
Financial Performance Report (Revenue and Capital) Quarter 4 – 2015-16	Head of Resources and Performance
EY – Presentation of the Annual Certification Report (2014-2015)	Head of Resources and Performance
EY – Presentation of the External Audit Plan and Fees 2015-2016 and 2016-2017 Indicative Fees	Head of Resources and Performance

### Future Items to be Programmed

- 1) Key Performance Indicator (WS/HOU009) – Report on the Future of the West Suffolk Lettings Partnership

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# Performance and Audit Scrutiny Committee



St Edmundsbury  
BOROUGH COUNCIL

<b>Title of Report:</b>	<b>Ernst and Young Presentation of Annual Audit Letter 2014/15</b>	
<b>Report No:</b>	<b>PAS/SE/15/033</b>	
<b>Report to and date/s:</b>	<b>Performance and Audit Scrutiny Committee</b>	25 November 2015
<b>Portfolio holder:</b>	Ian Houlder Portfolio Holder for Resources and Performance <b>Tel:</b> 01284 810074 <b>Email:</b> <a href="mailto:ian.houlder@stedsbc.gov.uk">ian.houlder@stedsbc.gov.uk</a>	
<b>Lead officer:</b>	Joanne Howlett Acting Head of Resources and Performance <b>Tel:</b> 01284 757264 <b>Email:</b> <a href="mailto:joanne.howlett@westsuffolk.gov.uk">joanne.howlett@westsuffolk.gov.uk</a>	
<b>Purpose of report:</b>	To update members on the outcome of the annual audit of the 2014/15 financial statements by Ernst and Young.	
<b>Recommendation:</b>	<b>Members are asked to <u>note</u> the report and Appendix 1.</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>	• N/A	
<b>Alternative option(s):</b>	• N/A	
<b>Implications:</b>		

Are there any <b>financial</b> implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • The report and appendix include the final scale fee in respect of the 2014/15 audit of the accounts.	
Are there any <b>staffing</b> implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Are there any <b>ICT</b> implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Are there any <b>legal and/or policy</b> implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Are there any <b>equality</b> implications? If yes, please give details		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*
None			
<b>Ward(s) affected:</b>		N/A	
<b>Background papers:</b> <i>(all background papers are to be published on the website and a link included)</i>		None	
<b>Documents attached:</b>		<b>Appendix 1</b> – Annual Audit Letter (year ending 31 March 2015)	



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

### **1.1 Summary and reasons for recommendation**

- 1.1.1 To update members on the outcome of the annual audit of the 2014/15 financial statements by Ernst and Young (EY), our external auditors, as detailed in their Annual Audit Letter for 2014/15, attached at **Appendix 1**.
- 1.1.2 The letter is for information, and confirms the completion of the audit of the 2014/15 financial statements.
- 1.1.3 No significant issues were noted by EY and, therefore, the planned audit fee for the year remains unchanged (£58,356). Work on the certification of claims and returns is not yet complete and the final fee in relation to this work will be reported in January 2016.

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# St Edmundsbury Borough Council

Annual Audit Letter for the year ended 31 March 2015

October 2015

Ernst & Young LLP





Performance and Audit Scrutiny Committee  
St Edmundsbury Borough Council  
Western Way  
Bury St Edmunds  
IP33 3YU

14 October 2015

Dear Members

## **Annual Audit Letter 2014/15**

The purpose of this annual audit letter is to communicate the key issues arising from our work to the Members and external stakeholders, including members of the public.

We have already reported the detailed findings from our audit work in our 2014/15 Annual Results Report to the 23 September 2015 Performance and Audit Scrutiny Committee, representing those charged with governance.

The matters reported here are those we consider most significant for the Council.

We would like to take this opportunity to thank officers for their assistance during the course of our work.

Yours faithfully



Neil Harris  
Executive Director  
For and on behalf of Ernst & Young LLP  
Enc.

## Contents

<b>1. Executive summary .....</b>	<b>1</b>
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Relevant parts of the Audit Commission Act 1998 are transitionally saved by the Local Audit and Accountability Act 2014 (Commencement No. 7, Transitional Provisions and Savings) Order 2015 for 2014/15 audits.

The Audit Commission's 'Statement of responsibilities of auditors and audited bodies' (Statement of responsibilities). It is available from the accountable officer of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit Letter is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

## 1. Executive summary

Our 2014/15 audit work was undertaken in accordance with the Audit Plan issued in March 2015 and was conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

The Council is responsible for preparing and publishing its Statement of Accounts, accompanied by an Annual Governance Statement (AGS). In the AGS the Council reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Council is also responsible for having proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

As auditors we are responsible for:

- forming an opinion on the financial statements, and on the consistency of other information published with them
- reviewing and reporting by exception on the Council's AGS
- forming a conclusion on the arrangements the Council has to secure economy, efficiency and effectiveness in its use of resources
- undertaking any other work specified by the Audit Commission and the Code of Audit Practice.

Summarised below are the results of our work across all these areas:

Area of work	Result
Audit of the financial statement of St Edmundsbury Borough Council for the financial year ended 31 March 2015 in accordance with International Standards on Auditing (UK & Ireland)	On 28 September 2015 we issued an unqualified audit opinion on the Council's financial statements
Form a conclusion on the arrangements the Council has made for securing economy, efficiency and effectiveness in its use of resources	On 28 September 2015 we issued an unqualified value for money conclusion
Report to the National Audit Office on the accuracy of the consolidation pack the Council needs to prepare for the Whole of Government Accounts	We reported our findings to the National Audit Office on 28 September 2015
Consider the completeness of disclosures on the Council's AGS, identify any inconsistencies with other information which we know about from our work and consider whether it complies with CIPFA/ SOLACE guidance	No issues to report
Consider whether we should make a report in the public interest on any matter coming to our notice in the course of the audit	No issues to report
Determine whether we need to take any other action in relation to our responsibilities under the Audit Commission Act	No issues to report

***As a result of the above we have also:***

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Issued a report to those charged with governance of the Council with the significant findings from our audit.

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Our Audit Results Report was issued on 10 September 2015 to the Performance and Audit Scrutiny Committee

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Issued a certificate that we have completed the audit in accordance with the requirements of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.

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Issued on 28 September 2015

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In January 2016 we will also issue a report to those charged with governance of the Council summarising the certification (of grant claims and returns) work we have undertaken.



## 2. Key findings

### 2.1 Financial statement audit

The Council's Statement of Accounts is an important tool to show both how the Council has used public money and how it can demonstrate its financial management and financial health.

We audited the Council's Statement of Accounts in line with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission and issued an unqualified audit report on 28 September 2015.

Our detailed findings were reported to the 23 September 2015 Performance and Audit Scrutiny Committee.

The main issues identified as part of our audit were:

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#### **Significant risk: Risk of management override**

We did not identify any material misstatements, evidence of bias or significant unusual transactions in our testing. We did not identify any expenditure which had been inappropriately capitalised.

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#### **Other financial statement risk: Business rates appeals provision**

The business rates appeals provision accounted for by the Council was deemed to have been calculated on a reasonable basis in line with the requirements of IAS37.

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#### **Other financial statement risk: Group accounting standards**

Our review of the group boundary did not raise any issues for the attention of Members.

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#### **Other audit risks identified from walkthrough testing: Cash and bank**

We undertook a detailed review of the year end bank reconciliations. No issues were noted.

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#### **Other audit risks identified from walkthrough testing: Payroll**

No material issues were identified from our predictive analytical review and analytics procedures.

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#### **Other key findings:**

We noted that there had been a significant change to the valuation of the Apex resulting in an impairment of £4.8m. This reduction in value highlighted weaknesses in processes in place for undertaking annual impairment reviews of significant classes of assets. The Council is now revisiting its five year revaluation programme to ensure that any significant movements will be identified and appropriately disclosed.

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Management have corrected all the misstatements we identified. None of the adjustments made impacted on the Council's useable reserves.

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## 2.2 Value for money conclusion

As part of our work we must also conclude whether the Council has proper arrangements to secure economy, efficiency and effectiveness in the use of resources. This is known as our value for money conclusion.

In accordance with guidance issued by the Audit Commission, our 2014/15 value for money conclusion was based on two criteria. We consider whether the Council had proper arrangements in place for:

- ▶ securing financial resilience, and
- ▶ challenging how it secures economy, efficiency and effectiveness.

We issued an unqualified value for money conclusion on 28 September 2015.

Since issuing our Audit Plan on 26 March 2015, we identified a significant risk in respect of the Council's arrangements for securing financial resilience. In its medium term financial strategy (MTFS) approved by Council February 2015, the Council identified a cumulative budget gap of £3.4m over the next three years to 2017/18. The Council has a good track record of delivering savings and meeting its budget. It is acutely aware of the challenges it faces and good progress has already been made on identifying robust savings and efficiency plans to bridge the medium term budget gap. We will continue to review this area during our 2015/16 audit.

## 2.3 Whole of Government Accounts

We performed the procedures required by the National Audit Office on the accuracy of the consolidation pack prepared by the Authority for Whole of Government Accounts purposes. We had no issues to report.

## 2.4 Annual Governance Statement

We are required to consider the completeness of disclosures in the Council's Annual Governance Statement, identify any inconsistencies with the other information which we know about from our work, and consider whether it complies with relevant guidance. We completed this work and did not identify any areas of concern.

## 2.5 Objections received

We did not receive any objections to the 2014/15 financial statements from members of the Public.

## 2.6 Other powers and duties

We identified no issues during our audit that required us to use powers under the Audit Commission Act 1998, including reporting in the public interest.

## 2.7 Independence

We communicated our assessment of independence to the Performance and Audit Scrutiny Committee on 24 September 2015. In our professional judgement the firm is independent and the objectivity of the audit engagement Director and audit staff has not been compromised within the meaning of regulatory and professional requirements.

## 2.8 Certification of grant claims and returns

We have not yet completed our work on the certification of grants and claims. We will issue the Annual Certification report for 2014/15 in January 2016.

### **3. Control themes and observations**

As part of our work, we obtained enough understanding of internal control to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we must tell the Council about any significant deficiencies in internal control we find during our audit.

We had no such matters to report.

## 4. Looking ahead

Looking ahead there are two issues we would like to bring to your attention:

Description	Impact
<p><b>Highways Network Asset (formerly Transport Infrastructure Assets):</b></p> <p>The Invitation to Comment on the Code of Accounting Practice for 2016/17 (ITC) sets out the requirements to account for Highways Network Asset under Depreciated Replacement Cost from the existing Depreciated Historic Cost. This is to be effective from 1 April 2016.</p> <p>This requirement is not only applicable to highways authorities, but to any local government bodies that have such assets. This may be a material change of accounting policy for the Council. It could also require changes to existing asset management systems and valuation procedures.</p> <p>Nationally, latest estimates are that this will add £1,100 billion to the net worth of authorities.</p>	<p>The Council will need to demonstrate it has assessed the impact of these changes. Even though it is not a highways authority, the requirements may still impact if it is responsible for assets such as:</p> <ul style="list-style-type: none"> <li>• Footways</li> <li>• Unadopted roads on industrial estates</li> <li>• Cycleways</li> <li>• Street Furniture</li> </ul>
<p><b>Earlier deadline for production and audit of the financial statements from 2017/18</b></p> <p>The Accounts and Audit Regulations 2015 were laid before Parliament in February 2015. A key change in the regulations is that from the 2017/18 financial year the timetable for the preparation and approval of accounts will be brought forward.</p> <p>As a result, the Council will need to produce draft accounts by 31 May and these accounts will need to be audited by 31 July.</p>	<p>These changes provide challenges for both the preparers and the auditors of the financial statements.</p> <p>The Council is aware of this challenge and the need to start planning for the impact of these changes. This will necessarily include review of the processes for the production and audit of the accounts, including areas such as the production of estimates, particularly in relation to pensions and the valuation of assets, and the year-end closure processes.</p>

## 5. Fees

Our fee for 2014/15 is in line with the scale fee set by the Audit Commission and reported in our March 2015 Audit Plan and September 2015 Annual Results Report.

	Final fee 2014/15	Planned fee 2014/15	Scale fee 2014/15	Final fee 2013/14
Total Audit Fee – Code work	£58,356	£58,356	£58,356	£60,356
Total Audit Fee – Certification of claims and returns	See note below	£27,610	£27,610	£41,096

Work on the certification of claims and returns is not yet complete. We will report our final fee for the certification work in our report to be issued by 31 January 2016.

We confirm that we have not undertaken any non-audit work outside of the Audit Commission's Audit Code requirements.

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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 2 – 2015-16</b>	
<b>Report No:</b>	<b>PAS/SE/15/034</b>	
<b>Report to and dates:</b>	<b>Performance and Audit Scrutiny Committee</b>	25 November 2015
<b>Portfolio holder:</b>	Ian Houlder Portfolio Holder for Resources and Performance <b>Tel:</b> 01284 810074 <b>Email:</b> ian.houlder@stedsbc.gov.uk	
<b>Lead officer:</b>	Joanne Howlett Acting Head of Resources and Performance <b>Tel:</b> 01284 757264 <b>Email:</b> joanne.howlett@westsuffolk.gov.uk	
<b>Purpose of report:</b>	This report sets out the Financial Performance for the second quarter of 2015-16 and forecasted outturn position for 2015-16.	
<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> <i>(all background papers are to be published on the website and a link included)</i>		None	
<b>Documents attached:</b>		<p>Appendix A – Revenue budget summary, for the period April to September 2015.</p> <p>Appendix B – Revenue budget detail, for the period April to September 2015.</p> <p>Appendix C – Capital budget summary, for the period April to September 2015.</p> <p>Appendix D – Earmarked Reserves for 2015/16</p>	

## 1. Key issues and reasons for recommendation(s)

### 1.1 Key Issues

- 1.1.1 This is the second quarter financial monitoring report, which includes year end forecast outturn figures for large variance items we are aware of. We will continue to monitor the position throughout the year and will update members any change to this position at the next PASC meeting.
- 1.1.2 Details of the Council's revenue performance and year end forecasted outturn position can be found in **Appendix A** and **B**. Explanations of the main year end forecast under / over spends can be found in the table at 1.2.3.
- 1.1.3 The Council's capital financial position for the first six months of 2015/2016 shows expenditure of £1,445,566. Further details are provided in **Appendix C**.
- 1.1.4 A summary of the earmarked reserves can be found at **Appendix D** along with the forecast year end position for 2015/16.

### 1.2 Revenue Performance

- 1.2.1 The current forecast position for the year end is showing an underspend of £83,500. Details are set out in **Appendix A** and **B**.
- 1.2.2 Members are requested to note the current 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 and an updated outturn position will be provided to this committee in January.
- 1.2.3 Year end forecast variances over £25k are explained in the table below.

Year end forecast variance: Over / (under) spend	Explanation
(£120,000)	Waste management underspends relating to savings on vehicle costs due to lower fuel prices, and additional income through the vehicle workshops.
(£75,000)	Additional income from trade waste fees.
(£38,000)	Council Tax legal and court costs now all goes through the Anglia Revenues Partnership, budget no longer required.
(£35,000)	Business rates expenditure on vacant commercial properties is less due to the lower number of vacant units.
(£30,000)	Lower than anticipated homeless accommodation costs, plus additional funding through housing benefits.
(£25,000)	More people visiting the town centres (and using the car parks) than anticipated when the budget was set. Additional income over and above this level will be used to fund replacement pay machines.
£25,000	Lower than anticipated income from legal services, coupled with higher staffing costs.

£40,000	Additional costs associated with S106 monitoring due to legislation changes, management currently reviewing options so financial position may improve.
£100,000	Planning income underachievement – see paragraphs 1.2.4 – 1.2.5 below.
£125,000	Building control income underachievement, coupled with additional costs associated with changes in the staffing structure to ensure service delivery.

- 1.2.4 As report at the July meeting of this committee, the variance reported in Planning is created in part by 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.
- 1.2.5 Management have reviewed the position, with changes to assumed income levels reflected in the 2016/17 and medium term budgets. For more details see 'Delivering a Sustainable Budget 2016/17' report number PAS/SE/15/035.

### 1.3 **Capital Position**

- 1.3.1 The Council has spent £1,445,566 of its capital budget of £13,660,104 at the 30 September 2015.
- 1.3.2 The table below is a high level summary of capital expenditure against budget for 2015/16, as well as the year end forecast variances. Further details by capital project can be found at **Appendix C**. 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>2015/16 Full Year Budget £000s</b>	<b>Spent to 30 September 2015 £000s</b>	<b>Year End Forecast Variance Over / (Under) £000s</b>
Planning and Growth	3,851	126	0
Housing	2,617	220	(39)
Resources and Performance	600	0	(560)
Families and Communities	169	19	(80)
Operations	6,423	1,081	(4,626)
<b>TOTAL</b>	<b>13,660</b>	<b>1,446</b>	<b>(5,305)</b>

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**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>Variance to Date %</b>	<b>Y/E Forecast Variance £</b>
Head of Resources & Performance	2,889,528	2,613,688	(275,840)	6.50%	(58,000)
Head of Human Resources & Democratic Services	821,340	885,966	64,626	7.87%	30,000
Head of Families and Communities	896,309	810,131	(86,178)	9.61%	(11,000)
Head of Planning and Growth	499,500	702,129	202,629	40.57%	265,000
Head of Operations	1,304,677	667,158	(637,519)	48.86%	(257,000)
Head of Housing	510,006	422,088	(87,918)	10.47%	(52,500)
<b>TOTALS:</b>	<b>6,921,360</b>	<b>6,101,160</b>	<b>(820,200)</b>	<b>11.85%</b>	<b>(83,500)</b>
Interest Receivable	(127,925)	(176,600)	(48,675)	38.05%	0
<b>TOTALS:</b>	<b>6,793,435</b>	<b>5,924,560</b>	<b>(868,875)</b>	<b>12.79%</b>	<b>(83,500)</b>

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LT01 HEAD OF RESOURCES & PERFORMANCE							
Cost Centre	Cost Centre Description	Budget to Date £	Actual to Date £	Over/(Under) Spend to Date £	Variance to Date %	Y/E Forecast Variance £	Year End Variance Notes
1000	Resources & Performance	321,362	319,969	(1,393)	0.43%	0	
1090	Grants to Organisations	158,827	159,836	1,009	0.64%	0	
8000	General Fund Adjustments	1,077,277	1,020,339	(56,938)	5.29%	0	Difference between budget and NNDR1 is £77,000. This will be funded from BRR Equalisation Reserve. The final variance may change and only the outturn position will be funded from the reserve.
<b>Resources &amp; Performance:</b>		<b>1,557,466</b>	<b>1,500,144</b>	<b>(57,322)</b>	<b>3.68%</b>	<b>0</b>	
1001	Internal Audit	72,404	58,496	(13,908)	19.21%	(20,000)	Salary underspend.
<b>Internal Audit:</b>		<b>72,404</b>	<b>58,496</b>	<b>(13,908)</b>	<b>19.21%</b>	<b>(20,000)</b>	
1002	ICT	523,863	494,785	(29,078)	5.55%	0	Some annual maintenance / licence costs to be paid in second half of year. Expected to be on budget.
<b>ICT:</b>		<b>523,863</b>	<b>494,785</b>	<b>(29,078)</b>	<b>5.55%</b>	<b>0</b>	
1010	Anglia Revenues Partnership	582,564	542,776	(39,788)	6.83%	0	Costs associated with all members of the partnership are taken into account at the year end, and recharged in accordance with the agreement. Expected to be on budget at year end.
1012	Council Tax Administration	(146,022)	(164,953)	(18,931)	12.96%	(38,000)	Legal and court costs now all goes through the ARP partnership, plus some additional court costs recovered
1013	Business Rate Administration	(86,698)	(86,674)	24	0.03%	0	
4090	Housing Benefits	(152,580)	(252,425)	(99,845)	65.44%	0	Timing of payment of benefits against receipt of subsidy grant from Government.
<b>Anglia Revenues Partnership:</b>		<b>197,264</b>	<b>38,724</b>	<b>(158,540)</b>	<b>80.37%</b>	<b>(38,000)</b>	
1100	Corporate Expenditure	437,445	428,795	(8,650)	1.98%	0	
1150	Non-Distributed Costs	52,152	41,638	(10,514)	20.16%	0	
1151	Non-Distributed Costs - Cost of Unused Assets	20,550	22,172	1,622	7.89%	0	
<b>Corporate Expenditure:</b>		<b>510,147</b>	<b>492,605</b>	<b>(17,542)</b>	<b>3.44%</b>	<b>0</b>	
1020	Emergency Planning	28,384	28,934	550	1.94%	0	
<b>Emergency Planning:</b>		<b>28,384</b>	<b>28,934</b>	<b>550</b>	<b>1.94%</b>	<b>0</b>	
<b>TOTALS: RESOURCES &amp; PERFORMANCE</b>		<b>2,889,528</b>	<b>2,613,688</b>	<b>(275,840)</b>	<b>9.55%</b>	<b>(58,000)</b>	
LT02 HEAD OF HR & DEMOCRATIC SERVICES							
Cost Centre	Cost Centre Description	Budget to Date £	Actual to Date £	Over/(Under) Spend to Date £	Variance to Date %	Y/E Forecast Variance £	Year End Variance Notes

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1030	Human Resources & Payroll	165,598	170,255	4,657	2.81%	0	
	<b>Human Resources:</b>	<b>165,598</b>	<b>170,255</b>	<b>4,657</b>	<b>2.81%</b>	<b>0</b>	
1032	Health & Safety	47,384	46,103	(1,281)	2.70%	(5,000)	Over achievement of income against budget
	<b>Health &amp; Safety:</b>	<b>47,384</b>	<b>46,103</b>	<b>(1,281)</b>	<b>2.70%</b>	<b>(5,000)</b>	
1031	Central Training Services	75,690	77,004	1,314	1.74%	0	
	<b>Learning &amp; Development:</b>	<b>75,690</b>	<b>77,004</b>	<b>1,314</b>	<b>1.74%</b>	<b>0</b>	
1040	Legal Services	124,446	167,054	42,608	34.24%	25,000	Less income than anticipated, and higher staffing costs.
	<b>Legal Services:</b>	<b>124,446</b>	<b>167,054</b>	<b>42,608</b>	<b>34.24%</b>	<b>25,000</b>	
1130	Democratic Services	93,828	97,875	4,047	4.31%	10,000	Computer software costs.
1131	Members Allowances & Expenses	168,138	175,500	7,362	4.38%	0	
1132	Mayoralty & Civic Functions	50,214	36,172	(14,042)	27.96%	0	Expected to be on budget at the year end due to the timing of civic events.
	<b>Democratic Services:</b>	<b>312,180</b>	<b>309,547</b>	<b>(2,633)</b>	<b>0.84%</b>	<b>10,000</b>	
1041	Electoral Registration	52,128	51,522	(607)	1.16%	0	
1042	Election Expenses	43,914	64,483	20,569	46.84%	0	Expected to be on budget
	<b>Elections:</b>	<b>96,042</b>	<b>116,004</b>	<b>19,962</b>	<b>20.78%</b>	<b>0</b>	
	<b>TOTALS: HR &amp; DEMOCRATIC SERVICES</b>	<b>821,340</b>	<b>885,967</b>	<b>64,627</b>	<b>7.87%</b>	<b>30,000</b>	
<b>LT03 HEAD OF FAMILIES &amp; COMMUNITIES</b>							
Cost Centre	Cost Centre Description	Budget to Date £	Actual to Date £	Over/(Under) Spend to Date £	Variance to Date %	Y/E Forecast Variance £	Year End Variance Notes
1140	Policy	77,800	74,840	(2,960)	3.80%	0	
	<b>Policy:</b>	<b>77,800</b>	<b>74,840</b>	<b>(2,960)</b>	<b>3.80%</b>	<b>0</b>	
1141	Communications	64,384	59,310	(5,074)	7.88%	0	
1142	Website and Intranet	20,690	22,794	2,104	10.17%	0	
	<b>Communications:</b>	<b>85,074</b>	<b>82,104</b>	<b>(2,970)</b>	<b>3.49%</b>	<b>0</b>	
1050	Customer Services	288,762	279,668	(9,094)	3.15%	(11,000)	Lower than budgeted annual maintenance costs for computer software.
3100	Bus Stations	111,100	121,491	10,391	9.35%	10,000	Underachievement of income targets.
	<b>Customer Services:</b>	<b>399,862</b>	<b>401,159</b>	<b>1,297</b>	<b>0.32%</b>	<b>(1,000)</b>	
2080	Community Development	154,538	143,153	(11,385)	7.37%	(10,000)	Salary underspend.
2081	Community Chest - Families & Communities	138,246	63,040	(75,206)	54.40%	0	Commissioning pot applications have just closed and grant payments have not been made. Budget expected to be spent by the end of the year.
2085	Community Centres	40,789	45,836	5,047	12.37%	0	

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Families & Communities:		333,573	252,029	(81,544)	24.45%	(10,000)	
TOTALS: FAMILIES & COMMUNITIES		896,309	810,132	(86,177)	9.61%	(11,000)	
<b>LT04 HEAD OF PLANNING &amp; GROWTH</b>							
Cost Centre	Cost Centre Description	Budget to Date £	Actual to Date £	Over/(Under) Spend to Date £	Variance to Date %	Y/E Forecast Variance £	Year End Variance Notes
5000	Development Control	(37,387)	120,862	158,249	423.27%	100,000	Under achievement of income - see main report for more details.
<b>Development Control:</b>		<b>-37,387</b>	<b>120,862</b>	<b>158,249</b>	<b>423.27%</b>	<b>100,000</b>	
5005	Planning Policy	293,147	311,572	18,425	6.29%	0	Expected to be on budget
5006	Local Plan	(8,304)	3,756	12,060	145.23%	40,000	Additional costs associated with S106 Monitoring due to legislation changes, management currently reviewing options so financial position may improve.
<b>Place Shaping:</b>		<b>284,843</b>	<b>315,328</b>	<b>30,485</b>	<b>10.70%</b>	<b>40,000</b>	
1060	Land Charges	(68,034)	(70,199)	(2,165)	3.18%	0	
5010	Building Control	(39,600)	(3,698)	35,902	90.66%	125,000	Lower than anticipated income, along with additional costs associated with changes in the staffing structure to ensure service delivery.
5015	Planning & Regulatory Support	139,818	153,322	13,504	9.66%	12,000	Salary overspend.
<b>Business (BC &amp; Support):</b>		<b>32,184</b>	<b>79,425</b>	<b>47,241</b>	<b>146.78%</b>	<b>137,000</b>	
3090	Prevention of Pollution	29,514	21,450	(8,064)	27.32%	0	Expected to be on budget
3091	Environmental Management	21,852	20,174	(1,678)	7.68%	0	
3092	Drinking Water Quality	8,958	5,760	(3,198)	35.70%	0	
3093	Climate Change	41,104	39,789	(1,315)	3.20%	0	
4020	Home Energy Conservation	2,502	280	(2,222)	88.81%	0	
<b>Environment:</b>		<b>103,930</b>	<b>87,453</b>	<b>(16,477)</b>	<b>15.85%</b>	<b>0</b>	
3095	Licensing	(21,972)	(42,964)	(20,992)	95.54%	0	Annual maintenance fee for computer software to be paid in second half of the year.

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3096	Hackney Carriage & Private Hire Licensing	(30,066)	(37,535)	(7,469)	24.84%	0	
3097	Food Safety	39,642	32,749	(6,893)	17.39%	0	
3098	Health & Safety at Work Act/Enforcement	53,292	39,962	(13,330)	25.01%	(12,000)	Salary underspend.
<b>Business Reg &amp; Licensing:</b>		<b>40,896</b>	<b>(7,788)</b>	<b>(48,684)</b>	<b>119.04%</b>	<b>(12,000)</b>	
5020	Economic Development & Growth	124,948	152,851	27,903	22.33%	0	Invoices to be raised for contributions by third parties to studies. Will bring back to budget by year end.
5021	Strategic Tourism & Markets	18,624	22,500	3,876	20.81%	0	
5022	Bury Christmas Fayre	(68,538)	(68,538)	0	0.00%	0	
5023	Park & Ride	0	39	39	0.00%	0	
<b>Economic Development &amp; Growth:</b>		<b>75,034</b>	<b>106,852</b>	<b>31,818</b>	<b>42.40%</b>	<b>0</b>	
<b>TOTALS: PLANNING &amp; GROWTH</b>		<b>499,500</b>	<b>702,132</b>	<b>202,632</b>	<b>40.57%</b>	<b>265,000</b>	
<b>LT05 HEAD OF OPERATIONS</b>							
Cost Centre	Cost Centre Description	Budget to Date £	Actual to Date £	Over/(Under) Spend to Date £	Variance to Date %	Y/E Forecast Variance £	Year End Variance Notes
3005	Vehicle Workshop	(26,830)	(35,830)	(9,000)	33.54%	(20,000)	Income trend continues to be above budget. This will be reflected in the 16/17 budgets.
3006	Pool Cars	14,124	13,334	(790)	5.59%	0	
3010	Vehicle Workshop Trading Account - FHDC	18,024	0	(18,024)	100.00%	0	
<b>Fleet Management:</b>		<b>5,318</b>	<b>(22,496)</b>	<b>(27,814)</b>	<b>523.02%</b>	<b>(20,000)</b>	
3000	Depots	(14,962)	(57,070)	(42,108)	281.43%	(25,000)	Depot cleaning charges lower than expected.
3060	Grounds Maintenance Operatives	(58,828)	(57,852)	976	1.66%	0	
3061	Tree Maintenance Operatives	(408)	(921)	(513)	125.74%	0	
3065	Waste & Cleansing Operatives	(273,690)	(316,366)	(42,676)	15.59%	(50,000)	Vehicle costs lower than budgeted, predominately as a result of lower fuel prices.
6020	Markets	(9,069)	(6,541)	2,528	27.88%	15,000	Market toll fees expected to be less than budgeted.
<b>Operational:</b>		<b>(356,957)</b>	<b>(438,750)</b>	<b>(81,793)</b>	<b>22.91%</b>	<b>(60,000)</b>	
3030	Street Cleansing	690,978	690,516	(462)	0.07%	0	
3040	Refuse Collection (Black Bin)	471,322	484,759	13,437	2.85%	0	
3041	Recycling Collection (Blue Bin)	347,122	362,777	15,655	4.51%	0	Current variance relates to timing issue of not having received all Recycling Performance Payment money due from SCC so far this year.
3042	Compostable Collection (Brown Bin)	210,658	309,250	98,592	46.80%	0	Current variance relates to timing issue of not having received all Recycling Performance Payment money due from SCC so far this year.
3043	Bulky, Fridges, Metal & Scrap Collection	53,340	58,807	5,467	10.25%	0	
3044	Clinical & Hazardous Waste Collection	11,154	10,230	(924)	8.28%	0	
3045	Multi-Bank Recycling Sites	13,140	(13,283)	(26,423)	201.09%	(25,000)	Underspend on recycling contract.
3048	Trade Waste	(672,828)	(777,660)	(104,832)	15.58%	(75,000)	Additional trade waste income.
<b>Waste - Business &amp; Commercial</b>		<b>1,124,886</b>	<b>1,125,396</b>	<b>510</b>	<b>0.05%</b>	<b>(100,000)</b>	
1080	Property Services	148,020	147,956	(64)	0.04%	0	
<b>Property Maintenance:</b>		<b>148,020</b>	<b>147,956</b>	<b>(64)</b>	<b>0.04%</b>	<b>0</b>	

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6000	Industrial & Business Units	(692,510)	(740,533)	(48,023)	6.93%	(20,000)	Due to lower number of vacant units, expenditure on vacant property business rates is less. Rental income is also predicted to be slightly higher than expected at year end.
6010	Town Centres & Shops	(361,974)	(385,967)	(23,993)	6.63%	(15,000)	Due to lower number of vacant units, expenditure on vacant property business rates is less.
<b>Property Management:</b>		<b>(1,054,484)</b>	<b>(1,126,500)</b>	<b>(72,016)</b>	<b>6.83%</b>	<b>(35,000)</b>	
1070	Offices: West Suffolk House	2,358	(41,329)	(43,687)	1852.71%	0	Underspends on utilities which will be paid by the year end.
1071	Offices: Haverhill House	10,012	(21,992)	(32,004)	319.66%	0	Underspend on utilities which will be paid by the year end.
3020	Public Conveniences	75,827	73,299	(2,528)	3.33%	0	
3025	CCTV	119,721	117,251	(2,470)	2.06%	0	
3026	Green Travel Plan	11,526	13,651	2,125	18.44%	0	
3027	Street Banners & Displays	(42)	(841)	(799)	1902.38%	0	
3070	District Highways Services	170,320	148,072	(22,248)	13.06%	0	Grounds maintenance and materials costs currently underspent. Expected to be spent by the year end.
3071	Street Furniture	16,816	8,113	(8,703)	51.75%	0	
3072	Land Drainage & Associated Works	4,446	3,132	(1,314)	29.55%	0	
<b>Facilities, CCTV &amp; Highways Services:</b>		<b>410,984</b>	<b>299,356</b>	<b>(111,628)</b>	<b>27.16%</b>	<b>0</b>	
1075	Courier & Postal Service	48,731	43,489	(5,242)	10.76%	0	
1076	Printing & Copying Service	12,750	19,620	6,870	53.88%	0	
<b>Central Services:</b>		<b>61,481</b>	<b>63,109</b>	<b>1,628</b>	<b>2.65%</b>	<b>0</b>	
3110	Off Street Car Parks	(1,094,647)	(1,385,511)	(290,864)	26.57%	(25,000)	Higher than anticipated car park income due to additional car parking events. Additional income over and above this level to be used to fund replacement of pay machines.
3120	On Street Car Parking	0	0	0	0.00%	0	
<b>Car Parking:</b>		<b>(1,094,647)</b>	<b>(1,385,511)</b>	<b>(290,864)</b>	<b>26.57%</b>	<b>(25,000)</b>	
2000	Leisure Services Management & Support	100,680	103,190	2,510	2.49%	0	
2017	Arboriculture (Tree Maintenance Works)	138,946	87,476	(51,470)	37.04%	0	Current underspend relates to phasing of contracted grounds maintenance works. Expected to be on budget at year end.
2020	Other Parks and Play Provision	236,290	241,140	4,850	2.05%	0	
2021	Abbey Gardens	140,941	147,375	6,434	4.57%	8,000	Overspend on staff costs associated with events.
2022	Nowton Park	50,618	44,781	(5,837)	11.53%	(5,000)	Overachievement of income targets.
2023	East Town Park	47,897	49,953	2,056	4.29%	0	
2024	Clare Country Park	369	7,458	7,089	1921.14%	0	Expected to be on budget at year end.
2025	Children's Play Areas	43,346	45,466	2,120	4.89%	0	
2050	Cemeteries & Closed Churchyards	110,678	107,694	(2,984)	2.70%	0	
2055	Allotments	(74)	(1,305)	(1,231)	1663.51%	0	
2040	Sports & Leisure Centres	347,461	342,372	(5,089)	1.46%	0	
2083	Leisure & Sports	24,948	25,495	547	2.19%	(5,000)	Saving relates to underspend on Cultural Services contributions.
<b>Leisure &amp; Cultural - Parks</b>		<b>1,242,100</b>	<b>1,201,095</b>	<b>(41,005)</b>	<b>3.30%</b>	<b>(2,000)</b>	
2030	Arts, Heritage & Cultural Services	93,781	94,561	780	0.83%	0	



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2031	Moyse's Hall Museum	138,182	128,379	(9,803)	7.09%	(10,000)	Salary underspend.
2032	West Stow Country Park	50,139	47,100	(3,039)	6.06%	0	
2033	West Stow ASVT Operating Account	0	(11,039)	(11,039)	0.00%	0	
2035	Heritage Outreach Services	1,752	2,978	1,226	69.98%	0	
2036	Heritage Sites & Monuments	2,412	3,516	1,104	45.77%	0	
2037	West Front Houses	24,468	15,726	(8,742)	35.73%	(10,000)	Additional income generated from service charges.
2070	Tourist Information Centres	30,271	36,565	6,294	20.79%	0	
2071	Shopmobility	8,519	7,386	(1,133)	13.30%	0	
<b>Leisure &amp; Cultural - TIC &amp; Heritage:</b>		<b>349,524</b>	<b>325,172</b>	<b>(24,352)</b>	<b>6.97%</b>	<b>(20,000)</b>	
2061	The Athenaeum	29,358	48,731	19,373	65.99%	15,000	Underachievement of income target.
2062	The Guildhall, Bury St Edmunds	17,140	18,754	1,614	9.42%	0	
<b>Leisure &amp; Cultural - Public Halls:</b>		<b>46,498</b>	<b>67,485</b>	<b>20,987</b>	<b>45.14%</b>	<b>15,000</b>	
2072	Bury Festival	29,060	35,799	6,739	23.19%	0	Expected to be on budget at year end.
<b>Commercial - Entertainment &amp; Events:</b>		<b>29,060</b>	<b>35,799</b>	<b>6,739</b>	<b>23.19%</b>	<b>0</b>	
2010	Leisure Promotion	74,094	58,240	(15,854)	21.40%	(10,000)	Saving on marketing spend.
<b>Commercial - Marketing:</b>		<b>74,094</b>	<b>58,240</b>	<b>(15,854)</b>	<b>21.40%</b>	<b>(10,000)</b>	
2011	Leisure - Commercial Activities	(98,001)	(36,674)	61,327	62.58%	0	Overall cost of the Apex expected to be on budget at the year end.
2060	The Apex	416,801	353,482	(63,319)	15.19%	0	
<b>The Apex</b>		<b>318,800</b>	<b>316,808</b>	<b>(1,992)</b>	<b>0.62%</b>	<b>0</b>	
<b>TOTALS: OPERATIONS</b>		<b>1,304,677</b>	<b>667,159</b>	<b>(637,518)</b>	<b>48.86%</b>	<b>(257,000)</b>	
<b>LT06 HEAD OF HOUSING</b>							
Cost Centre	Cost Centre Description	Budget to Date £	Actual to Date £	Over/(Under) Spend to Date £	Variance to Date %	Y/E Forecast Variance £	Year End Variance Notes
4021	Housing Renewals	63,039	54,779	(8,260)	13.10%	0	
4031	Burial of the Dead	8,914	9,806	892	10.01%	0	
4032	Gypsies & Travellers	10,733	11,445	712	6.63%	0	
4033	Other Public Health Services	102,804	105,970	3,166	3.08%	0	
<b>Public Health &amp; Housing:</b>		<b>185,490</b>	<b>182,000</b>	<b>(3,490)</b>	<b>1.88%</b>	<b>0</b>	
4000	Housing Development & Strategy	60,114	46,767	(13,347)	22.20%	(15,000)	Salary underspend.
<b>Housing Development &amp; Strategy:</b>		<b>60,114</b>	<b>46,767</b>	<b>(13,347)</b>	<b>22.20%</b>	<b>(15,000)</b>	
4010	Homelessness	118,098	59,175	(58,923)	49.89%	(30,000)	Lower than anticipated accommodation costs plus additional funding through Housing Benefits
4011	Housing Advice & Choice Based Lettings	125,058	104,218	(20,840)	16.66%	0	Subscription costs to be paid in the second half of the year.
4015	Non-HRA Housing Properties	0	1,307	1,307	0.00%	(7,500)	Benefit of Income from Lake Avenue HMO investment.
<b>Housing Options:</b>		<b>243,156</b>	<b>164,700</b>	<b>(78,456)</b>	<b>32.27%</b>	<b>(37,500)</b>	

	<b>St Edmundsbury Borough Council</b>						<b>2015/16 Q2 Budget Monitoring Report</b>
	<b>Detail by Head of Service</b>						<b>Appendix B</b>
4005	Housing Business & Partnerships	21,246	28,621	7,375	34.71%	0	
	<b>Housing Business &amp; Partnerships:</b>	<b>21,246</b>	<b>28,621</b>	<b>7,375</b>	<b>34.71%</b>	<b>0</b>	
	<b>TOTALS: HOUSING:</b>	<b>510,006</b>	<b>422,088</b>	<b>(87,918)</b>	<b>17.24%</b>	<b>(52,500)</b>	

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**2015/16 September Capital Budget Monitoring Report**

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Project Description	2014-15 Actual Spend	2015-16 Full Year Budget	2015-16 Actual Spend to Date	2015-16 Year End Forecast Variance Over / (Under)	Notes
Community Sports Facility - Moreton Hall	0	1,552,500	0	(1,552,500)	See report CAB/SE/15/022 for further details. Abbeycroft anticipate the expenditure will be drawn down during 2016/17.
Environmental Improvement Works, Risbygate Street	0	72,000	0	(72,000)	No scheme currently developed. Budget no longer needed.
St Andrews St South access arrangements	10,087	24,913	0	0	Awaiting completion.
Peach Maltings	0	51,000	0	(51,000)	No scheme currently developed. Budget no longer needed.
Haverhill Plaza	3,940	1,060	0	0	Benches have been installed.
Children's Play Equipment - Haverhill Recreation Ground	52,793	11,207	79,337	0	Play area opened in the first week of July. The balance is being met from S106 monies.
Children's Play Equipment - Horringer Court	47,931	0	0	0	Project complete.
Children's Play Equipment - Aeroplane Park	28,243	0	2,960	2,960	Project completed. Funded from S106 monies.
Children's Play Equipment - Allington Walk	0	75,000	63,060	0	Scheme in progress
Children's Play Equipment - Priors	0	155,000	0	0	Scheme expected to be completed in the latter part of 2015/16.
Children's Play Equipment - Nowton Pit	105	70,000	70,000	0	Project complete.
West Stow - Collections Building	27,086	0	0	6,090	Charge of £6,090 is yet to be paid for the completion of the archeology report.
BSE Skatepark	98,927	0	(5,339)	0	Scheme complete. Payment of the retention sum was withheld awaiting the contractor to carry out some repairs.
Parks Infrastructure	34,837	0	0	0	
Cycle Stands Cattle Market	0	5,000	0	0	
Gypsy and traveller site	2,000	587,000	0	0	Scheme under review.
Havebury - Bury Road, Chedburgh	0	400,000	0	0	Project due for completion December 2015.

Project Description	2014-15 Actual Spend	2015-16 Full Year Budget	2015-16 Actual Spend to Date	2015-16 Year End Forecast Variance Over / (Under)	Notes
Millfields Way, Haverhill	95,000	0	0	0	
Purchase of Lake Avenue HMO	250,366	0	0	0	Purchase cost and renovation costs, funding from affordable housing provision
Provision of Affordable Housing	15,000	38,634	0	(38,634)	Budget being used for feasibility works.
Vehicle & Plant Purchases	179,316	1,777,684	100,029	(1,620,000)	Expected spend for the year is £158,000. Higher levels of expenditure now anticipated in 2016/17.
CCTV Cameras and Server	26,697	448,303	359,405	0	Scheme complete.
Suffolk Business Park Investment	0	2,476,393	26,533	0	Agreed at full Council on 23/09/14 - £3m less what already paid of original loan
Growth Area Initiatives	0	88,000	0	0	
Haverhill Railway Walks, Education	0	27,000	0	0	
High Street Haverhill Improvements	0	693,000	0	0	
Millfields Way, Haverhill - Housing Scheme	0	85,000	0	0	
Lark Valley Path	0	27,000	0	0	
Rural Initiatives Grant Scheme	59,042	92,957	18,857	(35,000)	On-going grant scheme.
Empty Homes Grants to Private Owners	0	71,000	0	0	
Private Sector Disabled Facilities Grants	376,990	500,000	165,077	0	Expected to spend full budget for year.
Private Sector Renewal Grants	179,849	300,000	54,569	0	Expected to spend full budget for year.
<b>Asset Management Plan</b>					
Major Planned Building Works	0	682,000	0	(682,000)	Not yet allocated to specific scheme - unlikely to be spent in 2015/16.
HH Office Improvements	32,558	0	0	0	

Project Description	2014-15 Actual Spend	2015-16 Full Year Budget	2015-16 Actual Spend to Date	2015-16 Year End Forecast Variance Over / (Under)	Notes
Hollands Road Employment Units	14,542	12,458	0	(12,458)	No further spend expected on this scheme. Remaining budget to be used against other AMP schemes.
32 Hollands Road - Re-roofing	0	35,000	0	0	Work starting in November 2015.
Bury Leisure Centre Flumes & Cladding	455,613	62,387	147,966	86,000	Scheme complete. Over spend will be funded from major planned building works allocation.
The Apex - Improvements	23,139	0	0	0	
Bury Cemetery Buildings	0	70,000	0	(70,000)	Scheme now being redesigned. The project should be completed in 2016/17.
Bury Leisure Centre - All Weather Pitch	0	150,000	0	(150,000)	Project has not started yet. Likely to happen in 2016/17.
Haverhill Leisure Centre - All Weather Pitch	0	200,000	166,064	(29,000)	Works on site are complete.
New Moreton Hall Park	2,509	157,491	38,094	0	The contractors are now on site. Scheduled for completion prior to Christmas.
Leisure Asset Management Scheme	0	102,000	0	(102,000)	Balance to be rolled forward into 2016/17 (it will be spent on some large projects including the new tennis courts in the Abbey Gardens).
Shared FMS - Agresso	10,865	0	0	0	Phase 1 - System implementation is complete
Idox Uniform System - Software	(62,855)	0	0	0	
CRM Project	94,778	75,972	0	(45,500)	Project progressing, spend profile according to Customer Access Business Case. Project on target to be completed by March 2016.
Waste & Street Scene Back Office System	0	150,000	29,563	0	
West Stow biomass boiler	0	140,000	0	0	
Rent-a-roof	0	540,000	99,010	0	£104,500 committed to pay for first installation under this scheme. Expecting to need additional funds for 2015/16 - will use future years allocated budgets to fund.
Housing Projects	0	635,000	0	0	Budget approved at full Council on 07/07/15 - see report CAB/SE/15/030 for full details.
Feasibility Studies	0	100,000	0	(100,000)	Not likely to be used until 2016/17.
Invest to Save Projects	0	500,000	0	(460,500)	£39,500 allocated to reconfigure the bus station information building as per Cabinet report CAB/SE/15/063. Remaining amount not likely to be spent until 2016/17.

Project Description	2014-15 Actual Spend	2015-16 Full Year Budget	2015-16 Actual Spend to Date	2015-16 Year End Forecast Variance Over / (Under)	Notes
<b>PENDING ITEMS</b>					
Haverhill depot water borehole	0	21,000	21,400	400	Scheme complete.
West Stow Investment opportunitites	2,855	397,145	8,982	(380,000)	The planning application for camping is currently being reviewed, expenditure likely to start in 2016/17.
	<b>2,062,213</b>	<b>13,660,104</b>	<b>1,445,566</b>	<b>(5,305,142)</b>	

**Earmarked Reserves**

**2015/16 Q2 Budget Monitoring Report**

Reserve Details	2015/16 Opening Balance	2015/16 Budgeted Movement	2015/16 Budgeted Closing Balance	2015/16 Current Balance	2015/16 Forecast Closing Balance	2015/16 Forecast Variance (Under) / Over spent	Notes
Strategic Priorities & MTFS Reserve	2,346,657	1,051,585	3,398,242	2,902,728	2,532,742	865,500	Potential to have some under spend on capital projects which are due funded from this reserve.
Invest to Save Reserve	890,202	(15,750)	874,452	772,660	500,000	374,452	Funding of waste back office software and some project feasibility costs.
Risk/Recession Reserve	38,795	62,900	101,695	38,795	101,695	0	
BRR Equalisation Reserve	588,294	(65,000)	523,294	588,294	446,153	77,141	Difference between Budget and NNDR1 to be financed from this reserve.
Self Insured Fund	231,387	0	231,387	231,387	230,000	1,387	Funding of insurance excesses.
Computer & Telephone Equipment Reserve	300,279	73,000	373,279	299,470	343,279	30,000	
Office Equipment Reserve	828,364	39,800	868,164	848,266	419,861	448,303	Funding of CCTV project in line with Business case approved by Full Council.
Section 106 - Public Service Village	47,595	(24,750)	22,845	45,096	22,845	0	
HB Equalisation Reserve	1,606,812	(86,570)	1,520,242	1,606,812	1,520,242	0	
Special Pension Reserve	316,945	0	316,945	316,945	316,945	0	
Interest Equalisation Reserve	187,266	0	187,266	187,266	187,266	0	
Professional Fees Reserve	0	65,000	65,000	32,502	65,000	0	
ARP Reserve	59,896	0	59,896	59,896	59,896	0	
Vehicle & Plant Renewal Fund	2,184,299	(1,177,684)	1,006,615	2,784,299	2,626,299	(1,619,684)	Purchase of freighters now likely in 16/17.
Wheeled Bins	113,040	22,300	135,340	153,390	135,340	0	
BR-Building Repairs Reserve - Leisure	611,488	324,000	935,488	773,488	463,281	472,207	Play area schemes on the Priors, Nowton and Allington Walk to be funded from this reserve.
BR-Building Repairs Reserve - Other	1,257,449	(182,526)	1,074,923	1,317,172	1,150,000	(75,077)	Slight under spend expected on maintenance works due to current asset management plans
BR-Bunting Road Service	11,779	0	11,779	11,779	11,779	0	
BR-Leased Flats Management	33,957	0	33,957	33,957	33,957	0	
Industrial Rent Reserve	0	0	0	1,058,611	1,000,000	(1,000,000)	Set aside for any costs associated with 2 Jubilee Walk, Haverhill.
Commuted Maintenance Reserve	685,175	(108,900)	576,275	685,175	579,000	(2,725)	Funding of commuted maintenance costs
M-Gershom Parkington Bequest	526,319	3,500	529,819	533,047	532,000	(2,181)	Share dividend income and funding the care and maintenance of the clock collection
M-Others	65,279	0	65,279	65,279	65,279	0	
The Apex Reserve	32,580	0	32,580	21,520	17,580	15,000	£15K to be used to fund the replacement of equipment
Abbey Gardens Donation	20,927	0	20,927	9,827	9,827	11,100	To fund the removal of remaining timber at the Crankles
Rural Areas Action Plan	90,818	0	90,818	90,818	90,818	0	Top up the the RIGS fund from the current RAP reserve (£90K), by allocating an equal sum in each year for the four year period 2016-2020 (PASC report PAS/SE/15/026).

## Earmarked Reserves

## 2015/16 Q2 Budget Monitoring Report

Reserve Details	2015/16 Opening Balance	2015/16 Budgeted Movement	2015/16 Budgeted Closing Balance	2015/16 Current Balance	2015/16 Forecast Closing Balance	2015/16 Forecast Variance (Under) / Over spent	Notes
Planning Reserve	137,679	(101,600)	36,079	111,109	107,679	(71,600)	
El-Historic Building Grants	621	0	621	621	0	621	
S106 Monitoring Officer Reserve	13,617	130	13,747	3,540	0	13,747	Funding of S106 Monitoring Officer
Economic Development Reserve (LABGI)	50,597	(5,000)	45,597	93,172	45,597	0	
Homelessness Legislation Reserve	0	0	0	235,176	0	0	
S106 Revenue Reserve	0	0	0	328,151	0	0	
Election Reserve	126,366	(50,000)	76,366	141,366	96,366	(20,000)	
<b>St Edmundsbury Totals</b>	<b>13,404,482</b>	<b>(175,565)</b>	<b>13,228,917</b>	<b>16,381,614</b>	<b>13,710,725</b>	<b>(481,808)</b>	

# Performance and Audit Scrutiny Committee



St Edmundsbury  
BOROUGH COUNCIL

<b>Title of Report:</b>	<b>Delivering a Sustainable Budget 2016/17 - Update</b>	
<b>Report No:</b>	<b>PAS/SE/15/035</b>	
<b>Report to and date/s:</b>	<b>Performance and Audit Scrutiny Committee</b>	25 November 2015
<b>Portfolio holder:</b>	Ian Houlder Portfolio Holder for Resources and Performance <b>Tel:</b> 07597 961069 <b>Email:</b> <a href="mailto:ian.houlder@stedsbc.gov.uk">ian.houlder@stedsbc.gov.uk</a>	
<b>Lead officer:</b>	Joanne Howlett Acting Head of Resources and Performance <b>Tel:</b> 01284 757264 <b>Email:</b> <a href="mailto:joanne.howlett@westsuffolk.gov.uk">joanne.howlett@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 2016/17.	
<b>Recommendation:</b>	<b>It is <u>RECOMMENDED</u> that members <u>note</u> the progress made on delivering a balanced budget for 2016/17.</b>	
<b>Key Decision:</b>  (Check the appropriate box and delete all those that <b>do not</b> apply.)	Is this a Key Decision and, if so, under which definition? 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/15/026 - Delivering a sustainable Budget 2016-2017</li> </ul>	
<b>Alternative option(s):</b>	<ul style="list-style-type: none"> <li>Not applicable</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></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"/> •	
<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	
<b>Background papers:</b> <i>(all background papers are to be published on the website and a link included)</i>		<a href="#">PAS/SE/15/026</a> – Delivering a Sustainable Budget 2016-2017	
<b>Documents attached:</b>		None	



## 1. Key issues and reasons for recommendation

### 1.1 Position at November 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 September 2015, the Committee received report PAS/SE/15/026 - Delivering a Sustainable Budget 2016-2017 which set out the context of the 2016/17 budget, including details of savings targets, budget assumptions and known pressures for 2016/17.

### 1.2 Latest Budget Projections

1.2.1 **Table 1** below sets out additional pressures and the progress made to date in achieving the 2016/17 savings target. These are now being incorporated into the budgets, over and above those items brought to members' attention in September 2015 as part of report PAS/SE/15/026.

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

Description	2016/17 £'000 Pressure / (Saving)
<b>Remaining Budget Gap per report to PASC in September 2015 (PAS/SE/15/026)</b>	<b>504</b>
<b><i>Budget Saving Proposals</i></b>	
Income generation - Rent a Roof	(26)
Contract efficiencies insurance contract	(113)
Bus Station ownership/different delivery models	(100)
Savings on utilities	(63)
Vehicles savings including fuel	(116)
Collection Fund improved recovery	(174)

<b><u>Further pressures identified</u></b>	
Changes identified from review of Planning Income budgets	258
Reduction in Interest receipts due to revised assumptions and capital programme	70
Re-phasing of the leisure saving targets	62
<b><u>Additional Pressures mitigated</u></b>	
Organic waste-Brown Bins	(347)
<b><u>Other minor changes</u></b>	45
<b>Remaining Budget Gap</b>	<b>0</b>

- 1.2.2 The above table provides for a balanced budget position for St Edmundsbury Borough Council in 2016/17. This includes an assumption of a Council Tax freeze for 2016/17. However, this part of the budget setting process is subject to a Full Council decision on 23 February 2016.
- 1.2.3 The above table includes an assumption of a Council Tax freeze for 2016/17. However, this part of the budget setting process is subject to a Full Council decision on 23 February 2016.

The position is also prior to communication of the Finance Settlement announcement in December 2015 and could therefore change as a result. These figures are also subject to final calculation of the tax base.

## 2. **Additional supporting information (if required)**

- 2.1 None

# Treasury Management Sub-Committee



*St Edmundsbury*  
BOROUGH COUNCIL

<b>Title of Report:</b>	<b>Mid Year Treasury Management Report 2015/16 and Investment Activity 1 April to 30 September 2015</b>	
<b>Report No:</b>	<b>TMS/SE/15/005</b>	
<b>Report to and date/s:</b>	<b>Treasury Management Sub-Committee</b>	16 November 2015
	<b>Performance and Audit Scrutiny Committee</b>	25 November 2015
<b>Portfolio holder:</b>	Ian Houlder Portfolio Holder for Resources and Performance <b>Tel:</b> 01284 810074 <b>Email:</b> <a href="mailto:ian.houlder@stedsbc.gov.uk">ian.houlder@stedsbc.gov.uk</a>	
<b>Lead officer:</b>	Joanne Howlett Acting Head of Resources and Performance <b>Tel:</b> 01284 757264 <b>Email:</b> <a href="mailto:joanne.howlett@westsuffolk.gov.uk">joanne.howlett@westsuffolk.gov.uk</a>	
<b>Purpose of report:</b>	To present the Council's Mid Year Treasury Management Report summarising the investment activities for the period to 30 September 2015	

<b>Recommendation:</b>	<b>It is <u>RECOMMENDED</u> that, The Treasury Management Sub-Committee:</b>  <b>(1) <u>notes</u> the Mid Year Treasury Management Report; and</b>  <b>(2) make recommendations as appropriate via the Performance and Audit Scrutiny Committee to Cabinet and Council regarding the approval of the Mid Year Treasury Management Report for 2015/16, attached as Appendix 1.</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>• Treasury management activities are undertaken in consultation with Sector/Capita (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.</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. 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 credit worthiness of potential counterparties. The changing nature of the economic climate requires that these key areas are subject to on-going review.</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"/> • Please refer to main 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"/> <ul style="list-style-type: none"> <li>This report is inline with the Treasury Management Practice 6, (TMP6), of the Treasury Management Code of Practice, which requires that a current year review of the Treasury Services, against adopted annual strategy, be reported to Council by 30 November each financial year.</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>			
<b>Inherent level of risk</b> (before controls)		<b>Residual risk</b> (after controls)	
<b>Risk area</b>	Low/Medium/ High*	<b>Controls</b>	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 / building society failure resulting in loss of Council funds.	High	Use of Sector advice 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 – 2014/15 ( <a href="#">E225</a> ) and 2015/16 ( <a href="#">TMS SE 15 002</a> )	
<b>Documents attached:</b>		Appendix 1 – Mid Year Treasury Management Report 2015/16  Appendix 2 – Average Rate of Return  Appendix 3 – Investments held as at 30 September 2015	

## 1. Key issues and reasons for recommendation(s)

### 1.1 Mid Year Report 2015/16

### 1.2 Interest Earned from Treasury Investments during the period 1 April 2015 to 30 September 2015

1.2.1 The table below summarises the interest earned during the period 1 April to 30 September 2015 on the various Treasury Investments held by the Council.

1.2.2

<b>TREASURY MANAGEMENT – INTEREST EARNED SUMMARY</b>	
	<b>£</b>
Temporary Investments – Term Deposits	135,396.99
Santander Business Reserve Account	13,419.97
Bank of Scotland Current Account	327.85
Barclays Reserve Account	16,724.10
NatWest Call Account	19.94
NatWest 95 Day Account	11,049.32
Clydesdale 30 Day Account	2.22
Bank of Scotland Base Plus Account	0.22
<b>TOTAL INTEREST EARNED/ACCRUED</b>	<b>£176,940.61</b>

1.2.3 The budgeted income from investments for the period 1 April to 30 September 2015 was £127,925 (average rate of return of 0.70%). Interest actually earned during the period totalled £176,940, an overachievement of £49,015. This overachievement was mainly due to the higher cash balances being available for short term investment. These increases are due to timing differences in the collection and payment of Council Tax and NNDR.

### 1.3 Investment Activity during the period 1 April to 30 September 2015

1.3.1 The table below summarises the investment activities during the period:

<b>TREASURY MANAGEMENT – INVESTMENT ACTIVITY SUMMARY</b>	
	<b>2015/16 £m</b>
<b>Opening Balance 01 April 2014</b>	<b>40.05</b>
Investments made during the year (including transfers to business reserve accounts)	52.80
Sub Total	92.85
Investments realised during the year (including withdrawals from business reserve accounts)	41.10
<b>Closing Balance 30 September 2015</b>	<b>51.75</b>

## 1.4 **Investments held as at 30 September 2015**

1.4.1 The table below shows the investments held as at 30 September 2015:

<b>Counterparty</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Date Loaned</b>	<b>Date Returned</b>
Bank of Scotland	2,000,000	1.00%	06/10/14	06/10/15
Bank of Scotland	4,750,000	1.00%	03/11/14	03/11/15
Bank of Scotland	4,500,000	1.00%	12/02/15	12/02/16
Bank of Scotland	1,500,000	1.00%	10/04/15	08/04/16
Leeds Building Society	4,000,000	0.90%	01/05/15	29/04/16
Skipton Building Society	3,000,000	0.72%	04/06/15	04/12/15
Nottingham B/Society	2,500,000	0.70%	04/06/15	04/12/15
Nationwide B/Society	2,500,000	0.90%	04/06/15	03/06/16
National Counties B/Soc	2,000,000	0.70%	06/07/15	06/01/16
Nationwide B/Society	4,000,000	0.90%	03/08/15	03/08/16
Principality B/Society	2,500,000	0.72%	03/08/15	03/02/16
Nationwide B/Society	1,500,000	0.90%	03/09/15	01/09/16
Progressive B/Society	1,500,000	0.75%	03/09/15	03/03/16
Santander	5,500,000	0.40%	Call	
Barclays Reserve	8,000,000	0.45%	Call	
NatWest 95 Day Account	2,000,000	0.50%	95 day	
<b>TOTAL</b>	<b>51,750,000</b>			

## 2. **Market Activities**

2.1.1 Given the current financial climate, the Council, like many others, continues to find itself in one of the most challenging times for Treasury Management activities. The Council continues to hold its general policy objective, which is to invest surplus funds prudently, with security of our investments as our primary objective.

2.1.2 Base rate remained at 0.5% throughout the period and most market analysts continue to predict that this will continue throughout 2015/16 with a small staged increase not expected until 2016.

2.1.3 Investment returns continue to be one to two basis points above or below base rate, depending on duration. New investments for one year or more are attracting returns around 1%.

2.1.4 Markets will continue to be closely monitored and higher rates of return secured whenever possible.

## 3. **Borrowings**

3.1.1 The Council became debt free in 1992 and since then has refrained from any borrowing apart from the temporary use of overdraft facilities. This debt free status continued during the period 1 April 2015 to 30 September 2015.

#### 4. **Average Rate of Return**

4.1.1 The table below shows the average rate of return for the various categories of investment against the 7 day average rate and 3 year – 7 day average rate.

<b>Comparison of Average Rate of Return</b>		
	<b>Qtr 1</b>	<b>Qtr 2</b>
Temporary Investments	0.93%	0.90%
Santander Bus. Reserve	0.40%	0.40%
Bank of Scotland C/Acc	0.40%	0.40%
Barclays Reserve	0.45%	0.41%
NatWest Call Account	0.25%	0.25%
NatWest 95 Day Account	0.48%	0.46%
Clydesdale 30 Day Account	0.25%	0.25%
Bank of Scotland Base Plus	0.25%	0.25%
7 Day Average	0.47%	0.47%
3 year – 7 Day Average	0.48%	0.48%
<b>Overall Average return on Investments</b>	<b>0.70%</b>	<b>0.71%</b>



# Mid Year Treasury Management Report 2015/2016

## **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 2015/16.

## **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 2015/16 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 2015/16**

- 3.1 The Council's 2015/16 Annual Treasury Management and Investment Strategy was approved by full Council on 19 February 2015 (report TMS/SE/15/002 refers). The investment strategy for 2015/16 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 2015/16 was revised to 0.70%. 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 £255k.

#### **Investment Rates in 2015/16**

- 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 2016/17. Investment rates remained low 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 2016.

#### **The Council's Lending Criteria 2015/16**

- 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 2015 and 30 September 2015:

## Credit Criteria: Rated Banks and Institutions

Sector Colour Code Key*	Credit Criteria 1/4/15
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 2 years

## Credit Criteria: Rated Building Societies

Sector Colour Code Key*	Credit Criteria 1/4/15
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)

## Credit Criteria: Non- Rated Building Societies

Asset Base**	Credit Criteria 1/4/15
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 six 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 six months of 2015/16

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.

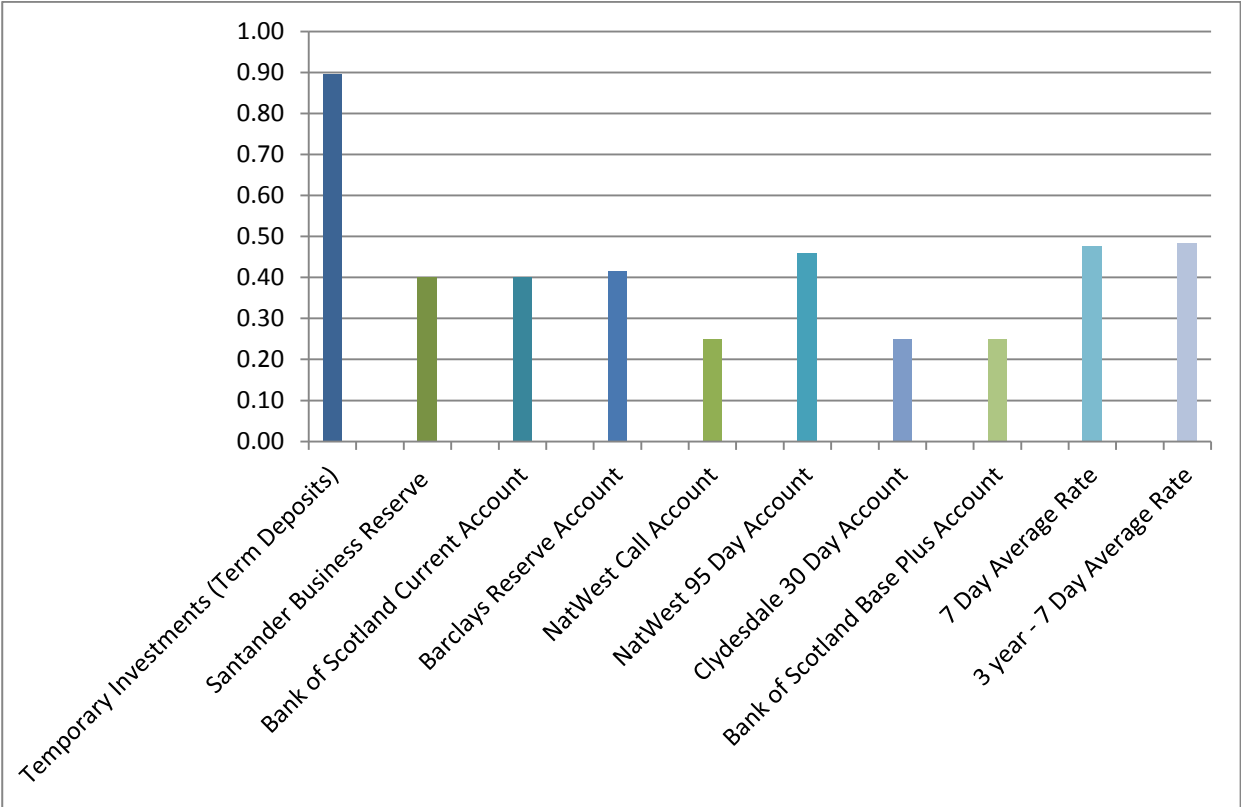
5.2 Market investments in the period are summarised as follows:

	<u>Value (£m)</u>
<b>Opening balance 1 April 2015</b>	<b>40.05</b>
Add: Investments made during the year (includes transfers to business reserve accounts)	52.80
<b>Sub Total</b>	<hr/> <b>92.85</b>
Investments realised during the year (includes withdrawals from business reserve accounts)	41.10
<b>Balance at 30 Sept 2015</b>	<hr/> <b>51.75</b> <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, Santander and NatWest. At 30 September 2015, in order to maintain liquidity whilst at the same time achieving a reasonable rate of return in relation to base rate, £15.5m was held in these accounts at interest rates between 0.35% and 0.50%.

Average Rate of Return by Investment Category



<b>Investments Held as at 30 September 2015</b>				
<b>Counterparty</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Date Loaned</b>	<b>Date Returned</b>
Bank of Scotland	2,000,000	1.00%	06/10/14	06/10/15
Bank of Scotland	4,750,000	1.00%	03/11/14	03/11/15
Bank of Scotland	4,500,000	1.00%	12/02/15	12/02/16
Bank of Scotland	1,500,000	1.00%	10/04/15	08/04/16
Leeds Building Society	4,000,000	0.90%	01/05/15	29/04/16
Skipton Building Society	3,000,000	0.72%	04/06/15	04/12/15
Nottingham Building Society	2,500,000	0.70%	04/06/15	04/12/15
Nationwide Building Society	2,500,000	0.90%	04/06/15	03/06/16
National Counties Building Society	2,000,000	0.70%	06/07/15	06/01/16
Nationwide Building Society	4,000,000	0.90%	03/08/15	03/08/16
Principality Building Society	2,500,000	0.72%	03/08/15	03/02/16
Nationwide Building Society	1,500,000	0.90%	01/09/15	01/09/16
Progressive Building Society	1,500,000	0.75%	03/09/15	03/03/16
Santander Business Reserve	5,500,000	0.40%	Call	
Barclays Reserve Account	8,000,000	0.40%	Call	
NatWest 95 Day Account	2,000,000	0.35%	Call	
<b>TOTAL</b>	<b>51,750,000</b>			