

Informal Joint Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title:	Agenda		
Date:	Wednesday 25 May 2016		
Time:	5.00 pm		
Venue:	Conference Chamber West West Suffolk House Western Way Bury St Edmunds		
Full Members:	Chairman	To be appointed by Annual Council on 19 May 2016	
	Vice Chairman		
	<u>Conservative Members (8)</u>	Sarah Broughton Carol Bull Beccy Hopfensperger Betty Mclatchy	Karen Richardson Peter Thompson Paula Wade Patricia Warby
	<u>Charter Member (1)</u>	David Nettleton	
	<u>UKIP Member (1)</u>	Barry Robbins	
Substitutes:	<u>Conservative Members (3)</u>	Jeremy Farthing Ivor Mclatchy	David Roach
	<u>Charter Member (1)</u>	Diane Hind	
	<u>UKIP Member (1)</u>	John Burns	
<i>As this Agenda was prepared and published prior to the St Edmundsbury Borough Council's Annual Meeting of Council on 19 May 2016, the Councillors listed above reflects the current membership held immediately prior to the Annual Council meeting</i>			
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 Democratic Services Officer (Scrutiny) 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 the four substantive items listed under Items 5 to 8 inclusive, to be held in <u>Conference Chamber West</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 <u>Conference Chamber West</u> .

All Members of Forest Heath's Performance and Audit Scrutiny Committee have been invited to attend to enable informal discussions on the reports listed in Items 5 to 8 inclusive below to take place between the two authorities:

COUNCILLORS

Conservative Members (8)	Michael Anderson Louise Marston Bill Sadler	John Bloodworth Christine Mason Lance Stanbury	Louis Busuttil Colin Noble
West Suffolk Independent (1)	Simon Cole		
UKIP (1)	Peter Ridgwell		

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

Public Information

Venue:	West Suffolk House Western Way Bury St Edmunds Suffolk, IP33 3YU	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 at least five clear days before the meeting. They are also available to view on our website.	
Attendance at meetings:	The Borough Council 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 Borough 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:	<p>West Suffolk House has facilities for people with mobility impairments including a lift and wheelchair accessible WCs. However in the event of an emergency use of the lift is restricted for health and safety reasons.</p> <p>Visitors parking is at the car park at the front of the building and there are a number of accessible spaces.</p>	
Induction loop:	An Induction loop is available for meetings held in the Conference Chamber and some other meeting rooms.	
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 - 10

To confirm the minutes of the meeting held on 28 January 2016 (copy attached).

4. Public Participation

Members of the public who live or work in the Borough 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 limited 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 8 below, Members are reminded that no further debate shall take place. However, Members are requested to either formally note/resolve Items 5 to 8 below)

5. Internal Audit Annual Report (2015-2016) and Outline Internal Audit Plan (2016-2017)

11 - 56

Report No: **PAS/SE/16/006**

(For reference purposes, Forest Heath District Council's Report Number is PAS/FH/16/008)

6. Balanced Scorecards and Quarter 4 Performance Report 2015-2016

57 - 72

Report No: **PAS/SE/16/007**

(For reference purposes, Forest Heath District Council's Report Number is PAS/FH/16/009)

	Page No
7. West Suffolk Strategic Risk Register Quarterly Monitoring Report - March 2016	73 - 88
Report No: PAS/SE/16/008 <i>(For reference purposes, Forest Heath District Council's Report Number is PAS/FH/16/010)</i>	
8. Work Programme Update	89 - 94
Report No: PAS/SE/16/009 <i>(For reference purposes, Forest Heath District Council's Report Number is PAS/FH/16/011)</i>	
<u>Part 1(B) - Public</u>	
9. Financial Outturn Report (Revenue and Capital) 2015-2016	95 - 112
Report No: PAS/SE/16/010	
10. Ernst and Young - Certification of Claims and Returns Annual Report (2014-2015)	113 - 126
Report No: PAS/FH/16/011	
11. Ernst and Young - Presentation of the External Audit Plan and Fees 2015-2016 and 2016-2017 Indicative Fees	127 - 152
Report No: PAS/SE/16/012	

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 Thursday 28 January 2016 at 5.00pm in the Council Chamber, District Offices, College Heath Road, Mildenhall

PRESENT: St Edmundsbury Borough Council (SEBC)

Councillors Sarah Broughton
(Chairman of the informal discussions)

Councillors Carol Bull, Barry Robbins, Peter Thompson and Patricia Warby.

Forest Heath District Council (FHDC)

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

IN ATTENDANCE: SEBC – Councillor Ian Houlder, Portfolio Holder for Resources and Performance

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

FHDC – Councillor David Bowman, Portfolio Holder for Operations

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

- (1) Balanced Scorecards Quarter 3 Performance Report 2015-2016;
- (2) West Suffolk Strategic Risk Register Quarterly Monitoring Report – December 2015;
- (3) Delivering a Sustainable Budget 2016-2017 – Procedural Update (Verbal);
- (4) Development and Implementation of the Garden Waste Collection Service; and
- (5) Work Programme Update.

All Members of St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee had been invited to attend the District Offices, Mildenhall to enable joint informal discussions on the above reports to take place between the two authorities.

The Chairman of Forest Heath's Performance and Audit Scrutiny Committee welcomed all those present to the District Offices, Mildenhall 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 St Edmundsbury'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. **Balanced Scorecards Quarter 3 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 third quarter of 2015-2016. The six balanced scorecards (attached at Appendices A to F) were linked to the Head of Service areas, which presented the third quarter performance.

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 and second quarters of the year, against these indicators, almost all services areas had failed to meet the targets of more than 95% of non-disputed invoices paid within 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, three service areas were now achieving over 90% performance on invoices paid within 30 days, with one the these areas achieving over 98%.

Members considered the report in detail. In particular discussions were held on the planning and growth balanced scorecard (enforcement cases). Members questioned whether there were enough enforcement officers to deal with the number of open enforcement cases (262), to which officers agreed to provide a written response.

Members were please to see that the planning service had improved.

2. **West Suffolk Strategic Risk Register Quarterly Monitoring Report – December 2015**

The Acting Head of Resources and Performance presented the third 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 January 2016 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 December 2015 had been removed from the Register. There had been no new risks or amendments made to any existing risks or any existing risks closed since the Strategic Risk Register was last reported to the Committee.

However, at the January 2016 meeting, the Group decided that in order to differentiate between an Action and a Control Measure, a new column would be added to the register. The new column titled "**TYPE**" contained an "**A**" denoting an action was being put in place to help mitigate the risk which should have a target completion date or a "**C**" denoting it was a control measure being implemented and therefore a completion date was not applicable.

Members considered the report and did not raise any issues.

3. **Delivering a Sustainable Budget 2016-2017 – Procedural Update (Verbal)**

The Acting Head of Resources and Performance provided a verbal update on the procedural process and the timetable for delivering a balanced budget for 2016-2017.

The update included the Government's Autumn Statement and the higher than expected reduction in Revenue Support Grant, which would be phased out by 2020, and there was no Council Tax freeze grant for the financial year 2016-2017. Following the Autumn Statement the Councils General Fund levels were reviewed, and had been brought down to policy levels.

The Section 151 Officer would be holding budget presentations to Member Groups for both St Edmundsbury and Forest Heath, and Member Groups would also be considering Council tax levels.

Detailed budget reports would be presented to Cabinet on 9 February (St Edmundsbury) and 10 February 2016 (Forest Heath) and Council on 23 February (St Edmundsbury) and 24 February 2016 (Forest Heath).

4. **Development and Implementation of the Garden Waste Collection Service**

[Councillor Lance Stanbury arrived at 5.20pm during the consideration of this item.

Councillor Brian Harvey arrived at 5.40pm during the consideration of this item

Councillor Louise Marston left the meeting at 5.50pm during the consideration of this item].

The Committee received Report No: PAS/FH/16/003, which updated Members on progress regarding the implementation of the new garden waste collection service. Following on from the discussions at the Performance and Audit Scrutiny Committee held on 25 November 2015, this report outlined the:

- Project plan key stages;
- Summarised how the new service would work;
- Subscription payment options;
- Indicative administrative costs; and
- Plans for managing unwanted brown wheeled bins.

Officers had reviewed the activities of other councils, which highlighted variations in the design and implementation of subscription charging, which was driven by key variables:

- The extent to which online application and payment systems were available and used;
- Whether the service was new or it was evolving from a "free" service;
- The availability of in-cab technology to enable operational crews to identify which residents had subscribed; and
- The preferred methods used by the council to communicate service changes and updates to residents.

The design of the service implementation in West Suffolk had taken into account the above plus the relevant experience of councils who had transitioned from a "free" service".

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

- Payment options: Officers advised that the majority of residents were happy to use direct debit or online services. However, the Portfolio Holder reassured Members that the Council would also take cash payments if a likely small number of residents were unable to pay by card as it wanted to encourage residents to subscribe to the garden waste collection scheme. Members suggested that a future report be presented to the Committee, which provided a breakdown on how residents who did not pay their council tax by direct debit, what alternative payment methods they used.
- Communications: Officers advised that it would be made clear to residents as to what could be put into the brown bins from 4 April 2016. Letters would be sent to all households in mid February informing them of the service change and the application process. Bin Hangers and additional communications would be carried out in March ready for the new garden waste service starting on 4 April 2016.
- Fly-tipping: Members were advised that the potential for increased fly-tipping from April 2016 would be closely monitored.

- Managing unwanted brown bins: Members supported the idea of encouraging residents to keep hold of their brown bin as this would avoid significant collection costs to the Council. Residents might also change their mind and want to subscribe to the service during the main garden waste season, saving on the cost of re-delivering. However, bins abandoned on the street would be collected.

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 the scheduled meeting on 27 April 2016 had been deferred and would now be held on Wednesday 25 May 2016, at St Edmundsbury Borough Council, commencing at 5pm. The reason for the deferral was due to the April meeting being too early to present to the Committee the various end of year reports, particularly the Financial Outturn Report (Revenue and Capital) (2015-2016) report.

On the conclusion of the informal joint discussions at 5.55pm, Members of St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee withdrew from the Council Chamber to the Training Room to hold their formal meeting.

The Chairman then formally opened the St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee in the Training Room at 6.00pm.

Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Minutes of a meeting of the **Performance and Audit Scrutiny Committee** held on **Thursday 28 January 2016** at **6.00pm** at the **Conference Chamber, West Suffolk House, Western Way, Bury St Edmunds IP33 3YU**

Present: **Councillors**

Chairman Sarah Broughton
Vice Chairman Patricia Warby

Carol Bull
Peter Thompson

Barry Robbins

By Invitation:

Ian Houlder, Portfolio Holder for Resources and Performance

74. **Substitutions**

There were no substitutes declared.

75. **Apologies for Absence**

Apologies for absence were received from Councillors Beccy Hopfensperger, Betty McLatchy, David Nettleton, Karen Richardson and Paula Wade.

76. **Minutes**

The minutes of the meeting held on 25 November 2015, were unanimously accepted by the Committee as an accurate record and signed by the Chairman.

77. **Public Participation**

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

78. **Balanced Scorecards Quarter 3 Performance 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/16/001.

Members had scrutinised the report and there being no decision required, the Committee **noted** the Council's performance using the Balanced Scorecards for Quarter 3, 2015-2016.

79. **West Suffolk Strategic Risk Register Quarterly Monitoring Report - December 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/16/002.

Members had scrutinised and there being no decision required, the Committee **noted** the contents of the Quarter 3 West Suffolk Strategic Risk Register monitoring report.

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

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 the verbal report.

Members had scrutinised the information and there being no decision required, the Committee **noted** the contents of the verbal update.

81. **Development and Implementation of the Garden Waste Collection 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/16/003.

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

In particular Members discussed the various payment options, and suggested that a future report be presented to the Committee, which provided a breakdown on how residents who did not pay their council tax by direct debit, what alternative payment methods they used.

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

82. **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/16/004.

Members had scrutinised the report, and noted that the meeting scheduled for 27 April 2016 had be deferred and would now be held on Wednesday 25 May 2016, at St Edmundsbury Borough Council, commencing at 5pm.

There being no decision required, the Committee **noted** the contents of the work programme and that:

- 1) The next meeting of the Committee would be held on Wednesday 25 May 2016, and
- 2) A future report be included in its forward work programme on how residents who did not pay their council tax by direct debit, what alternative payment methods they used.

83. **Financial Performance Report (Revenue and Capital) 2015-2016 (Quarter 3)**

The Committee received Report No: PAS/SE/16/005, which set out the financial performance for the third quarter of 2015-2016 and forecasted outturn position for 2015-2016.

The current forecast position for the Revenue Budget year end was showing an underspend of £60,500 (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 Finance position, the Council had spent £2,345,840 of its capital budget of £13,660,104 at 31 December 2015 (Appendix C). The table set out 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 £5,289,000.

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 outturn position would be presented to the Committee at the end of the financial year.

Members discussed the report in detail. In particular Members discussed the year end forecast variances over £25k relating to the Council Tax and legal court costs which now all went through the Anglia Revenue Partnership, and the Planning income underachievement. Officers assured members that the expectation for 2016-2017 was for the Planning service not to have an underachievement.

Members also discussed Appendix B (Revenue and Budget detail) relating to Building Control and the lower than anticipated income and the additional costs associated with changes in the staffing structure. Members questioned the variance in forecast and what was being done to increase future income, to which officers agreed to provide a written response.

There being no decision required, the Committee **noted** the quarter 3 financial performance report 2015-2016.

84. **Treasury Management Report 2015-2016 and Investment Activity (1 April to 31 December 2015)**

The Committee received Report No: TMS/SE/16/001, which had been considered by the Treasury Management Sub-Committee on 18 January 2016. The Business Partner (Resources and Performance) provided a verbal update on the Sub-Committee's consideration of the report, which summarised the Treasury Management activity for the first nine months of the 2015-2016 financial year.

The Sub-Committee was advised that the total amount of budget income from investments for the period 1 April to 31 December 2015 was £191,888 (average rate of return of 0.70%). Interest earned during the period totalled £290,749, an overachievement of £98,863. The overachievement was predominantly due to the 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.

The Council continued to hold its general policy objects, which was to invest surplus funds prudently, with security of its investments as its primary objective. The base rate remained at 0.5% throughout the period and most market analysts continued to predict that this would continue throughout 2015-2016 with a small staged increase not expected until 2016-2017.

The Sub-Committee had scrutinised the investment activity for 1 April to 31 December 2015, and had asked questions to which officers duly responded. In particular the Sub-Committee discussed business rates and questioned what St Edmundsbury Borough Council billed out on business rates.

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

85. **Annual Treasury Management and Investment Strategy Statements 2016-2017**

The Committee received Report No: TMS/SE/16/002, which had been considered by the Treasury Management Sub-Committee on 18 January 2016.

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

The Business Partner (Resources and Performance) provided a verbal update on the Sub-Committee's consideration of the report, which sought approval of the Annual Treasury Management and Investment Strategy Statements 2016-2017, including treasury related prudential indicators (attached as Appendix 1 to Report No: TMS/SE/16/002). No major changes had been made to the Strategy since it was presented to the Sub-Committee on 19 January 2015.

The Treasury Management Code of Practice (attached as Appendix 2) had also been updated accordingly to reflect the proposed Annual Treasury Management and Investment Strategy Statements 2016-2017. No major changes had been made to the Code of Practice since it was presented to the Sub-Committee on 19 January 2015.

The Sub-Committee had scrutinised the content of the report, asking questions of officers who duly responded. In particular the Sub-Committee discussed the revised interest rate projections from Sector (the Council's advisors), which were based on the current economic climate.

The Performance and Audit Scrutiny Committee considered the report and asked questions to which officers duly responded.

With the vote being unanimous, it was

RECOMMENDED

That subject to the approval of Full Council:

- 1) The Annual Treasury Management and Investment Strategy Statements 2016-2017, as contained in Appendix 1 to Report No: TMS/SE/16/002, be approved.
- 2) The Treasury Management Code of Practice 2016-2017, as contained in Appendix 2 to Report No: TMS/SE/16/002, be approved.

The Meeting concluded at 6.22pm

Signed by:

Chairman

Informal Joint Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Internal Audit Annual Report 2015/16 and Outline Internal Audit Plan 2016/17	
Report No:	PAS/SE/16/006	
Report to and date:	Performance and Audit Scrutiny Committee	25 May 2016
Portfolio holder:	Ian Houlder Outgoing Portfolio Holder for Resources & Performance Tel: 01284 810074 Email: ian.houlder@stedsbc.gov.uk	
Lead officer:	Jon Snares Service Manager (Internal Audit) Tel: 01284 757239 Email: jon.snares@westsuffolk.gov.uk	
Purpose of report:	To provide members with: <ul style="list-style-type: none"> • an overview of the work carried out by Internal Audit for the year ended 31 March 2016; and • the proposed Outline Internal Audit Plan for 2016/17. 	

Recommendation:	<p>Performance and Audit Scrutiny Committee</p> <p>It is RECOMMENDED that:</p> <p>(1) the contents of the Annual Internal Audit Report for 2015/16 (Appendix A) are <u>noted</u>;</p> <p>(2) the conclusion drawn in respect of the annual review of the effectiveness of internal audit is <u>endorsed</u>;</p> <p>(3) the Internal Audit Plan for 2016/17 (Appendix C) be <u>approved</u>; and</p> <p>(4) the contents of the Managing the Risk of Fraud, Theft and Corruption Report (Appendix D) are <u>noted</u>.</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"> The Internal Audit Plan has been compiled in consultation with the Head of Resources and Performance (as S151 Officer), Leadership Team, and the external auditors; and Consultation with key officers is also carried out during the audit process and in the production of individual internal audit reports and follow up work.
Alternative option(s):	N/A
Implications:	
<p>Are there any financial implications? If yes, please give details</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>•</p>
<p>Are there any staffing implications? If yes, please give details</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>•</p>
<p>Are there any ICT implications? If yes, please give details</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>•</p>
<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> <p>•</p>
<p>Are there any equality implications? If yes, please give details</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>•</p>
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)
Internal controls within the council may not be efficient and effective and as a result the council may not be identifying significant weaknesses that could impact on the achievement of the council's priorities and/or lead to fraud, financial loss or inefficiency.	Medium	<p>Members receive and approve the Internal Audit Plan and receive a progress report during the year.</p> <p>External Audit reviews the work of Internal Audit and internal control arrangements.</p>	Low
Wards affected:		N/A	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		N/A	
Documents attached:		<p>Appendix A – Internal Audit Annual Report 2015/16</p> <p>Appendix B - Performance and Audit Scrutiny Committee and Internal Audit Checklists</p> <p>Appendix C – Outline Internal Audit Plan 2016/17</p> <p>Appendix D – Managing the Risk of Fraud, Theft and Corruption Report</p> <p>Appendix E – Summary of Audit Reports Issued</p>	

1. Key issues and reasons for recommendation

1.1 Background Information

1.1.1 Internal audit is an independent and objective assurance and consultancy function designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

1.2 Annual Internal Audit Report 2015/16

1.2.1 In accordance with the Public Sector Internal Audit Standards the Service Manager (Internal Audit) is required to provide an annual written report to those charged with governance, timed to support the Annual Governance Statement, which includes an opinion on the overall adequacy and effectiveness of the organisation's governance arrangements, including the internal control environment. The attached Internal Audit Annual Report (**Appendix A**) summarises the audit work carried out during the year across West Suffolk, presenting an opinion based upon the work performed.

1.3 Review of the Effectiveness of Internal Audit

1.3.1 The Accounts and Audit Regulations 2015 require the councils to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. This report sets out evidence which the Performance and Audit Scrutiny Committees can look to rely on when reviewing whether internal audit is effective, including relevant completed checklists at **Appendix B**.

1.4 Internal Audit Plan 2016/17

1.4.1 In accordance with the Public Sector Internal Audit Standards an Audit Plan (**Appendix C**) has been prepared covering a period of one year. The work of Internal Audit is based upon this Plan which is prepared after consulting with stakeholders, including the Head of Resources and Performance (as S151 Officer), Leadership Team, and the external auditors.

1.5 Managing the Risk of Fraud, Theft and Corruption Report

1.5.1 Fraud, theft and corruption are an ever present threat to the resources available in the public sector. The purpose of this report (**Appendix D**) is to demonstrate the councils' progress in developing and maintaining an anti-fraud and anti-corruption culture and publicise the action taken where fraud or misconduct have been identified.

INTERNAL AUDIT

Annual Internal Audit Report 2015/16 and Internal Audit Plan 2016/17

1. Background

- 1.1 The statutory basis for Internal Audit in local government is provided by the Accounts and Audit Regulations 2015 which requires a local authority to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance '.
- 1.2 The public sector internal auditing standards (the Standards) require the Service Manager (Internal Audit) to report periodically to senior management and the Performance and Audit Scrutiny Committee on Internal Audit's purpose, authority and responsibility and performance relative to its Audit Plan. Also, the Service Manager (Internal Audit) continues to establish a risk-based plan to determine the priorities of the internal audit activity consistent with both councils' priorities.

2. Reporting to Senior Management and the Performance and Audit Scrutiny Committee

2.1 Organisational Independence

- 2.1.1 The Standards require Internal Audit to confirm to the Performance and Audit Scrutiny Committee, at least annually, the organisational independence of the audit activity. Internal Audit effectively achieves this through the Performance and Audit Scrutiny Committee's involvement in the following:
 - approval of the risk-based internal audit plan;
 - receiving communications from the Service Manager (Internal Audit) on the internal audit activity relative to the audit plan and other matters; and
 - approval of the internal audit charter as and when required, but not necessarily annually.
- 2.1.2 As further demonstration of organisational independence, the Service Manager (Internal Audit) can confirm that there has been no inappropriate scope or resource limitations placed upon him.

2.2 Performance against the 2015/16 Audit Plan

Fundamental Systems Audits

2.2.1 During 2015/16, all of the fundamental systems audits included within the audit plan were completed. In total, 18 West Suffolk audit reports were issued, comprising the fundamental systems audits plus a number of follow up audits which reviewed progress made against previously agreed actions. An overview of the conclusions and main findings of each audit, together with a brief summary of progress made, is provided at **Appendix E**.

Corporate Consultancy Work

2.2.2 In addition to continuing to perform the usual statutory fundamental systems audits, and other audit responsibilities, Internal Audit has continued to assist with corporate or consultancy style work. This enables early audit input to activities which can often help to prevent, or bring early resolution to, internal control issues, and also bring audit skills and increase available resource, on significant corporate projects. Work we have been, or are currently, engaged in includes:

- 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 housing development company, solar energy projects, and investment in the commercial asset portfolio at Brandon.

Fee Earning Work

2.2.3 Internal Audit has continued to undertake fee earning work during the year, amounting to approximately £23k of income. This consisted of the following:

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

2.2.4 As mentioned above (paragraph 2.2.3 refers) the West Suffolk Internal Audit Team currently undertakes the council tax, housing benefit and non-domestic rates reviews for Breckland Council, East Cambridgeshire District Council, Forest Heath District Council and St Edmundsbury Borough Council. Now that Waveney District Council, Suffolk Coastal District Council and Fenland District Council have joined the Anglia Revenues Partnership (ARP), discussions will take place in 2016/17 to determine the future internal auditing arrangements at ARP.

2.2.5 During 2015/16 Internal Audit has also:

- responded to around 50 requests for financial vetting or other related financial advice including assessments of organisations' financial suitability to undertake specified contracts for the councils. This has included financial vetting advice for the Waste and Street Scene Software System, CCTV Upgrade Project and Brandon Leisure Centre Heating Replacement; and
- continued to provide advice to service areas on internal controls.

2.3 Annual Audit Opinion 2015/16

2.3.1 Internal Audit, having taken into account other internal and external assurance processes of the councils, has an obligation to provide independent, objective assurance from the work undertaken in respect of the effectiveness of the risk management, control and governance processes operating within the councils.

2.3.2 The system of control should help the councils to manage and control the risks which could affect the achievement of the councils' objectives rather than eliminate them completely. Internal Audit and the other assurance processes can therefore only provide within the Annual Governance Statement reasonable and not absolute assurance of adequacy and effectiveness.

2.3.3 Based upon an independent and objective assessment of the framework of risk management, control and governance processes, Internal Audit

can provide reasonable assurance that the framework has operated adequately and effectively during the year. Our work has, however, identified a number of areas where existing arrangements could usefully be improved, and details of these are provided in **Appendix E**.

2.4 Quality Assurance and Improvement Programme

2.4.1 The Standards require that internal audit 'must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity'. This quality assurance and improvement programme is designed to check whether Internal Audit complies with the Standards and also assess its efficiency and effectiveness and identify any areas for improvement.

Quality Assurance and Improvement Programme

2.4.2 Currently, the quality assurance and improvement programme consists of the following elements:

- annual internal self-assessments are undertaken by completing checklists which measure the extent to which Internal Audit is complying with the Public Sector Internal Audit Standards;
- checklists completed in conjunction with the Chairs of the Performance and Audit Scrutiny Committees, covering those committees' view of Internal Audit's role within the authority and Internal Audit's performance;
- a quality review process is undertaken for each individual audit;
- customer satisfaction questionnaires are issued with audit reports for completion by the service area subject to audit; and
- performance against the Audit Plan is measured via two local performance indicators (paragraph 2.4.7 refers).

Annual Internal Self-Assessment

2.4.3 An internal self-assessment against the Standards which came into effect on 1 April 2013 has been completed to assess compliance. There are eleven standards – these cover internal audit's role within the council and day-to-day operational practice. The self-assessment has indicated that Internal Audit's current practices generally conform to the Standards. The Service Manager (Internal Audit) considers this to be an acceptable result as it will always be extremely difficult, and not necessarily beneficial, for small internal audit sections such as West Suffolk to fully conform to these Standards. Some of the areas identified for further consideration and progress made in respect of these include:

- the Standards require an external assessment of Internal Audit to be undertaken at least every 5 years – this remains under consideration but the costs may outweigh the benefits of this;

Appendix A

- revisiting the format of audit reports and audit planning documents to determine whether it would add value to our work to fully comply with Standards in these areas – these have been revisited within the year and are now constantly under review to ensure they remain fit for purpose;
- clearer evidencing of areas where we are conforming with the Standards to demonstrate that this is the case where this can be achieved without additional cost – this remains an ongoing exercise.

Performance and Audit Scrutiny Committee's Review of Internal Audit's Role in the Authority and Internal Audit Performance

2.4.4 Checklists have been completed in conjunction with the Chairs of the Performance and Audit Scrutiny Committees and the Head of Resources and Performance to assess compliance with good practice. These checklists are included at **Appendix B** and demonstrate a high degree of compliance with good practice.

Quality Review Process

2.4.5 For each audit undertaken, the Internal Audit Manager ensures that:

- all Internal Audit working papers are reviewed to ensure that audit work has been performed in accordance with the agreed objectives for that audit, and sensible conclusions have been arrived at and are based on evidence clearly recorded within the audit working papers;
- the draft audit report issued to management at the end of each audit is accurate, clear, concise, includes all relevant findings, conclusions, and a supportable audit opinion, as well as agreed actions with management which are achievable, make sense, and mitigate risks / add value to the service; and
- the quality review process is robust and properly documented to ensure external audit (currently Ernst & Young) are able to place maximum reliance on Internal Audit's work should they choose to do so.

Customer Satisfaction

2.4.6 At the conclusion of each full audit undertaken the relevant service (e.g. Finance, if it is a financial system being audited) is given the opportunity to complete an online customer satisfaction questionnaire and give their view of the quality and usefulness of the audit review undertaken. Services do however generally prefer to give feedback informally during report discussions. Negative feedback is extremely rare and were this to be received the Service Manager (Internal Audit) would discuss this in detail with the relevant service manager with a view to making any necessary improvements for the future.

Local Performance Indicators

2.4.7 As mentioned above in paragraph 2.4.2 internal audit performance against the Audit Plan is measured throughout the year, via two local performance indicators, as follows:

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(1) The percentage of the planned core financial and information systems audits completed during the year – these being the main audits upon which assurances regarding the Annual Governance Statement are based and upon which the external auditors may seek to place reliance or take account of for their work on the annual Statement of Accounts.

100% of planned core systems audits were completed for the year 2015/16

(2) External audit utilisation of internal audit work

The external auditors (Ernst & Young) have confirmed that they continued to take account of the work of Internal Audit during the year.

Assessment of the workings of the Performance and Audit Scrutiny Committee against good practice

2.4.8 When looking at the effectiveness of internal audit, this incorporates more than just the Internal Audit section: the Performance and Audit Scrutiny Committee is also a key element of this process.

A checklist has been completed in conjunction with the Chairs of the Performance and Audit Scrutiny Committees reviewing these committees against good practice. Based on these completed checklists, the Service Manager (Internal Audit) has concluded that the function and operation of the Performance and Audit Committee essentially satisfies the key requirements of the good practice document 'Toolkit for Local Authority Audit Committees'. See attached completed checklist at **Appendix B**.

Conclusion on Review of Effectiveness of Internal Audit

2.4.9 The completion of checklists referred to above provides evidence to the Performance and Audit Scrutiny Committees that internal audit is effective and the opinion of the Service Manager (Internal Audit) in this Annual Report can be relied upon as a key source of evidence in the production of the Annual Governance Statement.

3. Internal Audit Plan 2016/17

3.1 In accordance with the Public Sector Internal Audit Standards an annual risk-based Audit Plan has been established to determine the priorities of the internal audit activity, consistent with the West Suffolk councils' priorities, for approval by the Performance and Audit Scrutiny Committees.

3.2 The proposed 2016/17 Audit Plan is provided at **Appendix C** and has been produced in consultation with the Head of Resources and Performance (as the councils' Section 151 Officer), Leadership Team and the external auditors.

3.3 The Audit Plan is clearly influenced by the resources made available by the council for Internal Audit. For this reason a balance needs to be achieved in terms of keeping costs at a realistic level, whilst ensuring that the level of audit

Appendix A

coverage is appropriate and sufficient to enable the Service Manager (Internal Audit) to discharge his duty to provide a robust annual audit opinion in support of the West Suffolk Annual Governance Statement.

- 3.4 The Audit Plan provides for the annual review of all the main financial systems together with work in a number of other areas.
- 3.5 Whilst Internal Audit must be in a position to give an opinion/assurance that covers the effectiveness of risk management, control and governance processes in relation to both existing and new systems / developments it is essential that such work is undertaken in a flexible and supportive manner, in conjunction with senior management, to ensure that both risks and opportunities are properly considered. For this reason, Internal Audit includes time in the Audit Plan to support and work with management / staff by providing advice and guidance on controls to ensure an adequate control environment is in place to mitigate significant risks. In addition, time is included in the Audit Plan for continued assistance with corporate projects / pieces of work relating to major developments / changes.
- 3.6 In times of significant transformation, organisations must manage change effectively and ensure that core controls remain in place. Both West Suffolk councils are facing significant financial pressures as a result of the national reduction in public sector spending, whilst engaging in a number of major projects and different ways of working. It is important for Internal Audit to add value to both councils through providing timely, objective and relevant assurance, and contributing to the effectiveness and efficiency of risk management, control and governance processes. The proposed 2016/17 Audit Plan seeks to ensure that this is the case, by retaining enough flexibility to enable Internal Audit to react to changing risks and priorities.

4. Managing the Risk of Fraud, Theft and Corruption

- 4.1 The West Suffolk councils have a sizeable workforce, significant levels of income and expenditure, and provide a variety of services. Despite occasional incidents, probity is judged to remain at a high level.
- 4.2 Managing the risk of theft, fraud and corruption is considered in detail at **Appendix D.**

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Performance and Audit Scrutiny Committees - Self Assessment

Issue	Yes (Y) / No (N) / Partia l (P)	Comments/action
Establishment, Operation and Duties		
Role and Remit		
1. Does the audit committee have written terms of reference?	Y	
2. Do the terms of reference cover the core functions of an audit committee as identified in the CIPFA guidance?	Y	
3. Are the terms of reference approved by the council and reviewed periodically?	Y	
4. Has the audit committee been provided with sufficient membership, authority and resources to perform its role effectively and independently?	Y	
5. Can the audit committee access other committees and full council as necessary?	Y	Performance and Audit Scrutiny Committee can make recommendations to committees and/or Council and can ask for information from other committees.
6. Does the authority's statement on internal control include a description of the audit committee's establishment and activities?	Y	The Annual Governance Statement includes a description of the Performance and Audit Scrutiny Committees' roles and responsibilities.
7. Does the audit committee periodically assess its own effectiveness?	Y	This checklist is considered by Performance and Audit Scrutiny Committee annually.
8. Does the audit committee make a formal annual report on its work and performance during the year to full council?	Y	SEBC - Yes FHDC - Yes
Membership, Induction and Training		

Issue	Yes (Y) / No (N) / Partial (P)	Comments/action
9. Has the membership of the audit committee been formally agreed and a quorum set?	Y	
10. Is the Chairman independent of the executive function?	Y	
11. Has the audit committee Chairman either previous knowledge of, or received appropriate training on, financial and risk management, accounting concepts and standards, and the regulatory regime?	Y	Appropriate training is provided
12. Are new audit committee members provided with an appropriate induction?	Y	Members are provided with training via the Members Induction Programme.
13. Have all members' skills and experiences been assessed and training given for identified gaps?	Y	Training may be provided where appropriate.
14. Has each member declared his or her business interests?	Y	
15. Are members sufficiently independent of the other key committees of the council?	Y	
Meetings		
16. Does the audit committee meet regularly?	Y	
17. Do the terms of reference set out the frequency of meetings?	Y	
18. Does the audit committee calendar meet the authority's business needs, governance needs and the financial calendar?	Y	
19. Are members attending meetings on a regular basis and if not, is appropriate action taken?	Y	
20. Are meetings free and open without political influences being displayed?	Y	
21. Does the authority's S151 officer or deputy attend all meetings?	Y	
22. Does the audit committee have the benefit of attendance of appropriate officers at its meetings?	Y	

Internal Control		
23. Does the audit committee consider the findings of the annual review of the effectiveness of the system of internal control (as required by the Accounts & Audit Regulations) including the review of the effectiveness of the system of internal audit?	Y	
24. Does the audit committee have responsibility for review and approval of the Annual Governance Statement and does it consider it separately from the accounts?	Y	
25. Does the audit committee consider how meaningful the Annual Governance Statement is?	Y	
26. Does the audit committee satisfy itself that the system of internal control has operated effectively throughout the reporting period?	Y	
27. Has the audit committee considered how it integrates with other committees that may have responsibility for risk management?	N/A	Risk Management is a quarterly agenda item of the Performance and Audit Scrutiny Committee.
28. Has the audit committee (with delegated responsibility) or the full council adopted "Managing the Risk of Fraud – Actions to Counter Fraud and Corruption?"	Y	<p>The West Suffolk Anti-Fraud and Anti-Corruption Policy meets current good practice as set out in the CIPFA Better Governance Forum guidance 'Managing the Risk of Fraud: actions to counter fraud and corruption'.</p> <p>An appendix of the Annual Internal Audit Report relates to fraud and demonstrates the progress made by the council annually in developing anti-fraud arrangements; and publicises the actions taken where fraud or misconduct has been identified.</p>
29. Does the audit committee ensure that the "Actions to Counter Fraud and Corruption" are being implemented?	Y	
30. Is the audit committee made aware of the role of risk management in the preparation of the internal audit plan?	Y	

31. Does the audit committee review the authority's strategic risk register at least annually?	Y	Reports are presented to Performance and Audit Scrutiny Committee on a quarterly basis.
32. Does the audit committee monitor how the authority assesses its risk?	Y	
33. Do the audit committee's terms of reference include oversight of the risk management process?	Y/N	SEBC - Yes FHDC - Yes
Financial Reporting and Regulatory Matters		
34. Is the audit committee's role in the consideration and/or approval of the annual accounts clearly defined?	Y	
35. Does the audit committee consider specifically: <ul style="list-style-type: none"> • the suitability of accounting policies and treatments • major judgements made • large write-offs • changes in accounting treatment • the reasonableness of accounting estimates • the narrative aspects of reporting? 	Y	The Performance and Audit Scrutiny Committee reviews and challenges the draft accounts before approval. This challenge may include any of the bullet points but it is considered unrealistic for example for Members to have the detailed technical knowledge to challenge suitability of accounting policies. Large write-offs are approved by Cabinet in accordance with the policy.
36. Is an audit committee meeting scheduled to receive the external auditor's report to those charged with governance including a discussion of proposed adjustments to the accounts and other issues arising from the audit?	Y	
37. Does the audit committee review management's letter of representation?	Y	Included within the External Auditors (Ernst and Young) Annual Audit Letter.
38. Does the audit committee annually review the accounting policies of the authority?	N	See response to question 35.
39. Does the audit committee gain an understanding of management's procedures for preparing the authority's annual accounts?	Y	Albeit at a very high level.

<p>40. Does the audit committee have a mechanism to keep it aware of topical legal and regulatory issues, for example by receiving circulars and through training?</p>	<p>Y</p>	<p>A specific duty of a member of the Performance and Audit Scrutiny Committee is to be aware of national developments and best practice relating to scrutiny and to keep the effectiveness of the process under review.</p> <p>Additionally, any new legislative requirements affecting the Committee would always be made known to it via a report.</p>
<p>Internal Audit</p>		
<p>41. Does the audit committee approve, annually and in detail, the internal audit strategic and annual plans including consideration of whether the scope of internal audit work addresses the authority's significant risks?</p>	<p>Y</p>	
<p>42. Does internal audit have an appropriate reporting line to the audit committee?</p>	<p>Y</p>	
<p>43. Does the audit committee receive periodic reports from the internal audit service including an annual report from the Head of Internal Audit?</p>	<p>Y</p>	
<p>44. Are follow-up audits by internal audit monitored by the audit committee and does the committee consider the adequacy of implementation of recommendations?</p>	<p>Y</p>	<p>Follow-ups to previous audit recommendations are included in subsequent reports presented to Performance and Audit Scrutiny Committee.</p>
<p>45. Does the audit committee hold periodic private discussions with the Head of Internal Audit?</p>	<p>Y</p>	<p>Service Manager (Internal Audit) attends Chairmen's briefing before Committee.</p>
<p>46. Is there appropriate cooperation between the internal and external auditors?</p>	<p>Y</p>	<p>Internal Audit and External Audit liaise to ensure work is not duplicated and that External Audit is able to utilise the work of Internal Audit should they choose to do so.</p>
<p>47. Does the audit committee review the adequacy of internal audit staffing and other resources?</p>	<p>Y</p>	

48. Has the audit committee evaluated whether its internal audit service complies with CIPFA's Code of Practice for Internal audit in Local Government in the United Kingdom?	Y	Note – the Public Sector Internal Audit Standards apply from 2013-14 onwards. Compliance with these new Standards is covered within the 2015-16 Internal Audit Annual Report.
49. Are internal audit performance measures monitored by the audit committee?	Y	
50. Has the audit committee considered the information it wishes to receive from internal audit?	Y	
External Audit		
51. Do the external auditors present and discuss their audit plans and strategy with the audit committee (recognising the statutory duties of external audit)?	Y	
52. Does the audit committee hold periodic private discussions with the external auditor?	N	Believed not to be the case – but could if felt necessary.
53. Does the audit committee review the external auditor's annual report to those charged with governance?	Y	
54. Does the audit committee ensure that officers are monitoring action taken to implement external audit recommendations?	Y	The Service Manager (Internal Audit) does this and would build into internal audit work / action plans where necessary – Internal Audit performance reports cover areas of improvement still required.
55. Are reports on the work of external audit and other inspection agencies presented to the committee, including the Audit Commission's annual audit and inspection letter?	Y	
56. Does the audit committee assess the performance of external audit?	Y	
57. Does the audit committee consider and approve the external audit fee?	Y	

Administration		
Agenda Management		
58. Does the audit committee have a designated secretary from Committee/Member Services?	Y	
59. Are agenda papers circulated in advance of meetings to allow adequate preparation by audit committee members?	Y	
60. Are outline agendas planned one year ahead to cover issues on a cyclical basis?	Y	
61. Are inputs for Any Other Business formally requested in advance from committee members, relevant officers, internal and external audit?	Y	
Papers		
62. Do reports to the audit committee communicate relevant information at the right frequency, time, and in a format that is effective?	Y	
63. Does the audit committee issue guidelines or a pro forma concerning the format and content of the papers to be presented?	Y	All committees use the Corporate Report Template. This template is very clear on every area which must be covered when writing committee reports.
Actions Arising		
64. Are minutes prepared and circulated promptly to the appropriate people?	Y	
65. Is a report on matters arising made and minuted at the audit committee's next meeting?	N/A	If an issue is raised at a meeting and a report or more information is requested at a future meeting, this would be a separate report, but would not necessarily be titled as matters arising, although the report would make it clear that the issue arose at an earlier meeting.
66. Do action points indicate who is to perform what and by when?	Y	

Performance and Audit Scrutiny Committee's Review of Internal Audit's Role in the Authority

Question	Result (narrative)
1. Do the internal auditors receive the necessary degree of co-operation?	Yes – during the year, all reviews and investigations are carried out with the fullest possible co-operation of officers, at all levels.
2. Do the authority's statements on corporate governance reflect reality?	Yes – these receive input from a number of officers and are subject to various review processes to ensure they are robust.
3. Has there been any attempt to restrict the scope of the internal auditors' work in any way?	<p>No – an Annual Audit Plan is produced which is presented to and approved by the Performance and Audit Scrutiny Committees.</p> <p>The scope of individual reviews are discussed and agreed with officers at the pre-audit meeting.</p> <p>During the year, no attempt has been made by officers to adversely influence the scope of the work to be undertaken.</p>
4. Was the original audit plan modified due to deficiencies in internal control or accounting records?	No
5. Did the auditors have any significant disagreements with management? How were these resolved?	No – all audit recommendations are discussed with operational management at the post-audit meeting. Any significant disagreements would be discussed with senior management and if not resolved this would be reported to Performance and Audit Scrutiny Committee.
6. Do the internal auditors have any concerns about management's control awareness or operating style?	No – during the year there were no concerns regarding the 'tone at the top'. Senior management provide a level of challenge and scrutiny, particularly around control deficiencies identified through the audit review process which lead to audit recommendations.
7. What is the internal auditors' view of their relationship with management?	The Service Manager (Internal Audit) believes that the good working relationship with management has continued during the year.
8. Do the internal auditors believe they are under any undue pressure?	No – the Service Manager (Internal Audit) believes that the service is not only seen as independent and objective, but is also

	treated as such.
9. Are there any other matters that, in the opinion of the internal auditors, should be considered by the audit committee?	No

Performance and Audit Scrutiny Committee's Review of Internal Audit's Performance

Question	Result
1. Are there formal terms of reference that define internal audit's objectives, responsibilities, authority and reporting lines?	Yes – the Internal Audit Charter addresses objectives and responsibilities, authority and reporting lines.
2. Has the scope of internal audit work been determined using a risk-based systematic approach and in accordance with the Public Sector Internal Audit Standards?	Yes - a risk based approach is taken when preparing the Internal Audit Plan – also, the scope of each individual audit is based on a consideration of relevant risks.
3. What are the relative emphases given to internal control reviews, VFM (economy/efficiency/effectiveness) audits and special projects?	Internal Audit's primary objective is to review the internal controls framework. However, increasingly Internal Audit are also getting involved in special projects, at the request of management, where this is appropriate and audit skills can be used to add maximum value.
4. Are any restrictions placed on the scope of internal audit work and, if so, who establishes them?	The only restriction is that of capacity, i.e. number of available person-days. Capacity issues that affect any proposed audit plans would be addressed by the Leadership Team and the Performance and Audit Scrutiny Committee.
5. If internal audit is asked to undertake a special project, how is its independence safeguarded?	The Service Manager (Internal Audit) has direct access to all levels of Members and officers.
6. Does internal audit report directly to an appropriate level of management that will ensure audit recommendations are given due weight and attention?	Yes – audit recommendations are agreed by Service Managers, and are often ratified by Heads of Service. In addition, progress of implementation of audit recommendations is monitored by Performance and Audit Scrutiny Committee.
7. Are the internal auditors free from any other responsibilities that could impair their objectivity?	Yes
8. Do internal audit staff have sufficient technical knowledge and experience to ensure that duties are performed to an appropriate standard? Is there sufficient information systems expertise to deal with the level of technology used by the authority?	The Service Manager (Internal Audit) is a professionally qualified accountant and has approximately 30 years audit experience covering private practice, local government and the National Audit Office. Remaining audit staff also have good local government and private sector experience. Their qualifications include

	<p>Accounting Technician and the Diploma in Internal Audit Practice.</p> <p>Internal Audit staff have a basic level of IT audit skills. If it was felt that additional specialist expertise is needed in say IT audit we have access to a number of specialists through the Suffolk audit network.</p>
<p>9. Is the work of the internal auditors properly planned, completed, supervised and reviewed? Are there any quality assurance procedures?</p>	<p>Yes - an audit brief is issued in respect of each piece of audit work setting scope, objectives, time allocation, audit approach, etc. The degree of supervision will depend on the complexity of the audit but support is always available. All work undertaken is documented and reviewed according to agreed quality standards within the section.</p>
<p>10. Are internal audit reports issued on a timely basis?</p>	<p>Yes</p>
<p>11. Are reports followed up on a timely basis? Is there evidence that internal audit has a systematic approach to following up recommendations, and reporting on those where little or no action has been taken by management?</p>	<p>Yes</p>

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West Suffolk Internal Audit Plan 2016/17

1. Introduction

1.1 The objectives of internal audit are to:

- provide a professional, independent and objective assurance and advisory service that assists the Head of Resources and Performance in her statutory duty as Section 151 Officer at both West Suffolk councils and ensure that the finances of each council are properly administered; and
- work with management to improve the operation of the councils.

1.2 The internal audit service is delivered and developed in accordance with the West Suffolk Internal Audit Charter approved by both councils Performance and Audit Scrutiny Committees in April 2013.

1.3 The Service Manager (Internal Audit) will remain alert to emerging local and national issues and risks through a number of channels, including:

- attendance at senior officer meetings including Senior Management Team (Leadership Team and Service Managers), the member and officer Strategic Risk Management Group, staff briefings, feedback from S151 Officer, and networking with other West Suffolk colleagues;
- regular liaison and meetings with other councils' audit managers within the region;
- regular liaison and meetings with external audit; and
- professional reference material, websites, and discussion forums.

2. Drivers for the 2016/17 Audit Plan

2.1 Following the same approach as in recent years this is a joint West Suffolk Audit Plan and each audit covering both councils will be undertaken as a single audit review.

2.2 The Audit Plan necessarily involves a degree of flexibility in the utilisation of audit resources so that these resources can react quickly to changing risks within the councils and assist with corporate projects where timely audit input can help prevent or bring early resolution to internal control or governance issues.

- 2.3 The Audit Plan takes into account the need to produce an annual internal audit opinion for each West Suffolk council, in support of, and taking into account the assurance framework operating at both councils. This is achieved through a consideration of the risks of undertaking or not undertaking relevant audit work throughout the year, including fundamental systems audits, corporate project work, ad hoc advice and assistance, etc. This annual internal audit opinion underpins the Annual Governance Statement.
- 2.4 Where any sources of assurance other than the work contained within this Plan are relied on in forming the annual audit opinion for each council, additional work may be undertaken by Internal Audit where necessary and appropriate to validate these other sources of assurance.
- 2.5 All audit work will be undertaken in the context of adding value wherever possible in support of the vision and priorities contained within the West Suffolk Strategic Plan.

3. Core Financial Systems and Fundamental Review Work (audits which must be undertaken every year):

- 3.1 The following audits must be undertaken every year, and therefore must be given priority in the Audit Plan, as these form the foundations of the annual internal audit opinion (paragraph 2.3 refers):
- Accounts Payable (Creditors)
 - Accounts Receivable (Debtors)
 - Main Accounting System (General Ledger)
 - Payroll
 - Treasury Management
 - Council Tax
 - Non Domestic Business Rates
 - Housing and Council Tax Benefits
 - ICT Audit
 - Cash Handling
- 3.2 Priorities of other work within the Audit Plan need to be assessed on an ongoing basis as these may change during the year.

4. Corporate Work

- Project Work – projects to be undertaken will be agreed with senior management based on current priorities, risks, and furthering the behaving more commercially agenda;
- Significant involvement in the preparation of the Annual Governance Statement;
- Input to corporate working groups including the Officer Information Governance Group, Officer Records Management Working Group, and the Strategic Risk Management Group;
- Financial vetting of potential contractors;
- Due diligence work as required
- General advice and assistance to departments; and
- Managing and developing the councils' anti-fraud framework including:
 - ✓ Presenting to Performance and Audit Scrutiny Committee an annual report on managing the risk of fraud;
 - ✓ Considering the risk of fraud in planning all audit work;
 - ✓ Proactive anti-fraud reviews
 - ✓ Maintaining a watching brief on good practice externally;
 - ✓ Regular review and update of fraud related policies as appropriate;
 - ✓ Initiatives to raise fraud awareness and the importance of corporate governance;
 - ✓ Providing significant support to the regular National Fraud Initiative exercise;
 - ✓ Investigating any non-ARP related suspected frauds / irregularities; and
 - ✓ The Service Manager (Internal Audit) acting as Money Laundering Reporting Officer – including responsibility for review and maintenance of anti-money laundering arrangements at the councils, plus reporting of any relevant suspicious activity to the National Crime Agency.

5. Follow-Up Work

- 5.1 Follow-up work will be undertaken to check the extent to which agreed recommendations / actions have been implemented in respect of previous audits undertaken. Where this follow-up work relates to a core financial system or fundamental review work, this will form an integral part of the annual audit for that area. However, where this relates to a non-fundamental system a separate follow-up audit will be undertaken and a follow-up audit report issued.

6. Behaving More Commercially

- 6.1 All audit work undertaken will take into account the need for services to behave more commercially and opportunities for this will be specifically considered in audit reviews where appropriate.
- 6.2 Income generated by Internal Audit in 2016/17 from audit work undertaken on behalf of other local authorities and a Local Enterprise Partnership (LEP) is likely to be approximately £26k - £27k. This work includes the council tax, non-domestic rates, and housing and council tax benefits audits for two of our Anglia Revenues Partnership partners (East Cambridgeshire DC and Breckland Council) as well as additional audit work requested by East Cambridgeshire DC, and audit of certain grant claims for Suffolk CC and the New Anglia LEP.
- 6.3 The team is always open to other opportunities for generating further income but any significant increase in fee earning work may require additional staff resources and therefore any such opportunities would need to be considered in the light of any additional costs incurred as well as the needs of the West Suffolk councils.

7. Other Responsibilities

In addition to the audit reviews identified above there is also time allocated in the Internal Audit Plan regarding:

- maintaining Internal Audit's Quality Assurance and Improvement Programme (the internal processes which ensure that Internal Audit substantially complies with the audit standards that public sector organisations are obliged to work to, and also assess Internal Audit's efficiency and effectiveness while identifying any areas for improvement);
- reviewing, revising, and creating where necessary new Internal Audit strategies, policies, procedures, and audit approach;
- reporting Internal Audit activities to the Performance and Audit Scrutiny Committees and Leadership Team;
- liaising with other Internal Audit services across Suffolk and Cambridgeshire with a view to achieving continuous improvement of the internal audit product; and
- liaising with External Audit.

8. Staff Resources

8.1 The Public Sector Internal Audit Standards (Standard 2030) require that the Audit Plan explains how Internal Audit's resource requirements have been assessed. The West Suffolk councils have been going through a significant period of change and it is important that this is reflected in the current and future staffing and skills base of Internal Audit. Internal Audit resource requirements are based on a recognition that:

- the ability to be flexible wherever possible and react to services' need for advice and assistance including corporate project work is a crucial element of Internal Audit's ability to add maximum value;
- all services, including Internal Audit, have an ongoing obligation to ensure that the cost of the service is minimised wherever appropriate;
- the councils have a statutory obligation to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, thereby covering a broad spectrum of work.

8.2 The Service Manager (Internal Audit) considers that the current Internal Audit staff resource is adequate to fulfil the requirements of this Audit Plan and meet statutory obligations. The following full time equivalent posts are filled:

Service Manager (Internal Audit)
Senior Auditor x 2
Auditor x 0.6

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Managing the Risk of Fraud, Theft and Corruption Report

1. Introduction

- 1.1 The West Suffolk councils spend millions of pounds of public money each year on essential local services. It is essential that they protect and preserve their ability to provide these services by ensuring assets are protected against all risks of loss and damage.
- 1.2 The purpose of this report is to bring together in a single document a summary of the work which has taken place during 2015/16 to prevent and detect fraud, theft and corruption. By publishing the report the councils aim to show their commitment to minimising the risk of theft, fraud and corruption and deter any would-be fraudsters.

2. The Risk of Fraud

- 2.1 Theft, fraud & corruption is an ever present threat to the resources available in the public sector. It is costly, both in terms of reputational risk and financial losses.
- 2.2 The councils' mitigating controls include:
- ✓ clear policies and procedures available to staff and members;
 - ✓ specialised / qualified staff to identify and investigate potential areas of fraud;
 - ✓ compliance with the National Fraud Initiative; and
 - ✓ a sound internal control environment as demonstrated by internal and external audit opinions.
- 2.3 However, whilst there are mitigating controls in place to manage the risks of theft, fraud & corruption, these risks cannot be completely eradicated. West Suffolk recognises its vulnerability to fraud and its key fraud risk areas, and takes positive action to minimise that risk. Emphasis is placed on preventative and early detection work in areas at greatest risk of fraud, for example, a fraud risk assessment is continually updated to identify those areas susceptible to fraud. Based on likely fraud exposure audit work is carried out to ensure appropriate mitigating actions are in place.

3. CIPFA Code of Practice – Managing the Risk of Fraud and Corruption

- 3.1 The CIPFA Code of Practice on Managing the Risk of Fraud and Corruption provides a number of key principles to embed effective standards for countering fraud and corruption.

- 3.2 While the code is voluntary, an assessment has been undertaken resulting in a number of actions including the following, to be explored further:
- the Anti-Fraud and Anti-Corruption Policy may be updated to reflect the Single Fraud Investigation Service (SFIS); and
 - anti-fraud advice and information for staff to be improved using the intranet; and

4. Fighting Fraud and Corruption Locally

- 4.1 'Fighting Fraud and Corruption Locally' is the new counter fraud and corruption strategy for local government produced by CIPFA. The Strategy estimates that fraud costs local authorities £2.1bn a year, £207m of which is local government fraud.
- 4.2 CIPFA has also produced a national Fraud and Corruption Tracker Summary Report 2015 containing findings from the CIPFA Fraud and Corruption Tracker Survey which identifies trends and statistics. This identifies that nationally, the main types of fraud are council tax, housing benefit and tenancy fraud. West Suffolk is proactively working with the ARP Fraud Team to tackle these common fraud types.

5. Local Government Transparency Code

- 5.1 From February 2015 local authorities must publish the following information annually about their counter fraud work, as required by the Local Government Transparency Code:
- number of occasions they use powers under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014, or similar powers;
 - total number (absolute and full time equivalent) of employees undertaking investigations and prosecutions of fraud;
 - total number (absolute and full time equivalent) of professionally accredited counter fraud specialists;
 - total amount spent by the authority on the investigation and prosecution of fraud; and
 - total number of fraud cases investigated.

Data for both West Suffolk councils is included on the 'open data and transparency' area of the website.

6. Corporate Fraud, Theft, Bribery and Corruption Arrangements

6.1 Awareness

- 6.1.1 A West Suffolk Anti-Fraud and Anti-Corruption Policy is in place. The purpose of the policy is to minimise the risk to the

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Council's assets and good name, promote a culture of integrity and accountability in Councillors, employees and all those that the Council does business with, and enhance existing procedures aimed at preventing, discouraging, detecting and investigating fraud and corruption.

- 6.1.2 Fraud messages are published on the West Suffolk intranet at regular intervals to increase staff awareness.
- 6.1.3 Internal Audit have also attended a meeting with the Housing Team to discuss fraud awareness, with Internal Audit maintaining contact with other services as required.
- 6.1.4 The council is a member of the National Anti-Fraud Network (NAFN), recognised as a centre of good practice dedicated to supporting its members in protecting the public purse from fraud, abuse and error. Regular alerts are received which are viewed, with action taken where necessary.

6.2 Reported suspicions

- 6.2.1 Part of the work of the Internal Audit team is the investigation of potential irregularities where processes / systems are found not to be functioning as intended, resulting in potential loss to West Suffolk of resources / money. In the last year Internal Audit have been alerted to one investigation by a service involving a false expense claim. No losses were sustained by the councils.

7. Revenues and Benefits (ARP) Fraud Arrangements

7.1 Awareness

- 7.1.1 All new staff recruited to the revenues and benefits team are given a half day fraud awareness session which includes an awareness of key documents, and the role of the ARP Fraud Team and the types of fraud that they uncover. Fraud awareness training has recently included Money Laundering training.

7.2 Reported suspicions

- 7.2.1 Information is provided to the local newspaper each time there is a successful prosecution. Prosecutions are also reported via the Magistrate Court listings within the local newspaper.

7.3 Successful investigations

- 7.3.1 In all cases recovery is sought from the claimant either by sundry debtor invoice or collection from ongoing benefit, if still entitled.

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7.3.2 Examples of successful benefit fraud prosecutions for 2015/16 include (note that figures have been rounded):

- One individual made a claim for benefit stating that she was a lone parent. At no time did she notify any changes in circumstances to confirm that a partner had joined the household. Enquiries revealed evidence which linked a partner to the household. As a result, the individual was overpaid benefits by the council in excess of £10,000. They were successfully prosecuted and sentenced by way of 18 weeks imprisonment suspended for 18 months and to complete 200 hours unpaid work.
- Another individual made a claim for benefit on the basis of being in part-time employment. The individual changed employment to full-time and failed to notify this change. As a result they were overpaid benefit in excess of £20,000. They were prosecuted for this offence and sentenced to 250 hours unpaid work.

Normal recovery procedures have been instigated for these prosecutions.

7.4 Sanctions applied

7.4.1 The following sanctions have been applied:

<i>SEBC</i>	<i>2014/15</i>	<i>2015/16</i>
Prosecutions	14	7
Formal cautions	20	15
Administrative penalties	6	4

<i>FHDC</i>	<i>2014/15</i>	<i>2015/16</i>
Prosecutions	9	15
Formal cautions	18	12
Administrative penalties	8	6

7.4.2 Not all investigations result in a sanction but the investigation itself stops or reduces the amount of benefit paid. Investigations are sometimes closed without a sanction because it is considered to be a genuine error or because there is insufficient evidence of fraud or because the health of the individual at the time the fraud is discovered is worse than at the time of the interview. In these instances the benefit has been corrected and recovery action on any overpayment is taken so a saving to the tax payer has been made although not recorded as a fraud.

7.5 Financial loss recovered and (where appropriate) financial savings

7.5.1 Every effort is made to recover debt caused by fraud in line with Department for Work and Pensions (DWP) guidance.

7.5.2 The following amounts were identified as fraudulent payments:

<i>SEBC</i>	<i>2014/15</i>	<i>2015/16</i>
Housing Benefit	£180,754.88	£93,772.04
Council Tax Reduction	£39,454.14	£28,036.21

The value of identified fraud in 2015/16 is lower than 2014/15 due to a significant fraud being identified in 2014/15 whereby a lone parent was found to have a partner living in the household for almost ten years. This resulted in benefit overpayments in excess of £90,000.00.

<i>FHDC</i>	<i>2014/15</i>	<i>2015/16</i>
Housing Benefit	£96,919.58	£122,900.10
Council Tax Reduction	£20,312.64	£30,457.78

The value of identified fraud in 2015/16 is higher as high values of benefit overpayments were identified in some 'living together' cases.

7.5.3 The Fraud and Investigation Team within the ARP were all eligible for transfer to the Department of Work and Pensions Single Fraud Investigation Service (SFIS) in September 2015, in recognition that all welfare benefits investigations, including Housing Benefit, were the responsibility of SFIS from that date. However, it was decided to retain staff within an ARP Counter Fraud Team with the retained staff now investigating Single Person Discount Fraud together with offences relating to Council Tax Support and Housing Fraud.

7.5.4 During 2015/16 the Revenues and Benefits Fraud Team, as part of ARP has undertaken proactive work with regard to false claims for Single Person Discount (SPD) for Council Tax which could lead to court action. This area of work is ongoing with the use of new data matching software. The figures for 2015/16 are as follows:

- St Edmundsbury BC £34,864.51
- Forest Heath DC £43,426.49

In addition to the exercise above, ARP facilitated an SPD review by an external company resulting in the removal of:

- 657 SPDs for SEBC producing savings of £197,803; and
- 399 SPDs for FHDC producing savings of £114,577.

SPD applications are now also being checked by the ARP Fraud Team in order to prevent discounts being granted incorrectly and avoiding the issue of trying to collect amounts of Council Tax retrospectively.

- 7.5.5 Investigations will also be undertaken regarding potentially false applications for business rate exemptions.
- 7.5.6 The ARP Fraud Team has also been liaising with the Housing Team and working with social housing providers to recover properties. In 2015/16, 9 properties were recovered within St Edmundsbury BC and 2 were recovered for Forest Heath DC, enabling these to be offered to those in housing need.

8. Policies and Procedures

- 8.1 The council has a range of interrelated policies and procedures that provide a corporate framework to counter fraudulent activity. These include:
- Codes of Conduct for Members and Officers
 - Code of Corporate Governance
 - Constitution – including Contract and Financial Procedure Rules
 - Anti-Fraud and Anti-Corruption Policy
 - Whistleblowing Policy
 - Anti-Money Laundering Policy
 - Recruitment and Selection Procedures

9. National Fraud Initiative

- 9.1 The National Fraud Initiative (NFI) is a mandatory exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. This was previously run by the Audit Commission, but has now passed to the Cabinet Office. Whilst the main exercise takes place over a two year period, an annual exercise to match electoral register data to Council Tax records is also undertaken and both West Suffolk Councils have voluntarily taken part in pilot data matching exercises to review Council Tax Reduction awards.
- 9.2 A risk-based approach is undertaken when reviewing matches, with recommended matches as identified by the NFI application being a high priority, and a sample of the remaining matches are then assessed and reviewed.
- 9.3 Where fraud or error is found, recovery is made by way of deductions from benefit, overpayment proceedings or credits

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obtained from suppliers where duplicate payments have been identified.

- 9.4 The recent exercises have identified:
- £70,588.08 of frauds and errors for St Edmundsbury, with 64% of this being single person discount recovery; and
 - £86,051.12 of frauds and errors for Forest Heath, with 87% of this being single person discount recovery.
- 9.5 A data matching exercise to identify duplicate invoice payments was undertaken within the Finance Team and an external provider. This identified a number of potential duplicate payments with a value of £12,948.00, including VAT in the period April 2014 – January 2016 which will be investigated further by the Finance Team.

10. Internal Audit

- 10.1 Fraud and corruption risks are identified as part of the annual audit planning process, with the annual Internal Audit Plan including resources to undertake special irregularity investigative work, co-ordination of the NFI data matching exercise, and proactive anti-fraud and anti-corruption work.

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Summary of Internal Audit Reports Issued in 2015/16

1. Introduction

- 1.1 During the period, 26 audit reviews were completed to final report stage. Audit reports are issued as final where their contents have been agreed with management, in particular responsibility for actions and timescale. 8 of these audit reviews relate to work undertaken on behalf of East Cambridgeshire DC, the results of which have not been included within this report.
- 1.2 The following sections contain a summary of the content of the internal audit reports issued during the 2015/16 financial year. Each summary provides an indication of the issues arising from the reviews, as well as action taken in response to previous audit reports. The audit summaries covered by sections 2 - 7 below were previously reported to Performance and Audit Scrutiny Committee in the November 2015 half-yearly report. They are re-presented here for the sake of completeness and to enable the Service Manager (Internal Audit) to discharge his responsibility to present a full summary of the audit work which forms the basis of the annual opinion on the overall adequacy and effectiveness of both councils' control environment.
- 1.3 It should be noted that each summary below represents the situation at the point in time that the audit work was undertaken and therefore it is likely that a number of agreed key improvements will subsequently have been made.
- 1.4 In line with Chartered Institute of Public Finance and Accountancy (CIPFA) good practice guidance, opinions are provided on the operation of control mechanisms where a full audit has been undertaken for the area reviewed. A key to these opinions can be found at the end of this appendix. Where a follow-up review has been undertaken full testing of controls will not always be undertaken and therefore an opinion on the operation of controls will not normally be given.
- 1.5 Progress towards implementing the required key improvements referred to below will be reviewed by Internal Audit during 2016/17 and reported to Performance and Audit Scrutiny Committee as appropriate.

2. Choice Based Lettings

- 2.1 An audit review of the housing register (Choice Based Lettings) identified that satisfactory controls are in place for the allocation of housing and that needs are appropriately assessed. A **substantial assurance opinion** was provided, however actions have been agreed to improve the transparency of the decision-making process to strengthen this further. Also, a new software system was due to be introduced in April 2016 and suggestions were been made for

the Service to take forward with the new supplier to provide further automation, reports and functionality.

3. Contract Procedures (SEBC and FHDC) Follow Up

- 3.1 A follow up audit was completed to assess the progress of actions from previous audits undertaken. Many of the original actions have been completed through the introduction of new Contract Procedure Rules, while four actions remain as work in progress, focusing around the use of consultants, temporary staff and the continued maintenance of the Contracts Register.

4. Payment Card Industry Data Security Standards (SEBC and FHDC) Follow Up

- 4.1 A follow up of compliance against standards for outlying sites was undertaken. Arrangements for the storage and disposal of card holder data have been addressed and an e-learning training module is being created to ensure staff are aware of their responsibilities.

5. CCTV (SEBC and FHDC) Follow Up

- 5.1 This review highlighted that further progress was still required on recommendations made in the original audit regarding staff guidance and record keeping requirements relating to CCTV. Internal Audit have since assisted the Service by producing and issuing CCTV guidance notes to outlying sites ensuring staff are aware of Data Protection requirements, record keeping requirements and appropriate use of the system.

6. Elections (SEBC and FHDC) Follow Up

- 6.1 A high level review to assess the progress of agreed actions from the original audit was undertaken. As significant changes have occurred within the service it is intended that working practices will be reviewed and efficient processes introduced for the delivery of elections which will address the outstanding actions.

7. Social Media and Mobile Computing (SEBC and FHDC) Follow Up

- 7.1 A follow-up has been undertaken on the audit report issued in April 2013. The review confirmed that all recommendations in respect of mobile computing have been implemented although some further work is still required to address some fairly minor recommendations made in respect of social media.

8. Treasury Management

- 8.1 This audit review covered controls relating to the management of the council's short-term and long-term investments with approved organisations to achieve the best possible rate of return. Audit work undertaken resulted in a **substantial assurance** opinion being given.

Improvements made since the previous audit

- 8.2 Efficient and consistent arrangements exist through working practices having been aligned across both councils.

Key areas where improvements are required

- 8.3 None, only minor suggestions recommended.

9. Accounts Payable (Creditors)

- 9.1 The purpose of this audit was to review the controls around the accounts payable system which is designed to record and report on expenditure made on behalf of the councils. A **substantial assurance** opinion was provided.

Key areas where improvements are required

- 9.2 Audit testing confirmed that purchase orders are often being raised after invoices have been received. Orders should be raised in advance of goods and services being supplied - this will ensure that expenditure is appropriately committed against the relevant budget headings.
- 9.3 Suppliers of goods and services to the councils are generally paid promptly but performance could be further improved in this area. Increased awareness and use of system functionality and reporting may assist in preventing delayed or payments put 'on hold'.
- 9.4 Improvements have been recommended regarding the checking of supplier details to further strengthen fraud prevention controls.

10. Main Accounting System (General Ledger)

- 10.1 The purpose of this audit was to ensure that adequate accounting routines exist, are open and transparent so as to protect the integrity of the system, and are implemented in practice. A **substantial assurance** opinion was achieved.

Improvements made since the previous audit

- 10.2 Action has been taken to address some of the recommendations made from the previous report whilst others have been superseded as a result of this year's audit report.

Key areas where improvements are required

- 10.3 Reconciliation documentation from ARP should be reviewed by Finance promptly to ensure any variances are investigated in a timely manner.
- 10.4 Staff should be reminded to action journals promptly and ensure supporting documentation is retained.

11. Payroll

- 11.1 This audit reviewed the key controls for payroll processing including adequate documentation for starters and leavers, controls over amendments to individual payroll records, verifications to ensure that statutory deductions are correctly calculated and promptly paid to the Inland Revenue, reconciliations between the payroll system and the general ledger are correctly and promptly undertaken, and that any changes to pay and rewards have been correctly implemented. A **full assurance** opinion was given.

Key areas where improvements are required

- 11.2 None.

12. Accounts Receivable (Debtors)

- 12.1 The purpose of the audit was to review the controls around the accounts receivable system to record, collect and report on income received by the councils for chargeable services provided. A **substantial assurance** opinion was provided.

Improvements made since the previous audit

- 12.2 An officer debtors group now meets regularly involving finance and legal representatives and staff from service areas.

Key areas where improvements are required

- 12.3 It was identified that the debt recovery process could usefully be improved upon in some service areas to ensure that the recovery process is carried out on a timely basis and is effective.
- 12.4 It would be useful if evidence is scanned / linked to the finance system so as to provide a clear audit trail as to reason for invoices and credit notes being raised, and to advise of the action being taken to recover monies within service areas.

13. Council Tax

13.1 The West Suffolk Internal Audit Team undertook the Council Tax audit on behalf of four of the councils in the Anglia Revenues Partnership (St Edmundsbury BC, Forest Heath DC, East Cambridgeshire DC and Breckland Council). The audit focus was to review and test systems for the collection of Council Tax ensuring that legislation is adhered to, exemptions and reliefs are correctly administered, refunds are appropriate, debt recovery is taking place and to review the reconciliation of the Council Tax system to the general ledgers. An opinion of **substantial assurance** was given.

Improvements made since the previous audit

13.2 Action has been taken to address some of the recommendations made from the previous report, whilst others have been superseded as a result of this year's audit report or remain work in progress.

Key areas where improvements are required

13.3 Recommendations were made to further improve controls for council tax processes, including reconciliations, suspense account, parameter banding, and processing of credit balances, but none of these were deemed to be high risk findings / recommendations.

14. Non Domestic Rates (NDR)

14.1 Similar to the council tax audit review, this year's review of NDR was undertaken by the West Suffolk Internal Audit Team on behalf of four of the councils working together as the Anglia Revenues Partnership.

14.2 The audit was undertaken to provide assurance on the controls in place within the NDR System, for managing NDR collection from commercial properties within West Suffolk. An opinion of **substantial assurance** was given.

Improvements made since the previous audit

14.3 Improvements were observed in the general administration of NDR and alignment of processes across the partnership.

14.4 Early indications are that as a percentage of referred debt, collection achieved by the ARP Enforcement Team exceeds that of the previous external bailiffs.

Key areas where improvements are required

14.5 Suggestions were made to improve the verification of empty property status and to ensure a transparent decision-making process is in place for the awarding of discounts and exemptions.

Actions were also suggested for the steps taken which result in monies being written off.

15. Housing and Council Tax Benefits Review

- 15.1 Similar to Council Tax and NDR the West Suffolk Internal Audit Team undertook the audit on behalf of four of the ARP councils. The audit focus was to review and test systems for the administration and payment of housing benefit and council tax reduction, to ensure that legislation is adhered to, adequate arrangements are in place for the recovery of overpayments and the controls accounts are regularly reviewed. The system achieved a **substantial assurance** opinion for the period under audit.

Improvements made since the previous audit

- 15.2 Whilst no significant areas for improvement were reported in 2014/15, recommendations were made to further improve processes and controls which have since been actioned.

Key areas where improvements are required

- 15.3 Suggestions were made to further improve data quality and accuracy.

16. Car Parks Cash Handling Review

- 16.1 A number of car parks are operated across West Suffolk with significant amounts of income collected during the course of a year. The audit focus was to review the controls surrounding cash collection, retention and banking. Systems were reviewed to ensure that income due to or held by the councils is accurately recorded and that income is receipted and banked correctly and promptly. An opinion of **substantial assurance** was given.

Improvements made since the previous audit

- 16.2 For the majority, improvement has taken place on actions reported previously.

Key areas where improvements are required

- 16.3 A number of suggestions around income collection, recording and reconciliation have been made, including the need for clear management trails, increased monitoring of income levels and having a separation of duties in place to reduce the reliance on one individual being involved in a process from start to finish.

- 16.4 It would be useful if a review of cash security collections took place to ensure that the councils are receiving a competitive service from their providers.

17. Apex Cash Handling

- 17.1 An audit was undertaken to review and test systems for the receipt of cash income for the Apex and Bury Festival. An opinion of **substantial assurance** was given.

Key areas where improvements are required

- 17.2 Suggestions were made to improve staff guidance for the handling of monies, including the use of e-learning training modules.
- 17.3 Controls relating to the sale of merchandise could be strengthened.

18. Homelessness

- 18.1 This is the first homelessness audit review for a number of years and was carried out to provide assurance that controls exist for the placement of homeless people, including the verification of needs, the application process, use of appropriate accommodation, and costs are kept to a minimum. A **substantial assurance** opinion was given.

Key areas where improvements are required

- 18.2 Staff should be reminded of the need for information on the system to be complete with consistent practices in place across the teams.
- 18.3 Timeliness around the payment process is an area that could be improved upon (i.e. raising of purchase orders and goods receipting).

19. Markets

19.1 A piece of work was carried out to support, complement, and improve the current markets cash handling process. Feedback has been provided by the audit team but no opinion given due to the consultancy nature of the work carried out.

Key areas where improvements are required

19.2 A number of inconsistencies were identified where processes are performed differently depending on the site;

19.3 There are areas where processes could be developed to achieve greater efficiency and / or streamlining;

19.4 Opportunities exist for improving paperwork including reconciliation of market income.

20. Meaning of words used

Full Assurance	The full assurance opinion is given where no significant or fundamental recommendations have been made and where controls within the system should provide full assurance that the risks material to the achievement of the system objectives are adequately managed.
Substantial Assurance	The substantial assurance opinion is given where a number of significant, but no fundamental recommendations have been made and where controls within the system should provide substantial assurance that the risks material to the achievement of the system objectives are adequately managed.
Limited Assurance	The limited assurance opinion is given where a number of fundamental and also a number of significant recommendations have been made and where controls within the system provide limited assurance that the risks material to the achievement of the system objectives are adequately managed.
No Assurance	The no assurance opinion is given where little or no assurance could be gained from a system where a large number of both fundamental and significant recommendations were proposed and where controls within the system provide little or no assurance that the risks material to the achievement of the system objectives are adequately managed.

Informal Joint Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Balanced Scorecard and Quarter 4 Performance report 2015-16	
Report No:	PAS/SE/16/007	
Report to and date:	Performance and Audit Scrutiny Committee	25 May 2016
Portfolio holder:	Ian Houlder Outgoing Portfolio Holder for Resources & Performance Tel: 01284 810074 Email: ian.houlder@stedsbc.gov.uk	
Lead officer:	Rachael Mann Head of Resources and Performance Tel: 01638 719245 Email: rachael.mann@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 fourth quarter of 2015-16.	
Recommendation:	Performance and Audit Scrutiny Committee: Members are requested to review the Council's performance using Balanced Scorecards for Quarter 4, 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: <i>(all background papers are to be published on the website and a link included)</i>		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

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 4 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 4 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, four service areas are now achieving over 90% performance on invoices paid within 30 days.

WEST SUFFOLK - RESOURCES & PERFORMANCE BALANCED SCORECARD

MONTH Mar 16

QUARTER Jan 16 - Mar 16

HALF YEARLY Oct 15 - Mar 16

* 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	£ 50,500.00	-	M	Cumulative		See budget outturn report for more details.	CUSTOMERS	SATISFACTION	Number of formal complaints	9	No target	B	Period only		All relating to ARP
		Year end forecast variance (under) / over spend against budget - SEBC	£ 194,000.00	-	M	Cumulative		See budget outturn report for more details.			Number of formal compliments	0	No target	B	Period only		
		Income generated from SLAs	(£545,885.92)	(£399,422.00)	M	Cumulative					Organisational year end forecast variance (under) / over spend against budget - FHDC *	-	M	Cumulative		See budget outturn report for more details.	
		% return on the investment of reserves and balances - FHDC	1.27	1.70	Q	Cumulative		Due to higher levels of balances than anticipated, actual income received for the year to date is £38,000 higher than budget.		Organisational year end forecast variance (under) / over spend against budget - SEBC *	(£36,000.00)	-	M	Cumulative		See budget outturn report for more details.	
		% return on the investment of reserves and balances - SEBC	0.77	0.90	Q	Cumulative		Due to higher levels of balances than anticipated, actual income received for the year to date is £147,000 higher than budget.		Total income generated by organisation £ *	(£25,886,908.04)	(£23,063,187.00)	M	Cumulative			
	FINANCE & PERFORMANCE	% of non-disputed invoices paid within 30 days	88.71	95.00	M	Period only		62 invoices processed in March.		% of total non-disputed invoices paid within 30 days *	92.19	95.00	M	Period only		1,267 invoices processed in March.	
		% of debt over 90 days old	0.89	10.00	M	Cumulative		FHDC debt £0.00 - 0.00% over 90 days. SEBC debt £35,574.24 - 0.89% over 90 days.		% of total debt over 90 days old *	52.05	10.00	M	Cumulative		FHDC debt £140,347.65 - 46.88% over 90 days. SEBC debt £498,449.38 - 53.51% over 90 days.	
			Current Value	Target	Frequency	Type	Trend	Comments			Current Value	Target	Frequency	Type	Trend	Comments	
INTERNAL PROCESSES	FINANCE	% of all payments made to us by BACS, Direct Debit, online as opposed to cash & cheque *	0.00	0.00	Q	Period only		This indicator is currently being developed.	OUTCOMES	ARP	% Collection of Council Tax - FHDC	97.12	97.05	M	Cumulative		
	ICT	% of ICT Helpdesk calls completed 'on time' as defined in SLAs	94.00	90.00	Q	Period only		% Collection of Council Tax - SEBC			98.29	98.30	M	Cumulative			
	ARP	Days taken to process Housing Benefit new claims and changes - FHDC	5.10	12.00	M	Period only		% Collection of Business Rates - FHDC			98.49	98.26	M	Cumulative			
		Days taken to process Housing Benefit new claims and changes - SEBC	5.00	12.00	M	Period only		% Collection of Business Rates - SEBC			98.61	98.41	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	March 2016
	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	March 2016
	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	March 2016
	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	March 2016
	WS7a	Technological	ICT integration	Integration of ICT across services and systems not being achieved.	Probability - 4; Impact - 4	Probability - 3; Impact - 4	March 2016
	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	March 2016
	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	March 2016
	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	March 2016
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	March 2016	

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WEST SUFFOLK - FAMILIES & COMMUNITIES BALANCED SCORECARD

Appendix B

MONTH Mar 16 QUARTER Jan 16 - Mar 16 HALF YEARLY Oct 15 - Mar 16

		Current Value	Target	Frequency	Type	Trend	Comments			Current Value	Target	Frequency	Type	Trend	Comments		
RESOURCES	FINANCIAL	Year end forecast variance (under) / over spend against budget - FHDC	(£9,500.00)	-	M	Cumulative		See budget outturn report for more details.	CUSTOMERS	SATISFACTION	% Customer satisfaction with customer service - overall journey	76.00	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	(£24,000.00)	-	M	Cumulative		See budget outturn report for more details.			Number of formal complaints	0	No target	B	Period only		
		% of non-disputed invoices paid within 30 days	94.21	95.00	M	Period only		121 invoices processed in March.			Number of formal compliments	8	No target	B	Period only		Customer Services - 8
		% 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	110,620	No target	Q	Period only			OUTCOMES	CUSTOMER SERVICES	% of issues resolved at first point of contact with Customer Services - telephone	94.00	80.00	M	Period only			
		Number of unique page views to the West Suffolk councils website	381,202	No target	Q	Period only					% of issues resolved at first point of contact with Customer Services - face to face	86.00	80.00	M	Period only			
		Number of online forms completed	18,016	No target	M	Period only		Garden waste subscription scheme has led to significant increase in online form completion.										
		Number of page views to the West Suffolk intranet	404,102	No target	Q	Period only												
	CUSTOMER SERVICES	% of telephone calls answered	90.00	90.00	M	Period only		Additional volume of calls due to garden waste subscription led to slight drop % answered. Q4 call volumes have increased by 15 % compared to the same period last year.										
		Number of face to face contacts (not including visitor management)	6,211	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	March 2016
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	March 2016	
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	March 2016	
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	March 2016	
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	March 2016	
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	March 2016	

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WEST SUFFOLK - HUMAN RESOURCES, LEGAL & DEMOCRATIC BALANCED SCORECARD

Appendix C

MONTH Mar 16

QUARTER Jan 16 - Mar 16

HALF YEARLY

Oct 15 - Mar 16

* These indicators are at organisational level

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		Current Value	Target	Frequency	Type	Trend	Comments			Current Value	Target	Frequency	Type	Trend	Comments		
RESOURCES	FINANCIAL	Year end forecast variance against budget - FHDC	£ 7,000.00	-	M	Cumulative		Overspend on lawyers due to the significant longterm ill-health issues of 2/4 lawyers employed in West Suffolk legal team resulting in additional spend on agency cover for legal advice work which required specialists. This issue has now been largely resolved .	CUSTOMERS	SATISFACTION	Number of formal complaints	0	No target	B	Period only		No complaints in this period.
		Year end forecast variance against budget - SEBC	£ 45,000.00	-	M	Cumulative					Number of formal compliments	0	No target	B	Period only		No compliments in this period.
		% of non-disputed invoices paid within 30 days	95.12	95.00	M	Period only		41 invoices processed in March.	SERVICE	% on-line electoral registration *	98.00	95.00	A	Period only			
		% of debt over 90 days old	87.31	10.00	M	Cumulative		FHDC debt £16,389.90 - 99.33% over 90 days - 3 elections invoices. SEBC debt £3,720.95 - 34.40% over 90 days.									
	STAFF	Average number of sick days lost per FTE per annum*	6.61	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)	21.76	35.00	Q	Period only			OUTCOMES	HUMAN RESOURCES	% Voluntary staff turnover *	10.97	7-12	Q	Period only	
								% successful staff appointments *			100.00	85.00	Q	Period only		
								H&S			Reported incidence of injuries, diseases and dangerous occurrences *	2	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	March 2016
	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	March 2016
	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	March 2016
	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	March 2016
	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	March 2016

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WEST SUFFOLK - PLANNING & GROWTH BALANCED SCORECARD

Appendix D

MONTH Mar 16 QUARTER Jan 16 - Mar 16 HALF YEARLY Oct 15 - Mar 16

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		Current Value	Target	Frequency	Type	Trend	Comments			Current Value	Target	Frequency	Type	Trend	Comments		
RESOURCES	FINANCIAL	Year end forecast variance (under) / over spend against budget - FHDC	£ 153,000.00	-	M	Cumulative		See budget outturn report for more details.	CUSTOMERS	SATISFACTION	Number of formal complaints	15	No target	B	Period only		Planning - 13, Licensing - 1, Land Charges - 1
		Year end forecast variance (under) / over spend against budget - SEBC	£ 508,000.00	-	M	Cumulative		See budget outturn report for more details.			Number of formal complaints	27	No target	B	Period only		Building Control - 4, Planning - 14, Land Charges - 2, Enforcement - 3, Regulatory - 4
		Spend on professional fees in relation to planning appeals	£ 181,808	£ 80,450	M	Cumulative		£107,250 relates to FHDC appeals, £74,500 relates to SEBC appeals.									
		Income received against budget	(£2,760,364)	(£2,888,471)	M	Cumulative		SEBC under achieving income by £137k. FHDC over achieving income by £9k.									
		% of non-disputed invoices paid within 30 days	95.28	95.00	M	Period only		106 invoices processed in March.									
		% of debt over 90 days old	46.41	10.00	M	Cumulative		FHDC total debt £8,869.24 - 40.33% over 90 days. SEBC total debt £6,068.72 - 55.30% 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	87.50	60.00	M	Period only		FHDC - 2 applications determined, 2 in time - 100%. SEBC - 6 applications determined, 5 in time - 83.33%	OUTCOMES	ECONOMIC DEV	New and existing businesses benefitting from the Council's Business Grant schemes	0	5	Q	Period only		No grants were made in this quarter.
		% of minor planning applications determined within 8 weeks	89.28	65.00	M	Period only		FHDC - 11 applications determined, 9 in time - 81.81%. SEBC - 17 applications determined, 16 in time - 94.11%			ENVIRONMENTAL MGT	Renewable energy generated on Council properties (KWh)	45,735	No target	Q	Period only	
		% of other planning applications determined within 8 weeks	85.39	80.00	M	Period only		FHDC - 15 applications determined, 10 in time - 66.66%. SEBC - 74 applications determined, 66 in time - 89.18%		Number of solar PV rent-a-roof schemes delivered		16	No target	Q	Cumulative		
	PLANNING ENFORCEMENT	Number of new enforcement cases opened	36	No target	M	Period only		6 cases opened at FHDC; 30 cases opened at SEBC		FOOD SAFETY	% of food businesses receiving a top food hygiene rating (rating of 5)	65.00	60.00	Q	Period only		
		Number of enforcement cases closed	34	No target	M	Period only		14 cases closed at FHDC; 20 cases closed at SEBC									
		Total number of enforcement cases open	239	No target	M	Period only		70 total cases open at FHDC; 169 total cases open at SEBC									

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	March 2016
	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	March 2016
	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	March 2016
	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	March 2016
	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	March 2016

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WEST SUFFOLK - OPERATIONS BALANCED SCORECARD

Appendix E

MONTH Mar 16 QUARTER Jan 16 - Mar 16 HALF YEARLY Oct 15 - Mar 16

			Current Value	Target	Frequency	Type	Trend	Comments			Current Value	Target	Frequency	Type	Trend	Comments		
RESOURCES	FINANCIAL	Year end forecast variance against budget - FHDC	(£163,500.00)	-	M	Cumulative		See budget outturn report for more details.	CUSTOMERS	SATISFACTION	Number of formal complaints	9	No target	B	Period only		Waste - 1, Parks - 3, Property - 4, Parking - 1	
		Year end forecast variance against budget - SEBC	(£674,500.00)	-	M	Cumulative		See budget outturn report for more details.			Number of formal compliments	43	No target	B	Period only		Landscapes - 3, Waste - 32, Parking - 1, Property - 4, Parks - 3	
		Income from entire property portfolio	(£4,327,013.32)	(£4,260,100.00)	M	Cumulative												
		Income from waste & street scene services	(£2,122,640.60)	(£1,768,050.00)	M	Cumulative												
		% of non-disputed invoices paid within 30 days	93.80	95.00	M	Period only		822 invoices processed in March.										
		% of debt over 90 days old	53.50	10.00	M	Cumulative		FHDC debt £108,457.65 - 36.44% over 90 days. SEBC debt £450,026.47 - 57.61% over 90 days.										
			Current Value	Target	Frequency	Type	Trend	Comments			Current Value	Target	Frequency	Type	Trend	Comments		
INTERNAL PROCESSES	WASTE MGT	Number of household bins not collected as scheduled -per 10,000 properties	2.70	8.25	M	Period only			OUTCOMES	WASTE MANAGEMENT	% of household waste recycled and composted	50.38	51.00	Q	Cumulative			
												Residual household waste per household - Kgs	471.28	480.00	Q	Cumulative		
												PROPERTY	% of industrial units that are vacant	6.11	8.25	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
	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	March 2016

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WEST SUFFOLK - HOUSING BALANCED SCORECARD

Appendix F

MONTH Mar 16 QUARTER Jan 16 - Mar 16 HALF YEARLY Oct 15 - Mar 16

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		Current Value	Target	Frequency	Type	Trend	Comments			Current Value	Target	Frequency	Type	Trend	Comments		
RESOURCES	FINANCIAL	Year end forecast variance (under) / over spend against budget - FHDC	£ 900.00	-	M	Cumulative		See budget outturn report for more details.	CUSTOMERS	SATISFACTION	Number of formal complaints	7	No target	B	Period only		Housing Standards 1, Housing Options 6
		Year end forecast variance (under) / over spend against budget - SEBC	(£85,000.00)	-	M	Cumulative		See budget outturn report for more details.			Number of formal complaints	1	No target	B	Period only		Housing Options
		DFG mandatory grants paid £	£ 625,686.27	£ 640,000.00	M	Cumulative		Better Care Funding allocation exceeded, currently negotiating the allocation agreement for 2016- 2017.		SERVICE	Customer Services % of answered calls - housing	84.00	90.00	M	Period only		Increase in calls due to garden waste subscription led to a slight drop in % answered. Q4 call volumes have increased by 15% compared to the same period last year.
		% of non-disputed invoices paid within 30 days	77.46	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		WSLP to launch guaranteed rent and damage deposit product to incentive landlords to make properties available to West Suffolk.	
		% of debt over 90 days old	91.91	10.00	M	Cumulative		FHDC debt £6,630.86 - 96.70% over 90 days. SEBC debt £3,059.00 - 81.53% over 90 days.									
	STAFF	Cases per member of staff - Housing Options	21.00	20-30	M	Period only											
		Cases per member of staff - Housing Standards	29.62	50-60	Q	Period only		Only includes new cases, however, the number has increased due to changes in staffing for this quarter. In 16-17 we will be measuring total cases (new and existing) for each quarter, which was 813 for this Q4 which equates to 101 cases per officer.									
		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		The implementation of new processes has led to a slight delay in processing applications which will be ongoing.	OUTCOMES	HOUSING OPTIONS	Numbers in Bands A & B	899	1300	M	Period only		
		Additional housing units registered with WSLP	60	60	Q	Cumulative		Household numbers in B&B			7	10	M	Period only		Anticipated that B&B will be only used in emergencies once additional temporary accommodation becomes available in Bury in June 2016.	
	STRATEGIC HOUSING	Empty properties brought back into use through Council intervention	30	10	Q	Cumulative		Exceeded target with less formal officer interventions. We are now focussing on the second phase which is further enforcement actions on priority properties.		STRATEGIC HOUSING	Number of new affordable homes delivered available for occupation	200	145	Q	Cumulative		A number of schemes were completed earlier than anticipated. Early completions included a 26 unit development at Chedburgh and a 30 unit scheme at Kedington.
		% of units that are affordable on S106 sites	30.00	30.00	Q	Cumulative		A couple of small schemes negotiated during the market down-turn only yielded 13% and 14% affordable homes respectively, however this was offset by a scheme in Chedburgh delivering 33% affordable housing.		HOUSING STANDARDS	Private sector Properties brought up to standard	88	60	Q	Cumulative		Exceed target which indicates a strong emphasis on working with Owner Occupiers and Landlords, and where necessary enforcing to make properties safe.

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	March 2016
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	March 2016	
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	March 2016	
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	March 2016	

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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 – March 2016	
Report No:	PAS/SE/16/008	
Report to and date:	Performance and Audit Scrutiny Committee	25 May 2016
Portfolio holder:	Ian Houlder Outgoing Portfolio Holder for Resources & Performance Tel: 01284 810074 Email: ian.holder@stedsbc.gov.uk	
Lead officer:	Joanne Howlett Service Manager - Finance 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 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: <i>(all background papers are to be published on the website and a link included)</i>		None	
Documents attached:		Appendix 1 West Suffolk Strategic Risk Register 2015/2016	

1. Key issues and reasons for recommendation

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 March 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 March 2016 have been removed from the register.

1.2 New or Amended Risks

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

1.3 Closed Risks

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

1.4 Reasons for Recommendations

- 1.4.1 The Council's Strategic Plan for 2013/2014, adopted by the Council in February 2014, includes three key priority areas supported by a range of actions to deliver specific outcomes.
- 1.4.2 The West Suffolk Strategic Risk Register identifies and records the level of risk associated with delivering the Council's plans alongside meeting its statutory responsibilities and the organisation's overall ability to respond to change. Through assessment of risk and the likelihood and impact of potential failure to meet these challenges, the level of controls and where possible, action required is identified and implemented.

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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
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	01/03/2016 Completed	
							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, 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	31/03/2016 Completed	
							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	

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							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 (Customer Access Strategy)	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 and communicate 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	

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RISK ID NUMBER	Date risk added to register	Type	Current Owner	Title	Description - What are we trying to avoid?	WS Inherent Risk	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
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 and team (led by Service Manager Corporate Policy).	Service Manager Corporate Policy	Jun-14	On-going	
							A	2) Development and ongoing oversight of corporate project plan, to avoid concurrent demands on support services	Service Manager Corporate Policy	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	System updates and improvements continue to be made	
							C	3) Regular review of both integration programmes through corporate projects plan.	Service Manager Corporate Policy/ 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	
WS80	10-Jul-14	Political Social	Head of Families & Communities	Failure to deliver; Families & Communities agenda	Opportunities being missed to create or influence the provision of:		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	
	(a)											
					(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							

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Page 81	(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 81	(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		New service going live 1 May 16.	
							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 15 March 2016. First draft of Business and Delivery Plan due to be presented to the Councils by the end of July 16.	Head of Housing	Apr-15		See action 7 text for details of dates.	
							A	8) Monitor new Housing & Planning Bill proposals - a watching brief. Briefing note on housing aspects of Housing & Planning Bill circulated to senior officers and members in March 16. Responses to DCLG consultation being made as released by the DCLG.	Head of Housing	Apr-16		See action 8 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 with Suffolk colleagues and play an active part in the Devolution process for Norfolk, Suffolk and Cambridgeshire, (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	
WS12	10-Jul-14	Partnership	Head of Planning & Growth	Loss of a key employer (for example USAFE, Racing Industry, Greene King, WS Hospital, Centre Parcs, British Sugar) 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 businesses 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 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	01/03/16 Completed	
							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 HSE (Health & Safety Executive) prosecutions.		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	01/09/2015 Completed	
							A	5) Ensure appropriate training is provided to front-line staff.	Head of Families & Communities	Nov-15	01/04/2016 Initial training completed - continued ongoing development.	
WS286	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	Mar - 16 Completed	
							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	

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
							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	

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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/16/009	
Report to and date:	Performance and Audit Scrutiny Committee	25 May 2016
Chairman of the Committee:	Sarah Broughton Outgoing Chairman of the Performance and Audit Scrutiny Committee Tel: 01284 787327 Email: sarah.broughton@stedsbc.gov.uk	
Lead officer:	Christine Brain Democratic Services Officer (Scrutiny) 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 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	Democratic Services Officer (Scrutiny)
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
21 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	Democratic Services Officer (Scrutiny)
24 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	Democratic Services Officer (Scrutiny)

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
25 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	Democratic Services Officer (Scrutiny)
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
25 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	Democratic Services Officer (Scrutiny)
St Edmundsbury Specific Reports	
EY – Certification of Claims and Returns Annual 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 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	Democratic Services Officer (Scrutiny)
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
22 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
24 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	Democratic Services Officer (Scrutiny)

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
25 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	Democratic Services Officer (Scrutiny)
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
25 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	Democratic Services Officer (Scrutiny)
Forest Heath Specific Reports	
EY – Certification of Claims and Returns Annual 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) Outturn – 2015-16	
Report No:	PAS/SE/16/010	
Report to and dates:	Performance and Audit Scrutiny Committee	25 May 2016
Portfolio holder:	Ian Houlder Outgoing Portfolio Holder for Resources & Performance Tel: 01284 810074 Email: ian.houlder@stedsbc.gov.uk	
Lead officer:	Rachael Mann Head of Resources and Performance Tel: 01638 719245 Email: Rachael.mann@westsuffolk.gov.uk	
Purpose of report:	This report sets out the Financial Performance for the year of 2015-16.	
Recommendation:	Performance and Audit Scrutiny Committee: Members are requested to <u>note</u> the 2015/16 outturn revenue and capital position and forward any relevant issues or comments to Cabinet for their consideration.	
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 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: <i>(all background papers are to be published on the website and a link included)</i>		None	
Documents attached:		<p>Appendix A – Revenue outturn position for 2015/16.</p> <p>Appendix B – Analysis of revenue variances for 2015/16.</p> <p>Appendix C – Capital outturn position for 2015/16.</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 Monitoring year-end financial performance plays an important role in understanding how the Council's financial plans and strategies have contributed towards the achievement of the Council's priorities.
- 1.1.2 The Council continues to face considerable financial challenges as a result of uncertainty in the wider economy and constraints on public sector spending, declining interest receipts and increased demand on front line services such as Housing Benefits and homelessness along with the reduction in central government grant funding. In order to respond to these pressures, the Council has had to make significant savings, the main contributor to delivering these savings continues to be through sharing services with Forest Heath District Council, which has to date achieved in excess of £4.0m in savings across both Councils.
- 1.1.3 This report is the final outturn position for the year 2015/2016. The report includes a revenue year end outturn **underspend of £36,000**, details of these can be seen in **Appendix A** and **B**. Explanations of the main year end over / (under) spends can be found in the table at 1.2.2.
- 1.1.4 The Council's capital financial position for the year end of 2015/2016 shows expenditure of £3,696,812. Further details are provided in **Appendix C**.
- 1.1.5 The council holds a variety of reserves which are earmarked for specific purposes as outlined to Council in February as part of the Budget and Council Tax Setting report. These include statutory reserves utilised to ensure cost neutrality across a three year period, reserves to fund the management of council assets and reserves committed to support the strategic objectives and medium term financial strategy of the council. A summary of the earmarked reserves can be found at **Appendix D** along with the year end position for 2015/2016.
- 1.1.6 Please note that the numbers reported here are subject to the final stages of the Council's 2015/2016 accounts closure process and the review from external auditors Ernst and Young. These figures may change depending on the findings and outcomes of those pieces of work, however any changes will be reported to this committee as part of the final accounts report in September 2016.

1.2 Revenue Performance

- 1.2.1 The revenue outturn position as at 31 March 2016 currently shows an overall underspend of £36,000 (0.05% of the budget). A summary by Head of Service area can be found in **Appendix A** with comments for variances by cost centre in **Appendix B**.
- 1.2.2 Year end variances against budget over £50k are explained in the following table.

Year end variance: Over / (under) spend £	Explanation (in Service Area order)
240,000	Less funding from Business Rates Retention Reserve required than anticipated due to overall budget position.
(57,000)	Lower than budgeted contribution to Anglia Revenues Partnership due to efficiency savings in the Partnership.
(81,000)	Council Tax underspend on legal and court fees, along with some additional court costs recovered.
116,000	Variance on Housing Benefits relating to a reduction in the Housing Benefit Administration Subsidy Grant payable by central government and an additional cost in-year in respect of the council's bad debt provision (resulting from government initiatives such as real time information).
168,000	Underachievement of income in Development Control, along with additional costs of planning appeals. The 2016/17 income budget assumptions have been reviewed to reflect the lower level of income generation.
56,000	Additional costs in Planning Policy associated with S106 Monitoring due to legislation changes.
196,000	Lower than anticipated income in Building Control, along with the additional costs associated with changes in the staffing structure to ensure service delivery.
59,000	Additional costs on Economic Development and Growth associated with bringing forward Suffolk Business Park and delivery of the Eastern Relief Road.
58,000	Anticipated brown bin recycling credits lower than budgeted.
(86,000)	Multi-bank recycling sites underspend due to contract changes and additional sales of scrap materials.
(234,000)	Higher than budgeted trade waste sales revenue. Assumptions in respect of trade waste income are being reviewed as part of the ongoing budget process.
(150,000)	Underspend on Waste and Cleansing vehicle fuel as a result of exceptionally low worldwide fuel prices, this has been transferred into the Invest To Save Reserve to enable future efficiency drives. Fuel budgets and ongoing assumptions will be reviewed and closely monitored throughout 2016/2017.
(63,000)	Due to a lower number of vacant industrial and business units than anticipated, rental income higher than budgeted and council's landlord costs such as business rates lower than budgeted.
(79,000)	Due to an increase in user numbers, car park income overachieved against budgeted assumptions by £500k which has been partly offset in year by additional costs for equipment of £96k over budget and by a further contribution of £325k into reserves for future investment in car parking.
(64,000)	Savings on accommodation costs for homelessness due to Council investing in property acquisition.

1.3 **Capital Position**

1.3.1 The Council has spent £3,696,812 of its capital budget of £6,006,790 as at the 31 March 2016. A further £2,458,657 is being carried forward from the 2015/16 capital budget into 2016/17.

1.3.2 The following table is a high level summary of capital expenditure against budget for 2015/16. Further details by capital project can be found at **Appendix C**.

Service Area	2015/16 Full Year Budget £000s	Spent to 31 March 2016 £000s	Budget carry forward from 2015/16 £000s	Year End Variance Over / (Under) £000s
Planning and Growth	1,664	450	1,180	(34)
Housing	1,991	1,121	903	33
Resources and Performance	40	37	3	-
Families and Communities	169	38	131	-
Operations	2,144	2,051	242	150
TOTAL	6,007	3,697	2,459	149

Summary by Head of Service

Appendix A

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Head of Service	Expenditure Budget for Year £	Income Budget for Year £	Net Budget for Year £	Expenditure Actual for Year £	Income Actual for Year £	Net Actual for Year £	Over/(Under) Spend for Year £	Variance for Year %
Head of Resources & Performance	39,948,696	(47,062,920)	(7,114,224)	38,312,441	(45,232,330)	(6,919,889)	194,335	0.49%
Head of Human Resources, Legal & Democratic Services	1,898,325	(250,505)	1,647,820	2,086,785	(393,740)	1,693,044	45,224	2.38%
Head of Families and Communities	2,008,737	(301,869)	1,706,868	1,973,820	(290,988)	1,682,832	(24,036)	1.20%
Head of Planning and Growth	3,507,126	(2,766,174)	740,952	3,560,065	(2,310,732)	1,249,332	508,380	14.50%
Head of Operations	24,879,627	(22,619,412)	2,260,215	26,959,269	(25,373,543)	1,585,726	(674,489)	2.71%
Head of Housing	1,187,819	(168,047)	1,019,772	1,559,062	(624,486)	934,576	(85,196)	7.17%
TOTALS:	73,430,330	(73,168,927)	261,403	74,451,442	(74,225,819)	225,621	(35,782)	0.05%
Interest Receivable	0	(261,403)	(261,403)	0	(261,403)	(261,403)	0	0.00%
TOTALS:	73,430,330	(73,430,330)	0	74,451,442	(74,487,222)	(35,782)	(35,782)	0.05%

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Detail by Head of Service

Appendix B

HEAD OF RESOURCES & PERFORMANCE

Cost Centre Description	Budget for Year £	Actual for Year £	Over/(Under) Spend for Year £	Variance for Year %	Year End Variance Notes over £25,000
Resources & Performance	614,675	628,604	13,929	2.12%	
Grants to Organisations	222,827	223,836	1,009	0.45%	
General Fund Adjustments	(11,002,922)	(10,762,917)	240,005	6.57%	Less funding from Business Rates Retention Reserve than anticipated.
Resources & Performance:	(10,165,420)	(9,910,477)	254,943	5.63%	
Internal Audit	106,654	106,983	329	0.26%	
Internal Audit:	106,654	106,983	329	0.26%	
ICT	933,831	894,021	(39,810)	3.39%	Extra income outside of Service Level Agreement contracts.
ICT:	933,831	894,021	(39,810)	3.39%	
Anglia Revenues Partnership	1,378,651	1,321,754	(56,897)	4.13%	Contribution to the Partnership was lower than anticipated.
Council Tax Administration	(193,948)	(274,895)	(80,947)	212.74%	No spend on legal and court fees - budget no longer required, coupled with some additional court costs recovered.
Business Rate Administration	(173,402)	(166,366)	7,036	402.06%	Lower court costs recovered than anticipated.
Housing Benefits	(524,509)	(408,546)	115,963	0.37%	Less Housing Benefit Admin Subsidy Grant received than anticipated and increase on bad debt provision.
Anglia Revenues Partnership:	486,792	471,947	(14,845)	0.05%	
Corporate Expenditure	1,235,099	1,229,974	(5,125)	0.41%	
Non-Distributed Costs	217,000	213,285	(3,715)	1.68%	
Non-Distributed Costs - Cost of Unused Assets	41,100	43,107	2,007	4.45%	
Corporate Expenditure:	1,493,199	1,486,366	(6,833)	0.45%	
Emergency Planning	30,720	31,270	550	1.79%	
Emergency Planning:	30,720	31,270	550	1.79%	
TOTALS: RESOURCES & PERFORMANCE	(7,114,224)	(6,919,890)	194,334	0.49%	

HEAD OF HR & DEMOCRATIC SERVICES

Cost Centre Description	Budget for Year £	Actual for Year £	Over/(Under) Spend for Year £	Variance for Year %	Year End Variance Notes over £25,000
Human Resources & Payroll	333,626	342,489	8,863	2.11%	
Human Resources:	333,626	342,489	8,863	2.11%	
Health & Safety	97,727	93,946	(3,781)	3.72%	
Health & Safety:	97,727	93,946	(3,781)	3.72%	
Central Training Services	151,353	140,106	(11,247)	7.43%	
Learning & Development:	151,353	140,106	(11,247)	7.43%	
Legal Services	250,893	278,795	27,902	8.62%	Salary overspend.
Legal Services:	250,893	278,795	27,902	8.62%	
Democratic Services	187,647	206,268	18,621	9.92%	
Members Allowances & Expenses	338,310	350,528	12,218	3.61%	
Mayoralty & Civic Functions	96,070	78,712	(17,358)	17.42%	
Democratic Services:	622,027	635,508	13,481	2.15%	
Electoral Registration	104,256	108,269	4,013	3.73%	
Election Expenses	87,938	93,930	5,992	3.57%	
Elections:	192,194	202,199	10,005	3.63%	
TOTALS: HR & DEMOCRATIC SERVICES	1,647,820	1,693,043	45,223	2.38%	

HEAD OF FAMILIES & COMMUNITIES

Cost Centre Description	Budget for Year £	Actual for Year £	Over/(Under) Spend for Year £	Variance for Year %	Year End Variance Notes over £25,000
Policy	150,096	151,609	1,513	1.01%	

St Edmundsbury Borough Council					2015/16 Outturn Report
Detail by Head of Service					Appendix B
Policy:	150,096	151,609	1,513	1.01%	
Communications	121,006	123,207	2,201	1.82%	
Website and Intranet	31,881	34,685	2,804	8.80%	
Communications:	152,887	157,892	5,005	3.27%	
Customer Services	549,289	544,622	(4,667)	0.85%	
Bus Stations	188,042	206,009	17,967	7.02%	
Customer Services:	737,331	750,631	13,300	1.65%	
Community Development	307,293	280,806	(26,487)	8.43%	Salary savings and general expenditure underspend.
Community Chest - Families & Communities	276,483	270,853	(5,630)	1.27%	
Community Centres	82,778	71,042	(11,736)	8.38%	
Families & Communities:	666,554	622,701	(43,853)	4.88%	
TOTALS: FAMILIES & COMMUNITIES	1,706,868	1,682,833	(24,035)	1.20%	
HEAD OF PLANNING & GROWTH					
Cost Centre Description	Budget for Year £	Actual for Year £	Over/(Under) Spend for Year £	Variance for Year %	Year End Variance Notes over £25,000
Development Control	(305,148)	(137,623)	167,525	28.68%	Overspend due to appeal costs and under achievement of income.
Development Control:	(305,148)	(137,623)	167,525	28.68%	
Planning Policy	530,921	586,842	55,921	9.55%	Additional costs associated with S106 Monitoring due to legislation changes.
Local Plan	(16,600)	61	16,661	11.90%	
Place Shaping:	514,321	586,903	72,582	10.00%	
Land Charges	(136,070)	(118,898)	17,172	20.86%	
Building Control	(135,126)	61,073	196,199	92.84%	Lower than anticipated income, along with additional costs associated with changes in the staffing structure to ensure service delivery.
Planning & Regulatory Support	279,648	314,123	34,475	12.33%	Salary overspend.
Business (BC & Support):	8,452	256,298	247,846	43.23%	
Prevention of Pollution	59,029	60,502	1,473	1.89%	
Environmental Management	43,972	41,302	(2,670)	6.03%	
Drinking Water Quality	17,914	13,950	(3,964)	14.48%	
Climate Change	69,183	71,210	2,027	2.90%	
Home Energy Conservation	5,000	2,480	(2,520)	50.40%	Lower spend on supplies & services.
Environment:	195,098	189,444	(5,654)	2.52%	
Licensing	(43,878)	(28,764)	15,114	13.33%	

St Edmundsbury Borough Council				2015/16 Outturn Report	
Detail by Head of Service				Appendix B	
Hackney Carriage & Private Hire Licensing	(60,140)	(88,960)	(28,820)	79.48%	Overachievement of income.
Food Safety	79,265	78,992	(273)	0.29%	
Health & Safety at Work Act/Enforcement	106,564	81,379	(25,185)	23.63%	Salary underspend.
Business Reg & Licensing:	81,811	42,647	(39,164)	11.19%	
Economic Development & Growth	246,070	304,949	58,879	6.41%	Overspend on feasibility studies.
Strategic Tourism & Markets	37,238	39,873	2,635	6.24%	
Bury Christmas Fayre	(36,890)	(40,487)	(3,597)	4.08%	
Park & Ride	0	5,763	5,763	0.00%	
Vibrant Town Centres	0	1,566	1,566	0.00%	
Economic Development & Growth:	246,418	311,664	65,246	6.22%	
TOTALS: PLANNING & GROWTH	740,952	1,249,333	508,381	14.50%	
HEAD OF OPERATIONS					
Cost Centre Description	Budget for Year £	Actual for Year £	Over/(Under) Spend for Year £	Variance for Year %	Year End Variance Notes over £25,000
Vehicle Workshop	(56,600)	(84,005)	(27,405)	5.37%	Higher levels of external income than budgeted.
Pool Cars	13,930	12,696	(1,234)	4.27%	
Vehicle Workshop Trading Account - FHDC	36,030	36,030	0	0.00%	
Fleet Management:	(6,640)	(35,279)	(28,639)	2.85%	
Depots	(140,773)	(165,330)	(24,557)	4.49%	
Grounds Maintenance Operatives	(137,382)	(174,670)	(37,288)	2.72%	Higher levels of external income than budgeted.
Tree Maintenance Operatives	(810)	(21,355)	(20,545)	26.79%	
Waste & Cleansing Operatives	(537,455)	(538,104)	(649)	0.02%	
Markets	(78,957)	(99,427)	(20,470)	6.84%	
Operational:	(895,377)	(998,886)	(103,509)	1.70%	
Street Cleansing	1,333,936	1,352,563	18,627	1.33%	
Refuse Collection (Black Bin)	942,655	949,857	7,202	0.74%	
Recycling Collection (Blue Bin)	585,433	565,232	(20,201)	1.97%	Vehicle costs lower than budgeted, predominately as a result of lower fuel prices. This has been mitigated by a transfer into the Invest to Save reserve. Recycling contract costs also lower than anticipated.
Compostable Collection (Brown Bin)	346,295	404,190	57,895	5.16%	Recycling credits lower than anticipated.
Bulky, Fridges, Metal & Scrap Collection	106,661	112,386	5,725	3.96%	
Clinical & Hazardous Waste Collection	17,403	17,738	335	1.37%	
Multi-Bank Recycling Sites	30,492	(55,432)	(85,924)	65.35%	Recycling contract costs lower than expected and additional income from the sale of scrap materials.
Trade Waste	(52,015)	(285,893)	(233,878)	19.47%	Additional trade waste sales revenue.
Waste - Business & Commercial	3,310,860	3,060,641	(250,219)	4.15%	
Property Services	456,160	470,051	13,891	2.98%	
Property Maintenance:	456,160	470,051	13,891	2.98%	
Industrial & Business Units	(1,481,351)	(1,544,237)	(62,886)	17.19%	Due to lower number of vacant units, expenditure on vacant property business rates is less. Rental income is also higher than budgeted.
Town Centres & Shops	(765,518)	(773,222)	(7,704)	5.80%	
Property Management:	(2,246,869)	(2,317,459)	(70,590)	14.15%	
Offices: West Suffolk House	(182,725)	(184,362)	(1,637)	0.16%	
Offices: Haverhill House	(35,810)	(24,407)	11,403	5.62%	
Public Conveniences	158,086	151,867	(6,219)	3.18%	
CCTV	178,437	194,243	15,806	4.84%	
Green Travel Plan	(31,450)	(31,450)	0	0.00%	
Street Banners & Displays	(87)	(3,293)	(3,206)	52.45%	Lower grounds maintenance costs.
District Highways Services	383,027	339,811	(43,216)	9.91%	Lower material and grounds maintenance costs.
Street Furniture	193,876	190,585	(3,291)	1.69%	
Land Drainage & Associated Works	8,890	300	(8,590)	86.86%	Underspend on land drainage payments.
Facilities, CCTV & Highways Services:	672,244	633,294	(38,950)	1.60%	
Courier & Postal Service	134,910	131,324	(3,586)	1.38%	
Printing & Copying Service	25,500	21,473	(4,027)	7.74%	
Central Services:	160,410	152,797	(7,613)	2.44%	
Off Street Car Parks	(2,681,070)	(2,759,840)	(78,770)	5.60%	Higher than anticipated car park income due to additional car parking events and a higher number of visitors.
On Street Car Parking	(136,569)	(136,569)	0	0.00%	
Car Parking:	(2,817,639)	(2,896,409)	(78,770)	3.60%	

St Edmundsbury Borough Council					2015/16 Outturn Report
Detail by Head of Service					Appendix B
Leisure Services Management & Support	201,338	197,013	(4,325)	2.15%	
Arboriculture (Tree Maintenance Works)	248,362	239,929	(8,433)	3.03%	
Other Parks and Play Provision	383,708	363,526	(20,182)	3.34%	
Abbey Gardens	306,757	336,840	30,083	7.68%	Overspend on staff costs associated with events and installation of new bins.
Nowton Park	99,414	98,632	(782)	0.35%	
East Town Park	102,027	101,354	(673)	0.58%	
Clare Country Park	1,379	4,289	2,910	11.47%	
Children's Play Areas	80,131	97,638	17,507	20.14%	
Cemeteries & Closed Churchyards	216,374	207,339	(9,035)	2.66%	
Allotments	200	(1,031)	(1,231)	223.82%	Additional rental income.
Sports & Leisure Centres	531,516	547,956	16,440	2.55%	
Leisure & Sports	49,900	25,995	(23,905)	47.91%	
Leisure & Cultural - Parks	2,221,106	2,219,480	(1,626)	0.05%	
Arts, Heritage & Cultural Services	121,019	97,169	(23,850)	19.71%	
Moyse's Hall Museum	257,505	222,343	(35,162)	10.37%	Savings on staff costs and additional income.
West Stow Country Park	115,633	121,321	5,688	1.49%	
Heritage Outreach Services	3,500	4,075	575	16.43%	
Heritage Sites & Monuments	3,358	5,559	2,201	11.86%	
West Front Houses	48,312	39,527	(8,785)	9.29%	
Tourist Information Centres	60,721	79,775	19,054	16.44%	
Shopmobility	16,888	16,158	(730)	2.63%	
Leisure & Cultural - TIC & Heritage:	626,936	585,927	(41,009)	3.72%	
The Athenaeum	42,603	49,770	7,167	4.45%	
The Guildhall, Bury St Edmunds	35,831	30,844	(4,987)	10.24%	
Leisure & Cultural - Public Halls:	78,434	80,614	2,180	1.04%	
Bury Festival	29,060	27,211	(1,849)	1.48%	
Commercial - Entertainment & Events:	29,060	27,211	(1,849)	1.48%	
Leisure Promotion	148,209	127,513	(20,696)	13.96%	
Commercial - Marketing:	148,209	127,513	(20,696)	13.96%	
Leisure - Commercial Activities	(209,231)	(77,885)	131,346	35.71%	Increased tickets sales at the Apex resulting in more income than budgeted.
The Apex	732,552	554,115	(178,437)	18.72%	
The Apex	523,321	476,230	(47,091)	3.57%	
TOTALS: OPERATIONS	2,260,215	1,585,725	(674,490)	2.71%	
HEAD OF HOUSING					
Cost Centre Description	Budget for Year £	Actual for Year £	Over/(Under) Spend for Year £	Variance for Year %	Year End Variance Notes over £25,000
Housing Renewals	127,205	126,747	(458)	0.36%	
Burial of the Dead	17,951	21,348	3,397	18.92%	
Gypsies & Travellers	21,576	27,724	6,148	28.49%	
Other Public Health Services	207,051	195,309	(11,742)	5.57%	
Public Health & Housing:	373,783	371,128	(2,655)	0.70%	
Housing Development & Strategy	116,199	99,334	(16,865)	13.84%	
Housing Development & Strategy:	116,199	99,334	(16,865)	13.84%	
Homelessness	236,198	172,280	(63,918)	23.57%	Savings on accommodation costs.
Housing Advice & Choice Based Lettings	250,120	249,138	(982)	0.37%	
Non-HRA Housing Properties	950	5,142	4,192	441.26%	Costs associated with Lake Avenue HMO.
Housing Options:	487,268	426,560	(60,708)	11.33%	
Housing Business & Partnerships	42,522	37,554	(4,968)	3.26%	
Housing Business & Partnerships:	42,522	37,554	(4,968)	3.26%	
TOTALS: HOUSING:	1,019,772	934,576	(85,196)	7.17%	

St Edmundsbury Borough Council

Appendix C

2015/16 Capital Outturn Report

Project Description	2015/16				2016/17			Notes
	Original Budget incl c/fwds £	Revised Budget for Year £	Actual Spend for Year £	Over/(Under) Spend for Year £	Original Budget £	Budget carry forwards from 2015/16 £	Revised Budget £	
Community Sports Facility - Moreton Hall	1,552,500	0	0	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.
Balance of Bury Community Football Project	150,000	150,000	0	(150,000)	0	150,000	150,000	
Environmental Improvement Works, Risbygate Street	72,000	72,000	0	(72,000)	0	72,000	72,000	Awaiting completion - invoices due from Suffolk County Council.
St Andrews St South access arrangements	24,913	24,913	0	(24,913)	0	24,913	24,913	Awaiting completion.
Peach Maltings	51,000	51,000	0	(51,000)	0	0	0	No scheme currently developed.
Haverhill Plaza	1,060	1,060	0	(1,060)	0	0	0	
Children's Play Equipment - Haverhill Recreation Ground	11,207	11,207	79,337	68,130	0	0	0	Project completed. Balance funded from S106 monies.
Children's Play Equipment - Aeroplane Park	0	0	2,960	2,960	0	0	0	Project completed.
Children's Play Equipment - Allington Walk	75,000	75,000	75,259	259	0	0	0	Project completed.
Children's Play Equipment - Priors	155,000	155,000	186,641	31,641	0	0	0	Total project cost estimated to be £192K. Further spend is expected in 2016/17. The balance is being met from S106 monies.
Children's Play Equipment - Nowton Pit	70,000	70,000	70,000	0	0	0	0	Project completed.
Cycle Stands Cattle Market	5,000	5,000	0	(5,000)	0	5,000	5,000	
Gypsy and traveller site	587,000	0	0	0	587,000	0	587,000	
Havebury - Bury Road, Chedburgh	400,000	400,000	0	(400,000)	0	400,000	400,000	Spend expected in early 2016/17.
Purchase of Lake Avenue HMO	0	0	32,937	32,937	0	0	0	Purchase cost and renovation costs, funding from affordable housing provision.
Provision of Affordable Housing	38,634	0	0	0	0	0	0	Budget being used for feasibility works.
Vehicle & Plant Purchases	1,777,684	158,000	438,269	280,269	2,445,000	(280,269)	2,164,731	
CCTV Cameras and Server	448,303	448,303	468,717	20,414	0	0	0	Scheme complete.
Suffolk Business Park Investment	2,476,393	33,784	0	(33,784)	3,000,000	0	3,000,000	
Growth Area Initiatives	88,000	88,000	0	(88,000)	0	88,000	88,000	
Haverhill Railway Walks, Education	27,000	27,000	0	(27,000)	0	27,000	27,000	
High Street Haverhill Improvements	693,000	693,000	0	(693,000)	0	693,000	693,000	

SEBC 5 Year Capital Programme Report

Project Description	2015/16				2016/17			Notes
	Original Budget incl c/fwds £	Revised Budget for Year £	Actual Spend for Year £	Over/(Under) Spend for Year £	Original Budget £	Budget carry forwards from 2015/16 £	Revised Budget £	
Millfields Way, Haverhill - Housing Scheme	85,000	85,000	0	(85,000)	0	85,000	85,000	
Lark Valley Path	27,000	27,000	0	(27,000)	0	27,000	27,000	
Rural Initiatives Grant Scheme	92,957	92,957	26,557	(66,400)	23,318	66,400	89,718	On-going grant scheme.
Empty Homes Grants to Private Owners	71,000	71,000	0	(71,000)	0	71,000	71,000	
Private Sector Disabled Facilities Grants	500,000	500,000	418,630	(81,370)	500,000	81,370	581,370	Request to carry forward unspent monies into 2016/17. The new Home Improvement Agency went live from 1 May 2016 and a number of requests are already in the system.
Private Sector Renewal Grants	300,000	300,000	126,289	(173,711)	300,000	173,711	473,711	
Asset Management Plan								
Major Planned Building Works	682,000	0	0	0	846,387	(51,181)	795,206	Not yet allocated to specific scheme. Overspend and underspends from completed Asset Management Plan schemes brought forward from 2015/16.
Hollands Road Employment Units	12,458	12,458	0	(12,458)	0	0	0	No further spend on this scheme. Remaining budget to be used against other AMP schemes in 2016/17
32 Hollands Road - Re-roofing	35,000	35,000	31,136	(3,864)	0	0	0	Scheme complete. Remaining budget to be used against other AMP schemes in 2016/17
1 Bunting Road, Re-roofing	0	0	39,025	39,025	0	0	0	Scheme complete. Over spend will be funded from major planned building works allocation.
Bury Leisure Centre Flumes & Cladding	62,387	148,000	176,478	28,478	0	0	0	Scheme complete. Over spend will be funded from major planned building works allocation.
Bury Cemetery Buildings	70,000	70,000	0	(70,000)	0	70,000	70,000	Project expected to start in early 2016/17, will be completed within the 2016/17 financial year.
Bury Leisure Centre - All Weather Pitch	150,000	0	0	0	150,000	0	150,000	Project likely to happen in 2016/17.
Haverhill Leisure Centre - All Weather Pitch	200,000	171,000	169,376	(1,624)	0	0	0	Project completed.
New Moreton Hall Park	157,491	157,491	236,896	79,405	0	0	0	Further spend is expected in 2016/17 (committed purchase). The balance is being met from S106 monies.
Leisure Asset Management Scheme	102,000	0	0	0	436,000	0	436,000	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).
CRM Project	75,972	75,972	11,414	(64,558)	0	64,558	64,558	Project progressing, spend profile according to Customer Access Business Case.
Waste & Street Scene Back Office System	150,000	150,000	42,890	(107,110)	0	107,110	107,110	Scheme in progress.
West Stow biomass boiler	140,000	140,000	0	(140,000)	0	140,000	140,000	Scheme on hold pending review
West Stow Investment opportunities	397,145	17,145	12,557	(4,588)	380,000	4,588	384,588	The planning application for camping is currently being reviewed, expenditure likely to start in 2016/17.

SEBC 5 Year Capital Programme Report

Project Description	2015/16				2016/17			Notes
	Original Budget incl c/fwds £	Revised Budget for Year £	Actual Spend for Year £	Over/(Under) Spend for Year £	Original Budget £	Budget carry forwards from 2015/16 £	Revised Budget £	
Haverhill depot water borehole	21,000	21,000	21,400	400	0	0	0	Scheme complete.
Rent-a-roof	540,000	795,000	450,161	(344,839)	415,000	344,839	759,839	7 Rent-a-roof schemes complete in year.
Housing Projects	635,000	635,000	543,209	(91,791)	0	91,791	91,791	Budget approved at full Council on 07/07/15 - see report CAB/SE/15/030 for full details.
Feasibility Studies	100,000	0	0	0	100,000	0	100,000	Likely to be used in 2016/17.
Invest to Save Projects	500,000	39,500	36,672	(2,828)	460,500	2,828	463,328	£39,500 allocated to reconfigure the bus station information building as per Cabinet report CAB/SE/15/063. Remaining amount likely to be spent in 2016/17.
PENDING ITEMS								
Private Housing Company	0	0	0	0	2,365,000	0	2,365,000	
Street Lighting Renewals	0	0	0	0	1,785,000	0	1,785,000	
	13,810,104	6,006,790	3,696,812	(2,309,978)	15,345,705	2,458,657	17,804,362	

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Earmarked Reserves

2015/16 Outturn Report

Reserve Details	2015/16 Opening Balance	2015/16 Budgeted Movement	2015/16 Budgeted Closing Balance	2015/16 Actual Closing Balance	2015/16 Variance (Under) / Over spent	Notes
Strategic Priorities & MTFS Reserve	2,346,657	115,085	2,461,742	2,850,729	(388,987)	Lower contributions from reserve due to less spend on capital projects in year such a Rent-a-roof (carried forward to 2016/17).
Invest to Save Reserve	890,202	(387,250)	502,952	1,060,244	(557,292)	Lower contributions from reserve due to less spend in year on waste back office software (carried forward in 2016/17), as well as additional contributions to reserve from savings on insurance contract and fuel costs.
Risk/Recession Reserve	38,795	62,900	101,695	102,795	(1,100)	
BRR Equalisation Reserve	588,294	(65,000)	523,294	765,880	(242,586)	Planned contribution from this reserve to fund business rates was not required.
Self Insured Fund	231,387	0	231,387	231,387	0	
Computer & Telephone Equipment Reserve	300,279	73,000	373,279	296,752	76,527	Additional contributions from reserve in respect of funding of computer hardware costs.
Office Equipment Reserve	828,364	(408,503)	419,861	399,447	20,414	Additional contribution from reserve to fund CCTV project in line with Business case approved by full Council.
Section 106 - Public Service Village	47,595	(24,750)	22,845	44,016	(21,171)	
HB Equalisation Reserve	1,606,812	(86,570)	1,520,242	1,520,632	(390)	
Special Pension Reserve	316,945	0	316,945	316,945	0	
Interest Equalisation Reserve	187,266	0	187,266	343,732	(156,466)	Additional reserve contributions in respect of interest income due to larger than anticipated cash balances.
Professional Fees Reserve	0	65,000	65,000	65,000	0	
ARP Reserve	59,896	0	59,896	74,520	(14,624)	
Vehicle & Plant Renewal Fund	2,184,299	442,000	2,626,299	2,346,030	280,269	Additional contributions from reserve in respect of vehicle purchases.
Waste Management Reserve	113,040	22,300	135,340	260,666	(125,326)	Additional contribution to reserve in respect of Suffolk Waste Partnership Recycling rebate. Budgeted contribution from reserve not needed for 2015/16.
BR-Building Repairs Reserve - Leisure	611,488	(13,207)	598,281	548,814	49,467	Additional contributions in respect of Play area schemes on the Priors, and Haverhill Recreation Ground funded from this reserve.
BR-Building Repairs Reserve - Other	1,257,449	(182,526)	1,074,923	1,382,191	(307,267)	Under utilisation of reserve due to timing of current asset management plans.
BR-Bunting Road Service	11,779	0	11,779	11,779	0	
BR-Leased Flats Management	33,957	0	33,957	33,957	0	
Industrial Rent Reserve	0	0	0	975,000	(975,000)	New reserve set up during 2015/16 to fund any costs associated with industrial leasing income.
Commuted Maintenance Reserve	685,175	(108,900)	576,275	579,023	(2,748)	
M-Gershom Parkington Bequest	526,319	3,500	529,819	539,016	(9,197)	
M-Others	65,279	0	65,279	65,279	0	
The Apex Reserve	32,580	0	32,580	17,651	14,929	

Earmarked Reserves

2015/16 Outturn Report

Reserve Details	2015/16 Opening Balance	2015/16 Budgeted Movement	2015/16 Budgeted Closing Balance	2015/16 Actual Closing Balance	2015/16 Variance (Under) / Over spent	Notes
Abbey Gardens Donation	20,927	0	20,927	39,911	(18,984)	
Rural Areas Action Plan	90,818	0	90,818	90,818	0	
Planning Reserve	137,679	(101,600)	36,079	67,757	(31,677)	Underutilisation of reserve as a result of lower than anticipated spend on Local Plan.
Local Land Charges Reserve	0	0	0	101,295	(101,295)	Additional contribution to reserve in respect of CLG New Burdens Funding received.
EI-Historic Building Grants	621	0	621	621	0	
S106 Monitoring Officer Reserve	13,617	130	13,747	2,909	10,838	
Economic Development Reserve (LABGI)	50,597	(5,000)	45,597	45,597	0	
Homelessness Legislation Reserve	0	0	0	123,149	(123,149)	Contributions to reserve in respect of Women's Refuge funding.
S106 Revenue Reserve	0	0	0	8,156	(8,156)	
Election Reserve	126,366	(50,000)	76,366	76,366	0	
St Edmundsbury Totals	13,404,482	(649,391)	12,755,091	15,388,062	(2,632,971)	

Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Ernst and Young – Certification of Claims and Returns Annual Report 2014/2015	
Report No:	PAS/SE/15/011	
Report to and dates:	Performance and Audit Scrutiny Committee	25 May 2016
Portfolio holder:	Ian Houlder Outgoing Portfolio Holder for Resources & Performance Tel: 01284 810074 Email: ian.houlder@stedsbcc.gov.uk	
Lead officer:	Rachael Mann Head of Resources and Performance Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	
Purpose of report:	To update members on the outcome of the annual audit of grant claims by Ernst and Young (our external auditors) as detailed in their Certification of claims and returns annual report 2014/2015, attached at Appendix A.	
Recommendation:	Members are asked to: Note the Certification of claims and returns annual report 2014/2015.	
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 ARP, Resources and Performance, Leadership Team and the Portfolio Holder for Performance and Resources. 		
Alternative option(s):	<ul style="list-style-type: none"> N/A 		
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"> The report includes the final fee for certification of the 2014/2015 grant claims (£30,110). 	
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 checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> External audit is a statutory function. 	
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*
Errors identified as a result of 2014/2015 testing may have been replicated in 2015/2016	Medium	Perform early extended testing in those areas where errors were identified	Low
Wards affected:		N/A	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		None	
Documents attached:		Appendix A – Ernst and Young Certification of claims and returns annual report 2014/2015	

1. Key issues and reasons for recommendation

- 1.1 Ernst and Young (EY) has issued at **Appendix A**, an annual Report on the Certification of Claims and Returns for 2014/2015. This report summarises the results of the certification work that has been undertaken by EY staff as part of the annual audit of grant claims to government departments.
- 1.2 The report at Appendix A includes key messages arising from the assessment of the arrangements for preparing claims and returns and information on claims that were qualified.
- 1.3 External audit is required by section 28 of the Audit Commission Act 1998 to certify some claims and returns for grants or subsidies paid by government departments and public bodies paid to St Edmundsbury Borough Council.
- 1.4 Funding from government grant-paying departments is an important income stream for the Council which has to put in place procedures to ensure that it has met the conditions attached to these grants. The summary of work on the 2014/2015 grant claims is outlined in Section 1 of Appendix A.
- 1.5 For the financial year 2014/2015, EY certified one claim with a total value of £30 million. This was the Housing Benefits Subsidy Claim.
- 1.6 The certification work found errors on the claim amounting to £3,965 and these errors have been corrected by officers. A qualification letter setting out further errors and uncertainties was also reported to the DWP.
- 1.7 The relevant officers of the Council and Anglia Revenues Partnership (ARP) have agreed the qualifications in respect of the 2014/2015 certification work, as detailed in Appendix A. ARP has taken action to address the issues for 2015/2016.
- 1.8 EY have made no recommendations to Members as a result of the audit.

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Certification of claims and returns annual report 2014/15

St Edmundsbury Borough Council

26 January 2016

Ernst & Young LLP



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

26 January 2016

Email: NHarris2@uk.ey.com

Dear Members

Certification of claims and returns annual report 2014/15 St Edmundsbury Borough Council

We are pleased to report on our certification work. This report summarises the results of our work on St Edmundsbury Borough Council's 2014/15 claims.

Scope of work

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and must complete returns providing financial information to government departments. In some cases these grant-paying bodies and government departments require appropriately qualified auditors to certify the claims and returns submitted to them.

Under section 28 of the Audit Commission Act 1998, as transitionally saved, the Audit Commission made arrangements for certifying claims and returns in respect of the 2014/15 financial year. These arrangements required only the certification of the housing benefits subsidy claim. In certifying this we followed a methodology determined by the Department for Work and Pensions and did not undertake an audit of the claim.

Statement of responsibilities

The Audit Commission's 'Statement of responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns' (statement of responsibilities) applied to this work. It serves as the formal terms of engagement between ourselves as your appointed auditor and the Council as audited body.

This report is prepared in the context of the statement of responsibilities. It is addressed to those charged with governance and is prepared for the sole use of the Council. As appointed auditor we take no responsibility to any third party.

Summary

Section 1 of this report outlines the results of our 2014/15 certification work and highlights the significant issues.

We checked and certified the housing benefits subsidy claim with a total value of £30 million and met the submission deadline. We issued a qualification letter with our submission; the qualification matters are included in section 2. Amendments were made to the claim which increased subsidy claimed by £3,965.



Fees for certification work are summarised in section 2. The fees for 2014/15 were published by the Audit Commission on 27 March 2014 and are now available on the Public Sector Audit Appointments Ltd (PSAA's) website (www.psaa.co.uk)

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee.

Yours faithfully

Neil Harris
Executive Director
Ernst & Young LLP
Enc

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1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£29,879,032
Amended	Yes - total subsidy claimed increased by £3,965 for errors identified during testing.
Qualification letter	Yes
Fee – 2014/15	£30,110 (which includes £2,500 additional fee)
Fee – 2013/14	£41,096

Local Government administers the Government's housing benefits scheme for tenants and can claim subsidies from the Department for Work and Pensions (DWP) towards the cost of benefits paid.

The certification guidance requires auditors to complete more extensive '40+' or extended testing if initial testing identifies errors in the calculation of benefit or compilation of the claim. 40+ testing may also be carried out as a result of errors that have been identified in the audit of previous years claims. We found errors and carried out extended testing in a number of areas.

Summary of errors

Description of Cell	Nature of error
Cell 11: Non-HRA Rent Rebates – total expenditure (benefit granted)	Underpaid benefit. There is no effect on subsidy therefore no additional testing was required.
Cell 094: Rent Allowance – total expenditure (benefit granted)	Incorrect calculation of income Incorrect input and amendment of Occupational Pension

2013/14 Follow up

Description of Cell	Follow up issue
Cell 094: Rent Allowance – total expenditure (benefit granted)	In 2013/14 we identified the incorrect calculation of non-dependent earnings as an issue. No issues were identified from our 2014/15 testing of this sub-population. In 2013/14 we also identified the incorrect calculation of Capital Tariff income. Again, no issues were identified from our 2014/15 testing of this sub-population.

We have reported underpayments, uncertainties and the extrapolated value of other errors in our Qualification Letter. The DWP then decides whether to ask the Council to carry out further work to quantify the error or claw back the benefit subsidy paid.

As the errors were found in November 2015, the Council may have made similar errors in the early part of the 2015/16 financial year. I have therefore recommended the need for early extended testing in these areas to identify the extent of similar errors that may have been made in 2015/16.

Issues for the 2015/16 audit

2015/16 issue	Recommendation
Early extended testing	Perform early extended testing in those areas where errors were identified in 2014/15, to ascertain the extent of similar errors arising in 2015/16.

2. 2014/15 certification fees

The Audit Commission determined a scale fee each year for the audit of claims and returns. For 2014/15, these scale fees were published by the Audit Commission on 27 March 2014 and are now available on the PSAA's website (www.psa.co.uk).

Claim or return	2013/14	2014/15	2014/15
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	41,096	27,610	30,110
Total	41,096	27,610	30,110

This includes fees for annual reporting, planning, supervision and review.

The indicative fee for 2014/15 is based on the fee for 2012/13. The actual fee for 2014/15 is £2,500 higher than the indicative fee to reflect the extra work we have undertaken in 2014/15.

Our proposed final fee has been discussed with officers. This is subject to review by Public Sector Auditor Appointments who will determine a final scale fee which will not exceed the £30,110 above.

3. Looking forward

From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to (PSAA) by the Secretary of State for Communities and Local Government.

The Council's indicative certification fee for 2015/16 is £30,822. This was prescribed by PSAA in April 2015, based on no changes to the work programme for 2015/16. PSAA reduced scale audit fees and indicative certification fees for most audited bodies by 25 per cent based on the fees applicable for 2013/14.

Details of individual indicative fees are available at the following web address:
<http://www.psa.co.uk/audit-and-certification-fees/201516-work-programme-and-scales-of-fees/individual-fees-for-local-government-bodies>

We must seek the agreement of PSAA to any proposed variations to these indicative certification fees. We will inform the Head of Resources and Performance before seeking any such variation.

Ernst & Young LLP

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Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Ernst and Young – Presentation of External Audit Plan and Fees 2015/2016 and 2016/2017 Indicative Fees	
Report No:	PAS/SE/16/012	
Report to and date/s:	Performance and Audit Scrutiny Committee	25 May 2016
Portfolio holder:	Ian Houlder Outgoing Portfolio Holder for Resources & Performance Tel: 01284 810074 Email: ian.houlder@stedsbc.gov.uk	
Lead officer:	Rachael Mann Head of Resources and Performance Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	
Purpose of report:	To provide members with a basis to review: <ul style="list-style-type: none"> • Ernst and Young’s proposed approach and scope for the 2015/2016 audit along with the planned fees to complete the work as set out in the Audit Plan, attached at Appendix A; and • The indicative fees for the 2016/2017 audit as set out in the letter attached at Appendix B. 	
Recommendation:	Performance and Audit Scrutiny Committee: Members are asked to <u>note</u> the External Audit Plan and Fees for 2015/2016, along with the indicative fees for 2016/2017.	

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 the Resources and Performance team, Leadership Team and the Portfolio Holder for Resources and Performance. 	
Alternative option(s):		<ul style="list-style-type: none"> N/A 	
Implications:			
<i>Are there any financial implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> The report includes the planned 2015/2016 audit fee of £43,767 and certification of claims fee of £30,822. The report also includes an indicative audit fee for 2016/17 of £43,767. The indicative certification of claims fee has yet to be confirmed. 	
<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 checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> External audit is a statutory function. 	
<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* Medium		Low/Medium/ High* Low
The assessment of the key strategic or operational risks and the financial statement risks facing the Council may not be correct		Assessment of key strategic or operational risks and the financial statement risks facing the Council have been identified through External Audits knowledge of the entity's operations and discussion with members and officers.	
Ward(s) affected:		N/A	

Background papers: <i>(all background papers are to be published on the website and a link included)</i>	None
Documents attached:	Appendix A – Ernst and Young Audit Plan 2015/2016 Appendix B – Ernst and Young Annual Audit and Certification Fees 2016/2017

1. Key issues and reasons for recommendation(s)

1.1 The Council's appointed external auditors, Ernst and Young ("EY"), are required to provide an audit plan which covers the work they plan to perform in order to provide the Council with:

- An audit opinion on whether the financial statements of St Edmundsbury Borough Council give a true and fair view of the financial position as at 31 March 2016 and of the income and expenditure for the year then ended; and
- A statutory conclusion on the Council's arrangements to secure economy, efficiency and effectiveness. The Audit Plan (attached) is based on EY's risk-based approach to audit planning.

1.2 When planning the audit EY take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements.
- Developments in financial reporting and auditing standards.
- The quality of systems and processes.
- Changes in the business and regulatory environment.
- Management's views on all of the above.

1.3 Sections 2 and 3 of **Appendix A**, summarise EY's assessment of the key risks which drive the development of an effective audit for the Council, and outlines their planned audit strategy in response to those risks. Officers will be working with EY over the coming months to ensure that these risks are managed and where possible to come to an agreement over their treatment prior to the issuing of the Annual Governance Report, and Audit Opinion (due to be issued by EY by September 2016).

1.4 EY also review and report to the National Audit Office ('NAO'), to the extent and in the form required by them, on our Whole of Government Accounts return.

1.5 The planned fee for carrying out this work for 2015/2016 is set out on page 11 of **Appendix A** and the indicative fee for 2016/17 is contained in **Appendix B**. The fees are summarised below:

	Planned fee 2015/2016 £	Indicative fee 2016/2017 £
Total Code audit fee	43,767	43,767
Certification of claims and returns	30,822	TBC

1.6 The Code audit fee for 2016/2017 is an indicative fee only, set by the PSAA (Public Sector Audit Appointments Ltd) for each audited body. It will be reviewed and updated as necessary following completion of the 2015/16 audit. The PSAA have yet to confirm the indicative certification fee for 2016/17.

St Edmundsbury Borough Council

Year ending 31 March 2016

Audit Plan

22 April 2016

Ernst & Young LLP



Building a better
working world

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

22 April 2016

Dear Councillors

2015/16 – External Audit Plan

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Performance and Audit Scrutiny Committee with a basis to review our proposed audit approach and scope for the 2015/16 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Performance and Audit Scrutiny Committee, and outlines our planned audit strategy in response to those risks.

We welcome the opportunity to discuss this Audit Plan with you at the next Performance and Audit Scrutiny Committee and to understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Mark Hodgson
For and behalf of Ernst & Young LLP
Enc

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In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued ‘Statement of responsibilities of auditors and audited bodies 2015-16’. It is available from the Chief Executive of each audited body and via the [PSAA website \(www.psa.co.uk\)](http://www.psa.co.uk)

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

The ‘Terms of Appointment from 1 April 2015’ issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Plan is prepared in the context of the Statement of responsibilities. It is addressed to the Performance and Audit Scrutiny Committee, and is prepared for the sole use of the audited body. We, as appointed auditor, take no responsibility to any third party.

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

1. Overview

This Audit Plan covers the work that we plan to perform to provide you with:

- ▶ Our audit opinion on whether the financial statements of St Edmundsbury Borough Council give a true and fair view of the financial position as at 31 March 2016 and of the income and expenditure for the year then ended;
- ▶ Our conclusion on the Council's arrangements to secure economy, efficiency and effectiveness;

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- ▶ Strategic, operational and financial risks relevant to the financial statements;
- ▶ Developments in financial reporting and auditing standards;
- ▶ The quality of systems and processes;
- ▶ Changes in the business and regulatory environment; and,
- ▶ Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Council.

In section 2 and 3 of this report we provide more detail on the areas which we believe present significant risk to the financial statements audit, and outline our plans to address these risks. Details of our audit process and strategy are set out in section 4.

We will provide an update to the Performance and Audit Scrutiny Committee on the results of our work in these areas in our report to those charged with governance scheduled for delivery in September 2016.

2. Financial statement risks

We outline below our current assessment of the financial statement risks facing the Council, identified through our knowledge of the Council's operations and discussion with those charged with governance and officers.

At our meeting, we will seek to validate these with you.

Significant risks (including fraud risks)	Our audit approach
Pension valuations and disclosures	
<p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS) in which it is an admitted body.</p> <p>The Council's current pension fund deficit is a highly material and sensitive item and the Code requires that this liability be disclosed on the Council's Balance Sheet.</p> <p>The information disclosed is based on the IAS19 report issued to the Council by the actuaries to the Norfolk Pension Fund.</p> <p>As part of their actuarial review, councils are being asked to make additional payments to the pensions scheme to fund deficits. Due to the nature, volume and size of the transactions we consider this to be a significant risk.</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> ▶ Reviewing the information provided by the Council to the pension fund actuary; ▶ Liaising with the auditors of the Suffolk Pension Fund, to obtain assurances over the information supplied to the actuary in relation to St Edmundsbury Borough Council; ▶ Assessing the conclusions drawn on the work of the actuary by the Consulting Actuary commissioned by Public Sector Auditor Appointments (PwC); and ▶ Reviewing and testing the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.
Valuation of property, plant and equipment	
<p>Property, plant and equipment represent a significant balance in the Council's accounts and this is an area which involves judgemental inputs and estimates.</p> <p>The most significant accounting judgement and estimate that the Council forms in this area relates to the valuation of property, plant and equipment. In order to address this accounting risk the Council employs a valuation expert; Valuation Office Agency.</p> <p>The valuation risk is increased with the prospective application of IFRS13 Fair Value Measurement from 1 April 2015. This is likely to have the largest impact on the Council's investment property portfolio where asset valuations need to be reviewed to ensure they are based on best use.</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> ▶ Reliance on management's valuations experts. This will include comparison to industry valuation trends and reliance on our own valuation experts where significant unexplained variations are identified; ▶ Testing the accounting treatment of valuations made in the year, including the assessment and treatment of impairments, and ▶ Reviewing and testing the Council's application of IFRS13 to ensure the fair value of relevant assets is based on economic best interest.
Risk of fraud in revenue recognition	
<p>Under ISA240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue.</p> <p>In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p> <p>We have rebutted this risk for the Council's income and expenditure streams except for:</p> <ul style="list-style-type: none"> ▶ Capitalisation of revenue expenditure on Property, Plant and Equipment given the extent of the Council's capital programme; and ▶ The allocation and recording of recharges between St Edmundsbury Borough Council and Forest Heath District Council given the shared management arrangements between the two Councils. 	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> ▶ Review and test revenue and expenditure recognition policies; ▶ Review and discuss with management any accounting estimates on revenue or expenditure recognition for evidence of bias; ▶ Develop a testing strategy to test material revenue and expenditure streams; ▶ Review and test revenue cut-off at the period end date; ▶ Test the additions to the Property, Plant and Equipment balance to ensure that they are properly classified as capital expenditure; and ▶ Test recharges between Councils to ensure that they are appropriate and supported by appropriate documentation

Risk of management override

As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

We have assessed journal amendments, accounting estimates (including the provision for Business Rate appeals) and unusual transactions as the area's most open to manipulation.

Our approach will focus on:

- ▶ Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- ▶ Reviewing accounting estimates for evidence of management bias; and
- ▶ Evaluating the business rationale for significant unusual transactions.

2.1 Responsibilities in respect of fraud and error

We would like to take this opportunity to remind you that management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has a culture of ethical behaviour and a strong control environment that both deters and prevents fraud.

Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud. As auditors, we approach each engagement with a questioning mind that accepts the possibility that a material misstatement due to fraud could occur, and design the appropriate procedures to consider such risk.

Based on the requirements of auditing standards our approach will focus on:

- ▶ Identifying fraud risks during the planning stages;
- ▶ Enquiry of management about risks of fraud and the controls to address those risks;
- ▶ Understanding the oversight given by those charged with governance of management's processes over fraud;
- ▶ Consideration of the effectiveness of management's controls designed to address the risk of fraud;
- ▶ Determining an appropriate strategy to address any identified risks of fraud, and, Performing mandatory procedures regardless of specifically identified risks.

3. Value for money risks

We are required to consider whether the Council has put in place ‘proper arrangements’ to secure economy, efficiency and effectiveness on its use of resources. For 2015/16 this is based on the overall evaluation criterion:

“In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people”

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

We are only required to determine whether there are any risks that we consider significant, which the Code of Audit Practice defines as:

“A matter is significant if, in the auditor’s professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public”

Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risks there is no requirement to carry out further work.

Our risk assessment has therefore considered both the potential financial impact of the issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders. This has resulted in the following significant VFM risks which we view as relevant to our value for money conclusion.

Significant value for money risks	Our audit approach
Sustainable resource deployment: Achievement of savings needed over the medium term	
<p>To date the Council has responded well to the financial pressure resulting from the continuing economic downturn and reductions to central government funding. However, with the Council forecasting a cumulative budget gap of £2.6m by 2018/19, there remains significant financial pressure on the Council’s budget and Medium Term Financial Strategy (MTFS) during the current and forthcoming financial years</p> <p>The Council has adopted a strategy of investing surplus reserves in investment property and through the establishment of Barley Homes Group Ltd in the residential property market. The Councils governance arrangements should be adequate to ensure that these decisions are based on a sound assessment of the returns and value of this strategy to the Council.</p>	<p>Our approach will continue to focus on:</p> <ul style="list-style-type: none"> ▶ the adequacy of the Council’s budget setting process; ▶ the robustness of any assumptions; ▶ the effective use of scenario planning to assist the budget setting process; ▶ the effectiveness of in year monitoring against the budget; ▶ The approval process for the establishment of the investment company and the funding agreement between the Council and the company. ▶ How the Council ensures best value when it sells land to the company. ▶ Governance arrangements over conflicts of interest between the Council and its wholly owned company ▶ Basis for use of cash surplus for investment rather than on delivery of services.

4. Our audit process and strategy

4.1 Objective and scope of our audit

Under the Code of Audit Practice our principal objectives are to review and report on the Council's:

- ▶ Financial statements
- ▶ Arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK and Ireland).

We report to you by exception in respect of your governance statement and other accompanying material as required, in accordance with relevant guidance prepared by the NAO on behalf of the Comptroller and Auditor General.

Alongside our audit report, we also:

- ▶ Review and report to the NAO on the Whole of Government Accounts return to the extent and in the form they require;
 - ▶ Give a separate opinion on the part of the Council's financial statements that relates to the accounts of the pension fund;
- #### 2. Arrangements for securing economy, efficiency and effectiveness (value for money)

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

4.2 Audit process overview

Our intention is to carry out a fully substantive audit in 2015/16 as we believe this to be the most efficient audit approach. Although we are therefore not intending to rely on individual system controls in 2015/16, the overarching control arrangements form part of our assessment of your overall control environment and will form part of the evidence for your Annual Governance Statement.

Processes

We are not planning to rely on testing of key controls and will take a fully substantive approach to the audit as we believe this is the most efficient approach.

Analytics

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests
- ▶ Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Performance and Audit Scrutiny Committee.

Internal audit

As in prior years, we will review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where we raise issues that could have an impact on the year-end financial statements

Use of specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Property, Plant and Equipment, and Investment Properties	Management expert – valuation specialists (Valuation Office Agency)
Pension valuations and disclosures	Management expert – actuarial specialists to the Suffolk Pension Fund (Hymans Robertson)
Fair value of financial instrument disclosure	Management expert – for the provision of fair value information in respect of financial instruments (Capita Asset Services)
National Domestic Rates Provision valuation	Management expert – valuation of the NDR provision (Wilkes, Head & Eves)

In accordance with Auditing Standards, we will evaluate each specialist’s professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Council’s environment and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- ▶ Analyse source data and make inquiries as to the procedures used by the expert to establish whether the source data is relevant and reliable;
- ▶ Assess the reasonableness of the assumptions and methods used;
- ▶ Consider the appropriateness of the timing of when the specialist carried out the work; and
- ▶ Assess whether the substance of the specialist’s findings are properly reflected in the financial statements.

4.3 **Mandatory audit procedures required by auditing standards and the Code**

As well as the financial statement risks (section two) and value for money risks (section three), we must perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- ▶ Addressing the risk of fraud and error;
- ▶ Significant disclosures included in the financial statements;
- ▶ Entity-wide controls;
- ▶ Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements;
- ▶ Auditor independence.

Procedures required by the Code

- ▶ Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement
- ▶ Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO

Finally, we are also required to discharge our statutory duties and responsibilities as established by the Local Audit and Accountability Act 2014.

4.4 **Materiality**

For the purposes of determining whether the financial statements are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in aggregate, could reasonably be expected to influence the users of the financial statements. Our evaluation requires professional judgement and so takes into account qualitative as well as quantitative considerations implied in the definition.

We have determined that overall materiality for the financial statements' of the Council is £1.3 million based on 2% of gross operating expenditure. We will communicate uncorrected audit misstatements greater than £67,000 to you.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all the circumstances that might ultimately influence our judgement. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the financial statements, including the total effect of any audit misstatements, and our evaluation of materiality at that date.

4.5 **Fees**

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. PSAA has published a scale fee for all relevant bodies. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the NAO Code. The indicative fee scale for the audit of St Edmundsbury Borough Council is £43,767. Further information is provided in Appendix A.

4.6 Your audit team

The engagement team is led by Mark Hodgson, who has significant experience of Local Authorities and their audits. Mark is supported by Mark Russell who is responsible for the day-to-day direction of audit work and is the key point of contact for the finance team.

4.7 Timetable of communication, deliverables and insights

We have set out below a timetable showing the key stages of the audit, including the value for money work and the Whole of Government Accounts. The timetable includes the deliverables we have agreed to provide to the Council through the Performance and Audit Scrutiny Committee's cycle in 2015/16. These dates are determined to ensure our alignment with PSAA's rolling calendar of deadlines.

From time to time matters may arise that require immediate communication with the Performance and Audit Scrutiny Committee and we will discuss them with the Chair as appropriate.

Following the conclusion of our audit we will prepare an Annual Audit Letter to communicate the key issues arising from our work to the Council and external stakeholders, including members of the public.

Audit phase	Timetable	Committee timetable	Deliverables
High level planning	December 2015		
Risk assessment and setting of scopes	February – March 2016	May 2016	Audit Plan
Testing routine processes and controls	February – March 2016		Reporting of any significant matters if required
Year-end audit	July – September 2016		
Completion of audit	September 2016	September 2016	Report to those charged with governance via the Audit Results Report Audit report (including our opinion on the financial statements; and overall value for money conclusion). Audit completion certificate Reporting to the NAO on the Whole of Government Accounts return.
Conclusion of reporting	October 2016		Annual Audit Letter

In addition to the above formal reporting and deliverables we will seek to provide practical business insights and updates on regulatory matters.

5. Independence

5.1 Introduction

The APB Ethical Standards and ISA (UK and Ireland) 260 ‘Communication of audit matters with those charged with governance’, requires us to communicate with you on a timely basis on all significant facts and matters that bear on our independence and objectivity. The Ethical Standards, as revised in December 2010, require that we do this formally both at the planning stage and at the conclusion of the audit, as well as during the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications	
Planning stage	Final stage
<ul style="list-style-type: none"> ▶ The principal threats, if any, to objectivity and independence identified by EY including consideration of all relationships between you, your affiliates and directors and us; ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality Review; ▶ The overall assessment of threats and safeguards; ▶ Information about the general policies and process within EY to maintain objectivity and independence. 	<ul style="list-style-type: none"> ▶ A written disclosure of relationships (including the provision of non-audit services) that bear on our objectivity and independence, the threats to our independence that these create, any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ▶ Details of non-audit services provided and the fees charged in relation thereto; ▶ Written confirmation that we are independent; ▶ Details of any inconsistencies between APB Ethical Standards, the Audit Commission’s Standing Guidance and your policy for the supply of non-audit services by EY and any apparent breach of that policy; and ▶ An opportunity to discuss auditor independence issues.

During the course of the audit we must also communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of our safeguards, for example when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future contracted services, and details of any written proposal to provide non-audit services;

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period are disclosed, analysed in appropriate categories.

5.2 Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including any principal threats. However we have adopted the safeguards below to mitigate these threats along with the reasons why they are considered to be effective.

Self-interest threats

A self-interest threat arises when EY has financial or other interests in your entity. Examples include where we have an investment in your entity; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with the Council.

At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services, and we will comply with the policies that the Council has approved and that are in compliance with the Audit Commission's Standing Guidance.

At the time of writing, we have not agreed any non-audit fees.

A self-interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to the Council. We confirm that no member of our audit engagement team, including those from other service lines, is in this position, in compliance with Ethical Standard 4.

There are no other self-interest threats at the date of this report.

Self-review threats

Self-review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no other self-review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of your entity. Management threats may also arise during the provision of a non-audit service where management is required to make judgements or decisions based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

Overall Assessment

Overall we consider that the adopted safeguards appropriately mitigate the principal threats identified, and we therefore confirm that EY is independent and the objectivity and independence of St Edmundsbury Borough Council, Mark Hodgson the audit engagement director and the audit engagement team have not been compromised.

5.3 Other required communications

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes within EY for maintaining objectivity and independence can be found in our annual Transparency Report, which the firm is required to publish by law. The most recent version of this report is for the year ended June 2015 and can be found here:

<http://www.ey.com/UK/en/About-us/EY-UK-Transparency-Report-2015>

Appendix A Fees

A breakdown of our agreed fee is shown below.

	Planned Fee 2015/16 £	Scale fee 2015/16 £	Outturn fee 2014/15 £	Explanation
Opinion Audit and VFM Conclusion	43,767	43,767	58,356	For the 2015/16 financial year the Audit Commission set the scale fee for each audited body prior to its closure. The scale fee is based on the fee initially set in the Audit Commission's 2012 procurement exercise, reduced by 25% following the further tendering of contracts in March 2014.
Total Audit Fee – Code work	43,767	43,767	58,356	
Certification of claims and returns	30,822	30,822	30,110 – Note 1	For 2015/16 the fee has been set by PSAA based on a 25% reduction from the 2013/14 fee.

All fees exclude VAT.

Note 1 - Outturn includes £2,500 additional fee which is awaiting formal approval from Public Sector Audit Appointments Ltd.

The agreed fee presented above is based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ We can rely on the work of internal audit as planned;
- ▶ Our accounts opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Council; and
- ▶ The Council has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

Appendix B UK required communications with those charged with governance

There are certain communications that we must provide to the Performance and Audit Scrutiny Committee. These are detailed here:

Required communication	Reference
<p>Planning and audit approach Communication of the planned scope and timing of the audit including any limitations.</p>	▶ Audit Plan
<p>Significant findings from the audit</p> <ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	▶ Report to those charged with governance
<p>Misstatements</p> <ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ In writing, corrected misstatements that are significant 	▶ Report to those charged with governance
<p>Fraud</p> <ul style="list-style-type: none"> ▶ Enquiries of the Performance and Audit Scrutiny Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ A discussion of any other matters related to fraud 	▶ Report to those charged with governance
<p>Related parties Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	▶ Report to those charged with governance
<p>External confirmations</p> <ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	▶ Report to those charged with governance
<p>Consideration of laws and regulations</p> <ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▶ Enquiry of the Performance and Audit Scrutiny Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Performance and Audit Scrutiny Committee may be aware of 	▶ Report to those charged with governance

Required communication	Reference
<p>Independence</p> <p>Communication of all significant facts and matters that bear on EY's objectivity and independence</p> <p>Communication of key elements of the audit engagement director's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence 	<ul style="list-style-type: none"> ▶ Audit Plan ▶ Report to those charged with governance
<p>Going concern</p> <p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	<ul style="list-style-type: none"> ▶ Report to those charged with governance
<p>Significant deficiencies in internal controls identified during the audit</p>	<ul style="list-style-type: none"> ▶ Report to those charged with governance
<p>Fee Information</p> <ul style="list-style-type: none"> ▶ Breakdown of fee information at the agreement of the initial audit plan ▶ Breakdown of fee information at the completion of the audit 	<ul style="list-style-type: none"> ▶ Audit Plan ▶ Report to those charged with governance ▶ Annual Audit Letter if considered necessary
<p>Certification work</p> <ul style="list-style-type: none"> ▶ Summary of certification work undertaken 	<ul style="list-style-type: none"> ▶ Annual Report to those charged with governance summarising grant certification, and Annual Audit Letter if considered necessary

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Appendix B

Ian Gallin
Chief Executive
St Edmundsbury Borough Council
West Suffolk House
Western Way
Bury St Edmunds
IP33 3YU

19 April 2016

Ref: MH/MR/SEBC/AFL

Direct line: 01223 394547

Email: MHodgson@uk.ey.com

Dear Ian

Annual Audit and Certification Fees - 2016/17

We are writing to confirm the audit and certification work that we propose to undertake for the 2016/17 financial year at St Edmundsbury Borough Council.

Indicative audit fee

For the 2016/17 financial year Public Sector Audit Appointments Ltd (PSAA) has set the scale fee for each audited body, following consultation on its Work Programme and Scale of Fees.

The fee reflects the risk-based approach to audit planning set out in the National Audit Office's Code of Audit Practice for the audit of local public bodies.

The audit fee covers the:

- Audit of the financial statements
- Value for money conclusion
- Whole of Government accounts.

For St Edmundsbury Borough Council our indicative fee is set at the scale fee level. This indicative fee is based on certain assumptions, including:

- The overall level of risk in relation to the audit of the financial statements is not significantly different from that of the prior year
- Officers meeting the agreed timetable of deliverables;
- The operating effectiveness of the internal controls for the key processes identified within our audit strategy;
- We can rely on the work of internal audit as planned;
- Our accounts opinion and value for money conclusion being unqualified;
- Appropriate quality of documentation is provided by the Council;

- There is an effective control environment; and
- Prompt responses are provided to our draft reports.

Meeting these assumptions will help ensure the delivery of our audit at the indicative audit fee which is set out in the table below.

As we have not yet completed our audit for 2015/16, our audit planning process for 2016/17 will continue as the year progresses. Fees will be reviewed and updated as necessary, within the parameters of our contract.

Certification fee

The PSAA has set an indicative certification fee for housing benefit subsidy claim certification work for each audited benefits authority. The indicative fee is based on actual 2014/15 benefit certification fees, and incorporating a 25 per cent reduction.

The indicative certification fee is based on the expectation that an audited body is able to provide the auditor with complete and materially accurate housing benefit subsidy claim with supporting working papers, within agreed timeframes.

The indicative certification fee for 2016/17 relates to work on the housing benefit subsidy claim for the year ended 31 March 2017. The fee is yet to be confirmed by Public Sector Audit Appointments Ltd. We will confirm this fee when it is formally set. We will also update our risk assessment after we complete 2015/16 benefit certification work, and to reflect any further changes in the certification arrangements.

Summary of fees

	Indicative fee 2016/17 £'s	Planned fee 2015/16 £'s	Actual fee 2014/15 £'s
Total Code audit fee	43,767	43,767	58,356
Certification of housing benefit subsidy claim	TBC	30,822	27,610

Any additional work that we may agree to undertake (outside of the Code of Audit Practice) will be separately negotiated and agreed with you in advance.

Billing

The indicative audit fee will be billed in 4 quarterly instalments, once the Certification fee is confirmed by Public Sector Audit Appointments (PSAA Ltd).

Audit plan

Our plan is expected to be issued the January to March 2017 period. This will communicate any significant financial statement risks identified, planned audit procedures to respond to those risks and any changes in fee. It will also set out the significant risks identified in relation to the value for money conclusion. Should we need to make any significant amendments to the audit fee during the course of the audit, we will discuss this in the first instance with the Head of Resources and Performance and, if necessary, prepare a report outlining the reasons for the fee change for discussion with the Performance and Audit Scrutiny Committee.

Audit team

The key members of the audit team for the 2016/17 financial year are:

Mark Hodgson
Executive Director

MHodgson@uk.ey.com

Tel: 01223 394547

Mark Russell
Assistant Manager

MRussell1@uk.ey.com

Tel: 01223 394480

We are committed to providing you with a high quality service. If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please contact me. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London, SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute.

Yours faithfully

Mark Hodgson
Executive Director
For and on behalf of Ernst & Young LLP

cc. Rachael Mann, Head of Resources and Performance
Sarah Broughton, Chair of the Performance and Audit Scrutiny Committee

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