

Informal Joint Performance and Audit Scrutiny Committee



Forest Heath
District Council

Title:	Agenda												
Date:	Thursday 24 November 2016												
Time:	5.00pm												
Venue:	Council Chamber District Offices College Heath Road Mildenhall												
Full Members:	<p style="text-align: center;">Chairman Louis Busuttill</p> <p style="text-align: center;">Vice Chairman Colin Noble</p> <p><u>Conservative Members (8)</u></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;">Michael Anderson</td> <td style="width: 33%;">Louis Busuttill</td> </tr> <tr> <td>Chris Barker</td> <td>Louise Marston</td> </tr> <tr> <td>John Bloodworth</td> <td>Christine Mason</td> </tr> <tr> <td>Rona Burt</td> <td>Colin Noble</td> </tr> </table> <p><u>West Suffolk Independent (1)</u></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;">Simon Cole</td> <td></td> </tr> </table> <p><u>UKIP (1)</u></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;">Peter Ridgwell</td> <td></td> </tr> </table>	Michael Anderson	Louis Busuttill	Chris Barker	Louise Marston	John Bloodworth	Christine Mason	Rona Burt	Colin Noble	Simon Cole		Peter Ridgwell	
Michael Anderson	Louis Busuttill												
Chris Barker	Louise Marston												
John Bloodworth	Christine Mason												
Rona Burt	Colin Noble												
Simon Cole													
Peter Ridgwell													
Substitutes:	Named substitutes are not appointed												
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:	Three Members												
Committee administrator:	Christine Brain Democratic Services Officer (Scrutiny) Tel: 01638 719729 Email: christine.brain@westsuffolk.gov.uk												

5.00pm	Informal discussions with St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee on the four substantive items listed below under Items 5 to 8 inclusive, to be held in the Council Chamber .
5.15pm	The formal meeting of the Performance and Audit Scrutiny Committee will commence at 5.15pm or immediately following the conclusion of the informal discussions, which ever is the later, in the Council Chamber .

All Members of St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee have been invited to attend the meeting 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)	Sarah Broughton Jane Midwood Peter Thompson	Beccy Hopfensperger Karen Richardson Patricia Warby	Betty Mclatchy David Roach
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Charter Member (1) David Nettleton

UKIP Member (1) Barry Robbins

SUBSTITUTES

Conservative Members (3)	Jeremy Farthing	Susan Glossop	Ivor Mclatchy
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Charter Member (1) Diane Hind

UKIP Member (1) John Burns

On the conclusion of the informal joint discussions, Members of St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee will withdraw from the Council Chamber to the Training Room to hold their meeting and Forest Heath's Performance and Audit Scrutiny Committee will continue as follows:

Public Information

Venue:	District Offices College Heath Road Mildenhall Suffolk, IP28 7EY	Tel: 01638 719000 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 District 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 the District are invited to put one question or statement of not more than three minutes duration relating to items to be discussed in Part 1 of the agenda only. If a question is asked and answered within three minutes, the person who asked the question may ask a supplementary question that arises from the reply.</p> <p>A person who wishes to speak must register at least 15 minutes before the time the meeting is scheduled to start.</p> <p>There is an overall time limit of 15 minutes for public speaking, which may be extended at the Chairman's discretion.</p>	
Disabled access:	The public gallery is on the first floor and is accessible via stairs. There is not a lift but disabled seating is available at the back of the Council Chamber on the ground floor. Please see the Committee Administrator who will be able to help you.	
Induction loop:	An Induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter.	
Recording of meetings:	<p>The Council may record this meeting and permits members of the public and media to record or broadcast it as well (when the media and public are not lawfully excluded).</p> <p>Any member of the public who attends a meeting and objects to being filmed should advise the Committee Administrator who will instruct that they are not included in the filming.</p>	

Agenda

Procedural Matters

Part 1(A) - Public

- 1. Substitutes**
- 2. Apologies for Absence**
- 3. Minutes** **1 - 6**

To confirm the minutes of the meeting held on 22 September 2016 (copy attached).
- 4. Public Participation**

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

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

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

(Following the informal discussions held with St Edmundsbury Borough 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/recommend Items 5 to 8 below).
- 5. Mid-year Internal Audit Progress Report 2016-2017** **7 - 14**

Report No: **PAS/FH/16/025**
(For reference purposes, St Edmundsbury Borough Council's Report Number is PAS/SE/16/024)
- 6. Balanced Scorecards and Quarter 2 Performance Report 2016-2017** **15 - 30**

Report No: **PAS/FH/16/026**
(For reference purposes, St Edmundsbury Borough Council's Report Number is PAS/SE/16/025)

	Page No
7. West Suffolk Strategic Risk Register Quarterly Monitoring Report - September 2016	31 - 46
Report No: PAS/FH/16/027 <i>(For reference purposes, St Edmundsbury Borough Council's Report Number is PAS/SE/16/026)</i>	
8. Work Programme Update	47 - 50
Report No: PAS/FH/16/028 <i>(For reference purposes, St Edmundsbury Borough Council's Report Number is PAS/SE/16/027)</i>	
<u>Part 1(B) – Public</u>	
9. Ernst and Young - Presentation of Annual Audit Letter 2015-2016	51 - 76
Report No: PAS/FH/16/029	
10. Annual Corporate Environmental Performance 2015-2016	77 - 94
Report No: PAS/FH/16/030	
11. Financial Performance Report (Revenue and Capital) - Quarter 2 (April to September 2016)	95 - 116
Report No: PAS/FH/16/031	
12. Delivering a Sustainable Budget Medium Term Financial Strategy 2017-2020	117 - 132
Report No: PAS/FH/16/032	
13. Mid-Year Treasury Management Report and Investment Activity (April to September 2016)	133 - 142
Report No: PAS/FH/16/033	

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Performance and Audit Scrutiny Committee



Forest Heath
District Council

Minutes of a meeting of the **Performance and Audit Scrutiny Committee** held on **Thursday 22 September 2016** at **6.00 pm** at the **Council Chamber, District Offices**, College Heath Road, Mildenhall IP28 7EY

Present: **Councillors**

Chairman Louis Busuttil

Michael Anderson
Chris Barker
John Bloodworth

Simon Cole
Peter Ridgwell

By Invitation:

Stephen Edwards, Portfolio Holder for Resources and Performance

107. **Substitutes**

There were no substitutes declared.

108. **Apologies for Absence**

Apologies for absence were received from Councillors Rona Burt, Christine Mason and Louise Marston.

Councillor Colin Noble was also unable to attend.

109. **Minutes**

The minutes of the meeting held on 27 July 2016, were unanimously accepted by the Committee as an accurate record and signed by the Chairman.

110. **Public Participation**

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

111. **Ernst and Young - Presentation of 2015-2016 ISA 260 Annual Results Report to those Charged with Governance**

The Committee received Report No: PAS/FH/16/020, which presented the results of Ernst and Young's (EY) audit of the financial statements for 2015-2016.

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

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

The Council's unaudited 2015-2016 statement of accounts, signed by the Council's Chief Finance Officer (Section 151 Officer) on 30 June 2016, had been updated to reflect adjustments recommended by EY from their audit work. Members were advised that the adjustments were all immaterial to the overall financial position of the Council and were in most cases, merely presentational changes.

A copy of the Audit Results Report was attached as Appendix A, and was presented to the Committee by Mark Hodgson (Executive Director) and Mark Russell (Assistant Manager) from EY.

Also attached as Appendix B to the report was a Letter of Representation, on behalf of the Council in accordance with the audit of the financial statements for Forest Heath District Council for the year ended 31 March 2016.

Mr Hodgson confirmed that all work on the audit of the Council's 2015-2016 financial statements had been concluded and no further errors had been identified. Therefore, EY would be issuing an unqualified opinion and certificate this evening, (22 September 2016), stating the Council had proper arrangements in securing economy, efficiency and effectiveness in its use of resources. He explained that the Forest Heath accounts were the second set of accounts to be signed off for 2015-2016 and were equal best to St Edmundsbury, that he had seen so far this year. He wished to thank the Head of Resources and Performance and her team who had been helpful and instrumental in making this a very smooth audit for EY.

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

- 1) On page 14 – There were no outstanding audit items.
- 2) Unadjusted item(s) – Newmarket Leisure Centre had been accepted by the auditors, and was therefore no longer being shown as an unadjusted item.
- 3) On page 20 – Standard representations had been requested. However, there was one specific representation in addition to the standard representations, which was specific to the Solar Farm for contingent liability.
- 4) On page 21 - Value for Money – There was one significant risk due to the budget gap over the next 3 – 4 years. However, the Council had put place proper arrangements to secure value for money in the use of its resources.

Members asked the report, and the Chairman, on behalf of the Committee wished to thank the Head of Resources and Performance and the Finance

Team for their outstanding work in producing a clean set of draft accounts and should be very happy. He also wished to thank EY for their audit work.

Councillor Simon Cole moved the recommendation, this was duly seconded by Councillor Chris Barker and with the vote being unanimous, it was

RESOLVED: That

- 1) The unqualified opinion on the Financial Statements for 2015-2016 (as set out in the Audit Results Report - Appendix A) issued by the Auditor be noted.
- 2) The Value for Money conclusion stating that the Council had proper arrangements in securing economy, efficiency and effectiveness in its use of resources (Appendix A) issued by the Auditor be noted.
- 3) The Letter of Representation on behalf of the Council (Appendix B) be approved before the Audit Director issues his opinion and conclusion.
- 4) The Chief Finance Officer in consultation with the Chairman be given delegated authority to conclude the signing of the accounts.

112. **West Suffolk Annual Governance Statement 2015-2016**

The Committee received Report No: PAS/FH/16/021, which sought members approval of the draft Annual Governance Statement for 2015-2016, attached as Appendix A.

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

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

The Head of Resources and Performance informed the Committee that the West Suffolk Annual Governance Statement had not changed materially since last year.

The Committee was asked to review and approve the draft Annual Governance Statement prior to it being signed off by the Chief Executive and the Leaders of the councils.

The Committee considered the draft West Suffolk Annual Governance Statement for 2015-2016.

Councillor Simon Cole moved the recommendation, this was duly seconded by Councillor John Bloodworth and with the vote being unanimous, it was

RESOLVED

That the West Suffolk Annual Governance Statement for 2015-2016, attached as Appendix A to Report No: PAS/FH/16/021 be approved for signing by the Chief Executive and the Leader of the Council.

113. 2015-2016 Annual Statement of Accounts

The Committee received Report No: PAS/FH/16/022, which sought Members approval of the 2015-2016 Annual Statement of Accounts, attached as Appendix A, in accordance with powers delegated to it under the Council's Constitution.

EY had commenced the audit of the Council's draft Statement of Accounts in July 2016, with a view to its completion prior to the 30 September 2016 deadline for publication. The results of EY's review of the accounts were provided in the Annual Results Report, which was included on the Committee's agenda (PAS/FH/16/020). The attached Statement of Accounts (Appendix A) had been amended (as appropriate) to take on board issues raised by the audit process up to the date of distribution.

EY had confirmed this evening (22 September 2016) that the audit of Forest Heath District Council had been concluded and would be issuing an unqualified opinion on the financial statements and the value for money conclusion that the Council had made the appropriate arrangements to secure economy, efficiency and effectiveness in the Council's use of resources. This meant the Committee was in a position to sign the 2015-2016 Statement of Accounts off.

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

However, the Head of Resources and Performance wished to bring to the Committees attention one material movement in relation to the net expenditure / (income) on the pension assets / liabilities, which was set out on page 86 of the Annual Audit Accounts.

The Committee scrutinised the draft accounts in detail and asked questions to which officers duly responded. Discussions were held on the turnover and expenditure for markets; the actuarial losses on pension assets/liabilities; the general fund reserve for Teal and Woodcock; and the Home of Horseracing Museum, Newmarket.

In particular, a Member raised a question to which a response was given as follows:

Statement of Accounts

- i) Pages 76-77 – It was suggested that in future the charts should include income received and money spent on in relation to the Barley Homes Group Limited and the Solar Farm. The Head of Resources and

Performance agreed to look into this for next years Annual Statement of Accounts.

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

Councillor Simon Cole moved the recommendation, this was duly seconded by Councillor Peter Ridgwell and with the vote being unanimous, it was

RESOLVED: That

- 1) The 2015-2016 Statement of Accounts, attached as Appendix A to Report No: PAS/FH/16/022 be approved in accordance with the powers delegated to it under the Council's Constitution.
- 2) The Chairman of the Performance and Audit Scrutiny Committee signs the certification of the 2015-2016 Statement of Accounts on behalf of the Committee.
- 3) The Chief Finance Officer, in consultation with the Portfolio Holder for Resources and Performance, be given delegated authority to make any presentational and non-material changes to the Statement of Accounts that may be required up to the date of publication.

114. Arrangements for Appointment of External Auditors

The Committee received Report No: PAS/FH/16/023, asked the Committee consider the options available for appointing External Auditors in time to make a first appointment by 31 December 2017, following the closure of the Audit Commission, and the end of the transitional arrangements.

It was the Council's statutory responsibility to appoint a local auditor to audit its 2018-2019 accounts by 31 December 2017. In meeting this statutory responsibility the Council could choose one of the following options:

- 1) Establish a stand-alone Auditor Panel to make the appointment on behalf of the Council;
- 2) Commence work on exploring the establishment of local joint procurement arrangements with neighbouring authorities; or
- 3) Use an existing independent panel of the Authority (this would only be applicable where a suitably constituted panel already existed).

The report set out in detail the advantages and disadvantages for each of the three options. The Council had until December 2017 to make an appointment, which meant one of the three options would need to be in place by Spring 2017 in order that the contract negotiation process could be carried out during 2017.

The Committee was advised that option 3 would provide for better economies of scale in keeping audit fees down and having a Suffolk wide auditor.

The Committee considered the report and **noted** the arrangements for appointing External Auditors at the conclusion of the 2017-2018 audit.

Councillor Simon Cole moved the recommendation, this was duly seconded by Councillor Chris Barker and with the vote being unanimous, it was

RECOMMENDED

That subject to the approval of full Council, Option 3, to 'opt-in' to the sector led body (Public Sector Audit Appointments Limited) for the independent appointment of the Council's External Auditor, beginning with responsibilities for the financial year 2018-2019, be approved.

115. **Work Programme Update**

The Committee received Report No: PAS/FH/16/024, which provided information on the current status of the Committee's work programme. Attached as Appendix 1 to the report were details of items scheduled to be presented to the Committee during 2016-2017.

The Committee considered its work programme, and there being nod decision required, **noted** the contents of the report.

The Meeting concluded at 6.35pm

Signed by:

Chairman

Informal Joint Performance and Audit Scrutiny Committee



Forest Heath
District Council

Title of Report:	Mid-Year Internal Audit Progress Report 2016-2017	
Report No:	PAS/FH/16/025	
Report to and date:	Performance and Audit Scrutiny Committee	24 November 2016
Portfolio holder:	Steven Edwards Portfolio Holder for Resources and Performance Tel: 01638 660518 Email: steven.edwards@forest-heath.gov.uk	
Lead officer:	Jon Snares Service Manager (Internal Audit) Tel: 01284 757239 Email: jon.snares@westsuffolk.gov.uk	
Purpose of report:	<p>This report advises Members of the work of the Internal Audit Section for the first half of 2016/17 and gives Members a flavour of the variety of corporate projects and activities which are supported through the work of the team.</p> <p>The report also provides an update on progress made against the 2016/17 Internal Audit Plan previously approved by this committee.</p>	
Recommendation:	<p>Performance and Audit Scrutiny Committee:</p> <p>It is RECOMMENDED that Members are asked to note the contents of this report, including progress made against the 2016/17 Internal Audit Plan.</p>	

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"> The Internal Audit Plan was compiled in consultation with the Head of Resources and Performance (as S151 Officer), Leadership Team, and the external auditors; and 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:			
<i>Are there any financial implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
<i>Are there any staffing implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
<i>Are there any ICT implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
<i>Are there any legal and/or policy implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
<i>Are there any equality implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
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)
Internal controls within the council may not be efficient and effective and as a result the council may not be identifying significant weaknesses that could impact on the achievement of the council's priorities and/or lead to fraud, financial loss or inefficiency.	Medium	Members receive and approve the Internal Audit Plan and receive a progress report during the year. External Audit reviews the work of Internal Audit and internal control arrangements.	Low
Ward(s) affected:		N/A	
Background papers:		N/A	
Documents attached:		Appendix A – Mid-Year Internal Audit Progress Report 2016/17	

1. Key issues and reasons for recommendation

1.1 Background Information

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

1.1.2 The purpose of this report is to update Members on progress made against the 2016/17 Audit Plan (approved by this committee in May 2016), and also provide a flavour of the work undertaken in the year to date (**Appendix A**).

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Mid-Year Internal Audit Progress Report 2016/17

1. Introduction

- 1.1 The Public Sector Internal Audit Standards require the Service Manager (Internal Audit) to report periodically to senior management and committee on Internal Audit's performance relative to its Audit Plan. Reporting should also include any significant risk exposures and control issues where relevant, including fraud risks and governance issues. The Performance and Audit Scrutiny Committee is the designated committee to receive these periodic reports.
- 1.2 The purpose of this report is to update Members on progress made against the 2016/17 Audit Plan (approved by this committee in May 2016), and also provide a flavour of the work undertaken in the year to date.

2. Review of Internal Audit work for the seven months to October 2016

- 2.1 An overview of the work of Internal Audit for the first seven months of 2016/17, and progress made towards achieving the Audit Plan for the year, is set out below.

Corporate and Consultancy Work

- 2.2 A similar approach to last year's Internal Audit Plan is being taken in that as well as continuing to perform the usual statutory fundamental systems audits and other audit responsibilities, Internal Audit is also performing corporate and consultancy style work. This approach recognises that early audit input to activities can often help prevent or bring early resolution to internal control issues, and also bring audit skills and increase available resource on significant corporate projects. For 2016/17 to date the team has assisted in the following work areas:
 - production of the West Suffolk Annual Governance Statement and its associated documents;
 - West Suffolk Strategic Risk Register;
 - information governance;
 - records management;
 - input to corporate projects such as the Medium Term Financial Strategy (MTFS) Income and Contracts work streams;

- conducting a 'health check' of the electoral administration processes across West Suffolk;
- undertaking a number of pieces of work requested by the Operations service including carrying out a health check on the project to procure and implement an IT system for the Waste and Street Scene service; reviewing, advising, and providing guidance on the use of fuel cards, and mobile CCTV cameras; reviewing the efficiency of the Fleet service area's financial processes; and reviewing guidance in respect of use of the councils' pool cars;
- performing the Project Assurance role for the Mildenhall Hub Project and in doing so, consider for each stage of the project whether it is on track and in accordance with agreed governance; and
- other work on behalf of the Head of Resources and Performance including financial due diligence related to areas of potential council investment.

2.3 During the year to date Internal Audit has also:

- responded to around 35 requests for financial vetting or other related financial advice including assessments of organisations' financial suitability to undertake specified contracts for the councils; and
- continued to provide advice to service areas on internal controls.

Fee Earning Work

2.4 Internal Audit is continuing to undertake fee earning work during 2016/17 and by the end of the financial year this is likely to result in approximately £30k of income being earned. Fee earning work consists of the following:

- work on behalf of East Cambridgeshire District Council as part of the agreement in place whereby West Suffolk provides that council with internal audit resources to assist in completion of their annual audit plan;
- audit of the council tax, non-domestic rates, and housing and council tax benefits systems at the Anglia Revenues Partnership (ARP) on behalf of East Cambridgeshire District Council (this is in addition to the work referred to above) and Breckland Council; and
- fee earning grant certification work for Suffolk County Council to provide assurance to the Department for Business Innovation & Skills (New Anglia Growth Hub Funding and Employer Ownership Grant Scheme) and Trading Standards Institute (Safety at Ports and Borders Team and Single Point of Contact for Border Controls) along with Cambridgeshire County Council (Regional Growth Fund) that the conditions of the specific grant determinations have been complied with.

- 2.5 As mentioned above (paragraph 2.4 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. Discussions are currently in progress to determine a joint audit approach at ARP for all seven partners

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

- 2.6 The following audits must be undertaken every year as these form the foundations of the annual internal audit opinion, the status of each of these audits for 2016/17 as at the end of October 2016 is shown in brackets:

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

- 2.7 At the time of writing this report, as can be seen at paragraph 2.6 above, the majority of the core financial systems / fundamental review work audits are currently in progress, while the remaining audits have not yet commenced. This is normal for this time of the year as these audits generally need to cover as much of the financial year as possible and are therefore not normally commenced until at least the third quarter. The work undertaken on these audits forms the basis of the annual internal audit opinion which will be reported to Performance and Audit Scrutiny members in the 2016/17 Annual Internal Audit Report in May 2017.

3. Probity

- 3.1 Councils are required to participate in the biennial National Fraud Initiative (NFI) which is run by the Cabinet Office. This is an exercise involving data matching of records such as benefits, payroll, pensions, student awards, housing waiting list, taxi driver licences, personal alcohol licences, parking permits and creditor payments. Internal Audit takes a leading role in co-ordinating this exercise working across a number of service areas, as well as ARP, to support those staff to provide their services' data so that they can then investigate and record the results of their matches. Data has been extracted and provided to the Cabinet Office with the results expected in January 2017. These matches will then be risk assessed, reviewed and any appropriate investigations undertaken as necessary.
- 3.2 To supplement national data matching exercises, local data matching will also take place, in conjunction with ARP. This is now possible due to the procurement of additional software at ARP which will enable timely, targeted data matching exercises to detect potential fraud within West Suffolk. This would primarily be used for identifying any potential frauds relating to council tax or business rates.

3.3 Fraud messages are published on the West Suffolk intranet at regular intervals to increase staff awareness.

4. Resources

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

5. Conclusions

5.1 The Service Manager (Internal Audit) currently considers that progress on the core financial systems audits (paragraph 2.6 refers), as well as other audit responsibilities, is in line with expectations and therefore the Audit Plan should be completed on time, resulting in an ability to deliver a robust annual audit opinion in the 2016/17 Annual Internal Audit Report.

5.2 There are no significant risk exposures or control issues arising from the audit work undertaken during the period that need to be specifically drawn to the attention of the Performance and Audit Scrutiny Committee.

Informal Joint Performance and Audit Scrutiny Committee



Forest Heath

District Council

Title of Report:	Balanced Scorecard and Quarter 2 Performance report 2016-17	
Report No:	PAS/FH/16/026	
Report to and dates:	Performance and Audit Scrutiny Committee	24 November 2016
Portfolio holder:	Steven Edwards Portfolio Holder for Resources and Performance Tel: 01638 660518 Email: steven.edwards@forest-heath.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 2016-17 and an overview of performance against those indicators for the second quarter of 2016-17.	
Recommendation:	Performance and Audit Scrutiny Committee: Members are requested to review the Council's performance using Balanced Scorecards for Quarter 2, 2016-17 and identify any further information required or make recommendations where remedial action or attention is required to address the Council's performance.	

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

Documents attached:	Appendix A – Resources and& Performance Balanced Scorecard Appendix B – Families and Communities Balanced Scorecard Appendix C – Human Resources, Legal and Democratic Balanced Scorecard Appendix D – Planning and Growth Balanced Scorecard Appendix E – Operations Balanced Scorecard Appendix F – Housing Balanced Scorecard
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1. Key issues and reasons for recommendation(s)

1.1 Performance Measures

- 1.1.1 Attached at **appendices A to F** are the current Balanced Scorecards (based on Head of Service area) which present Quarter 2 2016/17 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.
- 1.1.3 During the past quarter, there have been four new indicators added to the Planning and Growth scorecard, which aim to give a broader picture of the performance and the issues faced during the planning application process.

1.2 Quarter 2 Performance

- 1.2.1 In quarter 1, the performance against the “% telephone calls answered” indicators was below target levels across all areas. During quarter 2 the performance against these indicators has increased and are getting back towards the levels seen during the 2015/16 financial year despite call volumes still being higher than comparable periods last financial year.
- 1.2.2 There has been a slight drop corporately in the performance against the indicator “% of non-disputed invoices paid within 30 days” since quarter 1. The figure in June 2016 was 93.17%, whereas the September 2016 figure is 87.63%. The finance and performance team will continue to work with service areas to try and improve performance against this indicator, with monthly business intelligence reports being sent out with details of all invoices processed.
- 1.2.3 Another area where performance has dipped slightly since the first quarter of this financial year is in homelessness. An increase in homeless cases of 30% from the first quarter has led to a slightly increased time taken to make homelessness decisions and an increased use of B&B accommodation in quarter 2.

		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	(£5,817.00)	-	M	Cumulative		See budget monitoring reports for more detail.	SATISFACTION	Number of formal complaints	9	No Target	B	Period only		All of these complaints relate to ARP.	
		Year end forecast variance (under) / over spend against budget - SEBC	£ 582,068.00	-	M	Cumulative		See budget monitoring reports for more detail.		Number of formal complaints	0	No Target	B	Period only			
		Income generated from SLAs	(£98,478.00)	(£89,898.00)	M	Cumulative			CUSTOMERS	Organisational year end forecast variance (under) / over spend against budget - FHDC *	-	-	M	Cumulative		See budget monitoring for more details.	
		% return on the investment of reserves and balances - FHDC	1.07	1.50	Q	Cumulative		Rate has dropped due to the number of short term investments placed, which tend to be at lower rates, coupled with the drop in the Bank of England base rate.		Organisational year end forecast variance (under) / over spend against budget - SEBC *	-	-	M	Cumulative		See budget monitoring for more details.	
		% return on the investment of reserves and balances - SEBC	0.84	0.90	Q	Cumulative		Due to higher levels of balances than anticipated, the actual income received in the year is forecast to be £90,000 higher than budget.		Total income generated by organisation £ *	(£12,987,658.44)	(£12,176,961.94)	M	Cumulative			
	FINANCE & PERFORMANCE	% of non-disputed invoices paid within 30 days	91.07	95.00	M	Period only		56 invoices processed in September.	% of total non-disputed invoices paid within 30 days *	87.63	95.00	M	Cumulative		1,180 invoices processed in September.		
		% of debt over 90 days old	22.27	10.00	M	Cumulative		FHDC debt £0 - 0.00% over 90 days. SEBC debt £1,428.00 - 22.27% over 90 days.	% of total debt over 90 days old *	61.97	10.00	M	Cumulative		FHDC debt £99,524.82 - 80.43% over 90 days. SEBC debt £527,271.82 - 58.48% 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 *	93.09	No Target	M	Period only			OUTCOMES	% Collection of Council Tax - FHDC	57.44	56.82	M	Cumulative		The amount collected as at end of September 16 is £15,274,717	
	ICT	% of ICT Helpdesk calls completed 'on time' as defined in SLAs	95.01	90.00	Q	Period only		2,446 total calls, of which 2,324 were on time		% Collection of Council Tax - SEBC	58.84	58.12	M	Cumulative		The amount collected as at end of September 16 is £32,662,386	
	ARP	Days taken to process Housing Benefit new claims and changes - FHDC	7.49	8.00	M	Period only				% Collection of Business Rates - FHDC	59.61	56.92	M	Cumulative		The amount collected as at end of September 16 is £13,271,694	
		Days taken to process Housing Benefit new claims and changes - SEBC	6.44	8.00	M	Period only				% Collection of Business Rates - SEBC	60.50	59.6	M	Cumulative		The amount collected as at end of September 16 is £28,594,555	
										BUSINESS RATES	Business Rate Growth - FHDC	23,624,934	22,143,933	M	Cumulative		This is the forecast business rates figure. FHDC will receive 40% share of growth which will be £325,884 based on this forecast
										Business Rate Growth - SEBC	48,348,030	45,886,675	M	Cumulative		This is the forecast business rates figure. SEBC will receive 40% share of growth, which will be £984,542 based on this forecast.	

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

RISK	RISK ID NUMBER	Type	Title	Description - What are we trying to avoid?	WS Inherent Risk	WS Residual Risk	Last updated
	WS1 A	Financial	Poor financial management	Failure in specific areas to achieve projected income, or expenditure exceeds the approved budgets (revenue or capital).	Probability - 3; Impact - 5	Probability - 2; Impact - 3	September 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	September 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	September 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 - 3; Impact - 4	September 2016
	WS7a	Technological	ICT integration	Integration of ICT across services and systems not being achieved.	Probability - 4; Impact - 4	Probability - 3; Impact - 4	September 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	September 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	September 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	September 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	September 2016

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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	(18,834.00)	-	M	Cumulative		See budget monitoring reports for more detail.	CUSTOMERS	SATISFACTION	% Customer satisfaction with customer service - overall journey	55.00	80.00	Q	Period only		Satisfaction with telephone contact is 74% for the year to date however email contact is only at 51%. Work is ongoing with service areas to improve email responses as part of the Customer Service Excellence programme and corporate telephone and email management.	
		Year end forecast variance (under) / over spend against budget - SEBC	853.00	-	M	Cumulative		See budget monitoring reports for more detail.			Number of formal complaints	0	No target	B	Cumulative			
		% of non-disputed invoices paid within 30 days	92.11	95.00	M	Cumulative		38 invoices processed in September.			Number of formal compliments	12	No target	B	Cumulative		All compliments relate to Customer Services.	
		% 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	34,412	29,500	M	Period only		Aim to maximise.	OUTCOMES	CUSTOMER SERVICES	% of issues resolved at first point of contact with Customer Services - telephone	97.00	80.00	M	Cumulative			
		Number of unique page views to the West Suffolk councils website	109,248	150,000	M	Period only		Aim to maximise.			% of issues resolved at first point of contact with Customer Services - face to face	83.00	80.00	M	Cumulative			
		Number of online forms completed	2,063	1,250	M	Period only		25,000 online forms have been used this year to date.										
		Number of page views to the West Suffolk intranet	440,378	123,500	M	Period only		There were small increases in visits to most of the most popular pages.										
	CUSTOMER SERVICES	% of telephone calls answered	85.00	90.00	Q	Period only		The call answer rate is slightly undertarget. Call volumes are 25% up on the same period last year.										
		Number of face to face contacts (not including visitor management)	5,060	5,500	M	Period only												

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
	WS2	Customer	Maintain and promote our public image, maintain effective communications	Council services and decisions being misrepresented in the media (including social media) which undermines public trust and confidence. Councils' reputation preventing them from entering into positive partnerships with others, or securing funding. Lack of public trust and confidence in the councils that could affect their ability to work WITH communities in achieving the strategic priorities and to achieve behaviour change (e.g. around recycling, channel shift etc.). This could also potentially impact on our ability to recruit staff in competitive market.	Probability - 3; Impact - 3	Probability - 3; Impact - 2	September 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	September 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	September 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	September 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	September 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	September 2016

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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	(£9,009.00)	-	M	Cumulative		See budget monitoring reports for more detail.	CUSTOMERS	SATISFACTION	Number of formal complaints	1	No target	B	Period only		1 - Legal Services
		Year end forecast variance against budget - SEBC	£ 10,394.00	-	M	Cumulative		See budget monitoring reports for more details.			Number of formal compliments	1	No target	B	Period only		1 - Human Resources
		% of non-disputed invoices paid within 30 days	100.00	95.00	M	Cumulative		58 invoices processed in September.		% on-line electoral registration *	98.00	95.00	A	Cumulative			
		% of debt over 90 days old	99.89	10.00	M	Cumulative		FHDC debt £0 - 0.00% over 90 days. SEBC debt £1,111.20 - 99.89% over 90 days.		Customer Services % of answered calls - elections	86.00	90.00	Q	Period only		Call answer rate slightly undertarget this month. Call volumes for the Elections service are double the total for the same period last year.	
	STAFF	Average number of sick days lost per FTE per annum*	6.69	6.50	Q	Cumulative											
		Current Value	Target	Frequency	Type	Trend	Comments			Current Value	Target	Frequency	Type	Trend	Comments		
INTERNAL PROCESSES	HR	Time taken to complete recruitment process - advert to offer (days)	24.25	35.00	Q	Period only			OUTCOMES	HUMAN RESOURCES	% Voluntary staff turnover *	8.52	7-12	Q	Cumulative		
							% successful staff appointments *	100.00			85.00	Q	Cumulative				
								Reported incidence of injuries, diseases and dangerous occurrences *		1	10	Q	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
	WS4	Professional	Staff retention (professional staff / technical staff). Staff	Lack of staff skills, experience and capacity could prevent delivery of services and high levels of performance. Failure to have	Probability - 5; Impact - 4	Probability - 3; Impact - 4	September 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	September 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	September 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	Probability - 4; Impact - 4	Probability - 2; Impact - 3	September 2016
	WS20	Physical	Implementation of the Corporate Health and Safety	Failure to ensure the safety and well being of staff. Failure to provide safe and healthy environment for visitors and the	Probability - 2; Impact - 5	Probability - 1; Impact - 5	September 2016

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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	£ 2,794.00	0.00	M	Cumulative		See budget monitoring reports for more detail.	CUSTOMERS	SATISFACTION	Number of formal complaints	10	No target	B	Period only	10 - Development Control / Building Control.	
		Year end forecast variance (under) / over spend against budget - SEBC	£ 236,387.00	0.00	M	Cumulative		See budget monitoring reports for more details.			Number of formal compliments	20	No target	B	Period only	15 - Development Control / Building Control, 1 - Land charges, 4 - Environmental Health.	
		Spend on professional fees in relation to planning appeals	£ 11,600	No Target	M	Cumulative					Number of successful appeals - Planning	3	No Target	M	Cumulative	Total appeals decisions in September 5, number allowed 3	
		Income received against budget	(£1,442,693.98)	(£1,394,955.50)	M	Cumulative					Application decisions needing an extension of time to complete	36	No Target	M	Cumulative	Of the 120 total decisions in September 2016, 36 had an extension of time - 30%	
		% of non-disputed invoices paid within 30 days	78.48	95.00	M	Cumulative		79 invoices processed in September.			Total validation backlog	80	No Target	M	Cumulative	There are 80 applications waiting to be validated dating back 10 working days.	
		% of debt over 90 days old	53.13	10.00	M	Period only		FHDC debt £5,296.80 - 70.89% over 90 days old. SEBC debt £9,699.54 - 43.44% over 90 days old			% of invalid planning applications received	70.00	No Target	M	Period only	Of the 297 applications received in September 2016, 70% of them were invalid and required a 2nd validation.	
		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	100.00	60.00	M	Period only		FHDC - 4 applications determined, 4 in time - 100.00%. SEBC - 3 applications determined, 3 in time - 100.00%	OUTCOMES	REGULATORY	Renewable energy generated on Council properties (KWh)	356,243	No Target	Q	Cumulative		
		% of minor planning applications determined within 8 weeks	78.00	65.00	M	Period only		FHDC - 7 applications determined, 7 in time - 100.00%. SEBC - 25 applications determined, 18 in time - 72%			% of food businesses receiving a top food hygiene rating (rating of 5)	79.79	60.00	Q	Cumulative		
		% of other planning applications determined within 8 weeks	93.00	80.00	M	Period only		FHDC - 24 applications determined, 23 in time - 96%. SEBC - 57 applications determined, 52 in time - 91%									
	PLANNING ENFORCEMENT	Number of new enforcement cases opened	36	No Target	M	Period only											
		Number of enforcement cases closed	33	No Target	M	Period only											
		Total number of enforcement cases open	293	No Target	M	Period only											

PROJECTS	Name	Project Lead	Project Stage	Project Status	Approval details	Approved	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
	WS6 (on all scorecards)	Political	Managing public / councillor expectations with less resources	Falling short of providing the level of service that the public and councillors expect and demand.	Probability - 5; Impact - 4	Probability - 3; Impact - 4	September 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	September 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	September 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	September 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	September 2016

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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	(£18,860.00)	-	M	Cumulative		See budget monitoring reports for more details.	CUSTOMERS	SATISFACTION	Number of formal complaints	2	No target	B	Period only		2 - Waste	
		Year end forecast variance against budget - SEBC	(£732,890.00)	-	M	Cumulative		See budget monitoring reports for more details.			Number of formal complaints	25	No target	B	Period only		15 - Waste, 1 - Street Cleansing, 4 - Leisure	
		Income from entire property portfolio	(£2,040,723.99)	(£2,048,072.00)	M	Cumulative					SERVICE	% of calls answered - Waste	87.00	90.00	Q	Period only		The Customer Service Team have received 6,500 Garden Waste calls this year with 88% of calls being answered.
		Income from waste & street scene services	(£1,791,565.03)	(£1,578,801.00)	M	Cumulative						% of calls answered - Apex Box Office	91.00	90.00	Q	Period only		
		% of non-disputed invoices paid within 30 days	86.64	95.00	M	Cumulative		876 invoices processed in September.										
		% of debt over 90 days old	61.53	10.00	M	Period only		FHDC debt £87,472.16 - 79.64% over 90 days. SEBC debt £506,972.68 - 58.40% over 90 days.										
		Current Value	Target	Frequency	Type	Trend	Comments			Current Value	Target	Frequency	Type	Trend	Comments			
INTERNAL PROCESSES	WASTE MANAGEMENT	Number of household bins not collected as scheduled -per 10,000 properties	4.62	8.25	M	Period only			OUTCOMES	WASTE MANAGEMENT	% of household waste recycled and composted	48.13	42.00	Q	Cumulative			
											PROPERTY	% of industrial units that are vacant	6.11	8.25	M	Cumulative		FHDC vacancy rate - 10.00% (13 properties); SEBC vacancy rate 3.91% (9 properties).

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
	WS6 (on all scorecards)	Political	Managing public / councillor expectations with less resources	Falling short of providing the level of service that the public and councillors expect and demand.	Probability - 5; Impact - 4	Probability - 3; Impact - 4	September 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	September 2016

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MONTH **Sep 16** QUARTER **Jul 16 - Sep 16** HALF YEARLY **Apr 16 - Sep 16** * These indicators are at organisational level ANNUAL **Apr 15 - Mar 16**

		Current Value	Target	Frequency	Type	Trend	Comments	2016 - 2017	Current Value	Target	Frequency	Type	Trend	Comments			
RESOURCES	FINANCIAL	Year end forecast variance (under) / over spend against budget - FHDC	(£2,313.00)	-	M	Cumulative		See budget monitoring reports for more detail.	SATISFACTION	Number of formal complaints	4	No target	B	Period only		2 - Housing Standards, 2 - Housing Options	
		Year end forecast variance (under) / over spend against budget - SEBC	£ 27,024.00	-	M	Cumulative		See budget monitoring reports for more detail.		Number of formal compliments	0	No target	B	Period only			
		DFG mandatory grants paid £	£ 86,999.63	£ 420,600.00	M	Cumulative		The figure is low because the HIA performance has been very poor. This is being addressed by partners, including new contract management arrangements. There is approximately £680,000	CUSTOMERS	SERVICE	Customer Services % of answered calls - housing	86.00	90.00	Q	Period only		Call answer rate slightly undertarget due to increased volumes for the service. Housing call volumes are 30% up on the same period last year.
		% of non-disputed invoices paid within 30 days	91.67	95.00	M	Cumulative		36 invoices processed in September.			% Private Rented Sector properties with rent at or below the Local Housing Allowance Rate	4.00	4.00	Q	Cumulative		Access to affordable accommodation in the private sector remains very difficult
		% of debt over 90 days old	89.42	10.00	M	Cumulative		FHDC debt £6,755.86 - 98.15% over 90 days. SEBC debt £8,060.40 - 82.10% over 90 days									
	STAFF	Cases per member of staff - Housing Options	28.00	20-30	M	Period only		The Service has experienced an increase in demand over the past quarter, particularly homelessness applications resulting in an increase in caseloads.									
		Cases per member of staff - Housing Standards	43.00	50-60	Q	Period only		Cases being kept to a reasonable number by effective management and closing in a timely manner. Officers are also involved in work that is not case related.									
		Current Value	Target	Frequency	Type	Trend	Comments			Current Value	Target	Frequency	Type	Trend	Comments		
INTERNAL PROCESSES	HUMAN RESOURCES	Average time taken to make decisions on homelessness applications (days)	18	14	Q	Period only		The number of homeless cases dealt with in this quarter was 109 compared to 84 the previous quarter.	OUTCOMES	HOUSING OPTIONS	Numbers in Bands A & B	881	1,300	M	Cumulative		Within forecast range.
		Additional housing units registered with WSLP	13	30	Q	Period only		Securing additional units continues to prove to be difficult due to pressure in the private rented sector. Project review currently underway			Household numbers in B&B	10	10	M	Cumulative		An increase in homelessness applications has result in an increase in using B&B accommodation.
	STRATEGIC HOUSING	Empty properties brought back into use through Council intervention	5	5	Q	Period only		A number of properties are now being considered for further enforcement actions, with the background work being carried out to facilitate this.		STRATEGIC HOUSING	Number of new affordable homes delivered available for occupation	90	80	Q	Cumulative		The were 39 affordable homes completed in quarter 2, with 90 completed in the year to date.
		% of units that are affordable on S106 sites	30.00	30.00	Q	Period only				STANDARD HOUSING	Private sector Properties brought up to standard	36	30	Q	Cumulative		Reflects timely enforcement actions following proactive and reactive work that has been ongoing to make homes safe.

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
	WS6 (on all scorecards)	Political	Managing public / councillor expectations with less resources	Falling short of providing the level of service that the public and councillors expect and demand.	Probability - 5; Impact - 4	Probability - 3; Impact - 4	September 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	September 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	September 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	September 2016

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Informal Joint Performance and Audit Scrutiny Committee



Forest Heath
District Council

Title of Report:	West Suffolk Strategic Risk Register Quarterly Report – September 2016	
Report No:	PAS/FH/16/027	
Report to and dates:	Performance and Audit Scrutiny Committee	24 November 2016
	Cabinet (if required)	13 December 2016
Portfolio holder:	Stephen Edwards Portfolio Holder for Resources and Performance Tel: 01638 660158 Email: stephen.edwards@forest-heath.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 RECOMMENDED 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 Wards	
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 2016/2017	

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 September 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 September 2016 have been removed from the register.

1.2 New or Amended Risks

- 1.2.1 There have been no amendments to current risks nor any new risks added during this reporting period.

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 EU Referendum

- 1.4.1 The group will continue to monitor the situation as it develops over the next quarter, amending existing and / or adding new risks where necessary. These changes will be reported at the next meeting in the normal manner.

1.5 Reasons for Recommendations

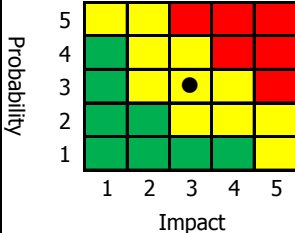
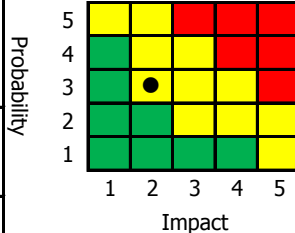
- 1.5.1 The Council's Strategic Plan for 2014/2016, adopted by the Council in February 2014, includes three key priority areas supported by a range of actions to deliver specific outcomes.
- 1.5.2 The West Suffolk Strategic Risk Register identifies and records the level of risk associated with delivering the Council's plans alongside meeting its statutory responsibilities and the organisation's overall ability to respond to change. Through assessment of risk and the likelihood and impact of potential failure to meet these challenges, the level of controls and where possible, action required is identified and implemented.

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West Suffolk Strategic Risk Register 2016/17 - September 2016

Type: A = Action, C = Control													Appendix 1
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. Quarterly revenue and capital monitoring reports to PASC.	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) Regular updates of projects, assessment of any additional risks associated with new projects.	LT	Sep-16	N/A		
							C	8) Monitoring of investment decisions and original business cases targets/outcomes through an Officer group.	Head of Resources & Performance	N/A	N/A		
							C	9) 2017/18 Budget now focusing on bridging budget gaps across the MTFS, rather than addressing one year at a time.	Head of Resources & Performance	Sep-16	N/A		
WS1 B	10-Jul-14	Financial	Head of Resources and Performance	Poor financial planning	<p>Failure to deliver a sustainable Medium Term Financial Strategy, especially in view of continued financial uncertainty around areas such as Comprehensive Spending Review, localisation of Business Rates, increased service demand, and use of reserves.</p> <p>Over reliance on any one particular MTFS theme such as behaving more commercially or being an investing authority</p>		A	1) Budget preparation for 2017/18 - 2019/20 ,re-focus on MTFS, and uncertainty regarding Business Rate Retention in 2020 continues to challenge all six MTFS themes. Proposals include LT peer scrutiny.	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		
							C	8) Keep a careful eye on Brexit implications re European funding and service delivery	LT	N/A	N/A		
							A	9) Project resources review	LT	Sep-16	Initial review Dec 16 then on-going		

West Suffolk Strategic Risk Register 2016/17 - September 2016

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WS2	10-Jul-14	Customer	Head of Families & Communities	Maintain and promote our public image, maintain effective communications	<p>Councils being portrayed in the media (including social media) in a way which undermines public trust and confidence. Councils' poor reputation preventing them from entering into positive partnerships with others, or securing funding. Lack of public trust and confidence in the councils that could affect their ability to work WITH communities in achieving the strategic priorities and to achieve behaviour change (e.g. around recycling, channel shift etc.).</p> <p>This could also potentially impact on our ability to recruit staff in competitive market.</p>			<p>1) Monitor media coverage through daily media alerts and, where appropriate, provide a robust response.</p> <p>2) Proactively engage with news and social media to disseminate information about West Suffolk services, engage local communities, and address errors or</p> <p>3) Train and support staff and Members in proactive communications and dealing with media.</p> <p>4) Deliver a communications work programme which focuses on proactive communications.</p> <p>5) Ensure that appropriate communications planning and support are identified for strategic projects as per individual project plans</p> <p>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.</p>	Comms Team	N/A	N/A	

West Suffolk Strategic Risk Register 2016/17 - September 2016

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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	
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 Performance	N/A	Completed		
							A	5) Anglia Revenues Partnership, (ARP), Strategic (Transformation) Plan outlining the future role of ARP to be developed.	Director (JC)	Jul-16	Mar-17		
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) Review of induction programme completed. Continue to develop the corporate induction and training programme for staff and members to ensure content remains up to date and relevant.	HR Business Partner	Jun-14	On-going		
							A	2) OD strategy now in plan encompassing recruitment; succession planning; talent management and pay & reward scheme. Talent management now linked to PDR programme.	HR Business Partner	Jun-14	On-going		
							C	3) Regularly 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) New intranet facilities providing consistent and regular communication to officers and members, with the opportunity to provide feedback now in place.	Service Manager (Corporate Communications)	N/A	Sep-16		
							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 benchmarking has been undertaken and remains under review. Recruitment monitoring has highlighted some challenging areas which we are working on to address. Maintain focus on strong employer brand. Monitoring/review of payline and structure may need to be considered. National work commencing on the NJC/Job Evaluation/Reward work linked to the National Living Wage and the changing roles of the 21C Public Servant.	Head of HR, Legal and Democratic Services	Jun-14	Mar-17		
							A	7) Review of skills and structures to ensure successful delivery of MTFS and associated growth projects	Heads of Service and Service Managers	Dec-16	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	Oct-17		
							C	2) Assign dedicated corporate project resources to support new projects as they arise.	LT	N/A	N/A		

West Suffolk Strategic Risk Register 2016/17 - September 2016

Appendix 1

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								3) Review and align service and skilled resources available to the strategic plan including communicate resources. 4) Regular monitoring and update discussions with portfolio holders on the corporate project plan progress	LT	Jun-14	On-going	

West Suffolk Strategic Risk Register 2016/17 - September 2016

Appendix 1

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							C	5) Regular monitoring of Balanced Scorecards to include complaints, compliments and trends.				
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 programme and project management framework and team (led by Service Manager Corporate Policy).	Service Manager Corporate Policy	Jun-14	On-going	
							A	2) Maintain 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 future Project Initiation Documents and project business cases, including ICT support and other support services	LT	N/A	N/A	
							C	5) Early identification of Corporate capacity / priorities as part of business plan / project initiation. Review of project workstream to assist with prioritisation.	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 integration / 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								
C	4) 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	5) Development of a West Suffolk Information Strategy and links to the wider public sector integration agenda (Transformation Challenge Award). Recruitment of ICT Manager.	Service Manager (ICT)	Jun-14	Dec-16								
WS8	10-Jul-14	Political Social										
	(a)		Head of Families & Communities	Failure to deliver; Families & Communities agenda	Opportunities being missed to create or influence the provision of:		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	
				(i) a thriving voluntary sector and active communities who take the initiative to help the most vulnerable	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		
				(ii) people playing a greater role in determining the future of their communities	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		
				(iii). improved wellbeing, physical and mental health								
				(iv) accessible countryside and green spaces								

West Suffolk Strategic Risk Register 2016/17 - September 2016

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	(b)		Head of Planning & Growth	Failure to deliver; Growth Agenda inc coping with growth and increase in demand	Opportunities being missed to create or influence the provision of:		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	
							A	6) Continued development of enterprise zones. Development of a joint plan for 2020/21.			Feb-17	
	(c)		Head of Housing / Head of Planning & Growth	Failure to deliver; Housing Agenda	Opportunities being missed to create or influence the provision of:		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) Cambridge 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 June 2016, operation of scheme monitored through CBL Management Board.	Service Manager (Housing Options)	N/A	N/A	
							A	5) Review of the West Suffolk Lettings Partnership scheme commenced to assess whether scheme should continue or not.	Service Manager (Housing Options)	Sep-14	Mar-17	
							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. New service introduced in May 2016, regular monitoring being undertaken following some operational difficulties with the new scheme.	Service Manager (Housing Standards)	Apr-14	Sep-16	
							A	7) Establishment of commercial Housing Development Company in partnership with Suffolk County Council to build open market, private rented and affordable housing, Company incorporation 15 March 2016. Initial Business and Delivery Plan to be presented to the Councils for approval Dec 2016.	Head of Housing	Apr-15	See action 7 text for details of dates.	
							A	8) Monitor implications of new Housing & Planning Bill proposals - a watching brief. Briefing note on housing aspects of Bill circulated to senior officers and members in March 16. Still awaiting publication by DCLG of details on how the details of the Bill will be enacted."	Head of Housing	Apr-16	See action 8 text for details of dates.	

West Suffolk Strategic Risk Register 2016/17 - September 2016

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West Suffolk Strategic Risk Register 2016/17 - September 2016

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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; or fails to take account of wider changes in national and local government legislation and policy (including EU).		C	1) Keep a watching brief on, and disseminate information on new policies, 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, SCOLT, 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, including Brexit and local government funding changes and play an active part in the Devolution process for Norfolk, Suffolk and the wider East Anglia area, (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	
							A	6) LT document "West Suffolk: Promoting Physical Activity"			Completed	
							A	Explore shared services opportunities with other Local Authorities	LT	Apr-15	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	

West Suffolk Strategic Risk Register 2016/17 - September 2016

Appendix 1

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RISK ID NUMBER	Date risk added to register	Type	Current Owner	Title	Description - What are we trying to avoid?	WS Inherent Risk	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
						Impact	A	4) Ensure effective engagement in the Transformation Challenge Award.	CEO and LT	Jun-14	On-going	Impact
							C	5) Understand the cumulative impact of complex partnership delivery arrangements.	CEO and LT	Dec-15	N/A	
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	

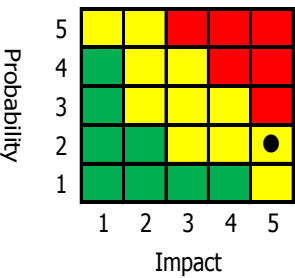
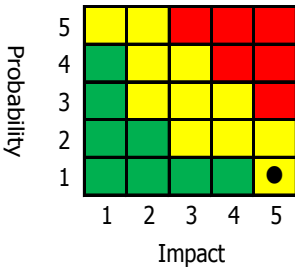
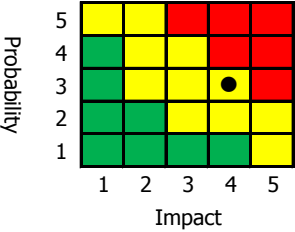
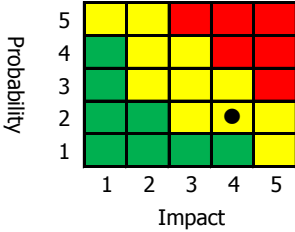
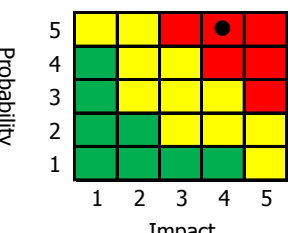
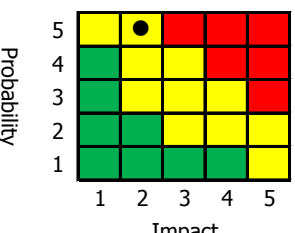
West Suffolk Strategic Risk Register 2016/17 - September 2016

Type: A = Action, C = Control													Appendix 1
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	
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		
							C	3) Strengthen the overall Performance Management Framework- review of the Balanced Scorecard as a performance management tool.	Head of Resources & Performance	N/A	N/A		
							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		

West Suffolk Strategic Risk Register 2016/17 - September 2016

Appendix 1

Type: A = Action, C = Control

RISK ID NUMBER	Date risk added to register	Type	Current Owner	Title	Description - What are we trying to avoid?	WS Inherent Risk	Type	Summary of Controls / Actions - What we are doing / need to do to prevent it.	Who is responsible for the actions	Start date	Target completion date/ Complete	WS Residual Risk
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	N/A	N/A	
							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.	
WS22	21-Apr-15	Economic and social	Chief Executive	Effects of the closure of RAF Mildenhall	Negative impact on the local economy, families and community or the housing market		A	1) Attend and play an active role in meetings of the Government-led Mildenhall, Alconbury and Molesworth Working Group as representatives of the community and local businesses.	Chief Executive	Feb-15	On-going	
							A	2) Co-ordinate and lead the Forest Heath member-led local Mildenhall and Lakenheath Airbases Group	Chief Executive	Mar-15	On-going	
							A	3) Commission an impact study to measure the impact of the USAFE on West Suffolk and the surrounding areas. Submission of prospectus to Central Government on future delivery of site by Mid November 16. Working closely with Cabinet Office, Treasury & HCA to influence Government thinking.	Head of Planning and Growth	Apr-15	Mar - 16 Completed. Working with Cabinet Office etc. on-going	
							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	

West Suffolk Strategic Risk Register 2016/17 - September 2016

Appendix 1

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							A	5) Hold engagement sessions with representatives from local businesses, housing organisations and the community to discuss the effects of the closure of RAF Mildenhall. Communicate with these groups throughout the project.	Chief Executive	Feb-15	On-going	

Informal Joint Performance and Audit Scrutiny Committee



Title of Report:	Work Programme Update	
Report No:	PAS/FH/16/028	
Report to and date:	Performance and Audit Scrutiny Committee	24 November 2016
Chairman of the Committee:	Louis Busuttill Chairman of the Performance and Audit Scrutiny Committee Tel: 01638 810517 Email: louis.busuttill@forest-heath.gov.uk	
Lead officer:	Christine Brain Democratic Services Officer (Scrutiny) Tel: 01638 719729 Email: Christine.brain@westsuffolk.gov.uk	
Purpose of report:	1. Members are asked to consider and note the current status of its Work Programme attached at Appendix 1(A) . 2. Attached at Appendix 1(B) , for information is the current position of the Work Programme for St Edmundsbury Borough Councils Performance and Audit Scrutiny Committee.	
Recommendation:	Performance and Audit Scrutiny Committee: It is <u>RECOMMENDED</u> that: Members consider and <u>note</u> the current status of its Work Programme for 2017.	

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

Description	Lead Officer
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 - 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 Annual 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

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

Description	Lead Officer
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 - Investment Activity (April – December 2016)	Head of Resources and Performance
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25 May 2017 (Time: 5.00pm)	
Informal Joint Meeting (Hosted by Forest Heath District Council)	
Joint Reports	
Internal Audit Annual 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
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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



Forest Heath
District Council

Title of Report:	Ernst and Young Presentation of Annual Audit Letter 2015-2016	
Report No:	PAS/FH/16/029	
Report to and date:	Performance and Audit Scrutiny Committee	24 November 2016
Portfolio holder:	Stephen Edwards Portfolio Holder for Resources and Performance Tel: 01638 660518 Email: Stephen.edwards@forest-heath.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 the 2015/16 financial statements by Ernst and Young.	
Recommendation:	Performance and Audit Scrutiny Committee: Members are asked to <u>note</u> the report and Appendix 1.	
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:	• N/A	
Alternative option(s):	• N/A	
Implications:		

Are there any financial implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • The report and appendix include the final scale fee in respect of the 2015/16 audit of the accounts.	
Are there any staffing implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Are there any ICT implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Are there any legal and/or policy implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Are there any equality implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
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*
None			
Ward(s) affected:		N/A	
Background papers:		None	
Documents attached:		Appendix 1 – Annual Audit Letter (year ending 31 March 2016)	

1. Key issues and reasons for recommendation

1.1 Summary and reasons for recommendation

- 1.1.1 To update members on the outcome of the annual audit of the 2015/16 financial statements by Ernst and Young (EY), our external auditors, as detailed in their Annual Audit Letter for 2015/16, attached at **Appendix 1**.
- 1.1.2 The letter is for information, and confirms the completion of the audit of the 2015/16 financial statements.
- 1.1.3 No significant issues were noted by EY and, therefore, the planned audit fee of £47,059 for the year remains unchanged other than a small additional fee relating to some work on the Council's proposed Minimum Revenue Provision policy. This work was requested by management and the fee of £1,431 has been agreed by the S151 Officer. Work on the certification of claims and returns has not yet commenced and the results of this work, along with the final fee, will be reported in the Annual Certification Report.

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Forest Heath District Council

Annual Audit Letter for the year ended 31 March 2016

October 2016

Ernst & Young LLP

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

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

Executive Summary

Executive Summary

We are required to issue an annual audit letter to Forest Heath District Council (the Council) following completion of our audit procedures for the year ended 31 March 2016.

Below are the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
Opinion on the Council's: ▶ Financial statements	Unqualified – the financial statements give a true and fair view of the financial position of the Council as at 31 March 2016 and of its expenditure and income for the year then ended.
▶ Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with those financial statements.
Concluding on the Council's arrangements for securing economy, efficiency and effectiveness	We concluded that you have put in place proper arrangements to secure value for money in your use of resources.

Area of Work	Conclusion
Reports by exception: ▶ Consistency of Governance Statement	The Governance Statement was consistent with our understanding of the Council.
▶ Public interest report	We had no matters to report in the public interest.
▶ Written recommendations to the Council, which should be copied to the Secretary of State	We had no matters to report.
▶ Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report.

Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the Council's Whole of Government Accounts return (WGA).	The Council is below the specified audit threshold of £350 million. Therefore, we did not perform any audit procedures on the consolidation pack.

As a result of the above we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of the Council communicating significant findings resulting from our audit.	Our Audit Results Report was issued on 8 September 2016. We presented this to the Performance and Audit Scrutiny on the 22 September 2016.
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	Our certificate was issued on 22 September 2016.

In January 2017 we will also issue a report to those charged with governance of the Council summarising the certification work we have undertaken.

We would like to take this opportunity to thank the Council's staff for their assistance during the course of our work.

Mark Hodgson

Executive Director
For and on behalf of Ernst & Young LLP



Purpose & Responsibilities

Purpose

The Purpose of this Letter

The purpose of this annual audit letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Council.

We have already reported the detailed findings from our audit work in our 2015/16 Audit Results Report to the 21 September 2016 Performance and Audit Scrutiny Committee, representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Council.

Responsibilities

Responsibilities of the Council

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

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

Responsibilities of the Appointed Auditor

Our 2015/16 audit work has been undertaken in accordance with the Audit Plan that we issued on 22 April 2016 and is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

- ▶ Expressing an opinion:
 - ▶ On the 2015/16 financial statements; and
 - ▶ On the consistency of other information published with the financial statements.
- ▶ Forming a conclusion on the arrangements the Council has to secure economy, efficiency and effectiveness in its use of resources.
- ▶ Reporting by exception:
 - ▶ If the annual governance statement is misleading or not consistent with our understanding of the Council;
 - ▶ Any significant matters that are in the public interest;
 - ▶ Any written recommendations to the Council, which should be copied to the Secretary of State; and
 - ▶ If we have discharged our duties and responsibilities as established by thy Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. The Council is below the specified audit threshold of £350 million. Therefore, we did not perform any audit procedures on the return.

Financial Statement Audit

Financial Statement Audit

Key Issues

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

We audited the Council's Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office and issued an unqualified audit report on 22 September 2016.

Our detailed findings were reported to the 22 September 2016 Performance and Audit Scrutiny Committee.

The key issues identified as part of our audit were as follows:

Significant Risk	Conclusion
<p>Pension valuations and disclosures</p> <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>We</p> <ul style="list-style-type: none"> ▶ Reviewed the information provided by the Council to the pension fund actuary; ▶ Liaised with the auditors of the Suffolk Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Forest Heath District Council; ▶ Assessed the conclusions drawn on the work of the actuary by the Consulting Actuary commissioned by Public Sector Auditor Appointments (PwC); and ▶ Reviewed and tested the accounting entries and disclosures made within the Council's financial statements in relation to IAS19. <p>Our audit work and testing of pension valuations and pensions disclosures has provided us with sufficient assurance over the balances disclosed within the financial statements. We did not identify any matters that we need to bring to your attention.</p>

Significant Risk	Conclusion
<p>Valuation of property, plant and equipment</p> <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>We:</p> <ul style="list-style-type: none"> ▶ Performed audit procedures to place reliance on management's valuations expert; ▶ Tested the accounting treatment of valuations made in the year, including the assessment and treatment of impairments; and ▶ Reviewed and tested the Council's application of IFRS13 to ensure the fair value of relevant assets is based on economic best interest. <p>Our audit work and testing of property, plant and equipment has provided us with sufficient assurance over the balances disclosed within the financial statements. We did not identify any matters that we need to bring to your attention.</p>
<p>Risk of fraud in revenue recognition</p> <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 Forest Heath District Council and Forest Heath District Council given the shared management arrangements between the two Councils. 	<p>We:</p> <ul style="list-style-type: none"> ▶ Reviewed and test revenue and expenditure recognition policies; ▶ Reviewed and discussed with management accounting estimates on revenue and expenditure recognition for evidence of bias; ▶ Developed a testing strategy to test material revenue and expenditure streams; ▶ Reviewed and tested revenue cut-off at the period end date; ▶ Tested the additions to the Property, Plant and Equipment balance to ensure that they are properly classified as capital expenditure; and ▶ Tested recharges between Councils to ensure that they are appropriate and supported by appropriate documentation. <p>Our audit work and testing of revenue streams has not identified any evidence fraud in relation to revenue recognition. We did not identify any matters that we need to bring to your attention.</p>

Significant Risk	Conclusion
<p>Risk of management override</p> <p>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.</p> <p>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.</p>	<p>We:</p> <ul style="list-style-type: none">▶ Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;▶ Reviewed accounting estimates for evidence of management bias; and▶ Evaluated the business rationale for significant unusual transactions. <p>Our audit work on journals and accounting estimates has not identified any evidence of management bias or significant unusual transactions. We did not identify any matters that we need to bring to your attention.</p>

A close-up, shallow depth-of-field photograph of a stack of coins. The coins are stacked vertically, with the edges of several coins visible. The lighting is warm, highlighting the metallic texture and the ridges on the edges. A bright yellow rectangular box is overlaid on the left side of the image, containing the text "Value for Money".

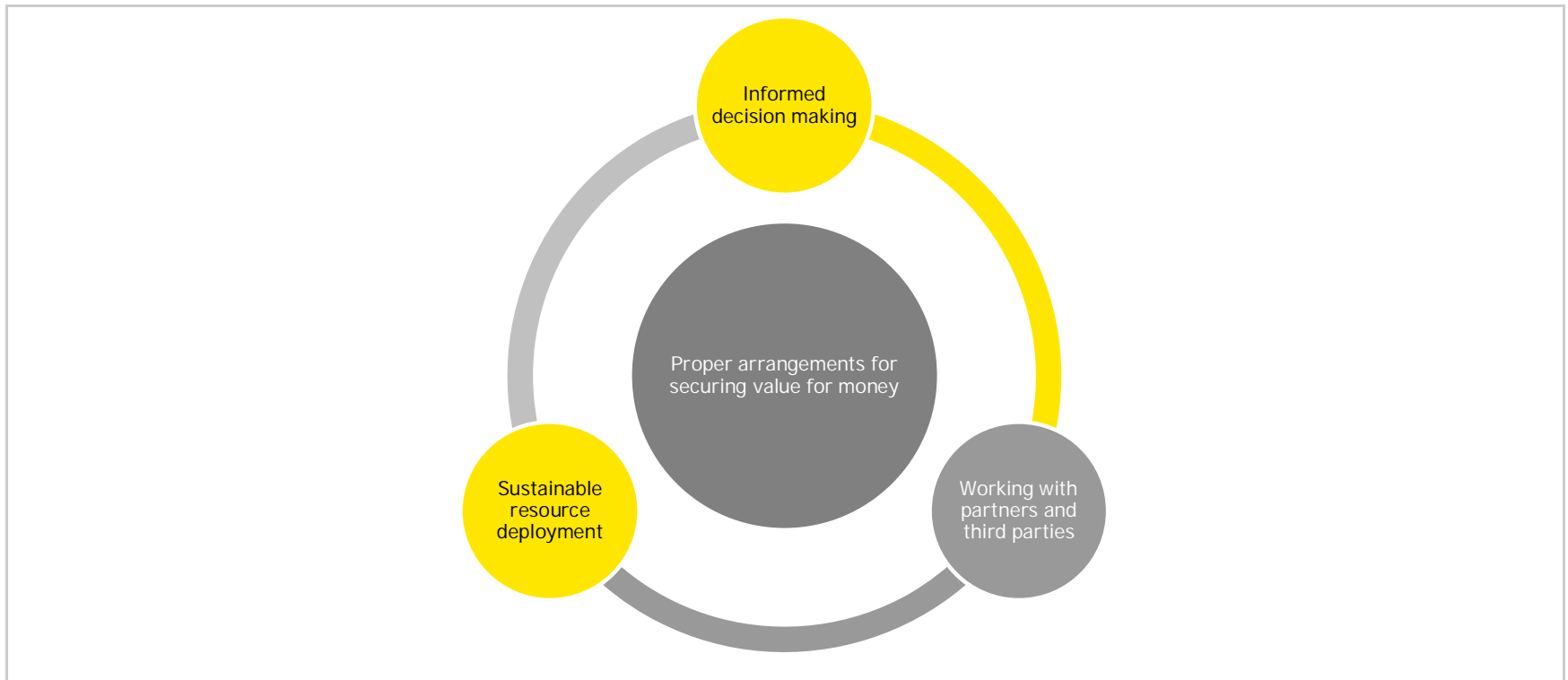
Value for Money

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. This is known as our value for money conclusion.

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.



We issued an unqualified value for money conclusion on 22 September 2016.

Our audit did not identify any significant matters in relation to the Council's arrangements.

Our detailed findings were reported to the 22 September 2016 Performance and Audit Scrutiny Committee.

The key issues identified as part of our audit were as follows:

Significant Risk	Conclusion
<p>Sustainable resource deployment: Achievement of savings needed over the medium term</p> <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 £2.4m by 2018/18, 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.</p> <p>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>The Council has a track record of achieving its savings and budget over the past 3 years;</p> <p>There is also sufficient general fund reserves in place to accommodate the level of savings required in future years should these not be achieved; and</p> <p>The Council has appropriate processes for setting its budget, and the budget assumptions appear reasonable.</p>

Other Reporting Issues

Other Reporting Issues

Whole of Government Accounts

The Council is below the specified audit threshold of £350 million. Therefore, we did not perform any audit procedures on the consolidation pack.

Annual Governance Statement

We are required to consider the completeness of disclosures in the Council's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We completed this work and did not identify any areas of concern.

Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Council or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.

Objections Received

We did not receive any objections to the 2015/16 financial statements from any member of the public.

Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

Independence

We communicated our assessment of independence in our Audit Results Report to the Performance and Audit Scrutiny Committee on 22 September 2016. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

Control Themes and Observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

No deficiencies in internal control were identified during our audit.

Appendix A

Audit Fees



Appendix A Audit Fees

Our fee for 2015/16 is in line with the scale fee set by the PSAA and reported in our 21 September 2016 Audit Plan/Annual Results Report.

Description	Final Fee 2015/16 £'s	Scale Fee 2015/16 £'s	Variation comment
Total Audit Fee – Code work	48,490	47,059	Note 1
Total Audit Fee – Certification of claims and returns	To be confirmed	15,642	Note 2

Note 1 - Audit Fee - Code work. Proposed fee includes an additional £1,431 for audit work pertaining to the Councils proposed policy Minimum Revenue Provision changes. The additional work was requested by management and the scale fee variation has been agreed.

Note 2 - Certification of claims and returns. We have not commenced our work in this area. We will report the results of our work and the final fee with you in our Annual Certification Report.

We confirm we have not undertaken any non-audit work outside of the PSAA's requirements.

EY | Assurance | Tax | Transactions | Advisory

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ED None

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Performance and Audit Scrutiny Committee



Forest Heath
District Council

Title of Report:	Annual Corporate Environmental Performance 2015-2016	
Report No:	PAS/FH/16/030	
Report to and date:	Performance and Audit Scrutiny Committee	24 November 2016
Portfolio holder:	Lance Stanbury Portfolio Holder for Planning and Growth Tel: 07970 947704 Email: lance.stanbury@forest-heath.gov.uk	
Lead officer:	Peter Gudde Service Manager - Environmental Health Service Tel: 01284 757042 Email: peter.gudde@westsuffolk.gov.uk	
Purpose of report:	To report the work undertaken during 2015-2016 to improve the environmental performance in West Suffolk.	
Recommendation:	Performance and Audit Scrutiny Committee: The Committee is asked to <u>note</u> the report's contents and support the proposal to review the Council's environmental targets which shall be the subject of a further report.	
Key Decision: (Check the appropriate box and delete all those that <u>do not</u> apply.)	Is this a Key Decision and, if so, under which definition? Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	

Consultation:	• Not applicable		
Alternative option(s):	• Not applicable		
Implications:			
Are there any financial implications? <i>If yes, please give details</i>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	•
Are there any staffing implications? <i>If yes, please give details</i>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	•
Are there any ICT implications? <i>If yes, please give details</i>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	•
Are there any legal and/or policy implications? <i>If yes, please give details</i>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	•
Are there any equality implications? <i>If yes, please give details</i>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	•
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)
Complying with environmental responsibilities	Medium	Maintaining a managed approach to environmental compliance	Low
Improving performance	Medium	Maintaining a managed approach to drive improvement	Low
Ward(s) affected:		All Wards	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		None	
Documents attached:		Appendix A – West Suffolk Environmental Statement 2015-2016	

1. Key issues and reasons for recommendation

1.1 Outline

1.1.1 Set out in this report and the supporting **Appendix A** is the Annual Environmental Statement covering environmental performance in 2015-2016. The Statement covers the operations both of Forest Heath District Council and St Edmundsbury Borough Council and the leisure trusts in West Suffolk in respect of energy and water consumption and renewable energy generation.

1.1.2 By delivering improved environmental performance across West Suffolk, the Councils continue to fulfil both their statutory and policy responsibilities set out in the West Suffolk Sustainability Strategy, and support for the shared strategic vision "*Working together, Forest Heath and St Edmundsbury Councils will support communities to create the best possible future for people in West Suffolk.*"

1.2 Summary of key findings

1.2.1 The Councils continued working to improve environmental performance during the year. Areas of key interest are summarised below:

- Carbon Dioxide emissions, compared to our 2010 baseline, are down by 12.1% for Forest Heath.
- We have reviewed our monitoring, data collection and emissions calculating procedures to provide a firmer footing for comparison in future years.
- Business passenger car mileage has reduced by 6% in 2015 compared to 2014 (the baseline year), with 457,870 miles claimed across both Councils.
- Building energy consumption was slightly high compared to last year, with gas use increasing and electricity use declining.
- Water use across the two councils and associated leisure trusts has increased by 7.3% since last year but still shows a reduction in comparison to our 2010 baseline.
- The two councils solar photovoltaic (PV) schemes continue to deliver around £118,000 of income/energy savings and 166 tonnes of CO₂ savings annually.
- We installed a further 200kWp of solar capacity on Newmarket and Brandon Leisure Centres delivering around £32,000 of income/savings and saving 30 tonnes of CO₂ savings annually.

1.2.2 In addition, our community-focused environmental work includes:

- Continued support for the Suffolk Warm Homes Healthy People Fuel Poverty Programme during winter 2015.

- Implementing a long-term energy investment plan alongside our existing support for improved community energy efficiency as part of our West Suffolk Councils' Community Energy Plan. This has led to the Councils investing in over 0.5MW of solar generating capacity hosted by third parties in West Suffolk.
- Providing local businesses with our West Suffolk Greener Business Grant funding for energy efficiency measures. To date, for a grant investment of £62,000 this programme is estimated to be saving local businesses over £75,000 and 315 tonnes of CO₂ annually.

1.2.3 More detailed performance against our objectives and targets is set out in **Appendix A**.

1.2.4 Officers have started a review of key targets, in particular with respect to Greenhouse Gas emissions, in the light of wider discussion with other public sector partners. Our current target is aligned with the "Suffolk – Creating the Greenest County" CO₂ reduction target and a new county-wide target is being adopted which accords generally with national carbon budgeting required under the Climate Change Act 2008. The outcome of the review and any recommended changes to targets will be the subject of a future report.

1.2.5 There are ongoing resource implications to deliver this work, with environmental improvement generally delivering financial returns through reduced resource use. These continue to be reviewed and considered in the light of the Council's Medium Term Financial Strategy.

1.2.6 Investment in energy and water efficiency and cutting waste is now standard practice across all business sectors and also plays a part in demonstrating a wider corporate social responsibility.

West Suffolk Environmental Statement 2015/16



River Lark Restoration near the Abbey Gardens, Bury St Edmunds

Our commitment to Sustainability

Forest Heath District Council and St Edmundsbury Borough Council are working together to manage the effects that our activities have on the natural environment.

A range of priority themes have been identified which we wish to influence through our services at a local level and an action plan has been put in place to work towards achieving this.

The issues identified include :-

- Creating sustainable economic growth
- Energy conservation and renewable energy
- Affordable warmth
- Health and well-being
- Housing
- Natural and heritage capital
- The built environment
- Travel
- Water resources
- Procurement
- Waste.

The West Suffolk Sustainability Strategy which incorporates our vision and objectives is available via www.westsuffolk.gov.uk.

Set out in the following pages is a snapshot of our performance to the year ending 31st March 2016.

Given the scope of this report, there is a significant amount of work which contributes to improving the environment carried out by us directly and with our partners which is not covered in this statement.

Our environmental performance in 2015/16

The Councils continued working to improve environmental performance during the year. Areas of key interest are summarised below:

- Emissions, compared to our 2010 baseline, are down by 12.1% for Forest Heath but progress in St Edmundsbury has slowed to 9.9%
- Although there have been some positive changes in certain emission sources across our portfolio during the year, the overall trend from both councils has diverged from our targeted trajectory
- We have reviewed our monitoring, data collection and emissions calculating procedures to provide a firmer footing for comparison in future years
- Business passenger car mileage has reduced by 6% in 2015 compared to 2014 (the baseline year), with 457,870 miles claimed
- Building energy consumption was slightly high compared to last year, with gas use increasing and electricity use declining
- Water use across the two councils and associated leisure trusts has increased by 7.3% since last year but still shows a reduction in comparison to our 2010 baseline
- Our solar photovoltaic (PV) schemes continue to deliver around £118,000 of income/energy savings and 166 tonnes of CO₂ savings annually
- We installed a further 200kWp of solar capacity on on Newmarket and Brandon Leisure Centres delivering around £32,000 of income/savings and saving 30 tonnes of CO₂ savings annually
- We retained Green Flag status for four of our public parks.
- We are reviewing our targets, in particular with respect to Greenhouse Gas emissions, in the light of wider discussion with other public sector partners. Our current target is aligned with the "Suffolk – Creating the Greenest County" CO₂ reduction target and a new county-wide target is being adopted which accords generally with national carbon budgeting required under the Climate Change Act 2008.

In addition, our community-focused environmental work includes:

- Continued support for the Suffolk Warm Homes Healthy People fuel poverty programme during winter 2015
- Implementing a long-term energy investment plan alongside our existing support for improved community energy efficiency as part of our West Suffolk Councils' Community Energy Plan. This has led to the Councils investing in over 0.5MW of solar generating capacity hosted by third parties in West Suffolk
- Providing local businesses with our West Suffolk Greener Business Grant funding for energy efficiency measures. To date, for a grant investment of £62,000 this programme is estimated to be saving local businesses over £75,000 and 315 tonnes of CO₂ annually.

More detailed performance against our objectives and targets is set out in the following pages.

Greenhouse gas emissions arising from Council activities

Target

Reduce greenhouse gas (CO₂e)¹ emissions by 60%²

Target date: 2025

Baseline year: 2010

Baseline (2010 recalculated July 2016):

Forest Heath	2,453 tonnes CO ₂ e
St Edmundsbury	5,136 tonnes CO ₂ e

The footprint comprises of three components:

- Emissions from building heating (e.g. by gas or oil), business passenger car travel and any so-called "fugitive" emissions arising from sources other than from controlled combustion.
- Emissions arising from purchased electricity use.
- Business mileage by public transport and the embedded emissions associated with water use in public buildings.

In practice, this target applies to energy, transport and water use across both Councils. We include emissions associated with the leisure centres operated by Abbeycroft Leisure Trust and Anglia Community Leisure Trust now combined as one trust, ACL, and other operational buildings within each respective Council's footprint. This is because we own the buildings and have a direct commissioning relationship with the Trust.

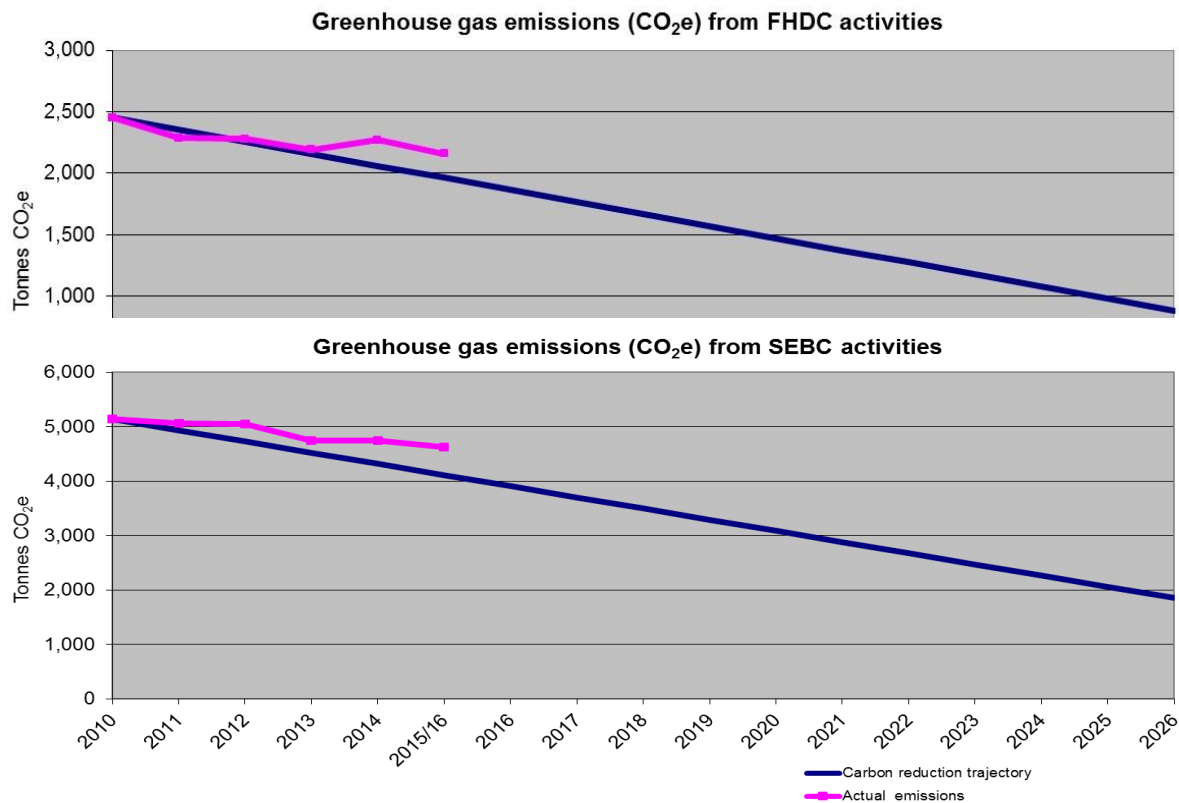
In 2015/16 we have reviewed our energy monitoring approach for other sites to bring them in line with this approach, we now include 100% of the energy and emissions for sites such as West Suffolk House, the Apex and other sites under short term contract with a third party. This change in approach means that each Council's baseline and reduction trajectory has been recalculated to ensure a consistent and inclusive approach to monitoring energy consumption and emissions reporting.

We publish the own Greenhouse Gas Inventories annually with the first publication made in July 2011 for the financial year 2010/11. These are available on our website.

¹ Local authority Greenhouse Gas Inventories are published and reported annually following the approved method set out in Defra publication "Guidance on how to measure and report your greenhouse gas emissions" published in September 2013. It is revised the following year where it is necessary as result of the latest available billing and metering information and changes to the ownership and use of buildings. It is worth noting that the purchase of green electricity cannot be used to claim carbon savings under the methodology.

² *Carbon dioxide equivalent (CO₂e)*. A universal unit of measurement used to indicate the global warming potential of a greenhouse gas, expressed in terms of the global warming potential of one unit of carbon dioxide. It is used to evaluate the releasing (or avoiding releasing) of different greenhouse gases against a common basis.

2015-16 performance



CO₂ emissions recalculations have improved the consistency of our approach, however they have changed the initial baseline emissions and most notably 2014/15 emissions – this was because the emissions from grid electricity were much higher in this year.

In 2015/16, Forest Heath decreased by 5.0% compared to the previous year. Emissions for St Edmundsbury showed a 2.5% reduction. Compared to our 2010 baseline, emissions have reduced generally by 12.1% for Forest Heath but progress in St Edmundsbury has slowed to 9.9% because our accounting now takes into account all buildings owned by the council, even if operated under a contract by a third party.

The main trends in relation to greenhouse gas emissions in 2015/16 from buildings have been an increase in the amount of gas used (not linked to weather) across the councils biggest sites and slowing of the progress made to manage consumption and emissions generally in buildings.

Transport-related emissions have decreased over the period for both councils.

Emissions arising from ACL's activities have decreased slightly in 2015/16 in St Edmundsbury. This is despite increased business generally, in particular from the reopening of water flumes at Bury Leisure Centre leading to increased energy demand.

Building energy use

Target:

Reduce carbon emissions associated with building energy

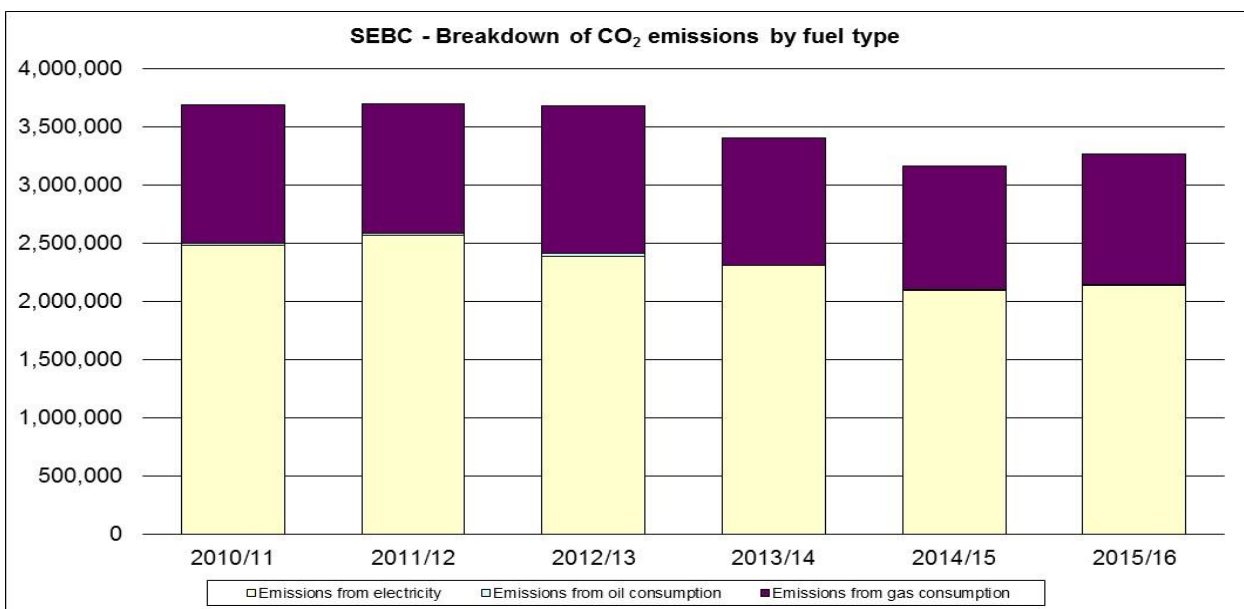
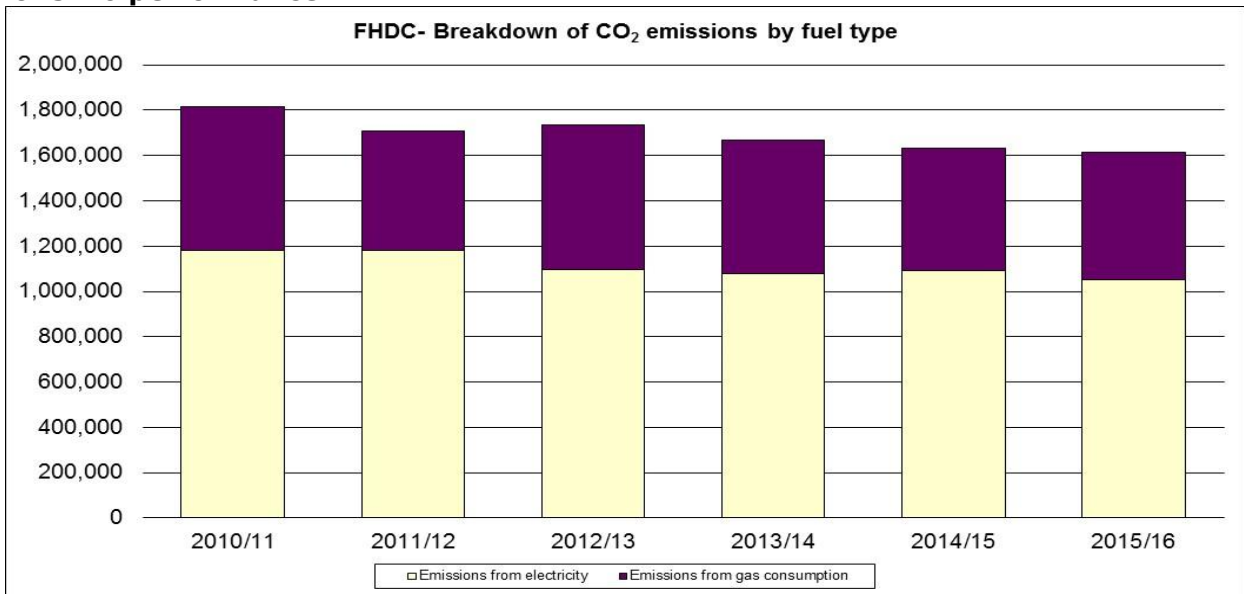
Target date: 2025

Baseline year: 2010 (recalculated July 2016)

Forest Heath
St Edmundsbury

1,817 tonnes CO₂e
3,692 tonnes CO₂e

2015-16 performance



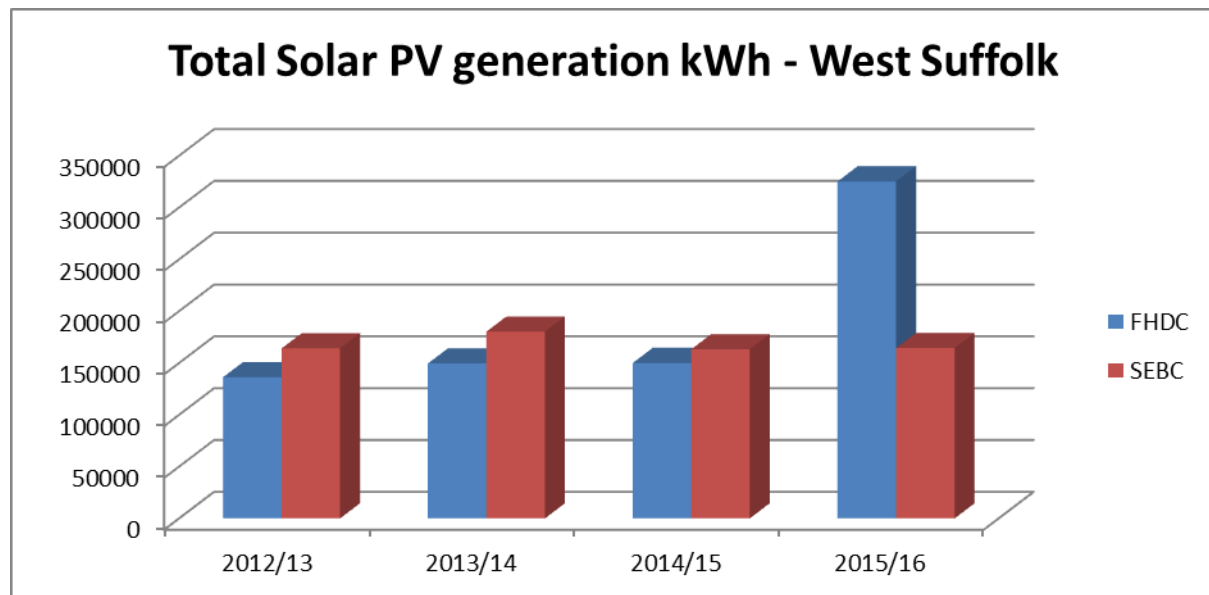
Compared to 2014-15, gas consumption increased by 4.5% across the St Edmundsbury/ACL property portfolios while Forest Heath/ACL showed a 6.0% increase. Electricity use decreased by 2.6% across St Edmundsbury/ACL while a 0.5% decrease was seen within FHDC/ACL.

Investment continues to be made in energy efficiency measures including installing Light Emitting Diode (LED) lighting in council controlled car parks. However, increases in occupancy/use of sites such as the leisure centres and the Apex have come with an increased energy demand. Despite this linkage with use, there are opportunities for 2016-17 to refocus

on the control of installed systems to better manage consumption at all sites.

Work is planned in 2016-17 to review energy consumption and develop action plans at the main sites to prioritise key energy consuming areas which should lead to further cost and energy reductions. In addition the council plans to put in place new monitoring and evaluation tools and procedures to improve our performance over the coming years.

Renewable energy generation



The Councils have been investing in solar panels to generate electricity since 2011. April 2015 saw two additional 100kWp arrays come online at Brandon and Newmarket Leisure Centres. This resulted in a significant increase in generation, of around 175,000 kWh, and an associated £20,000 income generation along with energy cost savings for ACL. An additional 93 tonnes of CO₂ savings were achieved during 2015/16 compared to the previous year.

Significant reductions in the Feed-In Tariffs for new installations are making further investment on this scale less viable. However, the Councils 'Solar for Business' scheme continues to look for opportunities to invest in third party installations.

Transport use

Target:

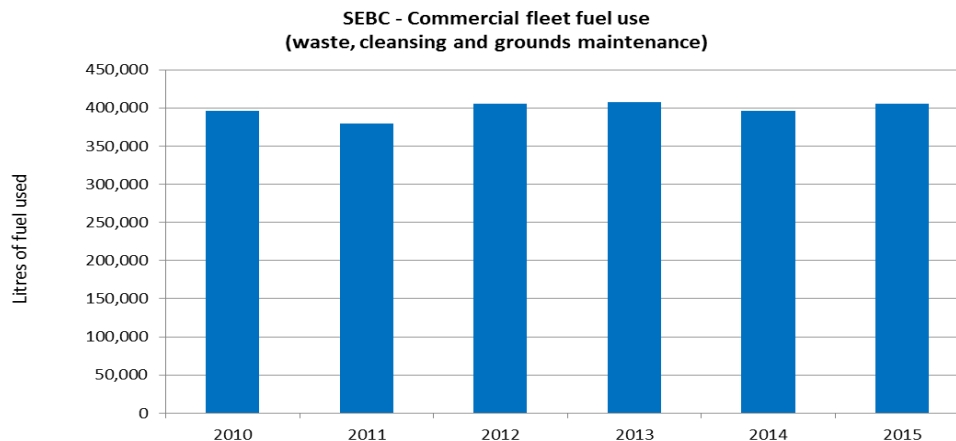
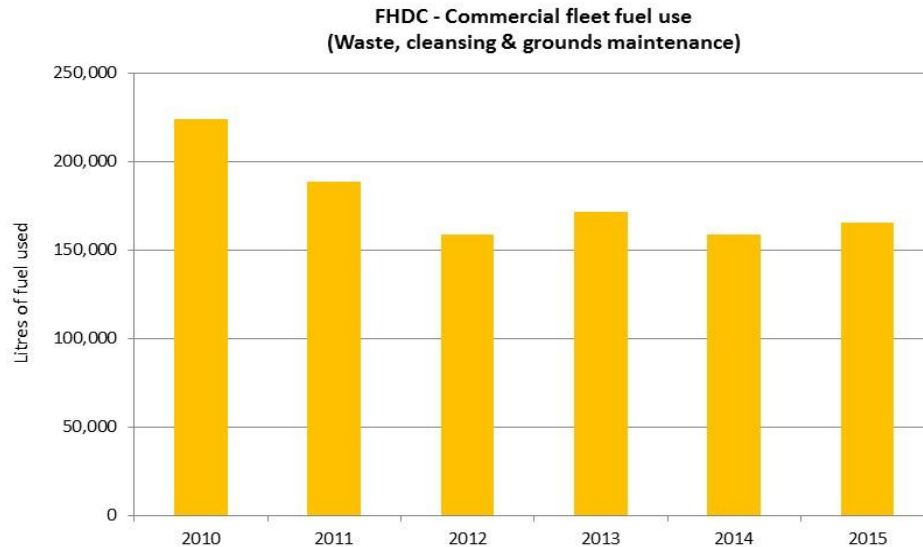
Reduce the amount of fuel used by the Council's commercial fleet

Baseline Year: 2010

Commercial fleet fuel use in baseline year

Forest Heath DC	224,260 litres
St Edmundsbury BC	396,182 litres
West Suffolk total	620,442 litres

2014-15 performance



Our combined West Suffolk commercial fleet, which provides refuse collection, cleansing and grounds maintenance services, used 19,826 litres more fuel in 2016 compared with the previous year. Compared to the 2010 baseline, fleet fuel use for refuse trucks and road sweepers has decreased by 7.1%. Last year's increase in demand reflects service growth in response to more homes being built in the area and includes increased levels of street cleaning and commercial activities like gardens and grounds maintenance.

Transport use

Target:

Reduce the total amount of Council passenger mileage by 10% each year over 2015 and 2016.

Baseline Year: 2014

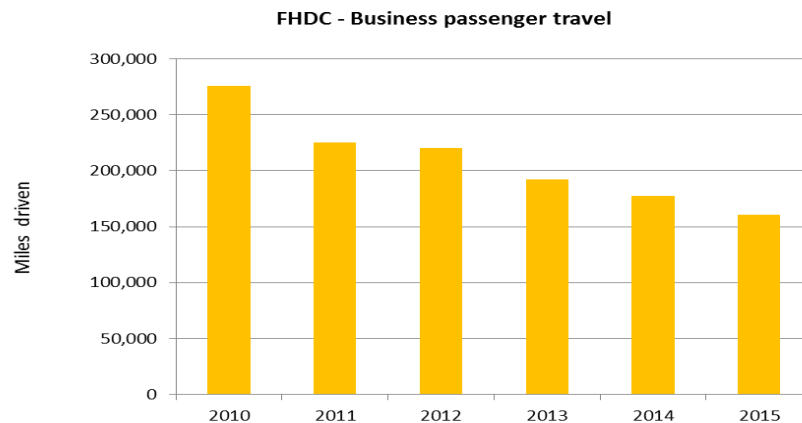
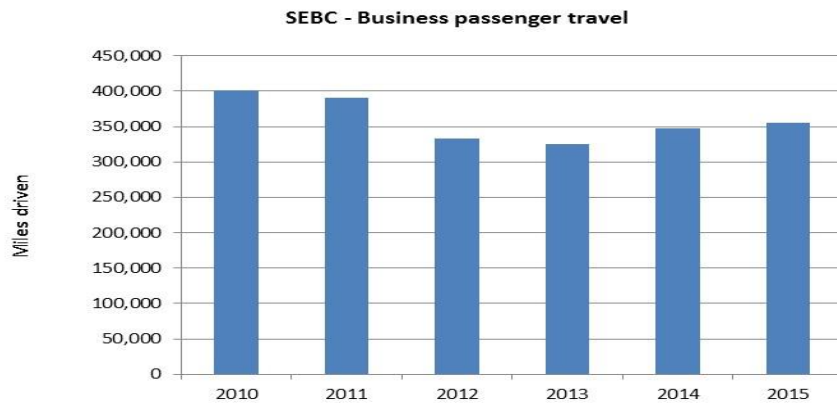
Business passenger travel in baseline year:

West Suffolk total

484,744 miles

2015-16 performance

Given the shared way of working, it is no longer feasible to a meaningfully apportion claimed business passenger mileage between the two Councils. A 10% per annum mileage reduction target was adopted in January 2015 to run to December 2017 taking on 2014 mileage baseline of 484,744 miles across the Councils. This equates to a total saving of around £30,000 over the two year project life. To achieve this, a reduction programme was launched comprising a range of initiatives, advice and support to staff about business travel.



Business mileage reduced by 6% in 2015 with 457,870 miles claimed. A range of factors are likely to have led to our decrease in claimed business mileage (in no particular order):

- Impact of our business mileage reduction programme
- Changes to the arrangements for claiming mileage
- The use of tele and videoconferencing – more facilities are now available between offices
- Pool car use.

Overall, in 2015/16 Business passenger travel including business mileage and pool car use, appears to have roughly stabilised in St Edmundsbury. Forest Heath continued to show a

reduction in miles travelled.

Water use

Target: Reduce the amount of water used in Council activities.

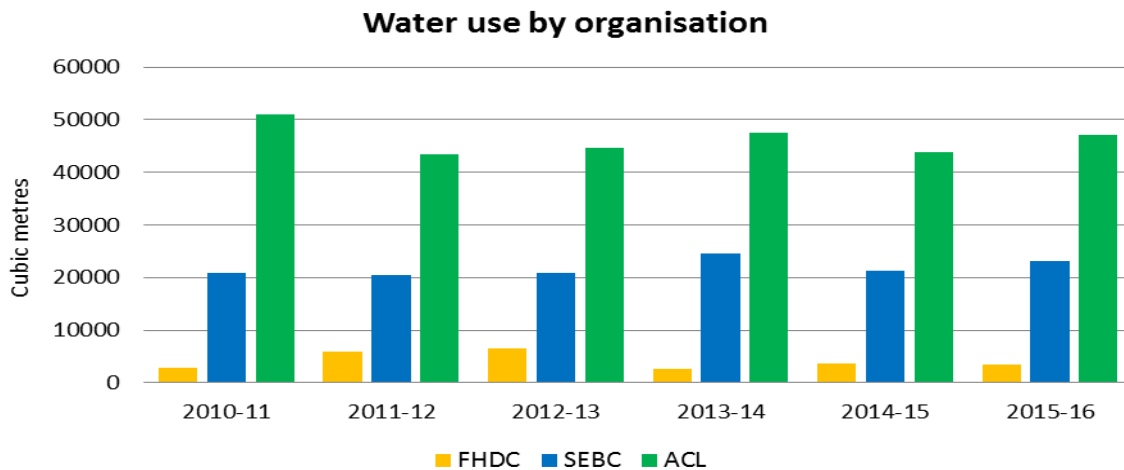
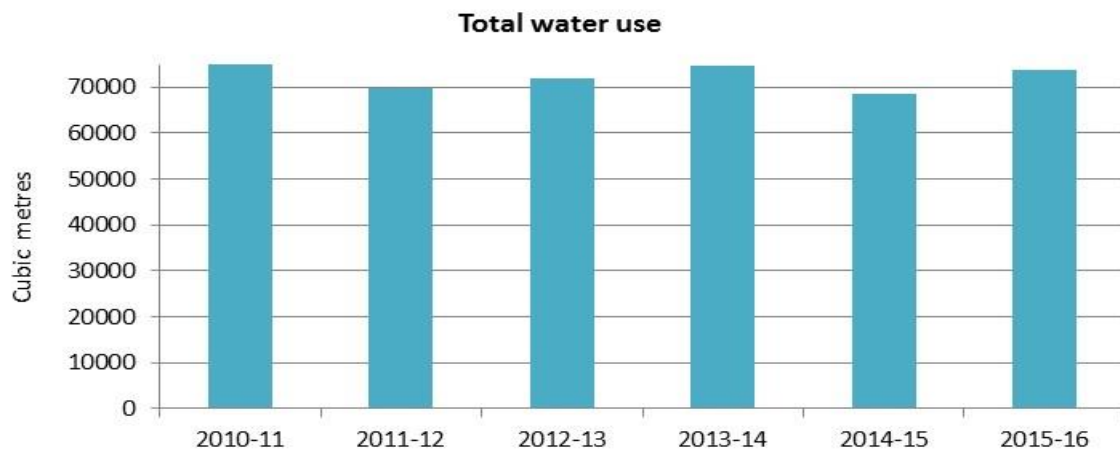
Baseline year - 2010 (recalculated June 2014)

Water use in baseline year

Forest Heath	2,872 cubic metres
St Edmundsbury	20,955 cubic metres
ACL	51,076 cubic metres
West Suffolk total	74,903 cubic metres

The leisure centres operated by ACL are included in the baseline to accord with the Greenhouse Gas Inventory. The leisure centres account for around two thirds of total water use in 2015/16.

2015-16 performance



Water use has increased in 2015/16. There has been a significant increase in use from ACL and St Edmundsbury sites. Water consumption from Forest Heath sites has shown a very slight decrease on the previous year. New AMR systems have been installed by Anglian Water to aid in the tracking of consumption and have already helped to highlight and help the investigation of increase usage. Further work is planned for 2016/17 to review the recent increases in consumption and establish actions plans for management.

Corporate Waste

Target: Recycle/Reuse/Recover 50% or more of each waste stream where safe to do so.

Baseline year - 2010

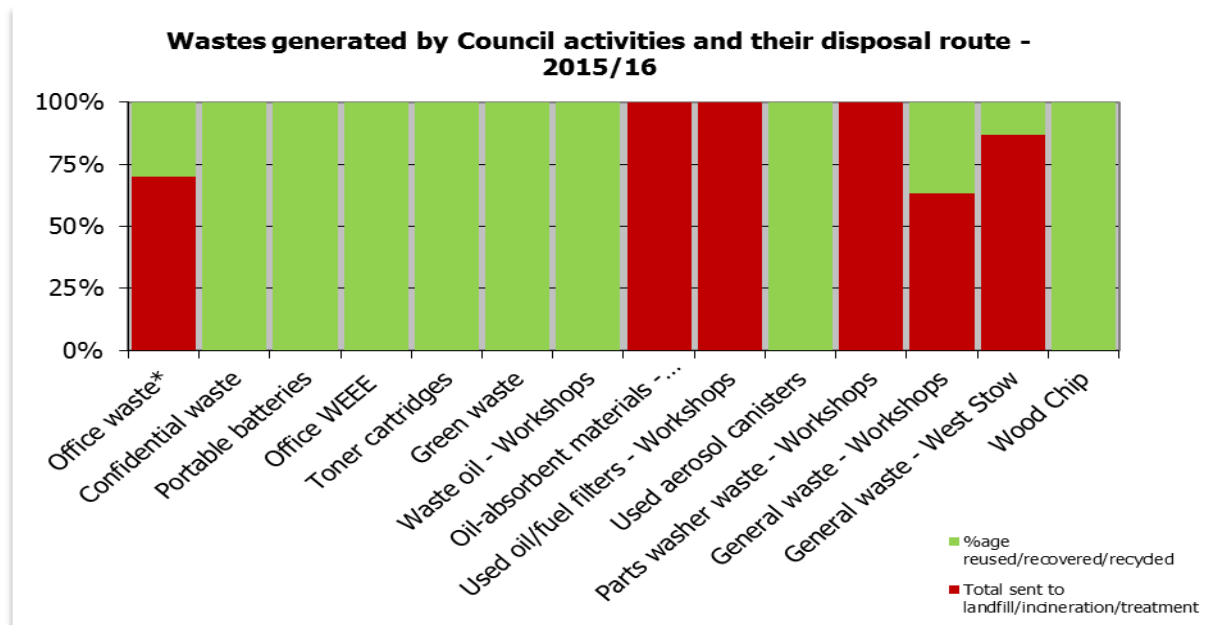
Corporate Waste use in baseline year

- 10 waste streams 50% recycled.
- 6 waste streams with potential to increase the recycling rate to 50% or above.
- 7 waste streams are subject to safe disposal only.

The Council's generate waste from a range of activities with our goal to reduce their arising and then increase to proportion recycled instead of landfilled.

2015-16 performance

The overall trend in waste generation and current waste management routes of those waste that we have direct responsibility (i.e. we are the waste holder under the Waste Duty of Care Code of Practice) are shown below:



It is our intention to continue to ensure legal compliance with respect to the Duty of Care for waste whilst reviewing our target during 2016/17 so that we focus on areas that we can achieve meaningful improvement.

Biodiversity

Target: Demonstrate habitat improvements at Green Flag Accredited Sites

Baseline: Four Green Flag parks

2015-2016 performance

The following sites successfully retained Green Flag accreditation in 2015-2016:

- Nowton Park, Bury St Edmunds
- East Town Park, Haverhill
- Abbey Gardens, Bury St Edmunds
- Aspal Close Nature Reserve, Beck Row

Nowton Park

There are 50 acres of woodland in the park. Volunteers work with rangers to ensure the ground flora of the woodland is kept varied by coppicing areas on rotation to achieve varied light levels. The resultant diversity can be seen in this picture of a row of 'Elf Cap' fungi, with snowdrops in the background.



East Town Park, Haverhill

Suffolk Wildlife Trust sponsored the reworking of a section of the millennium meadow, removing the rank species such as nettles and docks, and restocking the field after ploughing with hay arisings from a species rich Suffolk Meadow. Volunteers spread the hay across the prepared meadow to help distribute the wild seed.



Abbey Gardens, Bury St Edmunds

Adjacent to the south of the gardens is a low lying area known as the Crankles, where medieval fishponds used to be. This year, following the harvesting of the existing cricket bat willow plantation, the area has been replanted with alder trees, fruit trees and open meadow wildflowers to establish more nectar producing plants.



Aspal Close Nature Reserve, Beck Row

This unique nature reserve contains some 200 ancient oaks lying within species-rich Breckland grassland. The districts arboricultural team have carried out a range of formative pruning work on these valuable trees to ensure they are kept in the best of health.



Target: Demonstrate habitat improvements in two principal towns in West Suffolk

The Yellow Brick Road (Newmarket)

The Newmarket Brook runs parallel with the Number 57 national cycle route for much of its course, from the centre of the town to the northern boundaries (1.7 miles). The brook has had major clearance of woody vegetation during the winter to reduce shading and to allow better access for ecological survey work to take place the following year.



Target: Demonstrate habitat improvements at one rural location in West Suffolk

Red Lodge Heath (Red Lodge)

The Heath is designated as an SSSI and FHDC support the local conservation group (in consultation with the landowner) in helping to maintain the site and promote its special interest. Interpretation panels were installed last year and this year the district has funded a new ride on mower for the group to help keep paths and rides well maintained within the reserve.



Environmental Compliance

Target: No incidents leading to formal action being taken by regulatory bodies

Target date: Ongoing

Baseline: 100% legal compliance with operations according with the ISO14001 certification

2015-16 performance

The Councils continued to ensure effective compliance with environmental regulations.

Regular reviews are undertaken by key services to ensure that they are up-to-date with the environmental legislation that applies. No problems with environmental compliance have been reported during the period.

The councils continue to carry out their activities to achieve commitments set out in the West Suffolk Sustainability Strategy adopted in 2013.

Since June 2015, St Edmundsbury ceased to be accredited to ISO14001. Consequently, it is planned to review the target.

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Performance and Audit Scrutiny Committee



Forest Heath
District Council

Title of Report:	Financial Performance Report (Revenue and Capital) Quarter 2 – 2016-2017	
Report No:	PAS/FH/16/031	
Report to and date:	Performance and Audit Scrutiny Committee	24 November 2016
Portfolio holder:	Stephen Edwards Portfolio Holder for Resources, Governance and Performance Tel: 01638 660518 Email: Stephen.edwards@forest-heath.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 second quarter of 2016-17 and forecasted outturn position for 2016-17.	
Recommendation:	Performance and Audit Scrutiny Committee: Members are requested to <u>note</u> the year end forecast financial position and forward any relevant issues or comments to Cabinet for their consideration.	
Key Decision: <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:		None	
Documents attached:		<p>Appendix A – Revenue budget summary, for the period April to September 2016.</p> <p>Appendix B – Revenue budget detail, for the period April to September 2016.</p> <p>Appendix C – Capital budget summary, for the period April to September 2016.</p> <p>Appendix D – Earmarked Reserves for 2016/17</p>	

1. Key issues and reasons for recommendation(s)

1.1 Key Issues

- 1.1.1 This is the second quarter financial monitoring report for Forest Heath District Council; which includes year end forecast outturn figures for large variance items we are aware of. We will continue to monitor the position throughout the year and will update members on any change to this position at the next PASC meeting.
- 1.1.2 Details of the Council's revenue performance and year end forecasted outturn position can be found in **Appendix A** and **B**. Explanations of the main year end forecast over/(under) spends can be found in the table at 1.2.3.
- 1.1.3 The Council's capital financial position is summarised below at 1.3. Further details are provided in **Appendix C**.
- 1.1.4 A summary of the earmarked reserves can be found at **Appendix D** along with the forecast year end position for 2016/17.

1.2 Revenue Performance

- 1.2.1 The current forecast position for the year end is expected to be on budget. Explanations of the main year end forecast over / (under) spends can be found in the table at 1.2.3 below.
- 1.2.2 Members are requested to note the current position and the significant variances as outlined in the paragraphs below. Budget holders will continue to work with Resources Business Partners and Business Support Advisors and an updated outturn position will be provided to this committee in November.
- 1.2.3 Year end forecast variances over £25,000 are explained in the table below.

Year end forecast variance: Over / (under) spend £000s	Explanation
(30)	Resources & Performance Savings on salary costs resulting from staffing vacancies (see paragraph 1.2.4) and an expected underspend on software maintenance charges.
96	General Fund Adjustments: Additional income from the Suffolk Business Rates Pool offset by an overspend on Business Rate Levy payable due to more business rate growth than included in the budget. This additional growth income will be retained in the Collection Fund to be redistributed in future years.

Year end forecast variance: Over / (under) spend £000s	Explanation
(44)	<p>Council Tax Administration: Administration Subsidy Grant is higher than budgeted due to the government's decision to merge in New Burdens funding. It is also anticipated that income from court costs recovered will exceed expectations.</p>
115	<p>Development Control: Overspend arising through additional approved staffing costs (see paragraph 1.2.4), combined with a projected income shortfall, additional service development costs and an increase in advertising costs.</p>
56	<p>Environmental Management: Underachievement of budgeted feed-in-tariffs due to changes in Government Legislation and less take-up than initially anticipated.</p>
(160)	<p>Solar Farm (Unbudgeted in 2016/17) Solar Farm went live for Forest Heath in August and is currently generating returns in line with expectations.</p>
(25)	<p>Property Services Salary costs currently underspent as a result of vacancies (see paragraph 1.2.4).</p>
(29)	<p>Industrial and Business Units: Rental income currently overachieving against budget, and underspending on landlord costs as a result of better occupancy than anticipated.</p>
52	<p>Interest Receivable: Reduction in expected income resulting from fewer funds invested overall. The purchase of the Solar Farm has been a key contributor to the reduction in the funds available to invest, however the returns expected from the Solar Farm more than compensate for the loss of investment income.</p>

1.2.4 Employee-related Expenses

Whilst the year end forecast variances in the table above will always include a number of areas where there are overspends or underspends on employee related costs, the overall position for the West Suffolk councils in this area is broadly on track with the approved budget, with a small forecasted year end underspend of around 1%. This underspend has arisen as a result of a number of factors, including the success of close budgetary control and vacancy management, staffing vacancies during the year, structural changes and

assumptions around pension scheme take-up which are currently being reviewed as part of the budget setting process.

1.2.5 Compostable Collection (Brown Bin)

1.2.6 The report SE/PAS/15/029 "Subscription Charge for the Brown Bin Service" was presented to this committee on 25 November 2015. This report outlined the rationale behind the proposed charging regime, and modelled a number of potential scenarios and outcomes which might arise as a result of the introduction of a subscription service. This report agreed that the subscription would be fixed for a three year period, and that the budget would be reviewed annually once a better understanding of the take-up is available.

1.2.7 There are a number of variables that impact upon arrangements for sharing costs and benefits with Suffolk County Council that are still to be fully understood and agreed. As such this report assumes that the budget position on the Garden Waste Collection service is broadly in line with the cost neutral (status quo) and safe assumptions that were presented in the original report. Work is ongoing as regards reviewing the costs and benefits, and it is envisaged that a more complete position will be available later in the financial year when there will be a fuller understanding of the impact to waste collection and disposal and cost sharing arrangements are confirmed.

1.3 Capital Position

1.3.1 The following table is a high level summary of capital expenditure against budget for 2016/17. Further details by capital project can be found at **Appendix C**.

The Resources Team will continue to work with Budget Holders to monitor capital spend and project progress closely for the remainder of the financial year and an updated position will be presented to this committee on a quarterly basis.

Service Area	2016/17 Budget	2016/17 Actual Spend to Date	2016/17 Forecast Spend	2016/17 Carried Forward	2016/17 Forecast Over / (under) Spend
	£000s	£000s	£000s	£000s	£000s
Planning & Growth	17,117	14,011	14,636	1,031	(1,450)
Housing	4,315	47	268	3,515	(532)
Resources & Performance	5,312	2,681	4,712	500	(100)
Families & Communities	36	6	9	28	0
Operations	2,786	1,493	2,203	628	46
Totals:	29,566	18,238	21,828	5,702	(2,036)

Summary by Head of Service

Appendix A

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Head of Service	Expenditure Budget to Date £	Income Budget to Date £	Net Budget to Date £	Expenditure Actual to Date £	Income Actual to Date £	Actual to Date £	Over/(Under) Spend to Date £	Variance to Date %	Y/E Forecast Variance £
Head of Resources & Performance	12,666,252	(20,199,632)	(7,533,380)	11,895,443	(19,557,393)	(7,661,950)	(128,570)	1.71%	(5,817)
Head of Human Resources, Legal & Democratic Services	461,746	(51,444)	410,302	471,220	(19,460)	451,759	41,457	10.10%	(9,009)
Head of Families and Communities	592,583	(160,174)	432,409	541,907	(151,334)	390,573	(41,836)	9.68%	(18,834)
Head of Planning and Growth	961,092	(729,484)	231,608	1,023,534	(634,884)	388,650	157,042	67.81%	2,794
Head of Operations	2,928,234	(2,007,910)	920,324	2,695,322	(2,227,997)	467,325	(452,999)	49.22%	(18,860)
Head of Housing	288,009	(18,858)	269,151	288,519	(38,108)	250,411	(18,740)	6.96%	(2,313)
TOTALS:	17,897,916	(23,167,502)	(5,269,586)	16,915,945	(22,629,176)	(5,713,232)	(443,646)	8.42%	(52,039)
Interest Receivable	0	(175,002)	(175,002)	0	(210,378)	(210,378)	(35,376)	20.21%	52,039
Interest Payable	84,800	0	84,800	85,032	0	85,032	232	0.27%	0
Minimum Revenue Provision	0	0	0	0	0	0	0	0.00%	0
TOTALS:	17,897,916	(23,342,504)	(5,444,588)	16,915,945	(22,839,554)	(5,923,610)	(479,022)	8.80%	0

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HEAD OF RESOURCES & PERFORMANCE							
Cost Centre Description	Full Year Budget £	Budget to Date £	Actual to Date £	Variance to Date £	Variance to Date %	Y/E Forecast Variance £	Year End Variance Notes
Resources & Performance	387,984	178,476	151,717	(26,759)	14.99%	(30,470)	Salary savings due to vacancies and pension scheme opt out, combined with an anticipated underspend on software charges.
Grants to Organisations	42,121	42,121	42,121	0	0.00%	0	
General Fund Adjustments	(5,664,724)	(8,562,476)	(8,523,236)	39,240	0.46%	96,382	£138k additional levy payable due to more business rates collectable & drop in Provision for appeals, offset by an anticipated extra £75k income from the Suffolk Business Rate Pool. In addition a budgeted transfer from the Business Rates Equalisation Reserve has only been partly made due to insufficient funds in the reserve.
Resources & Performance:	(5,234,619)	(8,341,879)	(8,329,398)	12,481	0.15%	65,912	
Internal Audit	64,807	29,310	28,531	(779)	2.66%	(1,341)	
Internal Audit:	64,807	29,310	28,531	(779)	2.66%	(1,341)	
ICT	489,844	305,598	233,648	(71,950)	23.54%	(13,231)	Current period variance relates to invoices not yet received in respect of hardware, software & internet connectivity.
ICT:	489,844	305,598	233,648	(71,950)	23.54%	(13,231)	
Anglia Revenues Partnership	903,493	454,782	353,870	(100,912)	22.19%	0	Current period underspend relates to timings of invoicing from Breckland Council. Year end position expected to be in line with budget.
Council Tax Administration	(177,450)	(115,226)	(156,037)	(40,811)	35.42%	(44,073)	Additional Council Tax Administration Subsidy received due to the merging of New Burdens Grant, along with anticipated additional court costs recovered above the budgeted level.
Business Rate Administration	(95,400)	(47,700)	(49,190)	(1,490)	3.12%	(2,764)	
Housing Benefits	(330,469)	(155,181)	(201,241)	(46,060)	29.68%	0	Current period variance arising from timings of HB subsidy income and expenditure, expected to be in line by the year end.

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Anglia Revenues Partnership:	300,174	136,675	(52,598)	(189,273)	138.48%	(46,837)	
Corporate Expenditure	788,840	336,916	425,893	88,977	26.41%	(11,329)	Current period variance includes feasibility spend to be funded from reserves.
Non-Distributed Costs	0	0	16,099	16,099	0.00%	600	
Corporate Expenditure:	788,840	336,916	441,992	105,076	31.19%	(10,729)	
Emergency Planning	19,645	0	15,875	15,875	0.00%	409	
Emergency Planning:	19,645	0	15,875	15,875	#DIV/0!	409	
TOTALS: RESOURCES & PERFORMANCE	(3,571,309)	(7,533,380)	(7,661,950)	(128,570)	1.71%	(5,817)	
HEAD OF HR & DEMOCRATIC SERVICES							
Cost Centre Description	Full Year Budget £	Budget to Date £	Actual to Date £	Variance to Date £	Variance to Date %	Y/E Forecast Variance £	Year End Variance Notes
Human Resources & Payroll	187,599	84,511	107,174	22,663	26.82%	(8,058)	Current period overspend arising from timing of income invoices.
Human Resources:	187,599	84,511	107,174	22,663	26.82%	(8,058)	
Health & Safety	54,579	26,262	25,662	(600)	2.28%	(6,334)	
Health & Safety:	54,579	26,262	25,662	(600)	2.28%	(6,334)	
Central Training Services	69,324	34,667	25,445	(9,222)	26.60%	(1,142)	Current period underspend on training, expected to be in line with budget by the year end.
Learning & Development:	69,324	34,667	25,445	(9,222)	26.60%	(1,142)	
Legal Services	150,038	70,884	93,605	22,721	32.05%	4,451	Current period overspend on legal fees, expected to be more in line with the budget by the year end.
Legal Services:	150,038	70,884	93,605	22,721	32.05%	4,451	
Democratic Services	76,054	33,902	35,493	1,591	4.69%	(484)	
Members Allowances & Expenses	219,615	109,818	107,581	(2,237)	2.04%	(3,521)	
Mayoralty & Civic Functions	3,640	2,204	6,610	4,406	199.91%	2,970	Small overspend on Public & Civic Functions
Democratic Services:	299,309	145,924	149,684	3,760	2.58%	(1,035)	

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Electoral Registration	68,285	32,075	24,350	(7,725)	24.08%	(262)	
Election Expenses	20,686	15,979	25,838	9,859	61.70%	3,371	Current period variance relates to timings of reimbursements from several outside bodies which are expected to be settled by the year end.
Elections:	88,971	48,054	50,188	2,134	4.44%	3,109	
TOTALS: HR & DEMOCRATIC SERVICES	849,820	410,302	451,758	41,456	10.10%	(9,009)	
HEAD OF FAMILIES & COMMUNITIES							
Cost Centre Description	Full Year Budget £	Budget to Date £	Actual to Date £	Variance to Date £	Variance to Date %	Y/E Forecast Variance £	Year End Variance Notes
Policy	95,923	44,128	42,768	(1,360)	3.08%	(3,311)	
Policy:	95,923	44,128	42,768	(1,360)	3.08%	(3,311)	
Communications	73,875	33,390	30,532	(2,858)	8.56%	(3,517)	
Website and Intranet	20,774	14,488	10,148	(4,340)	29.96%	(4,339)	
Communications:	94,649	47,878	40,680	(7,198)	15.03%	(7,856)	
Customer Services	345,047	137,344	143,335	5,991	4.36%	15,542	
Bus Stations	51,697	32,153	27,015	(5,138)	15.98%	(4,826)	
Customer Services:	396,744	169,497	170,350	853	0.50%	10,716	
Community Development	177,538	82,314	57,616	(24,698)	30.00%	(22,698)	Current year underspend on staffing costs.
Community Chest - Families & Communities	90,250	79,124	71,716	(7,408)	9.36%	0	
Health, Culture & Arts	17,500	8,748	2,443	(6,305)	72.07%	0	Current period variance relates to timings of grant payments.
Community Centres	720	720	5,001	4,281	594.58%	4,315	Additional spend relating to business rates and repairs.
Families & Communities:	286,008	170,906	136,776	(34,130)	19.97%	(18,383)	
TOTALS: FAMILIES & COMMUNITIES	873,324	432,409	390,574	(41,835)	9.67%	(18,834)	

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HEAD OF PLANNING & GROWTH							
Cost Centre Description	Full Year Budget £	Budget to Date £	Actual to Date £	Variance to Date £	Variance to Date %	Y/E Forecast Variance £	Year End Variance Notes
Development Control	(261,343)	(144,746)	(18,193)	126,553	87.43%	115,768	Income currently predicted to fall short of budget, overspend on advertising costs, plus additional staffing & recruitment costs arising from service development initiatives
Development Control:	-261,343	-144,746	(18,193)	126,553	87.43%	115,768	
Planning Policy	321,568	211,902	244,150	32,248	15.22%	3,754	
Local Plan	6,900	3,450	1,601	(1,849)	53.59%	8,000	
Place Shaping:	328,468	215,352	245,751	30,399	14.12%	11,754	
Land Charges	(72,990)	(36,492)	(37,189)	(697)	1.91%	6,025	
Building Control	7,797	(3,102)	(15,356)	(12,254)	395.04%	(10,423)	Underspend arising as a result of increased income levels.
Planning & Regulatory Support	171,026	78,294	79,153	859	1.10%	(733)	
Business (BC & Support):	105,833	38,700	26,608	(12,092)	31.25%	(5,131)	
Prevention of Pollution	32,236	16,116	12,683	(3,433)	21.30%	(1,668)	
Environmental Management	(58,247)	(30,162)	6,659	36,821	122.08%	56,356	£61k Shortfall in Income. Lower take up on projects
Drinking Water Quality	15,436	6,690	4,223	(2,467)	36.88%	(3,836)	Increase in income received.
Climate Change	29,320	14,664	19,284	4,620	31.51%	4,582	
Solar Farm	0	0	0	0	100.00%	(160,000)	Solar Farm operating as expected
Home Energy Conservation	3,558	1,776	1,000	(776)	43.69%	300	
Environment:	22,303	9,084	43,849	34,765	382.71%	(104,266)	
Licensing	(12,743)	(10,500)	(23,918)	(13,418)	127.79%	(1,388)	Licensing fees currently exceeding budget.
Hackney Carriage & Private Hire Licensing	(49,845)	(24,918)	(24,032)	886	3.56%	952	
Food Safety	60,852	29,388	17,117	(12,271)	41.76%	(16,993)	Current variance relates to underspend on salaries, plus some additional fee income.
Health & Safety at Work Act/Enforcement	44,382	21,156	16,689	(4,467)	21.11%	(11,439)	
Business Reg & Licensing:	42,646	15,126	(14,144)	(29,270)	193.51%	(28,868)	
Economic Development & Growth	173,430	76,642	81,089	4,447	5.80%	9,873	

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Strategic Tourism & Markets	30,344	15,174	19,938	4,764	31.40%	680	Current variance relates to advertising overspend, but expected to be on budget by the year end.
Vibrant Town Centres	12,560	6,276	3,754	(2,522)	40.18%	2,984	
Economic Development & Growth:	216,334	98,092	104,781	6,689	6.82%	13,537	
TOTALS: PLANNING & GROWTH	454,241	231,608	388,652	157,044	67.81%	2,794	
HEAD OF OPERATIONS							
Cost Centre Description	Full Year Budget £	Budget to Date £	Actual to Date £	Variance to Date £	Variance to Date %	Y/E Forecast Variance £	Year End Variance Notes
Pool Cars	1,040	1,040	1,330	290	0.00%	(541)	
Vehicle Workshop Trading Account - FHDC	0	0	23	23	0.00%	23	
Depots	(38,230)	30,555	31,432	877	2.87%	1,769	
Waste & Cleansing Operatives	(40,380)	839,924	824,983	(14,941)	1.78%	18,134	
Markets	76,044	5,121	1,374	(3,747)	73.17%	(7,370)	Variance mainly arising from staffing underspends.
Operational:	-2,566	875,600	857,789	(17,811)	2.03%	12,533	
Street Cleansing	561,714	31,500	22,555	(8,945)	28.40%	(10,113)	Variance mainly arising from staffing underspends.
Refuse Collection (Black Bin)	391,069	48,168	35,574	(12,594)	26.15%	9,799	Current period variance relates to underspend on vehicle repairs & maintenance.
Recycling Collection (Blue Bin)	287,054	24,470	11,193	(13,277)	54.26%	14,608	Increased cost due to reduction in worldwide commodity prices for recyclable materials resulting in an increased gate fee at the Material Recovery Facility (MRF). The net recycling credit from Suffolk County Council that was budgeted at £34/tonne has therefore dropped to £27/tonne.
Compostable Collection (Brown Bin)	108,752	(23,794)	(402,042)	(378,248)	1589.68%	0	Waste disposal and cost sharing arrangements with Suffolk County Council currently being reviewed.
Bulky, Fridges, Metal & Scrap Collection	40,726	(312)	(7,579)	(7,267)	2329.17%	(7,734)	Income expected to exceed budget.
Clinical & Hazardous Waste Collection	4,629	2,316	5,350	3,034	131.00%	2,363	Current period variance relates to clinical waste collection costs, expected to be more in line with the budget by the year end.
Multi-Bank Recycling Sites	(37,542)	(14,180)	(13,726)	454	3.20%	(6,319)	
Trade Waste	(84,347)	(380,803)	(373,478)	7,325	1.92%	22,057	
Waste - Business & Commercial	1,272,055	-312,635	(722,153)	(409,518)	130.99%	24,661	

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Property Services	300,303	147,706	152,227	4,521	3.06%	(25,018)	Underspend arising from Staff Vacancies
Property Maintenance:	300,303	147,706	152,227	4,521	3.06%	(25,018)	
Industrial & Business Units	(589,377)	(219,414)	(368,249)	(148,835)	67.83%	(28,583)	Rates on void properties presently underspent
Town Centres & Shops	(873,350)	(418,468)	(342,662)	75,806	18.12%	(2,713)	Current period variance due to timings of shop rent income which is expected to be in line by the year end.
Property Management:	(1,462,727)	(637,882)	(710,911)	(73,029)	11.45%	(31,296)	
Offices: College Heath Road	(157,780)	131,064	106,155	(24,909)	19.01%	(11,094)	
Offices: Brandon & Newmarket Guineas	(19,200)	15,413	23,827	8,414	54.59%	4,445	Current period overspend relates to repairs & maintenance costs.
Public Conveniences	55,003	32,091	26,298	(5,793)	18.05%	2,407	
CCTV	89,560	45,310	69,649	24,339	53.72%	8,299	Current variance relates to third party payments to SEBC, should be more in line by the year end.
Green Travel Plan	0	0	(484)	(484)	0.00%	0	
District Highways Services	(23,714)	4,644	42,256	37,612	809.91%	644	Current period overspend relates to repairs & maintenance costs which are expected to be in line by the year end.
Land Drainage & Associated Works	74,500	74,500	76,198	1,698	2.28%	1,698	
Facilities, CCTV & Highways Services:	18,369	303,022	343,899	40,877	13.49%	6,399	
Courier & Postal Service	58,850	30,016	18,878	(11,138)	37.11%	(5,163)	Current period variance relates to underspend on telecoms and postage.
Printing & Copying Service	51,224	22,824	35,439	12,615	55.27%	8,664	Current period variance relates to additional postal & printer costs.
Central Services:	110,074	52,840	54,317	1,477	2.80%	3,501	
Off Street Car Parks	(359,186)	(123,576)	(139,848)	(16,272)	13.17%	(21,273)	Income expected to exceed budgets.
Car Parking:	(359,186)	(123,576)	(139,848)	(16,272)	13.17%	(21,273)	
Leisure Services Management & Support	39,094	19,548	20,502	954	4.88%	1,842	
Arboriculture (Tree Maintenance Works)	89,182	34,443	20,495	(13,948)	40.50%	1,470	Current period underspend relates to timings of grounds maintenance invoicing.
Other Parks and Play Provision	239,914	124,161	134,628	10,467	8.43%	(138)	

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Children's Play Areas	59,651	21,944	15,547	(6,397)	29.15%	(1,677)	Current period underspend relates to spend on repairs & maintenance. Expected to be on budget by the year end.
Sports & Leisure Centres	546,140	391,603	404,883	13,280	3.39%	(844)	
Allotments	0	0	(214)	(214)	0.00%	(214)	
Leisure & Sports	15,000	10,990	11,094	104	0.95%	0	
Leisure & Cultural - Parks	988,981	602,689	606,935	4,246	0.70%	439	
Arts, Heritage & Cultural Services	10,676	4,378	3,566	(812)	18.55%	(681)	
Shopmobility	8,340	6,668	5,522	(1,146)	17.19%	2	
Palace House and Stables	6,320	5,824	21,630	15,806	271.39%	15,691	Overspend primarily relates to payment of business rates.
Leisure & Cultural - TIC & Heritage:	25,336	16,870	30,718	13,848	82.09%	15,012	
The Pavilion - Lady Wolverton Playingfield	(7,870)	(5,350)	(7,000)	(1,650)	30.84%	(3,300)	Underspend on building repairs & maintenance.
Leisure & Cultural - Public Halls:	(7,870)	(5,350)	(7,000)	(1,650)	30.84%	(3,300)	
Commercial - Marketing:	0	0	0	0	0.00%	0	
TOTALS: OPERATIONS	882,769	920,324	467,326	(452,998)	49.22%	(18,860)	
HEAD OF HOUSING							
Cost Centre Description	Full Year Budget £	Budget to Date £	Actual to Date £	Variance to Date £	Variance to Date %	Y/E Forecast Variance £	Year End Variance Notes
Housing Renewals	73,321	40,098	43,023	2,925	7.29%	3,909	
Burial of the Dead	8,756	4,362	6,215	1,853	42.48%	1,979	
Gypsies & Travellers	13,256	6,612	4,448	(2,164)	32.73%	204	
Other Public Health Services	121,959	57,701	52,246	(5,455)	9.45%	(7,142)	
Public Health & Housing:	217,292	108,773	105,932	(2,841)	2.61%	(1,050)	
Housing Development & Strategy	65,161	31,548	14,429	(17,119)	54.26%	(2,485)	Current underspend relates to staffing costs and contributions from other organisations.
Housing Development & Strategy:	65,161	31,548	14,429	(17,119)	54.26%	(2,485)	

Forest Heath District Council							2016/17 September Budget Monitoring Report
Detail by Head of Service							Appendix B
Homelessness	74,423	35,154	25,093	(10,061)	28.62%	(1,151)	Current variance relates to removals & rent deposit costs, which are expected to be in line with budget by the year end.
Housing Advice & Choice Based Lettings	147,752	66,624	80,251	13,627	20.45%	6,933	
Non-HRA Housing Properties	11,420	5,994	7,010	1,016	16.95%	(2,889)	
Housing Options:	233,595	107,772	112,354	4,582	4.25%	2,893	
Housing Business & Partnerships	41,579	21,058	17,696	(3,362)	15.97%	(1,671)	
Housing Business & Partnerships:	41,579	21,058	17,696	(3,362)	15.97%	(1,671)	
TOTALS: HOUSING:	557,627	269,151	250,411	(18,740)	6.96%	(2,313)	

Forest Heath District Council

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Project Description	2016-17 Full Year Budget	2016-17 Actual Spend to Date	2016-17 Forecast Actual Spend	2016-17 Carried Forward	2016-17 Year End Forecast Variance Over / (Under)	Notes
Home of Horseracing Project	4,711,885	2,680,895	4,711,885	0	0	Project to complete November 2016.
Sam Alper Industrial Development	1,250,877	904,425	1,250,877	0	0	Scheme progressing, completion expected in 2016/17.
Omar Site - Brandon	325,956	314,690	325,956	0	0	
Vehicle & Plant Purchases	68,000	0	34,000	34,000	0	Requesting to carry forward balance on project due to timings of expected vehicle purchases.
Playground Improvements	60,000	18,651	78,651	0	18,651	Spend to date relates to Lady Wolverton Way (finishing off last year's project) - S106 funded. £60k capital budget will be used for Warren Close Brandon MUGA refurbishment. Project specification is being drawn together with the intention of completion on site by the end of March 2017.
Beck Row Community Facilities	0	66,600	66,600	0	66,600	Funded from S106 monies received.
Mildenhall Industrial Estate Highway Adoption Work	32,000	0	32,000	0	0	
Historic Buildings Grant	40,250	226	40,250	0	0	
Private Sector Disabled Facilities Grants	259,764	28,551	193,000	0	(66,764)	Estimated spend £193k, the majority of which is expected to commence in the third quarter of the financial year.
Private Sector Renewal Grants	500,650	18,500	35,000	0	(465,650)	Spend expected to be lower than budget as a result of lower demand.
Asset Management Plan						
Asset Management Plan	209,000	0	0	209,000	0	Funding for new schemes when they are approved. Needs to be carried forward into 2017/18
Swimming Pool Mildenhall	250,000	0	0	250,000	0	Request to carry forward to 2017/18.
Leisure Centre Newmarket	150,000	0	150,000	0	0	Scheme progressing completion expected in 2016/17.
Rous Road Car park	60,000	64,033	64,783	0	4,783	Scheme progressing completion expected in 2016/17.
Flowerpot Brandon	50,000	0	0	50,000	0	Dependent on Lease proposals, at present not expected to be spent in 2016/17.

Forest Heath District Council

2016/17 September Capital Budget Monitoring Report

Project Description	2016-17 Full Year Budget	2016-17 Actual Spend to Date	2016-17 Forecast Actual Spend	2016-17 Carried Forward	2016-17 Year End Forecast Variance Over / (Under)	Notes
Valley Way Newmarket Shops	11,407	588	11,407	0	0	
Hampstead Avenue Industrial Units Roofing	0	(2,766)	0	0	0	Retention paid - project complete.
1F Gregory road, Roof Renewal	25,000	15,486	15,486	0	(9,514)	Scheme progressing completion expected in 16/17.
Craven Way, Newmarket	50,000	39,609	50,000	0	0	Scheme progressing completion expected in 2016/17.
James Carter Road, Industrial Major Unit Repairs	30,000	7,367	30,000	0	0	Scheme progressing completion expected in 2016/17.
Putney Close, Industrial Major Units Repairs	50,000	21,078	50,000	0	0	Scheme progressing completion expected in 2016/17.
Highbury Road, Industrial Fencing and Major Unit Repairs	30,000	26,970	26,970	0	(3,030)	Scheme progressing completion expected in 2016/17.
Guineas Car Park Energy Efficient Lighting	31,100	0	0	0	(31,100)	Scheme Completed in 2015/16
Strategic Plan						
Enterprise Hub/Innovation Park	1,450,000	0	0	0	(1,450,000)	Budget has been carried forward for a number of years. As part of the MTFS Review it has been requested to move this project from the short term to the medium term strategic priority list.
Wellington Street Newmarket - Wider Pedestrianisation Scheme	150,000	0	0	150,000	0	Newmarket Town centre Initiatives may require funding now BID in operation. Spend unlikely in 2016/17.
Housing Strategy	150,000	0	0	150,000	0	As part of the MTFS review this project has been requested to be removed from the programme as it will now be delivered through more detailed projects and actions going forward.
Feasibility Studies	100,000	0	0	0	(100,000)	MTFS Review has requested to move this into Revenue, and to continue to fund from the MTFS and Strategic Priorities Reserve.
Invest to Save Projects	500,000	0	0	500,000	0	Funds to be allocated to projects, subject to requests.
Rent-a-roof	1,005,655	0	125,000	880,655	0	First Scheme is now complete.
Solar Energy Project	14,471,000	14,010,673	14,471,000	0	0	Scheme completed.
Harvey Adam Centre, Major Roofing Repairs	16,000	15,294	15,294	0	(706)	Scheme completed.

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Project Description	2016-17 Full Year Budget	2016-17 Actual Spend to Date	2016-17 Forecast Actual Spend	2016-17 Carried Forward	2016-17 Year End Forecast Variance Over / (Under)	Notes
Holborn Avenue Shop Fronts.	15,000	0	0	15,000	0	
Shared Service - Capital Requirements						
Waste & Street Scene Back Office System	71,407	1,118	1,118	70,289	(0)	Project ongoing. Likely that next phase will slip into 2017/18.
CRM Project	36,450	5,874	8,811	27,639	0	Project progressing, spend profile according to Customer Access Business Case.
PENDING ITEMS						
Affordable Housing	405,000	0	0	405,000	0	Leadership Team agreed this should be used to secure additional temporary accommodation in the district.
The range and delivery of options contained in the housing strategy document	3,000,000	0	40,000	2,960,000	0	Barley Homes. Expecting to spend £40k for 2016/17, request to carry forward balance.
	29,566,401	18,237,861	21,828,088	5,701,583	(2,036,730)	

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Earmarked Reserves

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Reserve Details	2016/17 Opening Balance	2016/17 Budgeted Movement	2016/17 Budgeted Closing Balance	2016/17 Current Balance	2016/17 Forecast Closing Balance	2016/17 Forecast Variance (Under) / Over spent	Notes
Strategic Priorities & MTFS Reserve	6,193,266	(1,490)	6,191,776	7,288,251	8,016,881	(1,825,105)	Under-utilisation mainly relates to timings of feasibility spend and Rent a Roof Projects.
Invest to Save Reserve	215,197	(27,000)	188,197	280,162	248,874	(60,677)	Under-utilisation relates to timings of the Waste Back Office System.
Risk/Recession Reserve	541,841	(120,518)	421,323	421,323	421,323	0	
BRR Equalisation Reserve	76,830	(113,318)	(36,488)	0	0	(36,488)	Full reserve balance taken as contribution, however lower than expected due to lower balance brought forward than originally anticipated.
Self Insured Fund	61,069	50,000	111,069	111,069	111,069	0	
Computer & Telephone Equipment Reserve	160,208	35,000	195,208	195,208	195,208	0	
HB Equalisation Reserve	161,321	0	161,321	161,321	9,746	151,575	Additional contribution from reserve used to offset underachieved overpayments income.
Interest Equalisation Reserve	69,719	0	69,719	69,719	58,318	11,401	Lower than anticipated utilisation of reserve as a result of overall forecast position.
Professional Fees Reserve	35,000	35,000	70,000	70,000	70,000	0	
Single Regeneration Board	24,000	(24,000)	0	0	0	0	
ARP Reserve	302,876	0	302,876	311,789	311,789	(8,913)	No movement anticipated.
Vehicle & Plant Renewal Fund	213,601	162,000	375,601	443,601	409,601	(34,000)	Relates to vehicle spend carried forward to 2017/18 - see also Appendix C.
Waste Management Reserve	108,756	(41,000)	67,756	108,756	67,756	0	
Car Park Development Fund	56,170	0	56,170	56,170	56,170	0	No movement anticipated.
Commuted Maintenance Reserve	511,299	(7,944)	503,355	511,299	524,085	(20,730)	Additional contributions received in 2016/17.
Newmarket Stallion Reserve	22,459	0	22,459	22,459	22,459	0	No movement anticipated.
Leisure Reserve	27,932	0	27,932	27,932	27,932	0	No movement anticipated.
Communities against Drugs Reserve	30,000	0	30,000	30,000	30,000	0	No movement anticipated.
Planning Reserve	23,700	(114,000)	(90,300)	106,071	33,700	(124,000)	Relates to timing of Local Plan spend.
Building Regulations Charging Reserve	1	0	1	1	1	0	No movement anticipated.
Planning Delivery Grant	94,716	(15,000)	79,716	94,716	54,466	25,250	Utilised against Planning Projects.
Local Land Charges Reserve	60,142	0	60,142	50,032	50,032	10,111	Utilised to fund claims in 2016/17.
Planning Policy Statement Climate Change	15,436	(12,857)	2,579	2,579	2,579	0	
S106 Monitoring Officer Reserve	78,201	(54,379)	23,822	57,842	30,655	(6,833)	Additional S106 contributions received in 2016/17.
Implementing Smoke Free Legislation	7,758	0	7,758	7,758	7,758	0	No movement anticipated.
Economic Development Reserve (LABGI)	35,174	(2,600)	32,574	0	32,574	0	
Homelessness Legislation Reserve	127,736	(8,350)	119,386	127,736	119,386	0	No movement anticipated.

Earmarked Reserves

2016/17 September Budget Monitoring Report

Reserve Details	2016/17 Opening Balance	2016/17 Budgeted Movement	2016/17 Budgeted Closing Balance	2016/17 Current Balance	2016/17 Forecast Closing Balance	2016/17 Forecast Variance (Under) / Over spent	Notes
S106 Revenue Reserve	158,941	0	158,941	202,728	202,728	(43,787)	Additional S106 contributions received in 2016/17.
Election Reserve	38,091	10,000	48,091	48,091	48,091	0	No movement anticipated.
Staff Training Reserve	22,582	0	22,582	22,582	22,582	0	No movement anticipated.
Forest Heath Totals	9,474,022	(250,456)	9,223,566	10,829,195	11,185,763	(1,962,197)	

Performance and Audit Scrutiny Committee



Title of Report:	Delivering a Sustainable Medium Term Financial Strategy 2017-2020	
Report No:	PAS/FH/16/032	
Report to and dates:	Performance and Audit Scrutiny Committee	24 November 2016
	Cabinet	13 December 2016
Portfolio holder:	Stephen Edwards Portfolio Holder for Resources and Performance Tel: 01638 660518 Email: stephen.edwards@forest-heath.gov.uk	
Lead officer:	Rachael Mann Head of Resources and Performance Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	
Purpose of report:	The purpose of this report is to update members on progress made towards delivering a balanced budget for 2017/18 and sustainable budget in the medium term, and to recommend to Cabinet inclusion of the proposals in the report to progress securing a balanced budget for 2017/18 and sustainable budget in the medium term.	
Recommendations:	<p>It is <u>RECOMMENDED</u> that members:</p> <p>(i) Note the budget assumptions (outlined in Appendix A) and timetable (at 7.1), along with the progress made to date on delivering a balanced budget for 2017/18 and sustainable budget in the medium term; and</p> <p>(ii) Recommend to Cabinet the inclusion of the proposals, as detailed in section 5 and Table 2 at paragraph 5.1 of this report.</p>	

Recommendations Continued:	(iii) Recommend to Cabinet that the items in 5.2 are treated as pending budgets that will require the necessary approvals before they can be committed. (iv) Recommend to Cabinet that the items in paragraph 5.3 be removed from the capital programme. (v) Recommend to Cabinet that the reserve transfers as detailed in 5.4 be approved.		
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"> Leadership team (LT), Portfolio Holders and staff are consulted during this budget process 		
Alternative option(s):	<ul style="list-style-type: none"> Other options could be proposed and considered by members. They would need to take into account core principles such as deliverability, affordability and risk. 		
Implications:			
Are there any financial implications? If yes, please give details	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> As detailed 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"/>		
Are there any ICT implications? If yes, please give details	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		
Are there any legal and/or policy implications? If yes, please give details	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Whilst it should be stated that this is an unlikely event there is a requirement under The Local Government Finance Act 1988 (S114) - for the Chief Finance Officer to report to councillors if there is or is likely to be an unbalanced budget.		
Are there any equality implications? If yes, please give details	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> To be considered as part of implementation of service changes		
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*

Impact of changing financial circumstances is different across the two West Suffolk councils potentially in the longer terms, leading to diverging strategies (e.g. different focus by the councils on service impacts or investment projects).	High	A single leadership team working with the two councils' Cabinets to take an overview; spotting pressure points and possible innovative approaches; and recommending appropriate actions to members. Consider further shared working, joint decisions etc.	Medium
Savings/income projections are not achieved resulting in budget deficit.	Medium	Budgetary control, including reporting of variances to members. Use of general fund reserves to cover budget deficits.	Low
The business rate retention scheme underachieving the yield assumed in the MTFS which impacts on the budget gap requirement.	High	Work with the Anglia Revenues Partnership team to monitor the position and deliver a realistic forecast.	Medium
Adverse changes in the assumptions, for example changes to the provisional formula grant settlement, used in the MTFS resulting in a larger budget gap.	Medium	The assumptions are regularly monitored and updated. Use of general fund reserves to cover budget deficits.	Low
100% Business rates Retention implementation prior to 2019/20 and rules therein.	Medium	Constant monitoring of guidance issued and reflection in assumption	Low
Business rates 2017 revaluation - increase in costs of council owned properties.	High	Transitional relief will be available to smooth the impact over time but details are not yet available.	Medium
Ward(s) affected:	All Wards		
Background papers: <i>(all background papers are to be published on the website and a link included)</i>	COU/FH/16/004 Budget and Council Tax Setting 2016/17 West Suffolk Strategic Plan and Medium Term Financial Strategy 2016-2020 CAB/FH/15/038 FH OAS/FH/16/022 Report - Approach to delivering a sustainable medium term financial strategy 2016 - 2020 and consideration of the four year settlement offer from central government		
Documents attached:	Appendix A – Budget Assumptions 2017/18 and across the MTFS		

1. Key issues and reasons for recommendations

- 1.1 The interaction between the West Suffolk Strategic Plan and West Suffolk Medium Term Financial Strategy (MTFS) continues to be increasingly important in the setting of budgets, as the council's priorities will need to be used to inform real choices about the allocation of limited resources.
- 1.2 Our MTFS document also sets out the approach that Forest Heath District Council will take to the sound management of its finances over the medium term, in particular the next three years 2017-2020.

2. Future budget pressure and challenges

- 2.1 Forest Heath continues to face considerable financial challenges as a result of increased cost and demand, plus pressures and constraints on public sector spending (Revenue Support Grant) from central government, as evidenced by the proposed four year government settlement. It is clear that even without the proposed reductions in Revenue Support Grant (RSG), the council has underlying net cost pressures. This includes costs rising faster than income inflation.
- 2.2 The MTFS 2016-2020, approved at Full Council on 24 February 2016 (Report COU/FH/16/004), sets out the current and future financial pressures and challenges facing Forest Heath.
- 2.3 The report "West Suffolk Operational Hub" (CAB/FH/16/023) which was approved by Council on 29 June 2016, sought approval for the allocation of capital project funding. The ongoing revenue implications in respect of this project have been included in the budget gap figures below.
- 2.4 The report "Approach to delivering a sustainable medium term financial strategy 2016" (report CAB/FH/16/041) which was approved by Council on 28 September 2016 included a number of funding requests in respect of Economic Development and growth funding. These have been taken account of in the budget gap figures below.

3. Budget gap and budget assumptions

- 3.1 Taking known budget pressures into account as at February 2016 and allowing for the items detailed above in 2.3 and 2.4, the total savings target we need to reach to bridge the budget gap we face for 2017/18 currently stands at £0.9 million, a cumulative sum of £1.6 million for the period 2017-2020.

Table 1: Budget gap for 2017/18-2019/20

	2017/18	2018/19	2019/20
	£000	£000	£000
Budget gap per MTFS:			
2017/18	949	949	949
2018/19		407	407
2019/20			224
Cumulative gap	949	1,356	1,580

- 3.2 It is important to note that there are limitations on the degree to which Forest Heath can identify all of the potential changes within its medium term financial projections. It is also important to remember that these financial models have been produced within a financial environment that is constantly changing and that they will be subject to significant change over time.
- 3.3 The above assumes 0% increase in council tax which will be subject to a separate democratic process through to February Council in 2017.

4 Methodology for securing a balanced budget 2017-2020

- 4.1 The Overview and Scrutiny Committee recently scrutinised and recommended the approach to our medium term planning 2017-2020 (report FH-OAS/FH/16/022 refers).
- 4.2 In summary, the approved six MTFS themes below continue to be at the forefront of Forest Heath District Council's financial strategy for delivering a sustainable medium term budget:
1. aligning resources to both West Suffolk councils' strategic plan and essential services;
 2. continuation of the shared service agenda and transformation of service delivery;
 3. behaving more commercially;
 4. considering new funding models (e.g. acting as an investor);
 5. encouraging the use of digital forms for customer access; and
 6. taking advantage of new forms of local government finance (e.g. business rate retention).

4.2 One of the noticeable differences in approach needed for this year's budget process is the need to look more at the medium term budget position. There are three main reasons for this:

- our projects will incur costs up front however release benefits over a number of years;
- the shift towards behaving more commercially and considering new funding models often spans over more than a standard 12 month budget period; and
- the work package approach (detailed in 4.3) involves a review of a number of key areas. This includes the need to address underlying net inflationary cost pressures, contract profiles and opportunities, delivery vehicles, commercial asset portfolio opportunities- many of which will create financial return/savings across the medium term.

4.3 In order to bring all the MTFs work together, a work package approach was undertaken. The most advanced of the work packages is the 'Review of budget assumptions' which included:

- establishing a list of key corporate and service budget assumptions and the basis of those assumptions, in particular income assumptions;
- challenging services on the basis of assumptions and inflation, including demand management and target operating model principles. Review of previous outturn positions against current assumptions;
- review of inflationary assumptions and drill down into root cause in order to consider mitigation strategy; and
- establish a corporate approach to budget assumptions including risk assessment, use of reserves (such as equalisation reserves) and sensitivity analysis.

4.4 The above approach is very timely as it helped shape the council's response to central government's offer to all local authorities of a four-year finance settlement 2016-2020, which was announced in the autumn budget statement in 2015. Our acceptance along with an efficiency plan was submitted to Government by the deadline of 14 October 2016.

4.5 Our projects will be individually approved based on business cases but can be categorised as set out in paragraph 4.6 and 4.7 below to understand the range of reasons why they are proposed. We also need to balance those projects that will deliver new income streams to mitigate the reduction in revenue support grant, alongside those needed to address our underlying requirement to continually live within our means and mitigate our net inflationary pressures.

4.6 We have a handful of strategic projects (such as the West Suffolk Operational Hub and Mildenhall Hub) that seek investment to deliver our operational responsibilities. These projects also look to address future growth and meet operational demand for the area at the same time as taking the opportunity,

sometimes through being a pioneer, to really transform public sector service delivery through greater integration with the wider public sector and our key partners.

- 4.7 Alongside these types of projects, we also have a number of strategic projects across West Suffolk (such as the solar farm project and housing company) under the behaving more commercially and new funding model agendas, which are focused on growth and generating new income streams). These projects also require significant investment in order to deliver results over a number of years and so the need to look at the medium term position is key to understanding the impact of these projects, not just the year of outlay.
- 4.8 The scale of financial changes that need to be made to ensure that Forest Heath's shared priorities can be delivered in 2017/18 is significant, especially as the projected £0.8 million budget gap for 2017/18 and subsequent years is on top of the savings already delivered locally by the council over the years and the £4 million annual shared service savings delivered across West Suffolk with St Edmundsbury Borough Council.
- 4.9 As a result, a considerable amount of work has already been undertaken on income generation ideas and further identification of potential savings in order to secure a balanced budget for 2017/18 and prepare for the medium term up to 2019/20.

5. Budget proposals for 2017-20

- 5.1 The Performance and Audit Scrutiny Committee is asked to support and recommend to Cabinet the **inclusion of the following proposals**, as detailed in Table 2 below in order to progress securing a balanced budget for 2017/18.

Table 2: Budget proposals for 2017-20

	2017/18 Pressure/ (Saving) £000	2018/19 Pressure/ (Saving) £000	2019/20 Pressure/ (Saving) £000
Budget Gap	949	1,356	1,580
Current proposals:			
Income Assumptions:			
Business Rates Income - revised figures based on latest ARP data	(95)	(166)	(197)
Local Land Charges Income, budget reinstated following removal from MTFS due to legislative changes	(111)	(111)	(111)
Car Park Income: volume increases based on current levels allowing for increased demand	(14)	(20)	(26)
Trade Waste Income: Revise budget assumption based on historical actuals	15	40	66
Service Level Agreements - additional income mainly from ACAS	(43)	(43)	(43)
Current Property Portfolio income assumption changes, following initial income review	(61)	(111)	(41)
Investment Income revisions resulting from interest rate reductions and capital programme changes	110	101	228
Planning & Building Regulation Fees - revised based on current levels	(43)	(58)	(71)
Community Energy Plan revised budget assumptions based on current levels	6	(22)	(22)
Council tax income - revised figures based on updated taxbase	28	86	146
Expenditure Assumptions:			
Waste Tipping Charges - increased gate fees	29	29	29
Leisure Management Fee Reductions as approved by Cabinet	(60)	(60)	(60)
Housing Benefit - rephasing of budget to achieve cost neutral position by 2020/21 in line with universal credit	0	50	100
Projects:			
Solar Farm Project projections (net position)	(283)	(350)	(385)
Continuation of the Small Business Support Grants Scheme	20	20	20
Other:			
Use of Strategic Priorities & MTFS Reserve to fund Locality Budgets and Community Chest	(163)	(163)	(163)
Other Budget Assumptions, pressures, income and contracts	(18)	(54)	(45)
Remaining Budget Gap *	266	524	1,005

*The budget gap as reported in the table above is still subject to ongoing work as part of the budget setting process, and an updated position will be presented to this committee at its January meeting.

- 5.2 The introduction of the Garden Waste Collection Service in April has proved to be relatively successful. New processing contracts are working well, levels of participation are broadly as we had anticipated and supporting technology has been adopted within the operations teams. However, it is still early days and the full impact of this change in terms of waste collection and disposal are still to be fully understood. We will be reviewing data over the medium term to test the budget assumptions at county level and within our own MTFS. Members will recall that the financial arrangements that underpin these changes have been fixed for up to three years to provide sufficient time to fully understand the full impact of this change.

Pending Project Proposals and Capital Programme 2017-2020

- 5.3 The projects and review of capital programme work package has identified that Forest Heath have a number of projects in the pipeline, such as the Leisure Partnership Agreement and Housing Company projects, where full Business Cases have not yet been approved. Both the Leisure Partnership Agreement and Housing Company projects have business cases planned to be considered at December Council, at which point the capital and revenue returns will be included in the budgets going forward and the budget gap currently shown in table 1 above will be revised.
- 5.4 However, in order to plan over the medium term, provision should be also be made in the revenue and capital budget projections for those projects we are aware of but are yet to approve. The January committee report will therefore propose to add these as pending budgets which will require the necessary approvals before they can be committed.
- 5.5 A review of the capital programme has identified that there were some projects that required no further capital allocation. It is therefore proposed that the following projects are removed from the capital programme:

Table 3: Capital programme – projects to be removed

Project Description	2016/17 Residual Budget £000s	Notes
Enterprise Hub/Innovation Park	1,450	Moved from short to medium term strategic priority list
Housing Strategy	150	Delivered through detailed projects and actions
Feasibility Studies	100	Move to Revenue, continued to be funded from the MTFS and Strategic Priorities Reserve

- 5.6 The project support, skills and capacity work package review identified some skills and capacity challenges in supporting our exciting, but complex, range of services and growth projects, both for in terms of current and future projects. The leadership team is therefore working to increase capacity and skills where it is needed and will seek to do so within the overall salary budget. It's critical that we ensure the right capacity and skills are in place to go beyond the 'planning' and into the 'delivery' phase in order to achieve the financial expectations in our Medium Term Financial Strategy and to deliver our sustainable, self-sufficient future.
- 5.7 As a result of the MTFS review, the following transfers between earmarked reserves have been proposed:

Table 4: Earmarked reserves – proposed transfers

Reserve Name	2016/17 Forecast Closing Balance £	Adjustment Proposed £	New balance £	Notes
ARP	311,789	(100,000)	211,789	To HB Equalisation
HB Equalisation	161,321	100,000	261,321	From ARP
Building Maintenance - Leisure	0	27,932	27,932	From Leisure
Leisure	27,932	(27,932)	0	To Building Maintenance - Leisure
Building Maintenance - Other	0	56,170	56,170	From Car Park Development
Car Park Development	56,170	(56,170)	0	To Building Maintenance - Other
Invest to Save	221,027	83,061	304,088	From reserves below
Local Land Charges	50,142	(50,142)	0	To Invest to Save
Staff Training	22,582	(22,582)	0	To Invest to Save
Planning Policy Statement Climate Change	2,579	(2,579)	0	To Invest to Save
Implementing Smoke Free Legislation	7,758	(7,758)	0	To Invest to Save
	861,300	0	861,300	

6. Business Rates Revaluation

- 6.1 The Valuation Office has issued and communicated its 2017 business rates revaluation list providing new rateable values (RVs) for every non-domestic property in England and Wales. This is the first revaluation exercise since 2010 and the new rateable values will take effect from 1 April 2017.
- 6.2 RVs have increased by 9.1% across England, with significant variations across sectors and regions. In Suffolk, there is an overall increase of 3.0% but this includes a 13.1% increase for Forest Heath and a 1.1% increase for St Edmundsbury.
- 6.3 It should be noted that the Government's intention is to neutralise the national impact on the business rates yield through the business rates retention scheme by adjusting the business rate multiplier (which is applied to the rateable value of a property to determine the level of rates payable by

that property) and to mitigate any impact at local authority level through the tariff and top-up payments we make.

- 6.4 We are currently working through the impact to West Suffolk for our own rates liabilities as property owners and will feed any impact through the 2017/18 budget process. Initial results show that there is likely to be an increased cost as a result of the 2017 valuation, however the exact impact is unknown as there is likely to be a Transition Scheme to phase in any significant changes at individual business level.
- 6.5 This information will not be available until the Autumn Statement is published on 23 November 2016, at which point officers will work with colleagues at ARP to calculate the impact on the medium term budgets.

7. Budget timetable

- 7.1 The table below outlines the timetable of budget information through the committees and to Full Council.

Table 5: Committee timetable for budgets

Task	Date
Performance and Audit Scrutiny Committee - consider progress report on 'Delivering a Sustainable Budget 2017/18'	24 November 2016
Cabinet to consider recommendations from Performance and Audit Scrutiny Committee - 24 November 2016	13 December 2016
Council approval of the 2017/18 Tax Base including any Council Tax technical changes	21 December 2016
Council approval of Local Council Tax Reduction Scheme and Council Tax technical changes 2017/18	21 December 2016
Performance and Audit Scrutiny Committee - updated report on 'Delivering a Sustainable Budget 2017/18'	25 January 2017
2017/18 Budget and Council Tax Setting - Cabinet.	14 February 2017
2017/18 Budget and Council Tax Setting - Full Council.	22 February 2017

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MTFS Assumptions	Forest Heath			Source
	2017/18	2018/19	2019/20	
General inflation	0.0%	0.0%	0.0%	Inflation target
ICT Inflation	3.0%	3.0%	3.0%	Linked to a number of the Council's ICT contracts
Utilities	5.0%	5.0%	5.0%	Property services
Transport fuel	5.0%	5.0%	5.0%	Fleet Management Services
Insurance premiums	3.0%	3.0%	3.0%	Renegotiated contract during 2015/16, thereafter In line with contract with Insurance provider
Pay increase	1.0%	1.0%	1.0%	Government announcement, however West Suffolk is part of a Nationally negotiated scheme so could deviate from 1%
Incremental progression	£84k	£84k	£84k	Share payments built into base budget and inflated by pay award (see above); incremental progression: £84k per annum built into MTFS.
Employers pension contribution	30.0%	33.0%	36.3%	Employers Pension Rates are provided by Suffolk County Council following the triennial actuarial valuation of the pension scheme. The current 2016/17 rate is 27%. At this point in time 2019/20 is an estimate based on current knowledge, and will be updated when the figures are available from the County.
Pension take up	90.0%	90.0%	90.0%	Based on actual take up. Had previously assumed 100%.
Agency staff	£70k	£70k	£70k	Linked to above saving. New budget to be controlled by HR
Vacancy savings	2.5%	2.5%	2.5%	Internal policy, linked to staff turnover rates
Shared service split - default	35.0%	35.0%	35.0%	Approved by Council on 10/12/2014
Shared service split - Corporate	50.0%	50.0%	50.0%	Approved by Council on 10/12/2014
Shared service split - Property	40.0%	40.0%	40.0%	Approved by Council on 10/12/2014
Shared service split - Trade Waste	25.0%	25.0%	25.0%	Approved by Council on 10/12/2014
Fees and charges	2.0%	2.0%	2.0%	Inflation target
Off street car parking income - inflation	0.0%	0.0%	0.0%	Inflation target
Off street car park income - growth %	N/A	1.0%	1.0%	Based on review of previous 3 years and discussion with Service Manager. 2017/18 figures reset and annual growth assumption applied from 18/19 onwards.

MTFS Assumptions	Forest Heath			Source
	2017/18	2018/19	2019/20	
Off street car park income - amount	£608k	£614k	£620k	Linked to above
Trade waste income - amount	£475k	£485k	£494k	Based on review of previous 3 years and discussion with Service Manager. 2017/18 figures reset and standard fees & charges growth assumption applied from 18/19 onwards. Split 25:75 in accordance with shared service agreement.
Building control (building regulations) income - amount	£138k	£145k	£149k	Based on review of previous 3 years and discussion with Service Manager. Figures reset and standard fees & charges growth assumption also applied. Split 35:65 in accordance with shared service agreement.
Development control (planning application fees) income - amount	£590k	£590k	£590k	Based on review of previous 3 years and discussion with Service Manager. 2017/18 base reset.
Investment interest	1.25%	1.50%	1.50%	Treasury management advisors - current projections
Housing Benefits - caseload	4,357	4,357	4,357	ARP. Will reduce due to Universal Credit but difficult to predict.
Housing Benefits - amount	£16,416k	£16,416k	£16,416k	ARP. Reflects 2016/17 budget assumption. 2017/18 to be worked through. Impact of Universal Credit makes this difficult to predict.
Housing Benefits Subsidy - %	98.7%	98.7%	98.7%	ARP. Expected level of subsidy as percentage of payments based on previous years.
Housing Benefits Subsidy - amount	£16,206k	£16,206k	£16,206k	Linked to above
HB Overpayments recovered	£360k	£360k	£360k	ARP. Based on previous years. Can vary year on year. Managed through HB Equalisation Reserve.
HB Administration Subsidy	£173k	£164k	£154k	ARP. Assumes 5%/10%/15% reduction on 2016/17 subsidy grant to reflect anticipated impact of Universal Credit.
Business Rates - Inflation	2.0%	3.0%	3.2%	RPI increases assumed in 4 year settlement
Business Rates - Growth	NNDR1	0.0%	0.0%	Year of budget set at NNDR1 level which includes growth to date.
Business Rates - Suffolk Pool Income	£190k	£196k	£202k	SCC. Based on participating councils' 2016/17 NNDR1 returns.
Business Rates - Suffolk Pool Income transfer to reserve	£98k	£102k	£106k	Transfer a proportion of the above to reserve to bring back to level currently in MTFS. Final level is unpredictable as dependant upon other councils.

MTFS Assumptions	Forest Heath			Source
	2017/18	2018/19	2019/20	
Total RSG	£661k	£441k	£196k	4 year finance settlement
RSG Reduction	£343k	£220k	£245k	Linked to above
RSG Reduction % year on year	-34.1%	-33.3%	-55.6%	Linked to above
Council tax increase	0.0%	0.0%	0.0%	Current assumption. To be set at February 2016 Council meetings.

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Performance and Audit Scrutiny Committee



Forest Heath
District Council

Title of Report:	Mid-Year Treasury Management Report 2016/17 and Investment Activity 1 April to 30 September 2016	
Report No:	PAS/FH/16/033	
Report to and date/s:	Performance and Audit Scrutiny Committee	24 November 2016
	Cabinet	13 December 2016
	Council	21 December 2016
Portfolio holder:	Stephen Edwards Portfolio Holder for Resources and Performance Tel: 01638 660518 Email: stephen.edwards@forest-heath.gov.uk	
Lead officer:	Rachael Mann Head of Resources and Performance Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	
Purpose of report:	To present the Council's Mid-Year Treasury Management Report summarising the investment activity for the period 1 April to 30 September 2016	
Recommendation:	<p>It is <u>RECOMMENDED</u> that:</p> <p>(1) the Mid-Year Treasury Management Report be <u>noted</u>; and</p> <p>(2) the Performance and Audit Scrutiny Committee makes recommendations as appropriate to Cabinet and Council regarding the approval of the Mid-Year Treasury Management Report for 2016-2017, attached as Appendix 1.</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>
<p>Consultation:</p>	<ul style="list-style-type: none"> Treasury management activities are undertaken in consultation with CDCM/Tradition (the Council's appointed brokers for long term investments) and also takes into account information obtained from other investment brokers and economic commentators. Any changes in strategies or policies are subject to approval by the Head of Resources and Performance, Cabinet and full Council.
<p>Alternative option(s):</p>	<ul style="list-style-type: none"> Options for the management of Council investments are formally considered within the Annual Treasury Management and Investment Strategy. This includes key strategies in respect of the Council's borrowings, the continuation of in-house management of funds and the approach to be adopted in establishing the credit-worthiness of potential counterparties. The changing nature of the economic climate requires that these key areas are subject to on-going review.
<p>Implications:</p>	
<p><i>Are there any financial implications? If yes, please give details</i></p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> Please refer to main report
<p><i>Are there any staffing implications? If yes, please give details</i></p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <ul style="list-style-type: none">
<p><i>Are there any ICT implications? If yes, please give details</i></p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <ul style="list-style-type: none">
<p><i>Are there any legal and/or policy implications? If yes, please give details</i></p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <ul style="list-style-type: none"> This report is in-line with the Treasury Management Practice 6, (TMP6), of the Treasury Management Code of Practice, which requires that a current year review of Treasury Services, against adopted annual strategy, be reported to Council by 30 November each financial year.
<p><i>Are there any equality implications? If yes, please give details</i></p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>
<p>Risk/opportunity assessment:</p>	<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)
Fluctuations in interest rates or in projected cash flows having significant impact on budgeted investment income.	High	Spread of investments for periods of up to two years. Budget monitoring and quarterly performance reports.	Medium
Bank / building society failure resulting in loss of Council funds.	High	Use of CDCM/Tradition advice on counterparty credit ratings (based on Fitch and Moody ratings) and the setting of lending limits. Use of non-rated building societies based on asset base and additional credit checks.	Medium
Ward(s) affected:	All Ward		
Background papers: <i>(all background papers are to be published on the website and a link included)</i>	Annual Treasury Management and Investment Strategy 2016/17. (Report No: PAS/FH/16/007)		
Documents attached:	Appendix 1 – Treasury Management Monitoring Report		

1. Mid-Year Monitoring Report 2016/17

1.1 Full details of treasury management activities during the period 1 April to 30 September 2016 are included in **Appendix 1** of this report.

1.2 Below is a summary of those investment activities:

INTEREST EARNED & AVERAGE RATE OF RETURN SUMMARY			
	Budget	Actual	Difference
Investment Interest Earned	£175,000	£145,778	- £29,222
Average Rate of Return	1.50%	1.07%	- 0.43%

- The under-achievement of interest earned was mainly due to the reduction in funds available for investment following the purchase of the Toggam Solar Farm.
- The reduced average rate of return is due to the reduction in the Bank of England base rate and resulting reduction of interest rates offered by institutions.
- As at 30 September 2016 we held £18,425,000 of investments.

INVESTMENT ACTIVITY SUMMARY	
	2016/17 £
Opening Balance 01 April 2016	29,490,000
Investments made during the year (including transfers to business reserve accounts)	52,800,000
Sub Total	82,290,000
Investments realised during the year (including withdrawals from business reserve accounts)	63,865,000
Closing Balance 30 September 2015	18,425,000

2. Borrowings and Temporary Loans

2.1 Below is a summary of the borrowings and temporary loans as at 30 September 2016;

BORROWINGS AND TEMPORARY LOANS		
Lender / Loan number	Balance outstanding	Maturity date
Barclays LOBO	£4,000,000	31 March 2078
1557	£1,000	7 Days Notice
1735	£1,000	7 Days Notice

Mid-Year Treasury Management Report 2016/2017

1 Introduction

- 1.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management 2009 (the Code) as adopted by Council states that;
- 1.2 The primary requirements of the Code are as follows:
 - a. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
 - b. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
 - c. Receipt by Council of an Annual Treasury Management Strategy Report for the year ahead, a mid year review report (as a minimum) and an annual review report of the previous year.
 - d. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
 - e. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body which in this Council is the Performance and Audit Scrutiny Committee.
- 1.3 Treasury management in this context is defined as:

'The management of the local authority's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.'
- 1.4 The purpose of this report is to meet one of the above requirements of the CIPFA Code, namely the mid-year review report of treasury management activities, for the financial year 2016/17.

2. Investment Strategy for 2016/17

- 2.1 The Council's 2016/17 Annual Treasury Management and Investment Strategy was approved by full Council on 24 February 2016 (report PAS/FH/16/007 refers). The investment strategy for 2016/17 was to give priority to the security and liquidity of investments whilst at the same time seeking to optimise the return on investments.
- 2.2 The target rate of return for investments for 2016/17 was 1.50%. This target rate was based upon investment rate projections for the year provided by Tradition / CDCM (the Council's treasury management advisors), together with consideration of the profile of the Council's portfolio of investments (i.e. mixture of liquid and fixed term investments). Based upon the anticipated funds available for investment in the year (taking into account planned capital expenditure and receipts from asset disposals) this gave a target investment income of £350k.

3. Interest Rates & Market Activity

- 3.1 On August 4, 2016, the Bank of England reduced the base rate to 0.25% and at the same time introduced a number of measures to provide additional funds, at interest rates close to bank base rate, to the markets following the Brexit decision. One of these measures was the introduction of the Term Funding Scheme to provide funds that will allow the banks and building societies to pass on the rate reduction to consumers and businesses. This has had the knock on effect of making the financial institutions less reliant on money from local authorities. This in turn has reduced the returns available on investments, typical rates for short term, up to 3 months, is base rate or below with medium term 4 to 12 months struggling to achieve 1%.
- 3.2 Markets will continue to be closely monitored and higher rates of return secured whenever possible.

4. The Council's Lending Criteria 2016/17

- 4.1 The Council's Annual Treasury Management and Investment Strategy requires that deposits are only placed with a limited number of high quality banks and building societies whose credit rating is independently assessed as sufficiently secure based on data provided Fitch, Moodys and S&P (ratings agencies) or, for non-rated building societies, subject to their meeting minimum financial criteria (based on asset base size).
- 4.2 The unprecedented nature of the current economic and banking crisis has forced local authorities to keep their lending criteria under constant review to ensure that the balance between security of capital, liquidity of investments and yield on investment income is adequately maintained.
- 4.3 The below tables shows the credit criteria applicable at the 1 April 2016 and 30 September 2016:

<u>Institution</u>	<u>Credit Rating</u> <u>Short Term</u> (Fitch Moody's)	<u>Credit Rating</u> <u>Long Term</u> (Fitch Moody's)	<u>CDCM</u> <u>Maximum</u> <u>Investment</u>	<u>Internally</u> <u>Managed</u> <u>Maximum</u> <u>Investment</u>	<u>Aggregated</u> <u>Maximum</u> <u>Investment</u> <u>per Institution</u>
	<u>S&P)</u>	<u>S&P)</u>	£M	£M	£M
UK Clearing Banks (Lloyds/Bank of Scotland)	F1+, F1 or F2 P1 or P2 AAA, AA, or A	AAA to BBB* Aaa to Baa2* AAA to BBB*	6 (7)	2.5 (3.5)	8.5 (10.5)
UK Building Societies (The Top 10 & £1bn Assets)	F1+, F1 or F2 P1 or P2 AAA, AA, or A	AAA to BBB* Aaa to Baa2* AAA to BBB*	4	2.5	6.5
UK Building Societies (from Top 11 downwards & £1bn Assets)	F1+, F1 or F2 P1 or P2 AAA, AA, or A	AAA to BBB* Aaa to Baa2* AAA to BBB*	4	1.5	5.5
UK Clearing Bank Subsidiaries	F1+, F1 or F2 P1 or P2 AAA, AA, or A	AAA to BBB* Aaa to Baa2* AAA to BBB*	4	2.5	6.5

Other UK Banks (with links to overseas banks)	F1+, F1 or F2 P1 or P2 AAA, AA, or A	AAA to BBB* Aaa to Baa2* AAA to BBB*	4	1.5	5.5
Overseas Banks	F1+, F1 or F2 P1 or P2 AAA, AA, or A	AAA to BBB* Aaa to Baa2* AAA to BBB*	3	0	3
Local Authorities	N/A	N/A	7	3	10
Debt Management Office	N/A	N/A	Unlimited	Unlimited	Unlimited

5 Compliance with Treasury Management Strategy & Code of Practice

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

6 Interest Earned from Treasury Investments during the period 1 April to 30 September 2016

6.1 The table below summaries the interest earned during the period 1 April to 30 September 2016 on the various Treasury Investments held by the Council;

TREASURY MANAGEMENT – INTEREST EARNED SUMMARY	
	£
Temporary Investments – Term Deposits	17,457.61
Externally Managed Funds – CDCM / Tradition	105,601.23
NatWest Liquidity Select Account	1,192.91
Barclays FIBCA Account	6,790.23
Lloyds 95 Day Account	7,282.03
Santander 180 Day Account	5,560.27
Santander 95 Day Account	1,894.92
TOTAL INTEREST EARNED/ACCRUED	£145,778.81

6.2 The budgeted income from investments for the period 1 April to 30 September 2016 was £175,000 (average rate of return of 1.50%). Interest actually earned during the period totalled £145,778 (average rate of return 1.07%), an under-achievement of interest of £29,221.19 and an under-achievement of 0.43% on the average rate of return.

6.3 The under-achievement of interest earned was primarily due to the reduction in cash balances following the purchase of the Toggam Solar Farm.

6.4 The reduced average rate of return is due to the reduction in the Bank of England base rate and resulting reduction of interest rates offered by institutions.

6.5 By year end there is predicted to be an approx. £97k under achievement against budget of interest earned. At the end of 2015 FHDC established an Interest Equalisation Reserve, the current balance of this reserve is £70k. If

required this can be used at year end to mitigate some of this under-achievement.

7 Investment Activity during the period 1 April to 30 September 2016

7.1 The table below summaries the investment activities during the period;

TREASURY MANAGEMENT – INVESTMENT ACTIVITY SUMMARY	
	2016/17 £
Opening Balance 01 April 2016	29,490,000
Investments made during the year (including transfers to business reserve accounts)	52,800,000
Sub Total	82,290,000
Investments realised during the year (including withdrawals from business reserve accounts)	63,865,000
Closing Balance 30 September 2015	18,425,000

7.2 Investments were made with counterparties that met the agreed lending criteria and investment periods. Investment periods range from overnight to five years, dependent on the Council's cash flows, the view on interest rates and the actual interest rates on offer.

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

7.4 During the period, for cash flow generated balances, use was made of the instant access and business reserve accounts with Barclays and NatWest. At 30 September 2016, in order to maintain liquidity whilst at the same time achieving a reasonable rate of return in relation to base rate, £1.52m was held in these accounts at interest rates between 0.25% and 0.30%.

7.5 The table below shows the investments held as at 30 September 2016;

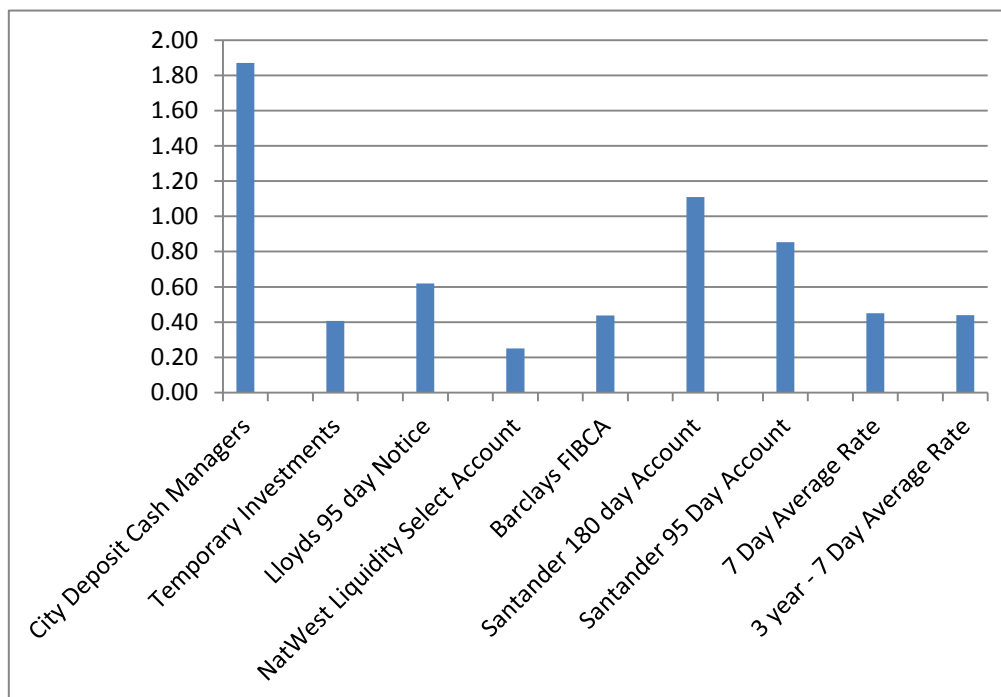
Investments held as at 30 September 2016				
Counterparty	Principal Amount	Interest Rate	Date Loaned	Date Returned
Lloyds TSB Bank Plc	2,000,000	3.65%	17/05/12	15/05/17
Close Bros Ltd	3,000,000	2.05%	08/01/15	09/01/17
National Counties B/Soc	2,500,000	1.75%	09/2/15	09/02/17
Principality B/Society	2,500,000	0.47%	08/08/16	20/02/17
Skipton B/Society	2,000,000	0.50%	15/08/16	13/03/17
Newcastle B/Society	1,000,000	0.35%	26/06/16	01/02/17
Lloyds 95 Day	2,400,000	0.62%	95 day	notice
Santander 180 Day	1,000,000	0.90%	180 day	notice
Santander 95 Day	500,000	0.65%	95 day	notice
Barclays FIBCA	25,000	0.30%	Call	
NatWest LSA	1,500,000	0.25%	Call	
TOTAL	18,425,000			

8 Average Rate of Return Comparison

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

Comparison of Average Rate of Return		
	Qtr 1	Qtr 2
Temporary In-House Investments	0.39%	0.40%
CDCM Investments	1.66%	1.87%
Lloyds 95 Day Account	0.62%	0.62%
Santander 180 Day Account	1.15%	1.09%
Santander 95 Day Account	0.90%	0.85%
Barclays FIBCA	0.45%	0.43%
NatWest LSA	0.25%	0.25%
Bank of Scotland Base Plus	0.25%	0.25%
7 Day Average	0.45%	0.37%
3 year – 7 Day Average	0.44%	0.37%
Overall Average return on Investments	0.87%	0.84%

Average Rate of Return by Investment Category



9 Summary of Funds Held

9.1 The table below shows a summary of the funds held as at 30 September 2016

Summary of Funds held	
Fund	£
Revenue Reserves	10,514,965
Capital Receipts Reserves	4,461,122
General Funds Reserve	2,000,217
Cash flow Balances	1,448,696
Total Value of Investments	18,425,000

10 Borrowing

- 10.1 The Council borrowed £4.0m on 31 March 2008 to part fund the new Newmarket Leisure Centre. This is a long term loan, for 70 years, to 31 March 2078, at a rate of 4.24%. The loan is on a LOBO basis, which stands for Lenders' Option, Borrowers' Option, which gives the Lender the opportunity to increase the interest rate at pre-set dates throughout the period of the loan, but also gives the Council to option to repay the loan and any accrued interest if they do not want to accept these new terms. The first option date is 31 March 2018 and thereafter the last business day of each successive period of five years.
- 10.2 The first interest payment for 2016/17, £85,032.32, was paid on 30 September 2016.
- 10.3 The Council also has two temporary loans totalling £2,000 which are repayable on 7 days notices. No request to repay either loan has been received during the period covered by this report.