

Informal Joint Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title:	Agenda								
Date:	Thursday 28 January 2016								
Time:	5.00 pm								
Venue:	Forest Heath District Council District Offices College Heath Road Mildenhall, Suffolk								
Full Members:	<p style="text-align: center;">Chairman Sarah Broughton</p> <p style="text-align: center;">Vice Chairman 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								
Substitutes:	<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									
Interests – Declaration and Restriction on Participation:	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.								
Quorum:	Four Members								
Committee administrator:	Christine Brain Scrutiny Officer Tel: 01638 719729 Email: christine.brain@westsuffolk.gov.uk								

5.00pm	Informal discussions with Forest Heath District Council's Performance and Audit Scrutiny Committee on five substantive items listed below under Items 5 to 9 inclusive, to be held in the <u>Council Chamber</u> .
5.30pm	The formal meeting of the Performance and Audit Scrutiny Committee will commence at 5.30pm or immediately following the conclusion of the informal discussions, whichever is the later, in the <u>Training Room</u> .

All Members of Forest Heath's Performance and Audit Scrutiny Committee will be in attendance to enable informal discussions on the reports listed in Items 5 to 9 inclusive below to take place between the two authorities:

COUNCILLORS

Conservative
Group (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 information discussions, St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee will withdraw from the Council Chamber and hold its formal meeting in the **Training Room** as follows:

Public Information

Venue:	District Offices College Heath, Mildenhall, Suffolk, IP28 7EY	Tel: 01284 763233 Email: democratic.services@westsuffolk.gov.uk Web: www.westsuffolk.gov.uk
Access to agenda and reports before the meeting:	Copies of the agenda and reports are open for public inspection at the above address and at West Suffolk House, Bury St Edmunds at least five clear days before the meeting. They are also available to view on our website.	
Attendance at meetings:	The West Suffolk Councils actively welcomes members of the public and the press to attend its meetings and holds as many of its meetings as possible in public.	
Public speaking:	<p>Members of the public who live or work in West Suffolk are invited to put one question or statement of not more than three minutes duration relating to items to be discussed in Part 1 of the agenda only. If a question is asked and answered within three minutes, the person who asked the question may ask a supplementary question that arises from the reply.</p> <p>A person who wishes to speak must register at least 15 minutes before the time the meeting is scheduled to start.</p> <p>There is an overall time limit of 15 minutes for public speaking, which may be extended at the Chairman's discretion.</p>	
Disabled access:	The public gallery is on the first floor and is accessible via stairs. There is no lift but disabled seating is available at the back of the Council Chamber on the ground floor. Please see the Committee Administrator who will be able to help you.	
Induction loop:	An Induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter.	
Recording of meetings:	<p>The Council may record this meeting and permits members of the public and media to record or broadcast it as well (when the media and public are not lawfully excluded).</p> <p>Any member of the public who attends a meeting and objects to being filmed should advise the Committee Administrator who will instruct that they are not included in the filming.</p>	

Agenda
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 - 12

To confirm the minutes of the meeting held on 25 November 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. Balanced Scorecards Quarter 3 Performance Report 2015-2016

13 - 28

Report No: **PAS/SE/16/001**

(For reference purposes, Forest Heath District Council's Report Number is PAS/FH/16/001)

6. West Suffolk Strategic Risk Register Quarterly Monitoring Report - December 2015

29 - 42

Report No: **PAS/SE/16/002**

(For reference purposes, Forest Heath District Council's Report Number is PAS/FH/16/002)

7. Delivering a Sustainable Budget 2016-2017 - Procedural Update (Verbal)

	Page No
8. Development and Implementation of the Garden Waste Collection Service	43 - 52
Report No: PAS/SE/16/003 <i>(For reference purposes, Forest Heath District Council's Report Number is PAS/FH/16/003)</i>	
9. Work Programme Update	53 - 60
Report No: PAS/SE/16/004 <i>(For reference purposes, Forest Heath District Council's Report Number is PAS/FH/16/004)</i>	

Part 1(B) - Public

10. Financial Performance Report (Revenue and Capital) 2015-2016 (Quarter 3)	61 - 80
Report No: PAS/SE/16/005	
11. Treasury Management Report 2015-2016 and Investment Activity (1 April to 31 December 2015)	81 - 92
Report No: TMS/SE/16/001 will be considered by the Treasury Management Sub-Committee on 18 January 2016. 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.	
12. Annual Treasury Management and Investment Strategy Statements 2016-2017	93 - 148
Report No: TMS/SE/16/002 will be considered by the Treasury Management Sub-Committee on 18 January 2016. 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

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Informal Joint Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

**Notes of Informal Discussions held on Wednesday 25 November 2015
at 5.00pm in Conference Chamber West, West Suffolk House,
Western Way, Bury St Edmunds**

PRESENT: St Edmundsbury Borough Council (SEBC)

Councillors Sarah Broughton, Carol Bull, Beccy Hopfensperger, Betty McLatchy, David Nettleton, Karen Richardson, Barry Robbins, Peter Thompson, Paula Wade and Patricia Warby.

Also in attendance: Councillors Susan Glossop and David Roach

Forest Heath District Council (FHDC)

Councillor Colin Noble
(Chairman for the informal discussions)

Councillors Ruth Bowman, Louis Busuttil, Simon Cole, Brian Harvey, Christine Mason, Peter Ridgwell and Lance Stanbury.

IN ATTENDANCE: SEBC – Councillor Ian Houlder, Portfolio Holder for Resources and Performance
FHDC – Councillor David Bowman, Portfolio Holder for Operations
FHDC – Councillor Stephen Edwards, Portfolio Holder for Resources and Performance

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

- (1) Mid-Year Internal Audit Progress Report 2015-2016;
- (2) Subscription Charge for the Brown Bin Service
- (3) Balanced Scorecard and Quarter 2 Performance Report 2015-2016;
- (4) West Suffolk Strategic Risk Register Quarterly Report – September 2015;
- (5) Work Programme Update.

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

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

Members noted that each Council permitted public participation at their Performance and Audit Scrutiny meetings. Therefore, for the purpose of facilitating these Constitutional requirements, it was proposed that public speaking should be permitted prior to the start of the informal discussions to enable any questions/statements to be considered by both Performance and Audit Scrutiny Committees on items 1 – 5 above. On this occasion however, there were no questions/statements from members of the public.

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

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

The Senior Auditor presented the report, which advised Members of the work of the Internal Audit Section for the first half of 2015-2016 (Appendix A), provided Members with an insight of the variety of corporate projects and activities which were supported through the work of the team. The report also included an update on progress made against the 2015-2016 Internal Audit Plan previously approved by the Committee in June 2015.

A similar approach to last year's Internal Audit Plan was being undertaken in that as well as continuing to perform the usual statutory fundamental systems audits and other audit responsibilities, Internal Audit was also performing corporate and consultancy work. This approach recognised that early audit input to activities could often help prevent or bring early resolution to internal control issues, and also brought audit skills and increased available resources on significant corporate projects. For 2015-2016 to date, the team had 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 for Brandon.

Internal Audit had 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.

No significant risk exposures or control issues had been identified during the audit work undertaken during the period.

Members considered the report and did not raise any issues.

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

(Councillors Lance Stanbury and Barry Robbins arrived at 5.14pm during the consideration of this item)

(Councillor Peter Thompson left at 6.10pm during the consideration of this item).

The Service Manager (Business) presented the report, which asked Members to consider and approve in principle a West Suffolk subscription charge for the brown bin service to take effect from April 2016.

Following the agreement at full Council to implement a subscription charging scheme between £35 and £50, additional work had been undertaken to ascertain the most appropriate charging level. Based on analyses contained within Report No: PAS/SE/15/029, it was recommended that the subscription charge be set at £40 per year, per bin, per household.

Further details around the practicalities of the scheme were currently being worked through. However, it was anticipated that if households were allowed additional brown bins these would also be charged at £40 per year. The implementation and take-up of the scheme would be reviewed in three years or before, if necessary.

The proposed £40 charge across West Suffolk had been established to reflect a range of variables and assumptions and had also taken into account:

- Experience elsewhere;
- Impact on the service revenue budget; and
- Enabling efficient payment transactions.

Appendix A to the report provided a summary of information from other council's annual charges, and Appendix B summarised the estimated service costs for providing the brown bin service across West Suffolk. Based on information in Appendix B, all scenarios demonstrated a reduction in service costs. However, due to the wide variation in assumptions used, it had been agreed to:

- Review the potential budget further and as part of the cost sharing with Suffolk County Council;
- To fix the subscription charge for three years; and
- Review annually once a better understanding of take-up and service costs was available.

The report also included a number of important principles in order to ensure the subscription process was efficient and supported the model of shared services across West Suffolk.

Members scrutinised the report in detail and asked a number of questions to which responses were duly provided. In particular discussions had been held on:

- the administrative costs for the collection of the subscription charges;
- the types of payment system to be used for the collection of the subscription charges and how residents would be able to pay for this service;
- whether the annual brown bin subscription charges should be set at £39 or £40 and
- for the scheme to be reviewed after a one year take-up.

Members questioned what assessments had been carried out on the cost of the collection of the subscription charges. Officers confirmed they were still looking at the exact administrative method and costs for the collection of the subscription charge. Transitional costs were being covered through the additional payments from Suffolk County Council. Officers had been through a number of variables and agreed that there were still some unknowns, but were confident with the proposed £40 figure, and would monitor the scheme for three years and adjust the figure accordingly.

In response to a question raised by Members as to whether this annual charge could be collected through the Council Tax billing system, Officers explained that this charge would have to be collected separately as there would be legal practicalities with collecting this payment through that particular system. Officers were currently looking through the detail of the various payment options and it was anticipated that a separate billing system could be used as was the case for the collection of payments for bulky household waste. Officers were also considering online paperless Direct Debit as the primary route to pay the annual charge. However, Officers acknowledged that some residents preferred to pay through different methods and options would be considered.

A detailed discussion took place on whether the annual brown bin subscription charge should be £40 as being proposed by Officers or £39, as proposed by Councillor Nettleton, who indicated that he would be tabling, in their formal meeting, a motion for the St Edmundsbury Members to consider the approval of £39, as he considered that it would produce a better yield. He was keen to see a high take-up of the service and did not want residents putting garden waste into their black bins. Councillor David Bowman, FHDC Portfolio Holder for Operations advised the Committee that it would be desirable to have the same subscription charge for both Councils to assist with the marketing and administration of the service across West Suffolk.

Some Members considered that the various figures and variables set out Appendix B were unachievable due to only being able to collect a certain amount of garden waste in the bins. Officers advised the Committee that residents would have the option of paying for more than one bin, or alternatively residents could share bins. The Council would be looking to provide a single size bin at a flat rate of £40. There would not be a reduced rate for residents who

currently had the smaller brown bin. However, there would also be the option to upgrade to the larger bin size.

Members also suggested that any charge should be reviewed after one year and not set for three years. Members acknowledged that this was a difficult situation for the Council, however, it was important to ensure that the scheme was positively promoted and publicised to residents and the press to ensure the highest possible take-up.

As a matter of process, Members also questioned as to whether it was within the role of this Committee to actually approve the principle of this subscription charge, as its remit was to scrutinise, question and approve processes used by Officers and not for the approval of charges, which should be undertaken by the Cabinet/Council.

Members also considered that as the final detail with regard to some of the issues discussed was not currently available, it was proposed for a further update to be provided to the Committee at its next meeting scheduled for 28 January 2016.

3. **Balanced Scorecard and Quarter 2 Performance Report 2015-2016**

The Business Partner (Resources and Performance) presented the report, which set out the West Suffolk Balanced Scorecards being used to measure the Council's performance for 2015-2016 and an overview of performance against those indicators for the second quarter of 2015-2016. The six balanced scorecards (attached at Appendices A to F) were linked to the Head of Service areas, including the proposed performance measures, targets and quarter one data.

Most indicators reported performance against an agreed target using a traffic light system with additional commentary provided for performance indicators below optimum performance.

Across all service balanced scorecards, there were indicators measuring the performance of the transactional finance functions. These were "% 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.

The finance and performance team had been working with service areas to try and improve performance against both of these measures. As a result of this, performance against both of these indicators had improved across the council. Invoices paid within 30 days had risen from 78.50% in June to 87.96% in September. Debt over 90 days had dropped from 62.53% in June to 47.25% in September. Although these figures were still not within the target range, it showed improvements had been made.

Members considered the report and did not raise any issues.

4. **West Suffolk Strategic Risk Register Quarterly Report – September 2015**

The Acting Head of Resources and Performance presented the second quarterly risk register monitoring report in respect of the West Suffolk Strategic Risk Register. The Register was updated regularly by the Risk Management Group and at its recent meeting in November 2015 the Group reviewed the target risk, the risk level where the Council aimed to be, and agreed a current risk assessment. These assessments formed the revised West Suffolk Risk Register (Appendix 1).

Some individual controls or actions had been updated and those which were not ongoing and had been completed by September 2015 had been removed from the Register. There had been no new risks or amendments made to any existing risks or any existing risk closed since the Strategic Risk Register was last reported to the Committee.

Members scrutinised the report. In particular discussions were held on risk:

- WS8(b) – Failure to deliver growth agenda including coping with growth and increase in demand; and
- WS8(c) – Failure to deliver housing agenda, to which the Head of Housing provided responses.

5. **Work Programme Update**

The Acting Head of Resources and Performance presented the report, which provided information on the current status of each Committee's Work Programme for 2015-2016. Members were advised that an update report on Delivering a Sustainable Budget 2016-2017 and the Brown Bin Service would be included in its work programme for 28 January 2016.

On the conclusion of the informal joint discussions at 6.50pm, Members of Forest Heath District Council's Performance and Audit Scrutiny Committee withdrew from the Conference Chamber West to Conference Chamber East to hold their formal meeting.

The Chairman then formally opened the St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee in Conference Chamber West at 6.53pm.

Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Minutes of a meeting of the **Performance and Audit Scrutiny Committee** held on **Wednesday 25 November 2015** at **6.53pm** in **Conference Chamber West, West Suffolk House**, Western Way, Bury St Edmunds IP33 3YU

Present: **Councillors**

Chairman Sarah Broughton
Vice Chairman Patricia Warby

Carol Bull
Beccy Hopfensperger
Betty Mclatchy
Karen Richardson

Paula Wade
David Nettleton
Barry Robbins

By Invitation:

Ian Houlder, Portfolio Holder for Resources and Performance
Susan Glossop
David Roach

61. **Substitutions**

There were no substitutes declared.

62. **Apologies for Absence**

There were no apologies received.

63. **Minutes**

The minutes of the meeting held on 23 September 2015, were accepted by the Committee as an accurate record and signed by the Chairman.

64. **Public Participation**

Public participation had been included within the previous informal discussions and there had been no questions/statements from members of the public.

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

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/SE/15/028.

Members had scrutinised the report and there being no decision required, the Committee **noted** the Mid-Year Internal Audit Progress Report 2015-2016.

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

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/SE/15/029.

During the informal discussions, Members had scrutinised the report in detail and had asked a number of questions to which responses were duly provided. In particular discussions had been held on:

- whether the annual brown bin subscription charges should be set at £39 or £40;
- the administrative costs for the collection of the subscription charges;
- the types of payment system to be used for the collection of the subscription charges and how residents would be able to pay for this service; and
- for the scheme to be reviewed after a one year take-up.

As the final detail with regard to some of the issues discussed were not currently available, Members also requested for a further update to be provided to the next meeting of the Performance and Audit Scrutiny Committee on 28 January 2016.

Councillor David Nettleton moved that a brown bin annual subscription charge of £39 be approved, contrary to the Officer recommendation of £40 and that the scheme should commence on 4 April 2016 with 26 collections per year. This was seconded by Councillor Paula Wade.

The Chairman then put this motion to the vote and with 4 voting for the motion and 5 voting against, the Chairman declared the motion lost.

It was then moved by Councillor Beccy Hopfensperger and seconded by Councillor Karen Richardson that the recommendation, as set out within Report No: PAS/SE/15/029, for a £40 brown bin annual subscription charge, be approved in principle and, with 5 voting for the motion and with 4 abstentions it was:

RECOMMENDED TO THE HEAD OF OPERATIONS:

That the Performance and Audit Scrutiny Committee, approves, in principle, to a £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, subject to further consideration of:

- 1) The administrative costs for the collection of the subscription charges;
- 2) The types of payment systems to be used for the collection of the subscription charges and how residents would be able to pay for this service;
- 3) Reviewing the scheme after a one year take-up; and

- 4) A further update be presented to the Performance and Audit Scrutiny Committee at its meeting on 28 January 2016.

67. Balanced Scorecards Quarter 2 Performance 2015-2016

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/SE/15/030.

Members had scrutinised the report and there being no decision required, the Committee **noted** the Council's performance using the Balanced Scorecards for Quarter 2, 2015-2016.

68. West Suffolk Strategic Risk Register Quarterly Monitoring Report - September 2015

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/SE/15/031.

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

There being no decision required, the Committee **noted** the contents of the Quarter 2 West Suffolk Strategic Risk Register monitoring report.

69. Work Programme Update

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/SE/15/032.

Members had scrutinised the report in detail and noted that an update on Delivering a Sustainable Budget and Brown Bin Service would be presented to its January 2016 meeting.

There being no decision required, the Committee **noted** the contents of the work programme for January and April 2016.

70. Ernst and Young - Presentation of Annual Audit Letter (2014-2015)

The Committee received Report No: PAS/SE/15 /033, presented by Melanie Richardson (External Auditor), which updated Members on the outcome of the annual audit of the 2014-2015 financial statements by Ernst Young as detailed in their Annual Audit Letter for 2014-2015, attached as Appendix 1 to the report. The letter was for information and confirmed the completion of the audit of the 2014-2015 financial statements.

It was reported that the planed audit fee for the year remained unchanged (£58,356). Works on the certification of claims and returns had not net been completed and the final fee in relation to this work would be reported in January 2016.

Members asked questions, to which Melanie duly responded. In particular discussions were held on the new requirement to consider Highway Network Asset (formerly Transport Infrastructure Assets) which effected more County Council Highway Authorities than Borough/District Councils and the change to the valuation of the Apex resulting in an impairment of £4.8m.

There being no decision required, the Committee **noted** the contents of the report.

71. **Financial Performance Report (Revenue and Capital) Quarter 2 - 2015-2016**

The Committee received Report No: PAS/SE/15/034, which set out the financial performance for the second quarter of the 2015-2016 and forecasted outturn position for 2015-2016.

The current forecast position for the Revenue Budget year end was showing an underspend of £83,500 (Appendix A and B). Members were requested to note the current position and the significant variances as outlined in paragraph 1.2.3 of the report.

In terms of the Council's Capital Financial position, the Council had spent £1,445,566 of its capital budget of £13,660,104 at 30 September 2015 (Appendix C). The table set in paragraph 1.3.2 of the report provided a high level summary of capital expenditure against budget for 2015-2016, as well as the year end forecast variances of £5,305,000.

Finally attached at Appendix D was a summary of the earmarked reserves along with the forecast year end position for 2015-2016.

The Resources Team would 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 would be presented to the Performance and Audit Scrutiny Committee on a quarterly basis.

Members discussed the report in detail. In particular Members discussed Appendix B (Revenue Budget detail) relating to Off street car parks; Street furniture and Members Allowances and Expenses, to which officers duly responded.

Members also discussed Appendix C (Capital Budget summary) relating to Environmental Improvement Works, Risbygate Street (budget no longer needed); St Andrews Street South access arrangements (awaiting completion) and Peach Maltings (budget no longer needed), to which officers agreed to provide a written response.

There being no decision required, the Committee **noted** the quarter 2 financial performance report 2015-2016.

72. **Delivering a Sustainable Budget 2016-2017- Update**

The Committee received Report No: PAS/SE/15/035, which updated members on progress made towards delivering a balanced budget for 2016-2017.

The report included additional pressures and progress made to date in achieving the 2016-2017 savings target. These were now being incorporated into the budgets, over and above those items which had been brought to the Committee at its September 2015 meeting.

The update provided for a balanced budget position for 2016-2017. This included an assumption of a Council Tax freeze for 2016-2017. However, this part of the budget setting process was subject to a full Council decision on 23 February 2016. The position was also prior to communication of the Finance Settlement announcement in December 2015 and could therefore change as a result. Figures contained within the report were also subject to final calculation of the tax base.

The Committee scrutinised the report and there being no decision required, the Committee **noted** the progress made on delivering a balanced budget for 2016-2017.

73. **Mid-Year Treasury Management Performance Report and Investment Activity (April - September 2015)**

The Committee received Report No: TMS/SE/15/005, which had been considered by the Treasury Management Sub-Committee on 16 November 2015.

The Chairman provided a verbal update on the Sub-Committee's consideration of the report, which summarised the Treasury Management activity for the first six months of the 2015-2016 financial year. The Sub-Committee had scrutinised the investment activity for 1 April to 30 September 2015, asking questions of officers.

In particular the Sub-Committee discussed the increase in budgeted income for the period and suggested that more information should be provided in future reports on the breakdown of the investment balances held, in particular figures regarding the split between the Councils Revenue, Capital and General Fund Reserves. This would be included in future reports within the table summarising the investment activities during the report period.

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

The Meeting concluded at 7.20pm

Signed by:

Chairman

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Informal Joint Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Balanced Scorecard and Quarter 3 Performance report 2015-16	
Report No:	PAS/SE/16/001	
Report to and dates:	Performance and Audit Scrutiny Committee	28 January 2016
Portfolio holder:	Ian Houlder Portfolio Holder for Resources and Performance Tel: 01284 810074 Email: ian.houlder@stedsbc.gov.uk	
Lead officer:	Jo Howlett Acting Head of Resources and Performance Tel: 01284 757264 Email: joanne.howlett@westsuffolk.gov.uk	
Purpose of report:	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 third quarter of 2015-16.	
Recommendation:	Performance and Audit Scrutiny Committee: Members are requested to review the Council's performance using Balanced Scorecards for Quarter 3, 2015-16 and identify any further information required or make recommendations where remedial action or attention is required to address the Council's performance.	

Key Decision: <i>(Check the appropriate box and delete all those that do not 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"/>	
Consultation:		<ul style="list-style-type: none"> This report has been prepared in consultation with all relevant staff and Leadership Team. 	
Alternative option(s):		<ul style="list-style-type: none"> The option of doing nothing may result in poor performance, monitoring performance can highlight where remedial action may be needed 	
Implications:			
<i>Are there any financial implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 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. 	
<i>Are there any staffing implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
<i>Are there any ICT implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
<i>Are there any legal and/or policy implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 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. 	
<i>Are there any equality implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (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
Ward(s) affected:		All Ward	
Background papers:		None	

Documents attached:	Appendix A – Resources and Performance Balanced Scorecard Appendix B – Families and Communities Balanced Scorecard Appendix C – Human Resources, Legal and Democratic Balanced Scorecard Appendix D – Planning and 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 3 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 3 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 and second quarters of the year, against these indicators, almost all service 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, three service areas are now achieving over 90% performance on invoices paid within 30 days, with one of these areas achieving over 98%.

WEST SUFFOLK - RESOURCES & PERFORMANCE BALANCED SCORECARD

Appendix A

MONTH Dec 15 QUARTER Oct 15 - Dec 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	£ 81,000.00	-	M	Cumulative		See budget monitoring report for more details.	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	£ 96,000.00	-	M	Cumulative		See budget monitoring report for more details.		Number of formal compliments	0	No target	B	Period only			
		Income generated from SLAs	(£159,639.20)	(£259,768.00)	M	Cumulative		Full year income from ARP still be included.	CUSTOMERS	ORGANISATIONAL	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	1.29	1.70	Q	Cumulative		Due to higher levels of balances than anticipated, actual income received for the year to date is £27,500 higher than budget.			Organisational year end forecast variance (under) / over spend against budget - SEBC *	(£60,500.00)	-	M	Cumulative		See budget monitoring report for more details.
		% return on the investment of reserves and balances - SEBC	0.74	0.90	Q	Cumulative		Due to higher levels of balances than anticipated, actual income received for the year to date is £106,000 higher than budget.			Total income generated by organisation £ *	(£18,749,909.40)	(£17,187,942.00)	M	Cumulative		
	% of non-disputed invoices paid within 30 days	93.22	95.00	M	Period only		59 invoices processed in December.	% of total non-disputed invoices paid within 30 days *			82.49	95.00	M	Period only		1,633 invoices processed in December.	
	% of debt over 90 days old	1.48	10.00	M	Cumulative		FHDC debt £8,394.05 - 0.00% over 90 days. SEBC debt £15,432.84 - 2.28% over 90 days.	% of total debt over 90 days old *			57.63	10.00	M	Cumulative		FHDC debt £117,731.36 - 51.90% over 90 days. SEBC debt £818,413.97 - 58.46% over 90 days.	
FINANCE & PERFORMANCE																	
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			OUTCOMES	ARP	% Collection of Council Tax - FHDC	83.57	82.52	M	Cumulative		
	ICT	% of ICT Helpdesk calls completed 'on time' as defined in SLAs	93.51	90.00	Q	Period only		% Collection of Council Tax - SEBC			86.45	86.55	M	Cumulative			
	ARP	Days taken to process Housing Benefit new claims and changes - FHDC	5.80	12.00	M	Period only		% Collection of Business Rates - FHDC			82.20	83.74	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			86.32	84.13	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	December 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	December 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	December 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	December 2015
	WS7a	Technological	ICT integration	Integration of ICT across services and systems not being achieved.	Probability - 4; Impact - 4	Probability - 3; Impact - 4	December 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	December 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	December 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	December 2015
	WS18	Customer / Financial / Professional	Managing poor performance	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	December 2015

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WEST SUFFOLK - FAMILIES & COMMUNITIES BALANCED SCORECARD

Appendix B

MONTH Dec 15 QUARTER Oct 15 - Dec 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	(£21,500.00)	-	M	Cumulative		See budget monitoring report for more details.	CUSTOMERS	SATISFACTION	% Customer satisfaction with customer service - overall journey	88.00	80.00	Q	Period only	% response that agree or strongly agree to the question, 'Overall, I was satisfied with the service I received today'.	
		Year end forecast variance (under) / over spend against budget - SEBC	(£28,000.00)	-	M	Cumulative		See budget monitoring report for more detail.			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	98.39	95.00	M	Period only		62 invoices processed in December.		SERVICE	Customer service mystery shopping - average % score	0.00	90.00	Q	Period only		Mystery shopping exercises starting in Q4.
		% 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	84,612	No target	Q	Period only			OUTCOMES	CUSTOMER SERVICES	% of issues resolved at first point of contact with Customer Services - telephone	93.00	80.00	M	Period only	
		Number of unique page views to the West Suffolk councils website	267,970	No target	Q	Period only					% of issues resolved at first point of contact with Customer Services - face to face	89.00	80.00	M	Period only	
		Number of online forms completed	837	No target	M	Period only		No formal target but aim to significantly increase online form use		FAMILIES & COMMUNITIES	Outcomes delivered from public health funding	0	0	Q		This indicator is to be developed, so not available for third quarter.
		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 third quarter.	
	CUSTOMER SERVICES	% of telephone calls answered	95.00	90.00	M	Period only				Reduction in fear/ perception of crime	0	0	B		This indicator is to be developed, so not available for third quarter.	
		Number of face to face contacts (not including visitor management)	10,035	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	December 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	December 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	December 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	December 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	December 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	December 2015	

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WEST SUFFOLK - HUMAN RESOURCES, LEGAL & DEMOCRATIC BALANCED SCORECARD

Appendix C

MONTH Dec 15



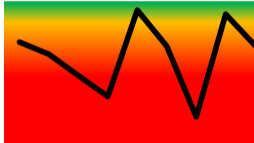
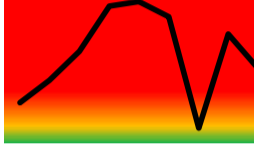


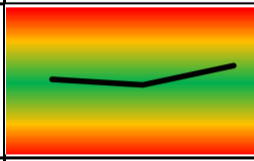

QUARTER Oct 15 - Dec 15

HALF YEARLY

Apr 15-Sept 15

* These indicators are at organisational level

Page 21

		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	£ 20,000.00	-	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	87.93	95.00	M	Period only		58 invoices processed in December.		SERVICE	% on-line electoral registration *	98.00	95.00	A	Period only		
		% of debt over 90 days old	51.44	10.00	M	Cumulative		FHDC debt £26,708.16 - 50.69% over 90 days. SEBC debt £,2100.94 - 60.93% over 90 days.									
STAFF	Average number of sick days lost per FTE per annum*	6.75	6.50	Q	Period only												
		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)	26.8	35.00	Q	Period only			OUTCOMES	HUMAN RESOURCES	% Voluntary staff turnover *	10.65	7-12	Q	Period only		
		% of vacancies against establishment	6.14	10.00	Q	Period only					% successful staff appointments *	87.50	85.00	Q	Period only		
										H&S	Reported incidence of injuries, diseases and dangerous occurrences *	1	10	Q	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
	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	December 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	December 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	December 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	December 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	December 2015

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WEST SUFFOLK - PLANNING & GROWTH BALANCED SCORECARD

Appendix D

MONTH Dec 15 QUARTER Oct 15 - Dec 15 HALF YEARLY Apr 15-Sept 15

Page 23

		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	£ 12,500.00	-	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	£ 342,000.00	-	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	£ 59,862	£ 60,336	M	Cumulative		£43,500 relates to FHDC appeals, £16,300 relates to SEBC appeals.								
		Income received against budget	(£2,175,525)	(£2,111,264)	M	Cumulative		SEBC over achieving income by £19k. FHDC over achieving income by £46k.								
		% of non-disputed invoices paid within 30 days	89.23	95.00	M	Period only		195 invoices processed in December.								
		% of debt over 90 days old	59.13	10.00	M	Cumulative		FHDC total debt £6,565.24 - 66.19% over 90 days. SEBC total debt £9,320 - 54.16% 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	80.00	60.00	M	Period only		FHDC - 5 applications determined, 4 in time - 80.00%. SEBC - 5 applications determined, 4 in time - 80.00%	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 FHDC, and 1 by SEBC in this quarter. Each grant is for the amount of £1,500.
		% of minor planning applications determined within 8 weeks	71.79	65.00	M	Period only		FHDC - 12 applications determined, 10 in time - 83.33%. SEBC - 27 applications determined, 18 in time - 66.67%			ENVIRONMENTAL MGT	Renewable energy generated on Council properties (KWh)	27,753	No target	Q	Period only	
		% of other planning applications determined within 8 weeks	78.79	80.00	M	Period only		FHDC - 19 applications determined, 15 in time - 78.95%. SEBC - 80 applications determined, 63 in time - 78.75%		Number of solar PV rent-a-roof schemes delivered		9	No target	Q	Cumulative		
	ENFORCEMENT	Number of new enforcement cases opened	27	No target	M	Period only											
		Number of enforcement cases closed	23	No target	M	Period only											
		Total number of enforcement cases open	262	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
	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	December 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	December 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	December 2015
	WS12	Partnership	Loss of a key employer (for example USAFE, Racing Industry, Greene King, WS Hospital, Centre Parcs, British Sugar) - See WS2 for USAFE	Failure to retain major employers in the area and the economic impact that it would have	Probability - 3; Impact - 5	Probability - 2; Impact - 5	December 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	December 2015

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WEST SUFFOLK - HOUSING BALANCED SCORECARD

MONTH Dec 15 QUARTER Oct 15 - Dec 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	(£15,000.00)	-	M	Cumulative		See budget monitoring reports 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 £	£ 421,180.98	£ 561,500.00	M	Cumulative		We are embedding a new HIA and system and should meet the end of year target. There are sufficient cases in the system to achieve this.		SERVICE	Customer Services % of answered calls - housing	95.00	90.00	M	Period only	
		% of non-disputed invoices paid within 30 days	93.10	95.00	M	Period only		% 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	60.54	10.00	M	Cumulative		FHDC debt £6,412.14 - 100% over 90 days. SEBC debt £4,178.90 - 0.00% over 90 days.								
	STAFF	Cases per member of staff - Housing Options	18.00	20-30	M	Period only		Caseloads tend to fall in the 2 months before Christmas then rise again afterwards. We will continue to monitor the trend.								
		Cases per member of staff - Housing Standards	20.00	50-60	Q	Period only		The next quarter will show more cases due to staff level changes								

		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)	16	14	Q	Period only		OUTCOMES	HOUSING OPTIONS	Numbers in Bands A & B	882	1300	M	Period only		
		Additional housing units registered with WSLP	52	45	Q	Cumulative				Household numbers in B&B	6	10	M	Period only		
	STRATEGIC HOUSING	Empty properties brought back into use through Council intervention	18	7	Q	Cumulative			STRATEGIC HOUSING	Number of new affordable homes delivered available for occupation	147	141	Q	Cumulative		The first homes on a scheme in Stanton have completed earlier than anticipated resulting in the Q3 position being ahead of target.
		% of units that are affordable on S106 sites	28.50	30.00	Q	Cumulative			HOUSING STANDARDS	Private sector Properties brought up to standard	70	45	Q	Cumulative		Work under our Enforcement and policy has exceeded the target

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	December 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	December 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	December 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	December 2015

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Informal Joint Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	West Suffolk Strategic Risk Register Quarterly Monitoring Report – December 2015	
Report No:	PAS/SE/16/002	
Report to and date/s:	Performance and Audit Scrutiny Committee	28 January 2016
	Cabinet (if required)	9 February 2016
Portfolio holder:	Ian Houlder Portfolio Holder for Resources and Performance Tel: 01284 810074 Email: ian.holder@stedsbc.gov.uk	
Lead officer:	Joanne Howlett Acting Head of Resources and Performance Tel: 01284 757264 Email: joanne.howlett@westsuffolk.gov.uk	
Purpose of report:	To review the West Suffolk Strategic Risk Register Quarterly Monitoring Report.	
Recommendation:	Performance and Audit Scrutiny Committee: It is <u>RECOMMENDED</u> that: (1) Members scrutinise the updated West Suffolk Strategic Risk Register at Appendix 1 and refer any major issues requiring attention to Cabinet.	
Key Decision: <i>(Check the appropriate box and delete all those that do not 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"/>	
Consultation:	• Not Applicable	
Alternative option(s):	• Not Applicable	

Implications:			
Are there any financial implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 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. 	
Are there any staffing implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
Are there any ICT implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
Are there any legal and/or policy implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
Are there any equality implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
See individual assessments against each risk as detailed in Appendix 1.			
Ward(s) affected:		All Ward/s	
Background papers:		None	
Documents attached:		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 January 2016, 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 December 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 Minor change to the format of The Strategic Risk Register

- 1.4.1 At the January meeting of The Risk Management Group it was decided that in order to differentiate between an Action and a Control Measure a new column would be added to the register.
- 1.4.2 This new column, titled "**TYPE**", contains an '**A**' where an action is in place to help mitigate the risk or a '**C**' where a control measure has been put into place.

1.5 Reasons for Recommendations

- 1.5.1 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.
- 1.5.2 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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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).		C	1) Monthly monitoring reports (revenue and capital) to budget holders.	Head of Resources & Performance	N/A	N/A	
							C	2) Business rate retention income and localising of Council tax being monitored monthly by Finance and ARP	Head of Resources & Performance	N/A	N/A	
							C	3) Regular meetings between budget holders and Resources and Performance business advisors/partners	Service Managers / Business Partners / Advisers	N/A	N/A	
							C	4) Scrutiny of financial reports by LT and Members through Performance and Audit Scrutiny Committee	LT	N/A	N/A	
							A	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 Completed	
							A	6) Strengthen the overall Performance Management Framework. E.g. Balanced Scorecards, PDRs, (also see WS18).	Head of Resources & Performance	Apr-15	Mar-16	
							C	7) Monitoring of investment decisions and original business cases targets/outcomes through an Officer group.	Head of Resources & Performance	N/A	N/A	
WS1 B	10-Jul-14	Financial	Head of Resources and Performance	Poor financial planning	Failure to deliver a sustainable Medium Term Financial Strategy, especially in view of continued financial uncertainty around areas such as Comprehensive Spending Review, localisation of Business Rates, localising Council Tax, increased service demand, and use of reserves. Over reliance on any one particular MTFS theme such as behaving more commercially or being an investing authority		A	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	N/A	Mar-16	
							C	2) Demand trends and financial implications validated as part of budget setting. Using monitoring reports to identify trends.	Service Managers / Business Partners / Advisers	N/A	N/A	
							C	3) Medium Term Financial Strategy update - including review of assumptions, sensitivity analysis and review of reserve and balance levels	Head of Resources and Performance	N/A	N/A	
							C	4) Scrutiny of financial reports by LT and Members through Performance and Audit Scrutiny Committee	LT	N/A	N/A	
							C	5) Monitor Government statements on future of local government funding	LT	N/A	N/A	
							C	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	N/A	N/A	
							C	7) Use of data and intelligence in forecasting future scenarios.	LT	N/A	N/A	
WS2	10-Jul-14	Customer	Head of Families & Communities	Maintain and promote our public image, maintain effective communications	Councils being portrayed negatively in the media (including social media) which undermines public trust and confidence. Councils' poor reputation preventing them from entering into positive partnerships with others, or securing funding. Lack of public trust and confidence in the councils that could affect their ability to work WITH communities in achieving the strategic priorities and to achieve behaviour change (e.g. around recycling, channel shift etc.). This could also potentially impact on our ability to recruit staff in competitive market.		C	1) Monitor media coverage through daily media alerts and, where appropriate, provide a robust response.	Comms Team	N/A	N/A	
							C	2) Positively engage with social media to disseminate positive stories about West Suffolk and address errors or misrepresentation	Comms Team	N/A	N/A	
							C	3) Train and support staff and Members in proactive communications and dealing with media.	Comms Team	N/A	N/A	
							C	4) Deliver a communications work programme which focuses on proactive communications.	Comms Team	N/A	On-going	
							A	5) Ensure that appropriate communications planning and support are identified for strategic projects as per individual project plans	Comms Team	Aug-14	On-going	

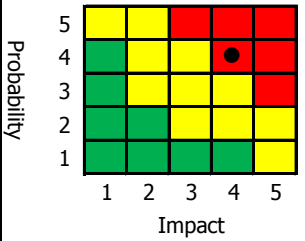
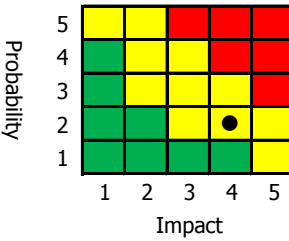
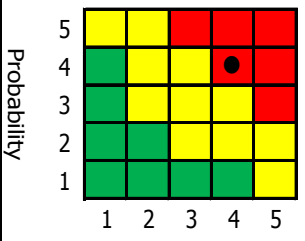
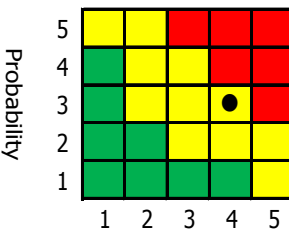
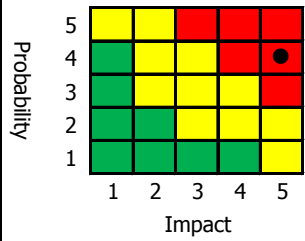
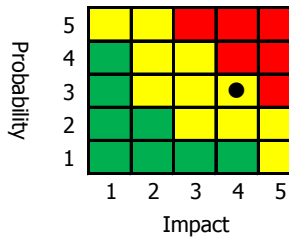
West Suffolk Strategic Risk Register 2015/16 - December 2015

(APPENDIX 1)

Type: A = Action, C = Control												
RISK ID NUMBER	Date risk added to register	Type	Current Owner	Title	Description - What are we trying to avoid?	WS Inherent Risk	Type	Summary of Controls / Actions - What we are doing / need to do to prevent it.	Who is responsible for the actions	Start date	Target completion date/ Complete	WS Residual Risk
							C	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.	Policy Team	N/A	N/A	

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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.		C	1) Continue to develop new web presence with full digital by default capability.	Head of Families & Communities	N/A	N/A	
							C	2) Clear and consistent public communications to explain changes to services and establish realistic expectations of service levels.	Service Manager (Corporate Communications)	N/A	N/A	
							C	3) Continuing development to ensure web site remains fit for purpose.	Head of Families & Communities	N/A	N/A	
							C	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, Head of Resources and	N/A	N/A	
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.		A	1) Continue to develop corporate training programme in place (including induction) for staff and members	HR Business Partner	Jun-14	On-going	
							A	2) To review Workforce/OD Strategy to include recruitment; succession planning; talent management and pay and reward	HR Business Partner	Jun-14	On-going	
							C	3) Regular evaluate outcome of Performance Reviews to identify talent management to inform succession planning	Head of HR, Legal and Democratic Services	N/A	N/A	
							C	4) Consistent and regular communication to staff, including opportunities for feedback. New intranet now rolled out to facilitate this objective.	Service Manager (Corporate Communications)	N/A	N/A	
							A	5) Annual workforce monitoring data presented to the West Suffolk Joint Staff Consultative Panel; no significant issues raised.	Head of HR, Legal & Democratic Services / HR Business Partner	Jun-14	On-going	
							A	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	Head of HR, Legal and Democratic Services	Jun-14	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.		C	1) Understand priorities and expectations through Strategic Plan and MTFs	LT	N/A	N/A	
							C	2) Assign dedicated corporate project resources to support new projects as they arise.	LT	N/A	N/A	
							A	3) Review and align service and skilled resources available to the strategic plan including communicate resources.	LT	Jun-14	On-going	
							C	4) Regular monitoring and update discussions with portfolio holders on the corporate project plan progress	LT	N/A	N/A	

Page 35

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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.		A	1) Maintain and develop an efficient project management framework (led by corporate programme manager).	Programme Manager	Jun-14	On-going	
							A	2) Development and ongoing oversight of corporate project plan, to avoid concurrent demands on support services	Programme Manager	Jun-14	On-going	
							A	3) Training of all staff involved in project work in core project management skills	L&D team	Jun-14	On-going	
							C	4) Project support and resources to be included in further project business cases, including ICT support	LT	N/A	N/A	
							C	5) Early identification of Corporate capacity / priorities as part of business plan / project initiation.	LT	N/A	N/A	
							C	6) Carry out Project Health Checks.	LT	N/A	N/A	
WS7a	10-Jul-14	Technological	Head of Resources and Performance	ICT integration	Integration of ICT across services and systems not being achieved. Failure to keep Business Applications aligned.		A	1) Maintain alignment of ICT infrastructure and corporate systems through corporate project plan	Infrastructure Support Manager	Jun-14	On-going	
							A	2) Continued Business Applications intergation/alignment – including, Customer Access solution, Waste Management, GIS system, Agresso Financial Management System (phase 2), Planning Idox System - through corporate project plan	Project Managers & Service Manager (ICT)	Jun-14	Mar-16	
							C	3) Regular review of both integration programmes through corporate projects plan.	Programme Manager/ LT	N/A	N/A	
							A	4) Implementation of Integration Tool kit.	Service Manager (ICT)	Jun-14	On-going	
							C	5) Monthly testing of the Council PSN compliance including the checking and monitoring of new and existing staff. No tolerance approach adopted.	Infrastructure Support Manager	N/A	N/A	
							A	6) Development of a West Suffolk Information Strategy and links to the wider public sector integration agenda (Transformation Challenge Award)	Service Manager (ICT)	Jun-14	Sep-16	
WS8 Page 36	10-Jul-14 (a)	Political Social	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		C	1) Initial Families & Community Strategy now complete. Continuous development and review of strategy to ensure that it remains fit for purpose.	Service Manager (Families & Communities)	N/A	N/A	
							C	2) Continue to develop the Families and Communities Officers role and new ways of working with councillors and the wider team.	Service Manager (Families & Communities)	N/A	N/A	
							A	3) Locality budgets and Community Chest funds available. Ensure both are used effectively and as intended.	Service Manager (Families & Communities)	Oct-13	On-going	

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Page 37	(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:		C	1) Developing engagement with the two Local Enterprise Partnerships. Deliver Six Point Plan for Jobs and Growth. Monitoring the local economy.	Head of Planning & Growth	N/A	N/A		
					(i) beneficial growth that enhances prosperity and quality of life			C	2) Small budget to support businesses with grants. Business rate income being closely monitored from April 2013 by ARP. Developing Inward Investment strategy. Increase Business engagement	Head of Planning & Growth	N/A		N/A
					(ii) existing businesses that are thriving and new businesses brought to the area			C	3) Support to WSC, SCC, UCS and other agencies involved with skills development. Monitoring attainment levels.	Head of Planning & Growth	N/A		N/A
					(iii) people with the educational attainment and skills needed in our local economy			C	4) Continue to develop close working relationships with Whitehall, Norfolk partners, LEPS to influence the design of any devolution agreements and business rates retention schemes.	Head of Planning & Growth	N/A		N/A
					(iv) vibrant, attractive and clean high streets, village centres and markets			A	5) Development and delivery of Local Plans	Head of Planning & Growth	Dec-15		On-going
Page 37	(c)		Head of Housing / Head of Planning & Growth	Failure to deliver; Housing Agenda		C	1) West Suffolk Housing strategy adopted, implementation of agreed Action Plan, with annual monitoring	Head of Housing	N/A	N/A			
				(i) sufficient housing for current and future generations, including more affordable homes and improvements to existing housing			C	2) Sub-regional Strategic Housing Market Assessment completed 2008 to identify levels of need, with annual updates and reviews.	Head of Housing	N/A		N/A	
				(ii) new developments that are fit for the future, properly supported by infrastructure, and that build communities, not just housing			C	3) Local Investment Plan 2014-18 approved by HCA, now working with RP partners to deliver. Quarterly monitoring of plan and annual review.	Head of Housing	N/A		N/A	
				(iii) homes that are flexible for people's changing needs			C	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.	Service Manager (Housing Options)	N/A		N/A	
							A	5) Review of the West Suffolk Lettings Partnership scheme in securing tenancies in the private sector.	Service Manager (Housing Options)	Sep-14		Mar-16	
							A	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.	Service Manager (Housing Standards)	Apr-14		01/12/2015 TBC	
							A	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	Apr-15		See action 7 text for details of dates.	

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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.		C	1) Keep a watching brief on, and disseminate information on new funding models and opportunities through DCLG, RSN, LGA, EELGA etc.	Policy Team	N/A	N/A	
							C	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	N/A	N/A	
							C	3) Robust business cases for identified opportunities	LT	N/A	N/A	
							C	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	N/A	N/A	
							A	5) Lead the integration and rationalisation of the public estate through membership, and local leadership, of the Government's One Public Estate Programme.	Director	Jul-14	On-going	
WS9	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) Please see Risk WS22 for USAFE.	Failure to retain major employers in the area and the economic impact that it would have		A	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	
							C	2) Ensuring there is sufficient employment land / premises for expansion.	Head of Planning & Growth	N/A	N/A	
							C	3) Understand skills shortage and requirements by linking business to education providers and encourage business to take on apprentices.	Head of Planning & Growth	N/A	N/A	
							A	4) Help businesses access third party funding.	Head of Planning & Growth	Jun-14	On-going	
							A	5) Further development of the six point jobs and growth plan	Head of Planning & Growth	Jun-14	On-going	
							A	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.		C	1) Ensure robust SLA (Service Level Agreement) & Joint Venture arrangements are in place. Ensure good due diligence procedures are used.	All HoS	N/A	N/A	
							C	2) Regular monitoring of arrangements / outcomes.	All HoS	Jun-14	N/A	
							A	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	
							A	4) Ensure effective engagement in the Transformation Challenge Award	CEO and LT	Jun-14	On-going	
							C	5) Understand the cumulative impact of complex partnership delivery arrangements.	CEO and LT	Dec-15	N/A	

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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.		A	1) Services must have a workable Business Continuity Plan arrangements in place.	Heads of Service/All staff	Aug-14	On-going	
							C	2) Combined West Suffolk Business Continuity Plan is in place for major identified threats, regularly reviewed and practised.	LT	N/A	N/A	
							C	3) Appointed officers within each service to be responsible for the continuity plans.	Heads of Service / Appointed Officers	N/A	N/A	

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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. Avoid legal challenge. Prevent potential claims for compensation.		C	1) Information governance group coordinates councils' approach to risks	Director	N/A	N/A	
							C	2) Records Management Working Group to coordinate councils' approach to records management	Director	N/A	N/A	
							C	3) Regular buildings checks to ensure information is held securely.	Service Manager (Internal Audit)	N/A	N/A	
							A	4) Entrance barriers to staff entrance at WSH now installed. Barriers to other entry points to be kept under review with partners at SCC.	Service Manager (Property Services)	Aug-14	Nov-15 Barriers to staff entrance completed	
							A	5) Improve staff and member communication on good practices and data security	Service Manager (Corporate Communications)	Apr-14	On-going	
							A	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.		C	1) Performance and Audit Scrutiny Committee (PASC) receive comprehensive performance monitoring report	Head of Resources & Performance / R&P Business	N/A	N/A	
							A	2) Early identification, reporting and monitoring of potential problem areas.	Service Managers / Business Partners / Advisers	Aug-14	On-going	
							A	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	
							C	4) Use PDR's to aid early identification of potential problem areas.	Line Managers	N/A	N/A	
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.		C	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	N/A	N/A	
							A	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	
							A	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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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.		C	1) Corporate Health and Safety strategy, objectives and implementation plans in place for all internal and external functions performed by the Council.	Health & Safety Manager	N/A	N/A	
							A	2) Well being programme in place.	Health & Safety Manager	Jun-14	On-going	
							C	3) Requirement for all staff to complete online H&S training and members to complete appropriate H&S induction programme.	Health & Safety Manager	N/A	N/A	
							A	4) Communications to staff.	Health & Safety Manager	Jun-14	On-going	
							A	5) Appropriate insurances in place and regularly reviewed.	Health & Safety Manager	Jun-14	On-going	
							C	6) Continue a programme of health and safety audits according to H&S Risk	Health & Safety Manager	N/A	N/A	
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.		A	1) Working in Countywide safeguarding partnership.	Head of Housing	Jul-09	On-going	
							C	2) Safe recruitment procedures are adopted for all staff recruitment.	Head of HR, Legal & Dem Services	Jul-09	On-going	
							A	3) Regular staff and member training and briefing sessions taking place included as part of induction and training programme	Head of Housing / HR, Legal & Dem Services	Jun-14	On-going	
							C	4) Operational links into the MASH (Multi Agency Safeguarding Hub) to be reviewed to ensure appropriate referrals are being made.	Head of Housing	Jul-15	Sep-15	
							A	5) Ensure appropriate training is provided to front-line staff.	Head of Families & Communities	Nov-15	Apr-16	
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		A	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	Chief Executive	Feb-15	On-going	
							A	2) Co-ordinate and lead the Forest Heath member-led local Mildenhall and Lakenheath Airbases Group	Chief Executive	Mar-15	On-going	
							A	3) Commission an impact study to measure the impact of the USAFE on West Suffolk and the surrounding areas	Head of Planning and Growth	Apr-15	Dec-15	
							A	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.	Chief Executive	Feb-15	On-going	
							A	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	

Informal Joint Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Development and implementation of the garden waste collection service	
Report No:	PAS/SE/16/003	
Report to and date/s:	Performance and Audit Scrutiny Committee	28 January 2016
Portfolio holders:	David Bowman Portfolio Holder for Operations (FHDC) Tel: 07711 593737 Email: david.bowman@forest-heath.gov.uk	Peter Stevens Portfolio Holder for Operations (SEBC) Tel: 07775 877000 Email: peter.stevens@stedsbc.gov.uk
Lead officer:	Mark Walsh Head of Operations Tel: 01284 757300 Email: mark.walsh@westsuffolk.gov.uk	
Purpose of report:	To update Members of progress with the implementation of the new garden waste collection service	
Recommendation:	Performance and Audit Scrutiny Committee: Members are asked to note progress with the implementation of the new garden waste collection service.	
Key Decision: (Check the appropriate box and delete all those that do not apply.)	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	

Consultation:			
Alternative option(s):		<ul style="list-style-type: none"> A number of options for the delivery of the project have been considered. 	
Implications:			
Are there any financial implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> At the time of report preparation, the results (in terms of successful operator and cost) of the countywide procurement of garden waste treatment were unknown. The costs of developing and implementing the new service will be funded through an agreement with the Suffolk Waste Partnership as agreed by Cabinet and Council in reports referenced below. 	
Are there any staffing implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> A review of the operational impacts and costs will be undertaken during the first year once service demand is fully understood. 	
Are there any ICT implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> To enable efficient administration, it is important that the corporate IT systems enable online applications and payments. 	
Are there any legal and/or policy implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> The council has the power to charge for the collection of garden waste. The new service is a service change and take-up is optional. 	
Are there any equality implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> Inclusion in the new service is optional and the choice to participate will reflect the individual circumstances of each household. 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. Assisted collections are available to residents who are unable to put their bin out for collection. Payment options will reflect the councils' agreed approach of digital by default whereby the primary methods of payment are electronic. 	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
	Low/Medium/High*		Low/Medium/ High*

Limited take up	Medium	Review of experiences at other councils to guide the assumptions used. Scalability of service to reflect take-up.	Medium
Cost of administering the application and payments systems.	High	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.	Medium
Resident dissatisfaction with the level of the subscription charge.	High	The charge is in line with other councils. Take up of the service is optional.	Medium
Ward(s) affected:	All Wards		
Background papers: <i>(all background papers are to be published on the website and a link included)</i>	FHDC Cabinet 15SEP15 report CAB/FH/15/041 FHDC Council 14OCT15 report COU/FH/15/034 SEBC Cabinet 08SEP15 report CAB/SE/15/051 SEBC Council 22SEP15 report COU/SE/15/028 FHDC PASC 25NOV15 report PAS/FH/15/029 SEBC PASC 25NOV15 report PAS/SE/15/029 FHDC Cabinet 6NOV12 report CAB12/037 SEBC Cabinet 21NOV12 report D196		
Documents attached:	None		

1. Key issues and reasons for recommendation(s)

Introduction

- 1.1 The new garden waste scheme forms part of a range of other initiatives to reduce the £6.6 million it currently costs to manage organic waste (kitchen and garden) across Suffolk each year.
- 1.2 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 garden waste collection service from April 2016. Members will recall that the decision to introduce a charge was driven by the requirement to mitigate an estimated £500,000 increase in service costs from April 2016, associated with a potential increase in waste processing costs and a reduction in the recycling payments received. A subscription charge of £40 per year has since been proposed subject to final approval as part of the council's 2016/17 budget setting process.
- 1.3 Members have previously approved a Customer Access Strategy that places a greater emphasis on self serve and channel shift (as outlined in the councils' target operating model for customer service approved in 2012). This incorporates the proposed roll out of more self-service payment options.
- 1.4 The background and rationale for the introduction of a subscription charge are detailed in the Cabinet reports (see the links in the 'background papers' section of this report).
- 1.5 Following on from the discussion at PASC in November 2015, this report outlines the following:
 1. The project plan key stages.
 2. A summary of how the new service will work.
 3. Subscription payment options.
 4. The indicative administration costs.
 5. Plans for managing unwanted brown wheeled bins.

2. Developing the new garden waste collection service for West Suffolk

- 2.1 Reviewing the activities of other councils, there is variation in the design and implementation of subscription charging and this is driven by key variables:
 - The extent to which online application and payment systems are available and used;
 - Whether the service is new or it is evolving from a "free" service;
 - The availability of in-cab technology to enable operational crews to identify which residents have subscribed; and
 - The preferred methods used by the council to communicate service changes and updates to residents.
- 2.2 The design of the service implementation in West Suffolk has taken into account the above plus the relevant experience of councils who have transitioned from a "free" service.

2.3 **The project plan key stages**

The project is currently being developed by a team of officers from Operations, IT, Finance, Policy, Communications and Legal in order that the new service can start on 4 April 2016. A summary of the key activities and milestones are as follows: (please note that these are indicative dates)

Actions	Indicative dates
Develop online application and payments to enable subscribers to apply and pay for the service online.	End of January 2016
Completion of countywide procurement of organic waste treatment services and award to the successful bidder.	February 2016
Development and implementation of a communications campaign to inform residents of the service change and to explain the application process: <ul style="list-style-type: none">• Letter delivery to all households• Website information• Bin hanger – all residual (black) bins• Additional communications	Mid February 2016 Mid February 2016 Mid March 2016 Mid March 2016
New garden waste service starts	From 4 April 2016

2.4 **A summary of how the new service will work**

The new Garden Waste Collection Service will operate in a similar way to the current brown bin scheme but it will be for garden waste only. The key terms and conditions applicable to the new service are as follows:

- The £40 subscription covers the period from April to March.
- The resident must pay the subscription charge in full before the collection of their garden waste commences.
- No refunds will be made for service cancellations made during the year.
- There are no discounted subscriptions available.
- Additional bins up to a maximum of four can be ordered and each additional bin will require a subscription of £40 per year.
- The current arrangements in place that require residents to manage their bins correctly e.g. store in correct location, remove following collection etc., will continue.
- Sack collections will continue for those currently using that service.
- Bins not emptied must be reported by the customer within two working days. If the bin is not presented by 6:30am on the day of collection we will not return to collect the bin if it has been missed.
- If moving house within West Suffolk, the customer can transfer their bin to their new property.
- Customers can cancel their service at any point during the year. However there are no full or part refunds for the cancellation of the service part way through the year.

2.5 **Subscription payment options**

Unlike mandatory services such as waste collection (black and blue bin) and payment of council tax etc., the new garden waste collection service is optional and residents can choose whether to use it or not.

2.6 The application and payment processes will place a greater emphasis on pre-payment using online methods, in light of the Councils' channel shift agenda

(as outlined in the councils' target operating model for customer service approved in 2012). Online transactions are significantly cheaper to administer than face to face and telephone methods and will be the focus in the information circulated to residents.

- 2.7 In year one, the principal accepted method of payment is by debit/credit card through the West Suffolk website at www.westsuffolk.gov.uk. The emphasis will be to direct residents to the online application and payment process. However, assisted self-serve will be available over the phone or face to face to support those who have difficulty accessing online services.
- 2.8 In year two, subscriptions will need to be renewed. However, work is progressing to enable residents to set up an online direct debit payment, which will be the preferred application and payment method. This will automate the payment process and subscriptions will continue to be charged annually until the customer chooses to opt out. This method reduces the need to send invoice renewals and removes the need to annually "market" the service to current users in order to encourage them to renew. As with the 'year one' process, we will assist customers who experience difficulty accessing the electronic options.
- 2.9 Experience from the Anglia Revenues Partnership suggests that 56% (FHDC) and 79% (SEBC) of households currently pay their annual council tax using direct debit. Online applications will provide flexibility and convenience for the customer and reduce transaction costs for the council.

The administration process and indicative costs

- 2.10 The new service will involve the development of new administrative processes incorporating:
- Online application and payment.
 - The provision of electronic and paper format information explaining how the service operates.
 - Details of what to do if residents do not wish to use the new service.
 - Other options available to residents to manage their organic waste. This includes the Suffolk wide promotion of home composting, food waste reduction and use of the Household Waste Recycling Centres.
- 2.11 In the first year, residents will be directed to the website where they will be able to apply and pay for the service using an online form. Payment can be made by debit or credit card. Experience from North Kesteven District Council (NKDC) demonstrated that 54% of those who joined the first year of the scheme did so using the web portal. The take-up at NKDC, from the initial communication to residents on 28 February 2013, steadily rose to 25,500 households by 28 May 2013 – representing 54% of the total households. During this same period, a total of 84 emails of complaint and enquiry were received, with hard copy letter responses totalling 20.
- 2.12 The cost of administrating the new service incorporates one off (Year 1) transitional costs and ongoing annual costs. There is variability in these costs dependant upon:
- The number of residents subscribing;
 - The variety of payment options available;
 - The variety in methods offered to apply for the service;

- The method used to identify subscribed brown bins (as opposed to bins put out by residents who haven't paid); and
- The decision relating to managing unwanted brown bins.

2.13 Assuming 25,000 residents subscribe and 54% utilise the online application and payment process (self serve), a summary of estimated costs for administrating the change is as follows:

Item	Cost	Comments
Customer Service (Year 1 – reduces in subsequent years if online applications increase)	£35,000	Assumes 4 x temporary Customer Services staff (for 10 weeks) to deal with queries and take payment from those unable to access the online option.
Mailshot costs: Initial Letter Reminder bin tag	£17,000	Includes one direct delivered letter (post delivery) and one reminder bin hanger (issued by collection crews to bins)
Other comms.	£8,000	Includes banners, vehicle sides, bin tags and leaflets.
Year end subscription reminder process (Year 1 – reduces in subsequent years once Direct Debit payment options are available)	£10,000	Assumes printing and sending to non-online subscribers.
Targeted marketing	£5,000	Targeted marketing to areas where green waste is put in black bin.
Misc. and contingency	£7,000	
Total Year 1 Administration Costs	£82,000	

- 2.14 In West Suffolk we have had success communicating previous service changes to residents using the direct delivery of leaflets / letters and providing information and advice on the corporate website. As part of the communication process for the new service, we will utilise these methods to ensure awareness among residents. This information will also be circulated to all councillors.
- 2.15 For noting, consideration was given to incorporating the subscription charge as part of the annual council tax bill. However, the subscription charge could only be added if it applied across an authority or whole parishes; the charge can not be applied to individual household accounts.
- 2.16 There are also a number of one-off costs associated with the new service. The estimated costs are listed in the table below.

Item	Cost	Comments
Development of the Operations' back office system. Development of online applications and payment	£ 15,000	Identifies to the crew who has subscribed - avoids cost of issuing and printing a subscription bin ID sticker (circa. £12,500pa). This will include the design and integration of the Operations back office system, the online form and the payments system -Adelante.
Development of online Direct Debit payment (Year 2)	TBC	To enable online debits payments to be processed online.
One-off cost of managing unwanted bins	£10,000	Include removal of bins that are abandoned.

2.17 **Plans for managing unwanted brown wheeled bins**

A potential significant cost involves the collection, storage and disposal of unwanted brown bins. There are two options for dealing with unwanted brown bins:

Option 1: Organise a programmed collection once we understand the number of bins involved and their location.

Option 2: Allow residents to keep their bin and collect only those bins left on the street. This is the approach taken by NKDC.

2.18 Assuming a take up rate of 25,000 households, there will be up to 50,000 bins in West Suffolk requiring collection. The estimated cost of the collection will be:

Item	Est. Cost	Comments
Communications with non subscribers (50,000)	£ 9,000	Based on a leaflet distributed by collection crew advising on the bin collection process.
Collection, de-wheeling and washing of bin.	£ 110,000	Bins will require their wheels to be removed in order that they can be collected and stored in stacks of ten. (based on £266 day rate and the ability to collect 100 per day).
Storage of collected bins	£ 25,000	Stored until removed for recycling.
Bulk collection for recycling	Free	This will vary subject to recycled material prices.
Total:	£144,000	

2.19 Obviously, we do not know the exact numbers that will subscribe or where the non subscribers will be located across West Suffolk. As such the costs above are a best estimate at this stage.

- 2.20 Our preferred approach will be to encourage all households to keep hold of their bin. This approach has proved successful in other council areas and the benefits are to:
- Avoid the significant collection costs referred to above; and
 - Minimise circumstances whereby a resident originally opts out of the service but later wants to subscribe, requiring a bin to be both collected and delivered - especially if their original decision was driven by dissatisfaction rather than practicality. It is reasonable to assume that residents may wish to change their mind during the main garden waste season (April to October).
- 2.21 Obviously we would collect bins abandoned on the street to avoid ongoing problems and would retain a number of collected bins which will be reused if demand increases; this is inline with our current bin provision approach.
- 2.22 If it is decided to collect all unwanted bins, it will have to be programmed to cope with the expected number requiring collection. Our preference in this approach will be to delay any form of collection of these until the October following implementation. By this time we will have a better understanding of both the location and number of bins that require collection. This will enable us to organise an efficient and phased bin collection process.
- 2.23 As previously noted, all costs associated with the implementation of the garden waste collection service will be part of the cost sharing model agreed with the Suffolk Waste Partnership, whereby SCC have agreed to continue recycling performance payments at the current level for up to three years for those councils that introduce a subscription charge. Through this process, all costs incurred by SCC and West Suffolk will be reviewed to ensure that no council benefits financially at the expense of the other.

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Informal Joint Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Work Programme Update	
Report No:	PAS/SE/16/004	
Report to and date:	Performance and Audit Scrutiny Committee	28 January 2016
Chairman of the Committee:	Sarah Broughton Chairman of the Performance and Audit Scrutiny Committee Tel: 01284 787327 Email: sarah.broughton@stedsbc.gov.uk	
Lead officer:	Christine Brain Scrutiny Officer Tel: 01638 719729 Email: Christine.brain@westsuffolk.gov.uk	
Purpose of report:	<p>1. Members are asked to consider and note the current status of its Work Programme attached at Appendix 1(A).</p> <p>2. Attached at Appendix 1(B), for information is the current position of the Work Programme for Forest Heath District Councils Performance and Audit Scrutiny Committee.</p>	
Recommendation:	<p>Performance and Audit Scrutiny Committee:</p> <p>It is <u>RECOMMENDED</u> that:</p> <p>Members consider and <u>note</u> the current status of its Work Programme for 2016-2017.</p>	

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

Description	Lead Officer
27 April 2016 (Time: 5.00pm) 25 May 2016	
Informal Joint Meeting (Hosted by St Edmundsbury Borough Council)	
Joint Reports	
Internal Audit Annual Report (2015-16) and Outline Internal Audit Plan (2016-17)	Service Manager (Internal Audit)
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
St Edmundsbury Specific Reports	
EY - Work on the Certification of Claims and Returns	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
Financial Outturn Report (Revenue and Capital) 2015-2016	Head of Resources and Performance
July 2016 (Time: 5.00pm)	
Informal Joint Meeting (Hosted by St Edmundsbury Borough Council)	
Joint Reports	
Balanced Scorecard and Quarter 1 Performance Report 2016-2017	Head of Resources and Performance
West Suffolk Strategic Risk Register – Quarter 1 – June 2016	Head of Resources and Performance
Work Programme Update	Scrutiny Officer
St Edmundsbury Specific Reports	
Financial Performance Report (Revenue and Capital) Quarter 1 – 2016-2017	Head of Resources and Performance
Annual Performance Report for The Apex	Service Manager (Commercial)
Annual Treasury Management Report 2015-2016 and Investment Activity (April - June 2016)	Head of Resources and Performance

September 2016 (Time: 5.00pm)	
EY – Presentation of 2015-2016 ISA 260 Annual Results Report to those Charged with Governance	Head of Resources and Performance
West Suffolk Annual Governance Statement 2015-2016	Head of Resources and Performance
2015-2016 Statement of Accounts	Head of Resources and Performance
Delivering a Sustainable Budget 2017-2018	Head of Resources and Performance
Work Programme Update	Scrutiny Officer
November 2016 (Time: 5.00pm) Informal Joint Meeting (Hosted by Forest Heath District Council)	
Joint Reports	
Mid-year Internal Audit Progress Report 2016-2017	Service Manager (Internal Audit)
Balanced Scorecards Quarter 2 Performance Report 2016-2017	Head of Resources and Performance
West Suffolk Strategic Risk Register Quarterly Monitoring Report – September 2016	Head of Resources and Performance
Work Programme Update	Scrutiny Officer
St Edmundsbury Specific Reports	
EY – Presentation of Annual Audit Letter 2015-2016	Head of Resources and Performance
Financial Performance Report (Revenue and Capital) Quarter 2 – 2016-2017	Head of Resources and Performance
Delivering a Sustainable Budget 2017-2018 – Update	Head of Resources and Performance
Mid-year Treasury Management Report and Investment Activity (April – September 2016)	Head of Resources and Performance
January 2017 (Time: 5.00pm) Informal Joint Meeting (Hosted by St Edmundsbury Borough Council)	
Joint Reports	
Balanced Scorecards Quarter 3 Performance Report 2016-2017	Head of Resources and Performance
West Suffolk Strategic Risk Register Quarterly Monitoring Report – December 2016	Head of Resources and Performance
Work Programme Update	Scrutiny Officer
St Edmundsbury Specific Reports	
Financial Performance Report (Revenue and Capital) Quarter 3 – 2016-2017	Head of Resources and Performance
Delivering a Sustainable Budget 2017-2018 – Update	Head of Resources and Performance

Treasury Management Report 2016-2017 and Investment Activity (April – December 2016)	Head of Resources and Performance
Annual Treasury Management and Investment Strategy Statements 2017-2018	Head of Resources and Performance
May 2017 (Time: 5.00pm)	
Informal Joint Meeting (Hosted by Forest Heath District Council)	
Joint Reports	
Internal Audit Report (2016-2017) and Outline Internal Audit Plan (2017-2018)	Service Manager (Internal Audit)
Balanced Scorecard and Quarter 4 Performance Report 2016-2017	Head of Resources and Performance
West Suffolk Strategic Risk Register – Quarter 4	Head of Resources and Performance
Work Programme Update	Scrutiny Officer
St Edmundsbury Specific Reports	
EY – Presentation of the Annual Certification Report 2015-2016	Head of Resources and Performance
EY – Presentation of the External Audit Plan and Fees 2016-2017 and 2017-2018 Indicative Fees	Head of Resources and Performance
Financial Outturn Report (Revenue and Capital) 2016-2017	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
27 April 2016 (Time: 5.00pm)	
25 May 2016	
Informal Joint Meeting (Hosted by St Edmundsbury Borough Council)	
Joint Reports	
Internal Audit Annual Report (2015-16) and Outline Internal Audit Plan (2016-17)	Service Manager (Internal Audit)
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
Forest Heath Specific Reports	
EY - Work on the Certification of Claims and Returns	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
Financial Outturn Report (Revenue and Capital) 2015-2016	Head of Resources and Performance
July 2016 (Time: 5.00pm)	
Informal Joint Meeting (Hosted by St Edmundsbury Borough Council)	
Joint Reports	
Balanced Scorecard and Quarter 1 Performance Report 2016-2017	Head of Resources and Performance
West Suffolk Strategic Risk Register – Quarter 1 – June 2016	Head of Resources and Performance
Work Programme Update	Scrutiny Officer
Forest Heath Specific Reports	
Financial Performance Report (Revenue and Capital) Quarter 1 – 2016-2017	Head of Resources and Performance
Annual Treasury Management Report 2015-2016 and Investment Activity (April - June 2016)	Head of Resources and Performance
September 2016 (Time: 6.00pm)	
EY – Presentation of 2015-2016 ISA 260 Annual Results Report to those Charged with Governance	Head of Resources and Performance

West Suffolk Annual Governance Statement 2015-2016	Head of Resources and Performance
2015-2016 Statement of Accounts	Head of Resources and Performance
Annual Corporate Environmental Statement 2015-2016	Environment Manager
Delivering a Sustainable Budget 2017-2018	Head of Resources and Performance
Work Programme Update	Scrutiny Officer
November 2016 (Time: 5.00pm) Informal Joint Meeting (Hosted by Forest Heath District Council)	
Joint Reports	
Mid-year Internal Audit Progress Report 2016-2017	Service Manager (Internal Audit)
Balanced Scorecards Quarter 2 Performance Report 2016-2017	Head of Resources and Performance
West Suffolk Strategic Risk Register Quarterly Monitoring Report – September 2016	Head of Resources and Performance
Work Programme Update	Scrutiny Officer
Forest Heath Specific Reports	
EY – Presentation of Annual Audit Letter 2015-2016	Head of Resources and Performance
Financial Performance Report (Revenue and Capital) Quarter 2 – 2016-2017	Head of Resources and Performance
Delivering a Sustainable Budget 2017-2018 – Update	Head of Resources and Performance
Mid-year Treasury Management Report and Investment Activity (April – September 2016)	Head of Resources and Performance
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Work Programme Update	Scrutiny Officer
Forest Heath Specific Reports	
Financial Performance Report (Revenue and Capital) Quarter 3 – 2016-2017	Head of Resources and Performance
Delivering a Sustainable Budget 2017-2018 – Update	Head of Resources and Performance
Treasury Management Report 2016-2017 and Investment Activity (April – December 2016)	Head of Resources and Performance

Annual Treasury Management and Investment Strategy Statements 2017-2018	Head of Resources and Performance
May 2017 (Time: 5.00pm)	
Informal Joint Meeting (Hosted by Forest Heath District Council)	
Joint Reports	
Internal Audit Report (2016-2017) and Outline Internal Audit Plan (2017-2018)	Service Manager (Internal Audit)
Balanced Scorecard and Quarter 4 Performance Report 2016-2017	Head of Resources and Performance
West Suffolk Strategic Risk Register – Quarter 4	Head of Resources and Performance
Work Programme Update	Scrutiny Officer
Forest Heath Specific Reports	
EY – Presentation of the Annual Certification Report 2015-2016	Head of Resources and Performance
EY – Presentation of the External Audit Plan and Fees 2016-2017 and 2017-2018 Indicative Fees	Head of Resources and Performance
Financial Outturn Report (Revenue and Capital) 2016-2017	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

Title of Report:	Financial Performance Report (Revenue and Capital) Quarter 3 – 2015-16	
Report No:	PAS/SE/16/005	
Report to and dates:	Performance and Audit Scrutiny Committee	28 January 2016
Portfolio holder:	Ian Houlder Portfolio Holder for Resources and Performance Tel: 01284 810074 Email: ian.houlder@stedsbc.gov.uk	
Lead officer:	Joanne Howlett Acting Head of Resources and Performance Tel: 01284 757264 Email: joanne.howlett@westsuffolk.gov.uk	
Purpose of report:	This report sets out the Financial Performance for the third quarter of 2015-16 and forecasted outturn position for 2015-16.	
Recommendation:	Performance and Audit Scrutiny Committee: 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.	
Key Decision: (Check the appropriate box and delete all those that <u>do not</u> apply.)	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	

Consultation:	<ul style="list-style-type: none"> This report and the figures therein have been compiled by the Finance team in consultation with the relevant budget holders, services and Leadership Team. 		
Alternative option(s):	<ul style="list-style-type: none"> In order for the Council to be able to meet its strategic priorities it is essential that sufficient and appropriate financial resources are available. 		
Implications:			
Are there any financial implications? If yes, please give details	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> As set out in the body of this report. 		
Are there any staffing implications? If yes, please give details	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 		
Are there any ICT implications? If yes, please give details	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 		
Are there any legal and/or policy implications? If yes, please give details	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> As outlined in the body of this report. 		
Are there any equality implications? If yes, please give details	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 		
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (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
Ward(s) affected:		All Ward	
Background papers:		None	
Documents attached:		<p>Appendix A – Revenue budget summary, for the period April to December 2015.</p> <p>Appendix B – Revenue budget detail, for the period April to December 2015.</p> <p>Appendix C – Capital budget summary, for the period April to December 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 third quarter financial monitoring report, which includes year end forecast outturn figures for large variance items we are aware of.
- 1.1.2 Details of the Council's revenue performance and year end forecasted outturn position can be found in **Appendix A & 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 nine months of 2015/2016 shows expenditure of £2,345,840. 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 £60,500. Details are set out in **Appendix A & 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 for the remainder of the financial year in order to monitor the forecast position and an outturn position will be provided to this committee at the end of the financial year.
- 1.2.3 Year end forecast variances over £25k are explained in the table below.

Year end forecast variance: Over / (under) spend	Explanation
(£135,000)	Waste management underspends relating to savings on vehicle costs due to lower fuel prices, and additional income through the vehicle workshops.
(£80,000)	Additional trade waste sales revenue.
(£75,000)	More people visiting the town centres (and using the car parks) than anticipated when the budget was set.
(£65,000)	Business rates expenditure on vacant commercial properties is less due to the lower number of vacant units, as well as additional rental income.
(£49,000)	Council Tax legal and court costs now all goes through the Anglia Revenues Partnership, budget no longer required.
(£38,000)	Combined leisure services underspends mainly relating to savings on marketing spend.
(£30,000)	Lower than anticipated homeless accommodation costs.
(£30,000)	Savings on tree maintenance works.
£25,000	Lower than anticipated income from legal services, coupled with higher staffing costs.

£30,000	Additional costs associated with S106 monitoring due to legislation changes, management currently reviewing options so financial position may improve.
£100,000	Planning income underachievement, partly due to the introduction of Permitted Development Orders and the impact of the 'Prior approval' process, which has reduced the number of applications the authority is able to charge for.
£150,000	Lower than anticipated funding from Business Rate Retention Reserve.
£215,000	Building control income lower than anticipated, coupled with additional costs associated with changes in the staffing structure to ensure service delivery.

1.3 **Capital Position**

1.3.1 The Council has spent £2,345,840 of its capital budget of £13,660,104 at the 31 December 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 outturn position will be presented to this committee at the end of the financial year.

Service Area	2015/16 Full Year Budget £000s	Spent to 31 December 2015 £000s	Year End Forecast Variance Over / (Under) £000s
Planning & Growth	3,851	234	(115)
Housing	2,617	387	(39)
Resources & Performance	600	0	(560)
Families & Communities	169	24	(81)
Operations	6,423	1,701	(4,494)
TOTAL	13,660	2,346	(5,289)

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Summary by Head of Service

Appendix A

Head of Service	Budget to Date £	Actual to Date £	Over/(Under) Spend to Date £	Variance to Date %	Y/E Forecast Variance £
Head of Resources & Performance	3,486,099	3,498,443	12,344	0.35%	96,000
Head of Human Resources & Democratic Services	1,226,933	1,336,705	109,772	8.95%	20,000
Head of Families and Communities	1,302,128	1,321,114	18,986	1.46%	(28,000)
Head of Planning and Growth	555,929	872,791	316,862	57.00%	342,000
Head of Operations	1,605,444	1,116,167	(489,277)	30.48%	(438,000)
Head of Housing	764,327	638,719	(125,608)	16.43%	(52,500)
TOTALS:	8,940,860	8,739,227	(201,633)	2.26%	(60,500)
Interest Receivable	(211,059)	(317,160)	(106,101)	50.27%	0
TOTALS:	8,729,801	8,422,067	(307,734)	3.53%	(60,500)

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St Edmundsbury Borough Council						2015/16 December Budget Monitoring Report	
Detail by Head of Service						Appendix B	
LT01 HEAD OF RESOURCES & PERFORMANCE							
Cost Centre	Cost Centre Description	Budget to Date £	Actual to Date £	Variance to Date £	Variance to Date %	Y/E Forecast Variance £	Year End Variance Notes
1000	Resources & Performance	470,664	504,795	34,131	7.25%	0	Expected to be on budget at year end.
1090	Grants to Organisations	158,827	159,836	1,009	0.64%	0	
8000	General Fund Adjustments	743,228	657,820	(85,408)	11.49%	150,000	Less funding from Business Rates Retention Reserve than anticipated.
	Resources & Performance:	1,372,719	1,322,451	(50,268)	3.66%	150,000	
1001	Internal Audit	104,401	88,614	(15,787)	15.12%	(5,000)	Salary underspend.
	Internal Audit:	104,401	88,614	(15,787)	15.12%	(5,000)	
1002	ICT	745,440	871,630	126,190	16.93%	0	Will be on budget at year end. Income from ARP still be included.
	ICT:	745,440	871,630	126,190	16.93%	0	
1010	Anglia Revenues Partnership	873,846	983,550	109,704	12.55%	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	(71,886)	(145,038)	(73,152)	101.76%	(49,000)	Legal and court costs now all goes through the ARP partnership, plus some additional court costs recovered
1013	Business Rate Administration	(130,047)	(123,421)	6,626	5.10%	0	
4090	Housing Benefits	(228,870)	(340,427)	(111,557)	48.74%	0	Timing of payment of benefits against receipt of subsidy grant from Government.
	Anglia Revenues Partnership:	443,043	374,664	(68,379)	15.43%	(49,000)	
1100	Corporate Expenditure	653,117	699,956	46,839	7.17%	0	Expected to be on budget at year end.
1150	Non-Distributed Costs	107,003	78,385	(28,618)	26.75%	0	Expected to be on budget at year end.
1151	Non-Distributed Costs - Cost of Unused Assets	30,825	32,642	1,817	5.89%	0	
	Corporate Expenditure:	790,945	810,983	20,038	2.53%	0	
1020	Emergency Planning	29,551	30,101	550	1.86%	0	
	Emergency Planning:	29,551	30,101	550	1.86%	0	
	TOTALS: RESOURCES & PERFORMANCE	3,486,099	3,498,443	12,344	0.35%	96,000	
LT02 HEAD OF HR & DEMOCRATIC SERVICES							
Cost Centre	Cost Centre Description	Budget to Date £	Actual to Date £	Variance to Date £	Variance to Date %	Y/E Forecast Variance £	Year End Variance Notes
1030	Human Resources & Payroll	241,970	234,098	(7,872)	3.25%	0	
	Human Resources:	241,970	234,098	(7,872)	3.25%	0	
1032	Health & Safety	73,976	65,657	(8,319)	11.25%	(10,000)	Over achievement of income against budget.

St Edmundsbury Borough Council							2015/16 December Budget Monitoring Report
Detail by Head of Service							Appendix B
	Health & Safety:	73,976	65,657	(8,319)	11.25%	(10,000)	
1031	Central Training Services	113,535	106,402	(7,133)	6.28%	(5,000)	Underspend on corporate training costs.
	Learning & Development:	113,535	106,402	(7,133)	6.28%	(5,000)	
1040	Legal Services	187,669	239,206	51,537	27.46%	25,000	Less income than anticipated, and higher staffing costs.
	Legal Services:	187,669	239,206	51,537	27.46%	25,000	
1130	Democratic Services	140,742	145,678	4,936	3.51%	10,000	Computer software costs.
1131	Members Allowances & Expenses	252,207	264,306	12,099	4.80%	0	
1132	Mayoralty & Civic Functions	72,771	61,015	(11,756)	16.15%	0	
	Democratic Services:	465,720	470,999	5,279	1.13%	10,000	
1041	Electoral Registration	78,192	82,305	4,113	5.26%	0	
1042	Election Expenses	65,871	138,037	72,166	109.56%	0	Income still to be received from Central Government. Expected to be on budget at year end.
	Elections:	144,063	220,342	76,279	52.95%	0	
	TOTALS: HR & DEMOCRATIC SERVICES	1,226,933	1,336,704	109,771	8.95%	20,000	
LT03	HEAD OF FAMILIES & COMMUNITIES						
Cost Centre	Cost Centre Description	Budget to Date £	Actual to Date £	Variance to Date £	Variance to Date %	Y/E Forecast Variance £	Year End Variance Notes
1140	Policy	113,950	113,066	(884)	0.78%	0	
	Policy:	113,950	113,066	(884)	0.78%	0	
1141	Communications	92,707	87,405	(5,302)	5.72%	0	
1142	Website and Intranet	26,285	28,526	2,241	8.53%	0	
	Communications:	118,992	115,931	(3,061)	2.57%	0	
1050	Customer Services	419,043	412,840	(6,203)	1.48%	(10,000)	Saving relates to lower than budgeted annual computing maintenance costs and pension savings.
3100	Bus Stations	150,367	166,933	16,566	11.02%	8,000	Underachievement of income targets
	Customer Services:	569,410	579,773	10,363	1.82%	(2,000)	
2080	Community Development	230,807	206,704	(24,103)	10.44%	(20,000)	Salary underspend.
2081	Community Chest - Families & Communities	207,369	244,422	37,053	17.87%	0	Current variance a result of the timing of grant payments. Expected to be on budget at year end.
2085	Community Centres	61,600	61,219	(381)	0.62%	(6,000)	Underspend on cleaning due to community centre transfer.
	Families & Communities:	499,776	512,345	12,569	2.51%	(26,000)	
	TOTALS: FAMILIES & COMMUNITIES	1,302,128	1,321,115	18,987	1.46%	(28,000)	
LT04	HEAD OF PLANNING & GROWTH						

St Edmundsbury Borough Council							2015/16 December Budget Monitoring Report
Detail by Head of Service							Appendix B
Cost Centre	Cost Centre Description	Budget to Date £	Actual to Date £	Variance to Date £	Variance to Date %	Y/E Forecast Variance £	Year End Variance Notes
5000	Development Control	(218,284)	(125,028)	93,256	42.72%	100,000	Under achievement of income.
Development Control:		(218,284)	(125,028)	93,256	42.72%	100,000	
5005	Planning Policy	412,037	449,449	37,412	9.08%	0	Expected to be on budget at year end.
5006	Local Plan	(12,456)	3,211	15,667	125.78%	30,000	Additional costs associated with S106 Monitoring due to legislation changes, management currently reviewing options so financial position may improve.
Place Shaping:		399,581	452,660	53,079	13.28%	30,000	
1060	Land Charges	(102,051)	(101,745)	306	0.30%	0	
5010	Building Control	(89,724)	41,023	130,747	145.72%	215,000	Lower than anticipated income, along with additional costs associated with changes in the staffing structure to ensure service delivery.
5015	Planning & Regulatory Support	209,727	233,456	23,729	11.31%	12,000	Salary overspend.
Business (BC & Support):		17,952	172,734	154,782	862.20%	227,000	
3090	Prevention of Pollution	44,271	35,948	(8,323)	18.80%	0	
3091	Environmental Management	32,778	30,640	(2,138)	6.52%	0	
3092	Drinking Water Quality	13,437	9,786	(3,651)	27.17%	0	
3093	Climate Change	55,156	53,527	(1,629)	2.95%	0	
4020	Home Energy Conservation	3,753	1,380	(2,373)	63.23%	0	
Environment:		149,395	131,281	(18,114)	12.12%	0	
3095	Licensing	(32,937)	(42,191)	(9,254)	28.10%	0	Annual maintenance fee for computer software to be paid in second half of the year.

St Edmundsbury Borough Council						2015/16 December Budget Monitoring Report	
Detail by Head of Service						Appendix B	
3096	Hackney Carriage & Private Hire Licensing	(45,099)	(63,722)	(18,623)	41.29%	0	
3097	Food Safety	59,463	79,348	19,885	33.44%	0	
3098	Health & Safety at Work Act/Enforcement	79,938	60,855	(19,083)	23.87%	(15,000)	Salary underspend.
Business Reg & Licensing:		61,365	34,290	(27,075)	44.12%	(15,000)	
5020	Economic Development & Growth	185,359	227,324	41,965	22.64%	0	Invoices to be raised for contributions by third parties to studies. Will bring back to budget by year end.
5021	Strategic Tourism & Markets	27,936	29,522	1,586	3.05%	0	
5022	Bury Christmas Fayre	(67,375)	(53,995)	13,380	19.86%	0	Expected to be on budget at year end.
5023	Park & Ride	0	4,003	4,003	0.00%	0	
Economic Development & Growth:		145,920	206,854	60,934	41.76%	0	
TOTALS: PLANNING & GROWTH		555,929	872,791	316,862	57.00%	342,000	
LT05 HEAD OF OPERATIONS							
Cost Centre	Cost Centre Description	Budget to Date £	Actual to Date £	Variance to Date £	Variance to Date %	Y/E Forecast Variance £	Year End Variance Notes
3005	Vehicle Workshop	(42,295)	(57,209)	(14,914)	35.26%	(20,000)	Income trend continues to be above target budget. This will be reflected in the 16/17 budgets.
3006	Pool Cars	21,186	17,746	(3,440)	16.24%	0	
3010	Vehicle Workshop Trading Account - FHDC	27,036	0	(27,036)	100.00%	0	Expected to be on budget at year end.
Fleet Management:		5,927	(39,463)	(45,390)	765.82%	(20,000)	
3000	Depots	(71,120)	(120,920)	(49,800)	70.02%	(30,000)	Depot cleaning/Caretaking charges lower than expected
3060	Grounds Maintenance Operatives	(116,442)	(95,325)	21,117	18.14%	0	
3061	Tree Maintenance Operatives	(612)	1,274	1,886	308.17%	0	
3065	Waste & Cleansing Operatives	(411,090)	(474,204)	(63,114)	15.35%	(50,000)	Vehicle costs lower than budgeted, predominately as a result of lower fuel prices.
6020	Markets	(44,160)	(60,898)	(16,738)	37.90%	0	
Operational:		(643,424)	(750,073)	(106,649)	16.58%	(80,000)	
3030	Street Cleansing	1,036,467	1,073,973	37,506	3.62%	0	Expected to be on budget at year end.
3040	Refuse Collection (Black Bin)	710,983	730,085	19,102	2.69%	0	
3041	Recycling Collection (Blue Bin)	492,283	471,822	(20,461)	4.16%	0	Current variance relates to timing issue of not having received all RPP money due from SCC so far this year.
3042	Compostable Collection (Brown Bin)	310,987	321,190	10,203	3.28%	0	
3043	Bulky, Fridges, Metal & Scrap Collection	80,010	82,850	2,840	3.55%	0	
3044	Clinical & Hazardous Waste Collection	15,081	11,189	(3,892)	25.81%	0	
3045	Multi-Bank Recycling Sites	27,008	(29,802)	(56,810)	210.35%	(35,000)	Underspend on recycling contract.
3048	Trade Waste	(429,924)	(609,313)	(179,389)	41.73%	(80,000)	Additional trade waste sales revenue.
Waste - Business & Commercial		2,242,895	2,051,994	(190,901)	8.51%	(115,000)	
1080	Property Services	222,225	215,813	(6,412)	2.89%	(15,000)	Salary underspend.
Property Maintenance:		222,225	215,813	(6,412)	2.89%	(15,000)	

St Edmundsbury Borough Council						2015/16 December Budget Monitoring Report	
Detail by Head of Service						Appendix B	
6000	Industrial & Business Units	(1,094,477)	(1,154,786)	(60,309)	5.51%	(80,000)	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	(550,701)	(538,043)	12,658	2.30%	15,000	Rental income is predicted to be slightly lower than expected at year end
Property Management:		(1,645,178)	(1,692,829)	(47,651)	2.90%	(65,000)	
1070	Offices: West Suffolk House	(82,911)	(33,618)	49,293	56.99%	0	Current underspends on utilities which will be paid by the year end.
1071	Offices: Haverhill House	(19,803)	3,576	23,379	118.06%	0	Current underspends on utilities which will be paid by the year end.
3020	Public Conveniences	113,624	98,519	(15,105)	13.29%	0	
3025	CCTV	134,865	140,870	6,005	4.45%	0	
3026	Green Travel Plan	(18,236)	4,212	22,448	123.10%	0	
3027	Street Banners & Displays	(63)	(2,603)	(2,540)	4031.75%	0	
3070	District Highways Services	278,158	244,053	(34,105)	12.26%	0	Expected to be on budget at year end.
3071	Street Furniture	21,199	9,385	(11,814)	55.73%	0	
3072	Land Drainage & Associated Works	6,669	3,132	(3,537)	53.04%	0	
Facilities, CCTV & Highways Services:		433,502	467,526	34,024	7.85%	0	
1075	Courier & Postal Service	86,705	85,344	(1,361)	1.57%	0	
1076	Printing & Copying Service	19,125	29,897	10,772	56.32%	0	
Central Services:		105,830	115,241	9,411	8.89%	0	
3110	Off Street Car Parks	(2,050,371)	(2,112,358)	(61,987)	3.02%	(75,000)	Higher than anticipated car park income due to additional car parking events. Projection is in line with 2014/15 outturn level.
3120	On Street Car Parking	0	0	0	0.00%	0	
Car Parking:		(2,050,371)	(2,112,358)	(61,987)	3.02%	(75,000)	
2000	Leisure Services Management & Support	151,020	156,629	5,609	3.71%	10,000	Salary overspend.
2017	Arboriculture (Tree Maintenance Works)	207,844	138,995	(68,849)	33.13%	(30,000)	Underspend relates to saving on grounds maintenance works.
2020	Other Parks and Play Provision	353,133	349,773	(3,360)	0.95%	0	
2021	Abbey Gardens	224,129	233,135	9,006	4.02%	9,000	Overspend on staff costs associated with events.
2022	Nowton Park	74,147	68,568	(5,579)	7.52%	0	
2023	East Town Park	74,524	74,407	(117)	0.16%	0	
2024	Clare Country Park	1,029	8,276	7,247	704.28%	0	
2025	Children's Play Areas	64,919	61,842	(3,077)	4.74%	0	
2050	Cemeteries & Closed Churchyards	163,805	170,108	6,303	3.85%	0	
2055	Allotments	64	(1,167)	(1,231)	1923.44%	0	
2040	Sports & Leisure Centres	470,848	475,343	4,495	0.95%	0	
2083	Leisure & Sports	37,422	25,495	(11,927)	31.87%	(15,000)	Saving relates to underspend on Cultural Services contributions.
Leisure & Cultural - Parks		1,822,884	1,761,404	(61,480)	3.37%	(26,000)	
2030	Arts, Heritage & Cultural Services	115,874	95,114	(20,760)	18.10%	0	
2031	Moyse's Hall Museum	198,644	178,568	(20,076)	10.11%	(23,000)	Salary saving and additional income.
2032	West Stow Country Park	79,836	84,928	5,092	6.38%	0	
2033	West Stow ASVT Operating Account	0	(3,152)	(3,152)	0.00%	0	
2035	Heritage Outreach Services	2,628	3,808	1,180	44.90%	0	

St Edmundsbury Borough Council						2015/16 December Budget Monitoring Report	
Detail by Head of Service						Appendix B	
2036	Heritage Sites & Monuments	3,618	5,333	1,715	47.40%	0	
2037	West Front Houses	37,602	28,375	(9,227)	24.54%	(13,000)	Additional income generated from service charges.
2070	Tourist Information Centres	45,448	64,822	19,374	42.63%	0	
2071	Shopmobility	11,789	9,605	(2,184)	18.53%	0	
Leisure & Cultural - TIC & Heritage:		495,439	467,401	(28,038)	5.66%	(36,000)	
2061	The Athenaeum	36,845	48,463	11,618	31.53%	14,000	Underachievement of income target.
2062	The Guildhall, Bury St Edmunds	25,987	29,304	3,317	12.76%	0	
Leisure & Cultural - Public Halls:		62,832	77,767	14,935	23.77%	14,000	
2072	Bury Festival	29,060	35,515	6,455	22.21%	0	
Commercial - Entertainment & Events:		29,060	35,515	6,455	22.21%	0	
2010	Leisure Promotion	111,141	97,872	(13,269)	11.94%	(20,000)	Saving on marketing spend.
Commercial - Marketing:		111,141	97,872	(13,269)	11.94%	(20,000)	
2011	Leisure - Commercial Activities	(176,501)	(68,089)	108,412	61.42%	0	Overall cost of the Apex expected to be on budget at the year end.
2060	The Apex	589,183	488,446	(100,737)	17.10%	0	
The Apex		412,682	420,357	7,675	1.86%	0	
TOTALS: OPERATIONS		1,605,444	1,116,167	(489,277)	30.48%	(433,000)	
LT06 HEAD OF HOUSING							
Cost Centre	Cost Centre Description	Budget to Date £	Actual to Date £	Variance to Date £	Variance to Date %	Y/E Forecast Variance £	Year End Variance Notes
4021	Housing Renewals	95,079	82,723	(12,356)	13.00%	0	
4031	Burial of the Dead	13,437	14,930	1,493	11.11%	0	
4032	Gypsies & Travellers	16,165	21,691	5,526	34.18%	0	
4033	Other Public Health Services	154,879	157,487	2,608	1.68%	0	
Public Health & Housing:		279,560	276,831	(2,729)	0.98%	0	
4000	Housing Development & Strategy	88,164	80,237	(7,927)	8.99%	(15,000)	Salary underspend.
Housing Development & Strategy:		88,164	80,237	(7,927)	8.99%	(15,000)	
4010	Homelessness	177,147	88,187	(88,960)	50.22%	(30,000)	Lower than anticipated accommodation costs plus additional funding through Housing Benefits
4011	Housing Advice & Choice Based Lettings	187,587	161,322	(26,265)	14.00%	0	Subscription costs still to be paid in the year.
4015	Non-HRA Housing Properties	0	3,941	3,941	0.00%	(7,500)	Benefit of Income from Lake Avenue HMO investment.
Housing Options:		364,734	253,450	(111,284)	30.51%	(37,500)	
4005	Housing Business & Partnerships	31,869	28,201	(3,668)	11.51%	0	
Housing Business & Partnerships:		31,869	28,201	(3,668)	11.51%	0	
TOTALS: HOUSING:		764,327	638,719	(125,608)	16.43%	(52,500)	

2015/16 December Capital Budget Monitoring Report

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	0	Awaiting completion - invoices due from Suffolk County Council.
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	75,259	259	Scheme complete.
Children's Play Equipment - Priors	0	155,000	171,372	24,000	Scheme expected to be completed by the end of the financial year. Total project cost estimated to be £179K. The balance is being met from S106 monies.
Children's Play Equipment - Nowton Pit	105	70,000	70,000	0	Project complete.
West Stow - Collections Building	27,086	0	6,090	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	240	0	Scheme under review.

FHDC 5 Year Capital Programme Report

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
Havebury - Bury Road, Chedburgh	0	400,000	0	0	Project due for completion December 2015.
Millfields Way, Haverhill	95,000	0	0	0	
Purchase of Lake Avenue HMO	250,366	0	32,937	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	313,156	(1,464,528)	Expected spend for the year is £313,000. Higher levels of expenditure now anticipated in 2016/17.
CCTV Cameras and Server	26,697	448,303	416,415	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	23,207	(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	246,028	0	Expected to spend full budget for year.
Private Sector Renewal Grants	179,849	300,000	107,565	0	Expected to spend full budget for year.
Asset Management Plan					
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	

FHDC 5 Year Capital Programme Report

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	17,113	0	
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. Subject to planning, it will potentially start in Feb 2016.
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	169,026	(29,000)	Works on site are complete.
New Moreton Hall Park	2,509	157,491	174,085	19,509	The contractors are now on site. Scheduled for completion prior to the end of the financial year. Project funded from S106.
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	1,180	(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	29,500	0	Scheme in progress.
West Stow biomass boiler	0	140,000	0	(140,000)	Scheme on hold pending review.
Rent-a-roof	0	540,000	207,647	(115,000)	£425,000 committed to pay for installations under the first tranche of this scheme.
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.
PENDING ITEMS					

FHDC 5 Year Capital Programme Report

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
Private Housing Company	0	0	0	0	
Haverhill depot water borehole	0	21,000	21,400	400	Scheme complete.
West Stow Investment opportunitites	2,855	397,145	12,162	(380,000)	The planning application for camping is currently being reviewed, expenditure likely to start in 2016/17.
	2,062,213	13,660,104	2,345,840	(5,288,902)	

Earmarked Reserves

2015/16 December 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	(88,415)	2,258,242	3,166,812	2,292,742	(34,500)	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	643,434	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	596,153	(72,859)	Lower funding than anticipated needed.
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	308,718	325,000	48,279	Funding of computer hardware costs.
Office Equipment Reserve	828,364	(408,503)	419,861	858,217	419,861	0	Funding of CCTV project in line with Business case approved by Full Council.
Section 106 - Public Service Village	47,595	(24,750)	22,845	39,699	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	267,266	(80,000)	Additional interest income due to larger than anticipated cash balances.
Professional Fees Reserve	0	65,000	65,000	48,753	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 refuse freighters now likely in 16/17.
Waste Management Reserve	113,040	22,300	135,340	173,565	285,340	(150,000)	Contribution as a result of any savings of fuel costs.
BR-Building Repairs Reserve - Leisure	611,488	324,000	935,488	828,423	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	1,549,418	1,400,000	(325,077)	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	534,066	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	17,651	17,580	15,000	£15K to be used to fund the replacement of equipment.
Abbey Gardens Donation	20,927	0	20,927	40,827	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).
Planning Reserve	137,679	(101,600)	36,079	88,588	107,679	(71,600)	Lower than anticipated spend on Local Plan.

Earmarked Reserves

2015/16 December 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
El-Historic Building Grants	621	0	621	621	0	621	
S106 Monitoring Officer Reserve	13,617	130	13,747	4,695	0	13,747	Funding of S106 Monitoring Officer
Economic Development Reserve (LABGI)	50,597	(5,000)	45,597	45,597	45,597	0	
Homelessness Legislation Reserve	0	0	0	155,476	0	0	
S106 Revenue Reserve	0	0	0	333,914	0	0	
Election Reserve	126,366	(50,000)	76,366	88,866	76,366	0	
St Edmundsbury Totals	13,404,482	(1,763,868)	11,640,614	16,686,652	14,062,447	(2,421,830)	

Treasury Management Sub-Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Treasury Management Report 2015/16 – Investment Activity 1 April to 31 December 2015	
Report No:	TMS/SE/16/001	
Report to and dates:	Treasury Management Sub- Committee	18 January 2016
	Performance and Audit Scrutiny Committee	28 January 2016
Portfolio holder:	Ian Houlder Portfolio Holder for Resources and Performance Tel: 01284 810074 Email: ian.houlder@stedsbc.gov.uk	
Lead officer:	Joanne Howlett Acting Head of Resources and Performance Tel: 01284 757264 Email: rachael.mann@westsuffolk.gov.uk	
Purpose of report:	To present the Council's Treasury Management Report summarising the investment activities for the period 1 April to 31 December 2015.	

Recommendation:	<p>The Treasury Management Sub-Committee is requested to:</p> <p>(1) Scrutinise the content of this report, including details of the treasury management performance for the first nine months of the 2015/16 financial year; and,</p> <p>(2) Make recommendations, as appropriate, via the Performance and Audit Scrutiny Committee to Cabinet and Council regarding the approval of the attached Treasury Management Report for the period 1 April to 31 December 2015 (Appendix 1 refers).</p>
Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>	<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>
Consultation:	<ul style="list-style-type: none"> 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.
Alternative option(s):	<ul style="list-style-type: none"> 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.
Implications:	
<p><i>Are there any financial implications?</i> <i>If yes, please give details</i></p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> Please refer to main report

Are there any staffing implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Are there any ICT implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Are there any legal and/or policy implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 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 the adopted annual strategy, be reported to Council. 	
Are there any equality implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Risk/opportunity assessment:			
Inherent level of risk (before controls)		Residual risk (after controls)	
Risk area	Low/Medium/ High*	Controls	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
Ward(s) affected:		All Wards	
Background papers: (all background papers are to be published on the website and a link included)		Treasury Management Performance and Annual Treasury Management and Investment Strategy – 2015/16 (TMS/SE/15/002)	
Documents attached:		Appendix 1 – Third Quarter Treasury Management Report 2015/16 Appendix 2 – Average Rate of Return Appendix 3 – Investments held as at 31 December 2015	

1. Key issues and reasons for recommendation(s)

1.1 Third Quarter Report 2015/16

1.2 Interest Earned from Treasury Investments during the period 1 April 2015 to 31 December 2015

1.2.1 The table below summarises the interest earned during the period 1 April to 31 December 2015 on the various Treasury Investments held by the Council.

1.2.2

TREASURY MANAGEMENT – INTEREST EARNED SUMMARY	
	£
Temporary Investments – Term Deposits	219,001
Santander Business Reserve Account	14,824
Bank of Scotland Current Account	493
Barclays Reserve Account	24,320
NatWest Call Account	167
NatWest 95 Day Account	11,203
Clydesdale 30 Day Account	3
Bank of Scotland Base Plus Account	0
Santander 365 Day Account	20,738
TOTAL INTEREST EARNED/ACCRUED	£290,749

1.2.3 The budgeted income from investments for the period 1 April to 30 December 2015 was £191,888 (average rate of return of 0.70%). Interest actually earned during the period totalled £290,749 (average rate of return of 0.74%), an overachievement of £98,863. This overachievement was predominantly due to higher cash balances being available for short term investments mainly due to timing differences in the collection and payment of Council Tax, Business Rates and government grants.

1.3 Investment Activity during the period 1 April to 30 December 2015

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

TREASURY MANAGEMENT – INVESTMENT ACTIVITY SUMMARY	
	2015/16
Opening Balance 01 April 2014	40,050,000
Investments made during the year (including transfers to business reserve accounts)	85,500,000
Sub Total	125,550,000
Investments realised during the year (including withdrawals from business reserve accounts)	72,550,000
Closing Balance 31 December 2015	53,000,000

1.3.2

SUMMARY OF FUNDS HELD*	
Fund	£
Revenue Reserves	15,476,604
Capital Receipts Reserves	20,046,902
General Fund Reserve	3,224,372
Cashflow Balances	14,252,122
Total Value of Investments	53,000,000

*Further details of funds held by the Council can be found in the Quarterly Budget Outturn Reports presented to Performance and Audit Scrutiny committee.

1.3.3

Investments held as at 31 December 2015

The table below shows the investments held as at 31 December 2015:

Counterparty	Principal	Interest Rate (%)	Start Date	Maturity Date
Santander UK 365 Day Notice	£8,000,000	1.3000	19/10/2015	365 day
Barclays Reserve Account	£5,000,000	0.4000	Inst/Acc	Inst/Acc
Bank of Scotland	£4,500,000	1.0000	12/02/2015	12/02/2016
Bank of Scotland	£1,500,000	1.0000	10/04/2015	08/04/2016
Leeds Building Society	£4,000,000	0.9000	01/05/2015	29/04/2016
Nationwide Building Society	£2,500,000	0.9000	04/06/2015	03/06/2016
National Counties B/Society	£2,000,000	0.7000	06/07/2015	06/01/2016
Nationwide Building Society	£4,000,000	0.9000	03/08/2015	03/08/2016
Principality B/S	£2,500,000	0.7200	03/08/2015	03/02/2016
Nationwide Building Society	£1,500,000	0.9000	03/09/2015	01/09/2016
Progressive Building Society	£1,500,000	0.7500	03/09/2015	03/03/2016
Newcastle Building Society	£3,000,000	0.7500	01/10/2015	01/04/2016
Coventry Building Society	£2,500,000	0.4800	02/11/2015	22/02/2016
West Bromwich Building Society	£3,000,000	0.6100	02/11/2015	21/03/2016
Bank of Scotland	£2,000,000	1.0500	03/11/2015	02/11/2016
Nottingham Building Society	£2,500,000	0.7300	04/12/2015	06/06/2016
Skipton Building Society	£3,000,000	0.7300	04/12/2015	06/06/2016
TOTAL as at 31/12/15	£53,000,000			

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 2016/17.

- 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 31 December 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.

Average Rates of Return as 31 December 2015			
	Qtr 1	Qtr 2	Qtr 3
Temporary Investments	0.93%	0.90%	0.86%
Santander Bus. Reserve	0.40%	0.40%	0.40%
Bank of Scotland C/Acc	0.40%	0.40%	0.40%
Barclays Reserve	0.45%	0.41%	0.41%
NatWest Call Account	0.25%	0.25%	0.25%
NatWest 95 Day Account	0.48%	0.46%	0.45%
Clydesdale 30 Day Account	0.25%	0.25%	0.25%
Bank of Scotland Base Plus	0.25%	0.25%	0.25%
Santander 365 Day Account	0.00%	0.00%	1.30%
7 Day Average	0.47%	0.47%	0.47%
3 year – 7 Day Average	0.48%	0.48%	0.48%
Overall Average return on Investments	0.70%	0.71%	0.74%

3rd Quarter 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 2018.

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

5 Investment activity, first nine months of 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:

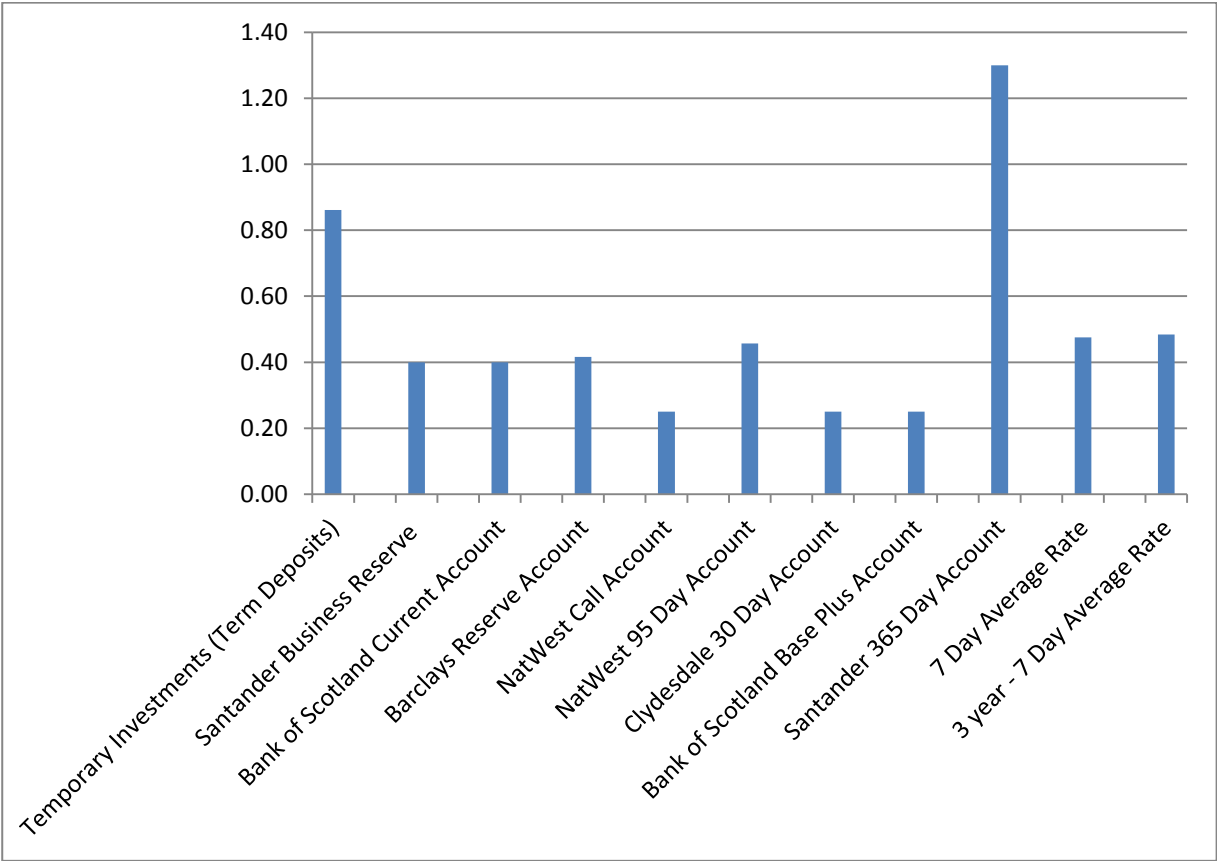
	<u>Value (£m)</u>
Opening balance 1 April 2015	40.05
Add: Investments made during the year (includes transfers to business reserve accounts)	85.50
Sub Total	125.55
Investments realised during the year (includes withdrawals from business reserve accounts)	72.55
Balance at 31 December 2015	53.00

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 business reserve account with Barclays. At 31 December 2015, in order to maintain liquidity whilst at the same time achieving a reasonable rate of return in relation to base rate, £5m was held in this account.

5.5 During quarter 3 a new 365day notice account was opened with Santander in order to take advantage of the 1.3% interest rate offered on this account. The full £8m permitted under the lending criteria has been invested in this account, consequently the instant access Santander Business Reserve account is no longer being used.

Average Rate of Return by Investment Category



INVESTMENTS HELD AS AT 31 DECEMBER 2015

Counterparty	Principal	Interest Rate (%)	Start Date	Maturity Date
Santander UK 365 Day Notice	£8,000,000	1.3000	19/10/2015	365 day
Barclays Reserve Account	£5,000,000	0.4000	Inst/Acc	Inst/Acc
Bank of Scotland	£4,500,000	1.0000	12/02/2015	12/02/2016
Bank of Scotland	£1,500,000	1.0000	10/04/2015	08/04/2016
Leeds Building Society	£4,000,000	0.9000	01/05/2015	29/04/2016
Nationwide Building Society	£2,500,000	0.9000	04/06/2015	03/06/2016
National Counties B/Society	£2,000,000	0.7000	06/07/2015	06/01/2016
Nationwide Building Society	£4,000,000	0.9000	03/08/2015	03/08/2016
Principality B/S	£2,500,000	0.7200	03/08/2015	03/02/2016
Nationwide Building Society	£1,500,000	0.9000	03/09/2015	01/09/2016
Progressive Building Society	£1,500,000	0.7500	03/09/2015	03/03/2016
Newcastle Building Society	£3,000,000	0.7500	01/10/2015	01/04/2016
Coventry Building Society	£2,500,000	0.4800	02/11/2015	22/02/2016
West Bromwich Building Society	£3,000,000	0.6100	02/11/2015	21/03/2016
Bank of Scotland	£2,000,000	1.0500	03/11/2015	02/11/2016
Nottingham Building Society	£2,500,000	0.7300	04/12/2015	06/06/2016
Skipton Building Society	£3,000,000	0.7300	04/12/2015	06/06/2016
TOTAL as at 31/12/15	£53,000,000			

Summary of funds held*

Fund	£
Revenue Reserves	15,476,604
Capital Receipts Reserves	20,046,902
General Fund Reserves	3,224,372
Cashflow Balances	14,252,122
Total Value of Investments	53,000,000

*Further details of funds held by the Council can be found in the Quarterly Budget Outturn Reports presented to Performance & Audit Scrutiny committee.

Treasury Management Sub-Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Annual Treasury Management and Investment Strategy Statements 2016/17	
Report No:	TMS/SE/16/002	
Report to and date/s:	Treasury Management Sub-Committee	18 January 2016
	Performance and Audit Scrutiny Committee	28 January 2016
Portfolio holder:	Ian Houlder Portfolio Holder for Resources and Performance Tel: 01284 810074 Email: ian.houlder@stedsbc.gov.uk	
Lead officer:	Joanne Howlett Acting Head of Resources and Performance Tel: 01284 757264 Email: joanne.howlett@westsuffolk.gov.uk	
Purpose of report:	To seek approval of the Annual Treasury Management and Investment Strategy Statements 2016/17 (including Treasury related Prudential Indicators) and Treasury Management Code of Practice.	

Recommendation:	<p>The Treasury Management Sub-Committee is asked to:</p> <p>(1) Make recommendations via the Performance and Audit Scrutiny Committee to Cabinet and Council regarding approval of the proposed Annual Treasury Management and Investment Statements 2016/17, (attached at Appendix 1)</p> <p>(2) Make recommendations via the Performance and Audit Scrutiny Committee to Cabinet and Council regarding the approval of the proposed Treasury Management Code of Practice 2016/17, (attached at Appendix 2)</p>
<p>Key Decision:</p> <p><i>(Check the appropriate box and delete all those that do not 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>
Consultation:	<ul style="list-style-type: none"> Treasury management activities are currently undertaken in consultation with Sector (Capita), (the Councils appointed Treasury Management advisers) and also takes into account information obtained from investment brokers and other economic commentators. The committee provides for the scrutiny of treasury management strategies and performance, with changes in strategies and policies subject to approval by Cabinet and full Council.
Alternative option(s):	<ul style="list-style-type: none"> Options for the management of Council investments are formally considered within the Annual Treasury Management and Investment Strategy.
Implications:	
<p>Are there any financial implications? If yes, please give details</p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> Total budgeted interest receipts from investments, included in the MTFIS, for 2016/17 is £277k
<p>Are there any staffing implications? If yes, please give details</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <ul style="list-style-type: none">
<p>Are there any ICT implications? If yes, please give details</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <ul style="list-style-type: none">
<p>Are there any legal and/or policy implications? If yes, please give details</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <ul style="list-style-type: none">
<p>Are there any equality implications? If yes, please give details</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <ul style="list-style-type: none">
Risk/opportunity assessment:	<p><i>(potential hazards or opportunities affecting corporate, service or project objectives)</i></p>

Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
	Low/Medium/ High*		Low/Medium/ High*
Fluctuations in interest rates or in projected cash flows having significant impact on budgeted investment income.	High	Spread of investments for periods of up to two years. Budget monitoring and quarterly performance reports. Use of interest equalisation reserve to smooth out year-on-year fluctuations.	Medium
Bank and building society failure resulting in loss of Council funds.	High	Use of Sector advice on counterparty credit ratings (based on Fitch, S&P and Moody ratings) and the setting of lending limits. Use of non-rated building societies based on asset base and additional credit checks.	Medium
Ward(s) affected:	All Ward		
Background papers: <i>(all background papers are to be published on the website and a link included)</i>	Annual Treasury Management and Investment Strategy 2015/16 (TMS/SE.15/002) Treasury Management Code of Practice 2015/16 (TMS/SE/15/002)		
Documents attached:	Appendix 1 – Annual Treasury Management and Investment Strategy Statements 2016/17. Appendix 2 – Treasury Management Code of Practice 2016/17.		

1. Key issues and reasons for recommendation(s)

1.1 Annual Treasury Management and Investment Strategy

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

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

1.2 Major changes between the 2015/16 Strategy and the new 2016/17 Strategy

1.2.1 There have been no major changes to the Strategy since it was present to this committee on 19 January 2015.

1.3 Treasury Management Code of Practice

1.3.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) recommend that all Councils adopt a Treasury Management Code of Practice based on the treasury management practices published by CIPFA and guidance issued in their Code of Practice on Treasury Management.

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

1.3.3 The approved Treasury Management Code of Practice, report TMS/SE/15/002 has been updated accordingly to reflect the proposed Annual Treasury Management and Investment Strategy Statements 2016/17.

1.4 Major changes between the Code of Practice 2015/16 and the new Code of Practice 2016/17

1.4.1 There are no major changes to the Code of Practice to report since it was present to this committee on 19 January 2015. Please see **Appendix 2**, Treasury Management Code of Practice 2016/17, for full details.

2. Interest Rate Projections

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

2.2

	Previous Strategy	New Strategy
2016/17	1.50%	0.90%
2017/18	2.00%	1.50%
2018/19	2.50%	2.00%
2019/20		2.50%

3. Counterparty Ratings

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

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

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

* Note – This represents an adaption of the Sector approach

3.1.3 **Lending Criteria – Rated Building Societies**

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

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

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

3.1.5 Please see the Annual Treasury Management and Investment Strategy Statements 2016/17, (**Appendix 1**) for full details.

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**ST EDMUNDSBURY
BOROUGH COUNCIL**

***ANNUAL TREASURY
MANAGEMENT AND
INVESTMENT STRATEGY
STATEMENTS
2016/2017***

To be approved at Council 23 February 2016

ANNUAL TREASURY MANAGEMENT AND INVESTMENT STRATEGY STATEMENTS 2016/2017

TREASURY MANAGEMENT POLICY STATEMENT

1. The Council defines its treasury management activities as:

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

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

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

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

ANNUAL INVESTMENT STRATEGY 2016/17

Introduction

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

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

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

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

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

Risk Management

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

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

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

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

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

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

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

Scheme of delegation and the role of the Section 151 officer

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

Use of External Brokers/Advisors/Fund Managers

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

Creditworthiness Policy & Lending Criteria

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

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

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

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

Lending Criteria - Rated Banks and Investment Scheme

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

* Note – This represents an adaption of the Sector approach

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

Lending Criteria – Rated Building Societies

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

• Note – This represents an adaption of the Sector approach

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

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

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

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

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

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

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

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

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

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

Investment Security - Specified and Unspecified Investments

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

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

- An investment is a *specified investment* if all of the following apply:
 - (a) the investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling;
 - (b) the investment is not a long-term investment (1 year or more)
 - (c) the making of the investment is not defined as capital expenditure by virtue of regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting)(England) Regulations 2003 [SI 3146 as amended];
 - (d) the investment is made with a body or in an investment scheme of high credit quality (see below); or with one of the following public sector bodies:
 - i. the UK Government
 - ii. a local authority in England & Wales (as defined in section 23 of the 2003 Act) or similar body in Scotland or Northern Ireland
 - iii. a parish or community council.

- An *unspecified investment* is any other investment that does not meet the definition of a specified investment. Basically these are investments with maturity dates greater than 1 year, or where no credit ratings have been awarded to the organisations concerned.

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

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

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

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

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

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

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

Investment Liquidity - Longer Term Investments

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

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

On any day:

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

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

Borrowing/External Debt

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

35. The Council's external debt as at 31 December 2015 was as follows:-

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

Council's Banker

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

Balanced Budget Requirement

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

Future Interest Rates

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

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

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

- 2016/17 – 0.90%
- 2017/18 – 1.50%
- 2018/19 – 2.00%
- 2019/20 – 2.50%

41. In November 2015 the government announced an extension to 'funding for lending' scheme which is now due to end in January 2018, the effects could continue to affect the rates of return available in 2016/17.

Total Investments

42. Please see the following table for full details of the investments held by the Council as at 31 December 2015.

Counterparty Name	Value £	Interest Rate %	Investment Date	Date of Return
BANK OF SCOTLAND ACCOUNT Bank of Scotland Call Account	0	0.000	01-Apr-15	31-Dec-15
NATWEST ACCOUNTS NatWest Call Account NatWest 95 Day Notice Account	0 0	0.000 0.000		
BARCLAYS ACCOUNT Barclays Reserve Account	5,000,000	0.400	01-Apr-15	31-Dec-15
SANTANDER ACCOUNT Santander UK 365 Day Notice Account	8,000,000	1.300	19-Oct-15	31-Dec-15
TEMPORARY INVESTMENTS				
Bank of Scotland	4,500,000	0.950	12-Feb-14	12-Feb-15
Bank of Scotland	1,500,000	1.000	10-Apr-15	08-Apr-16
Leeds Building Society	4,000,000	0.900	01-May-15	29-Apr-16
Nationwide Building Society	2,500,000	0.900	04-Jun-15	03-Jun-16
National Counties Building Society	2,000,000	0.700	06-Jul-15	06-Jan-16
Nationwide Building Society	4,000,000	0.900	03-Aug-15	03-Aug-16
Principality Building Society	2,500,000	0.720	03-Aug-15	03-Feb-16
Nationwide Building Society	1,500,000	0.900	03-Sep-15	01-Sep-16
Progressive Building Society	1,500,000	0.750	03-Sep-15	03-Mar-16
Newcastle Building Society	3,000,000	0.750	01-Oct-15	01-Apr-16
Coventry Building Society	2,500,000	0.480	02-Nov-15	22-Feb-16
West Bromwich Building Society	3,000,000	0.610	02-Nov-15	21-Mar-16
Bank of Scotland	2,000,000	1.050	03-Nov-15	02-Nov-16
Nottingham Building Society	2,500,000	0.730	04-Dec-15	06-Jun-16
Skipton Building Society	3,000,000	0.730	04-Dec-15	06-Jun-16
TOTAL VALUE OF INVESTMENTS HELD	53,000,000			

Capital Finance

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

Treasury Management Code of Practice

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

Prudential Indicators

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

	2015/16	2016/17	2017/18	2018/19
TREASURY MANAGEMENT PRUDENTIAL INDICATORS	£	£	£	£
Authorised limit for external debt -	Approved	Estimate	Estimate	Estimate
Borrowing	£1,111,000	£1,111,000	£1,111,000	£1,111,000
Other long term liabilities	£0	£0	£0	£0
TOTAL	£1,111,000	£1,111,000	£1,111,000	£1,111,000
Operational boundary for external debt -				
Borrowing	£1,000,000	£1,000,000	£1,000,000	£1,000,000
Other long term liabilities	£0	£0	£0	£0
TOTAL	£1,000,000	£1,000,000	£1,000,000	£1,000,000
Maturity Structure of Borrowing				
Upper Limit for % of borrowing maturing in:				
• Under 12 Months	100%	100%	100%	100%
• 1 - 2 years	0%	0%	0%	0%
• 2 - 5 years	0%	0%	0%	0%
• 5 - 10 years	0%	0%	0%	0%
• Over 10 years	0%	0%	0%	0%
The lower limit for all periods	0%	0%	0%	0%
Upper limit for fixed interest rate exposure expressed as a % of total investments	100%	100%	100%	100%
Upper limit for variable rate exposure expressed as a % of total investments	60%	60%	60%	60%
Upper limit for total principal sums invested for over 364 days (per maturity date)	£20,000,000	£20,000,000	£20,000,000	£20,000,000

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Forest Heath & St Edmundsbury councils

West Suffolk

working together

ST EDMUNDSBURY BOROUGH COUNCIL

Treasury Management

Code of Practice

To be approved at Council on **23 February 2016**

SECTION 1

INTRODUCTION

This Code for Treasury Management within the Authority is based on the 2011 Fully Revised Code recommended nationally by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code also incorporates revisions introduced by CIPFA in its document "Treasury Management in the Public Services – Code of Practice and Cross-Sectoral Guidance Notes" ("the Code"). CIPFA is the leading professional accountancy body for the public services in the United Kingdom and a Member of the Consultative Committee of Accountancy Bodies. Its Members specialise in Public Sector Financial Management and Accountancy, and it includes among its Members the Chief Financial Officers of most Local Authorities in England, Wales and Scotland.

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

The Institute recommends the Council to adopt this Code for Treasury Management in the Authority.

DEFINITION OF THE CODE

For the purposes of this Code, "Treasury Management Activities" is defined as:-

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

SECTION 2

PURPOSE OF THE CIPFA CODE

The objectives of the CIPFA Code are:-

- To assist public service organisations in the development and maintenance of firm foundations and clear objectives for their treasury management activities, and thereby to add to their credibility in the public eye.
- To emphasise the overriding importance of effective risk management as the foundation for treasury management in all public service bodies.
- To encourage the pursuit of value for money in treasury management, and to promote the reasoned use, development and appreciation of appropriate and practical measures of performance.
- To enable CIPFA Members to fulfil their professional and contractual responsibilities to the organisations they serve and, in accordance with the members' charter, "to maintain and develop the professional competence of both themselves and those they supervise".
- To help facilitate a standardisation and codification of treasury management policies and practices in the public services.
- To assist those involved in the regulation and review of treasury management in the public services, particularly those charged with the audit of the same.
- To foster a continuing debate on the relevance and currency of the statutory and regulatory regimes under which treasury management in the various parts of the public services operates.
- To further the understanding and confidence of, and to act as a reference work for, financial and other institutions whose businesses bring them into contact with the treasury management activities of public service organisations.

The purpose of the CIPFA code is to give guidance and advice on such matters as:-

- Risk Management.
- Performance Management.
- Decision making and analysis.
- Approved instruments, methods and techniques.
- Organisation, clarity and segregation of responsibilities and dealing arrangements.
- Reporting requirement and management information arrangements.
- Budget, accounting and reporting arrangements.
- Cash and cash flow management.
- Money laundering.
- Training and qualifications.
- Use of external service providers.
- Corporate Governance.

In preparing this Code, and any subsequent amendments recommended to the Council, the Section 151 Officer or Deputy Section 151 Officer shall consider and include, as appropriate, any of the issues referred to in the Guide.

SECTION 3

REQUIREMENT FOR THE OPERATION OF THE CODE

The Council's Terms of Reference and delegation to its Committees, and Officers shall provide for the items as detailed in the schedule to TMP 5, Organisation, Clarity and segregation of responsibilities and dealing arrangements.

The Terms of Reference for Cabinet shall provide as follows:-

1. Supervision, management and administration of budgets, expenditure/income control, borrowing, investments, insurance, banking, internal and external auditors, estimates and supplementary estimates in accordance with the Council's Standing Orders and Financial Regulations.
2. In respect of borrowing and investments, the Council shall adopt and maintain a Treasury Policy Statement, setting out its strategy and procedures on Treasury Management. The Council has adopted the CIPFA 'Code for Treasury Management in Local Authorities' as the basis of the Council's formal Code of Practice on Treasury Management.

The Financial Regulations of the Council shall provide as follows:-

1. A Treasury Policy Statement and key recommendations, based upon CIPFA's 'Treasury Management in the Public Services Code of Practice and Cross Sectoral Guidance Notes' (the CIPFA Code) shall be adopted by the Council. The Section 151 Officer or Deputy Section 151 Officer shall advise the Council immediately of any significant amendment of the CIPFA Code and any consequent or necessary amendment of the Treasury Policy Statement.
2. All monies held by the Council shall be aggregated for the purposes of treasury management and shall be under the control of the Section 151 officer, as designated for the purposes of the Local Government Act 1972.
3. The Council shall create and maintain suitable Treasury Management Practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities. The Council's Treasury Management Practices are detailed in the schedules to the TMPs.
4. The content of this policy statement and TMPs will, wherever practicable, follow the recommendations contained in the CIPFA Code. Any deviation from the Code, for practical purposes, will not result in a material deviation from the Code's key recommendations.
5. The Council will receive reports on its treasury management policies, practices and activities, including as a minimum, an annual strategy and plan in advance of the ensuing financial year, and an annual report after its close, in the form prescribed in its TMPs.
6. This organisation delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the

Council and for the execution and administration of treasury management decisions to the Section 151 Officer or Deputy Section 151 Officer who will act in accordance with the organisation's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.

7. Any trust fund shall, if possible, be in the name of the Council and any deeds relating to such funds shall be deposited with the Chief Executive for safekeeping, unless the deeds provide otherwise.
8. The Section 151 Officer or Deputy Section 151 Officer is given authority to deal with any emergency situation that may arise in relation to any matters not already delegated within the Treasury Management Policy.

The delegation to the Section 151 Officer or Deputy Section 151 Officer under the Cabinet shall provide as follows:-

1. To manage the Council's loan debt and to raise and repay loans, together with other appropriate instruments, to give effect to the borrowing limits in accordance with the Local Government Act 2003 (which requires local authorities to have regard to the CIPFA Prudential Code) and any other relevant controls imposed by Central Government.
2. Subject to the Council's Financial Regulations, to undertake all investment transactions including the management of the External Investment Fund in liaison with any Fund Managers appointed by the Council, and within the investment policy determined by the Council.

The Section 151 Officer or Deputy Section 151 Officer is required to report any amendments to this Code and to obtain any necessary resolutions of the Council pertaining to Treasury Management. Where there is any material departure from the CIPFA Code the Section 151 Officer or Deputy Section 151 Officer shall clearly advise the Council of such departure.

SECTION 4

THE TREASURY MANAGEMENT POLICY STATEMENT

The principal legislation governing Treasury Policy matters is the Local Government Act 2003. The Act requires the Council to determine several fundamental items of financial policy on an annual basis for the ensuing year including the Treasury Management strategy.

The Council defines its treasury management activities as:

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

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

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

SECTION 5

TREASURY MANAGEMENT PRACTICES

Index of Treasury Management Practices

The following Treasury Management Practices (TMPs) are incorporated in the Treasury Management Code of Practice in accordance with CIPFA Guidance:-

TMP 1	Risk management
TMP 2	Performance measurement
TMP 3	Decision making and analysis
TMP 4	Approved instruments, methods and techniques
TMP 5	Organisation, clarity and segregation of responsibilities and dealing arrangements
TMP 6	Reporting requirement and management information arrangements
TMP 7	Budgeting, accounting and audit arrangements
TMP 8	Cash and cash flow management
TMP 9	Money laundering
TMP 10	Training and qualifications
TMP 11	Use of external service providers
TMP 12	Corporate governance

TMP 1 RISK MANAGEMENT

General Statement

The Section 151 Officer or Deputy Section 151 Officer will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation’s objectives in this respect, all in accordance with the procedures set out in TMP6 Reporting requirements and management information arrangements. In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in the schedule to this document.

1. Credit and Counterparty Risk Management

Definition: Credit and counterparty risk is the risk of failure by a counterparty to meet its contractual obligations to the organisation under an investment, borrowing, capital project or partnership financing, particularly as a result of the counterparty’s diminished creditworthiness, and the resulting detrimental effect on the organisation’s capital or current (revenue) resources.

The Council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP4 Approved instruments, methods and techniques and listed in the schedule to

this document. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements.

2. **Liquidity Risk Management**

Definition: This is the risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, and that the organisation's business/service objectives will thereby be compromised.

The Council will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/services objectives.

This Council will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

3. **Interest Rate Risk Management**

Definition: The risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately.

The Council will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with TMP6 Reporting requirements and management information arrangements.

It will achieve this by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be subject to the consideration and, if required, approval of any policy or budgetary implications.

4. **Exchange Rate Risk Management**

Definition: The risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately.

The Council will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.

5. Refinancing Risk Management

Definition: The risk that maturing borrowings, capital, project or partnership financings cannot be refinanced on terms that reflect the provisions made by the organisation for those refinancing, both capital and current (revenue), and/or that the terms are inconsistent with prevailing market conditions at the time.

The Council will ensure where applicable that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time.

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid overreliance on any one source of funding if this might jeopardise achievement of the above.

At present the Council is not involved in any Private Finance Initiatives.

6. Legal and Regulatory Risk Management

Definition: The risk that the organisation itself, or an organisation with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the organisation suffers losses accordingly.

The Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP1(1) credit and counterparty risk management, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the organisation, particularly with regard to duty of care and fees charged.

The Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.

7. Fraud, Error and Corruption, and Contingency Management

Definition: The risk that an organisation fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings, and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends. It includes the area of risk commonly referred to as operational risk.

The Council will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements to these ends.

8. **Market Risk Management**

Definition: The risk that, through adverse market fluctuations in the value of the principal sums an organisation invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately.

The Council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

9. **Inflation Risk Management**

Definition: The uncertainty over the future real value (after inflation) of your investment.

The effects of varying levels of inflation, insofar as they can be identified as impacting directly on its treasury management activities, will be controlled by the Council as an integral part of its strategy for managing its overall exposure to inflation.

TMP 2 Performance Management

The Council is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its treasury management policy statement.

Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the organisation's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery, of the availability of fiscal or other grant or subsidy incentives, and of the scope for other potential improvements. The performance of the treasury management function will be measured using the criteria set out in the schedule to this document.

TMP 3 Decision-Making and Analysis

The Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purpose of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time. The issues to be addressed and processes and practices to be pursued in reaching decisions are detailed in the schedule to this document.

TMP 4 Approved Instruments, Methods and Techniques

This organisation will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the schedule to this document, and within the limits and parameters defined in TMP1 Risk management.

TMP 5 Organisation, Clarity and Segregation of Responsibilities, and Dealing Arrangements

This organisation considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

If and when the Council intends, as a result of lack of resources or other circumstances, to depart from these principles, the Section 151 Officer or Deputy Section 151 Officer will ensure that the reasons are properly reported in accordance with TMP6 Reporting requirement and management information arrangements, and the implications properly considered and evaluated.

The Section 151 Officer or Deputy Section 151 Officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The Section 151 Officer or Deputy Section 151 Officer will also ensure that at all times those engaged in treasury management will follow the policies and procedures set out. The present arrangements are detailed within this document.

The Section 151 Officer or Deputy Section 151 Officer will ensure there is proper documentation for all deals and transactions and that procedures exist for the effective transmission of funds. The present arrangements are detailed in the Treasury Management Procedural Notes.

The delegations to the Section 151 Officer or Deputy Section 151 Officer in respect of treasury management are set out within this document. The Section 151 Officer or Deputy Section 151 Officer will fulfil all such responsibilities in accordance with the organisation's policy statement and TMPs and if a CIPFA member, the Standard of Professional Practice on Treasury Management.

TMP 6 Reporting Requirements and Management Information Arrangements

The Council will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

As a minimum, Cabinet will receive:

- An annual report on the strategy and plan to be pursued in the coming year.
- A mid-year review
- An annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation's treasury management policy statement and TMPs.

The body responsible for scrutiny, such as an audit or scrutiny committee, will have the responsibility for the scrutiny of treasury management policies and practices.

Local authorities should report the treasury management indicators as detailed in their sector-specified guidance notes.

The present arrangements and the form of these reports are detailed within this document.

TMP 7 Budgeting, Accounting and Audit Arrangements

The Section 151 Officer or Deputy Section 151 Officer will prepare, and the Council will approve and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1 Risk management, TMP2 Performance measurement, and TMP4 Approved instruments, methods and techniques.

The Section 151 Officer or Deputy Section 151 Officer will exercise effective controls over this budget, and will report on and recommend any changes required in accordance with TMP6 Reporting requirements and management information arrangements.

The Council will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

The Council will ensure that its auditors, and those charged with regulatory review, have access to all information and papers supporting the activities of the treasury management function, as are necessary for the proper fulfilment

of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved practices. The information made available under present arrangements is detailed in the schedule to this document.

TMP 8 Cash and Cash Flow Management

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of this organisation will be under the control of the Section 151 Officer or Deputy Section 151 Officer, and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the Section 151 Officer or Deputy Section 151 Officer will ensure that these are adequate for the purposes of monitoring compliance with TMP1 (2) liquidity risk management.

TMP 9 Money Laundering

The Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff involved in this are properly trained.

Any suspicions of money laundering activities would be reported to the Internal Audit Manager who is the Money Laundering Reporting Officer (MLRO) or the Senior Auditor who is the Deputy Money Laundering Reporting Officer.

TMP 10 Staff Training and Qualifications

The Council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The Section 151 Officer or Deputy Section 151 Officer will recommend and implement the necessary arrangements.

The Section 151 Officer or Deputy Section 151 Officer will ensure that the Council members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.

Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

The present arrangements are detailed within this document.

TMP 11 Use of External Service Providers

The Council recognises that responsibility for treasury management decisions remains with the Council at all times. It recognises that there may be

potential value of employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review. Where services are subject to formal procurement arrangements, legislative requirements will always be observed. The monitoring of such arrangements rests with the Section 151 Officer or Deputy Section 151 Officer.

TMP 12 Corporate Governance

The Council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

The Council has adopted and has implemented the key principles of the Code. This, together with the other arrangements detailed in the schedule to this document, are considered vital to the achievement of proper corporate governance in treasury management, and the Section 151 Officer or Deputy Section 151 Officer will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

SECTION 6

SUPPORTING SCHEDULES TO THE TREASURY MANAGEMENT PRACTICES (TMPs)

RISK MANAGEMENT (TMP1)

CREDIT AND COUNTERPARTY POLICIES RISK MANAGEMENT – TMP1(1)

Criteria for Creating/Managing Approved Counter Party Lists for Investments

The Council uses the creditworthiness service provided by Sector Treasury Services Ltd (now known as Capita Asset Services). This service uses a sophisticated modelling approach which uses all of the following to produce a colour coded rating for each institution:

- credit ratings from all three rating agencies - Fitch, Moodys and Standard and Poors
- credit watches and credit outlooks from credit rating agencies
- sovereign ratings to select counterparties from only the most creditworthy countries
- credit default swap (CDS) data

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

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

Lending Criteria - Rated Banks and Investment Scheme

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

* Note – This represents an adaption of the Sector approach

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

Lending Criteria – Rated Building Societies

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

• Note – This represents an adaption of the Sector approach

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

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

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

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

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

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

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

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

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

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

With regard to the Council's internally managed call accounts, interest receipts will not be included when considering investment limits. This is due to interest receipts being paid into the call accounts directly. Therefore until a withdrawal can be made the balance within the account may temporarily exceed the limits stated above.

Organisations that hold an acceptable rating and are included on the approved list of organisations for investments will be checked, on a monthly basis (and before an investment is made), against the latest information available to ensure their rating is still acceptable to the Council.

It is recognised, however, that during the term of an investment the credit rating of the institution may fall below the required standard. When this occurs advice will be sort from our external advisors regarding what should be done about the investment.

Investment Liquidity - Longer Term Investments

The following longer term investment restrictions will apply:-

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

On any day:

- No more than £15M (nominal) in total shall be held in investments where the remaining term up to the date of maturity is at least 4 years but not exceeding 5 years.
- No more than £20M (nominal) in total shall be held in investments where the remaining term up to the date of maturity exceeds 1 year.
- No more than 60% of the total value of investments held will be subject to a variable rate of return.

Change of Limits for Amounts Invested

The investment limits (i.e. the maximum amount which can be invested with an organisation), can only be changed through approval by Council.

Specified and Unspecified Investments

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

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

	Minimum 'High' Credit Criteria
Debt Management Agency Deposit Facility	--
Treasury Bills	--
Term deposits – local authorities	--
Term deposits – banks and rated building societies (see separate table for credit criteria re non-rated building societies)	Based on Sector's Colour Code system
Bonds issued by a financial institution which is guaranteed by the UK government	AAA
Certificates of deposits issued by banks and building societies	Short-term F1, Long-term A, Individual C, Support 2
Sovereign bond issues (non-UK)	AAA
Money Market Funds	Short-term F1, Long-term A, Individual C, Support 2

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

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

	Minimum Credit Criteria	Max % of total investments	Max. maturity period
Term deposits – other LAs with maturities >1yr	-	50	2 years
Term deposits – non-rated building societies	See table at 5.7 above	90	1 year
Term deposits – banks and rated building societies with maturities >1yr	Based on Sector's Colour Code system – see tables at 5.3 & 5.4 above	90	2 years
	Minimum Credit Criteria	Max % of total investments	Max. maturity period
Bonds issued by multilateral development banks with maturities >1yr	AAA	25	2 years
Bonds issued by a financial institution which is guaranteed by the UK government with maturities >1yr	AAA	25	2 years

Evidence of the Council's Powers to Deal with Counterparties

Where a new counterparty has been approved for inclusion on the approved list of organisations for investments, the Council will provide evidence of that approval (when required by the counterparty) prior to the placing of any investments.

The approved institution will be requested to provide, on headed paper, its bank details, the deadline for closing deals, and details of the dealer's names and contact telephone numbers.

LIQUIDITY RISK MANAGEMENT - TMP1(2)

Approved Minimum Cash Balances and Short Term Investments

In order to maintain the position of the Council, in terms of liquidity, the following limits have been set: -

- ◆ Daily treasury management procedures will aim to maintain a forecast consolidated balance in the region of £25k to £500k. However, balances over £500K may be retained in the bank account if a maturing investment is being used to cover payments going out within the next week and the total interest lost, by retaining this money, does not exceed £50.00.
- ◆ If two internally managed investments are being placed on the same day with different maturity dates, one counterparty may be used for the two investments even if the investment % rate offered on one of the investments is not the highest rate and the subsequent loss of interest incurred does not exceed the pre-set limit of £50 on that one investment. However, the counterparty in question must be willing to accept the two investments as one CHAPS payment.

- ◆ At least £1M of short-term investments will be retained by the Council to meet cash flow requirements. Whilst this is a recommended minimum, the Council does have access to a £1m overdraft facility for any unexpected short term borrowing.

This is to ensure that: -

- ◆ Cash flow requirements are fully met.
- ◆ The amounts of the individual sums invested are sufficient to make external investment economically viable.
- ◆ The amounts of the individual sums invested are sufficient to attract competitive rates of return.

Standby Facilities/Call Accounts

The Council also has accounts with the Bank of Scotland, Barclays, Santander and NatWest.

Overdraft Arrangements

Overdraft arrangements have been arranged with the Council's bankers with a net limit of £1M. Interest will be charged at 2% above the Bank's Base Rate.

*The Bank also operates a **Daylight Exposure Limit** (also known as the Settlement Risk Exposure), which allows the consolidated bank accounts can be overdrawn during the course of the working day; the limit is set at £25M. The daylight exposure limit is intended to cover any crossover periods during the day when large payments have to be made from the Council's bank accounts, but the expected credits may not be received until later in the day.*

The daylight exposure limit only covers CHAPS payments.

Short & Long Term Borrowing Facilities

There is a borrowing limit that is set by the Council each year in accordance with the Local Government Act 2003. The limit is a specific indicator within the Councils Prudential Code which is reviewed annually in accordance with the code/best practice and is approved by Full Council.

Should the need for further borrowing prove necessary, or appropriate for strategic purposes, provided the limit is within the prudential indicator, then arrangements would be made in accordance with the code.

INTEREST RATE RISK MANAGEMENT – TMP1(3)

The Council will manage its exposure to fluctuations in interest rates with a view to securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with TMP6 Reporting requirements and management information arrangements.

It will achieve this by the prudent use of its approved investment instruments, methods and techniques, primarily to create stability and certainty of revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest

rates. This should be subject to the consideration and, if required, approval of any policy or budgetary implications.

The Council also has an interest equalisation reserve which, if necessary, can be used to help smooth out the level of interest received due to fluctuations in interest rates.

EXCHANGE RATE RISK - TMP1(4)

This is the risk that fluctuations in foreign exchange rates may create an unexpected, or unbudgeted, burden on the Council's finances. In order to mitigate this risk the Council's investments are restricted to sterling, however, it does have access to real-time market advice from its external advisors which will enable it to assess any potential risks arising and to take any necessary action.

REFINANCING RISK MANAGEMENT - TMP1(5)

The Council holds reliable and accurate records of the terms and maturities of its borrowings (where applicable) to enable it to plan the timing of, and successfully negotiate appropriate terms for its refinancing, if required.

LEGAL AND REGULATORY RISK MANAGEMENT – TMP1(6)

The regulations and statutory provisions or any statutory amendment, regarding enactment or modification thereof, under which Treasury Management investments are performed would include: -

- ◆ Local Government Act 1972 (taking account of the Trustee Investment Act 1961).
- ◆ The Local Government Act 1989.
- ◆ Local Authorities (Capital Finance) Regulations 1990 (SI 1990 No. 426) as amended.
- ◆ Local Authorities (Capital Finance) (Approved Investments) (Amendment) Regulations 1990 (SI 1991 No. 501). This SI was one of many which amended SI 1990 No. 426 above.
- ◆ The Local Authorities (Contracting Out of Investment Functions) Order 1996 (SI 1996/1883).

The regulations and statutory provisions under which Treasury Management borrowing is performed would include: -

- ◆ The Local Government and Housing Act 1989 (including sections 43, 45 and 46 of that Act).
- ◆ The Public Works Loan Board Acts 1965 and 1967.
- ◆ The Local Authorities (Borrowing) Regulations 1990 (SI 1990/767) as amended by the Local Authority (Borrowing) (Amendment) Regulations 1991 (SI 1991/551).
- ◆ The Local Government Act 2003.

Treasury Management procedures will be updated to accommodate any new legislative provisions.

It is recognised that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.

FRAUD, ERROR AND CORRUPTION, AND CONTINGENCY MANAGEMENT – TMP1(7)

Fraud and Error

The Council recognises that there is a risk of fraud or error occurring through the performance of the Treasury Management function. Consequently procedures are in place to ensure control over the organisations with which the Council invests (see Credit and Counterparty Risk Management), and to ensure there is an adequate segregation of duties.

The Council now uses an internet based banking system in connection with the Treasury Management function, however access to this is tightly controlled and the security and integrity of the site/system is managed by the Council's bankers Lloyds Bank Plc (a separate procedure manual details the system, procedures and emergency /contingency arrangements applicable in terms of making payments, and obtaining treasury information is available).

Treasury information may be made available on the Councils website however care will be exercised to ensure that no sensitive Treasury information is published through such arenas.

The Council has an "Anti-fraud Policy" and "Whistle-blowing procedures" that identify measures to control the risk of fraud by staff and Members. These can be found in the Internal Audit section of the Council's website.

Internal Audit undertake an annual audit review of the Treasury Management system and assess the effectiveness of controls implemented to prevent or detect fraud and error.

Shortfall of Funds

Should the Council suffer an unforeseen shortfall of funds, the nature of the position should be discussed with the Section 151 Officer or the Deputy Section 151 Officer.

Dependent on the nature of the shortfall, it may be necessary to negotiate terms with the Councils bankers to cover the shortfall, or to loan money from a Broker.

The Council has access to a £1m overdraft with its current bankers and interest on this account would be charged at 2% above base rate.

Insurance

The Council holds Fidelity Guarantee insurance, which covers loss of money or property belonging to the Council or for which they are legally responsible, resulting from any act of fraud or dishonesty of its employees, discovered during the period of insurance or within 24 months of the expiration.

All employees are covered by the policy, with the following limits being applicable: -

Six Designated Resources and Performance Staff (responsible for Treasury management)	£5.0M
All other staff	£0.5M

The Resources and Performance posts insured for the Treasury Management value of £5M are as follows: -

Head of Resources and Performance
Senior Business Partner (Transactional and Regulatory Services)
Business Partner (Transactional and Regulatory Services)
Team Leader (Treasury and Regulatory Services)
Business Support Officer (Treasury and Regulatory Services)
Trainee Business Support Officer (Treasury and Regulatory Services)

MARKET RISK MANAGEMENT - TMP1(8)

The Council mitigates this risk through the use of market advice from its external advisors and through a monthly review of the credit ratings. The 2008 Credit Guarantee scheme has also been used previously, but has not been available since May 2010.

INFLATION RISK MANAGEMENT TMP 1 (9)

The effects of varying levels of inflation, insofar as they can be identified as impacting directly on its treasury management activities, will be controlled by the Council as an integral part of its strategy for managing its overall exposure to inflation.

It will achieve these objectives by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates, exchange rates or inflation. The above are subject at all times to the consideration and, if required, approval of any policy or budgetary implications.

Methodology Applied To Evaluate The Impact Of Treasury Management Decisions

The Council invests its funds predominantly in fixed term deposits, a proportion of which are short term (to meet cash flow requirements) and the majority of which are invested for periods determined by the Council, in conjunction with its external fund managers, to meet its longer term requirements.

Political Risks And The Management Thereof

There are cycles of political change at both national and local levels. An overview of the political situation at both levels will be maintained, so that any likely political risks can be identified at the earliest opportunity, with a view to addressing any issues proactively at a corporate management level.

POLICY ON METHODS FOR TESTING PERFORMANCE MEASUREMENT IN TREASURY MANAGEMENT – TMP2

Frequency and Processes for Tendering

Under normal circumstances the Council will use two external organisations in relation to treasury management, these being its bankers and advisors (who advise on investments). Approval has also been given to investigate the use of a fund manager.

The standing orders of the Council state that banking services should be subject to tender every five years. The last tender process was carried out in 2013/14 following which Lloyds Bank PLC was awarded the contract, which commenced on 1 April 2014.

The Council has a contract with Sector Treasury Services Ltd for treasury advice, this contract expires 31 March 2016.

Performance Measurement of Treasury Management Activities

Overall the main benchmark for the rate of return on the Councils investments is the seven-day average rate calculated over the last 3 years, for Local Authority Deposits.

A quarterly statement is produced, for each of the Councils investment categories, showing the average rate of return for each category compared to the seven-day average rate.

The average rate calculations are weighted in order to take account of the value and duration of investments, in order to ensure an accurate rate of return is produced.

DECISION MAKING AND ANALYSIS - TMP3

Funding

Funding of the Council's capital expenditure is dealt with in a report to the Council prior to the commencement of each financial year.

A five year capital programme is presented to Council, for General Fund capital expenditure, along with the financing proposals.

Projections are carried out annually (and prior to the inclusion of any new capital projects) to ensure that sufficient finance is available to meet the Councils capital expenditure requirements.

Revenue funding is dealt with through the Revenue Budget and Council Tax setting process.

Borrowing

There is a borrowing limit that is set by the Council each year in accordance with the Local Government Act 2003. The limit is a specific indicator within the Councils Prudential Code which is reviewed annually in accordance with the code/best practice and is approved by full Council.

Should the need for further borrowing prove necessary, or appropriate for strategic purposes, provided the limit is within the prudential indicator, then arrangements

would be made in accordance with the code. If the need to borrow exceeds the limit set in the prudential indicator approval will be sort from full Council.

Policy on Interest Rate Exposure

The Policy on interest rate exposure is now dealt with through the Prudential Code in accordance with the Local Government Act 2003. The limits that are being recommended to Council for 2015/16 are being considered and will be reported to Council as part of the Prudential Code update.

Processes/Records to be Held

When a loan is received, the following procedures should be followed, and records held: -

Prepare a temporary loan receipt and obtain the signature of a Director or the Head of Resources and Performance or duly authorised Officer.

Enter the details of the loan in the lender’s account register and the repayment register.

If the loan is for a fixed term, enter the details of the loan in the cash flow spreadsheet on the maturity date.

When the broker’s loan confirmation note is received, check the terms with the lender’s account before filing it away.

List of Approved Methods of Raising Capital Finance

The following list specifies which borrowing instruments, on and off balance sheet, may be adopted where applicable:-

<u>LONG TERM DEBT INSTRUMENTS</u>	<u>FIXED RATES</u>	<u>VARIABLE RATES</u>
PWLB	*	*
Market Long Term	*	*
Local Bonds	*	
Overdraft		*
Negotiable Bonds	*	
Commercial Paper	*	
Medium Term Notes	*	
Leasing		*
<u>SHORT TERM DEBT INSTRUMENTS</u>		
Market Temporary	*	*
Local Temporary	*	*
Stock Issues	*	*

- ◆ Should borrowing be through the utilisation of loan instruments, as defined by S43 (2) (C) of the Local Government & Housing Act 1989, the loan instruments will, wherever possible and to the closest possible degree, follow the format of the loan instrument pro-forma, published in the document compiled by the Financial Law

Panel and entitled "Local Authority Borrowing - Loan Instruments, A Practice Recommendation". This policy is in accordance with the advice provided by CIPFA.

List of Approved Sources of Borrowing

LONG TERM BORROWING SOURCES OF FINANCE

- ◆ **Public Works Loan Board (PWLB)**
The main source of longer term borrowing for many Local Authorities has been from the Government through the Public Works Loan Board.
- ◆ **Money Market Loans - Long Term**
Loans from the money markets do not usually match the lowest rates available from the PWLB. However this is not always the case especially for loans up to 5 years where money market loans may be more advantageous.
- ◆ **Local Bonds**
The issue of local bonds enables members of the public to invest in Local Authorities.
- ◆ **Negotiable Bonds**
These are issued by a broker on behalf of a Local Authority. Each issue has to be authorised by the Bank of England.
- ◆ **Commercial Paper and Sterling Medium Term Notes**
The Local Government and Housing Act 1989 permits Local Authorities to issue these types of loan instrument:
 - Sterling commercial paper (for 7 days to 1 year).
 - Sterling medium term notes (for 1-5 years).These are issued and transferable in minimum amounts of £100,000.
- ◆ **Leasing**
Operating leasing falls outside of capital controls and is often therefore used by Authorities for the purchase of equipment etc.
- ◆ **Stock Issues**
These are usually only available for very large amounts. Such issues are in excess of the Council's current requirements.

Short Term Borrowing Sources of Finance (up to 364 days)

- ◆ **Overdraft**
Overdraft arrangements have been arranged with the Council's bankers with a Limit of £1m. Interest will be charged at 2% per annum above the Bank's Base Rate.
- ◆ **Money Market Loans - Short Term**
Loans from the Money Markets can be obtained on a short term basis.
- ◆ **Local Temporary Loan**
Temporary loans offer the opportunity for the public to make short term investments with an Authority.

List of Approved Instruments for Investment

The approved investment instruments of the Council are detailed below:-

- ◆ Marketable securities issued or guaranteed by the Government
- ◆ Fixed deposits made with approved institutions

ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS – TMP5

Introduction

The Section 151 Officer or Deputy Section 151 Officer has delegated responsibility under the revised code for the execution and administration of treasury management decisions.

The Section 151 Officer or Deputy Section 151 Officer may delegate their treasury management responsibilities to members of their staff. Details of these arrangements are set out below.

Authorised signatories of the Council will be permitted to sign documentation relating to the Council's borrowings and investments.

The daily treasury management routines to be followed are available on request. These procedures will be maintained and reviewed annually.

Delegated Powers and Responsibilities

The Cabinet/Full Council is responsible for:

- ◆ Adoption of the revised CIPFA Treasury Management Code and Treasury Management Policy.
- ◆ Receiving, commenting on, and approval of the Annual Treasury Management and Investment Strategy Statements (prior to the commencement of the financial year).
- ◆ Receiving and commenting on an annual report on treasury management activity for the preceding financial year as soon as possible after the end of the financial year but in any case by the end of November.
- ◆ Receiving and commenting on other periodic reports on the treasury management function and its performance during the year.
- ◆ Approval of the Prudential Indicators, Authorised Borrowing Limit and Operational Boundary for borrowing.

The Treasury Management Sub-Committee is responsible for:

- ◆ Reviewing the treasury management policy and procedures and making recommendations to the responsible body
- ◆ Receiving and reviewing regular monitoring reports
- ◆ Approving the selection of external service providers and agreeing terms of appointment.

The Head of Resources & Performance (151 Officer) is responsible for:

- ◆ Ensuring compliance with the treasury management policy statement and that the policy complies with the law.
- ◆ Carrying out regular reviews of the treasury management function.
- ◆ Ensuring that any variations to the treasury policy or the internal practices fully comply with the law and the code of practice.
- ◆ Ensuring that there is an adequate internal audit function.
- ◆ Liaising with the Deputy 151 Officer on treasury management decisions.
- ◆ Making long term investment decisions in accordance with the approved policy.
- ◆ Deciding on funding and short term policies for the ensuing year.
- ◆ Deciding on lending and investment policies for the ensuing year.
- ◆ Advising the Council on the acceptability and characteristics of treasury instruments.
- ◆ Establishing the vires of the proposed action and the instruments to be used.
- ◆ Ensuring that the organisation of the treasury management function is adequate to meet current requirements and that there is an appropriate division of duties.
- ◆ Assessing and appointing brokers/advisors/external fund managers.
- ◆ Reporting to elected members and advising the monitoring officer where that is appropriate.
- ◆ Re-determining treasury management strategy in the light of forecast changes in the economy and reporting it to members at the appropriate time.
- ◆ Approving changes to counterparty credit limits, in consultation with the Portfolio Holder for Performance and Resources.
- ◆ Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function.

The Senior Business Partner (Transactional and Regulatory Services) /Deputy Section 151 Officer is responsible for:

- ◆ Reviewing the annual Treasury Management Statement and Code of Practice.
- ◆ Overall management of the Treasury function.
- ◆ Deputising for the Head of Resources and Performance in his/her absence for matters relating to the treasury management function.
- ◆ Monitoring adherence to approved policy by treasury management team.
- ◆ Ensuring that an appropriate division of duties is in place and that all staff are properly trained to carry out the required duties.
- ◆ Making recommendations regarding:-
 - the appointment of brokers
 - the organisation of the treasury management function
 - funding and short term policies
 - lending and investment policies
 - acceptability and characteristics of treasury instruments
 - the vires of proposed action and the instruments to use.
- ◆ Reviewing the performance of the treasury management function at least twice a year.
- ◆ Ensuring that all treasury staff are aware of and have access to the Financial Conduct Authority handbook of rules and guidance which is available on the FSA website.
- ◆ Ensuring that the day to day activities accord with the Treasury Management Statement.
- ◆ Ensuring compliance with policies, limitations and directions.
- ◆ Monitoring performance of brokers employed.
- ◆ All recording and administrative functions complying with the system and procedures laid down in the treasury management document.
- ◆ Reviewing regular performance reports.

The Business Partner (Treasury and Regulatory Services) / The Team Leader (Treasury and Regulatory Services) is responsible for:

- ◆ Overseeing the daily treasury management function.
- ◆ Ensuring that the treasury management procedures and practices are regularly reviewed and adhered to.
- ◆ Preparing the draft Treasury Management Statement.
- ◆ Producing regular performance reports.
- ◆ Monitoring performance of brokers employed.
- ◆ Deputising for the Senior Business Partner (Transactional and Regulatory Services) in his/her absence for matters relating to the treasury management function.

The Business Support Officer & Trainee Business Support Officer (Treasury and Regulatory Services) is responsible for:

- ◆ Dealing with the money market, complying with the systems and procedures laid down in the treasury management document.
- ◆ Updating of daily cash flow.
- ◆ Ensuring that properly authorised transactions are actioned in a timely manner.
- ◆ Reconciling treasury management transactions on a monthly basis.
- ◆ Deputising for the Team Leader (Treasury and Regulatory Services) in his/her absence for matters relating to the treasury management function.

The Internal Audit Manager is responsible for:

- ◆ Reviewing compliance with the approved policy and procedures on treasury management.
- ◆ Reviewing the division of duties and operational practices.
- ◆ Assessing value for money from treasury activities.
- ◆ Undertaking probity audit of treasury function.
- ◆ Reporting and monitoring of Money Laundering activities.

The Chief Executive is responsible for:

- ◆ Ensuring that the system is laid down and resourced.
- ◆ Ensuring that the Section 151 Officer or Deputy Section 151 Officer reports regularly to elected Members on treasury policy, activity and performance.

The Monitoring Officer is responsible for:

- ◆ Ensuring compliance by the Section 151 Officer or Deputy Section 151 Officer with the treasury policy and that the policy complies with the law.
- ◆ Satisfying himself / herself that any proposal to vary treasury policy or practice complies with the law.
- ◆ Advising the Section 151 Officer or Deputy Section 151 Officer where their advice is sought.

Use of External Brokers/Advisors/Fund Managers

The Council will employ the services of other organisations to assist it in the field of treasury management. In particular, it will use external advisors and/or fund managers to provide specialist advice in this ever more complex area. However, it will ensure that it fully understands what services are being provided and that they meet the needs of this organisation, especially in terms of being objective and free from conflicts of interest.

Sector (Capita) are the Council's current treasury advisor. In addition the Council has approval to investigate further the use of fund managers.

Bankers

The Council's bankers are Lloyds Bank Plc.

Long Term Borrowing (Public Works Loan Board)

The officers, authorised to obtain loans with the Public Works Loan Board (once full Council approval has been received), are as follows:-

- The Head of Resources and Performance (Section 151 Officer)
- Deputy Section 151 Officer
- Senior Business Partner (Transactional and Regulatory Services)
- Business Partner (Transactional and Regulatory Services)
- Team Leader (Treasury and Regulatory Services)
- Business Support Officer (Treasury and Regulatory Services)

Investment Direct Dealing Practices

Where there are sufficient funds available to justify an investment, three quotations are obtained from the organisations on the approved list of organisations for investments.

It is essential to ensure that when selecting these organisations from the approved list of organisations for investment, the investment limits with an organisation are not exceeded.

Three quotations ensure that the best rate is obtained on the investment.

Policy on Taping of Conversations

The Council has no facilities for recording dealing and is therefore reliant on any recordings of conversations relating to dealing held by the institutions with which it deals.

Settlement Transmission Procedures

Before transmission of a payment to the investment organisation, a payment voucher is completed with the details of the organisation's name, Sort Code (and where appropriate, their Account Number), details of the period of the investment, the interest rate achieved and the amount to be invested.

Before any payments can be transmitted, 2 independent authorisations are required on the banking system.

Documentation Requirements

There are spreadsheets in place to record all aspects of treasury management and investment. These spreadsheets are reconciled, independently checked and signed on a monthly basis.

REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS – TMP6

The nature and frequency of reporting are covered in Organisation, Clarity and Segregation of Responsibilities and Dealing Arrangements.

Four Treasury Management reports will be made to Council each financial year, the Treasury Management and Annual Investment Strategy Statement Report, the Treasury Management Monitoring Report, the Treasury Management Annual Report, and the report on the Prudential Indicators.

In addition, further reports will be presented to Council for the approval of revisions to the Treasury Management Code of Practice, and to seek approval for any revisions to the approved Treasury Management Strategy, Prudential Indicators and any additions or deletions from the approved list of organisations for investments.

All reports must be approved by Council.

Reporting Content

The prescribed minimum content of the four main annual reports to Council, are detailed in the summaries below. This minimum content gives a degree of flexibility, in terms of the content of the report, whilst ensuring that key issues are always reported.

Annual Strategy Report Minimum Contents Summary

The Annual Strategy Report must be submitted to Council by the 7 March each year and should, as a minimum, contain the following: -

- ◆ Details of the level of external debt
- ◆ Investment Limits
- ◆ External investment fund limits
- ◆ Forecast interest rate movements for the ensuing year
- ◆ Breakdown of surplus funds held
- ◆ Proposed investment and / or borrowing strategy

Annual Report Minimum Contents Summary

The Treasury Management Annual report must be submitted to Council by 30 September following the previous financial year's end, and should, as a minimum, contain the following: -

- ◆ Details of the level of external debt held and a list of lenders names
- ◆ Investment performance against benchmark criteria
- ◆ A breakdown of investments held
- ◆ An explanation of interest rate movements during the financial year, against forecast movements in the original Annual Strategy Report
- ◆ Any breaches from the Code of Practice
- ◆ A statement of compliance from the Internal Audit manager

Monitoring Report Minimum Summary of Contents

The monitoring report must be submitted to Council by 31 December each year and should, as a minimum, contain the following: -

- ◆ Details of the level of external debt
- ◆ Investment performance against benchmark criteria
- ◆ A breakdown of investments held
- ◆ Any revisions to Treasury Management strategy
- ◆ A revised interest rate forecast for the remainder of the financial year
- ◆ Any breaches from the Code of Practice
- ◆ Show the position as at the end of 30 September

Revisions to the Treasury Management Code of Practice Contents Summary

The report must be submitted to Council by the 7 March each year and should contain as a minimum, the following;

- ◆ Any legislative changes
- ◆ Any guidance changes
- ◆ Any significant changes in procedures
- ◆ Confirmation that the CIPFA Code of Practice for Treasury Management in the Public Services has been adopted

- ◆ At the same Council meeting a report must be submitted on the Councils Prudential Code & Associated Indicators and should contain as a minimum, the following;
 - ◆ Rates of financing costs to net revenue stream
 - ◆ Net borrowing and the capital financing requirement
 - ◆ Total capital expenditure in each year
 - ◆ Average balance of capital receipts available
 - ◆ Limits in interest rate exposure
 - ◆ Maturing structure of borrowing
 - ◆ Incremental impact of capital investment
 - ◆ Total principal sums invested and limits on long term investment maturities
 - ◆ Minimum Revenue Provision Policy

BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS – TMP7

Statutory/Regulation Requirements

Statutory and regulatory requirements relating to Treasury Management are dealt with under TMP1 under the heading "Legal and Regulatory".

Accounting Practices and Standards

The Council, in addition to all relevant SSAP's, FRS's and IAS's adheres to all practices and standards provided by CIPFA.

Budgets

Budgets are set, prior to the commencement of a financial year, for brokerage fees charged by the Councils Fund Managers and Advisors.

A forecast of interest receipts for the ensuing financial year is prepared prior to its commencement by the Senior Business Partner (Transactional and Regulatory Services). This budget is also revised during the year, to take account of any variations in the amount likely to be received.

Investment categories are individually coded on the Council's financial information system, in terms of the interest received, principal sums invested and investments recouped. Information is updated on the Financial Information System directly from the bank statements received, by the Bank Reconciliation Officer who is independent of the Treasury Management function.

The Treasury records are reconciled to the information on the financial information system, on a monthly basis. Reconciliation's are checked independently by the Team Leader (Treasury and Regulatory Services), and signed to signify approval.

External Audit Information Requirements

The "Audit Fraud and Corruption Manual" details system controls which external auditors would wish to see in place for Treasury Management. These are as follows: -

- ◆ Clear written procedures for staff
- ◆ Transactions are regularly reviewed and examined by a senior officer
- ◆ Appropriate access controls exist
- ◆ All cheques/direct credits over a specified amount are checked back to prime documents and countersigned by a senior officer
- ◆ Banks only accept direct transfers to institutions on an approved list
- ◆ Changes to the approved list require counter signature by a senior officer
- ◆ Transfer via a direct terminal link is only allowed when confirmed by a second officer
- ◆ Cheques are despatched independently of the loan officer
- ◆ Discharged certificates are obtained for all bond repayments.
- ◆ Direct confirmation with borrowers or lenders of premiums or discounts on premature repayments.
- ◆ Premium or discount payments are checked for reasonableness.

CASH AND CASH FLOW MANAGEMENT – TMP8

Monitoring of cash flow requirements is carried out using a Cash Flow spreadsheet. The spreadsheet shows all the days of the year, and is broken down into headings of income and expenditure for each working day of the year. This allows a forecast of the consolidated end of day closing balance to be compiled, on which Treasury Management decisions can be based.

This spreadsheet is compiled prior to the commencement of the financial year, and is updated with all cash inflows and outflows which are known (in terms of amounts and the dates they will occur) at the commencement of the financial year. These would include:

- ◆ Precept payments to be made to precepting bodies
- ◆ Contributions to and from the National Non Domestic Rating pool
- ◆ Any other known cash in flows and out flows

In addition to updating this spreadsheet with cash inflows and outflows known at the start of the year, notes are made on the spreadsheet of those transactions, which cannot be quantified, but are known to occur on specific dates. These would include:

- ◆ Council Tax direct debit income
- ◆ National Non-Domestic Rates (NNDR) direct debit income
- ◆ Monthly payroll (and associated) payments

Other income and expenditure is known to occur on a regular basis, and cash flow decisions also take account of these. Examples would include:

- ◆ Accounts Payable (Creditor) Payments (made on each Monday from January 2011)
- ◆ Housing Benefits (HBIS) BACS payments (made on each Monday)
- ◆ Other daily income, eg. from cashiers

The daily forecast cleared closing consolidated balance is compared to the consolidated forecast balance from the Councils direct banking system, in order to give assurance that the system and spreadsheet are taking account of all transactions.

The end of day forecast cleared consolidated balance is the figure which treasury management decisions are based on. Two authorised officers therefore check this figure, independently, for control purposes, where an investment or borrowing decision is to be made.

Daily Procedures

The Business Support Officer (Treasury and Regulatory Services) and Trainee Business Support Officer (Treasury and Regulatory Services) will perform day to day cash management. The Business Partner (Treasury and Regulatory Services), Team Leader (Treasury and Regulatory Services) and the Senior Business Partner (Transactional and Regulatory Services) will provide cover in the absence of any of the aforementioned officers.

It is now required that all designated treasury staff carry out the treasury management daily procedures for 2 individual weeks during the course of the year, to ensure that they are continually up to date with treasury management procedures.

Objective

The objective of the day to day cash management is to ensure that the consolidated balance of the Council's bank accounts is, where possible, kept within its target overnight level of £25,000 (where economically viable - but no more than £500k), whilst adequately meeting the day to day cash requirements of the Council.

However, balances over £500K may be retained in the bank account if a maturing investment is being used to cover payments going out within the next week and the total interest lost, by retaining this money, does not exceed £50.00.

Investment/Borrowing Decision Making

Borrowing to meet any shortfall or investing directly with organisations on the approved list can be authorised by the Head of Resources and Performance (Section 151 Officer). Longer term borrowing requires Council approval.

Forecasting the closing balance on the consolidated account

This is reached by obtaining a daily cleared debit/credit balance from the Direct Banking system, and referring to the "CASHFLOW" Spreadsheet for any other significant income/payments.

Bank Statement Procedures

On receipt, bank statements are forwarded to the Accounts section, whereby they are distributed to the appropriate responsible officer.

Payment Scheduling and Agreed Terms with Trade Creditors

Creditor runs, through the creditors system are performed on a weekly basis to provide both BACS and cheque payments.

The Councils general terms are that payment of invoices will be made within 30 days, unless alternative terms are detailed on invoices.

The Treasury Management team is provided with information on the level of creditor payments to be made each week, in time to ensure sufficient funds are available to meet the liability.

Procedure for Banking of Funds

A private security firm carries out the banking of funds.

Procedures for the reconciliation of cash and cheques collected at each location, to those banked, are also in place.

Scheme for the Advancing of Car Loans to Members of Staff

The scheme is intended to assist specified officers with the purchase of a vehicle where it is deemed necessary to have the availability of a vehicle for the performance of his/her duties.

The full Policy can be found on the Corporate Drive and in the Policy Library.

Loans to Parish Councils and External Organisations

More detailed information on the criteria for a loan and the application process can be found in the Council's loan policy.

MONEY LAUNDERING - TMP9

Methodology for Identifying Sources of Deposit

For all investments, managed internally, the Council deals with financial institutions that hold an acceptable Credit Rating as detailed in TMP 1.

This high credit rating gives some assurance that all institutions included on the approved list of organisations for investments are reputable companies.

Methodology for Establishing the Identity/Authenticity of Lenders

In terms of temporary loans, the Council has a policy of only accepting loans from Parish Councils, or occasionally of small amounts from Community Organisations (subject to such loans not adversely affecting the Authorised Borrowing Limit or the Operational Boundary for Borrowing), where this would benefit the organisation concerned. Any other loans accepted would relate to performance bonds from reputable companies.

The Council currently have no long term borrowings. Should it prove necessary to borrow further, only Brokers included in the Councils approved list would be asked to provide quotations. Written confirmations of all details relevant to any transaction would be required on the Broker's headed paper.

Disaster Recovery Plan

In the event that the offices cannot be accessed or the online banking facility is unavailable, there are contingency arrangements in place to ensure that where possible Treasury Management obligations are met. These emergency contingency arrangements can be found in the Treasury Management Procedures Manual.

STAFF TRAINING AND DEVELOPMENT – TMP10

It is the Councils intention for all the posts detailed in the schedule for TMP5 "Organisation, Clarity and Segregation of Responsibilities, and Dealing Arrangements" to be occupied.

Should a vacancy for any post be unfilled for any exceptional period of time, then the Code of Practice will be reviewed to assess any likely implications and risks, and so that any necessary amendments may be made and presented to Council for approval.

It is the intention of the Council that staff holding the Posts will be in receipt of adequate training to conduct their duties, either by external courses/seminars, or through internal instruction.

USE OF EXTERNAL SERVICE PROVIDERS - TMP11

The Council will employ the services of other organisations to assist it in the field of treasury management. In particular, it will use external advisors and/or fund managers to provide specialist advice in this ever more complex area. However, it will ensure that it fully understands what services are being provided and that they meet the needs of this organisation, especially in terms of being objective and free from conflicts of interest.

Sector are the Council's current treasury advisor. In addition the Council has approval to investigate further the use of a fund managers.

CORPORATE GOVERNANCE – TMP12

Information Available for Public Inspection

The Council will make publicly available information relating to its Treasury Management strategy.

The Council will also make available information relating to the performance of the Treasury Management function in terms of the rate of return received on investments compared to the benchmark seven-day average rate, which is also averaged over a 3 year period.

Consultation with Stakeholders

The Councils main objective is to maximise investment income without compromising its position in terms of risk. This strategy results in little scope for consultation with stakeholders, over what is effectively investment strategy.

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