

Informal Joint Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

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| Title: | Agenda |
| Date: | Wednesday 25 January 2017 |
| Time: | 5.00 pm |
| Venue: | Conference Chamber West West Suffolk House Western Way Bury St Edmunds |
| Full Members: | <p style="text-align: center;">Chairman Sarah Broughton Vice Chairman Patricia Warby</p> <p><u>Conservative Members (8)</u> Sarah Broughton Karen Richardson Beccy Hopfensperger David Roach Betty Mclatchy Peter Thompson Jane Midwood Patricia Warby</p> <p><u>Charter Member (1)</u> David Nettleton</p> <p><u>UKIP Member (1)</u> Barry Robbins</p> |
| Substitutes: | <p><u>Conservative Members (3)</u> Jeremy Farthing Ivor Mclatchy Susan Glossop</p> <p><u>Charter Member (1)</u> Diane Hind</p> <p><u>UKIP Member (1)</u> John Burns</p> |
| Interests – Declaration and Restriction on Participation: | Members are reminded of their responsibility to declare any disclosable pecuniary interest not entered in the Authority's register or local non pecuniary interest which they have in any item of business on the agenda (subject to the exception for sensitive information) and to leave the meeting prior to discussion and voting on an item in which they have a disclosable pecuniary interest. |
| Quorum: | Four Members |
| Committee administrator: | Christine Brain Democratic Services Officer (Scrutiny) Tel: 01638 719729 Email: christine.brain@westsuffolk.gov.uk |

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|---------------|---|
| 5.00pm | Informal discussions with Forest Heath District Council's Performance and Audit Scrutiny Committee on the three substantive items listed under Items 5 to 7 inclusive, to be held in Conference Chamber West . |
| 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, whichever is the later, in Conference Chamber West . |

All Members of Forest Heath's Performance and Audit Scrutiny Committee have been invited to attend to enable informal discussions on the reports listed in Items 5 to 7 inclusive below to take place between the two authorities:

COUNCILLORS

| | | | |
|---------------------------------|--|---|-----------------------------------|
| Conservative Members (8) | Michael Anderson Rona Burt Christine Mason | Chris Barker Louis Busuttil Colin Noble | John Bloodworth Louise Marston |
| West Suffolk Independent (1) | Simon Cole | | |
| UKIP (1) | Peter Ridgwell | | |

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

Public Information

| | | |
|---|--|---|
| Venue: | West Suffolk House Western Way Bury St Edmunds Suffolk IP33 3YU | Tel: 01284 763233 Email: democratic.services@westsuffolk.gov.uk Web: www.westsuffolk.gov.uk |
| Access to agenda and reports before the meeting: | Copies of the agenda and reports are open for public inspection at the above address at least five clear days before the meeting. They are also available to view on our website. | |
| Attendance at meetings: | The Borough Council actively welcomes members of the public and the press to attend its meetings and holds as many of its meetings as possible in public. | |
| Public speaking: | <p>Members of the public who live or work in the Borough are invited to put one question or statement of not more than three minutes duration relating to items to be discussed in Part 1 of the agenda only. If a question is asked and answered within three minutes, the person who asked the question may ask a supplementary question that arises from the reply.</p> <p>A person who wishes to speak must register at least 15 minutes before the time the meeting is scheduled to start.</p> <p>There is an overall time limit of 15 minutes for public speaking, which may be extended at the Chairman's discretion.</p> | |
| Disabled access: | <p>West Suffolk House has facilities for people with mobility impairments including a lift and wheelchair accessible WCs. However, in the event of an emergency use of the lifts is restricted for health and safety reasons.</p> <p>Visitor parking is at the car park at the front of the building and there are a number of accessible spaces.</p> | |
| Induction loop: | An Induction loop is available for meetings held in the Conference Chamber. | |
| Recording of meetings: | <p>The Council may record this meeting and permits members of the public and media to record or broadcast it as well (when the media and public are not lawfully excluded).</p> <p>Any member of the public who attends a meeting and objects to being filmed should advise the Committee Administrator who will instruct that they are not included in the filming.</p> | |

Agenda

Procedural Matters

Part 1(A) - Public

1. Substitutions

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

2. Apologies for Absence

3. Minutes

1 - 10

To confirm the minutes of the meeting held on 24 November 2016 (copy attached).

4. Public Participation

Members of the public who live or work in the Borough are invited to put one question or 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 of the meeting is scheduled to start. There is an overall time limit of 15 minutes of public speaking, which may be extended at the Chairman's discretion.

(Following the informal discussions held with Forest Heath District Council's Performance and Audit Scrutiny Committee on Items 5 to 7 below, Members are reminded that no further debate shall take place. However, Members are requested to either formally note/resolve/recommend Items 5 to 7 below).

5. Balanced Scorecards and Quarter 3 Performance Report 2016-2017

11 - 26

Report No: **PAS/SE/17/001**

(For reference purposes Forest Heath District Council's Report Number is PAS/FH/17/001)

6. West Suffolk Strategic Risk Register Quarterly Monitoring Report - December 2016

27 - 44

Report No: **PAS/SE/17/002**

(For reference purposes Forest Heath District Council's Report Number is PAS/FH/17/002)

7. Work Programme Update

45 - 48

Report No: **PAS/SE/17/003**

(For reference purposes Forest Heath District Council's Report Number is PAS/FH/17/003)

Part 1(B) - Public

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|------------|---|-----------------|
| 8. | Financial Performance Report (Revenue and Capital) - Quarter 3 (2016-2017) | 49 - 72 |
| | Report No: PAS/SE/17/004 | |
| 9. | Delivering a Sustainable Medium Term Financial Strategy 2017-2020 | 73 - 78 |
| | Report No: PAS/SE/17/005 | |
| 10. | Treasury Management Report 2016-2017 and Investment Activity (April - December 2016) | 79 - 88 |
| | Report No: TMS/SE/17/001 will be considered by the Treasury Management Sub-Committee on 16 January 2017. The Chairman/Head of Resources and Performance will update the Committee verbally on any issues or recommendations arising from the consideration of this report. | |
| 11. | Annual Treasury Management and Investment Strategy Statements 2017-2018 | 89 - 144 |
| | Report No: TMS/SE/17/002 will be considered by the Treasury Management Sub-Committee on 16 January 2017. The Chairman/Head of Resources and Performance will update the Committee verbally on any issues or recommendations arising from the consideration of this report. | |

Part 2 – Exempt

NONE

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Informal Joint Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Notes of Informal Discussions held on Thursday 24 November 2016 at 5.00pm in the Council Chamber, District Offices, College Heath Road, Mildenhall

PRESENT: St Edmundsbury Borough Council (SEBC)

Councillor Sarah Broughton
(Chairman of the informal discussions)

Councillors Betty Mclatchy, Ivor Mclatchy, David Roach, Barry Robbins,
Peter Thompson and Patricia Warby.

Forest Heath District Council (FHDC)

Councillors Michael Anderson, Louis Busuttill, Christine Mason and Peter Ridgwell.

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

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

- (1) Mid-year Internal Audit Progress Report 2016-2017;
- (2) Balanced Scorecards and Quarter 2 Performance Report 2016-2017
- (3) West Suffolk Strategic Risk Register Quarterly Monitoring Report – September 2016;
- (4) Work Programme Update.

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

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

Members noted that each Council permitted public participation at their Performance and Audit Scrutiny meetings. Therefore, for the purpose of facilitating these Constitutional requirements, it was proposed that public speaking should be permitted prior to the start of the informal discussions to enable any questions/statements to be considered by both Performance and Audit Scrutiny Committees on items 1 – 4 above. On this occasion however, there were no questions/statements from members of the public.

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

1. **Mid-Year Internal Audit Progress Report 2016-2017**

[Councillor Peter Thompson arrived at 5.03pm during the consideration of this item].

The Senior Auditor presented the report, which advised Members of the work of the Internal Audit Section for the first half of 2016-2017 (Appendix A), and provided Members with an insight of the variety of corporate projects and activities which were supported through the work of the team. The report also included an update on progress made against the 2016-2017 Internal Audit Plan previously approved by the Committee in May 2016.

A similar approach to last year's Internal Audit Plan was being undertaken in that as well as continuing to perform the usual statutory fundamental systems audits and other audit responsibilities, Internal Audit was also performing corporate and consultancy style work. This approach recognised that early audit input to activities could often help prevent or bring early resolution to internal control issues, and also brought audit skills and increased available resources on significant corporate projects. For 2016-2017 to date the team had 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 Income and Contracts work streams; conducting "health checks" on electoral administration processes across West Suffolk; a number of pieces of work for the Operations service; Mildenhall Hub project; and financial due diligence related to areas of potential council investment.

Internal Audit had 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.

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

Members considered the report and did not raise any issues.

2. **Balanced Scorecards Quarter 2 Performance Report 2016-2017**

The Business Partner (Resources and Performance) presented the report, which set out the West Suffolk Balanced Scorecards being used to measure the Council's performance for 2016-2017 and an overview of performance against those indicators for the second quarter of 2016-2017. The six balanced scorecards (attached at Appendices A to F) were linked to the Head of Service areas, which presented the second quarter performance.

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

During the past quarter, there had been four new indicators added to the Planning and Growth scorecard, which aimed to provide a broader picture of the performance and the issues faced during the planning application process.

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 had increased and was now getting back towards the levels seen during the 2015-2016 financial year, despite call volumes still being higher than comparable periods last financial year.

There had 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 in September 2016 the figure was 87.63%. The finance and performance team would continue to work with the service areas to try and improve performance against this indicator, with monthly business intelligence reports being sent out with details of all invoices processed.

Another area where performance had dipped slightly since the quarter 1 this year was in homelessness. An increase in homeless cases of 30% from the first quarter had led to a slightly increased time taken to make homelessness decisions and an increased use of B&B accommodation in quarter 2.

Members considered the report in detail. In particular discussions were held on the increase in homelessness cases presented. Members were informed that the general increase was due to the current economic climate and family breakdowns.

3. **West Suffolk Strategic Risk Register Quarterly Monitoring Report – September 2016**

The Service Manager (Resources and Performance) presented the second quarterly risk register monitoring report in respect of the West Suffolk Strategic Risk Register. The Register was updated regularly by the Risk Management Group and at its recent meeting in September 2016 the Group reviewed the target risk, the risk level where the Council aimed to be, and agreed a current risk assessment. These assessments formed the revised West Suffolk Risk Register (Appendix 1).

Some individual controls or actions had been updated and those which were not ongoing and had been completed by September 2016 had been removed from the Register. There had been no new risks or amendments made to any existing risks or any existing risks closed since the Strategic Risk Register was last reported to the Committee.

With regards to the EU Referendum, the Group would continue to monitor the situation as it developed over the next quarter, amending existing and / or adding new risks where necessary. Any changes made would be reported at the next meeting of the Committee, in the normal manner.

Members considered the report and in particular discussed risk WS4 – staff retention. Members were advised that the Head of HR, Legal and Democratic Services had previously increased the risk due to a national and local issue around recruiting particular skilled staff. The Head of Service was keeping the risk under review.

4. **Work Programme Update**

The Head of Resources and Performance presented the report, which provided information on the current status of each Committee's Work Programme for 2017.

On the conclusion of the informal joint discussions at 5.14pm, Members of St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee withdrew from the Council Chamber to the Training Room to hold their formal meeting.

The Chairman then formally opened the St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee in the Training Room at 5.17pm.

Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Minutes of a meeting of the **Performance and Audit Scrutiny Committee** held on **Thursday 24 November 2016** at **5.17 pm** in the **Training Room**, at Forest Heath District Council, College Heath Road, Mildenhall, IP28 7EY

Present: **Councillors**

Chairman Sarah Broughton
Vice Chairman Patricia Warby

Betty Mclatchy
David Roach

Barry Robbins
Peter Thompson

Substitutes attending:
Susan Glossop for Jane Midwood
Ivor Mclatchy for Karen Richardson

117. **Substitutions**

The following substitutions were declared:

Councillor Susan Glossop for Councillor Jane Midwood.
Councillor Ivor Mclatchy for Councillor Karen Richardson.

118. **Apologies for Absence**

Apologies for absence were received from Councillors Beccy Hopfensperger, Jane Midwood, David Nettleton and Karen Richardson.

119. **Minutes**

The minutes of the meeting held on 21 September 2016 were unanimously accepted by the Committee as an accurate record and signed by the Chairman.

120. **Public Participation**

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

121. **Mid-Year Internal Audit Progress Report 2016-2017**

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/SE/16/024.

Members had scrutinised the report, and there being no decision required the Committee **noted** the Mid-Year Internal Audit Progress Report 2016-2017.

122. **Balanced Scorecards and Quarter 2 Performance Report 2016-2017**

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/SE/16/025.

Members had scrutinised the report, and there being no decision required the Committee **noted** the Council's performance using the Balanced Scorecards for Quarter 2, 2016-2017.

123. **West Suffolk Strategic Risk Register Quarterly Monitoring Report - September 2016**

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/SE/16/026.

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

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

124. **Work Programme Update**

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/SE/16/027.

Members had scrutinised the report, and there being no decision required the Committee **noted** the contents of the work programme for January – May 2017.

125. **Financial Performance Report (Revenue and Capital) Quarter 2 - 2016-2017**

[Councillor Susan Glossop arrived at 5.28pm during the consideration of this item].

The Committee received Report No: PAS/SE/16/028, which set out the financial performance for the second quarter of 2016-2017 and forecasted outturn position for 2016-2017.

Attached at Appendix A and B to the report was details of the Council's revenue performance and year end forecasted outturn position. Explanations of the main year end forecast over/(underspends) was set out within paragraph 1.2.3 of the report. Members were requested to note the current position and the significant variances over £25,000 (paragraph 1.2.3).

Appendix C to the report set out the Council's capital financial position for the six months of 2016-2017, which showed expenditure of £1,208,000. Finally, a summary of the earmarked reserves was attached at Appendix D, along with the forecast year end position for 2016-2017.

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

The Committee scrutinised the report in detail and asked a number of questions to which response were duly provided. In particular discussions were held on the Development Control, trade waste and waste commodity variances over £25,000.

Members also discussed the brown bin service and was advised that a marketing campaign would be started shortly to encourage residents to renew their subscription.

In response to a question raised, the Head of Operations agreed to look further into the suggestion of having a "free from 1pm" for car parks in Haverhill on market day.

There being no decisions required, the Committee **noted** the Quarter 2 performance and the 2016-2017 year end forecast financial position.

126. **Delivering a Sustainable Budget Medium Term Financial Strategy 2017-2020**

The Committee received Report No: PAS/SE/16/029, which updated Members on progress made towards delivering a balanced budget for 2017-2018 and sustainable budget in the medium term.

St Edmundsbury continued to face considerable financial challenges as a result of increased cost and demand pressures and constraints on public sector spending (Revenue and Support Grant (RSG)) from central government, as evidenced by the proposed four year government settlement. It was clear that even without the proposed reductions in RSG, the council had underlying net cost pressures that it needed to address.

The budget gap for years 2017-2018 to 2019-2020 were projected in Table 1 of the report. The current budget assumptions for 2017-2018 to 2019-2020 and for the period of the Medium Term Financial Strategy were detailed in Appendix A.

The Approach to Delivering a Sustainable Medium Term Financial Strategy 2016 report was approved by Council on 27 September 2016.

The Performance and Audit Scrutiny Committee was asked to support and recommend to Cabinet the inclusion of a number of proposals, as set out in Table 2 of the report, in order to progress securing a balanced budget 2017-2018.

The Committee was further asked to consider proposals, as set out in paragraph 5.2 to be treated as pending budgets requiring approval before being committed; removing items from the capital programme (paragraph 5.3) and reserve transfers as set out in paragraph 5.4 be approved.

Members scrutinised the report in detail and asked a number of questions to which officers duly responded. In particular discussions were held on whether the devolution would affect the budget; and the Barley Homes Group Limited timetable for progressing housing developments.

The Committee **noted** the budget assumptions, budget timetable and progress made to date on delivering a balanced budget for 2017-2018 and sustainable budget in the medium term.

Councillor Patricia Warby moved the recommendation, this was duly seconded by Councillor David Roach and with the vote being unanimous, it was:

RECOMMENDED that:

- 1) The proposals, as detailed in Section 5 and Table 2 at paragraph 5.1 of Report No: PAS/SE/16/029, be included, in securing a balanced budget for 2017/2020.**
- 2) The items, as detailed in paragraph 5.2 of Report No: PAS/SE/16/029 are treated as pending budgets that will require the necessary approvals before they can be committed.**
- 3) The items as detailed in paragraph 5.3 of Report No: PAS/SE/16/029, be removed from the capital programme**
- 4) The reserve transfers as detailed in paragraph 5.4 of Report No: PAS/SE/16/029, be approved.**

127. Ernst and Young - Presentation of Annual Audit Letter (2015-2016)

The Committee received Report No: PAS/SE/16/030, presented by Mark Russell, Assistant Manager (Ernst and Young), which updated Members on the outcome of the annual audit of the 2015-2016 financial statements by Ernst and Young (EY) as detailed in their Annual Audit Letter 2015-2016, attached as Appendix 1 to the report. The letter was for information and confirmed the completion of the audit for the 2015-2016 financial statements.

No significant issues were noted by EY and, therefore, the planned audit fee of £43,767 for the year remained unchanged, other than a small additional fee which related to some work on the Council's proposed Minimum Revenue Provision policy. This work had been requested by management and a fee of £1,431 had been agreed by the S151 Officer.

Work on the certification of claims and returns had not yet commenced and the results of this work, along with the final fee would be reported in the Annual Certification Report.

Members asked questions, to which Mark Russell Hodgson duly responded.

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

128. **Mid-Year Treasury Management Performance Report and Investment Activity (April - September 2016)**

The Committee received Report No: TMS/SE/16/004, which had been considered by the Treasury Management Sub-Committee on 21 November 2016. The Head of Resources and Performance provided a verbal update on the Sub-Committee's consideration of the report, which:

- (a) Provided a summary of investment activities for the first six months of 2016-2017;
- (b) Updated the Sub-Committee on the use of the Chief Executive's Urgency Powers to increase counterparty investment limits from October 2016; and
- (c) Requested the use of Enhanced Cash Funds be included in the list of authorised investments that could be used.

Investment Activity (1 April to 30 September 2016)

The Sub-Committee had scrutinised the investment activity for 1 April to 30 September 2016, and asked a number of questions to which officers duly responded.

Increases to Investment Counterparty Limits

The Sub-Committee was asked to note the following amendments which had been made to the Treasury Management Code of Practice 2016-2017 attached as Appendix 1 to the report:

- Risk Management TMP1 (1)
- Liquidity Risk Management TMP1 (2); and

the amendments made to sections 22, 23 and 26 of the Annual Treasury Management and Investment Strategy Statements 2016-2017, attached as Appendix 2.

The Sub-Committee had scrutinised the increases to the investment counterparty limits and asked questions to which officers duly responded.

Enhanced Cash Funds

The Sub-Committee was advised that with the Bank of England base rate at a record low of 0.25% and the introduction of a further £100bn of funds into the market, it was becoming increasingly difficult to achieve a good rate of return on the councils investments. In an attempt to mitigate some of this lost return the Treasury Management Sub-Committee was asked to recommend the use of Enhanced Cash Funds as an alternative investment

vehicle to the more traditional fixed term deposits with banks and building societies.

The Sub-Committee had scrutinised the enhanced cash funds, and asked questions to which officers duly responded. In particular members were advised that the Council would be looking to invest a fixed amount of £1m. Sector, the Council's treasury advisors had recommended that in order to manage any potential market volatility, such funds should have a minimum investment period of three to six months, although funds could be withdrawn with notice varying from 1 to 5 days depending on the fund.

The Performance and Audit Scrutiny Committee considered the report and **noted** the increased investment counterparty limits which had been agreed by the Chief Executive under his Urgency Powers.

Councillor David Roach moved the recommendations, this was duly seconded by Councillor Peter Thompson and with the vote being unanimous, it was:

RECOMMENDATIONS:

That subject to the approval of full Council:

- a) The Mid-Year Treasury Management Report 2016-2017, attached at Appendix 1 to Report No: TMS/SE/16/004, be approved.
- b) The addition of Enhanced Cash Funds to the authorised investments list in the St Edmundsbury Borough Council Treasury Management and Investment Strategy and Code of Practice, attached as Appendix 2 and 3 to Report No: TMS/SE/16/004, be approved.

The Meeting concluded at 5.59 pm

Signed by:

Chairman

Informal Joint Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

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|-----------------------------|--|-----------------|
| Title of Report: | Balanced Scorecard and Quarter 3 Performance report 2016-2017 | |
| Report No: | PAS/SE/17/001 | |
| Report to and dates: | Performance and Audit Scrutiny Committee | 25 January 2017 |
| Portfolio holder: | Ian Houlder Portfolio Holder for Resources and Performance Tel: 01284 810074 Email: ian.houlder@stedsbc.gov.uk | |
| Lead officer: | Rachael Mann Head of Resources and Performance Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk | |
| Purpose of report: | This report sets out the West Suffolk Balanced Scorecards being used to measure the Council's performance for 2016-17 and an overview of performance against those indicators for the third quarter of 2016-17. | |
| Recommendation: | Performance and Audit Scrutiny Committee: Members are requested to review the Council's performance using Balanced Scorecards for Quarter 3, 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

1. Key issues and reasons for recommendation(s)

1.1 Performance Measures

- 1.1.1 Attached at **appendices A to F** are the current Balanced Scorecards (based on Head of Service area) which present Quarter 3 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.

1.2 Quarter 3 Performance

- 1.2.1 In quarter 1, the performance against the “% telephone calls answered” indicators was below target levels across all areas. During quarters 2 and 3 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 increase corporately in the performance against the indicator “% of non-disputed invoices paid within 30 days” since quarter 2. The figure in September 2016 was 87.63%, whereas the December 2016 figure is 93.1%. 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.

| | | 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 | £ 32,484.00 | - | M | Cumulative | | GenFund £128k, Corp (£47k), R&P (£35k). As detailed in the budget monitoring report. | 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 | £ 562,533.00 | - | M | Cumulative | | GenFund £476k, ICT £61k, ARP £56k, As detailed in the budget monitoring report. | | Number of formal complaints | 0 | No Target | B | Period only | | |
| | | Income generated from SLAs | (£130,152.46) | (£134,847.00) | M | Cumulative | | | CUSTOMERS | Organisational year end forecast variance (under) / over spend against budget - FHDC * | - | - | M | Cumulative | | R&P £32k, HRL&D (£-8k), F&C (£-27k), P&G £31k, Ops (£-45k), HSG (£-12k), Interest £28k. As detailed in the budget monitoring report. |
| | | % return on the investment of reserves and balances - FHDC | 1.11 | 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 * | (£34,392.00) | - | M | Cumulative | | R&P £563k, HRL&D £29k, F&C £5k, P&G £186k, Ops (£-715k), HSG £37k, Interest (£139k). As detailed in the budget monitoring report. |
| | % return on the investment of reserves and balances - SEBC | 0.80 | 0.90 | Q | Cumulative | | Due to higher levels of balances than anticipated, the actual income received in the year is forecast to be £145,000 higher than budget. | Total income generated by organisation £ * | | (£18,731,376.52) | (£17,728,524.05) | M | Cumulative | | | |
| | FINANCE & PERFORMANCE | % of non-disputed invoices paid within 30 days | 94.00 | 95.00 | M | Period only | | 50 invoices processed in December. | ORGANISATIONAL | % of total non-disputed invoices paid within 30 days * | 93.10 | 95.00 | M | Cumulative | | 1,247 invoices processed in December. |
| | | % of debt over 90 days old | 0.00 | 10.00 | M | Cumulative | | FHDC debt £0.00 - 0% over 90 days. SEBC debt £0.00 - 0% over 90 days. | | % of total debt over 90 days old * | 61.20 | 10.00 | M | Cumulative | | FHDC debt £143k - 49% over 90 days. SEBC debt £468k - 64.83% 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 * | 94.59 | No Target | M | Period only | | OUTCOMES | ARP | % Collection of Council Tax - FHDC | 85.78 | 84.71 | M | Cumulative | | The amount collected as at the end of December is £22,810,813. |
| | ICT | % of ICT Helpdesk calls completed 'on time' as defined in SLAs | 93.71 | 90.00 | Q | Period only | | | | % Collection of Council Tax - SEBC | 87.93 | 86.79 | M | Cumulative | | The amount collected as at the end of December is £48,809,028. |
| | ARP | Days taken to process Housing Benefit new claims and changes - FHDC | 7.22 | 8.00 | M | Period only | | | | % Collection of Business Rates - FHDC | 87.71 | 83.46 | M | Cumulative | | The amount collected as at the end of December is £19,528,242. |
| | | Days taken to process Housing Benefit new claims and changes - SEBC | 6.28 | 8.00 | M | Period only | | | | % Collection of Business Rates - SEBC | 86.96 | 84.81 | M | Cumulative | | The amount collected as at the end of December is £41,101,996. |
| | | | | | | | | | BUSINESS RATES | Business Rate Growth - FHDC | 23,078,212 | 22,143,933 | M | Cumulative | | This is the forecast business rates figure. FHDC will receive 40% share of growth which will be £373,688 based on this forecast. |
| | | | | | | | | | | Business Rate Growth - SEBC | 48,236,560 | 45,886,675 | M | Cumulative | | This is the forecast business rates figure. SEBC will receive 40% share of growth which will be £939,954 based on this forecast. |

| PROJECTS | Name | Project Lead | Project Stage | Project Status | Approval details | Approved budget | Forecast Spend | Variance | Comments |
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| RISK | RISK ID NUMBER | Type | Title | Description - What are we trying to avoid? | WS Inherent Risk | WS Residual Risk | Last updated |
|------|--------------------------|--------------------------------------|---|--|-----------------------------|-----------------------------|---------------|
| | WS1 A | Financial | Poor financial management | Failure in specific areas to achieve projected income, or expenditure exceeds the approved budgets (revenue or capital). | Probability - 3; Impact - 5 | Probability - 2; Impact - 3 | December 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 MTF5 theme such as behaving more commercially or being an investing authority. | Probability - 3; Impact - 4 | Probability - 2; Impact - 4 | December 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 | December 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 | December 2016 |
| | WS7a | Technological | ICT integration | Integration of ICT across services and systems not being achieved. | Probability - 4; Impact - 4 | Probability - 3; Impact - 4 | December 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 | December 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 | December 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 | December 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 | December 2016 |

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| | | Current Value | Target | Frequency | Type | Trend | Comments | | | Current Value | Target | Frequency | Type | Trend | Comments | | | |
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| RESOURCES | FINANCIAL | Year end forecast variance (under) / over spend against budget - FHDC | (27,081.00) | - | M | Cumulative | | Saving on salary and pension costs Com.Dev. As per budget monitoring report. | CUSTOMERS | SATISFACTION | % Customer satisfaction with customer service - overall journey | 81.00 | 80.00 | Q | Period only | | Customer satisfaction rate now back on target. The satisfaction rate had fallen to 50% earlier in the year with the introduction of Garden Waste charging and implementation issues with the Housing Options Abrisas homelink system | |
| | | Year end forecast variance (under) / over spend against budget - SEBC | 4,780.00 | - | M | Cumulative | | Com.Dev. (£23k), CustServ £21k. As per budget monitoring report | | | Number of formal complaints | 0 | No target | B | Cumulative | | | |
| | | % of non-disputed invoices paid within 30 days | 97.73 | 95.00 | M | Cumulative | | 44 invoices processed in December. | | | 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 £1,140 - 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 | 34,062 | 29,500 | M | Period only | | Aim to maximise. | OUTCOMES | CUSTOMER SERVICES | % of issues resolved at first point of contact with Customer Services - telephone | 96.00 | 80.00 | M | Cumulative | | | |
| | | Number of unique page views to the West Suffolk councils website | 105,076 | 150,000 | M | Period only | | The figures have dropped after the peak from the Christmas Fayre and due to the Christmas/New Year break. | | | % of issues resolved at first point of contact with Customer Services - face to face | 88.00 | 80.00 | M | Cumulative | | | |
| | | Number of online forms completed | 1,101 | 1,250 | M | Period only | | Over 28,000 online forms have been used this year to date. | | | | | | | | | | |
| | | Number of page views to the West Suffolk intranet | 420,292 | 123,500 | M | Period only | | The page views have increased significantly due to more news items which people have looked at. | | | | | | | | | | |
| | CUSTOMER SERVICES | % of telephone calls answered | 93.00 | 90.00 | M | Period only | | Call answer rate on target for December | | | | | | | | | | |
| | | Number of face to face contacts (not including visitor management) | 3,003 | 5,500 | M | Period only | | Visitor numbers are falling as online form usage increases | | | | | | | | | | |

| PROJECTS | Name | Project Lead | Project Stage | Project Status | Approval details | Approved budget | Forecast Spend | Variance | Comments |
|----------|------|--------------|---------------|----------------|------------------|-----------------|----------------|----------|----------|
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| RISK | RISK ID NUMBER | Type | Title | Description - What are we trying to avoid? | WS Inherent Risk | WS Residual Risk | Last updated |
|------|--------------------------|---------------------------|--|---|-----------------------------|-----------------------------|---------------|
| | WS2 | Customer | Maintain and promote our public image, maintain effective communications | Council services and decisions being misrepresented in the media (including social media) which undermines public trust and confidence. Councils' reputation preventing them from entering into positive partnerships with others, or securing funding. Lack of public trust and confidence in the councils that could affect their ability to work WITH communities in achieving the strategic priorities and to achieve behaviour change (e.g. around recycling, channel shift etc.). This could also potentially impact on our ability to recruit staff in competitive market. | Probability - 3; Impact - 3 | Probability - 3; Impact - 2 | December 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 | December 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 | December 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 | December 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 | December 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 | December 2016 |

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| | | Current Value | Target | Frequency | Type | Trend | Comments | | | Current Value | Target | Frequency | Type | Trend | Comments | | |
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| RESOURCES | FINANCIAL | Year end forecast variance against budget - FHDC | (£8,115.00) | - | M | Cumulative | | Training(£12k), Legal £7k , HR (£6k). As detailed in the budget monitoring report. | CUSTOMERS | SATISFACTION | Number of formal complaints | 1 | No target | B | Period only | | 1 - Legal Services |
| | | Year end forecast variance against budget - SEBC | £ 29,375.00 | - | M | Cumulative | | Elections £33k, Legal (£7k). As detailed in the budget monitoring report | | | Number of formal compliments | 1 | No target | B | Period only | | 1 - Human Resources |
| | | % of non-disputed invoices paid within 30 days | 98.46 | 95.00 | M | Cumulative | | 65 Invoices processed in December | | % response rate to Annual Canvass | 91.76 | 95.00 | A | Cumulative | | | |
| | | % of debt over 90 days old | 0.00 | 10.00 | M | Cumulative | | No debt over 90 days for FHDC or SEBC. Only debt is for SEBC - £96.80 and is under 90 days | | Customer Services % of answered calls - elections | 94.00 | 90.00 | M | Period only | | Call answer rate on target for December | |
| | STAFF | Average number of sick days lost per FTE per annum* | 6.48 | 6.50 | Q | Cumulative | | 0 | | | | | | | | | |
| | | 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) | 22.38 | 35.00 | Q | Period only | | 0 | OUTCOMES | HUMAN RESOURCES | % Voluntary staff turnover * | 8.74 | 7-12 | Q | Cumulative | | 0 |
| | | | | | | | | % successful staff appointments * | | | 86.96 | 85.00 | Q | Cumulative | | 0 | |
| | | | | | | | | | | HEALTH & SAFETY | Reported incidence of injuries, diseases and dangerous occurrences * | 1 | 10 | Q | Cumulative | | Please enter a comment to explain variance |

| PROJECTS | Name | Project Lead | Project Stage | Project Status | Approval details | Approved budget | Forecast Spend | Variance | Comments |
|----------|------|--------------|---------------|----------------|------------------|-----------------|----------------|----------|----------|
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| 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 | December 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 | December 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 | December 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 | December 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 | December 2016 |

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| | | Current Value | Target | Frequency | Type | Trend | Comments | | | Current Value | Target | Frequency | Type | Trend | Comments | | |
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| RESOURCES | FINANCIAL | Year end forecast variance (under) / over spend against budget - FHDC | £ 42,007.00 | 0.00 | M | Cumulative | | DevControl £119k, Solar Farm (£-160k), Environmental Mgmt £60k. As detailed in the budget monitoring report | 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 | £ 201,156.00 | 0.00 | M | Cumulative | | DevControl £114k, Building Control £69k. As detailed in the budget monitoring report | | | 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 | £ 14,702 | No Target | M | Cumulative | | 0 | | | Number of successful appeals - Planning | 1 | No Target | M | Period only | FHDC had one successful appeal | |
| | | Income received against budget | (£1,804,189.72) | (£1,763,330.00) | M | Cumulative | | 0 | | | Application decisions needing an extension of time to complete | 37 | No Target | M | Period only | Of the 47 late applications 37 needed an extension of time | |
| | | % of non-disputed invoices paid within 30 days | 100.00 | 95.00 | M | Period only | | 56 Invoices processed in November | | | Total validation backlog | 50 | No Target | M | Cumulative | The number had decreased significantly as the three new planning apprentices as part of there training programme had been working to clear the backlog. | |
| | | % of debt over 90 days old | 63.40 | 10.00 | M | Cumulative | | FHDC debt £1,956.00 - 65.70% over 90 days. SEBC debt £4,876.32 - 61.10% over 90 days | | | % of invalid planning applications received | 36.00 | No Target | M | Period only | There were 248 applicants during the month of which 90 (36%) were invalid which is an improvement on previous periods | |
| | | 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 | 83.33 | 60.00 | M | Period only | | There were 6 major applications in the month 5 for SEBC and 1 for FHDC. 4 of SEBC were completed in time 80% and FHDC there was 1 which was completed in time 100% | OUTCOMES | REGULATORY | Renewable energy generated on Council properties (KWh) | 49,627 | No Target | Q | Period only | | |
| | | % of minor planning applications determined within 8 weeks | 84.00 | 65.00 | M | Period only | | There were 33 applications in the month 25 for SEBC and 8 for FHDC. SEBC completed 21 in time achieving 84% and FHDC achieved 7 in time 88% | | | % of food businesses receiving a top food hygiene rating (rating of 5) | 80.30 | 60.00 | Q | Period only | | |
| | | % of other planning applications determined within 8 weeks | 92.00 | 80.00 | M | Period only | | There were 135 applications 103 for sebc of which 71 were completed in time. For FHDC there were 32 applications for FHDC of which 23 were completed in time. SEBC 68% FHDC 71% | | | | | | | | | |
| | PLANNING ENFORCEMENT | Number of new enforcement cases opened | 35 | No Target | M | Period only | | There were 19 new cases opened in SEBC and 16 new cases in FHDC | | | | | | | | | |
| | | Number of enforcement cases closed | 31 | No Target | M | Period only | | There were 15 cases closed in SEBC and 16 cases closed in FHDC | | | | | | | | | |
| | | Total number of enforcement cases open | 294 | No Target | M | Period only | | There are 191 open cases in SEBC and 103 cases open in FHDC | | | | | | | | | |

| PROJECTS | Name | Project Lead | Project Stage | Project Status | Approval details | Approved | Forecast Spend | Variance | Comments |
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| RISK | RISK ID NUMBER | Type | Title | Description - What are we trying to avoid? | WS Inherent Risk | WS Residual Risk | Last updated |
|------|--------------------------|---------------------------|--|---|-----------------------------|-----------------------------|---------------|
| | WS6 (on all scorecards) | Political | Managing public / councillor expectations with less resources | Falling short of providing the level of service that the public and councillors expect and demand. | Probability - 5; Impact - 4 | Probability - 3; Impact - 4 | December 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 | December 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 | December 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 | December 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 | December 2016 |

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| | | Current Value | Target | Frequency | Type | Trend | Comments | | | Current Value | Target | Frequency | Type | Trend | Comments | | |
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| RESOURCES | FINANCIAL | Year end forecast variance against budget - FHDC | (£45,001.00) | - | M | Cumulative | | Palace House £40k, PropMgmt (£38k), CarPark (£22k), Waste £22k). As detailed in the budget monitoring report. | CUSTOMERS | SATISFACTION | Number of formal complaints | 2 | No target | B | Period only | | 2 - Waste |
| | | Year end forecast variance against budget - SEBC | (£715,330.00) | - | M | Cumulative | | Car parking (£302), Waste (£153k), Property Mgmt (£61k), Apex (£52k). As detailed in the budget monitoring report. | | | Number of formal compliments | 25 | No target | B | Period only | | 15 - Waste, 1 - Street Cleansing, 4 - Leisure |
| | | Income from entire property portfolio | (£3,110,810.63) | (£3,086,966.00) | M | Cumulative | | Please enter a comment to explain variance | | SERVICE | % of calls answered - Waste | 95.00 | 90.00 | M | Period only | | Call answer rate on target for December |
| | | Income from waste & street scene services | (£1,968,157.54) | (£1,721,328.00) | M | Cumulative | | Please enter a comment to explain variance | | | % of calls answered - Apex Box Office | 95.00 | 90.00 | M | Period only | | Call answer rate on target for December |
| | | % of non-disputed invoices paid within 30 days | 92.71 | 95.00 | M | Cumulative | | 837 invoices processed in December. | | | | | | | | | |
| | | % of debt over 90 days old | 61.59 | 10.00 | M | Period only | | FHDC debt £130,053.19 - 47.44% over 90 days. SEBC debt £448,075.43 - 65.69% 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 | 3.18 | 8.25 | M | Period only | | Please enter a comment to explain variance | OUTCOMES | WASTE MANAGEMENT | % of household waste recycled and composted | 47.45 | 42.00 | Q | Cumulative | | Please enter a comment to explain variance |
| | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | PROPERTY | % of industrial units that are vacant | 9.00 | 8.25 | M | Cumulative | |

| PROJECTS | Name | Project Lead | Project Stage | Project Status | Approval details | Approved budget | Forecast Spend | Variance | Comments |
|----------|------|--------------|---------------|----------------|------------------|-----------------|----------------|----------|----------|
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| RISK | RISK ID NUMBER | Type | Title | Description - What are we trying to avoid? | WS Inherent Risk | WS Residual Risk | Last updated |
|--------------------------|---------------------------|--|--|--|-----------------------------|-----------------------------|---------------|
| | WS6 (on all scorecards) | Political | Managing public / councillor expectations with less resources | Falling short of providing the level of service that the public and councillors expect and demand. | Probability - 5; Impact - 4 | Probability - 3; Impact - 4 | December 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 | December 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 | (£11,616.00) | - | M | Cumulative | | Hous.Dev (£7k), Hous.B&P £6k, Hous.Opt (£7k). As detailed in the budget monitoring report. | CUSTOMERS | SATISFACTION | Number of formal complaints | 2 | No target | B | Period only | | 2 - Housing Options | |
| | | Year end forecast variance (under) / over spend against budget - SEBC | £ 36,781.00 | - | M | Cumulative | | This quarter has seen an increase in spend on Homeless £34k and £24k on B&B which reflects the national trend and is likely to continue into the future, Hous.Dev (£19k). As detailed in the budget monitoring report. | | | Number of formal compliments | 0 | No target | B | Period only | | | |
| | | DFG mandatory grants paid £ | £ 252,489.94 | £ 630,900.00 | M | Cumulative | | Increase in the level of spend. Partners working on measures to improve HIA, including change in senior management. There are a significant number of cases in the system which should be completed in the final quarter to raise the spend. | | SERVICE | Customer Services % of answered calls - housing | 93.00 | 90.00 | M | Period only | | Call answer rate on target for December | |
| | | % of non-disputed invoices paid within 30 days | 88.46 | 95.00 | M | Period only | | 78 invoices processed in December. | | | % Private Rented Sector properties with rent at or below the Local Housing Allowance Rate | 4.00 | 4.00 | Q | Cumulative | | Figure reflects ongoing difficulty in accessing affordable private sector housing. | |
| | | % of debt over 90 days old | 97.86 | 10.00 | M | Cumulative | | FHDC debt £6,680.86 - 100.00% over 90 days. SEBC debt £7,106.40 - 95.94% over 90 days. | | | | | | | | | | |
| | STAFF | Cases per member of staff - Housing Options | 20.00 | 20-30 | M | Period only | | Number of cases within acceptable level, however the complexity of cases is increasing | | | | | | | | | | |
| | | Cases per member of staff - Housing Standards | 45.00 | 50-60 | Q | Period only | | Manageable workload, will continue to monitor. A secondment has ended and the member of staff has returned to the service. | | | | | | | | | | |
| | | Current Value | Target | Frequency | Type | Trend | Comments | | | Current Value | Target | Frequency | Type | Trend | Comments | | | |
| INTERNAL PROCESSES | HOUSING OPTIONS | Average time taken to make decisions on homelessness applications (days) | 18 | 14 | Q | Period only | | There have been staff changes in the team and the service continues to manage an increasing demand. | OUTCOMES | HOUSING OPTIONS | Numbers in Bands A & B | 897 | 1,300 | M | Cumulative | | | |
| | STRATEGIC HOUSING | Additional housing units registered with WSLP | 6 | 45 | Q | Period only | | Securing additional units continues to prove to be extremely difficult due to pressure in the private rented sector. Project review currently underway and will be completed by the end of March 2017 | | | Household numbers in B&B | 10 | 10 | M | Cumulative | | The figure relates to current requirements but we can see this increasing especially in the St edmundsbury area. Another 11 units of temporary accommodation are being sought to replace heron house and provide accommodation in Mildenhall. | |
| | | Empty properties brought back into use through Council intervention | 15 | 7 | Q | Cumulative | | Above our annual target. We are also working on enforcement actions to bring longer-term homes back into use through our project. | | STRATEGIC HOUSING | Number of new affordable homes delivered available for occupation | 123 | 109 | Q | Cumulative | | Number of affordable properties delivered this year will exceed target as a number of schemes have been delivered ahead of schedule | |
| | | % of units that are affordable on S106 sites | 30.00 | 30.00 | Q | Period only | | Percentage of affordable housing secured through S106 has been maintained at policy compliant level | | HOUSING STANDARDS | Private sector Properties brought up to standard | 58 | 45 | Q | Cumulative | | On target. This evidences the operational work to make properties across the private sector safe for occupiers, using enforcement actions where necessary. | |

| PROJECTS | Name | Project Lead | Project Stage | Project Status | Approval details | Approved budget | Forecast Spend | Variance | Comments |
|----------|------|--------------|---------------|----------------|------------------|-----------------|----------------|----------|----------|
| | | | | | | | | | |
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| RISK | RISK ID NUMBER | Type | Title | Description - What are we trying to avoid? | WS Inherent Risk | WS Residual Risk | Last updated |
|------|--------------------------|---------------------------|---|--|-----------------------------|-----------------------------|---------------|
| | WS6 (on all scorecards) | Political | Managing public / councillor expectations with less resources | Falling short of providing the level of service that the public and councillors expect and demand. | Probability - 5; Impact - 4 | Probability - 3; Impact - 4 | December 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 | December 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 | December 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 | December 2016 |

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Informal Joint Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

| | | |
|---|--|-----------------|
| Title of Report: | West Suffolk Strategic Risk Register Quarterly Monitoring Report – December 2016 | |
| Report No: | PAS/SE/17/002 | |
| Report to and date/s: | Performance and Audit Scrutiny Committee | 25 January 2017 |
| Portfolio holder: | Ian Houlder Portfolio Holder for Resources and Performance Tel: 01284 810074 Email: ian.holder@stedsbc.gov.uk | |
| Lead officer: | Joanne Howlett Service Manager - Finance and Performance Tel: 01284 757264 Email: joanne.howlett@westsuffolk.gov.uk | |
| Purpose of report: | To review the West Suffolk Strategic Risk Register Quarterly Monitoring Report. | |
| Recommendation: | Performance and Audit Scrutiny Committee: It is <u>RECOMMENDED</u> that: Members scrutinise the updated West Suffolk Strategic Risk Register at Appendix 1 and refer any major issues requiring attention to Cabinet. | |
| Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i> | <i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/> | |
| Consultation: | • Not Applicable | |
| Alternative option(s): | • Not Applicable | |

| | | | |
|--|---|--|---------------------------------------|
| Implications: | | | |
| Are there any financial implications? <i>If yes, please give details</i> | | 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? <i>If yes, please give details</i> | | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> | |
| Are there any ICT implications? <i>If yes, please give details</i> | | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> | |
| Are there any legal and/or policy implications? <i>If yes, please give details</i> | | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> | |
| Are there any equality implications? <i>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) |
| 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(s)

1.1 Key Issues and Summary

- 1.1.1 The West Suffolk Strategic Risk Register is updated regularly by the Risk Management Group. The Group is comprised of service representatives, including Health and Safety, supported by a Director and the Portfolio Holder for Resources 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 December 2016, the Group reviewed the Target Risk, the risk level where the Council aims to be, and agreed a Current Risk assessment. These assessments form the revised West Suffolk Strategic Risk Register at **Appendix 1**.
- 1.1.3 Part of this assessment included the consideration of the controls and actions in place to address the individual risks. Where Target Risk levels are lower than the Current Risk assessment, further action is either being taken or planned in order to treat the risk and meet the target.
- 1.1.4 Some individual controls or actions have been updated and those that were not ongoing and had been completed by December 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. Where necessary actions, controls and target dates have been updated.

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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| Type: A = Action, C = Control | | | | | | | | | | | | |
|-------------------------------|-----------------------------|-----------|-----------------------------------|---------------------------|--|------------------|------|--|---|------------|---|------------------|
| RISK ID NUMBER | Date risk added to register | Type | Current Owner | Title | Description - What are we trying to avoid? | WS Inherent Risk | Type | Summary of Controls / Actions - What we are doing / need to do to prevent it. | Who is responsible for the actions | Start date | Target completion date/ Complete | WS Residual Risk |
| WS1 A | 10-Jul-14 | Financial | Head of Resources and Performance | Poor financial management | Failure in specific areas to achieve projected income, or expenditure exceeds the approved budgets (revenue or capital). | | C | 1) Monthly monitoring reports (revenue and capital) to budget holders. 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 | Failure to deliver a sustainable Medium Term Financial Strategy, especially in view of continued financial uncertainty around areas such as Comprehensive Spending Review, localisation of Business Rates, increased service demand, and use of reserves. Over reliance on any one particular MTFs theme such as behaving more commercially or being an investing authority | | A | 1) Budget preparation for 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 report to Cabinet Planning 10/01/17, then on-going. | |

| Type: A = Action, C = Control | | | | | | | | | | | | |
|-------------------------------|-----------------------------|----------|--------------------------------|--|--|------------------|------|--|------------------------------------|------------|----------------------------------|------------------|
| RISK ID NUMBER | Date risk added to register | Type | Current Owner | Title | Description - What are we trying to avoid? | WS Inherent Risk | Type | Summary of Controls / Actions - What we are doing / need to do to prevent it. | Who is responsible for the actions | Start date | Target completion date/ Complete | WS Residual Risk |
| 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> | | C | 1) Monitor media coverage through daily media alerts and, where appropriate, provide a robust response. | Comms Team | N/A | N/A | |
| | | | | | | | C | 2) Proactively engage with news and social media to disseminate information about West Suffolk services, engage local communities, and address errors or | Comms Team | N/A | N/A | |
| | | | | | | | C | 3) Train and support staff and Members in proactive communications and dealing with media. | Comms Team | N/A | N/A | |
| | | | | | | | C | 4) Deliver a communications work programme which focuses on proactive communications. | Comms Team | N/A | On-going | |
| | | | | | | | A | 5) Ensure that appropriate communications planning and support are identified for strategic projects as per individual project plans | Comms Team | Aug-14 | On-going | |
| | | | | | | | C | 6) Carry out timely and proportionate consultation that is available in an accessible format for everyone who wants to give us their views on a particular matter. | Policy Team | N/A | N/A | |

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|-------------------------------|-----------------------------|--------------|--|---|--|------------------|------|---|---|------------|----------------------------------|------------------|
| 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 | |

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

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|-------------------------------|--|--|---------------------------------------|--|---|------------------|--|---|---|------------|----------------------------------|------------------|
| RISK ID NUMBER | Date risk added to register | Type | Current Owner | Title | Description - What are we trying to avoid? | WS Inherent Risk | Type | Summary of Controls / Actions - What we are doing / need to do to prevent it. | Who is responsible for the actions | Start date | Target completion date/ Complete | WS Residual Risk |
| | | | | | | | | | | | | |
| | | | | | | | | 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). New ICT Manager starts 3 Jan 2017. | Service Manager (ICT) | Jun-14 | Initial set up completed, project on-going. | | | | | | | | |
| 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 | | | | | | | | |

| Type: A = Action, C = Control | | | | | | | | | | | | |
|-------------------------------|-----------------------------|------|---|---|---|------------------|------|---|-------------------------------------|------------|---|------------------|
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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, there are on-going difficulties with new scheme which has resulted in the need for dedicated contract management to be introduced. A formal review of the contract in currently away which will be concluded in January 2017. | Service Manager (Housing Standards) | Apr-14 | Jan-17 | |
| | | | | | | | A | 7) Establishment of commercial Housing Development Company in partnership with Suffolk County Council to build open market, private rented and affordable housing, Company incorporated March 2016. Initial Business Plan approved in Dec 2016, with work commencing on delivery plan and seeking planning permission for sites in January 2017. | Head of Housing | Apr-15 | See action 7 text for details of dates. | |

| Type: A = Action, C = Control | | | | | | | | | | | | |
|-------------------------------|-----------------------------|------|---------------|-------|--|------------------|------|--|------------------------------------|------------|---|------------------|
| RISK ID NUMBER | Date risk added to register | Type | Current Owner | Title | Description - What are we trying to avoid? | WS Inherent Risk | Type | Summary of Controls / Actions - What we are doing / need to do to prevent it. | Who is responsible for the actions | Start date | Target completion date/ Complete | WS Residual Risk |
| | | | | | | | A | 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." Housing White Paper also expected to be published in January 2017. | Head of Housing | Apr-16 | See action 8 text for details of dates. | |

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

| 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 |
| | | | | | | 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 | |

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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 |
| 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 | |

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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 |
| 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 | Director | Effects of the closure of RAF Mildenhall | Negative impact on the local economy, families and community or the housing market | | A | 1) Update the Mildenhall, Alconbury and Molesworth Working Group governance to reflect Mildenhall and Lakenheath issues. | Director (JK) | Feb-15 | Jan-17 | |
| | | | | | | | A | 2) Co-ordinate and lead the Forest Heath member-led local Mildenhall and Lakenheath Airbases Group | Director (JK) | 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. | Director (JK) | Apr-15 | Prospectus 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. | Director (JK) | Feb-15 | On-going | |

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|----------------|-----------------------------|------|---------------|-------|--|------------------|-------------------------------|---|------------------------------------|------------|---------------------------------------|------------------|
| RISK ID NUMBER | Date risk added to register | Type | Current Owner | Title | Description - What are we trying to avoid? | WS Inherent Risk | Type | Summary of Controls / Actions - What we are doing / need to do to prevent it. | Who is responsible for the actions | Start date | Target completion date/ Complete | WS Residual Risk |
| | | | | | | | A | 5) Set up a joint MOD, HCA, SCC & FHDC project team for the future of the site. Jointly investigate site conditions and site master plan. | Director (JK) | Dec-16 | Project team Mar 17. Master plan 2018 | |
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Informal Joint Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

| | | |
|-----------------------------------|---|-----------------|
| Title of Report: | Work Programme Update | |
| Report No: | PAS/SE/17/003 | |
| Report to and date: | Performance and Audit Scrutiny Committee | 25 January 2017 |
| Chairman of the Committee: | Sarah Broughton Chairman of the Performance and Audit Scrutiny Committee Tel: 01284 787327 Email: sarah.broughton@stedsbc.gov.uk | |
| Lead officer: | Christine Brain Democratic Services Officer (Scrutiny) Tel: 01638 719729 Email: Christine.brain@westsuffolk.gov.uk | |
| Purpose of report: | Members are asked to consider and note the current status of its Work Programme attached at Appendix 1 . | |
| 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 - 2018. | |

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

| Description | Lead Officer |
|---|--|
| 25 May 2017 (Time: 5.00pm) | |
| Informal Joint Meeting (Hosted by Forest Heath District Council) | |
| Joint Reports | |
| Internal Audit Report (2016-2017) and Outline Internal Audit Plan (2017-2018) | Service Manager (Internal Audit) |
| Balanced Scorecard and Quarter 4 Performance Report 2016-2017 | Head of Resources and Performance |
| West Suffolk Strategic Risk Register – Quarter 4 | Head of Resources and Performance |
| Work Programme Update | Democratic Services Officer (Scrutiny) |
| St Edmundsbury Specific Reports | |
| EY – Certification of Claims and Returns Annual Report 2015-2016 | Head of Resources and Performance |
| EY – Presentation of the External Audit Plan and Fees 2016-2017 and 2017-2018 Indicative Fees | Head of Resources and Performance |
| Financial Outturn Report (Revenue and Capital) 2016-2017 | Head of Resources and Performance |
| July 2017 (Time: 5.00pm) | |
| Informal Joint Meeting (Hosted by St Edmundsbury Borough Council) | |
| Joint Reports | |
| Balanced Scorecard and Quarter 1 Performance Report 2017-2018 | Head of Resources and Performance |
| West Suffolk Strategic Risk Register – Quarter 1 – June 2017 | Head of Resources and Performance |
| Work Programme Update | Democratic Services Officer (Scrutiny) |
| St Edmundsbury Specific Reports | |
| Financial Performance Report (Revenue and Capital) Quarter 1 – 2017-2018 | Head of Resources and Performance |
| Annual Performance Report for The Apex | Service Manager (Commercial) |
| Annual Treasury Management Report 2016-2017 and Investment Activity (April - June 2017) | Head of Resources and Performance |

| September 2017 (Time: 5.00pm) | |
|--|--|
| EY – Presentation of 2016-2017 ISA 260 Annual Results Report to those Charged with Governance | Head of Resources and Performance |
| West Suffolk Annual Governance Statement 2016-2017 | Head of Resources and Performance |
| 2016-2017 Statement of Accounts | Head of Resources and Performance |
| Work Programme Update | Democratic Services Officer (Scrutiny) |
| November 2017 (Time: 5.00pm) Informal Joint Meeting (Hosted by Forest Heath District Council) | |
| Joint Reports | |
| Mid-year Internal Audit Progress Report 2017-2018 | Service Manager (Internal Audit) |
| Balanced Scorecards Quarter 2 Performance Report 2017-2018 | Head of Resources and Performance |
| West Suffolk Strategic Risk Register Quarterly Monitoring Report – September 2017 | Head of Resources and Performance |
| Work Programme Update | Democratic Services Officer (Scrutiny) |
| St Edmundsbury Specific Reports | |
| EY – Presentation of Annual Audit Letter 2016-2017 | Head of Resources and Performance |
| Financial Performance Report (Revenue and Capital) Quarter 2 – 2017-2018 | Head of Resources and Performance |
| Delivering a Sustainable Budget Medium Term Financial Strategy 2018-2020 | Head of Resources and Performance |
| Mid-year Treasury Management Report and Investment Activity (April – September 2017) | Head of Resources and Performance |
| January 2018 (Time: 5.00pm) Informal Joint Meeting (Hosted by St Edmundsbury Borough Council) | |
| Joint Reports | |
| Balanced Scorecards Quarter 3 Performance Report 2017-2018 | Head of Resources and Performance |
| West Suffolk Strategic Risk Register Quarterly Monitoring Report – December 2017 | Head of Resources and Performance |
| Work Programme Update | Democratic Services Officer (Scrutiny) |
| St Edmundsbury Specific Reports | |
| Financial Performance Report (Revenue and Capital) Quarter 3 – 2017-2018 | Head of Resources and Performance |
| Delivering a Sustainable Budget Medium Term Financial Strategy 2018/20 – Update | Head of Resources and Performance |
| Treasury Management Report 2017-2018 and Investment Activity (April – December 2017) | Head of Resources and Performance |
| Annual Treasury Management and Investment Strategy Statements 2018-2019 | Head of Resources and Performance |

| May 2018 (Time: 5.00pm) | |
|---|--|
| Informal Joint Meeting (Hosted by Forest Heath District Council) | |
| Joint Reports | |
| Internal Audit Report (2017-2018) and Outline Internal Audit Plan (2018-2019) | Service Manager (Internal Audit) |
| Balanced Scorecard and Quarter 4 Performance Report 2017-2018 | 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 – Presentation of the Annual Certification Report 2016-2017 | Head of Resources and Performance |
| EY – Presentation of the External Audit Plan and Fees 2017-2018 and 2018-2019 Indicative Fees | Head of Resources and Performance |
| Financial Outturn Report (Revenue and Capital) 2017-2018 | 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



St Edmundsbury
BOROUGH COUNCIL

| | | |
|---|--|-----------------|
| Title of Report: | Financial Performance Report (Revenue and Capital) Quarter 3 – 2016-2017 | |
| Report No: | PAS/SE/17/004 | |
| Report to and dates: | Performance and Audit Scrutiny Committee | 25 January 2017 |
| Portfolio holder: | Ian Houlder Portfolio Holder for Resources and Performance Tel: 01284 810074 Email: ian.houlder@stedsbc.gov.uk | |
| Lead officer: | Rachael Mann Head of Resources and Performance Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk | |
| Purpose of report: | This report sets out the Financial Performance for the third 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: <i>(all background papers are to be published on the website and a link included)</i> | | None | |
| Documents attached: | | <p>Appendix A – Revenue budget summary, for the period April to December 2016.</p> <p>Appendix B – Revenue budget detail, for the period April to December 2016.</p> <p>Appendix C – Capital budget summary, for the period April to December 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 third quarter financial monitoring report for St Edmundsbury Borough 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 any change to this position at the next PASC meeting.
- 1.1.2 Details of the Council's revenue performance and year end forecasted outturn position can be found in **Appendix A** and **B**. Explanations of the main year end forecast under / over spends can be found in the table at 1.2.3.
- 1.1.3 The Council's capital financial position 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 a slight underspend against budget of £34,000. 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 February.
- 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 |
|---|---|
| (32) | Resources and Performance: Savings on salary costs resulting from staffing vacancies (see paragraph 1.2.4) and an £11k expected underspend on software maintenance charges. |
| 467 | General Fund Adjustments: The budgeted contribution from the Business Rate Equalisation Reserve has not been taken due to the overall budget position being on target. |
| Year end forecast variance: Over / (under) spend £000s | Explanation |

| | |
|---|---|
| 61 | ICT: Overspend due to higher than expected software contract expenditure of £37k as well as expected shortfall on SLA income. Budgets under review. |
| (62) | 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. |
| 119 | Housing Benefits: We are currently forecasting a shortfall on the recovery of overpayments. This will be closely monitored over the coming months. |
| 96 | Development Control: Overspend arising through additional approved staffing costs (see paragraph 1.2.4), combined with additional service development costs, a projected income shortfall and an increase in appeals and a one off compensation payment of £45k as per report CAB/SE/16/070. |
| 30 | Land Charges: Income shortfall expected due to a drop in volume of applications. |
| 69 | Building Control: Forecast underachievement of fee income, mainly arising from loss of market share which is slowly being recovered. |
| (60) | Waste and Cleansing Operatives: Underspend mainly arising from lower anticipated vehicle costs eg. fuel. |
| 56 | Recycling Collection (Blue Bin): 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. |
| (187) | Trade Waste: Forecast income expected to be around £187k higher than budgeted. Income levels are being monitored closely and factored in to the ongoing budget assumptions from 2017/18 onwards. |
| Year end forecast variance: Over / (under) spend £000s | Explanation |

| | |
|-------|---|
| (302) | <p>Off Street Car Parks: Car Parking income continues to exceed the levels anticipated in the budget, reflecting our success in our town centres. Actual income for the 9 months of 2016/17 is around £160k higher than the previous year's figures for the same period. Whilst the 2016/17 budget does not reflect these increased income levels, we have reviewed the ongoing Medium Term Financial Strategy (MTFS) from 2017/18 with regard to car parking income to take account of this. For 2016/17 this gives us the opportunity to utilise the additional monies over the budget for future Car Park investment.</p> |
| (61) | <p>Property Management: Rental income currently overachieving against budget, and underspending on landlord costs as a result of better occupancy than anticipated.</p> |
| (52) | <p>The Apex Additional income from tickets sales and box office commission. The recent staffing structure changes will also generate some expenditure savings.</p> |
| 34 | <p>Homelessness Increase in costs in quarter 3 due to a greater demand for the service.</p> |
| (139) | <p>Interest Receivable Currently forecasting to overachieve on interest receivable as a result of more funds available for investment than originally forecasted.</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 PAS/SE/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 at the end of 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 | 4,568 | 94 | 3,494 | 1,072 | (2) |
| Housing | 4,570 | 624 | 877 | 3,275 | (419) |
| Resources & Performance | 223 | 0 | 0 | 223 | 0 |
| Families & Communities | 154 | 69 | 90 | 65 | 0 |
| Operations | 7,975 | 1,105 | 5,305 | 2,763 | 92 |
| Totals: | 17,490 | 1,892 | 9,766 | 7,398 | (329) |

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Summary by Head of Service

Appendix A

| Head of Service | Full Year Budget £ | 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 £ | Y/E Forecast Variance % | Y/E Forecast Variance £ |
|--|-----------------------|------------------------------------|-------------------------------|----------------------------|------------------------------------|-------------------------------|---------------------|---------------------------------------|-------------------------------|-------------------------------|
| Head of Resources & Performance | (7,522,606) | 28,699,298 | (40,879,485) | (12,180,187) | 28,584,677 | (40,152,284) | (11,567,607) | 612,580 | 7.48% | 562,533 |
| Head of Human Resources, Legal & Democratic Services | 1,670,793 | 1,326,379 | (129,656) | 1,196,722 | 1,441,579 | (93,887) | 1,347,692 | 150,970 | 1.76% | 29,375 |
| Head of Families and Communities | 1,465,165 | 1,343,666 | (243,826) | 1,099,840 | 1,289,850 | (206,215) | 1,083,635 | (16,205) | 0.33% | 4,780 |
| Head of Planning and Growth | 1,244,182 | 2,800,018 | (1,986,499) | 813,518 | 2,402,453 | (1,579,459) | 822,993 | 9,475 | 14.98% | 186,387 |
| Head of Operations | 2,514,004 | 15,288,660 | (12,219,806) | 3,068,854 | 14,839,114 | (12,857,963) | 1,981,151 | (1,087,703) | 28.45% | (715,330) |
| Head of Housing | 911,497 | 731,319 | (87,488) | 643,830 | 877,168 | (209,992) | 667,176 | 23,346 | 4.04% | 36,781 |
| TOTALS: | 283,035 | 50,189,340 | (55,546,760) | (5,357,423) | 49,434,841 | (55,099,800) | (5,664,960) | (307,537) | 36.93% | 104,526 |
| Interest Receivable | (283,036) | 0 | (212,274) | (212,274) | 0 | (337,299) | (337,299) | (125,025) | 49.08% | (138,918) |
| TOTALS: | (1) | 50,189,340 | (55,759,034) | (5,569,697) | 49,434,841 | (55,437,099) | (6,002,259) | (432,562) | | (34,392) |

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| St Edmundsbury Borough Council | | | | | | | | 2016/17 December Budget Monitoring Report |
|---|-----------------------|---------------------|---------------------|-----------------------|--------------------------|----------------------------|----------------------------|--|
| Detail by Head of Service | | | | | | | | Appendix B |
| HEAD OF RESOURCES & PERFORMANCE | | | | | | | | |
| Cost Centre Description | Full year Budget £ | Budget to Date £ | Actual to Date £ | Variance to Date £ | Y/E Forecast Actual £ | Y/E Forecast Variance % | Y/E Forecast Variance £ | Year End Variance Notes |
| Resources & Performance | 683,832 | 487,530 | 454,153 | (33,377) | 651,850 | 4.68% | (31,982) | Salary savings due to vacancies, trainee posts and pension scheme opt out, combined with an anticipated underspend on software charges. |
| Grants to Organisations | 79,926 | 79,926 | 79,914 | (12) | 79,914 | 0.02% | (12) | |
| General Fund Adjustments | (11,095,473) | (14,855,671) | (14,504,167) | 351,504 | (10,628,879) | 4.21% | 466,594 | £202k additional levy payable due to more business rates collectable & significant drop in appeals figures, offset by an anticipated extra £78k income from the Suffolk Business Rate Pool & £6k additional income in relation to S31 grants. £336k originally budgeted to be transferred from Business Rate Equalisation Reserve not taken due to overall budget position being underspent. |
| Resources & Performance: | -10,331,715 | (14,288,215) | (13,970,100) | 318,115 | -9,897,115 | 4.21% | 434,600 | |
| Internal Audit | 109,896 | 77,984 | 85,982 | 7,998 | 110,014 | 0.11% | 118 | |
| Internal Audit: | 109,896 | 77,984 | 85,982 | 7,998 | 110,014 | 0.11% | 118 | |
| ICT | 899,911 | 793,628 | 783,117 | (10,511) | 960,799 | 6.77% | 60,888 | Overspend due to higher than expected software contract expenditure of £37k as well as expected shortfall on SLA income. |
| ICT: | 899,911 | 793,628 | 783,117 | (10,511) | 960,799 | 6.77% | 60,888 | |
| Anglia Revenues Partnership | 1,380,370 | 1,035,452 | 864,757 | (170,695) | 1,380,370 | 0.00% | 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 | (221,900) | (188,422) | (264,450) | (76,028) | (283,585) | 27.80% | (61,685) | Additional Council Tax Administration Subsidy received due to the merging of New Burdens Grant (£21k), along with anticipated additional court costs recovered above the budgeted level (£41k). |
| Business Rate Administration | (169,457) | (127,089) | (128,114) | (1,025) | (170,338) | 0.52% | (881) | |
| Housing Benefits | (420,862) | (390,587) | 135,084 | 525,671 | (301,659) | 28.32% | 119,203 | Overpayment monthly income significantly lower than in previous year (£152k), offset partly by £60k rent allowances. ARP will continue to review. |
| Anglia Revenues Partnership: | 568,151 | 329,354 | 607,277 | 277,923 | 624,788 | 9.97% | 56,637 | |
| Corporate Expenditure | 990,465 | 777,430 | 826,141 | 48,711 | 1,002,884 | 1.25% | 12,419 | |
| Non-Distributed Costs | 166,979 | 125,232 | 68,976 | (56,256) | 164,287 | 1.61% | (2,692) | |
| Non-Distributed Costs - Cost of Unused Assets | 42,980 | 4,400 | 4,400 | 0 | 42,980 | 0.00% | 0 | |

| St Edmundsbury Borough Council | | | | | | | 2016/17 December Budget Monitoring Report | |
|---|-----------------------|---------------------|---------------------|-----------------------|--------------------------|----------------------------|---|--|
| Detail by Head of Service | | | | | | | Appendix B | |
| Corporate Expenditure: | 1,200,424 | 907,062 | 899,517 | (7,545) | 1,210,151 | 0.81% | 9,727 | |
| Emergency Planning | 30,727 | 0 | 26,600 | 26,600 | 31,290 | 1.83% | 563 | |
| Emergency Planning: | 30,727 | 0 | 26,600 | 26,600 | 31,290 | 1.83% | 563 | |
| TOTALS: RESOURCES & PERFORMANCE | -7,522,606 | (12,180,187) | (11,567,607) | 612,580 | -6,960,073 | 7.48% | 562,533 | |
| HEAD OF HR & DEMOCRATIC SERVICES | | | | | | | | |
| Cost Centre Description | Full year Budget £ | Budget to Date £ | Actual to Date £ | Variance to Date £ | Y/E Forecast Actual £ | Y/E Forecast Variance % | Y/E Forecast Variance £ | Year End Variance Notes |
| Human Resources & Payroll | 372,938 | 254,909 | 295,277 | 40,368 | 380,834 | 2.12% | 7,896 | |
| Human Resources: | 372,938 | 254,909 | 295,277 | 40,368 | 380,834 | 2.12% | 7,896 | |
| Health & Safety | 96,865 | 67,849 | 70,154 | 2,305 | 98,109 | 1.28% | 1,244 | |
| Health & Safety: | 96,865 | 67,849 | 70,154 | 2,305 | 98,109 | 1.28% | 1,244 | |
| Central Training Services | 151,768 | 113,825 | 98,551 | (15,274) | 146,608 | 3.40% | (5,160) | |
| Learning & Development: | 151,768 | 113,825 | 98,551 | (15,274) | 146,608 | 3.40% | (5,160) | |
| Legal Services | 260,376 | 182,277 | 214,823 | 32,546 | 252,947 | 2.85% | (7,429) | |
| Legal Services: | 260,376 | 182,277 | 214,823 | 32,546 | 252,947 | 2.85% | (7,429) | |
| Democratic Services | 137,345 | 96,365 | 104,551 | 8,186 | 145,683 | 6.07% | 8,338 | |
| Members Allowances & Expenses | 363,260 | 268,568 | 267,021 | (1,547) | 360,664 | 0.71% | (2,596) | |
| Mayoralty & Civic Functions | 95,433 | 68,297 | 54,509 | (13,788) | 88,983 | 6.76% | (6,450) | |
| Democratic Services: | 596,038 | 433,230 | 426,081 | (7,149) | 595,330 | 0.12% | (708) | |
| Electoral Registration | 160,092 | 114,537 | 152,581 | 38,044 | 183,386 | 14.55% | 23,294 | Overspend on external printing. |
| Election Expenses | 32,716 | 30,094 | 90,224 | 60,130 | 42,954 | 31.29% | 10,238 | Current period variance relates to timings of reimbursements from several outside bodies which are expected to be settled by the year end. |
| Elections: | 192,808 | 144,631 | 242,805 | 98,174 | 226,340 | 17.39% | 33,532 | |
| TOTALS: HR & DEMOCRATIC SERVICES | 1,670,793 | 1,196,721 | 1,347,691 | 150,970 | 1,700,168 | 1.76% | 29,375 | |
| HEAD OF FAMILIES & COMMUNITIES | | | | | | | | |

Detail by Head of Service

Appendix B

| Cost Centre Description | Full year Budget £ | Budget to Date £ | Actual to Date £ | Variance to Date £ | Y/E Forecast Actual £ | Y/E Forecast Variance % | Y/E Forecast Variance £ | Year End Variance Notes |
|---|-----------------------|---------------------|---------------------|-----------------------|--------------------------|----------------------------|----------------------------|-------------------------|
| Policy | 160,661 | 110,414 | 108,054 | (2,360) | 159,712 | 0.59% | (949) | |
| Policy: | 160,661 | 110,414 | 108,054 | (2,360) | 159,712 | 0.59% | (949) | |
| Communications | 120,895 | 84,308 | 83,258 | (1,050) | 121,739 | 0.70% | 844 | |
| Website and Intranet | 34,254 | 28,639 | 23,236 | (5,403) | 29,192 | 14.78% | (5,062) | |
| Communications: | 155,149 | 112,947 | 106,494 | (6,453) | 150,931 | 2.72% | (4,218) | |
| Customer Services | 533,340 | 376,852 | 391,255 | 14,403 | 554,049 | 3.88% | 20,709 | |
| Bus Stations | 71,656 | 54,280 | 61,878 | 7,598 | 78,118 | 9.02% | 6,462 | |
| Customer Services: | 604,996 | 431,132 | 453,133 | 22,001 | 632,167 | 4.49% | 27,171 | |
| Community Development | 299,565 | 214,771 | 196,382 | (18,389) | 276,446 | 7.72% | (23,119) | |
| Community Chest - Families & Communities | 216,483 | 207,280 | 185,806 | (21,474) | 216,483 | 0.00% | 0 | |
| Community Centres | 28,311 | 23,296 | 33,766 | 10,470 | 34,206 | 20.82% | 5,895 | |
| Families & Communities: | 544,359 | 445,347 | 415,954 | (29,393) | 527,135 | 3.16% | (17,224) | |
| TOTALS: FAMILIES & COMMUNITIES | 1,465,165 | 1,099,840 | 1,083,635 | (16,205) | 1,469,945 | 0.33% | 4,780 | |

HEAD OF PLANNING & GROWTH

| Cost Centre Description | Full year Budget £ | Budget to Date £ | Actual to Date £ | Variance to Date £ | Y/E Forecast Actual £ | Y/E Forecast Variance % | Y/E Forecast Variance £ | Year End Variance Notes |
|-----------------------------|-----------------------|---------------------|---------------------|-----------------------|--------------------------|----------------------------|----------------------------|---|
| Development Control | (78,370) | (77,615) | (93,015) | (15,400) | 18,050 | 123.03% | 96,420 | Increased salary, recruitment and other costs as a result of service development initiatives, also predicting an increase in legal spend. |
| Development Control: | -78,370 | (77,615) | (93,015) | (15,400) | 18,050 | 123.03% | 96,420 | |
| Planning Policy | 611,590 | 446,806 | 453,395 | 6,589 | 626,296 | 2.40% | 14,706 | |
| Local Plan | 0 | 0 | 27,380 | 27,380 | 5,506 | 0.00% | 5,506 | |
| Place Shaping: | 611,590 | 446,806 | 480,775 | 33,969 | 631,802 | 3.30% | 20,212 | |
| Land Charges | (143,054) | (107,297) | (97,637) | 9,660 | (112,594) | 21.29% | 30,460 | Income shortfall expected due to lower volume of applications. |
| Building Control | (39,218) | (43,519) | (5,767) | 37,752 | 29,919 | 176.29% | 69,137 | Forecast underachievement of fee income, mainly arising from loss of market share which is slowly being recovered. |

Detail by Head of Service **Appendix B**

| | | | | | | | | |
|---|------------------|----------------|----------------|-----------------|------------------|---------------|-----------------|---|
| Planning & Regulatory Support | 314,960 | 221,102 | 216,358 | (4,744) | 303,689 | 3.58% | (11,271) | |
| Business (BC & Support): | 132,688 | 70,286 | 112,954 | 42,668 | 221,014 | 66.57% | 88,326 | |
| Prevention of Pollution | 65,062 | 37,494 | 32,542 | (4,952) | 75,972 | 16.77% | 10,910 | |
| Environmental Management | 21,381 | 14,167 | (14,198) | (28,365) | 544 | 97.46% | (20,837) | Feed-in tariff income currently exceeding budget. |
| Drinking Water Quality | 19,944 | 14,966 | 13,281 | (1,685) | 23,060 | 15.62% | 3,116 | |
| Climate Change | 69,414 | 53,229 | 56,179 | 2,950 | 75,903 | 9.35% | 6,489 | |
| Home Energy Conservation | 4,850 | 3,636 | (15) | (3,651) | 3,485 | 28.14% | (1,365) | |
| Environment: | 180,651 | 123,492 | 87,789 | (35,703) | 178,964 | 0.93% | (1,687) | |
| Licensing | (29,737) | (31,096) | (38,698) | (7,602) | (40,905) | 37.56% | (11,168) | |
| Hackney Carriage & Private Hire Licensing | (62,416) | (65,079) | (52,043) | 13,036 | (52,753) | 15.48% | 9,663 | |
| Food Safety | 83,355 | 58,645 | 49,569 | (9,076) | 69,438 | 16.70% | (13,917) | |
| Health & Safety at Work Act/Enforcement | 84,664 | 59,617 | 47,500 | (12,117) | 71,663 | 15.36% | (13,001) | |
| Business Reg & Licensing: | 75,866 | 22,087 | 6,328 | (15,759) | 47,443 | 37.46% | (28,423) | |
| Economic Development & Growth | 300,277 | 215,028 | 220,497 | 5,469 | 302,479 | 0.73% | 2,202 | |
| Strategic Tourism & Markets | 27,503 | 20,584 | 34,131 | 13,547 | 36,886 | 34.12% | 9,383 | |
| Bury Christmas Fayre | (6,023) | (7,149) | (31,584) | (24,435) | (6,038) | 0.25% | (15) | |
| Park & Ride | 0 | 0 | 4,707 | 4,707 | (31) | 0.00% | (31) | |
| Vibrant Town Centres | 0 | 0 | 411 | 411 | 0 | 0.00% | 0 | |
| Economic Development & Growth: | 321,757 | 228,463 | 228,162 | (301) | 333,296 | 3.59% | 11,539 | |
| TOTALS: PLANNING & GROWTH | 1,244,182 | 813,519 | 822,993 | 9,474 | 1,430,569 | 14.98% | 186,387 | |

HEAD OF OPERATIONS

| Cost Centre Description | Full year Budget £ | Budget to Date £ | Actual to Date £ | Variance to Date £ | Y/E Forecast Actual £ | Y/E Forecast Variance % | Y/E Forecast Variance £ | Year End Variance Notes |
|---|--------------------|------------------|------------------|--------------------|-----------------------|-------------------------|-------------------------|--|
| Vehicle Workshop | (64,730) | 292,342 | 227,844 | (64,498) | (85,482) | 32.06% | (20,752) | Increased income from MOTs and vehicle maintenance. |
| Pool Cars | 20,340 | 25,796 | 18,731 | (7,065) | 20,340 | 0.00% | 0 | |
| Vehicle Workshop Trading Account - FHDC | 1,160 | (84,213) | 11,579 | 95,792 | 2,287 | 97.16% | 1,127 | Current variance relates to timings of invoicing to FHDC. |
| Fleet Management: | -43,230 | 233,925 | 258,154 | 24,229 | -62,855 | 45.40% | (19,625) | |
| Depots | (159,670) | 310,969 | 381,963 | 70,994 | (164,679) | 3.14% | (5,009) | |
| Grounds Maintenance Operatives | (162,510) | 692,099 | 680,253 | (11,846) | (170,922) | 5.18% | (8,412) | |
| Tree Maintenance Operatives | (1,120) | (35,653) | (66,105) | (30,452) | (37,651) | 3261.70% | (36,531) | Underspend mainly arising due to salaries costs. |
| Waste & Cleansing Operatives | (427,050) | 3,176,801 | 3,055,053 | (121,748) | (450,678) | 5.53% | (23,628) | Underspend mainly arising from lower than anticipated vehicle costs. |
| Markets | (66,946) | (122,398) | (134,228) | (11,830) | (74,907) | 11.89% | (7,961) | |

| St Edmundsbury Borough Council | | | | | | | 2016/17 December Budget Monitoring Report | |
|--|--------------------|--------------------|--------------------|------------------|--------------------|--------------|---|--|
| Detail by Head of Service | | | | | | | Appendix B | |
| Operational: | (817,296) | 4,021,818 | 3,916,936 | (104,882) | (898,837) | 9.98% | (81,541) | |
| Street Cleansing | 1,445,737 | 55,857 | 65,587 | 9,730 | 1,459,676 | 0.96% | 13,939 | |
| Refuse Collection (Black Bin) | 1,138,807 | 54,225 | 55,529 | 1,304 | 1,138,419 | 0.03% | (388) | |
| Recycling Collection (Blue Bin) | 739,869 | (127,143) | (52,027) | 75,116 | 795,468 | 7.51% | 55,599 | 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) | 385,811 | (163,272) | (850,542) | (687,270) | 385,811 | 0.00% | 0 | |
| Bulky, Fridges, Metal & Scrap Collection | 129,099 | (12,472) | (22,305) | (9,833) | 115,696 | 10.38% | (13,403) | |
| Clinical & Hazardous Waste Collection | 15,308 | 9,814 | 10,950 | 1,136 | 13,838 | 9.60% | (1,470) | |
| Multi-Bank Recycling Sites | (13,321) | (8,483) | (20,909) | (12,426) | (34,050) | 155.61% | (20,729) | Underspend on third party payments. |
| Trade Waste | (41,284) | (755,083) | (937,238) | (182,155) | (227,973) | 452.21% | (186,689) | Forecast income expected to be around £187k higher than budgeted. Income levels are being monitored closely and factored in to the ongoing budget assumptions from 2017/18 onwards. |
| Waste - Business & Commercial | 3,800,026 | (946,557) | (1,750,955) | (804,398) | 3,646,885 | 4.03% | (153,141) | |
| Property Services | 475,128 | 331,071 | 353,390 | 22,319 | 477,551 | 0.51% | 2,423 | |
| Property Maintenance: | 475,128 | 331,071 | 353,390 | 22,319 | 477,551 | 0.51% | 2,423 | |
| Industrial & Business Units | (1,454,507) | (1,052,179) | (1,132,361) | (80,182) | (1,533,357) | 5.42% | (78,850) | Rental income currently overachieving against budget, and underspending on landlord costs as a result of better occupancy than anticipated. |
| Town Centres & Shops | (792,325) | (578,732) | (574,446) | 4,286 | (774,741) | 2.22% | 17,584 | |
| Property Management: | (2,246,832) | (1,630,911) | (1,706,807) | (75,896) | (2,308,098) | 2.73% | (61,266) | |
| Offices: West Suffolk House | (147,975) | 295,495 | 630,814 | 335,319 | (155,365) | 4.99% | (7,390) | |
| Offices: Haverhill House | (46,950) | 7,940 | 68,770 | 60,830 | (52,822) | 12.51% | (5,872) | |
| Public Conveniences | 131,457 | 101,417 | 105,078 | 3,661 | 137,527 | 4.62% | 6,070 | |
| CCTV | 203,052 | 157,273 | 141,144 | (16,129) | 194,813 | 4.06% | (8,239) | |
| Green Travel Plan | (15,030) | (7,659) | 9,780 | 17,439 | (15,949) | 6.11% | (919) | |
| Street Banners & Displays | 103 | (3,250) | 501 | 3,751 | 3,122 | 2931.07% | 3,019 | |
| District Highways Services | 406,693 | 10,900 | 23,538 | 12,638 | 388,338 | 4.51% | (18,355) | |
| Street Furniture | 193,813 | 189,517 | 16,083 | (173,434) | 188,184 | 2.90% | (5,629) | |
| Land Drainage & Associated Works | 7,079 | 2,988 | 174 | (2,814) | 7,933 | 12.06% | 854 | |
| Facilities, CCTV & Highways Services: | 732,242 | 754,621 | 995,882 | 241,261 | 695,781 | 4.98% | (36,461) | |
| Courier & Postal Service | 114,410 | 72,134 | 148,223 | 76,089 | 110,836 | 3.12% | (3,574) | |
| Printing & Copying Service | 23,910 | 17,928 | 25,104 | 7,176 | 22,894 | 4.25% | (1,016) | |
| Central Services: | 138,320 | 90,062 | 173,327 | 83,265 | 133,730 | 3.32% | (4,590) | |

| St Edmundsbury Borough Council | | | | | | | | 2016/17 December Budget Monitoring Report |
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| Detail by Head of Service | | | | | | | | Appendix B |
| Off Street Car Parks | (2,897,871) | (2,109,337) | (2,537,447) | (428,110) | (3,200,154) | 10.43% | (302,283) | Increased income over budget. |
| On Street Car Parking | (128,517) | (96,380) | 9,300 | 105,680 | (128,517) | 0.00% | 0 | |
| Car Parking: | (3,026,388) | (2,205,717) | (2,528,147) | (322,430) | (3,328,671) | 9.99% | (302,283) | |
| Leisure Services Management & Support | 146,446 | 105,903 | 107,656 | 1,753 | 143,904 | 1.74% | (2,542) | |
| Arboriculture (Tree Maintenance Works) | 197,577 | 197,780 | 190,883 | (6,897) | 195,098 | 1.25% | (2,479) | |
| Other Parks and Play Provision | 431,873 | 8,793 | 366 | (8,427) | 428,551 | 0.77% | (3,322) | |
| Abbey Gardens | 305,684 | 193,927 | 169,440 | (24,487) | 298,029 | 2.50% | (7,655) | |
| Nowton Park | 67,776 | 44,326 | 45,185 | 859 | 70,868 | 4.56% | 3,092 | |
| East Town Park | 96,931 | 63,603 | 66,117 | 2,514 | 100,134 | 3.30% | 3,203 | |
| Clare Country Park | 1,870 | (6,659) | (5,973) | 686 | 2,396 | 28.13% | 526 | |
| Children's Play Areas | 100,281 | 72,067 | 78,999 | 6,932 | 98,321 | 1.95% | (1,960) | |
| Cemeteries & Closed Churchyards | 235,702 | 17,734 | 17,525 | (209) | 238,164 | 1.04% | 2,462 | |
| Allotments | (150) | (730) | (2,472) | (1,742) | (1,892) | 1161.33% | (1,742) | Rental income exceeding budget. |
| Sports & Leisure Centres | 497,020 | 489,302 | 499,078 | 9,776 | 507,793 | 2.17% | 10,773 | |
| Leisure & Sports | 49,900 | 41,699 | 33,726 | (7,973) | 49,900 | 0.00% | 0 | |
| Leisure & Cultural - Parks | 2,130,910 | 1,227,745 | 1,200,530 | (27,215) | 2,131,266 | 0.02% | 356 | |
| Arts, Heritage & Cultural Services | 113,290 | 88,249 | 79,710 | (8,539) | 110,497 | 2.47% | (2,793) | |
| Moyse's Hall Museum | 231,399 | 188,671 | 187,927 | (744) | 228,584 | 1.22% | (2,815) | |
| West Stow Country Park | 122,356 | 91,506 | 77,769 | (13,737) | 120,875 | 1.21% | (1,481) | |
| West Stow ASVT Operating Account | 0 | 738 | 793 | 55 | 0 | 0.00% | 0 | |
| Heritage Outreach Services | 3,500 | 2,628 | 0 | (2,628) | 2,800 | 20.00% | (700) | |
| Heritage Sites & Monuments | 2,923 | 3,580 | 5,561 | 1,981 | 2,281 | 21.96% | (642) | |
| West Front Houses | 28,076 | 29,748 | 34,423 | 4,675 | 28,966 | 3.17% | 890 | |
| Tourist Information Centres | 86,498 | 68,800 | 43,938 | (24,862) | 65,302 | 24.50% | (21,196) | |
| Shopmobility | 28,759 | 26,146 | 24,273 | (1,873) | 26,768 | 6.92% | (1,991) | |
| Leisure & Cultural - TIC & Heritage: | 616,801 | 500,066 | 454,394 | (45,672) | 586,073 | 4.98% | (30,728) | |
| The Athenaeum | 58,099 | 58,278 | 40,029 | (18,249) | 39,596 | 31.85% | (18,503) | |
| The Guildhall, Bury St Edmunds | 20,966 | 24,367 | 38,225 | 13,858 | 35,940 | 71.42% | 14,974 | Overspend due to business rates and landlord costs. |
| Leisure & Cultural - Public Halls: | 79,065 | 82,645 | 78,254 | (4,391) | 75,536 | 4.46% | (3,529) | |
| Bury Festival | 44,587 | 39,510 | 39,253 | (257) | 47,462 | 6.45% | 2,875 | |
| Commercial - Entertainment & Events: | 44,587 | 39,510 | 39,253 | (257) | 47,462 | 6.45% | 2,875 | |
| Leisure Promotion | 96,604 | 70,524 | 94,861 | 24,337 | 121,150 | 25.41% | 24,546 | The increased marketing spend is contributing to the delivery of a new Apex and What's on West Suffolk website and generates additional ticket sales for the Apex. |
| Commercial - Marketing: | 96,604 | 70,524 | 94,861 | 24,337 | 121,150 | 25.41% | 24,546 | |

| St Edmundsbury Borough Council | | | | | | | 2016/17 December Budget Monitoring Report | |
|---|-----------------------|---------------------|---------------------|-----------------------|--------------------------|----------------------------|---|---|
| Detail by Head of Service | | | | | | | Appendix B | |
| The Apex | 534,067 | 500,050 | 402,081 | (97,969) | 481,701 | 9.81% | (52,366) | Additional income from ticket sales and box office commission. |
| The Apex | 534,067 | 500,050 | 402,081 | (97,969) | 481,701 | 9.81% | (52,366) | |
| TOTALS: OPERATIONS | 2,514,004 | 3,068,852 | 1,981,153 | (1,087,699) | 1,798,674 | 28.45% | (715,330) | |
| HEAD OF HOUSING | | | | | | | | |
| Cost Centre Description | Full year Budget £ | Budget to Date £ | Actual to Date £ | Variance to Date £ | Y/E Forecast Actual £ | Y/E Forecast Variance % | Y/E Forecast Variance £ | Year End Variance Notes |
| Housing Renewals | 127,636 | 95,045 | 98,830 | 3,785 | 131,305 | 2.87% | 3,669 | |
| Burial of the Dead | 16,299 | 12,190 | 17,898 | 5,708 | 20,111 | 23.39% | 3,812 | |
| Gypsies & Travellers | 24,409 | 15,565 | 18,185 | 2,620 | 24,799 | 1.60% | 390 | |
| Other Public Health Services | 210,001 | 149,906 | 135,808 | (14,098) | 200,900 | 4.33% | (9,101) | |
| Public Health & Housing: | 378,345 | 272,706 | 270,721 | (1,985) | 377,115 | 0.33% | (1,230) | |
| Housing Development & Strategy | 133,542 | 88,047 | 56,117 | (31,930) | 114,978 | 13.90% | (18,564) | |
| Housing Development & Strategy: | 133,542 | 88,047 | 56,117 | (31,930) | 114,978 | 13.90% | (18,564) | |
| Homelessness | 115,171 | 74,461 | 91,063 | 16,602 | 148,945 | 29.33% | 33,774 | Increase in costs in quarter 3 due to a greater demand for the service. |
| Housing Advice & Choice Based Lettings | 238,818 | 174,897 | 177,803 | 2,906 | 236,817 | 0.84% | (2,001) | |
| Non-HRA Housing Properties | 960 | 960 | 23,365 | 22,405 | 1,720 | 79.17% | 760 | |
| Housing Options: | 354,949 | 250,318 | 292,231 | 41,913 | 387,482 | 9.17% | 32,533 | |
| Housing Business & Partnerships | 44,661 | 32,760 | 48,107 | 15,347 | 68,703 | 53.83% | 24,042 | |
| Housing Business & Partnerships: | 44,661 | 32,760 | 48,107 | 15,347 | 68,703 | 53.83% | 24,042 | |
| TOTALS: HOUSING: | 911,497 | 643,831 | 667,176 | 23,345 | 948,278 | 4.04% | 36,781 | |

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2016/17 December Capital Budget Monitoring Report

| Project Description | 2016-17 Revised 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 |
|--|----------------------------------|------------------------------|-------------------------------|-------------------------|---|---|
| Community Sports Facility - Moreton Hall | 1,552,500 | 0 | 1,552,500 | 0 | 0 | Contractors appointed by the County are currently on site building the new facilities. The budget allocation is going to be spent this financial year 2016/17. |
| Balance from Bury Community Football Project | 150,000 | 0 | 50,000 | 100,000 | 0 | £50K grant to Bury FC expected payment in 2016/17 |
| Gypsy and traveller site | 587,000 | 0 | 20,000 | 567,000 | 0 | Slight spend expected in 16/17 with remaining budget to be carried forward |
| Havebury - Bury Road, Chedburgh | 400,000 | 400,000 | 400,000 | 0 | 0 | Scheme completed. |
| Vehicle & Plant Purchases | 2,164,731 | 226,705 | 500,000 | 1,664,731 | (0) | Carry forward to match revised replacement profile. |
| CCTV Cameras and Server | 0 | (16,946) | 0 | 0 | 0 | Negotiations re final contract payment still ongoing. |
| Suffolk Business Park Investment | 3,000,000 | 0 | 3,000,000 | 0 | 0 | Expected to be paid in 2016/17 |
| Growth Area Initiatives | 88,000 | 0 | 0 | 0 | (88,000) | |
| High Street Haverhill Improvements | 693,000 | 0 | 0 | 693,000 | 0 | No Capital spend expected in 16/17 to be carried forward |
| Lark Valley Path | 27,000 | 0 | 27,000 | 0 | 0 | To be spent in 2016/17 |
| Public Open Spaces | 0 | 85,786 | 85,786 | 0 | 85,786 | Grant Payment to Suffolk County Council. Funded by S106 |
| Barningham PC Grant S106 | 0 | 60,026 | 60,026 | 0 | 60,026 | Grant payment to third party. Funded from S106 |
| Rural Initiatives Grant Scheme | 89,718 | 69,134 | 89,718 | 0 | 0 | On-going grant scheme. |
| Parish Council S106 Grants | 0 | 33,409 | 33,500 | 0 | 33,500 | Grant payment to third party. Funded from S106 |
| Empty Homes Grants to Private Owners | 71,000 | 0 | 0 | 71,000 | 0 | |
| Private Sector Disabled Facilities Grants | 581,370 | 145,814 | 285,000 | 296,370 | | Estimated full year spend of £285k. Remaining budget to be carried forward into 17/18 |
| Private Sector Renewal Grants | 473,711 | 3,719 | 55,000 | 0 | (418,711) | Spend expected to be lower than budget as a result of lower demand. Budget review ongoing. |
| Asset Management Plan | | | | | | |
| Major Planned Building Works | 95,206 | 0 | 0 | 95,206 | 0 | Funding for new schemes when they are approved. Needs to be carried forward into 2017/18 |
| 9 Hollands Road - Re-roofing | 40,000 | 39,507 | 40,000 | 0 | 0 | Expected completion in 2016/17 |
| Bury Cemetery Buildings | 70,000 | 62,144 | 70,000 | 0 | 0 | This project relates to the replacement of an existing public toilet, staff mess-facilities and tool storage shed on site in the cemetery. This project is due to be completed by the end of the financial year |
| Bury Leisure Centre - All Weather Pitch | 150,000 | 0 | 0 | 150,000 | 0 | This project will not be progressed until a decision on the strategy in Bury St Edmunds is agreed. |
| New Moreton Hall Park | 10,500 | 9,221 | 18,033 | 0 | 7,533 | 2016/17 spend to be funded from S106 monies. Retention invoice is expected for approximately £8k. |

2016/17 December Capital Budget Monitoring Report

| Project Description | 2016-17 Revised 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 |
|---|----------------------------------|------------------------------|-------------------------------|-------------------------|---|---|
| Gainsborough Changing Rooms | 120,000 | 121,576 | 121,576 | 0 | 1,576 | Project complete |
| Haverhill Leisure Centre - Rooflights and Cladding | 300,000 | 183,083 | 300,000 | 0 | 0 | Scheme commenced and expected to complete in 2016/17 |
| Bury St Edmunds, Parkway Multi-Storey Car Park structural works | 200,000 | 9,100 | 100,000 | 100,000 | 0 | Awaiting report from Consultants on condition of Car Park, the likely costs of repairs and the timescale to complete. |
| Leisure Asset Management Scheme | 77,000 | 0 | 0 | 77,000 | 0 | Budget has been broken down into specific play area projects. Balance currently under review. |
| Gainsborough Park - Replacement of Equipment | 15,000 | 0 | 5,307 | | (9,693) | Scheme commenced and expected to complete in 2016/17 |
| St Peters Pit - Replacement of Equipment | 35,000 | 33,668 | 33,668 | 0 | (1,332) | Scheme commenced and expected to complete in 2016/17 |
| Hoopers and Ridley Road - Children's Play Area Equipment | 95,000 | 55,200 | 95,000 | 0 | 0 | Scheme commenced and expected to complete in 2016/17 |
| East Town Park - Reconfiguration of kiosk and play area refurbishment | 100,000 | 3,285 | 100,000 | 0 | 0 | Project out to Tender. Anticipated completion is end of 2016/17 |
| Julian Close - Children's Play Equipment | 60,000 | 50,941 | 51,516 | 0 | (8,484) | Scheme commenced and expected to complete in 2016/17 |
| Path access improvements - East of River Lark and Abbey Gardens | 35,000 | 14,215 | 44,715 | 0 | 9,715 | Scheme commenced and expected to complete in 2016/17 |
| Café Enhancements Nowton Park | 8,500 | 8,141 | 8,141 | 0 | (359) | Scheme commenced and expected to complete in 2016/17 |
| Skyliner Sports Centre - Equipment | 240,000 | 0 | 240,000 | 0 | 0 | Expected to complete in 2016/17 |
| 6 Bunting Road (Re-roofing £40k) | 40,000 | 0 | 40,000 | 0 | 0 | Expected to complete in 2016/17 |
| CRM Project | 64,558 | 0 | 0 | 64,558 | 0 | Project progressing, spend profile according to Customer Access Business Case. |
| Waste & Street Scene Back Office System | 107,110 | 33,386 | 55,714 | 51,396 | 0 | Project ongoing, has been a delay due to prioritisation of garden waste module. Likely that next phase will slip into 17/18. Project Payments are being paid on each successful module completed. |
| Private Housing Company | 2,350,000 | 0 | 40,000 | 2,310,000 | 0 | Revised spend over the next 3 financial years in line with approved business case |

2016/17 December Capital Budget Monitoring Report

| Project Description | 2016-17 Revised 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 |
|------------------------------------|----------------------------------|------------------------------|-------------------------------|-------------------------|---|--|
| West Stow biomass boiler | 140,000 | 0 | 0 | 140,000 | 0 | |
| Rent-a-roof | 759,839 | 8,041 | 381,000 | 378,839 | 0 | First Scheme is now complete however there is a need to get all schemes completed by 31 Dec to beat government feeding Tariff Charges. Updated forecast at £381k |
| Housing Projects | 106,791 | 74,532 | 76,532 | 30,259 | 0 | Spend to date relates to Abbots House. Request to carry forward balance for future Housing Projects |
| Invest to Save Projects | 223,328 | 0 | 0 | 223,328 | 0 | Funds to be allocated to projects subject to requests |
| Street Lighting Renewals | 1,785,000 | 177,291 | 1,785,000 | 0 | (0) | Project expected to complete in 2016/17 |
| PENDING ITEMS | | | | | | |
| West Stow Investment opportunities | 384,588 | 1,186 | 0 | 384,588 | 0 | Scheme under review |
| | 17,490,450 | 1,892,167 | 9,764,734 | 7,397,275 | (328,441) | |

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Earmarked Reserves

2016/17 December 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 |
|--|-------------------------|---------------------------|----------------------------------|-------------------------|----------------------------------|--|--|
| Strategic Priorities & MTFs Reserve | 2,850,729 | (519,659) | 2,331,070 | 3,935,035 | 3,069,620 | (738,550) | Under-utilisation mainly relates to timings of feasibility spend and Rent a Roof Projects. |
| Invest to Save Reserve | 1,060,244 | 121,447 | 1,181,691 | 1,421,953 | 1,339,672 | (157,981) | Under-utilisation mainly relates to timing of the Waste & Street Scene Back Office System implementation, plus additional contribution relating to prior year's council tax arrears balance. |
| Risk/Recession Reserve | 102,795 | 364,991 | 467,786 | 467,786 | 467,786 | (0) | |
| BRR Equalisation Reserve | 765,880 | (336,774) | 429,106 | 765,880 | 765,880 | (336,774) | Budgeted contribution from reserve not required as forecast overall budget position in line with expected levels. |
| Self Insured Fund | 231,387 | 50,000 | 281,387 | 277,331 | 281,387 | 0 | |
| Computer & Telephone Equipment Reserve | 296,752 | 73,000 | 369,752 | 363,905 | 366,153 | 3,599 | |
| Office Equipment Reserve | 418,798 | 39,800 | 458,598 | 415,451 | 458,598 | 0 | |
| Section 106 - Public Service Village | 44,016 | (6,269) | 37,747 | 44,016 | 48,331 | (10,584) | |
| HB Equalisation Reserve | 1,729,612 | (328,659) | 1,400,953 | 1,400,953 | 1,400,953 | 0 | |
| Special Pension Reserve | 316,945 | (316,945) | 0 | 0 | 0 | 0 | |
| Interest Equalisation Reserve | 353,332 | 0 | 353,332 | 353,332 | 353,332 | 0 | |
| Professional Fees Reserve | 65,000 | 65,000 | 130,000 | 130,000 | 130,000 | 0 | |
| ARP Reserve | 74,520 | 200,000 | 274,520 | 295,324 | 295,324 | (20,804) | |
| Vehicle & Plant Renewal Fund | 2,346,030 | (1,564,731) | 781,299 | 2,946,030 | 2,446,030 | (1,664,731) | Relates to vehicle spend carried forward to 2017/18 - see also Appendix C. |
| Waste Management Reserve | 260,666 | 22,300 | 282,966 | 341,366 | 316,816 | (33,850) | |
| BR-Building Repairs Reserve - Leisure | 434,636 | (326,779) | 107,857 | 796,857 | 465,189 | (357,332) | Relates to building repairs & maintenance spend. |
| BR-Building Repairs Reserve - Other | 1,326,495 | (223,205) | 1,103,290 | 1,588,594 | 1,240,153 | (136,863) | Relates to building repairs & maintenance spend. |
| BR-Bunting Road Service | 11,779 | 0 | 11,779 | 11,779 | 11,779 | 0 | |
| BR-Leased Flats Management | 33,957 | 0 | 33,957 | 33,957 | 33,957 | 0 | |
| Industrial Rent Reserve | 975,000 | (110,000) | 865,000 | 921,705 | 865,000 | 0 | |
| Commuted Maintenance Reserve | 579,023 | (102,900) | 476,123 | 606,523 | 508,497 | (32,373) | Additional contributions received in 2016/17. |
| M-Gershom Parkington Bequest | 539,016 | 3,500 | 542,516 | 546,054 | 544,476 | (1,960) | £4,800 funding of the care and maintenance of the clock collection. Share dividend income. |
| M-Others | 65,279 | 0 | 65,279 | 65,279 | 65,279 | 0 | |
| The Apex Reserve | 17,651 | 1,000 | 18,651 | 32,902 | 18,651 | 0 | |
| Abbey Gardens Donation | 39,911 | 0 | 39,911 | 38,766 | 38,766 | 1,145 | Donation for benefactor for specific project works at the Crankles. |
| Rural Areas Action Plan | 64,261 | (64,261) | 0 | 64,261 | 0 | 0 | |
| Planning Reserve | 67,757 | 31,500 | 99,257 | 125,624 | 99,257 | 0 | |
| Local Land Charges Reserve | 101,295 | 0 | 101,295 | 86,798 | 86,798 | 14,497 | Utilised to fund claims in 2016/17. |
| EI-Historic Building Grants | 621 | 0 | 621 | 621 | 621 | 0 | |

Earmarked Reserves

2016/17 December 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 Monitoring Officer Reserve | 2,909 | 0 | 2,909 | 7,900 | 7,654 | (4,745) | Additional contributions received in 2016/17. |
| Economic Development Reserve (LABGI) | 45,597 | (5,000) | 40,597 | 45,597 | 45,597 | (5,000) | |
| Homelessness Legislation Reserve | 123,149 | (30,000) | 93,149 | 92,981 | 92,981 | 168 | |
| S106 Revenue Reserve | 8,156 | 0 | 8,156 | 21,685 | 21,685 | (13,529) | Additional contributions received in 2016/17. |
| Election Reserve | 76,366 | 30,000 | 106,366 | 106,366 | 106,366 | 0 | |
| St Edmundsbury Totals | 15,429,562 | (2,932,644) | 12,496,918 | 18,352,608 | 15,992,584 | (3,495,666) | |

Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

| | | |
|------------------------------|--|-----------------|
| Title of Report: | Delivering a Sustainable Medium Term Financial Strategy 2017-2020-Update | |
| Report No: | PAS/SE/17/005 | |
| Report to and date/s: | Performance and Audit Scrutiny Committee | 25 January 2017 |
| | Cabinet | 7 February 2017 |
| Portfolio holder: | Ian Houlder Portfolio Holder for Resources and Performance Tel: 01359 250912 Email: ian.houlder@stedsbc.gov.uk | |
| Lead officer: | Rachael Mann Head of Resources and Performance Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk | |
| Purpose of report: | 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. | |
| Recommendation: | <p>It is <u>RECOMMENDED</u> that the Performance and Audit Scrutiny Committee:</p> <p>(i) Notes the progress made on delivering a sustainable medium term financial strategy 2017-2020.</p> <p>(ii) Recommends to Cabinet the inclusion of the proposals, as detailed in Table 1 at paragraph 1.2.1 of this report.</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"> 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: | | | |
| <i>Are there any financial implications? If yes, please give details</i> | | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> As detailed in the body of this report | |
| <i>Are there any 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 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. | |
| <i>Are there any equality implications? If yes, please give details</i> | | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> To be considered as part of implementation of service changes | |
| 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 |
| Ward(s) affected: | All Wards | | |
| Background papers: <i>(all background papers are to be published on the website and a link included)</i> | <p>COU/SE/16/003 Budget and Council Tax Setting 2016/17</p> <p>CAB/SE/15/048 West Suffolk Strategic Plan and Medium Term Financial Strategy 2016-2020 CAB/SE/15/048</p> <p>SE-OAS/SE/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</p> <p>PAS/SE/16/029 Report-Delivering a Sustainable Medium Term Financial Strategy 2017-2020.</p> | | |
| Documents attached: | None | | |

1. Key issues and reasons for recommendation(s)

1.1 Position at January 2017

1.1.1 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.

1.2.1 Our MTFS document also sets out the approach that St Edmundsbury Borough Council will take to the sound management of its finances over the medium term, in particular the next three years 2017-2020.

1.3.1 In November 2016, the Committee received report PAS/SE/16/029 - Delivering a Sustainable Medium Term Financial Strategy 2017-2020 which set out the context of the 2016/17 budget and MTFS, including details of savings targets, budget assumptions and known pressures for 2017-2020. This report gives an update on that position.

1.2 Latest Budget Projections

1.2.1 **Table 1** below sets out additional pressures and the progress made to date in achieving the 2017-2020 savings target. These are proposed to be incorporated into the budgets, over and above those items brought to members' attention in November 2016 as part of report PAS/SE/16/029.

Table 1: Further savings and budget pressures identified

| Description | 2017/18 Pressure/ (Saving) £000 | 2018/19 Pressure/ (Saving) £000 | 2019/20 Pressure/ (Saving) £000 |
|--|--|--|--|
| Remaining Budget Gap per report to PASC in November 2016 (PAS/SE/16/029) | 445 | 619 | 828 |
| Budget saving Proposals | | | |
| Garden Waste -work towards cost neutral position by 2019/20 | (125) | (250) | (393) |
| Council Tax - anticipated surplus at year end on Collection Fund | (239) | 0 | 0 |
| ICT - additional Service Level Agreement income taking into account the approved cost sharing model with Forest Heath | (70) | (70) | (70) |
| Tree Works - reduced grounds maintenance costs and additional income | (104) | (104) | (104) |
| Reduced Reserve Contribution - Vehicle Renewals, based on replacement schedule requirements | 0 | (50) | (50) |
| Additional income target to be allocated in future years following conclusion of Income MTFs work package | 0 | 0 | (100) |
| Increase in Apex Booking Fees - subject to Apex Panel discussion | (70) | (70) | (70) |
| Further pressures identified | | | |
| Business Rates - impact of 2017 Revaluation and change to inflation assumptions on council owned properties | (25) | 96 | 223 |
| Additional election expenses re local elections (to be met from reserves already accounted for) | 0 | 0 | 80 |
| Apprenticeship Levy - budget reduced to reflect final scheme details now known | 46 | 46 | 46 |
| ARP - amendment to reflect final partnership budget position | 24 | 24 | 24 |
| Other Budget Changes | | | |
| Property Services - structural changes to reflect recruitment challenges and additional capacity to support councils programme of projects | 58 | 58 | 58 |
| New posts funded from additional income - see Tree Works item above | 88 | 88 | 88 |
| Projects | | | |
| Leisure Management Fee - profile savings (estimated) linked to approved strategic investment fund - Report CAB/FH/16/049 refers | 0 | (15) | (26) |
| Housing Company Business Case benefit - Report CAB/FH/16/054 refers | (6) | (50) | (315) |
| Other minor changes | 53 | 54 | 67 |
| Revised Budget GAP | 74 | 376 | 286 |

1.2.2 The council's Pension contribution rate has risen from 27.7% to 28.2% in 2017/18 following the triennial review. This has been afforded within the existing salary budgets.

1.2.3 Work is continuing on the property and projects work packages and will be concluded for the main Budget and Council Tax Report to Cabinet and Council in February 2017. The aim being to achieve a balanced position across the medium term and to use reserves and one off budgetary savings, if necessary,

(for example from savings on borrowing costs budgeted for, through use of existing cash balances) to balance the budget in the short term.

1.3 Budget proposals for 2017-20

1.3.1 The Performance and Audit Scrutiny Committee is asked to support and recommend to Cabinet the **inclusion of the above proposals**, as detailed in Table 1-3 above in order to progress securing a balanced budget for 2017/18 and delivering a Sustainable medium Term Financial Strategy 2017-2020.

1.4 Budget timetable

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

Table 2: Committee timetable for budgets

| Task | Date |
|--|------------------------|
| Member Development Session-Taking control of our financial future | 10 and 19 January 2017 |
| 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. | 7 February 2017 |
| 2017/18 Budget and Council Tax Setting - Full Council. | 21 February 2017 |

Treasury Management Sub-Committee



St Edmundsbury
BOROUGH COUNCIL

| | | |
|------------------------------|--|------------------|
| Title of Report: | Third Quarter Treasury Management Report 2016/17 and Investment Activity 1 April to 30 December 2016 | |
| Report No: | TMS/SE/17/001 | |
| Report to and date/s: | Treasury Management Sub-Committee | 16 January 2017 |
| | Performance and Audit Scrutiny Committee | 25 January 2017 |
| | Cabinet | 7 February 2017 |
| | Council | 21 February 2017 |
| Portfolio holder: | Ian Holder Portfolio Holder for Resources and Performance Tel: 01284 810074 Email: ian.houlder@stedsbc.gov.uk | |
| Lead officer: | Rachael Mann Head of Resources and Performance Tel: 001638 719245 Email: rachael.mann@westsuffolk.gov.uk | |
| Purpose of report: | To present the Council's third Quarter Treasury Management Report summarising the investment activities for the period to 31 December 2016. | |

| | |
|---|--|
| Recommendation | <p>It is RECOMMENDED that, the Treasury Management Sub-Committee:</p> <p>(1) Scrutinise the content of this report, including details of the treasury management performance for the first nine months of the 2016/17 financial year; and,</p> <p>(2) Make recommendations, as appropriate, via the Performance and Audit Scrutiny Committee to Cabinet and Council regarding the <u>approval</u> of the attached Treasury Management Report for the period 1 April to 31 December 2016 (Appendix 1 refers).</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"> Treasury management activities are undertaken in consultation with Capita (the Council's appointed Treasury Management advisers) and also takes into account information obtained from investment brokers and other economic commentators. This committee provides for the scrutiny of treasury management strategies and performance, with changes in strategies and policies subject to approval by Cabinet and full Council. |
| Alternative option(s): | <ul style="list-style-type: none"> Options for the management of Council investments are formally considered within the annual treasury management and investment strategy. This includes key strategies in respect of the maintenance of the Council's debt free status, the continuation of in-house management of funds, and the approach to be adopted in establishing the creditworthiness of potential counterparties. The changing nature of the economic climate requires that these key areas are subject on-going review. |
| Implications: | |
| <i>Are there any financial implications? If yes, please give details</i> | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> Please refer to main report |
| <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"/> | |
| <i>Are there any legal and/or policy implications? If yes, please give details</i> | | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> 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 the Treasury Services against adopted annual strategy, be report to Council by 30 November each financial year. | |
| <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* |
| Fluctuation in interest rates or in projected cash flows having significant impact on budgeted investment income. | High | Spread of investments for periods of up to two years. Budget monitoring and quarterly performance reports. Use of interest equalisation reserve to smooth out year on year fluctuations. | Medium |
| Bank / building society failure resulting in loss of Council funds. | High | Use of Capita 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 <i>(Report TMS/SE/16/002 refers)</i> | |
| Documents attached: | | Appendix 1 – Third Quarter Treasury Management Report 2016/17 | |

1. Third Quarter Monitoring Report 2016/17

1.1 Full details of treasury management activities during the period 1 April to 31 December 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 | £208,112 | £327,926 | + £119,814 |
| Average Rate of Return | 0.90% | 0.80% | - 0.10% |

- The over-achievement of interest earned was primarily due to higher cash balances being available for investment than expected. These increases in balances are due to timing differences in the collection and payment of Council Tax, NNDR and other revenue streams, and underspends relating to the budgeted capital programme.
- 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 31 December 2016 we held £55,450,000 of investments

| INVESTMENT ACTIVITY SUMMARY | |
|---|-------------------|
| | 2016/17 £ |
| Opening Balance 01 April 2016 | 44,600,000 |
| Investments made during the year (including transfers to business reserve accounts) | 80,300,000 |
| Sub Total | 124,900,000 |
| Investments realised during the year (including withdrawals from business reserve accounts) | 69,450,000 |
| Closing Balance 31 December 2016 | 55,450,000 |

2. **Borrowings and Temporary Loans**

2.1 The Council had no borrowings or temporary loans as at 31 December 2016.

3rd Quarter 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) was adopted by Council on 23 February 2010.
- 1.2 The primary requirements of the Code are as follows:
 - a. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
 - b. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
 - c. Receipt by Council of an Annual Treasury Management Strategy Report for the year ahead, a mid year review report (as a minimum) and an annual review report of the previous year.
 - d. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
 - e. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body which in this Council is the Treasury Management Sub-Committee.
- 1.3 Treasury management in this context is defined as:

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

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 23 February 2016 (report TMS/SE/16/002 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 0.90%. This target rate was based upon investment rate projections for the year provided by Sector (the Council's treasury management advisors), together with consideration of the profile of the Council's portfolio of investments (i.e. mixture of liquid and fixed term investments). Based upon the anticipated funds available for investment in the year (taking into account planned capital expenditure and receipts from asset disposals) this gave a target investment income of £277k.

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 to the markets, at interest rates close to bank base rate, 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 by the Council's treasury advisers (Sector) or, for non-rated building societies, subject to their meeting minimum financial criteria (based on asset base size).
- 4.2 The unprecedented nature of the current economic climate 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 show the credit criteria applicable from 1 October 2016 to 31 December 2016 (counterparty limits were increased from 1 Oct using 'Chief Executive's Urgency Powers' as reported to Treasury Management Sub-Committee 21 November 2016):

Credit Criteria: Rated Banks and Institutions

| Sector Colour Code Key* | Credit Criteria |
|--|---|
| Purple | Max £13m for max of 2 years (subject to max 50% of portfolio) |
| Orange | £12m for max of 2 years (subject to max 40% of portfolio) |
| Red | £11m for max of 1 year (subject to max 35% of portfolio) |
| Green | £9m for max of 6 months (subject to max 30% of portfolio) |
| Blue (nationalised / substantially owned by the UK government) | £18m for max 2 years |

Credit Criteria: Rated Building Societies

| Sector Colour Code Key* | Credit Criteria |
|-------------------------|--|
| Red | £11m for max of 1 year (subject to max 35% of portfolio) |
| Green | £7m for max of 1 year (subject to max 30% of portfolio) |

Credit Criteria: Non- Rated Building Societies

| Asset Base** | Credit Criteria |
|----------------------|----------------------|
| Asset base > £2,500m | £6m for max 6 months |
| Asset base > £1,000m | £5m for max 6 months |

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

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

5 Compliance with Treasury Management Strategy & Code of Practice

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

6 Interest Earned from Treasury Investments during the period 1 April to 31 December 2016

- 6.1 The table below summaries the interest earned during the period 1 April to 31 December 2016 on the various Treasury Investments held by the Council;

| TREASURY MANAGEMENT – INTEREST EARNED SUMMARY | |
|--|--------------------|
| | £ |
| Temporary Investments – Term Deposits | 242,588.03 |
| Santander Business Reserve Account | 0.00 |
| Bank of Scotland Current Account | 492.31 |
| Barclays Reserve Account | 10,120.94 |
| NatWest Call Account | 3,050.04 |
| NatWest 95 Day Account | 0.00 |
| Clydesdale 30 Day Account | 3.35 |
| Bank of Scotland Base Plus Account | 0.34 |
| Santander 365 Day Account | 71,671.23 |
| TOTAL INTEREST EARNED/ACCRUED | £327,926.24 |

- 6.2 The budgeted income from investments for the period 1 April to 31 December 2016 was £208,112 (average rate of return of 0.90%). Interest actually earned during the period totalled £327,926 (average rate of return 0.80%), an over-achievement of interest of £119,814 but an under-achievement of 0.10% on the average rate of return.
- 6.3 The over-achievement of interest earned was primarily due to higher cash balances being available for investment than expected. These increases in balances are due to timing differences in the collection and payment of Council Tax, NNDR and other revenue streams, and underspends relating to the budgeted capital programme.
- 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. £145k over achievement against budget of interest earned.

7 Investment Activity during the period 1 April to 31 December 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 | 44,600,000 |
| Investments made during the year (including transfers to business reserve accounts) | 80,300,000 |
| Sub Total | 124,900,000 |
| Investments realised during the year (including withdrawals from business reserve accounts) | 69,450,000 |
| Closing Balance 31 December 2016 | 55,450,000 |

7.2 Investments were made with counterparties that met the agreed lending criteria and investment periods. Investment periods range from overnight to one year, 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 31 December 2016, in order to maintain liquidity whilst at the same time achieving a reasonable rate of return in relation to base rate, £3.9m average 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 31 December 2016;

| Investments held as at 31 December 2016 | | | | |
|--|-------------------------|----------------------|--------------------|----------------------|
| Counterparty | Principal Amount | Interest Rate | Date Loaned | Date Returned |
| Bank of Scotland | 4,500,000 | 1.05% | 12/02/16 | 13/02/17 |
| Coventry B/Society | 2,500,000 | 0.80% | 22/02/16 | 20/02/17 |
| Coventry B/Society | 1,000,000 | 0.81% | 01/03/16 | 01/03/17 |
| Bank of Scotland | 1,500,000 | 1.05% | 08/04/16 | 10/04/17 |
| Nationwide B/Society | 2,000,000 | 0.95% | 03/06/16 | 02/06/17 |
| Barclays Bank | 3,000,000 | 0.94% | 02/06/16 | 02/06/17 |
| Skipton B/Society | 3,000,000 | 0.98% | 06/06/16 | 06/06/17 |
| National Counties B/Soc | 2,000,000 | 1.10% | 06/07/16 | 05/07/17 |
| Nationwide B/Society | 4,000,000 | 0.70% | 03/08/16 | 02/08/17 |
| Newcastle B/Society | 3,000,000 | 0.47% | 03/10/16 | 03/04/17 |
| Nationwide B/Society | 3,000,000 | 0.39% | 03/10/16 | 20/03/17 |
| Skipton B/Society | 3,000,000 | 0.43% | 03/10/16 | 20/03/17 |
| Coventry B/Society | 2,500,000 | 0.23% | 01/09/16 | 19/10/16 |
| Bank of Scotland | 2,000,000 | 1.00% | 02/11/16 | 01/11/17 |
| Newcastle B/Society | 1,000,000 | 0.55% | 15/11/16 | 15/05/17 |
| Newcastle B/Society | 2,000,000 | 0.33% | 01/12/16 | 20/02/17 |
| Nottingham B/Society | 3,600,000 | 0.28% | 01/12/16 | 19/01/17 |

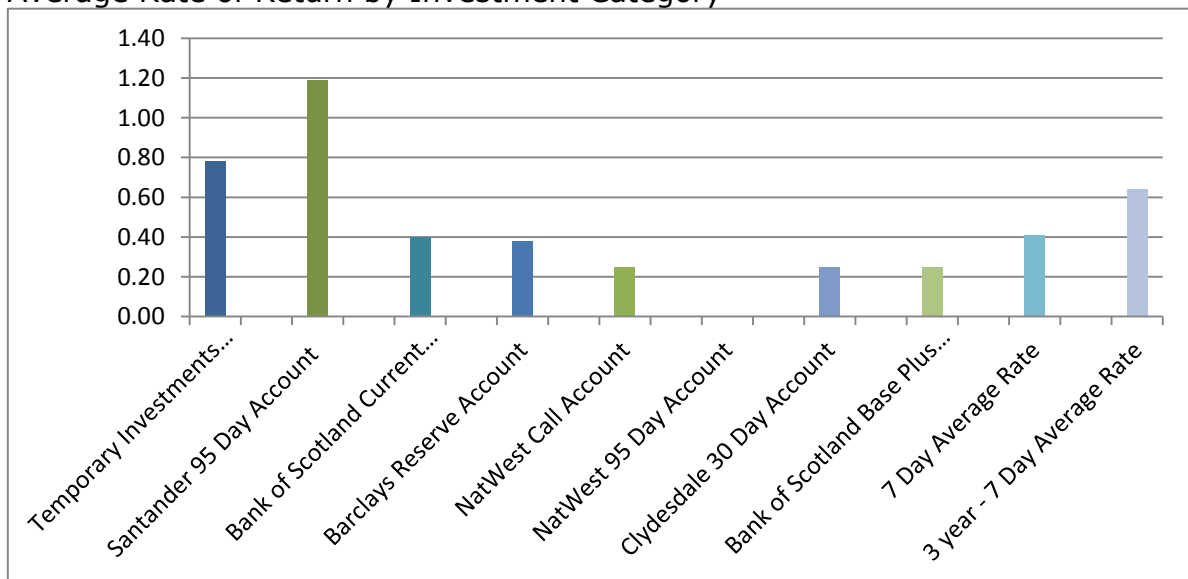
| | | | | |
|----------------------|-------------------|-------|---------|--------|
| Santander 365 Day | 8,000,000 | 1.05% | 365 day | notice |
| Barclays Reserve | 150,000 | 0.30% | Call | |
| NatWest Call Account | 3,700,000 | 0.25% | Call | |
| TOTAL | 55,450,000 | | | |

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 | Qtr 3 |
| Temporary Investments | 0.84% | 0.82% | 0.78% |
| Santander 365 Day | 1.30% | 1.25% | 1.19% |
| Bank of Scotland C/Acc | 0.40% | 0.40% | 0.40% |
| Barclays Reserve | 0.40% | 0.38% | 0.38% |
| NatWest Call Account | 0.25% | 0.25% | 0.25% |
| NatWest 95 Day Account | 0.00% | 0.00% | 0.00% |
| Clydesdale 30 Day Account | 0.25% | 0.25% | 0.25% |
| Bank of Scotland Base Plus | 0.25% | 0.25% | 0.25% |
| 7 Day Average | 0.45% | 0.37% | 0.41% |
| 3 year – 7 Day Average | 0.44% | 0.37% | 0.64% |
| Overall Average return on Investments | 0.87% | 0.84% | 0.80% |

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 31 December 2016

| Summary of Funds held | |
|-----------------------------------|-------------------|
| Fund | £ |
| Revenue Reserves | 17,448,589 |
| Capital Receipts Reserves | 21,338,449 |
| General Funds Reserve | 3,035,694 |
| Cash flow Balances | 13,627,268 |
| Total Value of Investments | 55,450,000 |

10 Borrowing

10.1 The Council became debt free in 1992 and since then has refrained from any borrowing apart from the temporary use of overdraft facilities. This continues in 2016/17.

Treasury Management Sub-Committee



St Edmundsbury
BOROUGH COUNCIL

| | | |
|------------------------------|--|------------------|
| Title of Report: | Annual Treasury Management and Investment Strategy Statements 2017/18 and Treasury Management Code of Practice | |
| Report No: | TMS/SE/17/002 | |
| Report to and date/s: | Treasury Management Sub-Committee | 16 January 2017 |
| | Performance and Audit Scrutiny Committee | 25 January 2017 |
| | Cabinet | 7 February 2017 |
| | Council | 21 February 2017 |
| Portfolio holder: | Ian Houlder Portfolio Holder for Resources and Performance Tel: 01284 810074 Email: ian.houlder@stedsbc.gov.uk | |
| Lead officer: | Rachael Mann Head of Resources and Performance Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk | |
| Purpose of report: | To seek approval of the Annual Treasury Management and Investment Strategy Statements 2017/18 (including Treasury related Prudential Indicators) and Treasury Management Code of Practice. | |

| | |
|---|--|
| Recommendation: | <p>The Treasury Management Sub-Committee is asked to:</p> <p>(1) Make recommendations via the Performance and Audit Scrutiny Committee to Cabinet and Council regarding <u>approval</u> of the proposed Annual Treasury Management and Investment Statements 2017/18, (attached at Appendix 1)</p> <p>(2) Make recommendations via the Performance and Audit Scrutiny Committee to Cabinet and Council regarding the <u>approval</u> of the proposed Treasury Management Code of Practice 2017/18, (attached at Appendix 2)</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"> Treasury management activities are currently undertaken in consultation with Sector (Capita), (the Councils appointed Treasury Management advisers) and also takes into account information obtained from investment brokers and other economic commentators. The committee provides for the scrutiny of treasury management strategies and performance, with changes in strategies and policies subject to approval by Cabinet and full Council. |
| Alternative option(s): | <ul style="list-style-type: none"> Options for the management of Council investments are formally considered within the Annual Treasury Management and Investment Strategy. |
| Implications: | |
| <i>Are there any financial implications? If yes, please give details</i> | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> Total budgeted interest receipts from investments, included in the MTFS, for 2017/18 is £234k |
| <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"> |
| <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* |
| Fluctuations in interest rates or in projected cash flows having significant impact on budgeted investment income. | High | Spread of investments for periods of up to two years. Budget monitoring and quarterly performance reports. Use of interest equalisation reserve to smooth out year-on-year fluctuations. | Medium |
| Bank and building society failure resulting in loss of Council funds. | High | Use of Sector advice on counterparty credit ratings (based on Fitch, S&P and Moody ratings) and the setting of lending limits. Use of non-rated building societies based on asset base and additional credit checks. | Medium |
| Ward(s) affected: | All Ward | | |
| Background papers: <i>(all background papers are to be published on the website and a link included)</i> | Annual Treasury Management and Investment Strategy 2016/17 (TMS/SE/16/002 - Appendix 1) Treasury Management Code of Practice 2016/17 (TMS/SE/16/002 - Appendix 2) | | |
| Documents attached: | Appendix 1 – Annual Treasury Management and Investment Strategy Statements 2017/18. Appendix 2 – Treasury Management Code of Practice 2017/18. | | |

1. Key issues and reasons for recommendation(s)

1.1 Annual Treasury Management and Investment Strategy

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

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

1.2 Major changes between the 2016/17 Strategy and the new 2017/18 Strategy

1.2.1 Revised investment counterparty limits, as report to this committee 21 November 2016, have been incorporated into the 2017/18 Strategy.

1.3 Treasury Management Code of Practice

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

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

1.3.3 The approved Treasury Management Code of Practice has been updated to be in line with the proposed Annual Treasury Management and Investment Strategy Statements 2017/18 (detailed above).

1.4 Major changes between the Code of Practice 2016/17 and the new Code of Practice 2017/18

1.4.1 Revised investment counterparty limits, as reported to this committee 21 November 2016, have been incorporated into the 2017/18 Treasury Management and Investment Strategy.

1.4.2 The use of Enhanced Money Funds as approved by this committee on 21 November 2016 has been added to the approved types of investment in the 2017/18 Treasury Management and Investment Strategy.

2. Interest Rate Projections

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

2.2

| | Previous Strategy | New Strategy |
|---------|-------------------|--------------|
| 2017/18 | 1.50% | 0.55% |
| 2018/19 | 2.00% | 0.70% |
| 2019/20 | 2.50% | 0.70% |
| 2020/21 | | 0.75% |

3. Counterparty Ratings

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

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

| Sector Colour Code Key | Maximum Duration / Investment Values* |
|---|---|
| Purple | Max £13m for max of 2 years (subject to max 50% of portfolio) |
| Orange | £12m for max of 2 years (subject to max 40% of portfolio) |
| Red | £11m for max of 1 year (subject to max 35% of portfolio) |
| Green | £9m for max of 6 months (subject to max 30% of portfolio) |
| Blue (nationalised / substantially owned by the UK government) | £18m for max of 2 years |

* Note – This represents an adaption of the Capita (Sector) approach

3.1.3 **Lending Criteria – Rated Building Societies**

| Sector Colour Code Key | Proposed Limits* |
|------------------------|--|
| Red | £11m for max of 1 year (subject to max 35% of portfolio) |
| Green | £7m for max of 1 year (subject to max 30% of portfolio) |

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

| Asset Base | Maximum Duration / Investment Values |
|----------------------|--------------------------------------|
| Asset base > £2,500m | £6m for max 6 months |
| Asset base > £1,000m | £5m for max 6 months |

3.1.5 Please see the Annual Treasury Management and Investment Strategy Statements 2017/18, (**Appendix 1**) for full details.

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**ST EDMUNDSBURY
BOROUGH COUNCIL**

***ANNUAL TREASURY
MANAGEMENT AND
INVESTMENT STRATEGY
STATEMENTS
2017/2018***

To be approved at Council 21 February 2017

ANNUAL TREASURY MANAGEMENT AND INVESTMENT STRATEGY STATEMENTS 2017/2018

TREASURY MANAGEMENT POLICY STATEMENT

1. The Council defines its treasury management activities as:

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

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

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

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

ANNUAL INVESTMENT STRATEGY 2017/18

Introduction

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

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

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

- Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For the Council this is the Treasury Management Sub-Committee.
7. The Council's general policy objective is to invest surplus funds prudently. The Council's investment priorities are; security and liquidity of the capital at an optimum yield which is commensurate with security and liquidity.

Risk Management

8. The Council regards the successful identification, monitoring and control of risk to be prime criteria by which the effectiveness of its Treasury Management activities will be measured. The main risks to the Council's treasury activities are:
- Credit and Counterparty Risk – Security of the Council's Investments.
 - Market or Interest Rate Risk – Fluctuations in interest rate levels and thereby in the value of investments.
 - Liquidity Risk – Inadequate cash resources.
 - Inflation Risk – Exposure to inflation.
 - Legal and Regulatory Risk – Non compliance with Statutory and Regulatory requirements and the risk of fraud.
9. The above risks have been taken into account when setting the proposed Annual Treasury Management and Investment Strategy Statements. The risk that remains the Council's primary focus is that around the credit and counterparty risk and potential loss of its investments in a similar way to that following the Icelandic Banks collapse. The controls that the Strategy require are:
- credit worthiness checks of counterparties through the Council's external treasury advisor, Capita Asset Services (previously known as Sector Treasury Services Ltd) or
 - Asset Value checks assisting the Council to manage this risk.
10. Officers also have access, through the Council's treasury advisor to real time market advice and expertise.
11. Further risk centres on the loss of interest receipts through decreased interest rates which has a direct impact on the Medium Term Financial Strategy (MTFS). Should the market move in an adverse direction, the actual receipts will be lower than forecast budgets and therefore have a detrimental effect on this significant revenue income stream to the MTFS. In the current climate this is a high risk for the Council but beyond its control. The position will be monitored and actual interest receipts against forecast will be reported through Leadership Team and Performance, Audit and Scrutiny Committee, the outcome of which may require the Council to revise its MTFS accordingly.
12. Given the current volatility in financial markets and the performance of institutions, it is probable that status changes may occur during the next 12 months. Accordingly it may be necessary for Officers to update Members verbally as to the impact of these changes and, if appropriate, on alternative courses of action which may have to be considered in order for the Council to have worthwhile investment opportunities during the year.

Scheme of delegation and the role of the Section 151 officer

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

Use of External Brokers/Advisors/Fund Managers

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

Creditworthiness Policy & Lending Criteria

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

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

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

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

Lending Criteria - Rated Banks and Investment Scheme

| Capita Colour Code Key | Maximum Duration / Investment Values* |
|---|---|
| Purple | Max £13m for max of 2 years (subject to max 50% of portfolio) |
| Orange | £12m for max of 2 years (subject to max 40% of portfolio) |
| Red | £11m for max of 1 year (subject to max 35% of portfolio) |
| Green | £9m for max of 6 months (subject to max 30% of portfolio) |
| Blue (nationalised / substantially owned by the UK government) | £18m for max of 2 years |

* Note – This represents an adaption of the Capita approach

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

Lending Criteria – Rated Building Societies

| Capita Colour Code Key | Proposed Limits* |
|------------------------|--|
| Red | £11m for max of 1 year (subject to max 35% of portfolio) |
| Green | £7m for max of 1 year (subject to max 30% of portfolio) |

• Note – This represents an adaption of the Capita approach

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

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

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

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

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

| Asset Base | Maximum Duration / Investment Values |
|----------------------|--------------------------------------|
| Asset base > £2,500m | £6m for max 6 months |
| Asset base > £1,000m | £5m for max 6 months |

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

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

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

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

Investment Security - Specified and Unspecified Investments

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

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

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

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

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

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

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

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

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

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

| | Minimum Credit Criteria | Max % of total investments | Max. maturity period |
|---|---|-----------------------------------|-----------------------------|
| Term deposits – other LAs with maturities >1yr | - | 50 | 2 years |
| Term deposits – non-rated building societies | See table above | 90 | 1 year |
| Term deposits – banks and rated building societies with maturities >1yr | Based on Capita's Colour Code system – see tables above | 90 | 2 years |
| | Minimum Credit Criteria | Max % of total investments | Max. maturity period |
| Bonds issued by multilateral development banks with maturities >1yr | AAA | 25 | 2 years |
| Bonds issued by a financial institution which is guaranteed by the UK government with maturities >1yr | AAA | 25 | 2 years |
| Enhanced Cash Funds | AAA,S1 | 10 | 5 years |

Investment Liquidity - Longer Term Investments

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

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

On any day:

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

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

Borrowing/External Debt

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

35. The Council's external debt as at 31 December 2016 was as follows:-

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

Council's Banker

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

Balanced Budget Requirement

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

Future Interest Rates

38. The Bank of England reduced the Official Base rate at 0.25% on August 4, 2016. It has remained at this rate since.

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

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

- 2017/18 – 0.55%
- 2018/19 – 0.70%
- 2019/20 – 0.70%
- 2020/21 – 0.75%

41. In August 2016 the government announced an additional £100bn was to be made available to financial institutions to enable consumers to benefit from the low interest

rates, these additional funds could continue to affect the rates of return available in 2017/18.

Total Investments

42. Please see the following table for full details of the investments held by the Council as at 31 December 2016.

| Counterparty Name | Value £ | Interest Rate % | Investment Date | Date of Return |
|--|--------------------|----------------------------|----------------------------|---------------------------|
| BANK OF SCOTLAND ACCOUNT Bank of Scotland Call Account | 0 | 0.000 | | |
| NATWEST ACCOUNTS NatWest Call Account NatWest 95 Day Notice Account | 3,700,000 0 | 0.250 0.000 | | |
| BARCLAYS ACCOUNT Barclays Reserve Account | 150,000 | 0.300 | | |
| SANTANDER ACCOUNT Santander UK 365 Day Notice Account | 8,000,000 | 1.050 | 19-Oct-15 | 31-Dec-17 |
| TEMPORARY INVESTMENTS | | | | |
| Bank of Scotland | 4,500,000 | 1.050 | 12-Feb-16 | 13-Feb-17 |
| Coventry Building Society | 2,500,000 | 0.800 | 22-Feb-16 | 20-Feb-17 |
| Coventry Building Society | 1,000,000 | 0.810 | 01-Mar-16 | 01-Mar-17 |
| Bank of Scotland | 1,500,000 | 1.050 | 08-Apr-16 | 10-Apr-17 |
| Nationwide Buildings Society | 2,000,000 | 0.950 | 03-Jun-16 | 02-Jun-17 |
| Barclays Bank | 3,000,000 | 0.940 | 02-Jun-16 | 02-Jun-17 |
| Skipton Building Society | 3,000,000 | 0.980 | 06-Jun-16 | 07-Jun-17 |
| National Counties Building Society | 2,000,000 | 1.100 | 06-Jul-16 | 05-Jul-17 |
| Nationwide Building Society | 4,000,000 | 0.700 | 03-Aug-16 | 02-Aug-17 |
| Newcastle Building Society | 3,000,000 | 0.470 | 03-Oct-16 | 03-Apr-17 |
| Nationwide Building Society | 3,000,000 | 0.390 | 03-Oct-16 | 20-Mar-17 |
| Skipton Building Society | 3,000,000 | 0.430 | 03-Oct-16 | 20-Mar-17 |
| Coventry Building Society | 2,500,000 | 0.370 | 03-Oct-16 | 20-Mar-17 |
| Bank of Scotland | 2,000,000 | 1.000 | 02-Nov-16 | 01-Nov-17 |
| Newcastle Building Society | 1,000,000 | 0.550 | 15-Nov-16 | 15-May-17 |
| Newcastle Building Society | 2,000,000 | 0.330 | 01-Dec-16 | 20-Feb-17 |
| Nottingham Building Society | 3,600,000 | 0.280 | 01-Dec-16 | 19-Jan-17 |
| TOTAL VALUE OF INVESTMENTS HELD | 55,450,000 | | | |

Capital Finance

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

Treasury Management Code of Practice

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

Prudential Indicators

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

| | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
|--|-------------------|-------------------|-------------------|-------------------|
| TREASURY MANAGEMENT PRUDENTIAL INDICATORS | £ | £ | £ | £ |
| Authorised limit for external debt - | Approved | Estimate | Estimate | Estimate |
| Borrowing | £1,111,000 | £1,111,000 | £1,111,000 | £1,111,000 |
| Other long term liabilities | £0 | £0 | £0 | £0 |
| TOTAL | £1,111,000 | £1,111,000 | £1,111,000 | £1,111,000 |
| Operational boundary for external debt - | | | | |
| Borrowing | £1,000,000 | £1,000,000 | £1,000,000 | £1,000,000 |
| Other long term liabilities | £0 | £0 | £0 | £0 |
| TOTAL | £1,000,000 | £1,000,000 | £1,000,000 | £1,000,000 |
| Maturity Structure of Borrowing | | | | |
| Upper Limit for % of borrowing maturing in: | | | | |
| • Under 12 Months | 100% | 100% | 100% | 100% |
| • 1 - 2 years | 0% | 0% | 0% | 0% |
| • 2 - 5 years | 0% | 0% | 0% | 0% |
| • 5 - 10 years | 0% | 0% | 0% | 0% |
| • Over 10 years | 0% | 0% | 0% | 0% |
| The lower limit for all periods | 0% | 0% | 0% | 0% |
| Upper limit for fixed interest rate exposure expressed as a % of total investments | 100% | 100% | 100% | 100% |
| Upper limit for variable rate exposure expressed as a % of total investments | 60% | 60% | 60% | 60% |
| Upper limit for total principal sums invested for over 364 days (per maturity date) | £20,000,000 | £20,000,000 | £20,000,000 | £20,000,000 |

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Forest Heath & St Edmundsbury councils



ST EDMUNDSBURY BOROUGH COUNCIL

Treasury Management

Code of Practice

To be approved at Council on 21 February 2017

SECTION 1

INTRODUCTION

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

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

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

DEFINITION OF THE CODE

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

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

SECTION 2

PURPOSE OF THE CIPFA CODE

The objectives of the CIPFA Code are:-

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

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

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

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

SECTION 3

REQUIREMENT FOR THE OPERATION OF THE CODE

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

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

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

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

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

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

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

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

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

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

SECTION 4

THE TREASURY MANAGEMENT POLICY STATEMENT

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

The Council defines its treasury management activities as:

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

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

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

SECTION 5

TREASURY MANAGEMENT PRACTICES

Index of Treasury Management Practices

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

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

TMP 1 RISK MANAGEMENT

General Statement

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

1. Credit and Counterparty Risk Management

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

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

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

2. **Liquidity Risk Management**

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

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

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

3. **Interest Rate Risk Management**

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

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

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

4. **Exchange Rate Risk Management**

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

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

5. Refinancing Risk Management

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

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

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

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

6. Legal and Regulatory Risk Management

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

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

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

7. Fraud, Error and Corruption, and Contingency Management

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

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

8. **Market Risk Management**

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

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

9. **Inflation Risk Management**

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

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

TMP 2 Performance Management

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

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

TMP 3 Decision-Making and Analysis

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

TMP 4 Approved Instruments, Methods and Techniques

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

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

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

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

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

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

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

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

TMP 6 Reporting Requirements and Management Information Arrangements

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

As a minimum, Cabinet will receive:

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

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

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

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

TMP 7 Budgeting, Accounting and Audit Arrangements

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

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

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

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

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

TMP 8 Cash and Cash Flow Management

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

TMP 9 Money Laundering

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

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

TMP 10 Staff Training and Qualifications

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

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

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

The present arrangements are detailed within this document.

TMP 11 Use of External Service Providers

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

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

TMP 12 Corporate Governance

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

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

SECTION 6

SUPPORTING SCHEDULES TO THE TREASURY MANAGEMENT PRACTICES (TMPs)

RISK MANAGEMENT (TMP1)

CREDIT AND COUNTERPARTY POLICIES RISK MANAGEMENT – TMP1(1)

Criteria for Creating/Managing Approved Counter Party Lists for Investments

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

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

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

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

Lending Criteria - Rated Banks and Investment Scheme

| Sector Colour Code Key | Maximum Duration / Investment Values* |
|---|---|
| Purple | Max £13m for max of 2 years (subject to max 50% of portfolio) |
| Orange | £12m for max of 2 years (subject to max 40% of portfolio) |
| Red | £11m for max of 1 year (subject to max 35% of portfolio) |
| Green | £9m for max of 6 months (subject to max 30% of portfolio) |
| Blue (nationalised / substantially owned by the UK) | £18m for max of 2 years |

government)

* Note – This represents an adaption of the Sector approach

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

Lending Criteria – Rated Building Societies

| Sector Colour Code Key | Proposed Limits* |
|------------------------|--|
| Red | £11m for max of 1 year (subject to max 35% of portfolio) |
| Green | £7m for max of 1 year (subject to max 30% of portfolio) |

• Note – This represents an adaption of the Sector approach

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

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

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

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

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

| Asset Base | Maximum Duration / Investment Values |
|----------------------|--------------------------------------|
| Asset base > £2,500m | £6m for max 6 months |
| Asset base > £1,000m | £5m for max 6 months |

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

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

- Review of available media coverage for any advance negative warnings regarding the stability of individual building societies.

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

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

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

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

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

Investment Liquidity - Longer Term Investments

The following longer term investment restrictions will apply:-

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

On any day:

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

Change of Limits for Amounts Invested

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

Specified and Unspecified Investments

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

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

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

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

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

| | Minimum Credit Criteria | Max % of total investments | Max. maturity period |
|---|--|-----------------------------------|-----------------------------|
| Term deposits – other LAs with maturities >1yr | - | 50 | 2 years |
| Term deposits – non-rated building societies | See table at 5.7 above | 90 | 1 year |
| Term deposits – banks and rated building societies with maturities >1yr | Based on Sector's Colour Code system – see tables at 5.3 & 5.4 above | 90 | 2 years |
| | Minimum Credit Criteria | Max % of total investments | Max. maturity period |
| Bonds issued by multilateral development banks with maturities >1yr | AAA | 25 | 2 years |
| Bonds issued by a financial institution which is guaranteed by the UK government with maturities >1yr | AAA | 25 | 2 years |
| Enhanced Cash Funds | AAA, S1 | 10 | 5 years |

Evidence of the Council's Powers to Deal with Counterparties

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

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

LIQUIDITY RISK MANAGEMENT - TMP1(2)

Approved Minimum Cash Balances and Short Term Investments

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

- ◆ Daily treasury management procedures will aim to maintain a forecast consolidated balance in the region of £25k to £1.0m. However, balances over £1.0m may be retained in the bank account to be used to cover payments going out within the next week and the total interest lost, by retaining this money, does not exceed £50.00.
- ◆ If two internally managed investments are being placed on the same day with different maturity dates, one counterparty may be used for the two investments even if the investment % rate offered on one of the investments is not the highest rate and the subsequent loss of interest incurred does not exceed the pre-set limit of £50 on that one investment. However, the counterparty in question must be willing to accept the two investments as one CHAPS payment.

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

This is to ensure that: -

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

Standby Facilities/Call Accounts

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

Overdraft Arrangements

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

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

The daylight exposure limit only covers CHAPS payments.

Short & Long Term Borrowing Facilities

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

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

INTEREST RATE RISK MANAGEMENT – TMP1(3)

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

It will achieve this by the prudent use of its approved investment instruments, methods and techniques, primarily to create stability and certainty of revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of

unexpected, potentially advantageous changes in the level or structure of interest rates. This should be subject to the consideration and, if required, approval of any policy or budgetary implications.

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

EXCHANGE RATE RISK - TMP1(4)

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

REFINANCING RISK MANAGEMENT - TMP1(5)

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

LEGAL AND REGULATORY RISK MANAGEMENT – TMP1(6)

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

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

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

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

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

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

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

Fraud and Error

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

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

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

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

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

Shortfall of Funds

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

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

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

Insurance

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

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

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

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

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

MARKET RISK MANAGEMENT - TMP1(8)

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

INFLATION RISK MANAGEMENT TMP 1 (9)

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

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

Methodology Applied To Evaluate The Impact Of Treasury Management Decisions

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

Political Risks And The Management Thereof

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

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

Frequency and Processes for Tendering

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

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

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

Performance Measurement of Treasury Management Activities

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

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

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

DECISION MAKING AND ANALYSIS - TMP3

Funding

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

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

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

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

Borrowing

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

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

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

Policy on Interest Rate Exposure

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

Processes/Records to be Held

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

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

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

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

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

List of Approved Methods of Raising Capital Finance

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

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

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

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

List of Approved Sources of Borrowing

LONG TERM BORROWING SOURCES OF FINANCE

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

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

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

List of Approved Instruments for Investment

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

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

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

Introduction

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

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

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

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

Delegated Powers and Responsibilities

The Cabinet/Full Council is responsible for:

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

The Treasury Management Sub-Committee is responsible for:

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

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

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

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

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

- ◆ All recording and administrative functions complying with the system and procedures laid down in the treasury management document.
- ◆ Reviewing regular performance reports.

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

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

The Business Support Officer is responsible for:

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

The Internal Audit Manager is responsible for:

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

The Chief Executive is responsible for:

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

The Monitoring Officer is responsible for:

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

Use of External Brokers/Advisors/Fund Managers

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

meet the needs of this organisation, especially in terms of being objective and free from conflicts of interest.

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

Bankers

The Council's bankers are Lloyds Bank Plc.

Long Term Borrowing (Public Works Loan Board)

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

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

Investment Direct Dealing Practices

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

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

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

Policy on Taping of Conversations

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

Settlement Transmission Procedures

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

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

Documentation Requirements

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

REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS – TMP6

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

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

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

All reports must be approved by Council.

Reporting Content

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

Annual Strategy Report Minimum Contents Summary

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

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

Annual Report Minimum Contents Summary

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

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

Monitoring Report Minimum Summary of Contents

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

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

Revisions to the Treasury Management Code of Practice Contents Summary

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

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

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

BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS – TMP7

Statutory/Regulation Requirements

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

Accounting Practices and Standards

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

Budgets

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

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

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

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

External Audit Information Requirements

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

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

CASH AND CASH FLOW MANAGEMENT – TMP8

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

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

- ◆ Precept payments to be made to precepting bodies

- ◆ Contributions to and from the National Non Domestic Rating pool
- ◆ Any other known cash in flows and out flows

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

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

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

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

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

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

Daily Procedures

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

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

Objective

The objective of the day to day cash management is to ensure that the consolidated balance of the Council's bank accounts is, where possible, kept within its target overnight level of £25,000, whilst adequately meeting the day to day cash requirements of the Council.

However, balances over £1.0m may be retained in the bank account if a maturing investment is being used to cover payments going out within the next week and the total interest lost, by retaining this money, does not exceed £50.00.

Investment/Borrowing Decision Making

Borrowing to meet any shortfall or investing directly with organisations on the approved list can be authorised by the Head of Resources and Performance (Section 151 Officer), Service Manager – Finance and Performance or Senior Business Partner – Finance and Performance. In the absence of one of the officers above, one of the Business Partners – Finance and Performance can act as Sanctioning Officer with documentation being countersigned by an authorising officer at the earliest opportunity. Longer term borrowing requires Council approval.

With the continuing development of shared services and working across various offices, the required officers are not always available to provide 'hard copy' authorisation. To increase efficiency and ensure treasury activities are carried out in a timely manner, the use of email authorisation is permitted. Copies of the email trail must accompany all deal paperwork in the completed file.

Forecasting the closing balance on the consolidated account

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

Bank Statement Procedures

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

Payment Scheduling and Agreed Terms with Trade Creditors

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

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

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

Procedure for Banking of Funds

A private security firm carries out the banking of funds.

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

Scheme for the Advancing of Car Loans to Members of Staff

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

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

Loans to Parish Councils and External Organisations

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

MONEY LAUNDERING - TMP9

Methodology for Identifying Sources of Deposit

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

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

Methodology for Establishing the Identity/Authenticity of Lenders

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

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

Disaster Recovery Plan

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

STAFF TRAINING AND DEVELOPMENT – TMP10

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

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

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

USE OF EXTERNAL SERVICE PROVIDERS - TMP11

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

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

CORPORATE GOVERNANCE – TMP12

Information Available for Public Inspection

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

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

Consultation with Stakeholders

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

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