

Performance and Audit Scrutiny Committee



Forest Heath
District Council

Title:	Agenda								
Date:	Thursday 27 July 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 Louis Busuttill</p> <p style="text-align: center;">Vice Chairman Colin Noble</p> <p><i>Conservative Members (8)</i></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;">Michael Anderson</td> <td style="width: 33%;">Louis Busuttill</td> </tr> <tr> <td>Chris Barker</td> <td>Simon Cole</td> </tr> <tr> <td>John Bloodworth</td> <td>Christine Mason</td> </tr> <tr> <td>Rona Burt</td> <td>Colin Noble</td> </tr> </table> <p><i>West Suffolk Independent (1)</i></p> <p style="text-align: center;">Vacancy</p> <p><i>UKIP (1)</i></p> <p style="text-align: center;">Peter Ridgwell</p>	Michael Anderson	Louis Busuttill	Chris Barker	Simon Cole	John Bloodworth	Christine Mason	Rona Burt	Colin Noble
Michael Anderson	Louis Busuttill								
Chris Barker	Simon Cole								
John Bloodworth	Christine Mason								
Rona Burt	Colin Noble								
Substitutes:	Named substitutes are not appointed								
Interests – Declaration and Restriction on Participation:	Members are reminded of their responsibility to declare any disclosable pecuniary interest not entered in the Authority's register or local non pecuniary interest which they have in any item of business on the agenda (subject to the exception for sensitive information) and to leave the meeting prior to discussion and voting on an item in which they have a disclosable pecuniary interest.								
Quorum:	Three Members								
Committee administrator:	Christine Brain Democratic Services Officer (Scrutiny) Tel: 01638 719729 Email: christine.brain@westsuffolk.gov.uk								

5.00pm	Informal discussions with St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee on the 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 conclusions of the informal discussions, whichever is the later, in Conference Chamber East .

All Members of St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee will be in attendance to enable informal discussions on the report listed in Items 5 to 7 to take place between the two authorities.

COUNCILLORS

Conservative Members (9)	Sarah Broughton Jane Midwood Andrew Smith	Beccy Hopfensperger Karen Richardson Peter Thompson	Betty McLatchy David Roach Patricia Warby
UKIP Member (1)	Barry Robbins		

SUBSTITUTES

Conservative Members (3)	Jeremy Farthing	Susan Glossop	Ivor McLatchy
UKIP Member (1)	John Burns		

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 and at Forest Heath District Council, Mildenhall at least five clear days before the meeting. They are also available to view on our website.	
Attendance at meetings:	The 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:	Members of the public who live or work in West Suffolk are invited to put one question or statement of not more than three minutes duration relating to items to be discussed in Part 1 of the agenda only. If a question is asked and answered within three minutes, the person who asked the question may ask a supplementary question that arises from the reply. A person who wishes to speak must register at least 15 minutes before the time the meeting is scheduled to start. There is an overall time limit of 15 minutes for public speaking, which may be extended at the Chairman's discretion.	
Disabled access:	West Suffolk House has facilities for people with mobility impairments including a lift and wheelchair accessible WCs. However in the event of an emergency use of the lift is restricted for health and safety reasons. Visitors parking is at the car park at the front of the building and there are a number of accessible spaces.	
Induction loop:	An Induction loop is available for meetings held in the Conference Chamber and some other meeting rooms.	
Recording of meetings:	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). 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.	

Agenda

Procedural Matters

Part 1(A) - Public

- | | | |
|-----------|---|----------------|
| 1. | Substitutes | |
| 2. | Apologies for Absence | |
| 3. | Minutes | 1 - 16 |
| | To confirm the minutes of the meetings held on 25 January 2017 and 25 May 2017 (copies attached). | |
| 4. | Public Participation | |
| | Members of the public who live or work in Forest Heath are invited to put one question/statement of not more than 3 minutes duration relating to items to be discussed in Part 1 of the agenda only. If a question is asked and answered within 3 minutes, the person who asked the question may ask a supplementary question that arises from the reply. | |
| | A person who wishes to speak must register at least 15 minutes before the time the meeting is scheduled to start. There is an overall limit of 15 minutes for public speaking, which may be extended at the Chairman's discretion. | |
| | <i>(Following the informal discussions held with St Edmundsbury Borough 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).</i> | |
| 5. | Balanced Scorecards and Quarter 1 Performance Report 2017-2018 | 17 - 30 |
| | Report No: PAS/FH/17/017
<i>(For reference purposes, St Edmundsbury Borough Council's Report Number is PAS/SE/17/015)</i> | |
| 6. | West Suffolk Strategic Risk Register Monitoring Report - June 2017 | 31 - 50 |
| | Report No: PAS/FH/17/018
<i>(For reference purposes, St Edmundsbury Borough Council's Report Number is PAS/SE/17/016)</i> | |
| 7. | Work Programme Update | 51 - 54 |
| | Report No: PAS/FH/17/019
<i>(For reference purposes, St Edmundsbury Borough Council's Report Number is PAS/SE/17/017)</i> | |

Part 1(B) - Public

- | | |
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| 8. Internal Audit Charter | 55 - 68 |
| Report No: PAS/FH/17/020 | |
| (Item deferred from meeting held on 25 May 2017) | |
| 9. Internal Audit Annual Report (2016-2017) and Outline Internal Audit Plan (2017-2018) | 69 - 112 |
| Report No: PAS/FH/17/021 | |
| (Item deferred from meeting held on 25 May 2017) | |
| 10. Financial Performance Report (Revenue and Capital) - Quarter 1 (April to June 2017) | 113 - 132 |
| Report No: PAS/FH/17/022 | |
| 11. Annual Treasury Management Report 2015-2016 and Investment Activity (April - June 2017) | 133 - 158 |
| Report No: PAS/FH/17/023 | |

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Informal Joint Performance and Audit Scrutiny Committee



**Notes of Informal Discussions held on Wednesday 25 January 2017 at
5.00pm in the Conference Chamber West, West Suffolk House,
Western Way, Bury St Edmunds**

PRESENT: St Edmundsbury Borough Council (SEBC)

Councillors Sarah Broughton, Beccy Hopfensperger, Betty McLatchy, Ivor McLatchy, Jane Midwood, David Nettleton, David Roach, Barry Robbins, Peter Thompson and Patricia Warby.

Forest Heath District Council (FHDC)

Councillor Louis Busuttil
(Chairman for the informal discussions)

Councillors Chris Barker, John Bloodworth, and Christine Mason.

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

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

Councillor Susan Glossop: Observing

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

- (1) Balanced Scorecards and Quarter 3 Performance Report 2016-2017;
- (2) West Suffolk Strategic Risk Register Quarterly Monitoring Report – December 2016; and
- (3) Work Programme Update.

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

The Chairman of St Edmundsbury's Performance and Audit Scrutiny Committee welcomed all those present to West Suffolk House, Bury St Edmunds and advised on the format of the proceedings for the informal joint discussions and subsequent

separate meetings of each authority, prior to handing over to the Chairman of Forest Heath's Performance and Audit Scrutiny Committee, who would be chairing the informal joint discussions.

Members noted that each Council permitted public participation at their Performance and Audit Scrutiny meetings. Therefore, for the purpose of facilitating these Constitutional requirements, it was proposed that public speaking should be permitted prior to the start of the informal discussions to enable any questions/statements to be considered by both Performance and Audit Scrutiny Committees on items 1 – 3 above. On this occasion however, there were no questions/statements from members of the public.

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

1. **Balanced Scorecards Quarter 3 Performance Report 2016-2017**

[Councillor Peter Thompson arrived at 5.05pm during the consideration of this item]

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 third 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 third quarter performance.

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

In quarter one, the performance against the "% telephone calls answered" indicators was below target levels across all areas. During quarters two and three the performance against these targets had increased and were getting back towards the levels seen during the 2015-2016 financial year despite call volumes still being higher than comparable periods last financial year.

It was reported that there had been a slight increase corporately in the performance against the indicator "% of non-disputed invoices paid within 30 days" since quarter two. The figure in September 2016 was 87.63%, whereas the December 2016 figure was 93.1%.

The finance and performance team would 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.

Members considered the report and asked questions. In particular discussions were held on Appendix F (Housing), housing options and the number in Bands A and B. Officers provided the current breakdown for Bands A and B (West Suffolk 897; St Edmundsbury 552; Forest Heath 345). Members asked for future quarterly reports to include a breakdown of the figures showing the split for West Suffolk, St Edmundsbury and Forest Heath in the comments box.

2. **West Suffolk Strategic Risk Register Quarterly Monitoring Report – December 2016**

The Service Manager (Finance and Performance) the quarter three risk register monitoring report for 2016-2017 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 December 2016 the Group reviewed the target risk, the risk level where the Council aimed to be, and agreed a current risk assessment. These assessments formed the revised West Suffolk Risk Register (Appendix 1).

Some individual controls or actions had been updated and those which were not ongoing and had been completed by December 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 report to the Committee.

With regards to the EU Referendum and Britain's exiting of the EU, 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 Performance and Audit Scrutiny Committee.

Members considered the report and noted that each quarter presented was relatively stable, and raise no issues.

3. **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 2017-2018.

Members considered the report and did not raise any issues.

On the conclusion of the informal joint discussions at 5.07 pm, Members of Forest Heath District Council's Performance and Audit Scrutiny Committee withdrew from Conference Chamber West to Conference Chamber East to hold their formal meeting.

The Chairman then formally opened the Forest Heath District Council's Performance and Audit Scrutiny Committee in Conference Chamber East at 5.15 pm.

Performance and Audit Scrutiny Committee



Forest Heath
District Council

Minutes of a meeting of the **Performance and Audit Scrutiny Committee** held on **Wednesday 25 January 2017** at **5.15 pm** at the **Conference Chamber East, West Suffolk House, Western Way, Bury St Edmunds, IP33 3YU**

Present: **Councillors**

Chairman Louis Busuttil

Chris Barker
John Bloodworth

Simon Cole
Christine Mason

By invitation:

Stephen Edwards, Portfolio Holder for Resources and Performance

129. **Substitutes**

There were no substitutes declared.

130. **Apologies for Absence**

Apologies for absence were received from Councillors Michael Anderson, Rona Burt, Louise Marston and Peter Ridgwell.

Councillor Colin Noble was also unable to attend the meeting.

131. **Minutes**

The minutes of the meeting held on 24 November 2016, were unanimously accepted by the Committee as an accurate record and signed by the Chairman.

132. **Public Participation**

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

133. **Balanced Scorecards and Quarter 3 Performance 2016-2017 (Report No: PAS/FH/17/001)**

Further to the joint informal discussions held prior to the meeting with St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/FH/17/001.

Members had scrutinised the report, and there being no decision required the Committee **noted** the Council's performance using the Balanced Scorecards for Quarter 3, 2016-2017.

134. **West Suffolk Strategic Risk Register Quarterly Monitoring Report - December 2016 (Report No: PAS/FH/17/002)**

Further to the joint informal discussions held prior to the meeting with St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/FH/17/002.

Members had scrutinised the report and asked questions to which responses were provided.

There being no decision required, the Committee **noted** the contents of the Quarter 3 West Suffolk Strategic Risk Register monitoring report.

135. **Work Programme Update (Report No: PAS/FH/17/003)**

Further to the joint informal discussions held prior to the meeting with St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/FH/17/003.

Members considered the report, and there being no decision required, the Committee **noted** the current status of its Work Programme for 2017-2018.

136. **Financial Performance Report (Revenue and Capital) Quarter 3 - 2016-2017 (Report No: PAS/FH/17/004)**

The Committee received Report No: PAS/FH/17/004, which set out the financial performance for the third 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/(under) spends 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). The current forecast position for the year end was expected to be on budget.

Appendix C to the report set out the Council's capital financial position for the first nine months of 2016-2017, which showed expenditure of £19,546,000. Finally, a summary of 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 responses were provided. Members were also informed that in relation to the Compostable Collection (Brown Bin), an on-line direct

debit system would shortly be brought in, which would make it easier for residents to subscribe to the service.

There being no decision required, the Committee **noted** the Quarter 3 financial performance and the 2016-2017 year end forecast financial position.

137. **Treasury Management Report 2016-2017 and Investment Activity (April to December 2016) (Report No: PAS/FH/17/006)**

(The Chairman agreed for this item to be brought forward on the agenda)

The Committee received Report No: PAS/FH/17/006, which provided a summary of investment activities for the first nine months of 2016-2017. Full details of treasury management activities during the period were attached at Appendix 1 to the report. It was reported as at 31 December 2016, the Council held £19,755,000 of investments.

Explanations were provided on the under-achievement of interest earned during the period, which was mainly due to the reduction in funds available for investment following the purchase of the Toggam Solar Farm.

Explanations were also provided on the reduced average rate of return during the period, which was due to the reduction in the Bank of England base rate and the resulting reduction of interest rates offered by institutions. Officers also referred to paragraph 10. of the report, where Members were informed of the position with regard to the costs for a proposed redemption of a long term loan.

The Committee scrutinised the Treasury Management Report 2016-2017, and asked questions of Officers to which responses were provided.

It was moved, duly seconded and with the vote being unanimous, it was

RECOMMENDED:

That, subject to the approval of Council, the Treasury Management Report for the period 1 April to 31 December 2016, attached at Appendix 1 to Report No: PAS/FH/17/006, be approved.

138. **Annual Treasury Management and Investment Strategy Statements 2017-2018 (Report No: PAS/FH/17/007)**

(The Chairman agreed for this item to be brought forward on the agenda)

The Committee received Report No: PAS/FH/17/007 which explained that the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management required that, prior to the start of the financial year, the Council formally approved an Annual Treasury Management and Investment Strategy, setting out the Council's Treasury Management Policy and Strategy Statements for the forthcoming year.

The proposed Annual Treasury Management and Investment Strategy Statements for 2017-2018 were attached as Appendix 1 to Report No:

PAS/FH/17/007). The Committee were also advised that no changes had been made to the Credit Rating Definitions (Appendix 2).

The Treasury Management Code of Practice (Appendix 3) had been updated to reflect the proposed Annual Treasury Management and Investment Strategy Statements 2017/2018, as set out in paragraph 2.1 of the report.

A few minor changes had been made to the List of Approved Organisations for Investment during 2016-2017 (Appendix 4) due to credit rating changes and changes to the Top 10 List of Building Societies.

The Committee considered the report and asked questions to which responses were provided.

With the vote being unanimous, it was

RECOMMENDED:

That:-

1. The Annual Treasury Management and Investment Strategy Statements 2017/2018, as contained in Appendix 1 to Report No: PAS/FH/17/007, be adopted.
2. The Treasury Management Code of Practice 2017/2018, as contained in Appendix 3 to Report No PAS/FH/17/007, be approved.

(Councillor Simon Cole joined the meeting at 5.40 pm, following the conclusion of this item)

139. **Delivering a Sustainable Budget Medium Term Financial Strategy 2017-2020 (Report No: PAS/FH/17/005)**

The Committee received Report No: PAS/FH/17/005, which updated Members on progress made towards delivering a balanced budget for 2017-2018 and a sustainable budget in the medium term.

In November 2016, the Committee received Report No: PAS/FH/16/032, which set out the context of the 2016-2017 budget and the MTFs, including details of savings targets, budget assumptions and known pressures for 2017-2020. Report No: PAS/SE/17/005 gave an update on that position.

Additional pressures and progress made to-date in achieving the 2017-2020 savings target, were set out in Table 1 of the report. It was proposed that these be incorporated into the budgets, over and above those items brought to the Committees' attention in November 2016, as part of Report No: PAS/FH/16/032.

It was reported that the Council's pension contribution rate had decreased from 30% to 29% in 2017-2018 following the triennial review, and this had been reflected within the existing salary budgets. Work also continued on the property and projects work packages and would 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, to balance the budget in the short term.

The Performance and Audit Scrutiny Committee were asked to support and recommend to Cabinet the inclusion of the proposals, as set out in Table 1, in order to progress securing a balanced budget for 2017-2018 and delivering a sustainable MTFS 2017-2020.

The Committee scrutinised the report in detail and asked a number of questions to which Officers duly responded. In particular, questions were asked with regard to the Additional Reserve Contributions which had been allocated for vehicle renewals and for Asset Management Plan requirements.

The Committee also noted the progress made on delivering a Sustainable Medium Term Financial Strategy 2017-2020.

It was moved, duly seconded and with the vote being unanimous, it was:

RECOMMENDED:

That the proposals, as detailed in Table 1 at paragraph 1.2.1 of Report No: PAS/FH/17/005, be included in order to progress securing a balanced budget for 2017-2018.

The Meeting concluded at 6.09 pm

Signed by:

Chairman

Informal Joint Performance and Audit Scrutiny Committee



**Notes of Informal Discussions held on Thursday 25 May 2017 at
5.00 pm in Conference Chamber West, West Suffolk House,
Western Way, Bury St Edmunds**

PRESENT: St Edmundsbury Borough Council (SEBC)

Councillors Patrick Chung, Beccy Hopfensperger, Betty McLatchy, Ivor McLatchy, Jane Midwood, Barry Robbins, Andrew Smith, Peter Thompson, Frank Warby and Patricia Warby.

Forest Heath District Council (FHDC)

Councillor Louis Busuttil
(Chairman of the informal discussions)

Councillor Chris Barker.

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

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

REMEMBRANCE:

Prior to the commencement of the meeting, the Committee observed a one minute silence in memory of Councillor Angela Rushen and Councillor Bill Sadler who had recently passed away. A one minute silence was also observed following the tragic incident in Manchester.

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

- (1) Internal Audit Charter;
- (2) Internal Audit Annual Report 2016-2017 and Outline Internal Audit Plan 2017-2018;
- (3) Balanced Scorecards and Quarter 4 Performance Report 2016-2017
- (4) Balanced Scorecards Indicators and Targets for 2017-2018;
- (5) West Suffolk Strategic Risk Register Quarterly Monitoring Report – March 2017;
- (6) Work Programme Update.

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

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

Members noted that each Council permitted public participation at their Performance and Audit Scrutiny meetings. Therefore, for the purpose of facilitating these Constitutional requirements, it was proposed that public speaking should be permitted prior to the start of the informal discussions to enable any questions/statements to be considered by both Performance and Audit Scrutiny Committees on items 1 – 6 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. **Internal Audit Charter**

The Service Manager (Internal Audit) presented the report, which asked Members to scrutinise and approve an updated version of the Internal Audit Charter, attached at Appendix A to the report.

The Charter had been revised to take into account recent revisions to the Public Sector Internal Audit Standards, and now included a 'Mission' for the Internal Audit Section and 'Core Principles' for the professional practice of internal auditing.

Members scrutinised the revised Charter and asked questions to which officers responded

2. **Internal Audit Annual Report 2016-2017 and Outline Internal Audit Plan 2017-2018**

[Councillor Beccy Hopfensperger arrived at 5.10pm during the consideration of this item]

The Service Manager (Internal Audit) presented the report as required by the Public Sector Internal Audit Standards, which included an opinion on the overall adequacy and effectiveness of the Council's governance arrangements, including the internal control environment.

The report summarised the work undertaken by Internal Audit during the year across West Suffolk (Appendix A) and provided details of the Outline Internal Audit Plan 2017-2018 (Appendix C). The report also showed progress made during the year in developing and maintaining an anti-fraud and anti-corruption culture and published actions taken where fraud or misconduct had been identified (Appendix D). Finally, the report also showed the work undertaken to

fulfil the requirement for an annual review of the effectiveness of internal audit, including relevant completed checklists (Appendix B).

The Service Manager (Internal Audit) drew relevant issues to Members' attention.

Members scrutinised the report and asked questions to which officers responded. The Committee noted the positive self-assessment and wished to congratulate the Audit Team on its work.

3. **Balanced Scorecards Quarter 4 Performance Report 2016-2017**

The Senior 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 final quarter of 2016-2017. The six balanced scorecards (attached at Appendices A to F) were linked to the Assistant Director Service areas, which presented the final 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.

Members were reminded that in quarters 1 and 2, performance indicator against the "% telephone calls answered" was below target across all service areas. However, during quarters 4 and 4, performance had increased and exceeded target levels. Since quarter 3, there had been a slight increase corporately in the performance against the target indicator "% of non-disputed invoices paid within 30 days". The finance and performance team would continue to work with service areas to try and improve further the target indicator.

There had also been a slight decrease corporately in the performance indicator against "% of total debt over 90 days". Although the figure had risen, the total level of debt over 90 days had reduced from £631k to £487k.

The Senior Business Partner (Resources and Performance) took the Committee through each of the Balanced Scorecards one by one and highlighted some key successes and some which were below optimum performance where the Council's attention may be required to address those not meeting specified targets.

Members considered the report in detail. In particular discussions were held on:

- Planning and Growth Balanced Scorecard: "enforcement cases" and questioned whether there was any merit in quantifying in days, which officers agreed to look into.
- Operations Balanced Scorecard: "% of debt over 90 days old" – The Council was pursuing through legal action.

4. **Balanced Scorecards Indicators and Targets for 2017-2018**

The Senior Business Partner (Resources and Performance) presented the report, which set out the proposed West Suffolk Balanced Scorecards indicators and targets to be used to measure the Council's performance for 2017-2018. The

proposed five balanced scorecards were attached at Appendices A to E, and were linked to the Assistant Director Service areas.

Members were asked to scrutinise the proposed balanced scorecard indicators and targets for 2017-2018, and identify any further information required for their use commencing in Quarter 1, which would be presented to the Committee in July 2017.

Members considered the report in detail and did not raise any issues.

5. **West Suffolk Strategic Risk Register Quarterly Monitoring Report – March 2017**

The Service Manager (Resources and Performance) presented the fourth 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 April 2017 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 March 2017 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 impact of Brexit, the group would continue to monitor the situation as it developed, amending existing and / or adding new risks where necessary. Any changes would be reported at each meeting of the Committee in the normal manner.

The Service Manager (Resources and Performance) circulated at the meeting an overall picture of the residual risks.

Members considered the report and in particular noted that the dots were generally moving in the right direction and were stable.

6. **Work Programme Update**

The Assistant Director (Resources and Performance) presented the report, which provided information on the current status of each Committee's Work Programme for 2017-2018.

Members considered its work programme for 2017-2018, and did not raise any issues.

On the conclusion of the informal joint discussions at 5.45pm, Members of Forest Heath District Council's Performance and Audit Scrutiny Committee withdrew from Conference Chamber West to Conference Chamber East to hold their formal meeting.

The Chairman then formally opened the Forest Heath District Council Performance and Audit Scrutiny Committee in Conference Chamber East at 5.52 pm.

Performance and Audit Scrutiny Committee



Minutes of a meeting of the **Performance and Audit Scrutiny Committee** held on **Thursday 25 May 2017** at **5.52 pm** at the **Conference Chamber East, West Suffolk House**, Western Way, Bury St Edmunds, IP33 3YU

Present: **Councillors**

Chairman Louis Busuttil

Chris Barker

By Invitation:

Stephen Edwards, Portfolio Holder for Resources and Performance

140. **Substitutes**

There were no substitutes declared.

141. **Apologies for Absence**

Apologies for absence were received from Councillors Michael Anderson, John Bloodworth, Rona Burt, Simon Cole, Louise Marston, Christine Mason and Peter Ridgwell.

Councillor Colin Noble was also unable to attend the meeting.

142. **Quorum**

As there were only two Members of the Committee present, the Chairman declared the meeting inquorate under Section 4. of the Committee Procedure Rules under the Council's Constitution.

Therefore, those items of business which could not be dealt with because the meeting was inquorate stood adjourned for consideration at the next ordinary meeting of the Committee (as indicated below). Those items of business which were for information only and which did not require a formal decision continued to be considered by the Committee (as indicated below).

143. **Minutes**

As the meeting was declared inquorate, with there only being two Members of the Committee in attendance, the minutes of the meeting held on 25 January 2017 could not be formally confirmed as a correct record.

Therefore, the confirmation of these minutes stood adjourned and was deferred to the next meeting of the Committee on 27 July 2017.

144. Public Participation

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

145. Internal Audit Charter (Report No: PAS/FH/17/008)

As the meeting was declared inquorate, with there only being two Members of the Committee in attendance, this item was stood adjourned and was deferred for consideration to the next meeting of the Committee on 27 July 2017.

146. Internal Audit Annual Report (2016-2017) and Outline Internal Audit Plan (2017-2018) (Report No: PAS/FH/17/009)

As the meeting was declared inquorate, with there only being two Members of the Committee in attendance, this item was stood adjourned and was deferred for consideration to the next meeting of the Committee on 27 July 2017.

147. Balanced Scorecards Report and Quarter 4 Performance (2016-2017) (Report No: PAS/FH/17/010)

Further to the joint informal discussions held prior to the meeting with St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/FH/17/010.

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

148. Balanced Scorecards Indicators and Targets for 2017/2018 (Report No: PAS/FH/17/011)

Further to the joint informal discussions held prior to the meeting with St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/FH/17/011.

Members had scrutinised the report, and there being no formal decision required, the Committee **noted** the Council's performance indicators to be used in 2017-2018.

149. West Suffolk Strategic Risk Register Quarterly Report - March 2017 (Report No: PAS/FH/17/012)

Further to the joint informal discussions held prior to the meeting with St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/FH/17/012.

Members had scrutinised the report, and there being no formal decision required, the Committee **noted** the contents of the Quarter 4 West Suffolk Strategic Risk Register Monitoring Report 2016-2017.

150. **Work Programme Update (Report No: PAS/FH/17/013)**

Further to the joint informal discussions held prior to the meeting with St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/FH/17/013.

Members considered the report, and there being no formal decision required, the Committee **noted** the contents of its forward work programme for 2017-2018.

151. **Financial Performance Report Revenue and Capital) Outturn - 2016-2017 (Report No: PAS/FH/17/014)**

The Committee received Report No: PAS/FH/17/014, which set out the financial performance for 2016-2017.

Attached at Appendix A was the revenue outturn position as at 31 March 2017, which showed an outturn break-even position. An analysis of revenue variances for 2016-2017 was attached as Appendix B. The Council's capital outturn position for the year end 2016-2017 was attached at Appendix C, which showed expenditure of £21,013,906 (including spend of £14,473,017 in respect of the Solar Farm). Appendix D to the report summarised the earmarked reserves for the year end position for 2016-2017.

The Committee scrutinised the report and asked questions to which Officers duly responded.

There being no formal decision required, the Committee **noted** the 2016-2017 revenue outturn and capital outturn positions as set out in Appendices A and C to Report No: PAS/FH/17/014.

152. **Ernst and Young - Certification of Claims and Returns Annual Report (2015-2016) (Report No: PAS/FH/17/015)**

The Committee received Report No: PAS/FH/17/015, which updated Members on the outcome of the annual certification of grant claims by Ernst and Young (EY) as detailed in their Certification of Claims and Returns Annual Report 2015-2016, attached as Appendix A.

Mark Hodgson, Executive Director from EY presented the report, which summarised the results of the certification work that had been undertaken by EY staff as part of the annual audit of grant claims to government departments and also set out the scale fee for carrying out this work.

He drew relevant details from the report to Members' attention, and explained the one claim relating to the Housing Benefits Subsidy Claim. He also informed Members that the Public Sector Audit Appointments Limited (PSAA) had determined an indicative scale fee for 2015-2016 for the audit of the Housing benefits subsidy claim of £15,462. However, EY were proposing a

reduction of £3,200 to the fee to reflect the reduced amount of audit work that needed too be completed resulting in an actual fee of £12,442 (subject to PSAA agreement).

Members scrutinised the report and there being no formal decision required, the Committee **noted** the contents of the report.

153. **Ernst and Young - Presentation of the External Audit Plan and Fees 2016-2017 and 2017-2018 Indicative Fees (Report No: PAS/FH/17/016)**

The Committee received Report No: PAS/FH/17/016, which set out how EY intended to carry out their responsibilities as the Council's external auditors. The purpose of the report was to provide the Committee with a basis to review EY's proposed approach and scope for the 2016-2017 audit along with the planned fees to complete the work as set out in the Audit Plan (Appendix A) . The report also provided the Committee with a basis to review 2017-2018 indicative fees (Appendix B).

Mark Hodgson (Executive Director) from EY presented the report, which summarised EY's assessment of the key risks which drive the development of an effective audit for the Council, and outlined their planned audit strategy in response to those risks. Officers would be working with EY over the coming months to ensure that these risks were managed and where possible, come to an agreement over their treatment prior to the issuing of the Annual Governance Report and Audit Opinion (due to be issued by EY in September 2017).

Reference was also made to the External Audit's current assessment of the Financial Statement Risks and Value for Money risks facing the Council, in relation to the purchase of Greenheath Energy Limited. Mark further explained that this would require additional external audit work to be undertaken due to the material nature and complexity of this particular transaction.

Members scrutinised the report and there being no formal decision required, the Committee **noted** the contents of the report.

The Meeting concluded at 6.20 pm

Signed by:

Chairman

Informal Joint Performance and Audit Scrutiny Committee



Title of Report:	Balanced Scorecard and Quarter 1 Performance report 2017-18	
Report No:	PAS/FH/17/017	
Report to and dates:	Performance and Audit Scrutiny Committee	27 July 2017
Portfolio holder:	Stephen Edwards Portfolio Holder for Resources and Performance Tel: 01799 530325 Email: stephen.edwards@forest-heath.gov.uk	
Lead officer:	Rachael Mann Assistant Director (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 2017-18 and an overview of performance against those indicators for the first quarter of 2017-18.	

Recommendation:		Performance and Audit Scrutiny Committee:	
		<p>Members are requested to review the Council's performance using Balanced Scorecards for Quarter 1, 2017-18 and identify any further information required or make recommendations where remedial action or attention is required to address the Council's performance.</p>	
Key Decision:		<p><i>Is this a Key Decision and, if so, under which definition?</i></p> <p>Yes, it is a Key Decision - <input type="checkbox"/></p> <p>No, it is not a Key Decision - <input checked="" type="checkbox"/></p>	
<p><i>(Check the appropriate box and delete all those that do not apply.)</i></p>			
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:			
<p>Are there any financial implications? If yes, please give details</p>		<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <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. 	
<p>Are there any staffing implications? If yes, please give details</p>		<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <ul style="list-style-type: none"> 	
<p>Are there any ICT implications? If yes, please give details</p>		<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <ul style="list-style-type: none"> 	
<p>Are there any legal and/or policy implications? If yes, please give details</p>		<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <ul style="list-style-type: none"> 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. 	
<p>Are there any equality implications? If yes, please give details</p>		<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <ul style="list-style-type: none"> 	
Risk/opportunity assessment:		<p><i>(potential hazards or opportunities affecting corporate, service or project objectives)</i></p>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
	Low/Medium/ High*		Low/Medium/ High*

Failure to achieve optimum or target performance which may impact on resources	High	Regular reporting of performance to Joint Leadership Team, Portfolio Holders and to PASC can highlight where remedial action may be needed.	Medium
Ward(s) affected:		All Ward	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		PASC - May 2017 - Item 8 - Balanced Scorecard Targets 2017-18	
Documents attached:		<p>Appendix A – Resources and Performance Balanced Scorecard</p> <p>Appendix B – Families and Communities Balanced Scorecard</p> <p>Appendix C – Human Resources, Legal and Democratic Balanced Scorecard</p> <p>Appendix D – Planning and Regulatory Balanced Scorecard</p> <p>Appendix E – Operations Balanced Scorecard</p>	

1. Key issues and reasons for recommendation(s)

1.1 Performance Measures

- 1.1.1 Attached at **Appendices A to E** are the current Balanced Scorecards (based on Assistant Director area) which present Quarter 1 2017/18 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 Red-Amber-Green (RAG) rating, details of this are highlighted in the comments box.
- 1.1.2 The information included in the report has been provided by Assistant Directors 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 1 Performance

- 1.2.1 New indicators have been added for the 2017/18 Financial year due to the change in organisational structure and a review process at the end of the previous financial year.
- 1.2.2 Within Resources and Performance, the “% of non-disputed invoices paid within 30 days” corporate indicator across both councils shows we have achieved positive results in the first quarter, reporting 94.30% of invoices paid within 30 days. The finance and performance team will continue to work with service areas to try and improve performance against this indicator to achieve the 95% target, with monthly business intelligence reports being sent out with details of all invoices processed.
- 1.2.3 A Balanced Scorecard for the Growth service area is currently under review and will be available for Quarter 2 reporting 2017/18.

		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	(£36,739.00)	-	M	Cumulative		Expected underspends within Corporate (£14k) and General Fund (£20k). As detailed in the budget monitoring report.	CUSTOMERS	SATISFACTION	Number of formal complaints	27	No Target	B	Period only		All complaints relate to ARP.
		Year end forecast variance (under) / over spend against budget - SEBC	£ 4,552.00	-	M	Cumulative		Slight overspends expected within Internal Audit (£4k), ICT (£4k) and Business Rate Admin (£4k) offset partly by an expected underspend in R&P (£11k). As detailed in the budget monitoring			Number of formal compliments	0	No Target	B	Period only		
		Income generated from SLAs	(£317,496.66)	(£314,657.73)	M	Cumulative		Income currently slightly exceeding expectations, and expected to be in line as at the year end		Organisational year end forecast variance (under) / over spend against budget - FHDC *	(£27,869.00)	-	M	Cumulative		R&P (£-37k), HR & LD £18k, F&C (£-17k), P&R £96k, Ops (£-61k), Growth (£-27k). As detailed in the budget monitoring report.	
		% return on the investment of reserves and balances - FHDC	0.67	0.75	Q	Cumulative		£33k Interest received to date, against a budget of £45k. Full year budget totals £181k.		Organisational year end forecast variance (under) / over spend against budget - SEBC *	(£95,110.00)	-	M	Cumulative		R&P £5k, HR & LD £8k, F&C (£-33k), P&R £66k, Ops (£-165k), Growth £25k. As detailed in the budget monitoring report.	
		% return on the investment of reserves and balances - SEBC	0.61	0.55	Q	Cumulative		£88k Interest received to date, against a budget of £61k. Full year budget totals £251k.		Total income generated by organisation £ *	(£9,134,911.00)	(£9,005,751.48)	M	Cumulative		Income currently exceeding Budget.	
	FINANCE & PERFORMANCE	% of non-disputed invoices paid within 30 days	98.53	95.00	M	Period only		86 invoices processed in June.		% of total non-disputed invoices paid within 30 days *	94.30	95.00	M	Cumulative		1,352 invoices processed in June.	
		% of debt over 90 days old	0.41	10.00	M	Cumulative		SEBC debt £14k - 0.0% over 90 days. FHDC debt £59k - 0.51% over 90 days.		% of total debt over 90 days old *	42.89	10.00	M	Cumulative		SEBC debt £663k - 45.16% over 90 days. FHDC debt £131k - 31.43% 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 *	94.56	100.00	M	Period only			OUTCOMES	ARP	% Collection of Council Tax - FHDC	28.98	28.69	M	Cumulative		The amount collected as at the end of June is £8,096,580.
	ICT	% of ICT Helpdesk calls completed 'on time' as defined in SLAs	93.46	90.00	Q	Period only		% Collection of Council Tax - SEBC			29.15	28.84	M	Cumulative		The amount collected as at the end of June is £16,892,888.	
	ARP	Days taken to process Housing Benefit new claims and changes - FHDC	8.38	8.00	M	Period only		% Collection of Business Rates - FHDC			28.10	27.06	M	Cumulative		The amount collected as at the end of June is £6,886,707.	
		Days taken to process Housing Benefit new claims and changes - SEBC	7.81	8.00	M	Period only		% Collection of Business Rates - SEBC			32.48	30.71	M	Cumulative		The amount collected as at the end of June is £14,421,878.	
										BUSINESS RATES	Business Rate Growth - FHDC	23,728,878	23,031,392	M	Cumulative		This is the forecast business rates figure. FHDC will receive 40% share of growth which will be £278,994 based on this forecast.
											Business Rate Growth - SEBC	44,510,431	42,479,078	M	Cumulative		This is the forecast business rates figure. SEBC will receive 40% share of growth which will be £812,541 based on this forecast.

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	June 2017
WS1 B	Financial	Poor financial planning	Failure to deliver a sustainable Medium Term Financial Strategy, especially in view of continued financial uncertainty around areas such as Comprehensive Spending Review, localisation of Business Rates, localising Council Tax, increased service demand, and use of reserves. Over reliance on any one particular MTFs theme such as behaving more commercially or being an investing authority.	Probability - 3; Impact - 4	Probability - 2; Impact - 4	June 2017
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	June 2017
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	June 2017
WS7a	Technological	ICT integration	Integration of ICT across services and systems not being achieved.	Probability - 4; Impact - 4	Probability - 3; Impact - 4	June 2017
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	June 2017
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	June 2017
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	June 2017
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	June 2017

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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	(16,637.00)	-	M	Cumulative		Housing Options (£-18k), Customer Services £10k, Policy (£5k). As detailed in the budget monitoring report.	CUSTOMERS	SATISFACTION	% Customer satisfaction with customer service - overall journey	82.00	80.00	Q	Period only		82% satisfaction for Q1
		Year end forecast variance (under) / over spend against budget - SEBC	(33,452.00)	-	M	Cumulative		Families & Communities (£-22k), Policy (£-21k) Housing Options (£-4k), Customer Services £10k. As detailed in the budget monitoring report.			Number of formal complaints	0	No target	B	Cumulative		
		% of non-disputed invoices paid within 30 days	92.31	95.00	M	Cumulative		104 undisputed invoices processed in June			Number of formal compliments	12	No target	B	Cumulative		All compliments relate to Customer Services.
		% of debt over 90 days old	92.75	10.00	M	Cumulative		FHDC debt £343.72 - 85% over 90 days, all of the over 90 days debt is with legal. SEBC debt £8,803.52 - 93% over 90 days, 68% of the over 90 days debt is with legal.			% of telephone calls answered	92.00	90.00	M	Period only		Above target overall
INTERNAL PROCESSES	COMMUNICATIONS	Number of unique users of the West Suffolk councils website	43,591	37,583	M	Period only		Slight decrease following on from elections and Bury Town Centre Masterplan last month.	OUTCOMES	CUSTOMER SERVICES	Number & % of contacts - phone	58	55	Q	Period only		46,032 calls for Q1
		Number of unique page views to the West Suffolk councils website	147,462	116,667	M	Period only		Despite a drop in the number of users, page views have increased - so visitors are looking at more pages			Number & % of contacts - face to face	16	15	Q	Period only		12,675 face to face contacts
	Number of applications processed for Housing register	111	60	M	Period only		Focused week on clearing backlog of applications submitted	Number & % of contacts - online			26	30	Q	Period only		20,596 online forms and emails. Is likely to decrease in Q2-4 as Garden waste subscriptions reduce. Note that currently this indicator only measures emails and online forms to the customer service team. Further work to be completed in the next few months to collate and record the number of online applications received, particularly for planning and housing services.	
	Average time taken to make decisions on homelessness applications (days)	9	21	M	Period only		Emphasis from officers on closing straightforward cases.	Advice & Prevention cases currently open or closed during the month		49	40	M	Period only		Move over to new service structure		
								Household Numbers in B&B		12	15	M	Period only		Officers continuing to look at alternate options and quicker move on		
								Numbers in Bands A & B		1061	No target	M	Period only		Please enter a comment to explain variance		

	RISK ID NUMBER	Type	Title	Description - What are we trying to avoid?	WS Inherent Risk	WS Residual Risk	Last updated
RISK	WS2	Customer	Maintain and promote our public image, maintain effective communication	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	June 2017
	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	June 2017
	WS6 (on all scorecards)	Political	Managing public /	Falling short of providing the level of service that the public and councillors expect and demand.	Probability - 4; Impact - 5	Probability - 3; Impact - 4	June 2017
	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	June 2017
	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	June 2017
	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	June 2017

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		Current Value	Target	Frequency	Type	Trend	Comments			Current Value	Target	Frequency	Type	Trend	Comments		
RESOURCES	FINANCIAL	Year end forecast variance against budget - FHDC	£ 17,957.00	-	M	Cumulative		Small overspends expected within Legal & HR services as detailed in the budget monitoring report	CUSTOMERS	SATISFACTION	Number of formal complaints	2	No target	B	Period only		1 Legal, 1 HR.
		Year end forecast variance against budget - SEBC	£ 7,621.00	-	M	Cumulative		Overspends expected within HR (£14k) & Legal (£5k) partly offset by an underspend in Training (£12k). As detailed in the budget monitoring report.			Number of formal compliments	1	No target	B	Period only		1 HR.
		% of non-disputed invoices paid within 30 days	94.57	95.00	M	Cumulative		92 Undisputed invoices processed in June		% response rate to Annual Canvass	91.76	95.00	A	Cumulative		The number of registered voters is currently at a high of 120,769, which includes 4087 whom were newly registered between 3.5.17 and 22.5.17, when the General Election was called.	
		% of debt over 90 days old	0.00	10.00	M	Cumulative		No debt over 90 days for FHDC or SEBC		Customer Services % of answered calls - elections	94.00	90.00	M	Period only		Significantly reduced calls in June	
	STAFF	Average number of sick days lost per FTE per annum*	6.65	6.50	Q	Cumulative		The indicator shows improvement since last quarter - a third of the long term absence is attributable to staff that have since left our employment for various reasons linked to their health. This is 6 employees with significant health issues.									
		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)	25.56	35.00	Q	Period only		This is a very high level of performance by the HR team but needs possible review to maximise potential applicants over a longer period to maximise effective recruitment rather than speed.	OUTCOMES	HUMAN RESOURCES	% Voluntary staff turnover *	9.41	7-12	Q	Cumulative		a healthy voluntary staff turnover within target
		% successful staff appointments *	94.17	85.00	Q	Cumulative		effective recruitment and induction resulting in sound appointments being made									
		Reported incidence of injuries, diseases and dangerous occurrences *	0	2	Q	Cumulative		None reported in first quarter									

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	Jun-17
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	Jun-17	
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	Jun-17	
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	Jun-17	
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	Jun-17	

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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	£ 95,646.00	0.00	M	Cumulative		E24k Building Control, E22k Dev.Control, E20k Licencing, E17k Env Mgmt. 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	£ 66,057.00	0.00	M	Cumulative		E24k Building Control, E24k Env Mgmt. 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	£ 12,845	No Target	M	Cumulative		All the legal fees relate to FHDC and ongoing actions		Number of successful appeals - Planning	1	No Target	M	Period only	1 successful appeal		
		Income received against budget	(£1,127,915.72)	-1181241.00	M	Cumulative		Income predominately relates to Solar Farm and Planning Application fees. Income forecast to be on budget this financial year		Application decisions needing an extension of time to complete	57	No Target	M	Period only	Out of the 153 applications 57 required an extension of time to complete		
	% of non-disputed invoices paid within 30 days	84.93	95.00	M	Period only		There were 73 Invoices paid of which 62 were paid within 30 days	Total validation backlog		85	No Target	M	Cumulative	This figure was taken 03/07/17, this work continuously fluctuates on a day to day basis			
	% of debt over 90 days old	53.55	10.00	M	Cumulative		Forest Heath debt outstanding £12596.14 of which 90.5% is over 90 days of this amount £540, is with legal leaving £10,852.14 outstanding. £4k of this is being paid in July. For St Edmundsbury total debt £2,898.97 of this £480 (16.6%) is over 90 days however this £480 is with legal.	% of invalid planning applications received		37.00	No Target	M	Period only	99 applications out of 269 were invalid and had to be reprocessed.			
	DFG mandatory grants paid £	21146.43	70063.00	M	Cumulative		We commenced performance conversations in July with the provider, with a view to implementing an improvement plan.										
	Staff	Cases per member of staff - Housing Standards	49.22	50.00	Q	Period only		Likely to increase further until the staffing in the team is brought back to the full establishment. Going through recruitment to ensure that both current and future demands on the service are met. The number also demonstrates the level of grant work that has to be managed, including those DFG requests with the HIA, with the team managing over 900 cases in total in this quarter.									
		Current Value	Target	Frequency	Type	Trend	Comments			Current Value	Target	Frequency	Type	Trend	Comments		
INTERNAL PROCESSES	PLANNING	% of major planning applications determined within 13 weeks	100.00	60.00	M	Period only		9 Major applications were determined, 2 applications were determined within 13 weeks and 7 required an extension of time to determine	OUTCOMES	REGULATORY	% of food businesses receiving a top food hygiene rating (rating of 5)	81.00	60.00	Q	Period only		The number of top rated food premises has been maintained at 81.0% compared to 81.7% in the previous quarter and remains consistently above the 60.0% target.
		% of minor planning applications determined within 8 weeks	100.00	65.00	M	Period only		40 minor applications were determined, 11 applications were determined within 8 weeks and 29 required an extension of time			HOUSING STANDARDS	Private sector Properties brought up to standard	32.00	15.00	Q	Cumulative	
		% of other planning applications determined within 8 weeks	97.12	80.00	M	Period only		Total of 104 other applications were determined which 101 applications were determined, 80 applications were determined within 8 weeks, 21 applications needed an extension of time and 3 were determined over the time limit		REGULATORY		Renewable energy generated on Council properties (KWh)	182236.00	185112.00	Q	Period only	
	Number of new enforcement cases opened	36	No Target	M	Period only		There were 36 new enforcement cases opened in June, 20 for SEBC and 16 for FHDC.	Renewable energy generated on Solar Farm (MWh)			4695.00	4791.00	Q	Period only		Toggam Solar is generating above predicted levels. As noted at other solar plant in the portfolio, a small generation drop this quarter may be due to duller conditions during heavy rain storms while very hot spells are likely to have reduced performance in May and June. These are external factors beyond operational control. The council continues to ensure that the site is being well maintained by its contractors.	
	Number of enforcement cases closed	16	No Target	M	Period only		There were 16 enforcement cases closed in June, 13 relating to SEBC and 3 relating to FHDC.	Value generated by Solar Farm (£)			488320.00	496000.00	Q	Period only		Income this quarter was very slightly below target resulting from a small drop in generation during May and June with the likely reasons given above.	
		Total number of enforcement cases open	350	No Target	M	Period only		There are currently 350 enforcement cases open 218 of SEBC and 132 of FHDC.		Solar for Business Income (£)	16571.00	16500.00	B	Period only			

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	June 2017
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	June 2017
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	June 2017
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	June 2017
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	June 2017

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		Current Value	Target	Frequency	Type	Trend	Comments			Current Value	Target	Frequency	Type	Trend	Comments		
RESOURCES	FINANCIAL	Year end forecast variance against budget - FHDC	(£61,370.00)	-	M	Cumulative		Property Management (£-59), Central Services (£-20k), Car Parks (£-10k). As detailed in the budget monitoring report.	CUSTOMERS	SATISFACTION	Number of formal complaints	2.00	No target	B	Period only		2 - Waste
		Year end forecast variance against budget - SEBC	(£165,235.00)	-	M	Cumulative		Property Management (£-69k), Car Parks (£-65k), Fleet (£-14k). As detailed in the budget monitoring report.			Number of formal compliments	33.00	No target	B	Period only		28 - Waste, 1 - Street Cleansing, 4 - Leisure
		Income from entire property portfolio	(£1,053,236.54)	(£790,179.00)	M	Cumulative				% of calls answered - Waste	97.00	90.00	M	Period only			
		Income from waste & street scene services	(£1,639,820.69)	(£1,575,192.00)	M	Cumulative				% of calls answered - Apex Box Office	94.00	90.00	M	Period only			
		% of non-disputed invoices paid within 30 days	95.69	95.00	M	Cumulative		974 undisputed invoices processed in June									
		% of debt over 90 days old	45.60	10.00	M	Period only		FHDC debt £52,333.71 - 44% over 90 days. SEBC debt £635,384.43 - 46% 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	7.50	8.25	M	Period only			OUTCOMES	WASTE MANAGEMENT	% of household waste recycled and composted	42.97	42.00	Q	Cumulative		
								Residual household waste per household - Kgs		134.51	130.00	Q	Cumulative				
								% of industrial units that are vacant		7.03	8.25	M	Cumulative		26 vacant units across WS some with serious interest		
								Number of flytipping incidents recorded in West Suffolk		122.00	163.00	Q	Cumulative				
							Number of actions to combat flytipping in West Suffolk	400.00	325.00	Q	Cumulative						

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	June 2017
	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	June 2017

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Informal Joint Performance and Audit Scrutiny Committee



Forest Heath
District Council

Title of Report:	West Suffolk Strategic Risk Register Quarterly Monitoring Report – June 2017	
Report No:	PAS/FH/17/018	
Report to and dates:	Performance and Audit Scrutiny Committee	27 July 2017
	Cabinet (if required)	12 September 2017
Portfolio holder:	Stephen Edwards Portfolio Holder for Resources and Performance Tel: 01638 660158 Email: stephen.edwards@forest-heath.gov.uk	
Lead officers:	Rachael Mann Assistant Director (Resources and Performance) Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	
	Gregory Stevenson Service Manager (Finance and Performance) Tel: 01284 757264 Email: gregory.stevenson@westsuffolk.gov.uk	
Purpose of report:	To review the West Suffolk Strategic Risk Register Quarterly Monitoring Report.	
Recommendation:	<p>Performance and Audit Scrutiny Committee:</p> <p>It is <u>RECOMMENDED</u> that:</p> <p>Members scrutinise the updated West Suffolk Strategic Risk Register at Appendix 1 and refer any major issues requiring attention to Cabinet.</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:		• Not Applicable	
Alternative option(s):		• Not Applicable	
Implications:			
<i>Are there any financial implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> • 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	
<i>Are there any staffing implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
<i>Are there any ICT implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
<i>Are there any legal and/or policy implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
<i>Are there any equality implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
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 2017/2018	

1. Key issues and reasons for recommendation

1.1 Key Issues and Summary

- 1.1.1 The West Suffolk Strategic Risk Register is updated regularly by the Risk Management Group. The Group is comprised of service representatives, including Health and Safety, supported by a Director and the Portfolio Holder for Resources and Performance. Assistant Directors may be required to provide further information as requested by the Group.

As a result of this quarters review a summary is now included showing the overall risk grid and where each identified risk is located on it. In addition the main description heading has been adjusted slightly, and Portfolio holders have been added to the current owners column.

- 1.1.2 At its most recent assessment in June 2017, 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 June 2017 have been removed from the register.

1.2 New or Amended Risks

- 1.2.1 There have been no major 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 Impact of Brexit

- 1.4.1 The group will continue to monitor the situation as it develops, amending existing and / or adding new risks where necessary. These changes will be reported at each 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, and extended to cover 2017, includes three key priority areas supported by a range of actions to deliver specific outcomes.

The West Suffolk Strategic Risk Register identifies and records the level of risk

- 1.5.2 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.

Type: A = Action, C = Control												
RISK ID NUMBER	Date risk added to register	Type	Current Owners	Title	Description - What are we trying to avoid? Why is this important	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	Assistant Director & Portfolio Holders- 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 and Leadership Team. Quarterly revenue and capital monitoring reports to PASC.	Assistant Director - Resources & Performance	N/A	N/A	
							C	2) Business rate retention income and localising of Council tax being monitored monthly by Finance and ARP	Assistant Director - 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) Financial system upgrade/development in order to take advantage of latest budget planning / monitoring functionality.	LT		Mar-18	
							A	6) Strengthen the overall Performance Management Framework. E.g. Balanced Scorecards, PDRs, (also see WS18), Risk management, Project monitoring, Financial Reporting.	LT	Apr-17	Dec-17	
							C	7) Regular updates of projects, assessment of any additional risks associated with new projects.	LT	N/A	N/A	
							C	8) Monitoring of investment decisions and original business cases targets/outcomes through Business Partner Model.	Assistant Director - Resources & Performance	N/A	N/A	
							C	9) Longer term financial planning across MTFS.	Assistant Director - Resources & Performance	Sep-16	N/A	
WS1 B	10-Jul-14	Financial	Assistant Director & Portfolio Holders- 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) Annual Budget preparation focus on MTFS and key uncertainties including Business Rate Retention in 2020. Delivery on six MTFS themes.	LT	N/A	N/A	
							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	Assistant Director - 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 -Business Partners.	LT	N/A	N/A	
							C	7) Use of data and intelligence in forecasting future scenarios.	LT	N/A	N/A	

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							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 ensuring the appropriate capacity and skills to take forward ambitious agenda.	LT	Sep-16	Mar-18	
WS2	10-Jul-14	Customer	Assistant Director & Portfolio Holders- Families & Communities	Maintain and promote our public image, maintain effective communications	Lack of public trust and confidence in the councils leads to a poor reputation.Councils need to champion their area and be a trusted part of the community.It is vital therefore in making sure people access services,which often means the handling of sensitive information, that the councils have a strong reputation.This is also the case in working with communities to deliver growth or large projects as well as in times of crisis,when the council must be a trusted source of information.Therefore Councils need a good reputation to enter positive partnerships with others, or secure funding. This could also potentially impact on our ability to recruit staff in competitive market.		C	1) Monitor and measure media coverage through daily media alerts and, where appropriate, provide a robust response.	Service Manager (Strategic Communications)	N/A	N/A	
							C	2) Public stakeholders have a range of channels including news and social media to disseminate information about West Suffolk services and strategic priorities and address errors or misrepresentation.	Service Manager (Strategic Communications)	N/A	N/A	
							C	3) Train and support staff and Members in proactive communications, liaising with the media and using social media platforms.	Service Manager (Strategic Communications)	N/A	N/A	
							C	4) Deliver strategic communications plan and work with them to engage appropriately with communities to encourage channel shift.	Service Manager (Strategic Communications)	N/A	On-going	
							A	5) Ensure that appropriate communications planning and support are identified for strategic projects as per individual project plans	Service Manager (Strategic Communications)	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.	Service Manager (Corporate Policy)	N/A	N/A	
WS3	10-Jul-14	Customer	Assistant Director & Portfolio Holders- 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 need to be understood and managed;Councils' not appreciating and/or delivering methods of contact and response time which are expected by customers.		C	1) Continue to develop new web presence with full digital by default capability. Ensure that staff, councillors and external support/advisory services are aware of the councils' digital offer and benefits for use.	Assistant Director - 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) and Service Manager (Customer Service)	N/A	N/A	
							C	3) Continuing development to ensure web site remains fit for purpose.	Assistant Director - 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.	Assistant Director - Families & Communities, Assistant Director - Resources and Performance	N/A	Completed	

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RISK ID NUMBER	Date risk added to register	Type	Current Owners	Title	Description - What are we trying to avoid?Why is this important	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) Anglia Revenues Partnership, (ARP), Strategic (Transformation) Plan outlining the future role of ARP to be developed.	Director (JK)	Jul-16	Mar-17	

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RISK ID NUMBER	Date risk added to register	Type	Current Owners	Title	Description - What are we trying to avoid? Why is this important	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
WS4	10-Jul-14	Professional	Assistant Director & Portfolio Holders - Human Resources, Legal & Democratic Services	Staff retention (professional staff / technical staff) and recruitment. Staff trust and goodwill (morale)	Lack of staff with appropriate skills, experience and capacity could prevent delivery of services and high levels of performance. Failure to have motivated staff with appropriate workload.		A	1) OD strategy focussing on Employer Brand, Flexible and Agile Workforce, Talent management linked to performance management.	HR Manager	Reviewed OD plan 2016	Mar-17	
							C	2) Regularly evaluate outcome of Performance Reviews to identify talent management to inform succession planning.	HR Manager	Jun-14	Ongoing	
							C	3) 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	Completed	
							A	4) Annual workforce monitoring data presented to the West Suffolk Joint Staff Consultative Panel; no significant issues raised.	HR Manager	N/A	On-going	
							A	5) Salary benchmarking has been undertaken and remains under review. Review Pay Policy. Monitor Recruitment to identify challenging areas to address. Maintain focus on strong employer brand. Review of payline and structure may need to be considered. National work commenced on the NJC/Job Evaluation/Pay and Reward work linked to the	Assistant Director - HR, Legal and Democratic Services	N/A	ongoing	
							A	6) Review of skills and structures to ensure successful delivery of MTFS and associated growth projects	Assistant Directors and Service Managers	Dec-16	On-going	
WS6	10-Jul-14	Political	Chief Executive & Leaders	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	
							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	
							C	5) Regular monitoring of Balanced Scorecards to include complaints, compliments and trends.	LT	N/A	On-going	

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RISK ID NUMBER	Date risk added to register	Type	Current Owners	Title	Description - What are we trying to avoid? Why is this important	WS Inherent Risk	Type	Summary of Controls / Actions - What we are doing / need to do to prevent it.	Who is responsible for the actions	Start date	Target completion date/ Complete	WS Residual Risk
WS7	10-Jul-14	Technological Financial Customer	Service Manager (Corporate Policy) / All Assistant Directors & Portfolio Holders	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 understanding timetabling and interdependencies between projects and programmes (led by Service Manager Corporate Policy).	Service Manager Corporate Policy	May-17	On-going	
							A	2) Maintain oversight of corporate project matrix at Leadership Team, to manage demands on services and resource appropriately.	Service Manager Corporate Policy	May-17	On-going	
							A	3) Training and support to staff involved in corporate projects including key project management skills.	L&D team/Service Manager Corporate Policy	May-17	On-going	
							C	4) Project support and resources to be included in future Project Initiation Documents and project business cases, including support services such as: <u>ICT, Finance, Legal and Property</u>	LT and All Service Managers	May-17	On-going	
							C	5) Early identification of Corporate capacity / priorities as part of business plan / project initiation. Review of programmes to assist with prioritisation.	LT	May-17	On-going	
							C	6) Carry out Project Close Out Reports and Project Health Checks as appropriate.	LT and All Service Managers	May-17	On-going	
WS7a	10-Jul-14	Technological	Assistant Director & Portfolio Holders-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 planning	Infrastructure Support Manager	Jun-14	On-going	
							A	2) Continued Business Applications integration / alignment.	Project Managers & Service Manager (ICT)	Jun-14	Individual project plans	
							C	3) Regular review of both integration programmes for strategic fit and resources/skills capacity 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. <u>No tolerance approach adopted.</u>	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).	Service Manager (ICT)	N/A	Dec-17	

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RISK ID NUMBER	Date risk added to register	Type	Current Owners	Title	Description - What are we trying to avoid? Why is this important	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
WS8	10-Jul-14	Political Social										
	(a)		Assistant Director & Portfolio Holders- Families & Communities	Failure to deliver; Families & Communities agenda	Opportunities being missed to create or influence the provision of: (i) a thriving voluntary sector and active communities who take the initiative to help the most vulnerable (ii) people playing a greater role in determining the future of their communities (iii). improved wellbeing, physical and mental health (iv) accessible countryside and green spaces		C	1) Initial Families & Community Strategy now complete. Continuous development and review of strategy to ensure that it remains fit for purpose. Review of F & C scheduled to complement the development of a new Westy Suffolk Strategic Plan. 2) Continue to develop the Families and Communities Officers role and new ways of working with councillors and the wider team. 3) Locality budgets and Community Chest funds available. Ensure both are used effectively and as intended.	Service Manager (Families & Communities)	Jul-17	Feb 18	
	(b)		Assistant Director & Portfolio Holders - Growth	Failure to deliver; Growth Agenda inc coping with growth and increase in demand	Opportunities being missed to create or influence the provision of: (i) beneficial growth that enhances prosperity and quality of life (ii) existing businesses that are thriving and new businesses brought to the area (iii) people with the educational attainment and skills needed in our local economy (iv) vibrant, attractive and clean high streets, village centres and markets		C	1) Developing engagement with the two Local Enterprise Partnerships. Deliver Six Point Plan for Jobs and Growth. Monitoring the local economy. 2) Small budget to support businesses with grants. Business rate income being closely monitored from April 2013 by ARP. Developing Inward Investment strategy. Increase Business engagement 3) Support to WSC, SCC, UCS and other agencies involved with skills development. Monitoring attainment levels. 4) Continue to develop close working relationships with Whitehall, Norfolk partners, LEPS to influence the design of any devolution agreements and business rates retention schemes. 5) Development and delivery of Local Plans 6) Continued development of enterprise zones. Development of a joint plan to 2020/21.	Assistant Director - Growth Assistant Director - Growth Assistant Director - Growth Assistant Director - Growth Assistant Director - Growth	N/A N/A N/A N/A Dec-15	N/A N/A N/A N/A On-going Feb-17	

Type: A = Action, C = Control												
RISK ID NUMBER	Date risk added to register	Type	Current Owners	Title	Description - What are we trying to avoid? Why is this important	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
Page 41	(c)		Assistant Director & Portfolio Holders - Growth, Families & Communities and Planning.	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 .Review of Housing Strategy to be undertaken in 2017	Assistant Directors for Growth, Families and Communities and Planning	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.	Assistant Director - Growth	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.	Assistant Director - Growth	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 September 2017.	Service Manager (Strategic Housing)	Apr-15	See action 7 text for details of dates.	
							A	8) Monitor implications and proposals contained in the new Housing & Planning Bill published Feb 2017 - countywide and West Suffolk response submitted to consultation document. Details of when proposals will be introduced still to be published by the Government.	Service Manager (Strategic Housing)	Apr-16	See action 8 text for details of dates.	

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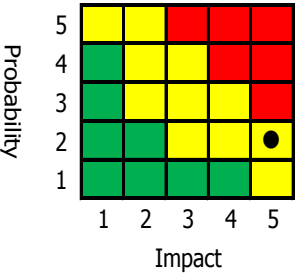
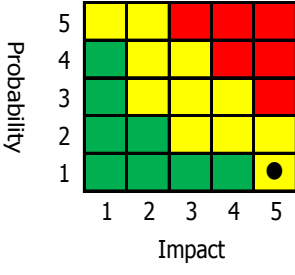
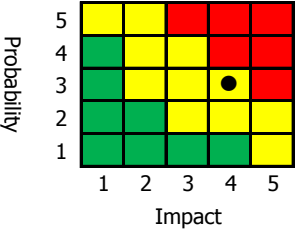
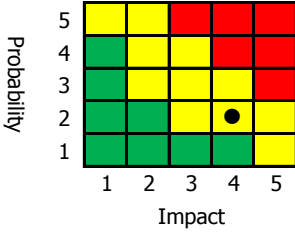
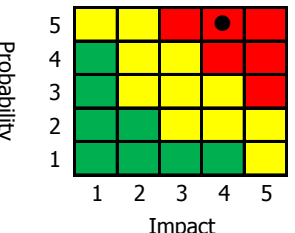
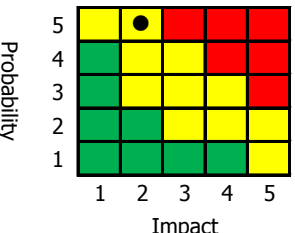
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WS11	10-Jul-14	Economic Financial Competitive	Chief Executive / Directors & Portfolio Holders	Failure to adapt to new public sector models, explore opportunities with partners	West Suffolk fails to deliver better services for public sector customers (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.	Service Manager (Corporate Policy)	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	Assistant Director & Portfolio Holders - 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.	Assistant Director - Growth	Jun-14	On-going	
							C	2) Ensuring there is sufficient employment land / premises for expansion.	Assistant Director - 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.	Assistant Director - Growth	N/A	N/A	
							A	4) Help businesses access third party funding.	Assistant Director - Growth	Jun-14	On-going	
							A	5) Further development of the six point jobs and growth plan.	Assistant Director - 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.	Assistant Director - Growth			

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WS13	10-Jul-14	Partnership Financial	Directors & Portfolio Holders	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 Assistant Directors	N/A	N/A	
							C	2) Regular monitoring of arrangements / outcomes.	All Assistant Directors	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 Assistant Directors	Jun-14	On-going	
							A	4) Ensure effective engagement in the Transformation Challenge Award.	CEO and LT	Jun-14	On-going	
							C	5) Understand the cumulative impact of complex partnership delivery arrangements.	CEO and LT	Dec-15	N/A	
WS14	10-Jul-14	Physical Social Legal	Director & Portfolio Holders	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.	All Assistant Directors/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.	All Assistants Directors / Appointed Officers	N/A	N/A	

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WS16	10-Jul-14	Legal	Director & Portfolio Holders	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	Assistant Director & Portfolio Holders - 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.	Assistant Director - Resources & Performance / R&P Business Partners	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	6) Strengthen the overall Performance Management Framework. E.g. Balanced Scorecards, PDRs, (also see WS18),Risk management,Project monitoring,Financial Reporting.	LT	Apr-17	Dec-17	
							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 Assistant Directors & Portfolio Holders	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.	Assistant Director - Families and Communities/ 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.	Service Manager (Corporate Policy)	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.	Service Manager (Corporate Policy)	Jun-14	On-going	

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WS20	10-Jul-14	Physical	Assistant Director & Portfolio Holders - 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	Service Manager & portfolio Holders- Strategic 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 - external annual S11 Audit of Council procedures.	Service Manager- Strategic Housing	Jul-09	On-going	
							C	2) Safe recruitment procedures are adopted for all staff recruitment.	Assistant Director - 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.	Service Manager- Strategic 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.	Service Manager- Strategic Housing	N/A	N/A	
							A	5) Ensure appropriate training is provided to front-line staff.	Service Manager- Strategic Housing	Nov-15	01/04/2016 Initial training completed - continued ongoing development.	
WS22	21-Apr-15	Economic and social	Director & Portfolio Holders	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	

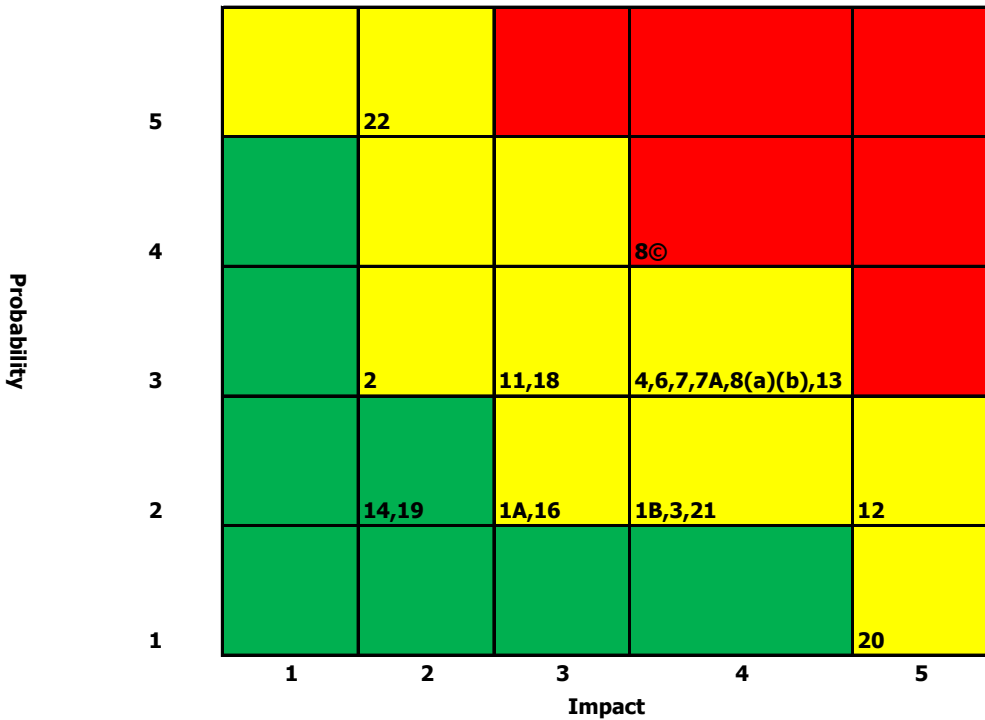
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							A	5) Set up a joint MOD, HCA, SCC & FHDC project team for the future of the site. Jointly investigate site conditions and site master plan.	Director (JK)	Dec-16	Project team Mar 17. Master plan 2018	

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West Suffolk Strategic Risk Register

West Suffolk Residual Risk summary

All references are prefaced with WS



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Informal Joint Performance and Audit Scrutiny Committee



Forest Heath
District Council

Title of Report:	Work Programme Update	
Report No:	PAS/FH/17/019	
Report to and date:	Performance and Audit Scrutiny Committee	27 July 2017
Chairman of the Committee:	Louis Busuttill Chairman of the Performance and Audit Scrutiny Committee Tel: 01638 810517 Email: louis.busuttill@forest-heath.gov.uk	
Lead officer:	Christine Brain Democratic Services Officer (Scrutiny) Tel: 01638 719729 Email: Christine.brain@westsuffolk.gov.uk	
Purpose of report:	To update members on the current status of its Work Programme, attached at Appendix 1.	
Recommendation:	Performance and Audit Scrutiny Committee: It is <u>RECOMMENDED</u> that: 1) Members review the current status of its Work Programme for 2017 - 2018. 2) Members are asked to identify potential topics for future scrutiny on service performance.	

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

Description	Lead Officer
21 September 2017 (Time: 6.00pm)	
EY – 2016-2017 ISA 260 Annual Results Report to those Charged with Governance	Assistant Director (Resources and Performance)
West Suffolk Local Code of Corporate Governance	Assistant Director (Resources and Performance)
West Suffolk Annual Governance Statement 2016-2017	Assistant Director (Resources and Performance)
2016-2017 Statement of Accounts	Assistant Director (Resources and Performance)
Delivering a Sustainable Budget 2018-2019	Assistant Director (Resources and Performance)
Annual Corporate Environmental Statement 2016-2017	Service Manager (Environmental Health)
Work Programme Update	Democratic Services Officer (Scrutiny)
29 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	Senior Business Partner (Resources and Performance)
West Suffolk Strategic Risk Register Quarterly Monitoring Report – September 2017	Assistant Director (Resources and Performance)
Work Programme Update	Democratic Services Officer (Scrutiny)
Forest Heath Specific Reports	
EY – Annual Audit Letter 2016-2017	Assistant Director (Resources and Performance)
Financial Performance Report (Revenue and Capital) Quarter 2 – 2017-2018	Assistant Director (Resources and Performance)
Delivering a Sustainable Budget 2018-2019 - Update	Assistant Director (Resources and Performance)
Mid-year Treasury Management Report and Investment Activity (April – September 2017)	Service Manager (Finance and Performance)

31 January 2018 (Time: 5.00pm) Informal Joint Meeting (Hosted by St Edmundsbury Borough Council)	
Joint Reports	
Balanced Scorecards Quarter 3 Performance Report 2017-2018	Senior Business Partner (Resources and Performance)
West Suffolk Strategic Risk Register Quarterly Monitoring Report – December 2017	Assistant Director (Resources and Performance)
Work Programme Update	Democratic Services Officer (Scrutiny)
Forest Heath Specific Reports	
Financial Performance Report (Revenue and Capital) Quarter 3 – 2017-2018	Assistant Director (Resources and Performance)
Delivering a Sustainable Budget 2018-2019 – Update	Assistant Director (Resources and Performance)
Treasury Management Report 2017-2018 and Investment Activity (April – December 2017)	Service Manager (Finance and Performance)
Annual Treasury Management and Investment Strategy Statements 2018-2019	Service Manager (Finance and Performance)
31 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	Senior Business Partner (Resources and Performance)
Balanced Scorecards Indicators and Targets for 2018-2019	Senior Business Partner (Resources and Performance)
West Suffolk Strategic Risk Register Quarterly Monitoring Report – March 2018	Assistant Director (Resources and Performance)
Work Programme Update	Democratic Services Officer (Scrutiny)
Forest Heath Specific Reports	
EY – Annual Certification Report 2016-2017	Assistant Director (Resources and Performance)
EY – External Audit Plan and Fees 2017-2018 and 2018-2019 Indicative Fees	Assistant Director (Resources and Performance)
Financial Outturn Report (Revenue and Capital) 2017-2018	Assistant Director (Resources and Performance)

Future Items to be Programmed

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

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Performance and Audit Scrutiny Committee



Forest Heath
District Council

Title of Report:	Internal Audit Charter	
Report No:	PAS/FH/17/020	
Report to and dates:	Performance and Audit Scrutiny Committee	27 July 2017
Portfolio holder:	Steven Edwards Portfolio Holder for Resources and Performance Tel: 01638 660518 Email: steven.edwards@forest-heath.gov.uk	
Lead officer:	Jon Snares Service Manager (Internal Audit) Tel: 01284 757239 Email: jon.snares@westsuffolk.gov.uk	
Purpose of report:	To review and approve an updated version of the Internal Audit Charter included at Appendix A.	
Recommendation:	Performance and Audit Scrutiny Committee: The Committee is RECOMMENDED to approve the revised Internal Audit Charter.	
Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	
Consultation:	N/A	
Alternative option(s):	N/A	
Implications:		

Are there any financial implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Are there any staffing implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Are there any ICT implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Are there any legal and/or policy implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Are there any equality implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
The purpose, authority and responsibility of Internal Audit may not be clearly and formally defined.	Medium	Regular review and approval as necessary of an Internal Audit Charter which conforms to mandatory Standards.	Low
Ward(s) affected:		N/A	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		N/A	
Documents attached:		Appendix A – Internal Audit Charter	

1. Key issues and reasons for recommendation

1.1 Performance and Audit Scrutiny Committee – 25 May 2017

1.2.1 On 25 May 2017, the meeting was declared inquorate, with there only being two Members of the Forest Heath Performance and Audit Scrutiny Committee in attendance this item could not be formally resolved. Therefore, this item was deferred for consideration to the next meeting of the Committee on 27 July 2017.

1.2 Internal Audit Charter

1.2.1 The Public Sector Internal Audit Standards (the 'Standards') came into effect in April 2013 and apply to all internal audit service providers. The Standards require organisations to have an Internal Audit Charter that formally defines the purpose, mission, authority, and responsibility of the internal audit activity, and that this is consistent with the Definition of Internal Audit (contained within the Standards), the Code of Ethics and the Standards. Final approval of the document rests with the Performance and Audit Scrutiny Committee.

1.2.2 The Internal Audit Charter should be periodically reviewed, to ensure it remains relevant and up to date. The Charter presented at this time has been revised to take into account recent revisions to the Standards, and now includes a mission for the Internal Audit Section and 'Core Principles' for the professional practice of internal auditing.

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CHARTER FOR INTERNAL AUDIT

1. Introduction

- 1.1 The Public Sector Internal Audit Standards (the 'Standards') require that the purpose, authority and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework (the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards and the Definition of Internal Auditing). This document fulfils that requirement.
- 1.2 The Internal Audit service's vision is to provide an in-house cost effective, proactive, flexible, resilient and quality internal audit service to meet the needs of internal and external stakeholders to the West Suffolk councils.
- 1.3 This charter establishes the Internal Audit activity's position within both councils, including the reporting lines of Internal Audit, access rights, and defines the scope of internal audit activities.

2. Purpose

- 2.1 The Standards define internal auditing as 'an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes'.
- 2.2 The Standards also define internal audit's 'Mission', i.e. what it aspires to accomplish within an organisation, as being: 'To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.'
- 2.3 The internal control environment comprises the policies, procedures and operations established to ensure:
 - The achievement of priorities;
 - The appropriate assessment and management of risk;

- The reliability of internal and external reporting and accountability processes;
- Compliance with applicable regulations and laws;
- Compliance with the behavioural and ethical standards set for both councils;
- Economic, effective and efficient use of resources;
- Safeguarding of both councils' assets and interests; and
- The prevention of fraud and corruption.

2.4 In practical terms, Internal Audit will undertake an examination of financial and non financial systems in order to advise management where internal control systems can be improved, and seek to promote compliance with corporate policies and procedures, and achievement of corporate priorities, through its systematic review of both councils' activities. This does not imply that all systems will be subject to review, but all will be considered as part of the annual risk assessment of auditable areas and hence for review, following the assessment of risk.

2.5 Internal Audit may undertake work for new customers by extending its services to third parties including other local authorities and other organisations. If assurances are to be provided to parties outside the organisation this will be agreed between the relevant parties, and may include providing an audit opinion on the area under review.

3. Responsibilities

3.1 Management are responsible for ensuring that internal control arrangements are sufficient to address the risks facing their service, and that staff are aware of the processes and procedures required to operate the control systems.

3.2 The scope of internal audit applies to all functions and services for which each council is responsible. Internal Audit reviews, appraises and reports on the effectiveness and efficiency of financial and other management controls, including risk management, corporate governance, and arrangements for providing best value for money. This is achieved by undertaking audits and project work across the full range of both councils' functions in accordance with a risk based Audit Plan which outlines assignments to be carried out and the resources and skills required to deliver the plan.

3.3 To ensure internal audit resources are focused on areas where they can add maximum value, it is essential that Internal Audit understands the councils' needs, which means developing relationships with key stakeholders, in order to gather ongoing intelligence and gain a crucial insight into the operational and strategic change agendas across both councils.

- 3.4 The Audit Plan is submitted to senior management and the audit committees for consideration and approval. The plan will be kept under review to ensure it remains responsive to changing priorities and risks of the councils, any significant deviation from the approved plan will be communicated to senior management and the audit committee.
- 3.5 The Service Manager (Internal Audit) will share information and coordinate activities with other internal and external providers of assurance and consulting services to ensure proper coverage and minimise duplication of efforts. Therefore, where services and other activities for which the councils are responsible or accountable are delivered through partnership or contract, an assessment will be made as to whether Internal Audit staff will undertake assurance work themselves, or may rely on the assurance provided by other auditors where this is already in existence.
- 3.6 At the end of the financial year the Service Manager (Internal Audit) is required to give an annual opinion to each council on the effectiveness of the whole of its internal control system, and the extent to which the council can rely on it.
- 3.7 The Accounts and Audit (England) Regulations 2015 require that councils conduct an annual review of the effectiveness of their system of internal control and produce an Annual Governance Statement. The audit committee will consider the findings of the review and whether an effective internal control system has been established and is being maintained. Internal audit is one of the principal ways in which audit committees can gain assurance on the effectiveness of the control environment, which comprises of risk management, controls and governance.
- 3.8 The Internal Audit section also undertakes other consultancy style work at the request of management, ranging from general financial advice and assistance to involvement in major council initiatives and projects. The Service Manager (Internal Audit) will ensure that before any consultancy work is agreed, his staff have the appropriate skills and resource to undertake that work. Every effort will be made by the Service Manager (Internal Audit) to ensure appropriate safeguards are in place to ensure objectivity in areas subject to future assurance activity. This may include assigning this work, as far as possible and for a reasonable period of time, to a different internal auditor to that carrying out the initial consultancy work, as appropriate.
- 3.9 In addition, Internal Audit may also undertake reviews and investigations into suspected irregularities or fraud, and carries out the financial appraisals of contractors.

4. Standards

- 4.1 There is a statutory requirement for Internal Audit to work in accordance with 'proper audit practices'. For this purpose Internal Audit will comply with: auditing standards as defined in the Public Sector Internal Audit Standards (PSIASs) which replace the Code of Practice for Internal Auditors in Local Government in the UK; the Accounts and Audit Regulations 2015; and any other relevant professional guidelines issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Institute of Internal Auditors (IIA), along with having regard to the Seven Principles of Public Life.
- 4.2 The PSIASs encompass the mandatory elements of the IIA International Professional Practices Framework (IPPF) as follows:
- Definition of Internal Auditing
 - Code of Ethics, and
 - International Standards for the Professional Practice of Internal Auditing.
- 4.3 In addition, Internal Audit also complies with each council's rules and policies as well as external regulations and laws.

5. Relationships

- 5.1 Internal Audit is involved in a wide range of relationships and the quality of these relationships will impact on the quality of the internal audit function and the effective delivery of that function.
- 5.2 The Standards specify that the Charter must define the terms 'Board' and 'Senior Management' for the purpose of the internal audit activity. For the West Suffolk councils the 'Board' is defined as the Performance and Audit Scrutiny Committees while 'Senior Management' is the Leadership Team.
- 5.3 Internal Audit will maintain effective relationships with management. Regular meetings will be held with the Assistant Director Resources and Performance (as the councils' S151 Officer), and senior management (Leadership Team) will be consulted in the annual audit planning process. Timing of audit work will be agreed in conjunction with management.
- 5.4 The Service Manager (Internal Audit) will also maintain an effective working relationship with members, in particular members of the audit committees (the 'Board'). The annual Internal Audit Plan will be formulated in consultation with the audit committees, and be approved by them around the start of the financial year. The Service Manager (Internal Audit) will have the opportunity to meet with the Chairs of the relevant audit committees if desired.

- 5.5 Internal Audit and External Audit will establish a relationship where they may seek to rely on, or take into account, each other's work, subject to the limits determined by their responsibilities (whereas Internal Audit's aim is to assist management the external auditors provide an independent opinion on the annual financial statements). The Service Manager (Internal Audit) will consult with the external auditors when drawing up the annual audit plan.
- 5.6 Internal Audit will also take account of the results and reports from any external inspections when planning and undertaking internal audit work.
- 5.7 Where it is necessary for Internal Audit to work with internal auditors of another local authority, the roles and responsibilities of each will be agreed with the necessary safeguards put in place to ensure they are clearly defined and understood.

6. Reporting

- 6.1 Internal Audit is part of the Resources and Performance Service. The Service Manager (Internal Audit) reports to the Assistant Director (Resources and Performance) as the councils' S151 Officer but has free and unfettered access to the Joint Chief Executive, Directors, and the Chairs of the relevant audit committee and reports in his own name.
- 6.2 The appointment, removal and remuneration of the Service Manager (Internal Audit) is the decision of officers. Such decisions will, however, be reported to Leadership Team and the Performance and Audit Scrutiny Committee, who may request a direct consultation with the Service Manager (Internal Audit) or the Assistant Director (Resources and Performance).
- 6.3 All audit activity is intended to assist management to fulfill their objectives of delivering services and contributing to the overall objectives of the councils. Outputs from audit work can range from informal advice to formal written reports.
- 6.4 Formal reports will communicate the findings of each audit review and encourage management to take prompt action where control weaknesses have been identified (a responsible owner is detailed for each action and a target date for completion). Management are encouraged to give responses to actions, in the unlikely event that an action cannot be agreed, this will be recorded in the action plan with the risk highlighted.
- 6.5 Recommendations made within audit reports will be 'tracked and followed up' in order to ascertain whether agreed actions have been implemented.

- 6.6 Progress reports of work undertaken, including a summary of key audit findings, will be provided regularly to each council's audit committee. The end of year report will provide a summary of the work of Internal Audit during the whole year, information on the performance of the section, and an opinion from the Service Manager (Internal Audit) on the standard of internal control and probity within the councils. This is timed to support the annual review of corporate governance and the production of the Annual Governance Statement.
- 6.7 The Service Manager (Internal Audit) will also ensure that the Joint Chief Executive and Chairs of the relevant audit committees are advised in circumstances where internal audit investigations, reviews, and reports reveal fundamental weaknesses within the organisation, or are relevant in any way to the duty of the Joint Chief Executive.

7. Independence, Objectivity and Accountability

- 7.1 Internal Audit will remain sufficiently independent of the activities that it audits to enable auditors to perform their duties in a manner which facilitates impartial and effective professional judgements and recommendations. Where staff managed by the Service Manager (Internal Audit), or the Service Manager (Internal Audit) himself, have operational responsibilities this, including any impacts on independence or objectivity, will be reported to Leadership Team and the audit committees.
- 7.2 The Service Manager (Internal Audit) has direct, unrestricted access and freedom to report in his own name and without fear or favour to senior management and members of the relevant audit committees.
- 7.3 Internal Audit must be free from interference in determining the scope of internal auditing, performing work and communicating results. There must be no compromise regarding the ability of Internal Audit to provide an independent assurance on the internal control framework.
- 7.4 Accountability for the response to the advice and recommendations made by Internal Audit lies with management, who either accepts and implements the advice or formally rejects it.

8. Proficiency and Due Professional Care

- 8.1 Internal Audit staff are bound by the four main principles of the CIPFA and CIIA Code of Ethics; (1) Integrity; (2) Objectivity; (3) Competence; and (4) Confidentiality.
- 8.2 Internal Audit staff must possess the knowledge, skills and other competencies needed to perform their individual responsibilities.

- 8.3 Internal Audit staff must also ensure that they conduct work with due professional care, applying the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care will be appropriate to the objectives, complexity, nature and materiality of the audit being performed.

9. Authority

- 9.1 Internal Audit's statutory authority is derived from Section 151 of the Local Government Act 1972 and the Accounts and Audit Regulations 2015.
- 9.2 Internal Audit's role applies to all functions and services for which the councils are responsible. This allows them full, free and unrestricted access to such records, assets, personnel and premises, as necessary for the proper fulfilment of their responsibilities. For those council services provided under contracts and partnership arrangements, rights of access shall be incorporated within all relevant contract or service agreement documents involving council services as appropriate.
- 9.3 Internal Audit's rights of access are stipulated within each council's Constitution.
- 9.4 All employees are requested to assist Internal Audit in fulfilling its roles and responsibilities.

10. Allocation of Resources and Skills Required

- 10.1 The Internal Audit service is provided in-house in partnership between St Edmundsbury Borough Council and Forest Heath District Council, through a shared service. It also works in partnership with other Suffolk councils, both County and districts, with the aim of reducing costs and maximising quality by for example sharing best practice and joint provision of training courses.
- 10.2 Internal Audit must be appropriately staffed in terms of numbers, grades, qualification levels and experience, having regard to its objectives, professional standards and the requirements of external audit. If a situation arises whereby the Service Manager (Internal Audit) concludes that resources are insufficient he must formally report this to the S151 Officer, Joint Chief Executive, and, if the position is not resolved, to the audit committee(s) as appropriate.
- 10.3 Internal auditors need to be properly trained to fulfill their responsibilities and should maintain their professional competence through an appropriate ongoing development programme.
- 10.4 The Service Manager (Internal Audit) is responsible for appointing the staff of the Internal Audit Section and will ensure that appointments are made in order to achieve the appropriate mix of qualifications, experience and audit skills.

10.5 The training and personal development needs of Internal Audit staff are identified through a review process and it is the responsibility of the Service Manager (Internal Audit) to ensure that staff receive the appropriate professional, technical and personal development training.

11. Quality of Service

11.1 Internal Audit operates in accordance with standards of good practice applicable to internal audit to ensure that a continuously effective level of performance is maintained. The Standards require that Internal Audit is subject to a quality assurance and improvement programme that should include both internal and external assessments.

11.2 The Service Manager (Internal Audit) has developed and implemented a quality assurance and improvement programme that covers all aspects of the internal audit activity, which enables conformance with the Definition of Internal Auditing and the Standards to be evaluated, including whether internal auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

11.3 Internal review of work standards will be undertaken through a system of managerial review involving the Service Manager (Internal Audit). This will incorporate a review of audit working papers and reports prior to issue and agreement of such reports to relevant management.

11.4 Opinions will be canvassed from management responsible for activities under review to obtain their satisfaction with the Internal Audit service provided.

11.5 Performance indicators will be developed and agreed with senior management and the relevant audit committees to monitor and evaluate the quality of the service provided.

11.6 External audit assesses the work of the section annually to further inform its own view of the control environment.

11.7 The Service Manager (Internal Audit) will communicate to senior management and the audit committees at least annually on the Internal Audit's quality assurance and improvement programme, including results of ongoing internal assessments and any external assessments conducted as applicable.

11.8 The Core Principles for the Professional Practice of Internal Auditing, as set out in the Public Sector Internal Audit Standards, taken as a whole, articulate internal audit effectiveness. For an internal audit function to be considered effective all of these Principles should be

present and operating effectively for both internal auditors and the audit service as a whole:

- Demonstrates integrity;
- Demonstrates competence and due professional care;
- Is objective and free from undue influence (independent);
- Aligns with the strategies, objectives and risks of the organisation;
- Is appropriately positioned and adequately resourced;
- Demonstrates quality and continuous improvement;
- Communicates effectively;
- Provides risk-based assurance;
- Is insightful, proactive; and future focused; and
- Promotes organisational improvement.

12. Fraud, Corruption and Bribery

12.1 Managing the risk of fraud, corruption and bribery is the responsibility of management. Internal Audit will assist management in the effective discharge of this responsibility, including investigating suspected frauds and irregularities where appropriate.

12.2 Audit procedures alone, even when performed with due professional care cannot guarantee that fraud, corruption and bribery will be detected. Internal Audit does not have responsibility for the prevention of detection of fraud, corruption or bribery. Internal auditors will, however, be alert in all their work to risks and exposures that could allow fraud, corruption or bribery.

12.3 The Service Manager (Internal Audit) must be informed of all suspected or detected fraud, corruption or improprieties so they may be considered in terms of the adequacy of the relevant internal controls, and evaluated for the annual opinion on the control environment.

12.4 Any evidence or reasonable suspicions that an irregularity to funds, stores, property or records has occurred should be reported immediately. All cases will be dealt with in accordance with each council's Constitution, the Anti-Fraud and Anti-Corruption Policy, and the Joint Whistleblowing Policy.

13. Conclusion

13.1 This Charter describes the purpose, mission, authority and principal responsibilities of the Internal Audit Service shared across West Suffolk. It is important that it is publicised and that the role of Internal Audit is understood.

13.2 Internal Audit needs to be able to react and adapt to the changes which are taking place locally and nationally. It is therefore important that the Charter is reviewed regularly to ensure that it is

relevant to the demands and responsibilities of the service and to the strategic priorities of both councils.

- 13.3 The Internal Audit Charter will be reviewed each year to confirm it remains accurate and up to date; any significant and necessary changes will be reported to senior management and the audit committees.

Key Contact

Jon Snares - Service Manager (Internal Audit)

Reviewed April 2017

Performance and Audit Scrutiny Committee



Title of Report:	Internal Audit Annual Report 2016/17 and Outline Internal Audit Plan 2017/18	
Report No:	PAS/FH/17/021	
Report to and date:	Performance and Audit Scrutiny Committee	27 July 2017
Portfolio holder:	Steven Edwards Portfolio Holder for Resources and Performance Tel: 01638 660518 Email: steven.edwards@forest-heath.gov.uk	
Lead officer:	Jon Snares Service Manager (Internal Audit) Tel: 01284 757239 Email: jon.snares@westsuffolk.gov.uk	
Purpose of report:	To provide members with: <ul style="list-style-type: none"> • an overview of the work carried out by Internal Audit for the year ended 31 March 2017; and • the proposed Outline Internal Audit Plan for 2017/18. 	

Recommendation:	Performance and Audit Scrutiny Committee: It is RECOMMENDED that: (1) the contents of the Annual Internal Audit Report for 2016/17 (Appendix A) are <u>noted</u>; (2) the conclusion drawn in respect of the annual review of the effectiveness of internal audit is <u>endorsed</u>; (3) the Internal Audit Plan for 2017/18 (Appendix C) be <u>approved</u>; and (4) the contents of the Managing the Risk of Fraud, Theft and Corruption Report (Appendix D) are <u>noted</u>.
Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>
Consultation:	<ul style="list-style-type: none"> • The Internal Audit Plan has been compiled in consultation with the Assistant Director Resources and Performance (as S151 Officer), Leadership Team, Service Managers, and the external auditors; and • Consultation with key officers is also carried out during the audit process and in the production of individual internal audit reports and follow up work.
Alternative option(s):	N/A
Implications:	
<i>Are there any financial implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •
<i>Are there any staffing implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •
<i>Are there any ICT implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •
<i>Are there any legal and/or policy implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •
<i>Are there any equality implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •

Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
Internal controls within the council may not be efficient and effective and as a result the council may not be identifying significant weaknesses that could impact on the achievement of the council's priorities and/or lead to fraud, financial loss or inefficiency.	Medium	Members receive and approve the Internal Audit Plan and receive a progress report during the year. External Audit reviews the work of Internal Audit and internal control arrangements.	Low
Ward(s) affected:		N/A	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		N/A	
Documents attached:		<p>Appendix A – Internal Audit Annual Report 2016/17</p> <p>Appendix B - Performance and Audit Scrutiny Committee and Internal Audit Checklists</p> <p>Appendix C – Outline Internal Audit Plan 2017/18</p> <p>Appendix D – Managing the Risk of Fraud, Theft and Corruption Report</p> <p>Appendix E – Summary of Audit Reports Issued</p>	

1. Key issues and reasons for recommendation

1.1 Performance and Audit Scrutiny Committee – 25 May 2017

- 1.1.1 On 25 May 2017, the meeting was declared inquorate, with there only being two Members of the Forest Heath Performance and Audit Scrutiny Committee in attendance this item could not be formally resolved. Therefore, this item was deferred for consideration to the next meeting of the Committee on 27 July 2017.

1.2 Background Information

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

1.3 Annual Internal Audit Report 2016/17

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

1.4 Review of the Effectiveness of Internal Audit

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

1.5 Internal Audit Plan 2017/18

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

1.6 Managing the Risk of Fraud, Theft and Corruption Report

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

INTERNAL AUDIT

Annual Internal Audit Report 2016/17 and Internal Audit Plan 2017/18

1. Background

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

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

2.1 Organisational Independence

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

2.2 Performance against the 2016/17 Audit Plan

Fundamental Systems Audits

2.2.1 During 2016/17, all of the fundamental systems audits included within the audit plan were completed. An overview of the conclusions and main findings of each audit, together with a brief summary of progress made, is provided at **Appendix E**.

Corporate Consultancy Work

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

- production of the West Suffolk Annual Governance Statement and its associated documents;
- West Suffolk Strategic Risk Register;
- information governance;
- records management;
- input to corporate projects such as the Medium Term Financial Strategy (MTFS) Income and Contracts work streams;
- conducting a 'health check' of the electoral administration processes across West Suffolk;
- undertaking a number of pieces of work requested by the Operations service including reviewing, advising, and providing guidance on the use of fuel cards, and mobile CCTV cameras; reviewing the efficiency of the Fleet service area's financial processes; and reviewing guidance in respect of use of the councils' pool cars; and a process improvement exercise reviewing the fly tipping process;
- performing the Project Assurance role for the Mildenhall Hub Project and in doing so, consider for each stage of the project whether it is on track and in accordance with agreed governance;
- other work on behalf of the Assistant Director (Resources and Performance) including financial due diligence related to areas of potential council investment.

Fee Earning Work

2.2.3 Internal Audit continued to undertake fee earning work during the year, amounting to approximately £30k of income. This consisted of the following:

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

2.2.4 As mentioned above (paragraph 2.2.3 refers) the West Suffolk Internal Audit Team currently undertakes the council tax, housing benefit and non-domestic rates reviews for Breckland Council, East Cambridgeshire District Council, Forest Heath District Council and St Edmundsbury Borough Council. Now that Waveney District Council, Suffolk Coastal District Council and Fenland District Council have joined the Anglia Revenues Partnership (ARP), discussions are taking place to determine the future internal auditing arrangements at ARP from 2017/18.

2.2.5 During 2016/17 Internal Audit has also responded to 70 requests for financial vetting or other financial due diligence including assessments of organisations' financial suitability to undertake specified contracts for the councils. This has included financial vetting advice in respect of Newmarket Leisure Roofing Refurbishment, Home of Horse Racing Boiler and Kitchen Fit Outs, and industrial units.

2.3 Annual Audit Opinion 2016/17

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

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

2.3.3 **Based upon an independent and objective assessment of the framework of risk management, control and governance processes, Internal Audit can provide reasonable assurance for 2016/17 that the framework has operated adequately and effectively during the year.** This opinion takes into account assurances provided from assurance providers other than Internal Audit, including results of any external inspections undertaken within the year. Information that supports this opinion is included within this report (Appendix A) and also **Appendix E** which gives summary information regarding audits completed within the year.

2.4 Quality Assurance and Improvement Programme

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

Quality Assurance and Improvement Programme

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

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

Annual Internal Self-Assessment

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

- the Standards require an external assessment of Internal Audit to be undertaken at least every 5 years – this remains under consideration but the costs may outweigh the benefits of this;
- further review and update of the Internal Audit working procedures manual – this is an ongoing exercise;
- review and update of the Internal Audit Charter to ensure it reflects current ways of working, good practice, and the expectations of the Standards – this has been fully revised and is presented to this committee for approval; and
- ensure our audit planning approach conforms with expectations in the Standards – our planning approach was revised for the 2017/18 Audit Plan and the results of this are presented to this committee at Appendix C.

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

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

Quality Review Process

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

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

Customer Satisfaction

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

Local Performance Indicators

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

(1) The percentage of the planned core financial and information systems audits completed during the year – these audits are an integral part of the annual internal audit opinion which underpins the Annual Governance Statement, and it is these audits on which the external auditors may seek to place reliance or take account of for their work on the annual Statement of Accounts.

100% of planned core systems audits were completed for the year 2016/17

(2) External audit utilisation of internal audit work

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

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

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

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

Conclusion on Review of Effectiveness of Internal Audit

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

3. Internal Audit Plan 2017/18

3.1 The objectives of internal audit are to:

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

3.2 The internal audit service is delivered and developed in accordance with the West Suffolk Internal Audit Charter presented to the Performance and Audit Scrutiny Committees along with this Audit Plan.

3.3 In accordance with the Public Sector Internal Audit Standards an annual risk-based Audit Plan has been established. The purpose of the Audit Plan is to provide the framework for internal audit resources, focusing on activity that will make the most difference to achieving West Suffolk priorities. The Audit Plan takes into account the need to produce an annual internal audit opinion for each West Suffolk council, in support of, and taking into account the assurance framework operating at both councils. This annual internal audit opinion underpins the Annual Governance Statement.

3.4 The proposed 2017/18 Audit Plan is provided at **Appendix C** and has been produced based on extensive consultation and discussion with senior management and key officers to ensure it is focused on organisational priorities, key risks, core systems and programmes, and areas where internal audit can effectively contribute to the efficiency and effectiveness of governance, risk management and control processes. Risks contained within the Strategic Risk Register were also considered.

Appendix A

- 3.5 The following criteria were used to risk assess potential audit areas to be included in the Audit Plan:
- materiality – in monetary terms the relative significance or importance of the system or process to the councils;
 - corporate importance – the extent to which the councils depend on the correct running of the system, whether for legal or regulatory requirements or to meet strategic priorities;
 - vulnerability – the extent to which the system or process is liable to breakdown, corruption, loss, error etc;
 - management concerns – direct requests for support; and
 - controls assurance – information taken from previous internal audit work as well as other assurance processes within, and external to, the councils.
- 3.6 The draft Audit Plan includes work under a number of different headings as follows:
- main financial systems
 - added value work
 - corporate and business area risk based audits
 - fraud, irregularity and probity
 - other audit activity to support the audit opinion
 - fee earning
 - other work
- See Appendix C for detailed information.
- 3.7 While every effort will be made to deliver all audits included in the Audit Plan, the need for flexibility in the use of internal audit resources should be recognised so that changing circumstances and emerging risks can be responded to where necessary. The draft Audit Plan as presented at Appendix C therefore represents the Service Manager (Internal Audit)'s current view of how audit resources can be most effectively used – where significant deviations to the plan are required this would be reported to the Performance and Audit Scrutiny Committee as appropriate. Wherever possible, higher risk areas will be given greater priority.
- 3.8 The Service Manager (Internal Audit) will remain alert to emerging local and national issues and risks through a number of channels, including:
- attendance at senior officer meetings including Senior Management Team (Leadership Team and Service Managers), the member and officer Strategic Risk Management Group, staff briefings, feedback from S151 Officer, and networking with other West Suffolk colleagues;
 - regular liaison and meetings with other councils' audit managers within the region;
 - regular liaison and meetings with external audit; and
 - professional reference material, websites, and discussion forums.

Appendix A

- 3.9 This year, alongside the audit planning process Internal Audit commenced an assurance mapping exercise in order to consider whether there is a comprehensive risk and assurance framework operating, with no significant gaps. Through integrating this exercise with the audit planning process Internal Audit are then able to ensure their activities can be targeted, minimise duplication of effort through co-ordinating activities with other management activities, and develop an increased awareness of the West Suffolk wider assurance framework. Where any sources of assurance other than the work contained within this Plan are relied on in forming the annual audit opinion for each council, additional work may be undertaken by Internal Audit where necessary and appropriate to validate these other sources of assurance.

4. Resources

- 4.1 The staff complement of the team is currently 3.6 Full Time Equivalent (FTEs) comprising of the Service Manager Internal Audit (1 FTE), two Senior Auditors (2 FTEs), and an Auditor (0.6 FTE).
- 4.2 The work of the team is clearly influenced by the resources made available by the councils for Internal Audit. For this reason a balance needs to be achieved in terms of keeping costs at a realistic level, focusing resources on activity that will make the most difference to achieving West Suffolk priorities, whilst also ensuring that the level of audit coverage is appropriate and sufficient to enable the Service Manager (Internal Audit) to discharge his duty to provide a robust annual internal audit opinion in support of the West Suffolk Annual Governance Statement.
- 4.3 The Service Manager (Internal Audit) considers that the current Internal Audit staff resource is adequate to fulfil the requirements of this Audit Plan and meet statutory obligations to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes.
- 4.4 The skills, knowledge, and experience of internal audit staff have been taken into account when drafting the Audit Plan.

5. Managing the Risk of Fraud, Theft and Corruption

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

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Performance and Audit Scrutiny Committees - Self Assessment

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

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

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

31. Does the audit committee review the authority's strategic risk register at least annually?	Y	Reports are presented to Performance and Audit Scrutiny Committee on a quarterly basis.
32. Does the audit committee monitor how the authority assesses its risk?	Y	
33. Do the audit committee's terms of reference include oversight of the risk management process?	Y/N	SEBC - Yes FHDC - Yes
Financial Reporting and Regulatory Matters		
34. Is the audit committee's role in the consideration and/or approval of the annual accounts clearly defined?	Y	
35. Does the audit committee consider specifically: • the suitability of accounting policies and treatments • major judgements made • large write-offs • changes in accounting treatment • the reasonableness of accounting estimates and the narrative aspects of reporting?	Y	The Performance and Audit Scrutiny Committee reviews and challenges the audited draft accounts before approval. This challenge may include any of the bullet points but it is considered unrealistic for example for Members to have the detailed technical knowledge to challenge suitability of accounting policies. Large write-offs are approved by Cabinet in accordance with the policy.
36. Is an audit committee meeting scheduled to receive the external auditor's report to those charged with governance including a discussion of proposed adjustments to the accounts and other issues arising from the audit?	Y	
37. Does the audit committee review management's letter of representation?	Y	Included within the External Auditors (Ernst and Young) Annual Audit Letter.
38. Does the audit committee annually review the accounting policies of the authority?	N	See response to question 35.
39. Does the audit committee gain an understanding of management's procedures for preparing the authority's annual accounts?	Y	Albeit at a very high level.

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

48. Has the audit committee evaluated whether its internal audit service complies with CIPFA's Code of Practice for Internal audit in Local Government in the United Kingdom?	Y	Note – the Public Sector Internal Audit Standards apply from 2013-14 onwards. Compliance with these Standards is covered within the 2016-17 Internal Audit Annual Report.
49. Are internal audit performance measures monitored by the audit committee?	Y	
50. Has the audit committee considered the information it wishes to receive from internal audit?	Y	
External Audit		
51. Do the external auditors present and discuss their audit plans and strategy with the audit committee (recognising the statutory duties of external audit)?	Y	
52. Does the audit committee hold periodic private discussions with the external auditor?	N	No – but could if felt necessary.
53. Does the audit committee review the external auditor's annual report to those charged with governance?	Y	
54. Does the audit committee ensure that officers are monitoring action taken to implement external audit recommendations?	Y	The Service Manager (Internal Audit) does this and would build into internal audit work / action plans where necessary – Internal Audit performance reports cover areas of improvement still required.
55. Are reports on the work of external audit and other inspection agencies presented to the committee, including the Audit Commission's annual audit and inspection letter?	Y	
56. Does the audit committee assess the performance of external audit?	Y	
57. Does the audit committee consider and approve the external audit fee?	Y	

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

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

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

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

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

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

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

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MAIN FINANCIAL SYSTEMS		
These are the main financial systems that support the running of the councils. These audit reviews are carried out to provide independent assurance to the Assistant Director (Resources and Performance) / S151 Officer that arrangements are operating effectively, and in line with the Finance Procedure Rules and Treasury Management Strategy as appropriate. The regularity of the audit review required depends on a number of factors, for example, previous assurance opinions, year last audited, system and resource changes.		
Subject	Outline Scope	Priority
Creditors	To provide assurance that payments made are valid, authorised, accurate and timely, in respect of goods and services received by the councils and that they have been properly accounted for in the councils' accounts.	1
Debtors	To provide assurance that invoices are complete, accurate and timely, that all invoices are paid and accounted for in the councils' accounts, and for those not paid timely action is taken to recover them; with uneconomic and irrecoverable amounts written off in line with the councils' write-off policy.	1
Treasury Management	To provide assurance that accurate, complete and timely information is produced to allow for effective monitoring and decision making in line with the investment strategy; that transactions are complete, accurate, valid and timely and made with institutions in line with the Treasury Management Strategy; and that treasury management activities are monitored and scrutinised in accordance with the CIPFA Code of Practice.	1
Car Parks Cash Handling	To provide assurance that effective controls are in place over car parking cash collection, retention and banking systems.	1
Council Tax & Overpayments	To review and test systems for the collection of overpayments and council tax ensuring that legislation is adhered to, exemptions and reliefs are correctly administered, refunds are appropriate, debt recovery is taking place, and to review the reconciliation of the council tax system to the general ledgers.	1
Housing & Council Tax Benefits	To review and test systems for the administration and payment of housing benefit and council tax reduction, to ensure that legislation is adhered to, and control accounts are regularly reviewed.	1
Payroll	To provide assurance that key controls exist for payroll processing including adequate documentation for starters and leavers, controls over amendments to individual payroll records, verifications to ensure that statutory deductions are correctly calculated and promptly paid to the Inland Revenue, reconciliations between the payroll system and the general ledger are correctly and promptly undertaken, and any changes to pay and rewards have been correctly implemented.	1

	A limited review of this area is planned for 2017/18, with a full review being undertaken in 2018/19.	
General Ledger	To provide assurance that financial transactions are correctly recorded including ensuring their completeness and integrity, with the aim of providing the data from which the councils' annual Statements of Accounts can be prepared. A limited review of this area is planned for 2017/18, with a full review being undertaken in 2018/19.	1

ADDED VALUE WORK

This category of audit work relates to areas identified by management and internal audit that would benefit from audit input in the form of providing support and advice to management including reviewing relevant arrangements on behalf of management and/or assisting in making improvements. Care will be taken to ensure these activities do not impinge upon internal audit independence.

These pieces of work will generally be one-off activities (unlike the annual financial systems reviews) and will not always result in a formal report being issued or an opinion provided. However, these pieces of work will contribute to a balanced audit plan which enables the Service Manager (Internal Audit) to give his statutory annual audit opinion on the adequacy and effectiveness of the councils' framework of risk management, control and governance processes.

Work included in this category is likely to include areas such as reviewing arrangements for contract management, providing corporate support for the project management framework, and feeding into project working groups where audit skills will add value. An ongoing assessment of potential work areas will ensure that audit resource will be used in those areas which will benefit most from audit input and it is therefore important to recognise the need for flexibility in the allocation of audit resources across all areas of audit work including Added Value Work as well as Corporate and Business Area Audits (see below).

CORPORATE AND BUSINESS AREA AUDITS		
<p>These are reviews of systems, processes or tasks where the internal controls are identified, tested, and evaluated. These are therefore more traditional pieces of audit work in contrast to the Added Value Work referred to above.</p> <p>Again, unlike the annual financial systems reviews these pieces of work will generally be one-off activities but they will normally result in a formal report being issued and an opinion provided.</p> <p>The work in this category is driven by a shared understanding between management and internal audit of relevant risks.</p> <p>Work included in this category is likely to include, but not necessarily be restricted to, the following pieces of work. An ongoing assessment of potential work areas will ensure that audit resource will be used in those areas which will benefit most from audit input.</p>		
Subject	Outline Scope	Priority
Cyber Security	Review controls in place in respect of cyber security to prevent serious service disruption and permanent damage from occurring.	1
HMRC – Off Payroll Engagement (IR35)	Check payments to consultants, contractors and interim payments are treated correctly for tax and NIC purposes to ensure HMRC regulations and agreements are being complied with.	1
Contract Extensions	In collaboration with the Procurement Manager, review a sample of contracts to determine whether the terms of the contracts have been complied with and value for money obtained when contracts are extended.	2
Procurement	Review a sample of payments not linked to a contract to determine whether Contract Procedure Rules are being followed and value for money obtained.	2
Declarations of Interests	Assess the arrangements in place to ensure that any relevant employee interests are declared and appropriately managed.	2
Gifts and Hospitality	Assess the arrangements in place for promoting appropriate conduct in respect of gifts and hospitality.	2
Follow Ups	Whilst it is management’s responsibility to manage the risks associated with the areas under their authority, internal audit will monitor progress against the implementation of all agreed audit recommendations deemed to be high / medium risk.	1

FRAUD, IRREGULARITY AND PROBITY		
Proactive testing of systems and processes to identify potential fraud and misappropriation or noncompliance with policies and procedures; and reactive investigations if any are required into potential wrong doing, fraud and corruption.		
Subject	Outline Scope	Priority
Irregularity Investigations	Reactive work where suspected irregularity has been detected.	1
Data matching	Co-ordinating review of National Fraud Initiative matches, and developing of other data matching reports.	1
Proactive Fraud and Corruption Work	Proactive anti-fraud work that includes targeted testing of processes with inherent risk of fraud. For example, carrying out cash handling spot checks at council sites, to review controls in place over cash collection, retention and banking systems.	2
Fraud Awareness and Publicity	Continuing to raise awareness of fraud issues and how to report suspicions.	2

OTHER AUDIT ACTIVITY TO SUPPORT THE AUDIT OPINION		
Includes providing advice on systems and processes and includes attendance at working groups to advise on risk and control, as well as responses to specific enquiries.		
Subject	Outline Scope	
Annual Governance Statement Working Group	Production of the West Suffolk Annual Governance Statement and its associated documents.	
Information	Audit support and advice on information governance policies and practices.	

Governance Working Group	
Strategic Risk Management Group	Review of strategic risks prior to submission to Leadership Team and Performance and Audit Scrutiny Committee.
General Advice and Assistance	Provision of advice and assistance on the risk, governance and internal control environment.
Financial Vetting and Financial Due Diligence for investment decisions	Carry out financial vetting / financial due diligence checks on businesses (prospective suppliers, contractors, industrial unit tenants and partners) to minimise financial risks to the councils.
Internal Audit External Working Groups	Participation in relevant groups to share learning and good practice.
Liaison with External Audit	To ensure there is no duplication of work between internal and external audit.

FEE EARNING	
Fee earning services to other local authorities who request our assistance. Approximately £14k is expected to be earned in 2017/18.	
Subject	Outline Scope
Audit Review	Audit of council tax and housing benefits systems on behalf of other ARP partners

Grant Certification	Grant certification work for Suffolk County Council to provide assurance that the conditions of the specific grant determinations have been complied with: <ul style="list-style-type: none"> • Department for Business Innovation & Skills - Growth Hub Funding to Local Enterprise Partnership • Trading Standards Institute - Safety at Ports and Borders Team and Single Point of Contact for Border Controls • New Anglia LEP – funding for Greater Cambridgeshire and Greater Peterborough LEP
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OTHER WORK	
Subject	Outline Scope
West Stow Anglo Saxon Village Trust Accounts	Independent Examiners' report on the accounts to provide assurance on the charity trustees' preparation of the accounts.

Priority Key

1	High
2	Medium

Managing the Risk of Fraud, Theft and Corruption Report

1. Introduction

- 1.1 The West Suffolk councils spend millions of pounds of public money each year on essential local services. It is essential that they continue to protect and preserve their ability to provide these services by ensuring assets are protected against all risks of loss and damage.
- 1.2 The purpose of this report is to bring together in a single document a summary of the work which has taken place during 2016/17 to prevent and detect fraud, theft and corruption. By publishing the report the councils aim to show their commitment to minimising the risk of fraud, theft and corruption and deter any would-be fraudsters.

2. The Risk of Fraud

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

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

- 3.1 The CIPFA Code of Practice on Managing the Risk of Fraud and Corruption provides a number of key principles to embed effective standards for countering fraud and corruption.
- 3.2 While the code is voluntary, an assessment was undertaken in 2015/16, resulting in a number of actions to be completed. This continues to be reviewed and incorporated into the annual audit work plan.

4. Fighting Fraud and Corruption Locally

- 4.1 CIPFA's Local Government Counter Fraud and Corruption Strategy 2016-19 estimates that fraud costs local authorities £2.1bn a year, £207m of which is local government fraud.

- 4.2 CIPFA has also produced a national Fraud and Corruption Tracker Summary Report 2016 containing findings from a national survey which identifies trends and statistics. This identified the main types of fraud being council tax, housing benefit and tenancy fraud. West Suffolk is proactively working with the Anglia Revenues Partnership (ARP) Fraud Team to tackle these common fraud types.

5. Local Government Transparency Code

- 5.1 Since February 2015 local authorities have been required to publish the following information annually about their counter fraud work, as required by the Local Government Transparency Code:

- number of occasions they use powers under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014, or similar powers;
- total number (absolute and full time equivalent) of employees undertaking investigations and prosecutions of fraud;
- total number (absolute and full time equivalent) of professionally accredited counter fraud specialists;
- total amount spent by the authority on the investigation and prosecution of fraud; and
- total number of fraud cases investigated.

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

6. Corporate Fraud, Theft, Bribery and Corruption Arrangements

6.1 Awareness

- 6.1.1 A West Suffolk Anti-Fraud and Anti-Corruption Policy is in place. The purpose of the policy is to minimise the risk to the councils' assets and good name, promote a culture of integrity and accountability in councillors, employees and all those that the councils do business with, and enhance existing procedures aimed at preventing, discouraging, detecting and investigating fraud and corruption.
- 6.1.2 Fraud awareness messages are published on the West Suffolk intranet at regular intervals to increase staff awareness.
- 6.1.3 Internal Audit also liaise with the ARP Fraud Team on a regular basis and are working towards undertaking internal data matching exercises with software procured by ARP.
- 6.1.4 The council is a member of the National Anti-Fraud Network (NAFN), recognised as a centre of good practice dedicated to supporting its members in protecting the public purse from fraud, abuse and error. Regular alerts are received, with action taken where necessary.

6.2 Reported suspicions

6.2.1 Part of the work of the Internal Audit team is the investigation of potential irregularities where processes / systems are found not to be functioning as intended, resulting in potential loss to West Suffolk of resources / money. No such investigations were necessary in 2016/17.

7. Revenues and Benefits (ARP) Fraud Arrangements

The information in this section has been provided by ARP.

7.1 Awareness

7.1.1 All new staff recruited to ARP's revenues and benefits team are given a fraud awareness session which includes training on fraud awareness, key documents, the role of the ARP fraud team and types of fraud they uncover. Proactive fraud detection work is undertaken by ARP with any suspected Housing Benefit frauds now being reported to, and investigated by, the Department for Work and Pensions' Single Fraud Investigation Service (SFIS).

7.2 Reported suspicions

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

7.3 Sanctions applied

7.3.1 The following sanctions have been applied:

SEBC	2015/16	2016/17
Prosecutions	7	0
Formal cautions	15	6
Administrative penalties	4	5

FHDC	2015/16	2016/17
Prosecutions	15	0
/Formal cautions	12	5
Administrative penalties	6	3

Note: the 2015-16 prosecutions all related to housing benefits frauds - responsibility for investigating these frauds passed to the Department for Work and Pensions' Single Fraud Investigation Service (SFIS) in late 2015 and therefore there were no ARP-led prosecutions in 2016-17.

7.3.2 Not all investigations result in a sanction but the investigation itself stops or reduces the amount of benefit paid. Investigations are sometimes closed without a sanction because it is considered to be a genuine error or because there is insufficient evidence of fraud or because the health of the individual at the time the fraud is discovered is worse than at the time of the interview. In these instances the benefit has been corrected and

recovery action on any overpayment is taken so a saving to the tax payer has been made although not recorded as a fraud.

7.4 Financial loss recovered and (where appropriate) financial savings

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

7.4.2 The following amounts were identified as fraudulent payments:

<i>SEBC</i>	<i>2015/16</i>	<i>2016/17</i>
Housing Benefit	£93,772.04	106 cases passed to SFIS
Council Tax Reduction	£28,036.21	£20,539.28

<i>FHDC</i>	<i>2015/16</i>	<i>2016/17</i>
Housing Benefit	£122,900.10	57 cases passed to SFIS
Council Tax Reduction	£30,457.78	£29,617.95

Since the introduction of the SFIS, housing benefit frauds are not investigated by ARP, but passed to the DWP to investigate – monetary figures for these frauds are not easily available.

In all cases recovery is sought from the claimant either by sundry debtor invoice, collection from ongoing benefit if still entitled, or by amendments to the council tax liability

7.4.3 The Fraud and Investigation Team within the ARP investigate council tax fraud, including single person discount, tenancy fraud and offences relating to council tax support and housing fraud.

7.4.4 During 2016/17 the ARP Revenues and Benefits Fraud Team continued to undertake proactive work with regard to false claims for single person discount (SPD) for council tax which could lead to court action. This area of work is ongoing, using both data matching software and the National Fraud Initiative matches. The value of identified savings for 2016/17 to date is as follows:

- 216 cases for SEBC, producing savings of £151,646.74
- 27 cases for FHDC, producing savings of £15,021.53

Regarding the above figures, it should be noted that all SEBC National Fraud Initiative matches have been reviewed with the FHDC matches currently being worked on, therefore the FHDC figures are likely to increase.

The savings are calculated from when the single person discount eligibility is removed and the liability for the remainder of the current financial year. New council tax bills are raised for the period in question to enable collection to be made.

Single person discount applications are now also being checked by the ARP Fraud Team in order to prevent discounts being granted incorrectly and avoiding the issue of trying to collect amounts of council tax retrospectively.

7.4.5 Proactive work to identify properties not on the council tax or business rates databases is also undertaken to identify tax evasion. This can be where the property does not appear on the ARP database as it had not been declared to the Valuation Office or where incorrect information on the property status has been declared. This has resulted in backdated bills being raised as follows:

- 13 cases for SEBC, with a value of £27,029.09
- 7 cases for FHDC, with a value of £17,271.89

Examples of this include:

SEBC

Investigations concluded that a property was empty, even though the owner declared it as being inhabited. This resulted in the Long Term Empty premium being applied and backdated bills for approximately £5,000 being raised.

A previously non-residential property was identified as being developed into a residential property, but had not been declared; this resulted in backdated bills for approximately £4,800 being raised.

FHDC

An undeclared Band F property was identified, resulting in backdated bills for approximately £5,600 being raised.

An undeclared mobile home was detected, resulting in backdated bills for approximately £5,300 being raised.

7.4.6 The ARP Fraud Team has also been liaising with the Housing Team and working with social housing providers to recover properties. In 2016/17, 7 properties were recovered within St Edmundsbury BC and 2 were recovered for Forest Heath DC, enabling these to be offered to those in housing need.

8. Policies and Procedures

8.1 The council has a range of interrelated policies and procedures that provide a corporate framework to counter fraudulent activity. These include:

- Codes of Conduct for Members and Officers
- Code of Corporate Governance
- Constitution – including Contract and Financial Procedure Rules
- Anti-Fraud and Anti-Corruption Policy
- Whistleblowing Policy
- Anti-Money Laundering Policy
- Recruitment and Selection Procedures

9. National Fraud Initiative

- 9.1 The National Fraud Initiative (NFI) is a mandatory exercise run by the Cabinet Office that matches electronic data within and between public and private sector bodies to prevent and detect fraud. The main exercise takes place over a two year period, matching records such as benefits, payroll, pensions, student awards, licenses, creditor payments and parking permits. The current exercise has included the housing waiting list to determine if false information has been provided or possible undisclosed changes in circumstance. A separate annual exercise to match electoral register data to council tax records is also undertaken; this is to identify where single person discounts may not be applicable.
- 9.2 A risk-based approach is undertaken when reviewing data matches, with recommended matches as identified by the NFI application being a high priority, and a sample of the remaining matches are then assessed and reviewed.
- 9.3 Where fraud or error is found, recovery is made by way of deductions from benefit, overpayment proceedings or credits obtained from suppliers where duplicate payments have been identified.
- 9.4 The 2016/17 NFI exercise saw data matches being released in January 2017.
- For SEBC, a total of 1647 matches were reported with 292 high priority matches. By mid-April 2017, a total of 336 matches had been processed with another 38 in progress. This resulted in the identification of 3 housing benefit errors, with a value of £384. 7 creditor payment errors within this exercise had already been identified through either the 2015/16 NFI exercise or by West Suffolk Finance with corrective action already taken.
 - For FHDC, a total of 858 matches were reported with 160 high priority matches. By mid-April 2017, a total of 235 matches had been processed with another 40 in progress. This resulted in the identification of 1 duplicate creditor payment which West Suffolk Finance were already aware of and taken corrective action to recover.

10. Internal Audit

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

Summary of Internal Audit Reports Issued in 2016/17

1. Introduction

- 1.1 During the period, 16 audit reviews were completed to final report stage. Audit reports are issued as final where their contents have been agreed with management, in particular responsibility for actions and timescale. 6 of these audit reviews relate to work undertaken on behalf of East Cambridgeshire DC, the results of which have not been included within this report.
- 1.2 The following sections contain a summary of the content of the internal audit reports issued during the 2016/17 financial year. Each summary provides an indication of the issues arising from the reviews, as well as action taken in response to previous audit reports where appropriate.
- 1.3 It should be noted that each summary below represents the situation at the point in time that the audit work was undertaken and therefore it is likely that a number of agreed key improvements will subsequently have been made.
- 1.4 In line with Chartered Institute of Public Finance and Accountancy (CIPFA) good practice guidance, opinions are provided on the operation of control mechanisms where a full audit has been undertaken for the area reviewed. A key to these opinions can be found at the end of this appendix. Where a follow-up review has been undertaken full testing of controls will not always be undertaken and therefore an opinion on the operation of controls will not normally be given.
- 1.5 Progress towards implementing the required key improvements referred to below will be reviewed by Internal Audit during 2017/18 and reported to Performance and Audit Scrutiny Committee as appropriate.

2. Treasury Management

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

Improvements made since the previous audit

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

Key areas where improvements are required

- 2.3 None, only minor suggestions recommended.

3. Accounts Payable (Creditors)

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

Improvements made since the previous audit

- 3.2 Fraud prevention procedures have been strengthened by further improving checks made where notification is received of changes to supplier bank details.

Key areas where improvements are required

- 3.3 As reported previously, the purchase requisition process is still not embedded within service area procurements, with requisitions being raised after the order has been placed or the goods / services have been received. Orders should be raised in advance of goods and services being supplied - this will ensure that expenditure is appropriately committed against the relevant budget headings.
- 3.4 Suppliers of goods and services to the councils are generally paid within 30 days but performance could be further improved in this area.
- 3.5 The review included an assessment of compliance with Contract Procedure Rules and concluded that there could be improvement in this area.

4. Main Accounting System (General Ledger)

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

Improvements made since the previous audit

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

Key areas where improvements are required

- 4.3 Reconciliation documentation from ARP should be reviewed by Finance promptly to ensure any variances are investigated in a timely manner.

- 4.4 Staff should be reminded to action journals promptly and ensure supporting documentation is retained.

5. Payroll

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

Key areas where improvements are required

- 5.2 None.

6. Accounts Receivable (Debtors)

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

Key areas where improvements are required

- 6.2 It would be useful if evidence is scanned / linked to the finance system so as to provide a clear audit trail as to reason for invoices and credit notes being raised, and to advise of the action being taken to recover monies within service areas.

7. Council Tax

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

Improvements made since the previous audit

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

Key areas where improvements are required

- 7.3 Recommendations were made to further improve controls for council tax processes, including overpayments, approval of write offs, monitoring of credit balances, quality assurance, control account reconciliations and checking of annual parameter bandings.

8. Non Domestic Rates (NDR)

- 8.1 Similar to the council tax audit review, this year's review of NDR was undertaken by the West Suffolk Internal Audit Team on behalf of four of the councils working together as the Anglia Revenues Partnership.
- 8.2 The audit was undertaken to provide assurance on the controls in place within the NNDR System, including the collection of NNDR from commercial properties, legislation is adhered to, exemptions and reliefs are correctly administered and refunds are appropriate. The audit also included reviewing arrangements for debt recovery by ARP Enforcement (ARPE) for NNDR and Council Tax. An opinion of **substantial assurance** was given.

Improvements made since the previous audit

- 8.3 Improvements were observed in the reporting methods for Empty Property inspections.
- 8.4 The Electronic Data Management System (EDMS) project is currently in progress and will improve and force processes, reduce the risk of human error and ensure tasks are fully complete.

Key areas where improvements are required

- 8.5 Corrective action has been recommended to improve the administration of Reliefs, Discounts and Exemptions, the Reminder and Debt Recovery Process and timely updating of the Valuation Office amendments.

9. Housing and Council Tax Benefits Review

- 9.1 Similar to Council Tax and NDR the West Suffolk Internal Audit Team undertook the audit on behalf of four of the ARP councils. The audit focus was to review and test systems for the administration and payment of housing benefit and council tax reduction, to ensure that legislation is adhered to and the control accounts are regularly reviewed. An opinion of **substantial assurance** was given.

Improvements made since the previous audit

- 9.2 Whilst no significant areas requiring improvement were reported in 2015/16, recommendations were made to further improve processes and controls which have since been actioned.

Key areas where improvements are required

- 9.3 The housing benefit team generally works to a high standard and processes are working well, however, suggestions were made to improve data entry quality and accuracy even further.

10. Car Parks Cash Handling Review

- 10.1 The audit focus was to review the controls surrounding cash collection, retention and banking. Systems were reviewed to ensure that income due to or held by the councils is accurately recorded and that income is receipted and banked correctly and promptly. An opinion of **substantial assurance** was given.

Improvements made since the previous audit

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

Key areas where improvements are required

- 10.3 A number of suggestions were made to improve practices around the collection and banking of car parking income, including the need for the cash receipting system to be updated daily to ensure that records are up to date.
- 10.4 A review of cash security collections is needed to ensure that the councils are receiving a competitive service from their providers.

11. Apex – Merchandise Review

11.1 This piece of work focused on reviewing controls over the sale of merchandise to ensure that cash floats, income, stocks, and any commission received are properly recorded and controlled.

Key areas where improvements are required

11.2 Whilst reasonable controls are in place, suggestions were made for management to consider implementing for good practice, to include improved recording of stock and commission income.

12. Meaning of words used

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

Performance and Audit Scrutiny Committee



Forest Heath
District Council

Title of Report:	Financial Performance Report (Revenue and Capital) Quarter 1 – 2017-2018	
Report No:	PAS/FH/17/022	
Report to and dates:	Performance and Audit Scrutiny Committee	27 July 2017
Portfolio holder:	Stephen Edwards Portfolio Holder Resources and Performance) Tel: 01799 530325 Email: Stephen.edwards@forest-heath.gov.uk	
Lead officer:	Rachael Mann Assistant Director (Resources and Performance) Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	
Purpose of report:	This report sets out the Financial Performance for the first quarter of 2017-2018 and forecasted outturn position for 2017-2018.	
Recommendation:	Performance and Audit Scrutiny Committee: Members are requested to note the year end forecast financial position and forward any relevant issues or comments to Cabinet for their consideration.	
Key Decision: (Check the appropriate box and delete all those that do not apply.)	Is this a Key Decision and, if so, under which definition? Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	

Consultation:	<ul style="list-style-type: none"> This report and the figures therein have been complied 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>		Budget and Council Tax Setting 2017/2018 and Medium Term Financial Strategy 2017-2021 (Report No: COU/FH/17/005)	
Documents attached:		<p>Appendix A – Revenue budget summary, for the period April to June 2017.</p> <p>Appendix B – Revenue budget detail, for the period April to June 2017.</p> <p>Appendix C – Capital budget summary, for the period April to June 2017.</p> <p>Appendix D – Earmarked Reserves for 2017/2018</p>	

1. Key issues and reasons for recommendation(s)

1.1 Key Issues

- 1.1.1 This is the first quarter financial monitoring report for Forest Heath District Council; which includes year end forecast outturn figures for large variance items we are aware of. We will continue to monitor the position throughout the year and will update members on any change to this position at the next Performance and Audit Scrutiny Committee meeting.
- 1.1.2 Details of the Council's revenue performance and year end forecasted outturn position can be found in **Appendix A** and **B**. Explanations of the main year end forecast over/(under) spends can be found in the table at 1.2.3.
- 1.1.3 The Council's capital financial position is summarised below at 1.3. Further details are provided in **Appendix C**.
- 1.1.4 A summary of the earmarked reserves can be found at **Appendix D** along with the forecast year end position for 2017/18. This appendix is to be considered in the context of the planned medium term reserve position as agreed as part of the Budget and Council Tax 2017/18 setting report in February 2017 (Report No: COU/FH/17/005), specifically **attachment D, Appendix 3 Reserves**.

1.2 Revenue Performance

- 1.2.1 The current forecast position for the year end is expected to be an underspend against budget of around £28k, which equates to just 0.08% of the council's gross expenditure. 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 the Quarter 2 report in November 2017.
- 1.2.3 Year-end forecast variances over £25,000 are explained in the following table.

Year-end forecast variance: Over / (under) spend £000s	Explanation
59	Waste and Cleansing Operatives Employees costs are currently forecast to be higher than originally budgeted. This will be kept under review in the coming months, given the front-facing nature of the service, In order to provide service continuity it is necessary to ensure that cover is provided for sickness and holiday, and in the overall context of employees costs across the councils this is currently considered to be manageable.

(66)	<p>Industrial and Business Units: Rental income is currently forecast to exceed budget, and in addition there is a forecast underspend on landlord costs as a result of better occupancy than anticipated.</p>
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1.2.4 Employee-related Expenses

Whilst the year end forecast variances in the table above and in **Appendix B**, 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.

There are a number of factors relating to employees expenses, including vacancy management, staffing vacancies during the year, structural changes and assumptions around pension scheme take-up which are continually reviewed, both during the year, and as part of the budget setting process.

1.3 Capital Position

1.3.1 The following table gives a high level summary of capital expenditure against budget for 2017/18. Further details by capital project can be found at **Appendix C**.

1.3.2 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.

Assistant Director	2017/18 Revised Full Year Budget	2017/18 Actual Spend to Date	2017/18 Forecast Spend	2017/18 External Grant Funded	2017/18 Carried Forward	2017/18 Forecast Over / (under) Spend
	£000s	£000s	£000s	£000s	£000s	£000s
Resources & Performance	3,796	27	3,823	27	0	0
Families & Communities	441	0	36	0	405	0
Planning & Regulatory	1,893	232	679	124	1,338	0
Operations	3,970	54	3,646	26	300	(50)
Growth	10,500	0	10,350	0	150	0
Totals:	20,600	313	18,534	177	2,193	(50)

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Summary by Assistant Director

2017/18 June Budget Monitoring Report

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Assistant Director	Full Year Budget £	Expenditure Budget to Date £	Income Budget to Date £	Net Budget to Date £	Expenditure Actual to Date £	Income Actual to Date £	Net Actual to Date £	Over/(Under) Spend to Date £	Year End Forecast Variance %	Year End Forecast Variance £
Resources & Performance	(3,920,334)	7,767,729	(17,660,594)	(9,892,865)	7,122,637	(17,808,724)	(10,686,086)	(793,221)	0.94%	(36,739)
Human Resources, Legal & Democratic	951,382	319,899	(74,496)	245,403	259,212	24,082	283,295	37,892	1.89%	17,957
Families & Communities	1,128,136	612,416	(141,634)	470,781	651,782	(238,012)	413,770	(57,011)	1.47%	(16,637)
Planning & Regulatory	(782,192)	451,395	(784,546)	(333,151)	372,873	(382,421)	(9,550)	323,601	12.23%	95,646
Operations	1,002,803	3,964,191	(3,475,906)	488,285	3,762,862	(3,497,500)	265,365	(222,920)	6.12%	(61,370)
Growth	751,569	370,679	(87,447)	283,232	295,760	(44,728)	251,031	(32,201)	3.56%	(26,726)
TOTALS:	(868,636)	13,486,309	(22,224,623)	(8,738,315)	12,465,126	(21,947,303)	(9,482,175)	(743,860)	3.21%	(27,869)
Interest Receivable	(181,000)	0	(45,249)	(45,249)	0	(33,276)	(33,276)	11,973	0.00%	0
Interest Payable	509,100	84,873	0	84,873	0	0	0	(84,873)	0.00%	0
Minimum Revenue Provision	545,469	0	0	0	0	0	0	0	0.00%	0
TOTALS:	4,933	13,571,182	(22,269,872)	(8,698,691)	12,465,126	(21,980,579)	(9,515,451)	(816,760)		(27,869)

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ASSISTANT DIRECTOR - RESOURCES & PERFORMANCE

Cost Centre Description	Full Year Budget £	Expenditure Budget to Date £	Income Budget to Date £	Net Budget to Date £	Expenditure Actual to Date £	Income Actual to Date £	Net Actual to Date £	Over/(Under) Spend to Date £	Year End Forecast Variance %	Year End Forecast Variance £	Year End Variance Notes
Resources & Performance	369,676	104,733	(700)	104,033	111,607	(700)	110,907	6,874	1.22%	(4,517)	Underspend on Staffing costs, mainly arising from vacancies.
General Fund Adjustments	(5,597,939)	3,015,226	(13,387,163)	(10,371,937)	2,830,688	(13,699,065)	(10,868,377)	(496,440)	0.36%	(20,232)	Business Rates income currently anticipated to exceed budgeted levels. To be kept under close review.
Resources & Performance:	(5,228,263)	3,119,959	(13,387,863)	(10,267,904)	2,942,295	(13,699,765)	(10,757,470)	(489,566)	0.47%	(24,749)	
Internal Audit	66,816	22,009	(1,182)	20,827	22,477	0	22,477	1,650	0.38%	251	
Internal Audit:	66,816	22,009	(1,182)	20,827	22,477	0	22,477	1,650	0.38%	251	
ICT	477,826	190,123	(107,470)	82,653	159,468	(113,882)	45,585	(37,068)	0.49%	2,340	
ICT:	477,826	190,123	(107,470)	82,653	159,468	(113,882)	45,585	(37,068)	0.49%	2,340	
Anglia Revenues Partnership	886,485	298,385	0	298,385	339,283	(42,558)	296,726	(1,659)	0.00%	14	
Council Tax Administration	(189,386)	249	(94,048)	(93,799)	343	(125,805)	(125,462)	(31,663)	0.00%	(4)	
Business Rate Administration	(95,100)	249	(24,024)	(23,775)	343	(92,798)	(92,455)	(68,680)	1.30%	(1,235)	
Housing Benefits	(311,281)	3,826,743	(3,909,816)	(83,073)	3,233,584	(3,692,861)	(459,276)	(376,203)	0.05%	(156)	
Anglia Revenues Partnership:	290,718	4,125,626	(4,027,888)	97,738	3,573,553	(3,954,022)	(380,467)	(478,205)	0.48%	(1,381)	
Corporate Expenditure	453,558	306,512	(136,191)	170,321	405,496	(41,055)	364,441	194,120	2.98%	(13,537)	
Corporate Expenditure:	453,558	306,512	(136,191)	170,321	405,496	(41,055)	364,441	194,120	2.98%	(13,537)	
Emergency Planning	19,011	3,500	0	3,500	19,348	0	19,348	15,848	1.77%	337	
Emergency Planning:	19,011	3,500	0	3,500	19,348	0	19,348	15,848	1.77%	337	
TOTALS: RESOURCES & PERFORMANCE	(3,920,334)	7,767,729	(17,660,594)	(9,892,865)	7,122,637	(17,808,724)	(10,686,086)	(793,221)	0.94%	(36,739)	

ASSISTANT DIRECTOR - HUMAN RESOURCES , LEGAL & DEMOCRATIC SERVICES

Cost Centre Description	Full Year Budget £	Expenditure Budget to Date £	Income Budget to Date £	Net Budget to Date £	Expenditure Actual to Date £	Income Actual to Date £	Net Actual to Date £	Over/(Under) Spend to Date £	Year End Forecast Variance %	Year End Forecast Variance £	Year End Variance Notes
Human Resources & Payroll	281,293	95,674	(35,924)	59,750	61,604	(11,117)	50,487	(9,263)	2.48%	6,967	
Human Resources:	281,293	95,674	(35,924)	59,750	61,604	(11,117)	50,487	(9,263)	2.48%	6,967	
Health & Safety	56,163	15,118	(450)	14,668	16,799	0	16,799	2,131	0.71%	399	
Health & Safety:	56,163	15,118	(450)	14,668	16,799	0	16,799	2,131	0.71%	399	
Central Training Services	73,009	17,766	(201)	17,565	9,007	(201)	8,807	(8,758)	8.08%	(5,897)	
Learning & Development:	73,009	17,766	(201)	17,565	9,007	(201)	8,807	(8,758)	8.08%	(5,897)	
Legal Services	130,585	70,482	(37,543)	32,939	27,681	35,800	63,481	30,542	4.52%	5,900	
Legal Services:	130,585	70,482	(37,543)	32,939	27,681	35,800	63,481	30,542	4.52%	5,900	
Democratic Services	109,355	30,317	0	30,317	31,906	0	31,906	1,589	1.88%	2,058	
Members Allowances & Expenses	211,550	52,776	0	52,776	54,103	0	54,103	1,327	0.52%	1,102	
Mayoralty & Civic Functions	3,713	717	0	717	5,462	(400)	5,062	4,345	68.33%	2,537	
Democratic Services:	324,618	83,810	0	83,810	91,471	(400)	91,071	7,261	1.75%	5,697	
Electoral Registration	89,014	25,049	(378)	24,671	39,843	0	39,843	15,172	5.49%	4,891	
Election Expenses	(3,300)	12,000	0	12,000	12,807	0	12,807	807	0.00%	0	
Elections:	85,714	37,049	(378)	36,671	52,650	0	52,650	15,979	5.71%	4,891	
TOTALS: HR, LEGAL & DEMOCRATIC	951,382	319,899	(74,496)	245,403	259,212	24,082	283,295	37,892	1.89%	17,957	

ASSISTANT DIRECTOR - FAMILIES & COMMUNITIES

Cost Centre Description	Full Year Budget £	Expenditure Budget to Date £	Income Budget to Date £	Net Budget to Date £	Expenditure Actual to Date £	Income Actual to Date £	Net Actual to Date £	Over/(Under) Spend to Date £	Year End Forecast Variance %	Year End Forecast Variance £	Year End Variance Notes
Policy	128,907	40,795	0	40,795	27,681	0	27,681	(13,114)	3.86%	(4,976)	
Policy:	128,907	40,795	0	40,795	27,681	0	27,681	(13,114)	3.86%	(4,976)	
Communications	74,479	23,786	0	23,786	23,410	0	23,410	(376)	0.86%	(641)	
Website and Intranet	21,475	11,705	0	11,705	6,253	0	6,253	(5,452)	0.26%	56	
Communications:	95,954	35,491	0	35,491	29,663	0	29,663	(5,828)	0.61%	(585)	
Customer Services	338,543	130,026	0	130,026	143,780	0	143,780	13,754	2.84%	9,605	
Bus Stations	45,638	25,012	(3,309)	21,702	22,474	300	22,774	1,072	1.54%	703	
Customer Services:	384,181	155,038	(3,309)	151,728	166,254	300	166,554	14,826	2.68%	10,308	
Families & Communities	175,428	56,042	(7,020)	49,022	45,838	(637)	45,201	(3,821)	1.99%	(3,498)	
Community Chest - Families & Communities	89,750	210,768	(121,018)	89,750	181,930	(96,182)	85,748	(4,002)	0.00%	0	
Health, Culture & Arts	10,000	2,499	0	2,499	2,433	0	2,433	(66)	0.00%	0	
Community Centres	2,870	2,102	0	2,102	2,987	(876)	2,111	9	0.17%	5	
Families & Communities:	278,048	271,411	(128,038)	143,373	233,188	(97,695)	135,493	(7,880)	1.26%	(3,493)	
Housing Options: Choice Based Lettings	64,418	24,496	(1,701)	22,795	115,216	(98,502)	16,714	(6,081)	0.34%	219	
Housing Options: Advice & Prevention	103,450	49,293	(3,672)	45,621	57,156	(40,306)	16,850	(28,771)	17.65%	(18,257)	Includes additional £22k reimbursement for costs incurred.
Housing Options: Solutions	62,303	17,142	0	17,142	6,098	0	6,098	(11,044)	1.58%	(982)	
Non-HRA Housing Properties	10,875	18,750	(4,914)	13,836	16,526	(1,809)	14,717	881	10.38%	1,129	
Housing Options:	241,046	109,681	(10,287)	99,394	194,996	(140,617)	54,379	(45,015)	7.42%	(17,891)	
TOTALS: FAMILIES & COMMUNITIES	1,128,136	612,416	-141,634	470,781	651,782	-238,012	413,770	-57,011	1.47%	-16,637	

ASSISTANT DIRECTOR - PLANNING & REGULATORY SERVICES

Cost Centre Description	Full Year Budget £	Expenditure Budget to Date £	Income Budget to Date £	Net Budget to Date £	Expenditure Actual to Date £	Income Actual to Date £	Net Actual to Date £	Over/(Under) Spend to Date £	Year End Forecast Variance %	Year End Forecast Variance £	Year End Variance Notes
Development Control	(253,915)	104,337	(158,025)	(53,688)	101,029	(153,116)	(52,087)	1,601	8.80%	22,345	
Development Control:	(253,915)	104,337	(158,025)	(53,688)	101,029	(153,116)	(52,087)	1,601	8.80%	22,345	
Land Charges	(41,160)	9,344	(27,750)	(18,406)	7,817	(32,290)	(24,473)	(6,067)	8.37%	(3,446)	
Building Control	(34,599)	35,982	(41,223)	(5,241)	34,298	(30,775)	3,523	8,764	69.21%	23,946	Fee income currently expected to underachieve by £24k.
Planning & Regulatory Support	175,309	49,440	0	49,440	51,876	0	51,876	2,436	4.89%	8,573	
Business (BC & Support):	99,550	94,766	(68,973)	25,793	93,991	(63,065)	30,926	5,133	29.20%	29,073	
Prevention of Pollution	27,654	8,886	(2,430)	6,456	3,844	0	3,844	(2,612)	1.03%	284	
Environmental Management	(47,975)	8,983	(20,100)	(11,117)	9,385	(7,834)	1,551	12,668	35.47%	17,018	Solar for business income currently expected to underachieve by £20k.
Drinking Water Quality	23,822	6,952	(84)	6,868	6,815	(1,512)	5,303	(1,565)	30.12%	7,176	
Climate Change	21,953	5,487	0	5,487	15,751	0	15,751	10,264	9.96%	2,187	
Solar Farm	(921,000)	106,051	(495,000)	(388,949)	15,786	(119,730)	(103,945)	285,004	0.18%	1,698	
Home Energy Conservation	3,508	1,551	(678)	873	3,107	0	3,107	2,234	71.98%	2,525	
Environment:	(892,038)	137,910	(518,292)	(380,382)	54,688	(129,076)	(74,389)	305,993	3.46%	30,888	
Licensing	(7,646)	26,432	(23,835)	2,597	32,127	(10,126)	22,001	19,404	259.22%	19,820	
Hackney Carriage & Private Hire Licensing	(50,895)	594	(13,317)	(12,723)	1,436	(18,341)	(16,905)	(4,182)	6.39%	3,253	
Food Safety	64,043	16,938	(776)	16,162	14,995	(4,104)	10,891	(5,271)	1.45%	(927)	
Health & Safety at Work Act/Enforcement	47,317	12,633	(650)	11,983	13,303	(4,065)	9,238	(2,745)	12.14%	(5,742)	
Business Reg & Licensing:	52,819	56,597	(38,578)	18,019	61,861	(36,636)	25,225	7,206	31.06%	16,404	
Housing Renewals	77,413	20,714	(48)	20,666	18,167	(50)	18,117	(2,549)	5.09%	(3,941)	
Burial of the Dead	9,142	2,107	(9)	2,098	2,201	247	2,447	349	0.09%	(8)	
Other Public Health Services	124,837	34,964	(621)	34,343	40,936	(725)	40,211	5,868	0.71%	885	
Public Health & Housing:	211,392	57,785	(678)	57,107	61,304	(528)	60,775	3,668	1.45%	(3,064)	
TOTALS: PLANNING	-782,192	451,395	-784,546	-333,151	372,873	-382,421	-9,550	323,601	12.23%	95,646	

ASSISTANT DIRECTOR - OPERATIONS

Cost Centre Description	Full Year Budget £	Expenditure Budget to Date £	Income Budget to Date £	Net Budget to Date £	Expenditure Actual to Date £	Income Actual to Date £	Net Actual to Date £	Over/(Under) Spend to Date £	Year End Forecast Variance %	Year End Forecast Variance £	Year End Variance Notes
Pool Cars	516	0	0	0	0	0	0	0	0.00%	0	
Fleet Management:	516	0	0	0	0	0	0	0	0.00%	0	
Depots	(38,230)	38,364	(94,065)	(55,701)	35,635	(93,701)	(58,066)	(2,365)	2.17%	831	
Waste & Cleansing Operatives	(40,380)	639,614	(1,574,866)	(935,252)	677,755	(1,574,680)	(896,925)	38,327	147.46%	59,545	Staffing costs currently forecast to exceed budget. To be kept under review.
Markets	71,007	82,297	(6,837)	75,460	82,183	(7,310)	74,874	(586)	0.87%	(621)	
Operational:	(7,603)	760,275	(1,675,768)	(915,493)	795,573	(1,675,691)	(880,117)	35,376	785.94%	59,755	
Street Cleansing	603,084	505,336	(1,677)	503,659	453,043	(410)	452,633	(51,026)	1.76%	(10,626)	Currently forecasted to underspend on Staffing costs by £10k.
Refuse Collection (Black Bin)	421,839	368,204	(2,994)	365,210	365,129	0	365,129	(81)	1.69%	7,123	
Recycling Collection (Blue Bin)	348,058	356,721	(18,316)	338,405	353,037	(15,890)	337,147	(1,258)	2.87%	(10,000)	Income from recycling currently expected to exceed budget by £10k.
Compostable Collection (Brown Bin)	100,282	291,872	(327,305)	(35,433)	139,718	(396,237)	(256,519)	(221,086)	0.00%	0	
Bulky, Fridges, Metal & Scrap Collection	42,306	46,916	(4,257)	42,659	47,861	(7,609)	40,252	(2,407)	21.61%	(9,144)	Income from bulky collections currently expected to exceed budget.
Clinical & Hazardous Waste Collection	4,191	1,275	(255)	1,020	835	(207)	628	(392)	50.32%	2,109	
Multi-Bank Recycling Sites	(37,153)	7,293	(11,788)	(4,495)	(1,593)	(5,172)	(6,765)	(2,270)	6.56%	(2,439)	
Trade Waste	(83,881)	174,993	(446,016)	(271,023)	180,538	(400,696)	(220,158)	50,865	0.78%	656	
Waste - Business & Commercial	1,398,726	1,752,610	(812,608)	940,002	1,538,568	(826,221)	712,347	(227,655)	1.60%	(22,321)	
Property Services	369,138	93,000	(1,056)	91,944	84,306	(1,612)	82,694	(9,250)	0.64%	(2,359)	
Property Maintenance:	369,138	93,000	(1,056)	91,944	84,306	(1,612)	82,694	(9,250)	0.64%	(2,359)	

Detail by Assistant Director

2017/18 June Budget Monitoring Report

ASSISTANT DIRECTOR - OPERATIONS (continued)

Cost Centre Description	Full Year Budget £	Expenditure Budget to Date £	Income Budget to Date £	Net Budget to Date £	Expenditure Actual to Date £	Income Actual to Date £	Net Actual to Date £	Over/(Under) Spend to Date £	Year End Forecast Variance %	Year End Forecast Variance £	Year End Variance Notes
Industrial & Business Units	(602,882)	470,189	(307,321)	162,868	392,663	(327,325)	65,339	(97,529)	11.03%	(66,489)	Industrial rent income currently forecasted to exceed budget reflecting better occupancy levels than previously anticipated. Ongoing budget being reviewed
Town Centres & Shops	(876,242)	26,504	(167,179)	(140,675)	34,015	(144,659)	(110,644)	30,031	0.86%	7,516	
Property Management:	(1,479,124)	496,693	(474,500)	22,193	426,678	(471,984)	(45,305)	(67,498)	3.99%	(58,973)	
Offices: College Heath Road	(138,780)	122,518	(291,113)	(168,595)	115,941	(297,344)	(181,403)	(12,808)	0.42%	582	
Offices: Brandon & Newmarket Guineas	(19,200)	9,110	(34,287)	(25,177)	20,225	(34,287)	(14,062)	11,115	3.31%	635	
Public Conveniences	52,039	27,077	(2,601)	24,476	25,924	(1,152)	24,772	296	5.25%	(2,731)	
CCTV	89,752	266	0	266	18,501	0	18,501	18,235	3.20%	2,875	
Green Travel Plan	0	0	0	0	0	(867)	(867)	(867)	0.00%	0	
District Highways Services	(7,880)	6,462	(180)	6,282	5,285	(1,315)	3,970	(2,312)	126.90%	(10,000)	
Land Drainage & Associated Works	74,500	37,250	0	37,250	78,919	0	78,919	41,669	5.93%	4,419	
Facilities, CCTV & Highways Services:	50,431	202,683	(328,181)	(125,498)	264,795	(334,965)	(70,170)	55,328	8.37%	(4,220)	
Courier & Postal Service	58,929	15,258	0	15,258	(1,009)	0	(1,009)	(16,267)	10.01%	(5,898)	
Printing & Copying Service	46,103	16,775	(1,494)	15,281	7,516	(39)	7,477	(7,804)	32.44%	(14,958)	Staffing costs underspent. Budget under review.
Central Services:	105,032	32,033	(1,494)	30,539	6,507	(39)	6,468	(24,071)	19.86%	(20,856)	
Off Street Car Parks	(369,192)	180,783	(150,085)	30,698	202,624	(159,482)	43,142	12,444	2.71%	(10,000)	Income levels currently forecast to exceed the budget.
Car Parking:	(369,192)	180,783	(150,085)	30,698	202,624	(159,482)	43,142	12,444	2.71%	(10,000)	
Arboriculture (Tree Maintenance Works)	97,827	15,948	0	15,948	11,508	0	11,508	(4,440)	0.09%	(86)	
Other Parks and Play Provision	259,098	75,478	(2,865)	72,613	92,955	(14,046)	78,909	6,296	0.98%	(2,542)	
Children's Play Areas	60,639	30,186	0	30,186	26,721	0	26,721	(3,465)	0.50%	301	
Cemeteries & Closed Churchyards	0	0	0	0	515	(7,318)	(6,803)	(6,803)	0.00%	(159)	
Parks & Open Spaces	417,564	121,612	(2,865)	118,747	131,699	(21,364)	110,335	(8,412)	0.60%	(2,486)	
Sports & Leisure Centres	484,512	294,606	(24,975)	269,631	280,863	(2,456)	278,408	8,777	0.02%	91	
Leisure & Sports	22,000	12,870	0	12,870	395	0	395	(12,475)	0.00%	0	
Sports & Leisure Development	506,512	307,476	(24,975)	282,501	281,258	(2,456)	278,803	(3,698)	0.02%	91	

ASSISTANT DIRECTOR - OPERATIONS (continued)

Cost Centre Description	Full Year Budget £	Expenditure Budget to Date £	Income Budget to Date £	Net Budget to Date £	Expenditure Actual to Date £	Income Actual to Date £	Net Actual to Date £	Over/(Under) Spend to Date £	Year End Forecast Variance %	Year End Forecast Variance £	Year End Variance Notes
Arts, Heritage & Cultural Services	10,333	5,037	(249)	4,788	4,668	0	4,668	(120)	0.01%	(1)	
Heritage	10,333	5,037	(249)	4,788	4,668	0	4,668	(120)	0.01%	(1)	
Shopmobility	8,340	5,834	0	5,834	5,000	0	5,000	(834)	0.00%	0	
The Pavilion - Lady Wolverton Playingfield	(7,870)	6,155	(4,125)	2,030	5,516	(3,686)	1,830	(200)	0.00%	0	
Palace House and Stables	0	0	0	0	15,670	0	15,670	15,670	0.00%	0	
Halls & Events	470	11,989	(4,125)	7,864	26,186	(3,686)	22,500	14,636	0.00%	0	
TOTALS: OPERATIONS	1,002,803	3,964,191	(3,475,906)	488,285	3,762,862	(3,497,500)	265,365	(222,920)	6.12%	(61,370)	

Detail by Assistant Director

2017/18 June Budget Monitoring Report

ASSISTANT DIRECTOR - GROWTH

Cost Centre Description	Full Year Budget £	Expenditure Budget to Date £	Income Budget to Date £	Net Budget to Date £	Expenditure Actual to Date £	Income Actual to Date £	Net Actual to Date £	Over/(Under) Spend to Date £	Year End Forecast Variance %	Year End Forecast Variance £	Year End Variance Notes
Housing Development & Strategy	104,618	30,458	(3,588)	26,870	20,378	(1,738)	18,639	(8,231)	0.12%	(121)	
Gypsies & Travellers	13,642	3,232	(9)	3,223	2,201	(8)	2,192	(1,031)	1.93%	(263)	
Housing Development & Strategy:	118,260	33,690	(3,597)	30,093	22,579	(1,746)	20,831	(9,262)	0.32%	(384)	
Housing Business & Partnerships	38,735	9,681	0	9,681	10,969	(3,659)	7,310	(2,371)	5.91%	(2,290)	
Housing Business & Partnerships:	38,735	9,681	0	9,681	10,969	(3,659)	7,310	(2,371)	5.91%	(2,290)	
Planning Policy	368,117	180,715	(5,154)	175,561	174,805	(17,444)	157,362	(18,199)	2.07%	(7,603)	
Local Plan	6,600	72,273	(70,623)	1,650	21,879	(21,879)	0	(1,650)	0.00%	0	
Place Shaping:	374,717	252,988	(75,777)	177,211	196,684	(39,323)	157,362	(19,849)	2.03%	(7,603)	
Economic Development & Growth	175,324	63,187	(8,073)	55,114	55,879	0	55,879	765	7.75%	(13,585)	Forecast underspend on Employee expenses.
Strategic Tourism & Markets	29,853	7,464	0	7,464	14,079	0	14,079	6,615	2.35%	(703)	
Vibrant Town Centres	14,680	3,669	0	3,669	(4,430)	0	(4,430)	(8,099)	14.72%	(2,161)	
Economic Development & Growth:	219,857	74,320	(8,073)	66,247	65,528	0	65,528	(719)	7.48%	(16,449)	
TOTALS: GROWTH:	751,569	370,679	(87,447)	283,232	295,760	(44,728)	251,031	(32,201)	3.56%	(26,726)	

2017/18 June Capital Budget Monitoring Report

Project Description	Revised Budget for Year £	Actual Spend Year to date £	2017-18 Forecast Actual Spend £	2017/18 Funded from External Grants £	2017-18 Carry Forward Requested £	Over/(Under) Spend for Year £	Notes
<u>Resources & Performance</u>							
Home of Horseracing Project	0	26,615	26,615	26,615	0	0	Project ongoing, the viewing stand is still to be completed and lease to be signed. All expenditure in 2017/18 will be fully funded by donations, and as such this is not a true overspend.
Invest to Save Projects	296,000	0	296,000		0	0	Expected to be fully spent, Budget will be allocated to projects as they arise
Leisure Capital Investment Fund	3,500,000	0	3,500,000		0	0	Work continues on the investment opportunities with Abbeycroft and business cases are due to be considered by Cabinet in the Autumn.
<u>Families & Communities</u>							
CRM Project	36,450	0	36,450		0	0	Project progressing, spend profile according to Customer Access Business Case.
Affordable Housing	405,000	0	0		405,000	0	Leadership Team agreed this should be used to secure additional temporary accommodation in the district. Carry forward requested.
<u>Planning & Regulatory</u>							
Private Sector Disabled Facilities Grants	175,000	(5,541)	175,000		0	0	We commenced performance improvement conversations in July with the provider. We are planning a review of the service with a view of making recommendations to SCOLT on any system changes.
Private Sector Renewal Grants	220,000	9,120	100,000		120,000	0	Spend expected to be lower than budget as a result of lower demand. Budget review ongoing.
Historic Buildings Grant	15,000	350	15,000		0	0	Applications have been submitted to utilise budget in 17/18.
Community Energy Plan	1,482,821	104,358	265,000		1,217,821	0	Several projects in the pipeline for 2017/18 which will generate additional income in future years. Remainder requested to be carried forward for new projects in future years.
Parish Council S106 Grants	0	124,156	124,156	124,156	0	(0)	S106 funded.
<u>Operations</u>							
Asset Management Plan	636,271	0	636,271		0	(0)	To be allocated to projects as Business Cases are approved.
Vehicle & Plant Purchases	314,000	0	314,000		0	0	Spend in line with Vehicle, Plant & Equipment Programme.
Leisure Centre Brandon	50,000	5	(0)		0	(50,000)	Project complete, remaining budget to be retained in Capital receipts

2017/18 June Capital Budget Monitoring Report

Project Description	Revised Budget for Year £	Actual Spend Year to date £	2017-18 Forecast Actual Spend £	2017/18 Funded from External Grants £	2017-18 Carry Forward Requested £	Over/(Under) Spend for Year £	Notes
Mildenhall Hub	0	1,250	0		0	0	Project budget approved and currently going through planning application stage. Spend expected in the final quarter of 2017/18.
Swimming Pool Mildenhall	250,000	0	0		250,000	0	Project not expected to complete in 2017/18. Carry forward requested.
Flowerpot Brandon	50,000	0	0		50,000	0	Project under review.
Playground Improvements	0	26,081	26,464	26,464	0	0	Funded from S106 and Leisure reserve.
Waste & Street Scene Back Office System	54,128	785	54,128		0	0	Project expected to complete in 2017/18.
Refurbishment & Upgrade of Communal Areas, Harvey Adam Enterprise Centre	25,595	25,595	25,595		0	(0)	Project completed. Budget to be amended from Asset Management Fund
West Suffolk Operational Hub	2,589,750	0	2,589,750		0	0	Project budget approved and currently going through planning application stage. Spend expected in the final quarter of 2017/18.
Growth							
Wellington Street Newmarket - Wider Pedestrianisation Scheme	150,000	0	0		150,000	0	Will not be spent in 2017/18. Currently under review as part of the Newmarket Masterplan
Private Housing Company	350,000	0	350,000		0	0	Currently expecting sites to be purchased in Q4
Investing in our Growth Agenda	10,000,000	0	10,000,000		0	0	Several proposals under review. Monies expected to be spent in the final stages of this financial year.
TOTALS;	20,600,015	312,773	18,534,429	177,235	2,192,821	(50,000)	

Earmarked Reserves

2017/18 June Budget Monitoring Report

Reserve Details	2017/18 Opening Balance	2017/18 Budgeted Movement	2017/18 Budgeted Closing Balance	2017/18 Current Balance	2017/18 Forecast Closing Balance	2017/18 Forecast Variance (Under) / Over spent	Notes
Investing in our Growth Agenda Reserve	0	500,000	500,000	0	500,000	0	This is a new reserve which has been set up to support the delivery of the council's growth agenda, reports CAB/FH/17/018 and COU/FH/17/004 refer.
Strategic Priorities & MTFS Reserve	8,317,190	(5,204,918)	3,112,271	9,023,434	4,330,092	(1,217,821)	Budgeted Reserve movement includes £5.9m Capital Programme Funding for 2017/18. The under-utilisation of £1.2m relates to the Community Energy Plan project, and represents the amount of budget requested to be carried forward into 2018/19.
Invest to Save Reserve	379,543	(151,177)	228,366	459,971	232,343	(3,977)	Budgeted utilisation during 2017/18 includes funding for the Waste & Street Scene Back Office System - see appendix C. Closing balance Includes £3.9k transfer from the Local Land Charges Reserve.
Risk/Recession Reserve	421,323	(237,000)	184,323	408,023	184,323	0	No movement expected during 2017/18.
BRR Equalisation Reserve	35,886	665,926	701,812	517,275	701,812	0	
Self Insured Fund	111,069	25,000	136,069	186,069	136,069	0	
Computer & Telephone Equipment Reserve	158,527	35,000	193,527	188,996	193,527	0	
HB Equalisation Reserve	161,046	107,320	268,366	261,046	268,366	0	
Professional Fees Reserve	74,780	35,000	109,780	109,780	109,780	0	
ARP Reserve	412,879	(95,168)	317,711	312,879	317,711	0	
Vehicle & Plant Renewal Fund	443,601	16,000	459,601	773,601	459,601	0	In line with expected spend on Vehicles, Plant & Equipment in the year.
Waste Management Reserve	112,256	0	112,256	112,256	112,256	0	No movement expected during 2017/18.
BR-Building Repairs Reserve - Leisure	0	27,932	27,932	27,932	27,932	0	
BR-Building Repairs Reserve - Other	25,907	136,170	162,077	496,534	270,538	(108,461)	Forecasted Spend on Building Repairs & Maintenance currently expected to be below budget.
Car Park Development Fund	56,170	(56,170)	(1)	0	(1)	0	
Commuted Maintenance Reserve	503,355	(8,000)	495,355	503,355	495,355	0	
Newmarket Stallion Reserve	22,459	0	22,459	22,459	22,459	0	No movement expected during 2017/18.
Leisure Reserve	27,932	(27,932)	0	0	0	0	
Communities against Drugs Reserve	30,000	0	30,000	30,000	30,000	0	No movement expected during 2017/18.
Planning Reserve	25,835	75,500	101,335	113,956	101,335	0	
Building Regulations Charging Reserve	1	0	1	1	1	0	
Planning Delivery Grant	87,597	(30,300)	57,297	87,597	59,847	(2,550)	

Earmarked Reserves

2017/18 June Budget Monitoring Report

Reserve Details	2017/18 Opening Balance	2017/18 Budgeted Movement	2017/18 Budgeted Closing Balance	2017/18 Current Balance	2017/18 Forecast Closing Balance	2017/18 Forecast Variance (Under) / Over spent	Notes
Local Land Charges Reserve	54,009	(50,032)	3,977	0	0	3,977	Balance on reserve now transferred to the Invest to save Reserve.
Planning Policy Statement Climate Change	2,579	(2,579)	0	0	0	0	Monies held from DCLG grant received. Expected to be fully utilised during 2017/18.
S106 Monitoring Officer Reserve	35,564	(20,621)	14,943	23,923	14,943	0	
Implementing Smoke Free Legislation	7,758	(7,758)	0	0	0	0	Monies held from DCLG grant received. Expected to be fully utilised during 2017/18.
Homelessness Legislation Reserve	127,736	13,828	141,564	226,238	141,564	0	Budget includes contributions in respect of the DCLG Flexible Homelessness Support Grant which is being utilised to support the Housing Options Team.
S106 Revenue Reserve	127,305	0	127,305	127,305	127,305	0	No movement expected during 2017/18.
Election Reserve	43,091	10,000	53,091	53,091	53,091	0	
Staff Training Reserve	22,582	(22,582)	0	0	0	0	
Forest Heath Totals	11,827,978	(4,266,561)	7,561,417	14,065,719	8,890,249	(1,328,832)	

Performance and Audit Scrutiny Committee



Title of Report:	Annual Treasury Management Report 2016-2017 and Investment Activity 1 April to 30 June 2017	
Report No:	PAS/FH/17/023	
Report to and dates:	Performance and Audit Scrutiny Committee	27 July 2017
	Cabinet	12 September 2017
	Council	27 September 2017
Portfolio holder:	Stephen Edwards Portfolio Holder for Resources and Performance Tel: 01799 530325 Email: stephen.edwards@forest-heath.gov.uk	
Lead officer:	Rachael Mann Assistant Director (Resources and Performance) Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	
Purpose of report:	To: <ul style="list-style-type: none"> a) Present the Council’s Annual Treasury Management Report summarising the investment activities for the year 2016/17; and b) Provide a summary of investment activities for the first three months 2017/18 financial year. 	

Recommendation:	Performance and Audit Scrutiny Committee: It is <u>RECOMMENDED</u> that the Committee: (1) Scrutinises the content of this report, including details of the Treasury Management Performance for the first three months of the 2017-2018 financial year; and, (2) Makes recommendations to Cabinet and Council regarding the approval of the attached Annual Treasury Management Report for 2016-2017 (Attachment 1 refers).	
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 CDCM/Tradition (the Council's appointed brokers for longer term investments) and also takes into account information obtained from other investment brokers and economic commentators. Any changes in strategies and policies are subject to approval by the Head of Resources and Performance, 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 Council's borrowings, the continuation of in-house management of funds and the approach to be adopted in establishing the credit worthiness of potential counterparties. The changing nature of the economic climate requires that these key areas are subject to on-going review. 	
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 the 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"/> <ul style="list-style-type: none"> • 	

<p>Are there any legal and/or policy implications? If yes, please give details</p>		<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2015/16. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code). 	
<p>Are there any equality implications? If yes, please give details</p>		<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <ul style="list-style-type: none"> 	
<p>Risk/opportunity assessment:</p>		<p><i>(potential hazards or opportunities affecting corporate, service or project objectives)</i></p>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
Fluctuations in interest rates or in projected cash flows having significant impact on budgeted investment income.	High	Spread of investments for periods of up to two years. Budget monitoring and quarterly performance reports.	Medium
Bank / building society failure resulting in loss of Council funds.	High	Use of CDCM/Tradition advice on counterparty credit ratings (based on Fitch and Moody ratings) and the setting of lending limits. Use of non-rated building societies based on asset base and additional credit checks.	Medium
<p>Ward(s) affected:</p>		<p>All Wards</p>	
<p>Background papers: <i>(all background papers are to be published on the website and a link included)</i></p>		<p>CIPFA's revised Code of Practice for Treasury Management, (the Code), published in 2011.</p> <p>Annual Treasury Management and Investment Strategy – 2016/17 (COU/FH/16/003)</p>	

Documents attached:

Attachment 1 - Annual Treasury Annual Report 2016/17

Appendix 1 – Temporary Loans 2016/17

Appendix 2 – CDCM Investments 2016/17

Appendix 3 – Internally Managed Investments 2016/17

Appendix 4 – Comparison of Rates 2016/17

Appendix 5 – Statement of Compliance with the Treasury Management Code of Practice

1. Key issues and reasons for recommendation(s)

1.1 Annual Report 2016-2017

1.2 Interest Earned from Treasury Investments during the year

1.2.1 The table below summaries the interest earned during 2016/17.

1.2.2

TREASURY MANAGEMENT – INTEREST EARNED SUMMARY		
	2016/17	2015/16
	£	£
CDCM/ Tradition Investments	184,657.53	348,117.67
In-House Investments	31,557.84	43,990.05
Lloyds 95 day Notice Account	11,116.42	11,168.00
Barclays FIBCA	7,840.85	8,264.24
NatWest LSA	2,011.02	555.41
Santander 180 day Account	10,047.95	5324.66
Santander 95 day Account	3,515.07	
TOTAL INTEREST EARNED/ACCRUED	£250,746.67	£472,511.43

1.2.3 The budgeted income from investments in 2016/17 was £350,000 (average rate of return of 1.50%). Interest actually earned during the year totalled £250,747 (average rate of return of 1.06%), an under achievement in interest of £99,253 and an under achievement of 0.44% on average rate of return.

1.2.4 The under achievement of interest earned was primarily due to use of £14m of investment funds to purchase the Solar Farm at Toggam Farm. This combined with the continuing low rates of return offered by our counterparties has resulted in this under achievement.

1.2.5 The Bank of England reduced the base rate to 0.25% on 4 August 2016, where it remained throughout the whole of 2016/17. The bank's Funding for Lending Scheme also remained open during the year consequently interest rates offered by institutions remained low which resulted in a lower average rate of return being achieved by the council during 2016/17.

1.3 Investment Activity during the year

1.3.1 The table below summaries the investment activities during 2016/17;

TREASURY MANAGEMENT – INVESTMENT ACTIVITY SUMMARY	
	2016/17
Opening Balance 01 April 2016	29,490,000
Investments made during the year (including transfers to business reserve accounts)	75,050,000
Sub Total	104,540,000
Investments realised during the year (including withdrawals from business reserve accounts)	86,535,000
Closing Balance 31 March 2017	18,005,000

1.3.2 During the fourth quarter of 2016/17, £1.6m was placed in the NatWest LSA account which had been earmarked for a payment that would be required at short notice.

1.4 Investments held as at 31 March 2017

1.4.1 The table below shows the investments held as at 31 March 2017;

Investments Held as at 31 March 2017				
Counterparty	Principal Amount	Interest Rate	Date Loaned	Date Returned
Lloyds TSB Bank Plc	2,000,000	3.65%	17/05/12	15/05/17
Close Bros Ltd	2,000,000	1.00%	09/01/17	09/07/18
Close Bros Ltd	1,000,000	0.80%	09/01/17	08/01/18
National Counties B/Society	3,500,000	0.78%	09/02/17	09/02/18
Principality B/Society	1,000,000	0.25%	06/03/17	18/04/17
Newcastle B/Society	1,000,000	0.27%	27/03/17	22/05/17
Coventry B/Society	2,000,000	0.22%	27/03/17	02/05/17
Lloyds 95 Day Account	2,400,000	0.37%	01/04/16	No notice given
Santander 180 Day Account	1,000,000	0.90%	01/04/16	No notice given
Santander 95 Day Account	500,000	0.65%	01/04/16	No notice given
NatWest LSA	1,600,000	0.01%	Call	
Barclays FIBCA	5,000	0.01%	Call	
TOTAL	18,005,000			

1.5 Market Activities

1.5.1 The Bank of England cut the base rate to 0.25% on August 4, 2017, where it remained throughout the year. Investment returns continue to be one to two basis points above or below base rate, depending on duration.

1.6 Borrowings

1.6.1 On 31 March 2008 the Council borrowed £4.0m from Barclays Bank Plc, to part fund the new Newmarket Leisure Centre. It is a long term loan, for 70 years, to 31 March 2078, at a rate of 4.24%, with interest payable in arrears on the 31 March and 30 September each year.

1.6.2 Interest paid on the Barclays loan during 2016/17 totalled £169,600.

1.7 Temporary Loans

1.7.1 The only other debt that the Council has is on a short term basis (i.e. 364 days or less) in the form of temporary loans in accordance with the 2016/17 Treasury Management Strategy.

- 1.7.2 The balance of principal outstanding for temporary loans as at 31 March 2017 was £2,000. No loans were repaid during the year. The table below shows the temporary loans outstanding as at 31 March 2017.

Temporary Loans as at 31 March 2017			
Loan number	Interest Rate	Maturity Date	Loan Amount
1557	7 Day Average	7 Days Notice	1,000
1735	7 Day Average	7 Days Notice	1,000
Balance outstanding as at 31 March 2017			£2,000

1.8 Average Rate of Return

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

Comparison of Average Rate of Return				
	Qtr 1	Qtr 2	Qtr 3	Qtr 4
Temporary Investments	0.390%	0.407%	0.405%	0.395%
CDCM Investments	1.660%	1.870%	1.997%	1.938%
NatWest LSA	0.250%	0.250%	0.250%	0.175%
Barclays FIBCA	0.450%	0.437%	0.439%	0.503%
Lloyds 95 day Account	0.620%	0.620%	0.620%	0.469%
Santander 180 day Acc	1.150%	1.109%	1.039%	1.005%
Santander 95 day Account	0.900%	0.854%	0.780%	0.746%
7 Day Average	0.475%	0.370%	0.410%	0.410%
3 year – 7 Day Average	0.484%	0.370%	0.640%	0.640%
Overall Average return on Investments	1.000%	1.070%	1.110%	1.06%

2. First Quarter Report 2017/18 - Investment Activity: 1 April to 30 June 2017

- 2.1.1 The total amount invested at 1 April 2017 was £18.005m and at 30 June 2017 £18.505m. The increase in balances over this period was due primarily to timing differences in respect of the collection of local taxes (Council Tax and Non Domestic Rates) and the payment of precepts (i.e. to Suffolk County Council, Suffolk Police and central government).
- 2.1.2 The 2017/18 Annual Treasury Management and Investment Strategy (report PAS/FH/16/006 refers) sets out the Council's projections for the current financial year. The budget for investment income in 2017/18 is £181,000 which is based on a 0.75% target average rate of return on investments.
- 2.1.3 As at the end of June 2017 interest actually earned during the first quarter of the financial year amounted to £32,311 (average rate of return of 0.67%) against a profiled budget for the period of £45,250; a budgetary deficit of £12,939. This budgetary deficit was due to the continuing low Bank of England base rate and subsequent poor investment rates being offered by the banks, building societies and financial institutions and falling rates being offered on Call Accounts/Notice Accounts.

2.1.4 The table below summaries the interest earned and the average rate of return achieved.

INTEREST EARNED & AVERAGE RATE OF RETURN SUMMARY			
Investment Category	Total Average Investment	Average Rate of Return (%)	Interest Earned in Q1
City Deposit Cash Managers	2,143,533	1.213%	22,587.12
Temporary Investments	1,447,989	0.288%	4,540.96
Lloyds 95 Day Account	2,443,082	0.370%	2,253.66
NatWest LSA	1,602,528	0.010%	39.95
Barclays FIBCA	5,000	0.00%	0.00
Santander 180 Day Account	1,000,000	0.851%	2,120.55
Santander 95 Day Account	500,000	0.617%	769.18
Total Overall Average Return on Investments %			0.670%
Total Interest Earned - 1 April 2017 to 30 June 2017			32,311.42

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

TREASURY MANAGEMENT – INVESTMENT ACTIVITY SUMMARY	
	2017/18
Opening Balance 01 April 2017	18,005,000
Investments made during the year (including transfers to business reserve accounts)	8,350,000
Sub Total	26,355,000
Investments realised during the year (including withdrawals from business reserve accounts)	7,850,000
Closing Balance 30 June 2016	18,505,000

2.1.6 The table below shows the list of investments held as at 30 June 2017:

LIST OF INVESTMENTS HELD AS AT 30 JUNE 2017				
Counterparty	Principal Amount	Interest Rate	Date Loaned	Date Returned
Close Bros Ltd	2,000,000	1.00%	09/01/17	09/07/18
Close Bros Ltd	1,000,000	0.80%	09/01/17	08/01/18
National Counties B/Soc	3,500,000	0.78%	09/02/17	09/02/18
Coventry B/Society	2,500,000	0.28%	02/05/17	23/08/17
Nottingham B/Society	1,500,000	0.31%	15/05/17	19/07/17
National Counties B/Soc	1,500,000	0.52%	15/05/17	20/10/17
Newcastle B/Society	1,000,000	0.26%	15/06/17	31/07/17
Lloyds 95 Day Account	2,400,000	0.62%	01/04/17	No notice given
Barclays FIBCA	5,000	0.00%	Call	Account
NatWest LSA	1,600,000	0.10%	Call	Account
Santander 180 Day Acct	1,000,000	0.75%	01/04/17	No notice given
Santander 95 Day Acct	500,000	0.55%	01/04/17	No notice given
TOTAL	18,505,000			

2.1.7 The table below shows a summary of the funds held as at 30 June 2017:

SUMMARY OF FUNDS HELD*	
Fund	£
Revenue Reserves	14,068,380
Capital Receipts Reserves	2,354,339
General Funds Reserve	2,000,216
Cashflow Balances	82,065
Total Value of Investments	18,505,000

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

2.2 Other Market Considerations

2.2.1 The triggering of Article 50, the start of the Brexit negotiations, on 29 March, 2017 and the General election on 8 June 2017, did little to stabilise the financial markets, which remain volatile. The treasury team will continue to closely monitor the situation and provide undated information as it becomes available.

2.2.2 Market Analysts have recently revised their prediction on base rate, with the majority moving back to possibility a rise until the first quarter of 2019, which is likely to have an adverse effect on the Council's average rate of return. Treasury management performance will continue to be closely monitored.

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TREASURY MANAGEMENT ANNUAL REPORT 2016/17

INTRODUCTION

1. Forest Heath District Council's Treasury Management Code of Practice 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.
2. Treasury Management in this context 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."
3. This Council has adopted the Code fully, and complies with its requirements. The primary requirement of the Code is the formulation and agreement by full Council of a Treasury Policy Statement (Treasury Management Code of Practice). This sets out Council and Committee responsibilities, as well as those of the Section 151 Officer (Head of Resources and Performance), in addition to the delegation and reporting arrangements. The Cabinet approved the Treasury Management Code of Practice for 2016/17 on 10 February 2016, (report COU/FH/16/003 refers).
4. A requirement of the Council's Treasury Management Code of Practice is the reporting to the Council of both the expected Treasury activity for the forthcoming financial year (the Treasury Management and Annual Investment Strategy Report) and subsequently the results of the Council's Treasury Management activities in that year (Treasury Management Annual Report).
5. This Report fulfils the requirements in accordance with **TMP6**, of the Treasury Management Code of Practice, which requires the submission of the Treasury Management Annual Report prior to 30 September following a financial year's end.

BORROWING

6. On the 31 March 2008 Forest Heath District Council borrowed £4.0M from Barclays Bank Plc, to part fund the new Newmarket Leisure Centre. It is a long term loan, for 70 years, to the 31 March 2078, at a rate of 4.24%, with interest payable in arrears on the 31 March and 30 September each year. The loan is on a LOBO basis, which stands for Lender's Option Borrower's Option, which gives the lender the opportunity to increase the interest rate at pre-set dates through the period of the loan, but also gives the Council the option to repay the loan and any accrued interest if they do not want to accept these new terms.
7. The first Lender's Option Date is the 31 March 2018 and thereafter, the last Business Day of each successive period of five years. Appropriate requirements for notice periods for the Lender and the Borrower are set out in the loan instrument.

8. On the 30 September 2016 interest was paid to Barclays Bank Plc in the sum of £85,032.32, and on the 31 March 2017 a further £84,567.67 was paid.
9. The only other debt that the Council has is on a short term basis (i.e. 364 days or less) in the form of temporary loans in accordance with the 2015/16 Treasury Management Strategy Report. These are detailed in the following paragraph.

TEMPORARY LOANS – SUMMARY POSITION

10. The balance of principal outstanding for temporary loans as at the 31 March 2017 was £2,000.
11. A list of temporary loans outstanding as at 31 March 2017 is shown in **Appendix 1**.

PUBLIC WORKS LOAN BOARD (PWLB)

12. No loans are outstanding with the Public Works Loan Board.

TREASURY MANAGEMENT STRATEGY

13. The strategy for Treasury Management during 2016/17 was reported to the Council on 24 February 2016.

INTEREST RATES

14. The Bank of England Base Rate remained at 0.50% until 4 August 2016 when it was further reduced to 0.25% where it remained for the rest of the year. Investment rates fluctuated during the year with investment returns on short term investments typically one or two basis points either side of the base rate. The Bank of England also announced that the Funding for Lending Scheme would remain open until 31 January 2018. This could mean that the reliance of financial institutions on the borrowing of wholesale funds (such as local authority investments) remains unchanged, resulting in a continued dampening of investment rates.
15. The Council's predicted average rate of return, included in the Annual Treasury Management and Investment Strategy Statements 2016/17, are detailed in the table below. Since the 2016/17 Strategy was set in February 2016, the Council's Treasury Advisers, have revised their prediction on interest rates, and are now forecasting no movement in the Bank of England base rate until quarter 1 of 2019. Consequently the Council reduced its average rate of return predictions in the Annual Treasury Management and Investment Strategy Statements 2017/18 (these new rates are also included in the table below for comparison).

Average Rate of Return Predictions		
	Annual Treasury Management & Investment Strategy Statements 2016/17	Annual Treasury Management & Investment Strategy Statements 2017/18
2016/17	1.50%	
2017/18	1.75%	0.75%
2018/19	2.00%	0.90%
2019/20	2.50%	0.90%
2020/21		0.90%

16. Following the start of the process to withdraw from Europe there may be a need to revise these predictions. The treasury team will continue to closely monitor the situation and provide updated information as it becomes available.

COMPLIANCE WITH THE TREASURY MANAGEMENT STRATEGY & CODE OF PRACTICE

17. During the financial year 2016/17 the Council operated within the requirements of the approved Annual Treasury Management & Investment Strategy and Treasury Management Code of Practice.

INVESTMENTS SUMMARY

18. The Council had five main investment categories in 2016/17 as follows:-

- Investments made on the advice of the brokers firm CDCM (Tradition)
- Internally Managed Temporary Investments by the Council
- NatWest Liquidity Select Call Account
- Barclays FIBCA Call Account
- Lloyds 95 day Notice Account
- Santander 180 and 95 day Notice Accounts

19. The overall amount of interest earned from investments (including accrued interest to 31 March 2017) in respect of the 2016/17 financial year totalled £250,972.82. This represents a shortfall of £99,000 against the budget of £350,000 as forecast in the Council's Medium Term Financial Strategy.

20. This shortfall in interest earned was due to two main factors, the lower than budgeted return that were available during the year and the use of £14m of reserves to fund the purchase of the Toggam Solar Farm.

21. The tables below summarise the interest earned during 2016/17 and compares it to 2015/16 and total investments held as at 31 March 2017 compared to 31 March 2016.

TREASURY MANAGEMENT – INTEREST EARNED SUMMARY		
	2016/17	2015/16
	£	£
CDCM/ Tradition Investments	184,657.53	348,117.67
In-House Investments	31,557.84	43,990.05

Lloyds 95 day Notice Account	11,116.42	11,168.00
Barclays FIBCA	7,840.85	8,264.24
NatWest LSA	2,011.02	555.41
Santander 180 day Account	10,047.95	5,324.66
Santander 95 day Account	3,515.07	0.00
TOTAL INTEREST EARNED/ACCRUED	£250,746.67	£417,402.03

TOTAL VALUE OF INVESTMENTS (PRINCIPAL) HELD AT YEAR END		
	At 31 March 17	At 31 March 16
	£	£
City Deposit Cash Managers Investments	8,500,000	16,000,000
Internally Managed Temporary Investments	4,000,000	8,900,000
Lloyds 95 day Notice Account	2,400,000	1,900,000
NatWest Liquidity Select Account	1,600,000	0
Barclays FIBCA	5,000	1,690,000
Santander 180 day Notice Account	1,000,000	1,000,000
Santander 95 day Notice Account	500,000	0
Total Value of Investments	18,005,000	29,490,000

INVESTMENTS MADE THROUGH CITY DEPOSIT CASH MANAGERS (TRADITION) ADVICE

22. Maturing investments re-invested through City Deposit Cash Managers advice during the financial year totalled £5.5m. In addition £7.5m of CDCM investments made prior to 2016/17 were still in place during 2016/17. Interest earned during the year on CDCM investments amounted to £184,657.53. **Appendix 2** contains details of individual investments.
23. The average rate of return from investments made through the advice of City Deposit Cash Managers was 1.938%. The table in **Appendix 4** compares the rates returned on the maturing investments during the year, compared to the Benchmark 3 year - 7 Day Average Rate of 0.640%.
24. A list of outstanding investments made on City Deposit Cash Managers advice, as at 31 March 2016 is shown below.

CDCM Investments Held as at 31 March 2016				
Counterparty	Principal Amount	Interest Rate	Date Loaned	Date Returned
Lloyds TSB Bank Plc	2,000,000	3.65%	17/05/12	15/05/17
Close Bros	2,000,000	1.00%	09/01/17	09/07/18
Close Bros	1,000,000	1.80%	09/01/17	08/01/18
National Counties B/Society	3,500,000	0.78%	09/02/17	09/02/18
TOTAL	8,500,000			

INTERNALLY MANAGED TEMPORARY INVESTMENTS

25. Internally Managed Temporary Investments and re-investments totalling £46,000,000 were made during the 2016/17 financial year. Interest earned during the year on these investments amounted to £31,557.83. **Appendix 3** contains details of individual investments.

26. A list of outstanding Internally Managed Temporary Investments as at 31 March 2015 is shown below.

Internally Managed Investments Held as at 31 March 2016				
Counterparty	Principal Amount	Interest Rate	Date Loaned	Date Returned
Principality B/Society	1,000,000	0.25%	06/03/17	18/04/17
Newcastle B/Society	1,000,000	0.27%	27/03/17	22/05/17
Coventry B/Society	2,000,000	0.22%	27/03/17	02/05/17
Santander 180 day Account	1,000,000	0.90%	01/04/16	Call
Santander 95 day Account	500,000	0.65%	22/04/16	Call
Lloyds 95 Day Account	2,400,000	0.37%	Call	
NatWest LSA	1,600,000	0.10%	Call	
Barclays FIBCA	5,000	0.40%	Call	
TOTAL	9,505,000			

27. The average rate of return on Internally Managed Temporary Investments was 0.395%.

28. The table in **Appendix 4** illustrates the average monthly rate of return on Internally Managed Temporary Investments, compared to the 3 year - 7 Day Average Rate of 0.484%.

THE NATWEST LIQUIDITY SELECT ACCOUNT

29. The NatWest Liquidity Select Account (NatWest LSA) has seen a steady drop in the interest rate offered, ending the year on 0.10%. Use of this account has been limited to holding funds that have been required at short notice and would not have been viable to use alternative investment vehicles.

30. Interest earned on this account amounted to £2,011.02.

THE BARCLAYS FIBCA ACCOUNT

31. Similar to the NatWest LSA account, the Barclays Fixed Interest Bearing Call Account (Barclays FIBCA) has seen a steady decline in the interest rate offered, again ending the year at 0.10%. Use of this account has also been limited to holding funds required at short notice.

32. Interest earned on this account during the year amounted to £7,840.83.

THE LLOYDS 95 DAY NOTICE ACCOUNT

33. The Lloyds 95 Day Notice Account was opened 2 April 2013 to take advantage of the 0.75% rate of interest offered. The rate has reduced during the year to 0.37% which is still comparable with short term investment rates available in the market.

34. Interest earned on this account during the year amounted to £11,116.41.

35. During the course of the year an additional investment of £500,000 was made in this account. The balance held on the account as at the 31 March 2017 was £2,400,000.

SANTANDER 180 DAY NOTICE ACCOUNT

36. In October 2015 the Council opened a Santander 180 day Notice Account that offers a return of 1.15%, when the base rate was cut to 0.25% in August 2016 the interest rate on this account was cut to 0.90%, which still remains comparable to one year, fixed term rates currently available.

37. Interest earned on this account during the year amounted to £10,047.94.

38. The balance held on the account as at 31 March 2017 was £1,000,000.

SANTANDER 95 DAY NOTICE ACCOUNT

39. The Santander 95 day Notice Account was opened on 22 April 2016, with an initial interest rate of 0.90%, this was also reduced in August, following the base rate cut, to 0.65% which still remains comparable to three month, fixed term rates currently available/

40. Interest earned on this account during the year amounted to £3,515.06.

41. The balance held on this account as the 31 March 2017 was £500,000.

APPENDIX 1

LIST OF TEMPORARY LOANS OUTSTANDING AND TERMS OF LOANS AS AT 31 MARCH 2017

LOAN NUMBER	% RATE OF INTEREST	MATURITY DATE	LOAN AMOUNT (£)
1557	7 Day Average Rate	7 Days Notice	1,000
1735	7 Day Average Rate	7 Days Notice	1,000
Balance Outstanding as at 31 March 2017			<u>2,000</u>

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CDCM / TRADITION INVESTMENTS 2016/17							Appendix 2
Counterparty Name	Value / Balance £	Interest Rate %	Date Loaned	Date of Return	No. of Days	Total Interest Payable £	Interest Accrued 2016-17
Lloyds TSB Bank Plc	2,000,000.00	3.650000	17-May-12	15-May-17	1824	364,800.00	73,000.00
Close Bros Ltd	3,000,000.00	2.050000	8-Jan-15	9-Jan-17	732	123,336.99	47,683.56
National Counties Building Society	2,500,000.00	1.750000	9-Feb-15	9-Feb-17	731	87,619.86	37,636.99
Principality B/Soc	2,500,000.00	1.020000	10-Aug-15	8-Aug-16	364	25,430.14	9,012.33
Progressive Building Society	3,000,000.00	0.720000	1-Dec-15	1-Jun-16	183	10,829.59	3,609.86
West Bromwich Building Society	3,000,000.00	0.720000	1-Dec-15	1-Jun-16	183	10,829.59	3,609.86
Close Bros Ltd	2,000,000.00	1.000000	9-Jan-17	9-Jul-18	546	29,917.81	4,493.15
Close Bros Ltd	1,000,000.00	0.800000	9-Jan-17	8-Jan-18	364	7,978.08	1,797.26
National Counties Building Society	3,500,000.00	0.780000	9-Feb-17	9-Feb-18	365	27,300.00	3,814.52
							184,657.53

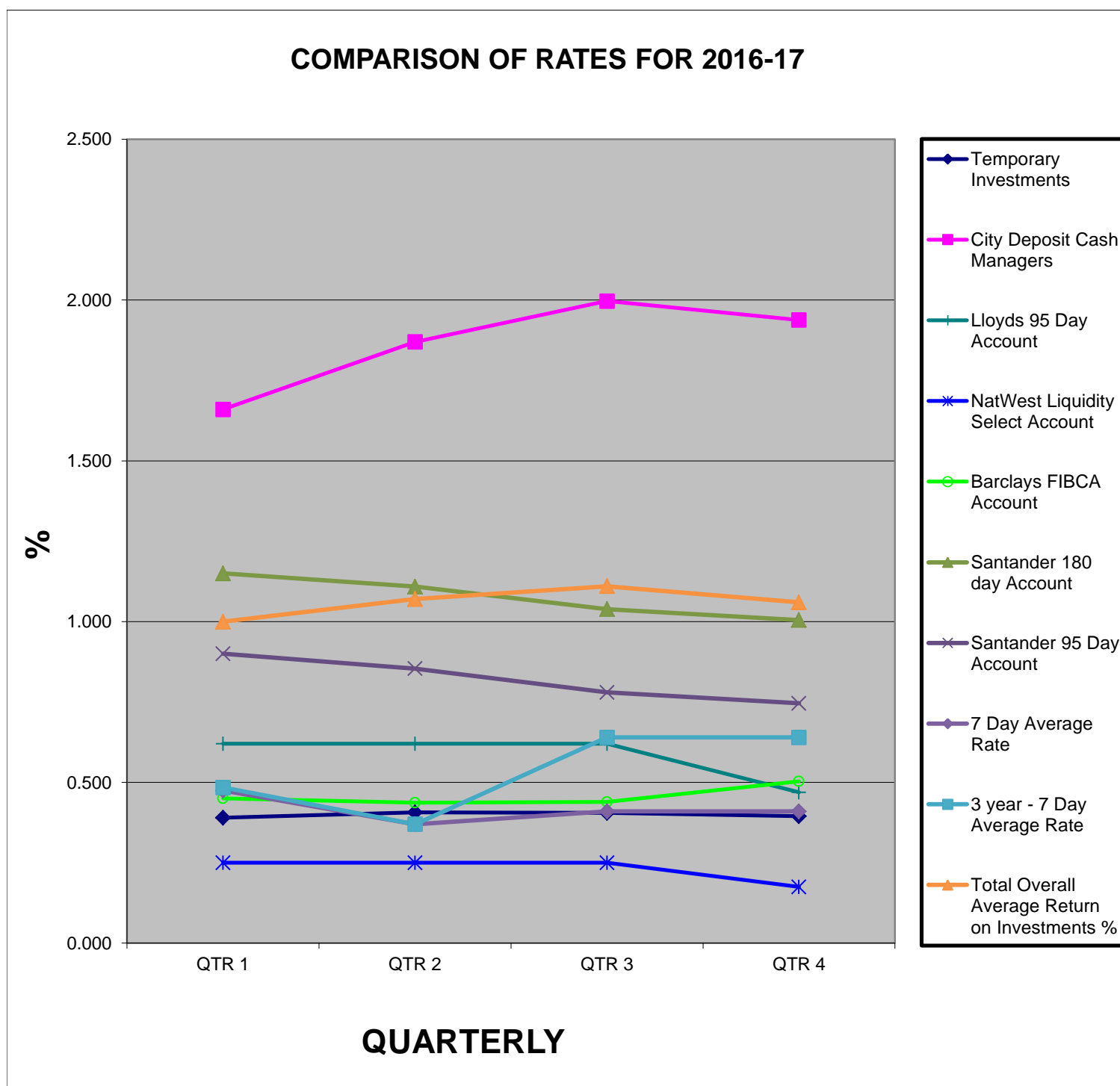
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INTERNALLY MANAGED INVESTMENTS 2016/17							Appendix 3
Counterparty Name	Value / Balance £	Interest Rate %	Date Loaned	Date of Return	No. of Days	Total Interest Payable £	Interest Accrued 2016-17
FIXED TERM INVESTMENTS							
Nottingham Building Society	1,500,000.00	0.570000	19-Jan-16	22-Apr-16	94	2,201.92	491.92
National Counties B/Society	500,000.00	0.450000	23-Feb-16	22-Apr-16	59	363.70	129.45
Newcastle Building Society	1,200,000.00	0.450000	15-Mar-16	15-Apr-16	31	458.63	207.12
Yorkshire Building Society	2,000,000.00	0.250000	15-Mar-16	1-Apr-16	17	232.88	0.00
Nottingham Building Society	500,000.00	0.400000	18-Mar-16	1-Apr-16	14	76.71	0.00
Coventry Building Society	1,200,000.00	0.410000	24-Mar-16	15-Apr-16	22	296.55	188.71
Principality Building Society	2,000,000.00	0.390000	31-Mar-16	22-Apr-16	22	470.14	448.77
Yorkshire Building Society	2,000,000.00	0.250000	1-Apr-16	22-Apr-16	21	287.67	287.67
Skipton Building Society	2,500,000.00	0.370000	1-Apr-16	22-Apr-16	21	532.19	532.19
Coventry Building Society	2,500,000.00	0.400000	15-Apr-16	29-Apr-16	14	383.56	383.56
Nottingham Building Society	1,000,000.00	0.400000	15-Apr-16	22-Apr-16	7	76.71	76.71
Yorkshire Building Society	500,000.00	0.250000	15-Apr-16	22-Apr-16	7	23.97	23.97
Skipton Building Society	2,500,000.00	0.400000	22-Apr-16	20-May-16	28	767.12	767.12
Principality Building Society	2,500,000.00	0.450000	22-Apr-16	20-May-16	28	863.01	863.01
Nottingham Building Society	2,500,000.00	0.430000	22-Apr-16	20-May-16	28	824.66	824.66
Yorkshire Building Society	1,500,000.00	0.300000	22-Apr-16	20-May-16	28	345.21	345.21
National Counties B/Society	1,000,000.00	0.450000	29-Apr-16	20-May-16	21	258.90	258.90
National Counties B/Society	500,000.00	0.450000	3-May-16	19-May-16	16	98.63	98.63
Principality Building Society	2,500,000.00	0.440000	20-May-16	20-Jun-16	31	934.25	934.25
Coventry Building Society	2,500,000.00	0.420000	20-May-16	20-Jun-16	31	891.78	891.78
Nottingham Building Society	2,500,000.00	0.430000	20-May-16	20-Jun-16	31	913.01	913.01
National Counties B/Society	1,500,000.00	0.450000	20-May-16	17-Jun-16	28	517.81	517.81
Skipton Building Society	2,500,000.00	0.250000	1-Jun-16	15-Jun-16	14	239.73	239.73
Yorkshire Building Society	2,500,000.00	0.250000	1-Jun-16	15-Jun-16	14	239.73	239.73
Yorkshire Building Society	2,500,000.00	0.250000	15-Jun-16	29-Jun-16	14	239.73	239.73
Skipton Building Society	2,500,000.00	0.250000	15-Jun-16	29-Jun-16	14	239.73	239.73
Newcastle Building Society	1,000,000.00	0.570000	15-Jun-16	26-Sep-16	103	1,608.49	1,608.49
National Counties B/Society	1,500,000.00	0.450000	17-Jun-16	1-Jul-16	14	258.90	258.90
Principality Building Society	500,000.00	0.260000	20-Jun-16	30-Jun-16	10	35.62	35.62
Coventry Building Society	2,500,000.00	0.400000	20-Jun-16	30-Jun-16	10	273.97	273.97
Nottingham Building Society	2,500,000.00	0.350000	20-Jun-16	30-Jun-16	10	239.73	239.73
Yorkshire Building Society	2,500,000.00	0.250000	29-Jun-16	6-Jul-16	7	119.86	119.86
Skipton Building Society	2,500,000.00	0.250000	29-Jun-16	6-Jul-16	7	119.86	119.86
Coventry Building Society	2,500,000.00	0.400000	30-Jun-16	7-Jul-16	7	191.78	191.78
Nottingham Building Society	2,500,000.00	0.400000	30-Jun-16	7-Jul-16	7	191.78	191.78
Yorkshire Building Society	2,500,000.00	0.250000	6-Jul-16	15-Jul-16	9	154.11	154.11
Skipton Building Society	2,500,000.00	0.250000	6-Jul-16	15-Jul-16	9	154.11	154.11
Coventry Building Society	2,500,000.00	0.400000	7-Jul-16	15-Jul-16	8	219.18	219.18
Nottingham Building Society	2,500,000.00	0.400000	7-Jul-16	15-Jul-16	8	219.18	219.18
Coventry Building Society	1,500,000.00	0.400000	1-Aug-16	22-Aug-16	21	345.21	345.21
Principality Building Society	2,500,000.00	0.470000	8-Aug-16	20-Feb-17	196	6,309.59	6,309.59
Skipton Building Society	2,000,000.00	0.500000	15-Aug-16	15-Mar-17	212	5,808.22	5,808.22
Coventry Building Society	1,000,000.00	0.220000	1-Sep-16	19-Sep-16	18	108.49	108.49
Newcastle Building Society	1,000,000.00	0.350000	26-Sep-16	1-Feb-17	128	1,227.40	1,227.40
Newcastle Building Society	1,000,000.00	0.280000	25-Oct-16	28-Nov-16	34	260.82	260.82
Nottingham Building Society	1,600,000.00	0.250000	1-Nov-16	19-Dec-16	48	526.03	526.03
Newcastle Building Society	1,000,000.00	0.270000	28-Nov-16	23-Dec-16	25	184.93	184.93
Nottingham Building Society	1,000,000.00	0.270000	1-Dec-16	19-Jan-17	49	362.47	362.47
Coventry Building Society	1,250,000.00	0.230000	15-Dec-16	20-Jan-17	36	283.56	283.56
Nottingham Building Society	1,500,000.00	0.260000	3-Jan-17	15-Feb-17	43	459.45	459.45
Coventry Building Society	1,250,000.00	0.240000	16-Jan-17	6-Mar-17	49	402.74	402.74
National Counties Building Society	900,000.00	0.280000	20-Jan-17	20-Mar-17	59	407.34	407.34
Coventry Building Society	1,000,000.00	0.200000	1-Feb-17	9-Feb-17	8	43.84	43.84
Newcastle Building Society	1,000,000.00	0.240000	15-Feb-17	20-Mar-17	33	216.99	216.99
Newcastle Building Society	1,000,000.00	0.250000	15-Feb-17	27-Mar-17	40	273.97	273.97
Principality Building Society	1,000,000.00	0.250000	6-Mar-17	18-Apr-17	43	294.52	178.08
Coventry Building Society	2,000,000.00	0.200000	15-Mar-17	27-Mar-17	12	131.51	131.51
Newcastle Building Society	1,000,000.00	0.270000	27-Mar-17	22-May-17	56	414.25	36.99
Coventry Building Society	2,000,000.00	0.220000	27-Mar-17	2-May-17	36	433.97	60.27
NOTICE / CALL ACCOUNTS							
Closing Balances 31/03/17							
Lloyds 95 Day Account	2,400,000.00	0.037000	1-Apr-16	31-Mar-17	365	11,116.42	11,116.42
Santander 180 Day Account	1,000,000.00	0.900000	1-Apr-16	31-Mar-17	365	10,047.95	10,047.95
Santander 95 Day Account	500,000.00	0.750000	1-Apr-16	31-Mar-17	365	3,515.07	3,515.07
Barclays FIBCA	5,000.00	0.010000	1-Apr-16	31-Mar-17	365	7,840.85	7,840.85
NatWest LSA	1,600,000.00	0.010000	1-Apr-16	31-Mar-17	365	2,237.17	2,011.02
							66,089.14

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COMPARISON OF QUARTERLY RETURN ON INVESTMENTS WITH THE 7 DAY AVERAGE RATE OF RETURN 2016-2017

	QTR 1	QTR 2	QTR 3	QTR 4
Temporary Investments	0.390	0.407	0.405	0.395
City Deposit Cash Managers	1.660	1.870	1.997	1.938
Lloyds 95 Day Account	0.620	0.620	0.620	0.469
NatWest Liquidity Select Account	0.250	0.250	0.250	0.175
Barclays FIBCA Account	0.450	0.437	0.439	0.503
Santander 180 day Account	1.150	1.109	1.039	1.005
Santander 95 Day Account	0.900	0.854	0.780	0.746
7 Day Average Rate	0.475	0.370	0.410	0.410
3 year - 7 Day Average Rate	0.484	0.370	0.640	0.640
Total Overall Average Return on Investments %	1.000	1.070	1.110	1.060



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**Forest Heath District Council
St Edmundsbury Borough Council**

Statement of Compliance with the Treasury Management Code of Practice

In accordance with the approved Treasury Management Code of Practice Internal Audit has:

- Reviewed compliance with approved policy and procedures.
- Reviewed the division of duties and operational practice.
- Assessed value for money from treasury activities.
- Undertaken probity audit of the treasury function.

As a consequence Internal Audit is satisfied that, for the financial year ending 31 March 2017, the Treasury Management Code of Practice has been substantially complied with.

Signed J. K. Innes

Post Service Manager (Internal Audit)

Date 28 June 2017

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