

Informal Joint Performance and Audit Scrutiny Committee



Title:	Agenda		
Date:	Wednesday 29 November 2017		
Time:	5.00 pm		
Venue:	Council Chamber (PLEASE NOTE VENUE) District Offices College Heath Road Mildenhall		
Full Members:	<div><div>Chairman</div><div>Vice Chairman</div><div><u>Conservative Members</u> (9)</div><div><u>UKIP Member</u> (1)</div></div> <div><div>Sarah Broughton</div><div>Beccy Hopfensperger</div><div>Betty Mclatchy</div><div>Jane Midwood</div><div>David Roach</div><div>Barry Robbins</div></div> <div><div>Karen Richardson</div><div>Andrew Smith</div><div>Peter Thompson</div><div>Patricia Warby</div></div>		
Substitutes:	<div><div><u>Conservative Members</u> (3)</div><div><u>UKIP Member</u> (1)</div></div> <div><div>Mary Evans</div><div>Susan Glossop</div><div>Jason Crooks</div></div> <div><div>Ivor Mclatchy</div></div>		
Interests – Declaration and Restriction on Participation:	Members are reminded of their responsibility to declare any disclosable pecuniary interest not entered in the Authority's register or local non pecuniary interest which they have in any item of business on the agenda (subject to the exception for sensitive information) and to leave the meeting prior to discussion and voting on an item in which they have a disclosable pecuniary interest.		
Quorum:	Four Members		
Committee administrator:	Christine Brain Democratic Services Officer (Scrutiny) Tel: 01638 719729 Email: christine.brain@westsuffolk.gov.uk		

5.00pm	Informal discussions with Forest Heath District Council's Performance and Audit Scrutiny Committee on six substantive items listed below under Items 5 to 10 inclusive, to be held in the Council Chamber .
5.15pm	The formal meeting of the Performance and Audit Scrutiny Committee will commence at 5.15pm or immediately following the conclusion of the informal discussions, whichever is the later, in the Training Room .

All Members of Forest Heath's Performance and Audit Scrutiny Committee will be in attendance to enable informal discussions on the reports listed in Items 5 to 10 inclusive below to take place between the two authorities:

COUNCILLORS

Conservative Group (8)	Michael Anderson Rona Burt Christine Mason	Chris Barker Louis Busuttil Colin Noble	John Bloodworth Simon Cole
West Suffolk Independent (1)	Andrew Appleby		
UKIP (1)	Peter Ridgwell		

On the conclusion of the informal discussions, St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee will withdraw from the Council Chamber and hold its formal meeting in the **Training Room** as follows:

Public Information

Venue:	District Offices College Heath Road Mildenhall Suffolk, IP28 7EY	Tel: 01638 719000 Email: democratic.services@westsuffolk.gov.uk Web: www.westsuffolk.gov.uk
Access to agenda and reports before the meeting:	Copies of the agenda and reports are open for public inspection at West Suffolk House, St Edmundsbury Borough Council and at the above address at least five clear days before the meeting. They are also available to view on our website.	
Attendance at meetings:	The Borough Council actively welcomes members of the public and the press to attend its meetings and holds as many of its meetings as possible in public.	
Public speaking:	<p>Members of the public who live or work in the Borough are invited to put one question or statement of not more than three minutes duration relating to items to be discussed in Part 1 of the agenda only. If a question is asked and answered within three minutes, the person who asked the question may ask a supplementary question that arises from the reply.</p> <p>A person who wishes to speak must register at least 15 minutes before the time the meeting is scheduled to start. There is an overall time limit of 15 minutes for public speaking, which may be extended at the Chairman's discretion.</p>	
Disabled access:	The public gallery is on the first floor and is accessible via stairs. There is not a lift but disabled seating is available at the back of the Council Chamber on the ground floor. Please see the Committee Administrator who will be able to help you.	
Induction loop:	An Induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter.	
Recording of meetings:	<p>The Council may record this meeting and permits members of the public and media to record or broadcast it as well (when the media and public are not lawfully excluded).</p> <p>Any member of the public who attends a meeting and objects to being filmed should advise the Committee Administrator who will instruct that they are not included in the filming.</p>	

Agenda

Procedural Matters

Part 1(A) - Public

1. Substitutions

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

2. Apologies for Absence

3. Minutes

1 - 8

To confirm the minutes of the meeting held on 20 September 2017 (copy attached).

4. Public Participation

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

A person who wishes to speak must register at least 15 minutes before the time the meeting is scheduled to start. There is an overall limit of 15 minutes for public speaking, which may be extended at the Chairman's discretion.

(Following the informal discussions held with Forest Heath District Council's Performance and Audit Scrutiny Committee on Items 5 to 10 below, Members are reminded that no further debate shall take place. However, Members are requested to either formally note/resolve/recommend Items 5 to 10 below).

5. External Quality Assessment of Internal Audit against the Public Sector Internal Audit Standards

9 - 16

Report No: **PAS/SE/17/026**

(For reference purposes, Forest Heath District Council's Report Number is PAS/FH/17/030)

6. Mid-Year Internal Audit Progress Report 2017-2018

17 - 26

Report No: **PAS/SE/17/027**

(For reference purposes, Forest Heath District Council's Report Number is PAS/FH/17/031)

7.	Balanced Scorecards and Quarter 2 Performance (2017-2018)	27 - 42
	Report No: PAS/SE/17/028 (For reference purposes, Forest Heath District Council's Report Number is PAS/FH/17/032)	
8.	West Suffolk Strategic Risk Register Quarterly Monitoring Report - September 2017	43 - 56
	Report No: PAS/SE/17/029 (For reference purposes, Forest Heath District Council's Report Number is PAS/FH/17/033)	
9.	Work Programme Update	57 - 58
	Report No: PAS/SE/17/030 (For reference purposes, Forest Heath District Council's Report Number is PAS/FH/17/034)	
10.	Building Control - Improvement Plan	59 - 68
	Report No: PAS/SE/17/031 (For reference purposes, Forest Heath District Council's Report Number is PAS/FH/17/035)	

Part 1(B) - Public

11.	Ernst and Young - Annual Audit Letter 2016-2017	69 - 98
	Report No: PAS/SE/17/032	
12.	Financial Performance Report (Revenue and Capital) Quarter (2017-2018)	99 - 120
	Report No: PAS/SE/17/033	
13.	Delivering a Sustainable Medium Term Financial Strategy 2018-2021	121 - 130
	Report No: PAS/SE/17/034	
14.	Mid-Year Treasury Management Report and Investment Activity (April - September 2017)	131 - 142
	Report No: TMS/SE/17/004 will be considered by the Treasury Management Sub-Committee on 20 November 2017. The Chairman/Service Manager (Finance and Performance) will update the Committee verbally on any issues or recommendations arising from the consideration of this report.	

15. Exclusion of the Press and Public

To consider whether the press and public should be excluded during the consideration of the following item because it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during this item, there would be disclosure to them of exempt categories of information as prescribed in Part 1 of Schedule 12A of the Local Government Act 1972, and indicated against the item and, in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Part 2 – Exempt

16. Exempt Appendix 1: Building Control - Improvement Plan (para 3) 143 - 144

Exempt Appendix 1 to Report No: **PAS/SE/17/031**

Performance and Audit Scrutiny Committee



Minutes of a meeting of the **Performance and Audit Scrutiny Committee** held on **Wednesday 20 September 2017** at **5.00 pm** in **Conference West Chamber, West Suffolk House, Western Way, Bury St Edmunds IP33 3YU**

Present: **Councillors**

Chairman Sarah Broughton

Beccy Hopfensperger
Betty Mclatchy
Jane Midwood
David Roach

Barry Robbins
Andrew Smith
Peter Thompson

Substitutes attending:
Susan Glossop

By Invitation:
Ian Houlder, Cabinet Member for Resources and Performance

163. **Substitutions**

The following substitution was declared:

Councillor Susan Glossop for Councillor Patricia Warby.

164. **Apologies for Absence**

Apologies for absence were received from Councillors Karen Richardson and Patricia Warby.

165. **Minutes**

The minutes of the meeting held on 27 July 2017, were unanimously accepted by the Committee as an accurate record and signed by the Chairman.

166. **Public Participation**

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

167. **Ernst and Young - ISA 260 Annual Results Report to those Charged with Governance**

The Committee received Report No: PAS/SE/17/020, which presented the results of Ernst and Young's (EY) audit of the financial statements for 2016-2017.

The report set out those issues they were formally required to report on to those charged with governance.

The report also included the results of the work that EY had undertaken to assess the Council's arrangements to secure value for money in the use of its resources.

The Council's unaudited 2016-2017 statement of accounts, signed by the Council's Chief Finance Officer (Section 151 Officer) on 12 June 2017, had been updated to reflect adjustments recommended by EY from their audit work. Members were advised that the adjustments were all immaterial to the overall financial position of the Council and were in most cases merely presentational changes.

A copy of the Audit Committee summary was attached at Appendix A, and were presented to the Committee by Mark Hodgson (Executive Director) and Mark Russell (Assistant Manager) from EY. Also attached as Appendix B to the report was a Letter of Representation, on behalf of the Council in accordance with the audit of the financial statement for St Edmundsbury Borough Council for the year ended 31 March 2017.

Mr Hodgson confirmed that all work on the audit of the Councils 2016-2017 financial statements had been concluded and no further errors had been identified. Therefore, EY would be issuing an unqualified opinion on the Financial Statements for 2016-2017 this afternoon (20 September 2017) prior to the statutory deadline of 30 September 2017 stating the Council had proper arrangements in securing economy, efficiency and effectiveness in its use of resources. He wished to thank the Assistant Director (Resources and Performance) and her team who had been helpful and instrumental in making this a very smooth audit for EY.

However, he wished to draw the Committee's attention to five key areas:

- 1) On page 19 – EY would be working towards a £1.3m materiality;
- 2) On page 20 – there had been no unadjusted audit differences.
- 3) On page 21 – only the standard representations had been requested.
- 4) Section 2 (Risks) – there were no significant risks to report.
- 5) Section 5 (Value for Money) – no risks had been identified.

Members asked a number of questions in relation to the report, to which Mr Hodgson duly responded.

The Committee noted that from April 2017 that the Accounts and Audit Regulations had changed requiring the Council in future would have to submit draft accounts to EY by 31 May each year, with member scrutiny and approval of the accounts required once the audit had been concluded by 31 July each year.

The Chairman, on behalf of the Committee wished to thank the Assistant Director (Resources and Performance) and the Finance Team for their outstanding work and also wished to thank EY for their audit work, and presenting a positive report.

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

RESOLVED: That

- 1) The unqualified opinion on the Financial Statements for 2016-2017 (as set out in the Audit Results Report – Appendix A), issued by the Auditor be noted.
- 2) The Value for Money conclusion stating that the Council had proper arrangements in securing economy, efficiency and effectiveness in its use of resources (Appendix A) issued by the Auditor be noted.
- 3) The Letter of Representation on behalf of the Council (Appendix B) be approved before the Audit Director (EY) issues his opinion and conclusion.
- 4) The Chief Finance Officer, in consultation with the Chairman of the Performance and Audit Scrutiny Committee be given delegated authority to conclude the signing of the accounts.

168. West Suffolk Local Code of Corporate Governance

The Committee received Report No: PAS/SE/17/021, which informed members that following the re-issue of the CIPFA Guidance for local authorities, officers had developed a revised West Suffolk Local Code of Corporate Governance.

The West Suffolk Local Code of Corporate Governance was last produced jointly by Forest Heath District Council and St Edmundsbury Borough Council in 2013. Following the updating of the CIPFA/Solace guidance, it was time for both councils to review their Code to make sure it was still effective, transparent and relevant.

Attached at Appendix A to the report was the proposed draft West Suffolk Local Code of Corporate Governance.

The report sought views from the Performance and Audit Scrutiny Committee on the draft Code, before it was presented to Cabinet and to Council for approval.

The Committee considered the draft Code and did not identify any areas where it felt the document could be strengthened.

Councillor Andrew Smith moved the recommendation, this was duly seconded by Councillor Betty Mclatchy and with the vote being unanimous, it was:

RECOMMENDED:

That subject to the approval of Council the West Suffolk Local Code of Corporate Governance, attached as Appendix A to Report No: PAS/SE/17/021, be adopted.

169. West Suffolk Annual Governance Statement 2016-2017

The Committee received Report No: PAS/SE/17/022, which sought members approval of the draft Annual Governance Statement 2016-2017, attached as Appendix A.

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

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

The Assistant Director (Resources and Performance) informed the Committee that the West Suffolk Annual Governance Statement was presented in the usual format. However, she wished to draw the Committee's attention to two key areas set out in Appendix A:

- 1) Page 15 – there were no significant governance issues to disclose for 2016-2017; and
- 2) Page 15 - Section 5 – set out the focus for its governance arrangements 2017-2018;

She then wished to thank the Officer Group for all their work involved in pulling the West Suffolk Annual Governance Statement for 2016-2017 together.

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

The Committee considered the draft West Suffolk Annual Governance Statement for 2016-2017, and asked questions to which comprehensive responses were provided by the Assistant Director (Resources and Performance).

In response to particular questions raised, members were advised that:

- 1) Page 15 (Focus – Information Governance Working Group): New General Data Protection Regulations rules would come into effect from May 2018 for both the public and private sector. A report on the implications of the new data protection rules would be presented to Cabinet shortly.

- 2) Page 17 (Recruitment): The HR team continued to work on those roles and skills post that were proving difficult to recruit too.
- 3) Page 17 (Recruitment – IR35 / intermediaries legislation): Due to HMRC taxation changes made in April 2017, the council had carried out assessments internally to ensure the council was compliant with the new rules.

Councillor Betty Mclatchy moved the recommendation, this was duly seconded by Councillor Jane Midwood and with the vote being unanimous, it was:

RESOLVED

That the West Suffolk Annual Governance Statement for 2016-2017, attached as Appendix A to Report No: PAS/SE/17/022 be approved for signing by the Chief Executive and the Leader of the Council.

170. 2016-2017 Annual Statement of Accounts

The Committee received Report No: PAS/SE/17/023, which sought members approval of the 2016-2017 Statement of Accounts, attached as Appendix A, in accordance with powers delegated to it under the Council's Constitution. Also attached at Appendix B, was a detailed schedule of payments made to Councillors during the financial year 2016-2017.

EY had commenced the audit of the Council's draft Statement of Accounts in August 2017, with a view to its completion prior to the 30 September 2017 deadline for publication. The results of EY's review of the accounts were provided in the Annual Results Report, which was included on the Committee's agenda (PAS/SE/17/020). The attached Statement of Accounts (Appendix A) had been amended as appropriate, to take on board issues raised by the audit process up to the date of distribution.

EY had confirmed that the audit of St Edmundsbury Borough Council had been concluded and would be issuing an unqualified opinion on the financial statements and the value for money conclusion that the Council had made the appropriate arrangements to secure economy, efficiency and effectiveness in the Council's use of resources this afternoon (20 September 2017). This meant the Committee was in a position to sign the 2016-2017 Statement of Accounts off.

The Assistant Director (Resources and Performance) informed the Committee that from April 2017 the Accounts and Audit Regulations had changed requiring the Council to submit draft accounts to its external auditors by 31 May each year, with member scrutiny and approval of the Accounts required once the audit had been concluded by 31 July each year. Therefore, this change will affect the 2017-2018 Statement of Accounts.

She then drew the Committee's attention to a couple of key areas set out in Appendix A:

- 1) Page 3 – Material items: There had been a change in the valuation of the Bury Leisure Centre and Moreton Hall Community Centre by the District Value, which had resulted in a net revaluation gain.
- 2) There had been no change to the general fund budget since it was reported to the Committee on 27 July 2017.
- 3) Page 15 – Balance sheet: Long term liabilities movement related primarily to pensions

Finally, she wished to thank the Finance Team for all their work involved in pulling the accounts together and also thanked EY.

The Committee scrutinised the draft accounts and members payments in detail and asked a number of questions to which officers duly responded. In particular, the Committee raised questions to which responses were given as follows:

- 1) Pensions: The continual impact of the economy had impacted on pensions. Two reasons for the impact was the increase in life expectancy and the decrease in the Government's Bond deal.
- 2) Valuations: The Council's assets were valued over a five year period, which was a rolling programme.
- 3) Verse: Set up as a commercial company of which the Council was a shareholder.
- 4) Members Mileage: The Council had seen an overall reduction in mileage claimed.

The Committee wished to convey its thanks and commended the Assistant Director (Resources and Performance) and her team in the work involved in closing the accounts.

Councillor Andrew Smith moved the recommendation, this was duly seconded by Councillor Barry Robbins and with the vote being unanimous, it was:

RESOLVED: That

- 1) The 2016-2017 Statement of Accounts, attached as Appendix A to Report No: PAS/SE/17/023 be approved in accordance with the powers delegated to it under the Council's Constitution.
- 2) The Chairman of the Performance and Audit Scrutiny Committee signs the certification of the 2016-2017 Statement of Accounts on behalf of the Committee.
- 3) The Chief Finance Officer, in consultation with the Portfolio Holder for Resources and Performance, be given delegated authority to make any presentational and non-material changes that may be required up to the date of publication.

171. **Annual Corporate Environmental Statement 2016-2017**

The Committee received Report No: PAS/SE/17/024 which reported on the work which had been undertaken during 2016-2017 to improve the environmental performance in West Suffolk.

Attached at Appendix B to the report was the Annual Environmental Statement covering environmental performance in 2016-2017. This Statement covered the operations of both St Edmundsbury Borough Council and Forest Heath District Council and the Leisure Trusts in West Suffolk in respect of energy and water consumption and renewable energy generation.

Attached at Appendix A was a supporting dashboard.

Officers had started a review of key targets, in particular with respect to Greenhouse Gas emissions, in the light of wider discussion with other public sector partners. The outcome of the review and any recommended changes would form part of the future corporate planning process.

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

The Committee considered the Statement and asked a number of questions to which Officers duly responded. In particular, the Committee raised questions to which responses were given as follows:

- 1) Water consumption: the difference in water consumption between Forest Heath and St Edmundsbury was due to each councils asset base and stock. St Edmundsbury had 35 sites, and Forest Heath had 10 sites.
- 2) Water efficiency: this was one of the main areas of focus for 2017-2018.
- 3) Staff mileage: staff had been encouraged to use their cars less to reduce mileage claims by using video conferencing where sites allowed; car sharing and using pool cars.
- 4) Renewable energy generation: officers agreed to revise the housing figure to read "3,200 homes" and not "3,500 homes".

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

172. **Work Programme Update**

The Committee received Report No: PAS/SE/17/025, which provided information on the current status of the Committee's work programme. Attached as Appendix 1 to the report were details of items scheduled to be presented to the Committee during 2017-2018.

The Committee considered its work programme, and there being no decision required, **noted** the contents of the report.

The Meeting concluded at 5.40 pm

Signed by:

Chairman

Informal Joint Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	External Quality Assessment of Internal Audit against the Public Sector Internal Audit Standards	
Report No:	PAS/SE/17/026	
Report to and date/s:	Performance and Audit Scrutiny Committee	29 November 2017
Portfolio holder:	Ian Houlder Portfolio Holder for Resources and Performance Tel: 01284 810074 Email: ian.houlder@stedsbcc.gov.uk	
Lead officer:	Jon Snares Service Manager (Internal Audit) Tel: 01284 757239 Email: jon.snares@westsuffolk.gov.uk	
Purpose of report:	<p>This report advises Members of the relevant requirements in respect of an external quality assessment of internal audit against the Public Sector Internal Audit Standards.</p> <p>The report covers the form that the assessment will take, how the assessor was chosen, what the assessment involves, what it will tell us, and when the results of the assessment will be reported.</p>	
Recommendation:	Performance and Audit and Scrutiny Committee: It is recommended that Members note the contents of this report.	

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 form of the external assessment was agreed in consultation with the Assistant Director Resources and Performance (as S151 Officer). 	
Alternative option(s):		<ul style="list-style-type: none"> N/A 	
Implications:			
Are there any financial implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> Lowest cost provider chosen to perform external assessment 	
Are there any staffing implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
Are there any ICT implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
Are there any legal and/or policy implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
Are there any equality implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
The internal audit service may not be operating in accordance with the Public Sector Internal Audit Standards, which may in turn reduce the effectiveness of the service.	Low	Annual internal self-assessments are undertaken to assess conformance with the Public Sector Internal Audit Standards, high level results of which are reported to Performance and Audit Scrutiny Committee.	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 – External Quality Assessment of Internal Audit against the Public Sector Internal Audit Standards	

1. Key issues and reasons for recommendation

1.1 Background Information

1.1.1 Internal audit within the public sector in the United Kingdom is governed by the Public Sector Internal Audit Standards (the 'Standards'), which have been in place since April 2013 (revised April 2013 and April 2017). The objectives of the Standards are to:

- define the nature of internal auditing within the UK public sector
- set basic principles for carrying out internal audit in the UK public sector
- establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations, and
- establish the basis for the evaluation of internal audit performance and to drive improvement planning

1.1.2 The Standards require that, in order to independently assess conformance with these Standards, an external assessment of the internal audit function must be conducted at least once every five years, and the first such assessment must be completed by April 2018.

1.1.3 The purpose of this report is to inform Members regarding:

- requirements of the Standards in respect of the external assessment of the internal audit function, including the form that the assessment will take and how the assessor was chosen;
- what the assessment involves; and
- what the assessment will tell us, and when and how the results of the assessment will be reported.

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External Quality Assessment of Internal Audit against the Public Sector Internal Audit Standards

1. Introduction

- 1.1 Internal audit within the public sector in the United Kingdom is governed by the Public Sector Internal Audit Standards (the 'Standards'), which have been in place since April 2013 (revised April 2016 and April 2017). The objectives of the Standards are to:
- define the nature of internal auditing within the UK public sector
 - set basic principles for carrying out internal audit in the UK public sector
 - establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations, and
 - establish the basis for the evaluation of internal audit performance and to drive improvement planning.
- 1.2 The Standards require that, in order to independently assess conformance with these Standards, an external assessment of the internal audit function must be conducted at least once every five years, and the first such assessment must be completed by April 2018.
- 1.3 The purpose of this report is to inform Members regarding:
- requirements of the Standards in respect of the external assessment of the internal audit function, including the form that the external assessment will take and how the assessor was chosen
 - what the assessment involves
 - what the assessment will tell us, and when and how the results of the assessment will be reported

2. Requirements of the Standards in respect of the external assessment of the internal audit function

- 2.1 The Standards require that:
- the external assessment must be conducted by a qualified, independent assessor or assessment team from outside the organisation, and that
 - the Service Manager (Internal Audit) should discuss with the Performance and Audit Scrutiny Committee:
 - the form of external assessments, and

- the qualifications and independence of the external assessor or assessment team, including any potential conflicts of interest

These requirements are considered below.

The form that the external assessment will take

- 2.2 External assessments may be achieved through a full external assessment, or a self-assessment with independent external validation. Discussions between the Service Manager (Internal Audit) and the Section 151 Officer (Assistant Director - Resources and Performance) have concluded that a full assessment should be undertaken, based on the following factors:
- a full assessment provides a greater level of assurance of the quality of internal audit
 - a full assessment will include suggestions and recommendations for improvement rather than merely list any areas of non-conformance with the Standards
 - other Suffolk councils who have had an external assessment have opted for the full assessment

How the external assessor was chosen

- 2.3 Quotations and service assessment specifications were requested from three organisations, which were identified through the following:
- feedback from other audit managers who had undergone EQA reviews
 - internal audit forums
 - internet searches
 - the Service Manager (Internal Audit's) professional knowledge of this area.
- 2.4 Responses received were then subjected to pass / fail tests regarding whether the potential providers were considered to be both:
- ✓ Qualified – the Standards define this as meaning that competence is demonstrated in the professional practice of internal auditing and the external assessment process. The Standards state that competence can be demonstrated through a mixture of experience and theoretical learning, and that experience gained in organisations of similar size, complexity, sector or industry and technical issues is considered to be more valuable than less relevant experience. Also, the Standards expect that the Service Manager (Internal Audit) will use his professional judgement when assessing whether an assessor or assessment team demonstrates sufficient competence to be qualified.
 - ✓ Independent – the Standards state that this means not having either an actual or a perceived conflict of interest and not being a part of, or under the control of, the organisation to which the internal audit activity belongs.
- 2.5 The potential providers who passed both of the above tests were then scored against the following criteria:
- ✓ Relevant experience and competence – has the provider the right level of internal audit experience in similar organisations, in terms of both internal audit management and also the performance of external assessments?

- ✓ Price – best price
- ✓ Quality / added value – what value is likely to be added?
- ✓ Efficiency of process – how resource intensive will the exercise be?
- ✓ Reputational weight – CIPFA and IIA are the standards setters and as such are the 'experts' in the field

2.6 The outcome of the above assessment was that the provider who scored highest and was therefore selected as our external assessor was Tilia Solutions Ltd. It is also worth noting that this provider has also been used by some other Suffolk councils who have all given favourable feedback. This provider also represented the least cost option.

2.7 As required by the Standards we have confirmed that the lead assessor for Tilia Solutions Ltd is appropriately qualified and independent. The assessor:

- ✓ is CIPFA qualified
- ✓ has undertaken more than twenty Standards reviews, including six district councils
- ✓ is currently the lead Standards reviewer for CIPFA having developed the methodology they use
- ✓ has worked in local government as both a head of audit and a Section 151 Officer
- ✓ is independent from the councils and has no current connections that would compromise that independence
- ✓ has undertaken Standards reviews at other Suffolk councils

3. What the assessment involves

3.1 The assessor will follow a structured approach which involves the following elements:

- Interviews with key stakeholders to understand how the audit process works in reality and how it is perceived by those being audited. Those being interviewed are currently expected to include:
 - Chairs of the Performance and Audit Scrutiny Committees
 - Chief Executive
 - Section 151 Officer (Assistant Director - Resources and Performance)
 - Monitoring Officer
 - Service Manager (Finance and Performance)
 - Service Manager (ICT)
 - A selection of auditees
 - External Auditor
 - Service Manager (Internal Audit)
 - The internal audit team
- A review of documents to understand how the internal audit function reports, and what is reported including the Annual Internal Audit Report, the Annual Internal Audit Plan, and the Internal Audit Charter
- A review of audit files and working papers

4. What the assessment will tell us, and when and how the results of the assessment will be reported

- 4.1 The Standards aim to promote continued improvement in the professionalism, quality and effectiveness of internal audit services and the external assessment is a key element of this. Therefore, it is expected that the assessment will provide further assurance to Members and senior officers that the internal audit function is effective and provides a professional and quality service that operates in accordance with the Standards. This will also provide further assurance that the Service Manager (Internal Audit)'s annual audit opinion can be relied upon as a key source of evidence in the production of the Annual Governance Statement.
- 4.2 The results of the external assessment will include the assessor's conclusions regarding the level of conformance to each of the Standards as well as any relevant recommendations and suggestions for improvement. These results will be reported to Performance and Audit Scrutiny Committee in May 2018.

Informal Joint Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Mid-Year Internal Audit Progress Report 2017/18	
Report No:	PAS/SE/17/027	
Report to and date:	Performance and Audit Scrutiny Committee	29 November 2017
Portfolio holder:	Ian Houlder Portfolio Holder for Resources and Performance Tel: 01284 810074 Email: ian.houlder@stedsbcc.gov.uk	
Lead officer:	Jon Snares Service Manager (Internal Audit) Tel: 01284 757239 Email: jon.snares@westsuffolk.gov.uk	
Purpose of report:	This report advises Members of the work of the Internal Audit Section for the first half of 2017/18 and gives Members a flavour of the variety of corporate projects and activities which are supported through the work of the team. The report also provides an update on progress made against the 2017/18 Internal Audit Plan previously approved by this committee.	
Recommendation:	Performance and Audit Scrutiny Committee: It is recommended that Members are asked to note the contents of this report, including progress made against the 2017/18 Internal Audit Plan.	

Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>		<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	
Consultation:		<ul style="list-style-type: none"> The Internal Audit Plan was compiled in consultation with the Assistant Director Resources and Performance (as S151 Officer), Leadership Team, and the external auditors; and Consultation with key officers is also carried out during the audit process and in the production of individual internal audit reports and follow up work. 	
Alternative option(s):		<ul style="list-style-type: none"> 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)
Internal controls within the council may not be efficient and effective and as a result the council may not be identifying significant weaknesses that could impact on the achievement of the council's priorities and/or lead to fraud, financial loss or inefficiency.	Medium	Members receive and approve the Internal Audit Plan and receive a progress report during the year. External Audit reviews the work of Internal Audit and internal control arrangements.	Low
Ward(s) affected:		N/A	
Background papers:		N/A	
Documents attached:		Appendix A – Mid-Year Internal Audit Progress Report 2017/18	

1. Key issues and reasons for recommendation

1.1 Background Information

- 1.1.1 The Public Sector Internal Audit Standards require the Service Manager (Internal Audit) to report periodically to senior officers and committee on Internal Audit's performance relative to its Audit Plan. Reporting should also include significant risk exposures and control issues where relevant, including fraud risks and governance issues. The Performance and Audit Scrutiny Committee is the designated committee to receive these periodic reports.
- 1.1.2 The purpose of this report is to update Members on progress made against the 2017/18 Audit Plan (approved by this committee in May 2017), and also provide a flavour of the work undertaken in the year to date.

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Mid-Year Internal Audit Progress Report 2017/18

1. Introduction

- 1.1 The Public Sector Internal Audit Standards require the Service Manager (Internal Audit) to report periodically to senior officers and committee on Internal Audit's performance relative to its Audit Plan. Reporting should also include any significant risk exposures and control issues where relevant, including fraud risks and governance issues. The Performance and Audit Scrutiny Committee is the designated committee to receive these periodic reports.
- 1.2 The purpose of this report is to update Members on progress made against the 2017/18 Audit Plan (approved by this committee in May 2017), and also provide a flavour of the work undertaken in the year to date.

2. Review of Internal Audit work for the seven months to October 2017

- 2.1 An overview of the work of Internal Audit for the first seven months of 2017/18, and progress made towards achieving the Audit Plan for the year, is set out below.

Corporate and Consultancy Work

- 2.2 A similar approach to last year's Internal Audit Plan is being taken in that as well as continuing to perform the usual statutory fundamental systems audits and other audit responsibilities, Internal Audit is also performing corporate and consultancy style work. This approach recognises that early audit input to activities can often help prevent or bring early resolution to internal control issues, and also bring audit skills and increase available resource on significant corporate projects. For 2017/18 to date the team has assisted in the following work areas:
 - production of the West Suffolk Annual Governance Statement and its associated documents;
 - West Suffolk Strategic Risk Register;
 - information governance, including:
 - conducting early morning walk rounds of the main council offices and depots with feedback provided to the Officer Information Governance Working Group on any identified weaknesses that could result in data security risks; and

- carrying out record retention spot checks to ascertain if records within service areas are being retained, destroyed or disposed of in accordance with the Records Management Guidance.
- carrying out a review looking at project feasibility spend to determine whether project procurement activity is conducted with openness, probity and accountability and that clear contractual agreements exist as appropriate. The review also sought to identify if improvements could be made to the way in which this procurement activity takes place or improvements and / or changes to the procurement framework;
- undertaking a piece of work to consider if improvements could be made to how commissioned services are currently engaged and managed by the councils, and to determine whether there are opportunities for increasing learning and skills transfer to be brought into the councils following their use;
- conducting a General Data Protection Regulation (GDPR) health check to consider the potential impact of the new Regulation on the councils and any steps that need to be taken to ensure compliance;
- inputting to the Election Project Team to look at the delivery of elections and electoral registration;
- working with Waste Enforcement Officers to design more streamlined processes for reporting and taking action against fly tipping and abandoned vehicles. It should be noted that these new processes cannot be introduced until the trade waste project has been concluded;
- 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;
- carrying out a piece of work reviewing a number of licensing processes to ensure that they are achieving the best experience for the customer and are carried out in the most efficient way for the councils;
- reviewing and commenting upon the new Procurement Card Policy and Guidance produced by Finance; and
- other work on behalf of the Assistant Director (Resources and Performance) including financial due diligence related to areas of potential council investment, as well as data gathering / research regarding the councils cash collection arrangements.

2.3 During the year to date Internal Audit has also:

- responded to around 30 requests for financial vetting or other related financial advice including assessments of organisations' financial suitability to undertake specified contracts for the councils; and
- continued to provide advice to service areas on internal controls.

Fee Earning Work

- 2.4 Internal Audit is continuing to undertake fee earning work during 2017/18 and by the end of the financial year this is likely to result in approximately £11,000 - £13,000 of income being earned. Fee earning work consists of the following:
- audit of the council tax, housing and council tax benefits, and housing benefit overpayments systems at the Anglia Revenues Partnership (ARP) on behalf of East Cambridgeshire District Council and Breckland Council;
 - fee earning grant certification work for the following organisations to check that the conditions of the relevant specific grant determinations have been complied with:
 - New Anglia LEP - to provide assurance to the Department for Business Innovation & Skills (Growth Hub Funding); and
 - Suffolk County Council - to provide assurance to the Trading Standards Institute (Safety at Ports and Borders Team and Single Point of Contact for Border Controls)
- 2.5 A service level agreement has been agreed with the ARP partners to provide a more streamlined internal audit review of ARP. This has resulted in the West Suffolk Internal Audit team undertaking the annual audit of Housing Benefit, Council Tax and Housing Benefit Overpayments for the seven authorities. The East Suffolk Internal Audit team are responsible for performing the Business Rates (NNDR) review with the Fenland Internal Audit team performing the review of ARP Enforcement.
- 2.6 Further service level agreements are in place between West Suffolk and Breckland Council, and West Suffolk and Local Government Shared Services (on behalf of East Cambridgeshire District Council) to undertake the ARP work on their behalf.

Main Financial Systems (statutory audits which must be undertaken every year)

- 2.7 The following audits must be undertaken every year as these form the foundations of the annual internal audit opinion, the status of each of these audits for 2017/18 as at the end of October 2017 is shown in brackets:
- Council Tax (in progress)
 - Housing and Council Tax Benefits (in progress)
 - Housing Benefits Overpayments (in progress)
 - Car Parks Cash Handling (in progress)
 - Debtors (in progress)
 - Creditors (in progress)
 - Treasury Management (in progress)
 - Non Domestic Business Rates (yet to commence – audit being undertaken by East Suffolk)
 - Payroll (yet to commence)
 - ARP Enforcement (yet to commence – audit being undertaken by Fenland DC)
 - Main Accounting System (yet to commence)

- 2.8 At the time of writing this report, as can be seen at paragraph 2.7 above, the majority of the core financial systems / fundamental review work audits are currently in progress, while the remaining audits have not yet commenced. This is normal for this time of the year as these audits generally need to cover as much of the financial year as possible and are therefore not normally commenced until at least the third quarter. The work undertaken on these audits forms the basis of the annual internal audit opinion which will be reported to Performance and Audit Scrutiny members in the 2017/18 Annual Internal Audit Report in May 2018.

Corporate and Business Area Audits

- 2.9 This work includes reviewing internal controls within departmental systems, and other non-main financial systems audits.
- 2.10 During the first seven months of the financial year 2017/18 the following audit has been carried out and issued as a final:
- Cyber Security- the purpose of this audit was to review the design and effectiveness of cyber security arrangements across West Suffolk. A *substantial assurance* opinion was provided, however, actions have been agreed to further strengthen arrangements.
- 2.11 The following audits are at draft report stage:
- Procurement Compliance – this audit review is being undertaken to determine whether contract procedure rules are being followed and that value for money can be demonstrated;
 - Contract Extensions – this audit review is being carried out to ensure that the councils are only taking the option of a contract extension in appropriate circumstances, based on satisfactory performance and continued value for money; and
 - Cash Handling Spot Checks - unannounced visits have been undertaken at a number of cash handling locations (leisure sites) within St Edmundsbury to establish the adequacy of internal controls over receipting, reconciliation and banking of monies received.

The results of these audits will be reported to Performance and Audit Scrutiny members in the 2017/18 Annual Internal Audit Report.

- 2.12 The following audits, included within the 2017/18 Audit Plan are yet to commence:
- HMRC – Off Payroll Engagement (IR35) – the aim of this audit will be to check that payments to consultants, contractors and interim payments are treated correctly for tax and national insurance purposes to ensure HMRC regulations and agreements are being complied with.
 - Declarations of Interests – assessment of the arrangements in place to ensure that any relevant employee interests are declared and appropriately managed.

- Gifts and Hospitality – assessment of the arrangements in place for promoting appropriate conduct in respect of gifts and hospitality.

Follow-Up Work

- 2.13 Follow-up work is undertaken to check the extent to which agreed recommendations / actions have been implemented in respect of previous audits undertaken. Where this follow-up work relates to a core financial system or fundamental review work, this will form an integral part of the annual audit for that area. However, where this relates to a non-fundamental system a separate follow-up audit will be undertaken and a follow-up audit report issued. During the first half of the year, a separate follow up audit report was issued in respect of the following:
- Payment Card Industry Data Security Standards – the review concluded that one action remains outstanding to ensure that staff receiving credit and debit card payments are made aware of their responsibilities by completing the e-learning training module.

Other Work

- 2.14 Other audit related work undertaken during the year to date includes the following.
- 2.15 Provision of an Independent Examiners Report on the West Stow Anglo Saxon Village Trust accounts for the year ending 31 March 2017, thereby providing independent assurance on the accounts provide by the Finance team for the charity's trustees.
- 2.16 The Public Sector Internal Audit Standards (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'. An important objective of this 'programme' is to check internal audit's conformance with the Standards - in order to achieve this, a series of quick audits reviewing conformance with the Standards has commenced. The first of these audit reviews – on the planning of audit reviews (Engagement Planning) – has been completed with a number of agreed actions relating to improved evidencing of internal processes within the audit team.

3. Probity

- 3.1 Councils are required to participate in the biennial National Fraud Initiative (NFI) which is run by the Cabinet Office. This is an exercise involving data matching of records such as benefits, payroll, pensions, student awards, housing waiting list, taxi driver licences, personal alcohol licences, parking permits and creditor payments. Internal Audit takes a leading role in co-ordinating this exercise working across a number of service areas, as well as ARP, to support those staff to provide their services' data so that they can then investigate and record the results of their matches.
- 3.2 The data for the council tax exercise which focussed on single person discounts and those turning 18 years of age was released in December 2016. A review of these matches continues, but to date, has identified:

- FHDC: a total of 13 frauds, producing £5,979.08 of savings which is being recovered; and
- SEBC: a total of 137 errors and frauds, producing £111,752 in savings with £60,027 being recovered.

The reviewing of the matches is continuous across the 7 partner authorities by the ARP Fraud Team, with the majority of SEBC being completed and FHDC now being looked into.

3.3 The review of housing benefit, payroll, creditor, licensing, market trader and housing waiting list matches released in January 2017 continues. To date the following has been identified:

- FHDC: 1 error (£6,498) which is a duplicate creditor payment and had already been returned by the supplier; and
- SEBC: 4 errors (£34,072) which are duplicate creditor payments, dating back to 2013 and had already been identified by internal processes. 2 overpayments (£492) have also been identified and are being recovered through housing benefit.

Housing benefit frauds are now passed to the Single Fraud Investigation Service (SFIS). In 2017, 8 FHDC and 5 SEBC cases from the NFI exercise have been referred to the SFIS to investigate.

3.4 A proactive approach is being taken with corporate anti-fraud work, including:

- monthly intranet messages;
- completion of various checklists which concluded that the risk of fraud is generally deemed to be low, however, the audit plan will continue to include work to support these findings; and
- completion of the CIPFA Fraud and Corruption Tracker survey which examines the levels of fraud and corruption detected across the public sector, the results of which will be used to direct future audit and proactive fraud work.

4. Resources

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

5. Conclusions

5.1 The Service Manager (Internal Audit) currently considers that progress on the core financial systems audits (paragraph 2.7 refers), as well as other audit responsibilities, is in line with expectations and therefore the Audit Plan should be substantially completed on time, resulting in an ability to deliver a robust annual audit opinion in the 2017/18 Annual Internal Audit Report.

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

Informal Joint Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Balanced Scorecard and Quarter 2 Performance report 2017-2018	
Report No:	PAS/SE/17/028	
Report to and date:	Performance and Audit Scrutiny Committee	29 November 2017
Portfolio holder:	Ian Houlder Portfolio Holder for Resources and Performance Tel: 01284 810074 Email: ian.houlder@stedsbc.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 second quarter of 2017-18.	
Recommendation:	Performance and Audit Scrutiny Committee: Members are requested to review the Council's performance using Balanced Scorecards for Quarter 2, 2017-18 and identify any further information required or make recommendations where remedial action or attention is required to address the Council's performance.	

Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>		<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	
Consultation:		<ul style="list-style-type: none"> This report has been prepared in consultation with all relevant staff and Leadership Team. 	
Alternative option(s):		<ul style="list-style-type: none"> The option of doing nothing may result in poor performance, monitoring performance can highlight where remedial action may be needed 	
Implications:			
Are there any financial implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 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. 	
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"> 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. 	
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*
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 - Balanced Scorecards Targets 2017-18	

<p>Documents attached:</p>	<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>
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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 2 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 2 Performance

- 1.2.1 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 second quarter, reporting 94% 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.

1.2.2 Enforcement cases on hand

Members previously requested further information regarding the number of enforcement cases on hand and the general upward trend of this figure over recent months. The on hand figure shown on the Balanced Scorecard has come down slightly since the last report with 356 cases being on hand - at the time of writing this report this has been reduced further to 342 cases. This number obviously varies based on what new cases come in, as well as what complex cases may be keeping the team busy in any given month - particularly where officers may be involved in formal enforcement notice appeals or prosecution work.

It may be useful for Members to note the reasons for enforcement cases being closed down from a sample of 328 recent cases:

No Breach/Permitted Development – 43%
Not expedient to enforce – 20%
Planning application invited and approved – 17%
Breach remedied without formal action – 15%
Notice issued and complied with – 1%
Prosecution – 1%
Complaint referred to other services – 3%

These figures bear out the general approach of our Enforcement Team in trying to resolve complaints without recourse to expensive and time consuming formal and legal processes – 32% of cases being resolved either informally or through the planning application process. It also highlights the large amount of complaints investigated that do not relate to breaches of planning control. Whilst not all complaints received are logged as such if the alleged breach clearly isn't a breach, many complaints require investigating before non-breach becomes apparent. The enforcement team works hard, particularly with Parish Councils and through the Councils' Parish Forum to provide training relating to breaches of planning control to help triage possible complaints.

The Council has been investigating the best way to notify Ward Members of ongoing enforcement matters in their area while making sure the authority complies with Data Protection laws, which are also due to be strengthened next year. There are data protection challenges with publishing the whole live caseload list for Members. To meet both these aims officers are now looking at whether planning software can be used to automatically notify ward members when a complaint is logged on the system.

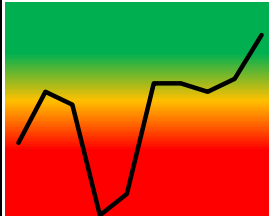

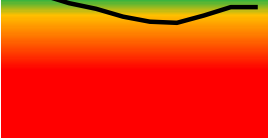

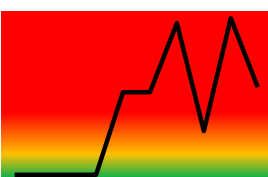

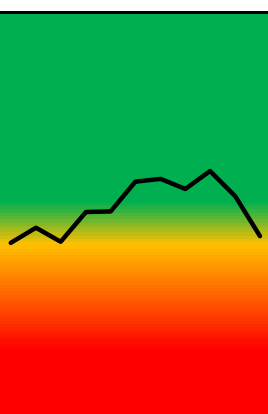
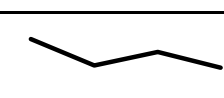
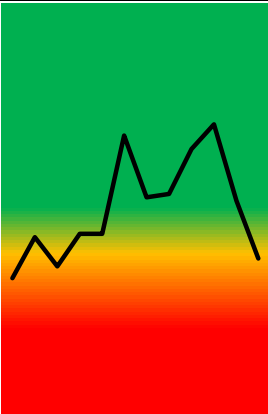
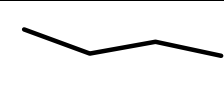
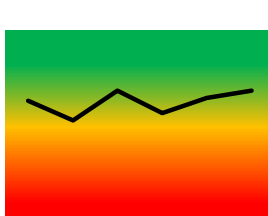
1.2.3 Validation figures and Pre-application enquiry service

The Planning Technical Support team has been working hard to reduce the number of applications waiting to be validated and the backlog has reduced significantly. However, a large number of the applications being processed are still invalid when submitted to the department. Planning Officers and Technicians are working hard to address this, particularly in relation to our Pre-application Enquiry service which can provide applicants with more information about getting the right submission from the start. Of the 800 applications received between 1 July 2017 and 30 Sept 2017, 52% of them were invalid when first submitted – only 13% of the invalid applications received pre-application advice, which is a good indication that the pre-application service is working well, although improvements can evidently still be made.


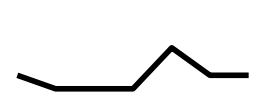
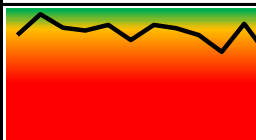

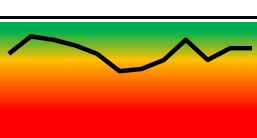
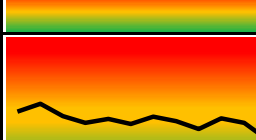
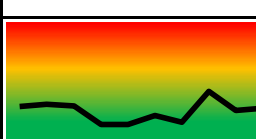
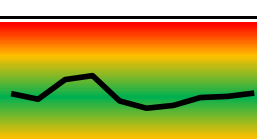


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FY		2017 - 2018		WEST SUFFOLK - RESOURCES & PERFORMANCE BALANCED SCORECARD														APPENDIX A	
MONTH		Sep 17		QUARTER		Jul 17 - Sep 17		HALF YEARLY		Apr 17 - Sep 17		ANNUAL		Apr 16 - Mar 17		* These indicators are at organisational level			
				Current Value		Target		Frequency		Type		Trend		Comments					
RESOURCES	FINANCIAL	Year end forecast variance (under) / over spend against budget - FHDC		£142,824.00		-		M		Cumulative				£108k NonDistributed Costs, £21k Corporate, £12k ICT. As detailed in the Budget Monitoring Report					
		Year end forecast variance (under) / over spend against budget - SEBC		£286,809.00		-		M		Cumulative				£246k NonDistributed Costs, £23k Corporate, £18k ICT. As detailed in the Budget Monitoring Report					
		Income generated from SLAs		-£359,615.24		-£343,928.73		M		Cumulative									
		% return on the investment of reserves and balances - FHDC		0.58		0.75		Q		Cumulative				£59k interest received to date, against a budget of £90k. Full year budget totals £181k					
		% return on the investment of reserves and balances - SEBC		0.58		0.55		Q		Cumulative				£177k interest received to date, against a budget of £127k. Full year budget totals £251k					
	FINANCE & PERFORMANCE	% of non-disputed invoices paid within 30 days		85.00		95.00		M		Period only				80 Undisputed invoices processed in September					
		% of debt over 90 days old		93.00		10.00		M		Cumulative				Total debt is £70k and 65K is over 90 days old					
				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 *		94.11		100.00		M		Period only									
	ICT	% of ICT Helpdesk calls completed 'on time' as defined in SLAs		94.30		90.00		Q		Period only				2136 Standard help desk calls completed on time out of 2266					
	ARP	Days taken to process Housing Benefit new claims and changes - FHDC		8.50		8.00		M		Period only									
		Days taken to process Housing Benefit new claims and changes - SEBC		7.95		8.00		M		Period only									
OUTCOMES	ARP	% Collection of Council Tax - FHDC		56.94		57.11		M		Cumulative									
		% Collection of Council Tax - SEBC		57.97		57.79		M		Cumulative									
		% Collection of Business Rates - FHDC		56.98		55.58		M		Cumulative									
		% Collection of Business Rates - SEBC		58.87		59.11		M		Cumulative									
	BUSINESS RATES	Business Rate Growth - FHDC		23,774,867		23,031,392		M		Cumulative									
		Business Rate Growth - SEBC		43,785,240		42,479,078		M		Cumulative									

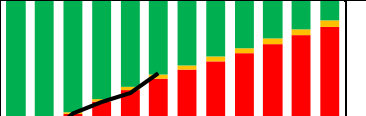
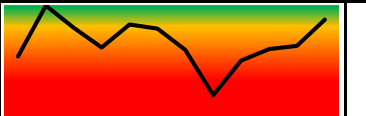

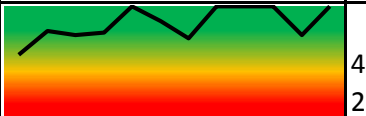
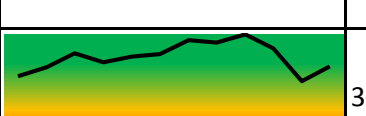


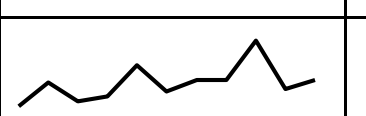

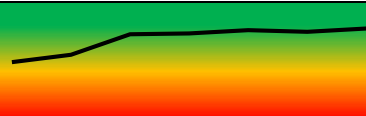
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FY		2017 - 2018		WEST SUFFOLK - FAMILIES & COMMUNITIES BALANCED SCORECARD										APPENDIX B					
MONTH		Sep 17		QUARTER		Jul 17 - Sep 17		HALF YEARLY		Apr 17 - Sep 17		ANNUAL		Apr 17 - Mar 18		* These indicators are at organisational level			
				Current Value	Target	Frequency	Type	Trend	Comments			Current Value	Target	Frequency	Type	Trend	Comments		
RESOURCES	FINANCIAL	Year end forecast variance (under) / over spend against budget - FHDC		-£18,839.00	-	M	Cumulative		(£21k) Policy, £15k CustServ, (£11k) F&C, (£1k) Housing Opt. As detailed in the Budget Monitoring Report.	CUSTOMERS	SATISFACTION	% Customer satisfaction with customer service - overall journey		92	80	Q	Period only		Based on 47 responses
		Year end forecast variance (under) / over spend against budget - SEBC		£61,993.00	-	M	Cumulative		(£16k) Policy, £20k CustServ, (£15k) F&C, £70k Housing Opt. As detailed in the Budget Monitoring Report.			Number of formal complaints		1	No target	B	Cumulative		One regarding a Housing application. Upheld
		% of non-disputed invoices paid within 30 days		96.63	95.00	M	Cumulative		109 undisputed invoices processed in September			Number of formal compliments		9	No target	B	Cumulative		Nine regarding Customer Services
		% of debt over 90 days old		53.53	10.00	M	Cumulative		FHDC debt £8,220.10 - £293.72 (3.57%) over 90 days and all of this debt is with legal. SEBC debt £9,224.32 - 98.05% over 90 days, £5,664.40 of the total outstanding debt is with legal.			CUSTOMER SERVICES	% of telephone calls answered		92	90	M	Period only	
				Current Value	Target	Frequency	Type	Trend	Comments			Current Value	Target	Frequency	Type	Trend	Comments		
INTERNAL PROCESSES	COMMUNICATIONS	Number of unique users of the West Suffolk councils website		35,095	37,583	M	Period only		Visits to the website have dropped as expected, but proportionally more than in previous years. This is partially due to it being the end of the summer holiday period and partially following the rises in July and August due to the West Suffolk Operational Hub and the Bury St Edmunds Town Centre Masterplan. It is still an increase over previous years (users 35,095 Sep 17, 34,119 Sep 16, 29,560 Sep 15) the averages each month for the past year are 40,867 users.	OUTCOMES	CUSTOMER SERVICES	Number & % of contacts - phone		54	55	Q	Period only		41,398 calls
		Number of unique page views to the West Suffolk councils website		107,903	116,667	M	Period only		Visits to the website have dropped as expected, but proportionally more than in previous years. This is partially due to it being the end of the summer holiday period and partially following the rises in July and August due to the West Suffolk Operational Hub and the Bury St Edmunds Town Centre Masterplan. It is still an increase over previous years (upv 107,903 Sep 17, 105,863 Sep 16, 98,735 Sep 15) the averages each month for the past year are 125,754 upv.			Number & % of contacts - face to face		14	15	Q	Period only		10,853 face to face contacts
	HOUSING OPTIONS	Number of applications processed for Housing register		77	60	M	Period only		The team continue to work on a backlog of applications			Number & % of contacts - online		32	30	Q	Period only		7,218 emails and 17,453 online forms. This figure includes elections, planning applications and housing applications made online during the period.
		Average time taken to make decisions on homelessness applications (days)		18	21	M	Period only		Complex cases have resulted in delays to decision times however they remain within target		HOUSING OPTIONS	Advice & Prevention cases currently open or closed during the month		40	40	M	Period only		Officers continue to experience high cases loads.
									Household Numbers in B&B			12	15	M	Period only		Continued efforts being made to control and reduce this figure		
									Numbers in Bands A & B			962	No target	M	Period only		Continue to see high demand for priority moves		

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FY		2017 - 2018		WEST SUFFOLK - HUMAN RESOURCES, LEGAL & DEMOCRATIC SERVICES BALANCED SCORECARD														APPENDIX C	
MONTH		Sep 17		QUARTER		Jul 17 - Sep 17		HALF YEARLY		Apr 17 - Sep 17		* These indicators are at organisational level		ANNUAL		Apr 16 - Mar 17			
			Current Value	Target	Frequency	Type	Trend	Comments				Current Value	Target	Frequency	Type	Trend	Comments		
RESOURCES	FINANCIAL	Year end forecast variance against budget - FHDC	£41,538.00	-	M	Cumulative		Forecast includes share of GDPR costs which are being covered within the overall budget position but noted here for Corporate spend	CUSTOMERS	SATISFACTION	Number of formal complaints	3	No target	B	Period only		This year we have had the referendum, county election and general election, plus 12 by-elections, which resulted in 3 step 1 complaints in the election area which have been investigated and resolved		
		Year end forecast variance against budget - SEBC	£48,216.00	-	M	Cumulative		Forecast includes share of GDPR costs which are being covered within the overall budget position but noted here for Corporate spend			Number of formal compliments	3	No target	B	Period only		3 compliments for legal		
		% of non-disputed invoices paid within 30 days	95.71	95.00	M	Cumulative		70 Undisputed invoices processed in September		SERVICE	% response rate to Annual Canvass	91.76	95.00	A	Cumulative		we are currently on track to meet the target in December 2017 (94% plus at present)		
		% of debt over 90 days old	0.00	10.00	M	Cumulative		No debt for FHDC or SEBC over 90 days			Customer Services % of answered calls - elections	91.00	90.00	M	Period only		511 calls		
	STAFF	Average number of sick days lost per FTE per annum*	6.20	6.50	Q	Cumulative		Sickness absence continues to be well managed and is reducing											
			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)	26.25	35.00	Q	Period only		Work has been done on employer brand and effective recruitment processes	OUTCOMES	HUMAN RESOURCES	% Voluntary staff turnover *	9.66	7-12	Q	Cumulative		despite a competitive labour market the retention of staff is not a problem		
											% successful staff appointments *	94.69	85.00	Q	Cumulative		our employer brand and reputation continues to be strong and we are able to recruit successfully		
										HEALTH & SAFETY	Reported incidence of injuries, diseases and dangerous occurrences *	2	5	Q	Cumulative		we have had two incidents of RIDDOR this year		

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FY		WEST SUFFOLK - PLANNING & REGULATORY BALANCED SCORECARD																APPENDIX D	
MONTH		Sep 17		QUARTER		Jul 17 - Sep 17		HALF YEARLY		Apr 17 - Sep 17		* These indicators are at organisational level		ANNUAL		Apr 17-Mar 18			
				Current Value		Target		Frequency		Type		Trend		Comments					
RESOURCES	FINANCIAL	Year end forecast variance (under) / over spend against budget - FHDC		£29,297.00		0.00		M		Cumulative				(£28k) Land Charges, (£14k) DevControl, £47k Building Control, £33k EnvMgmt. As detailed in the budget monitoring report.					
		Year end forecast variance (under) / over spend against budget - SEBC		-£59,721.00		0.00		M		Cumulative				(£80k) DevControl, (£29k) Land Charges, £41k Building Control, £17k PRS. As detailed in the budget monitoring report					
		Spend on professional fees in relation to planning appeals		£24,831		No Target		M		Cumulative				The fees paid relate to FHDC £12805 and SEBC £12,025.80					
		Income received against budget		-£2,360,975.63		-£2,311,482.00		M		Cumulative				Income up on Planning Application Fees					
		% of non-disputed invoices paid within 30 days		96.15		95.00		M		Period only				52 undisputed invoices processed in September					
		% of debt over 90 days old		14.00		10.00		M		Cumulative				The total debt over 90 days was £4223.86 out of £29165.56. SEBC was £480 out of £18,174.28 this represents 2.6%. FHDC was £3,743.86 out of £10,991.28 which is 34.1% , the FHDC amount is made up of BC £960.00 and £2,783.86 for PH , which is covered by a charge on the property it relates to.					
		DFG mandatory grants paid £		£184,121.33		£280,252.00		M		Cumulative				HIA, as key provider across Suffolk, working under new management, system and improvement plan, with resource now up to full establishment. Being monitored by partners on a monthly basis and closely here at WS. OT assessment backlog to be reduced by Jan 2018, through an alternative agency. Recommendations for DFG will be processed through an alternative HIA.					
		Staff Cases per member of staff - Housing Standards		40.00		50.00		Q		Period only				Still within the acceptable threshold. Regular meetings with individual officers and team around workload, and successful recruitment of 3 new officers (2 FTE) to manage this and deliver on service demand.					
INTERNAL PROCESSES	PLANNING			Current Value		Target		Frequency		Type		Trend		Comments					
		% of major planning applications determined within 13 weeks		100.00		60.00		M		Period only				4 major planning applications were determined within September 2017 (3 SEBC, 1 FHDC). Those 4 applications required an extension of time.					
		% of minor planning applications determined within 8 weeks		84.38		65.00		M		Period only				32 minor planning applications were determined within September 2017 (18 SEBC, 14 FHDC). 10 applications were determined within 8 weeks, 17 applications required an extension of time and 5 applications were determined after 8 weeks.					
	% of other planning applications determined within 8 weeks		99.00		80.00		M		Period only				100 other planning applications were determined within September 2017 (73 SEBC, 27 FHDC). 74 applications were determined within 8 weeks, 25 applications required an extension of time and 1 application was determined after 8 weeks.						
	PLANNING ENFORCEMENT	Number of new enforcement cases opened		36		No Target		M		Period only				There were 36 new enforcement cases opened within September 2017, 21 were SEBC and 15 were FHDC.					
		Number of enforcement cases closed		36		No Target		M		Period only				36 enforcement cases were closed within September 2017, 28 were SEBC and 8 were FHDC.					
		Total number of enforcement cases open		356		No Target		M		Period only				There are currently 356 open enforcement cases, 148 SEBC and 208 FHDC					
OUTCOMES	HOUSING STANDARDS	REGULATORY				Current Value		Target		Frequency		Type		Trend		Comments			
		% of food businesses receiving a top food hygiene rating (rating of 5)		83.10		60.00		Q		Period only				A slight increase in the proportion of top-rated food premises. The team continue to work with a number of poorly-performing businesses to achieve sustained improvements.					
	Private sector Properties brought up to standard		58.00		30.00		Q		Cumulative										
	REGULATORY	Renewable energy generated on Council properties (KWh)		154,569		171,130		Q		Period only						The majority of the sites generated less electricity during this quarter when compared to the same period last year. Full system inspections and if required a panel cleaning exercise will be performed over Winter 2017 to ensure that all systems are performing at their optimum.			
		Renewable energy generated on Solar Farm (MWh)		4,073		4,231		Q		Period only						A small drop in performance against target was observed over the quarter. The site is currently going through its first anniversary of contractual performance testing as part of the two year warranty period. This independent testing will show if the performance is at expected levels, the results of which will be available to report during Q3. Remedial action will be taken if needed under the warranty against contractually agreed performance levels.			
		Value generated by Solar Farm (£)		£423,543.00		£437,000.00		Q		Period only						Income this quarter was slightly down reflecting lower than predicted generation levels.			
		Solar for Business Income (£)		£54,401.00		£57,922.00		B		Period only						Seven new installations were completed later than forecast during this reporting period, and one excepted installation did not go ahead. Overall the existing sites performed as expected during the period.			

FY 2017 - 2018

WEST SUFFOLK - OPERATIONS BALANCED SCORECARD

APPENDIX E

MONTH Sep 17 QUARTER Jul 17 - Sep 17 HALF YEARLY Apr 17 - Sep 17 * These indicators are at organisational level ANNUAL Apr 17 - Mar 18

			Current Value	Target	Frequency	Type	Trend	Comments				Current Value	Target	Frequency	Type	Trend	Comments
RESOURCES	FINANCIAL	Year end forecast variance against budget - FHDC	-£169,820.00	-	M	Cumulative		(£92k) Waste,(£49k) Property, £28k Facilities, (£29k) Central Services, (£18k) CarParks, (£22k) Parks. As detailed in the Budget Monitoring Report.	CUSTOMERS	SATISFACTION	Number of formal complaints	2	No target	B	Period only		Two step-one complaints. One regarding the West Suffolk Operational Hub, One regarding car parking signs. Neither upheld
		Year end forecast variance against budget - SEBC	-£485,746.00	-	M	Cumulative		(£270k) Waste, (£74k) Property, (£73k) Car Parks, (£39k) Halls&Events. As detailed in the Budget Monitoring Report.			Number of formal compliments	22	No target	B	Period only		Twenty-two compliments
		Income from entire property portfolio	-£2,140,115.07	-£2,065,154.00	M	Cumulative				SERVICE	% of calls answered - Waste	95	90	M	Period only		583 calls on waste line
		Income from waste & street scene services	-£1,986,709.51	-£1,738,190.00	M	Cumulative					% of calls answered - Apex Box Office	95	90	M	Period only		953 calls on Apex line
		% of non-disputed invoices paid within 30 days	94.16	95.00	M	Cumulative		822 undisputed invoices processed in September									
		% of debt over 90 days old	75.71	10.00	M	Period only		FHDC debt £48,087.41 - 47.50% over 90 days. SEBC debt £562,983.91 - 78.13% 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	5.61	8.25	M	Period only			OUTCOMES	WASTE MANAGEMENT	% of household waste recycled and composted	43.27	42.00	Q	Cumulative		Overall, there was a slight drop in the total amount of waste collected in qtr 2 compared with qtr 1 and more of this waste was recycled, resulting in a positive recycling rate.
											Residual household waste per household - Kgs	263.00	245.00	Q	Cumulative		This is an estimate as it does not reflect the growth in the number of households since April 2017. Whilst there has been less residual waste collected in qtr 2 than qtr 1, this is higher than the same period last year and the current budget estimate.
										PROPERTY	% of industrial units that are vacant	6.22	8.25	M	Cumulative		0
										WASTE MANAGEMENT	Number of flytipping incidents recorded in West Suffolk	271	325	Q	Cumulative		The majority of incidents are associated with relatively small incidents of household waste on public land.
											Number of actions to combat flytipping in West Suffolk	808	650	Q	Cumulative		In response to incidents we undertake investigations and where possible employ a range of enforcement measures including warning letters, fixed penalty notices, formal cautions and prosecutions; all subject to the evidence available. We are also proactive where possible and implement additional actions such as installing warning signs, undertaking duty of care inspections with local businesses and working in partnership on countywide campaigns to promote the correct disposal of waste. The proactive measures are the reason why the number of actions is greater than the number of incidents

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Informal Joint Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	West Suffolk Strategic Risk Register Quarterly Monitoring Report – September 2017	
Report No:	PAS/SE/17/029	
Report to and date:	Performance and Audit Scrutiny Committee	29 November 2017
Portfolio holder:	Ian Houlder Portfolio Holder for Resources and Performance Tel: 01284 810074 Email: ian.houlder@stedsbc.gov.uk	
Lead officers:	Rachael Mann / Gregory Stevenson Assistant Director / Service Manager - Finance and Performance Tel: 01638 719747 / 01284 757264 Email: rachael.mann@westsuffolk.gov.uk gregory.stevenson@westsuffolk.gov.uk	
Purpose of report:	To review the West Suffolk Strategic Risk Register Quarterly Monitoring Report.	
Recommendation:	Performance and Audit Scrutiny Committee: It is <u>RECOMMENDED</u> that Members scrutinise the updated West Suffolk Strategic Risk Register at Appendix 1 and refer any major issues requiring attention to Cabinet.	

Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>		<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	
Consultation:		• Not Applicable	
Alternative option(s):		• Not Applicable	
Implications:			
Are there any financial implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> • There are no direct financial or budget implications arising from this report. Specific risks associated with finance and resources are included in the West Suffolk Strategic Risk Register at Appendix 1.	
Are there any staffing implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
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)
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(s)

1.1 Key Issues and Summary

- 1.1.1 The West Suffolk Strategic Risk Register is updated regularly by the Risk Management Group. The Group is comprised of service representatives, including Health and Safety, supported by a Director and the Portfolio Holder for Resources and Performance. Assistant Directors and / or Service Managers may be required to provide further information as requested by the Group.
- 1.1.2 At its most recent assessment in October 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 September 2017 have been removed from the register.

1.2 New or Amended Risks

- 1.2.1 The following risk has been added to the Strategic Risk Register:

WS23 – Cyber Security – has been added to reflect the ever increasing threat to West Suffolk’s systems and services from malicious cyber attack.
- 1.2.2 The description of **WS11** has been updated to include West Suffolk’s bid to become a single Council. An additional action #6 has been added to support these activities.
- 1.2.3 There have been no major amendments to current risks 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.

- 1.5.2 The West Suffolk Strategic Risk Register identifies and records the level of risk associated with delivering the Council's plans alongside meeting its statutory responsibilities and the organisation's overall ability to respond to change. Through assessment of risk and the likelihood and impact of potential failure to meet these challenges, the level of controls and where possible, action required is identified and implemented.

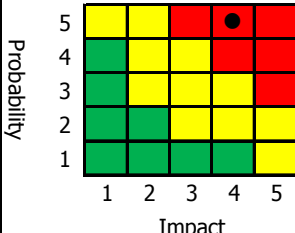
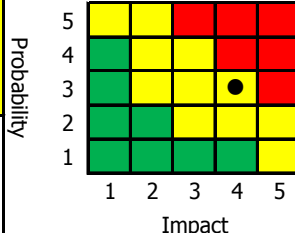
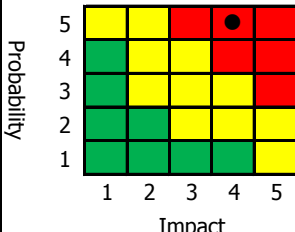
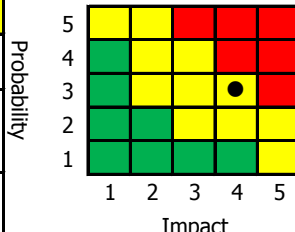
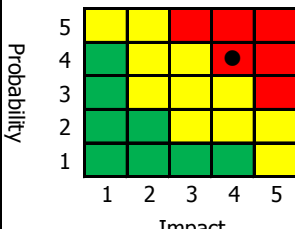
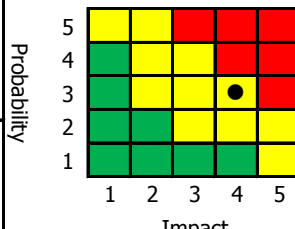
West Suffolk Strategic Risk Register 2017/18 - September 2017

West Suffolk Strategic Risk Register 2017/18 - September 2017												
					Type: A = Action, C = Control		APPENDIX 1					
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	
							A	10) Implement Suffolk wide Business Rates monitoring and forecasting tool to assist with control #2 above.	Assisant Director - Resources & Performance	Jul-17	Dec-17	
WS1 B	10-Jul-14	Financial	Assistant Director & Portfolio Holders-Resources and Performance	Poor financial planning	<p>Failure to deliver a sustainable Medium Term Financial Strategy, especially in view of continued financial uncertainty around areas such as Comprehensive Spending Review, localisation of Business Rates, increased service demand, and use of reserves.</p> <p>Over reliance on any one particular MTFS theme such as behaving more commercially or being an investing authority</p>		A	1) 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	

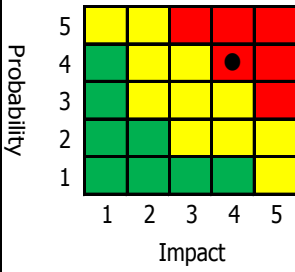
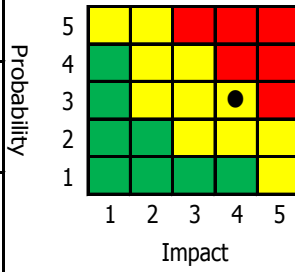
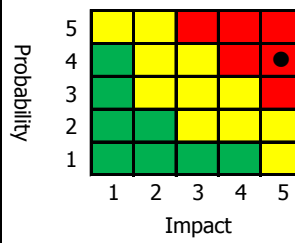
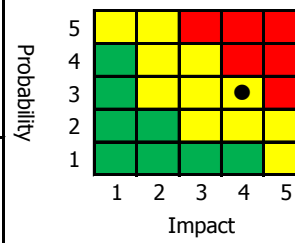


West Suffolk Strategic Risk Register 2017/18 - September 2017

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							C	7) Use of data and intelligence in forecasting future scenarios.	LT	N/A	N/A	
							C	8) Keep a careful eye on Brexit implications re European funding and service delivery	LT	N/A	N/A	
							A	9) Project resources review ensuring the appropriate capacity and skills to take forward ambitious agenda.	LT	Sep-16	Mar-18	
							A	10) Utilise Suffolk wide Business Rates monitoring and forecasting to assist with forecasting and financial planning across the MTFS. The new tool will also provide the opportunity to model for different scenarios under a 100% Business Rate Retention Scheme.	Assistant Director - Resources and Performance	Jul-17	On-going	
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 wiith 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	

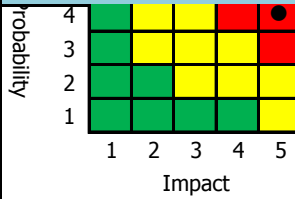
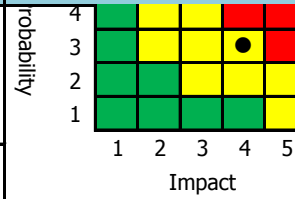
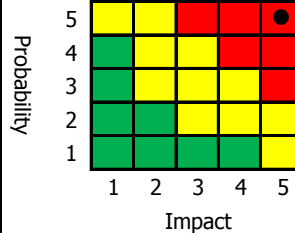
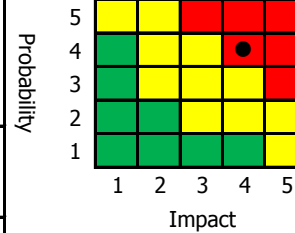
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WS4 Page 49	10-Jul-14	Professional	Assistant Director & Portfolio Holders - Human Resources, Legal & Democratic Services	Staff retention (professional staff / technical staff) and recruitment. Staff trust and goodwill (morale)	Lack of staff with appropriate skills, experience and capacity could prevent delivery of services and high levels of performance. Failure to have motivated staff with appropriate workload.		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	
							A	5) Anglia Revenues Partnership, (ARP), Strategic (Transformation) Plan outlining the future role of ARP to be developed.	Director (JK)	Jul-16	Mar-17	
							A	1) OD strategy focussing on Employer Brand, Flexible and Agile Workforce, Talent management linked to performance management. Continue to develop succession routes - apprentices and career pathways for example.	HR Manager	Reviewed OD plan 2016	On-going	
							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	
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	Dec-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	
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	

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							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: ICT, Finance, Legal and Property	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. No tolerance approach adopted.	Infrastructure Support Manager	N/A	N/A	
							A	5) Development of a West Suffolk Information Strategy and links to the wider public sector integration agenda (Transformation Challenge Award).	Service Manager (ICT)	N/A	Dec-17	
WS8	10-Jul-14	Political Social										
Page 50	(a)		Assistant Director & Portfolio Holders-Families & Communities	Failure to deliver; Families & Communities agenda	Opportunities being missed to create or influence the provision of:		C	1) Initial Families & Community Strategy now complete. Continuous development and review of strategy to ensure that it remains fit for purpose. Review of F & C scheduled to complement the development of a new Westy Suffolk Strategic Plan.	Service Manager (Families & Communities)	Jul-17	Feb 18	
					(i) a thriving voluntary sector and active communities who take the initiative to help the most vulnerable		C	2) Continue to develop the Families and Communities Officers role and new ways of working with councillors and the wider team.	Service Manager (Families & Communities)	N/A	N/A	
					(ii) people playing a greater role in determining the future of their communities		A	3) Locality budgets and Community Chest funds available. Ensure both are used effectively and as intended.	Service Manager (Families & Communities)	Oct-13	On-going	
					(iii). improved wellbeing, physical and mental health							
					(iv) accessible countryside and green spaces							
	(b)		Assistant Director & Portfolio	Failure to deliver; Growth Agenda inc coping with growth and increase in	Opportunities being missed to create or influence the provision of:		C	1) Developing engagement with the two Local Enterprise Partnerships. Deliver Six Point Plan for Jobs and Growth. Monitoring the local economy.	Assistant Director - Growth	N/A	N/A	

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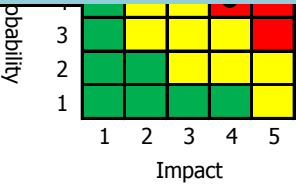
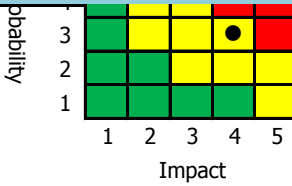
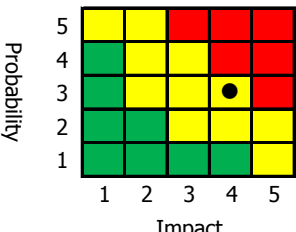
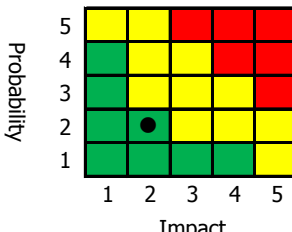
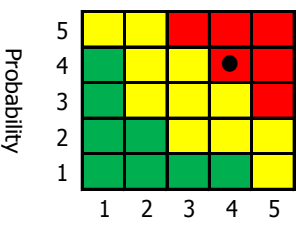
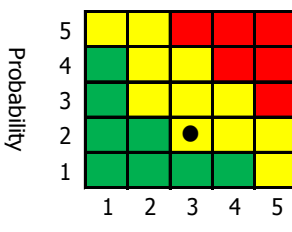
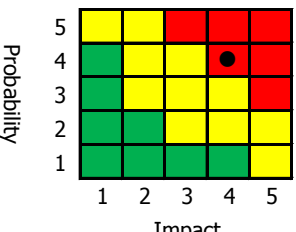
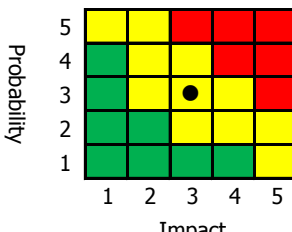
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Page 51			Holders - Growth	demand	(i) beneficial growth that enhances prosperity and quality of life		C	2) Small budget to support businesses with grants. Business rate income being closely monitored from April 2013 by ARP. Developing Inward Investment strategy. Increase Business engagement	Assistant Director - Growth	N/A	N/A	
					(ii) existing businesses that are thriving and new businesses brought to the area		C	3) Support to WSC, SCC, UCS and other agencies involved with skills development. Monitoring attainment levels.	Assistant Director - Growth	N/A	N/A	
					(iii) people with the educational attainment and skills needed in our local economy		C	4) Continue to develop close working relationships with Whitehall, Norfolk partners, LEPS to influence the design of any devolution agreements and business rates retention schemes.	Assistant Director - Growth	N/A	N/A	
					(iv) vibrant, attractive and clean high streets, village centres and markets		A	5) Development and delivery of Local Plans	Assistant Director - Growth	Dec-15	On-going	
							A	6) Continued development of enterprise zones. Development of a joint plan to 2020/21.	Assistant Director - Growth		Feb-17	
	(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 West Suffolk Letings Partnership to ensure that the package of support provided meets the needs of the landlords and local housing market, particularly in light of Universal Credit.	Service Manager (Housing Options)	Aug-17	Jun-18	
							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.	

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							A	8) Monitor implications and proposals contained in new Government publications (including 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.	

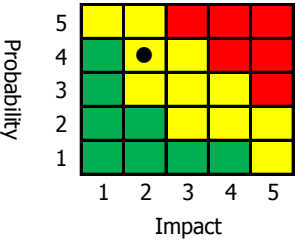
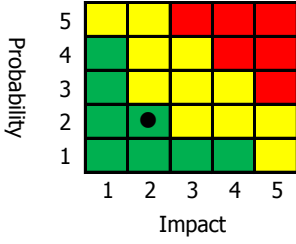
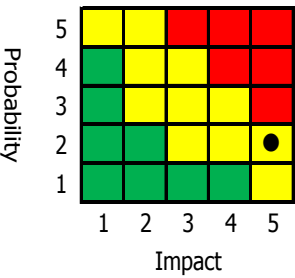
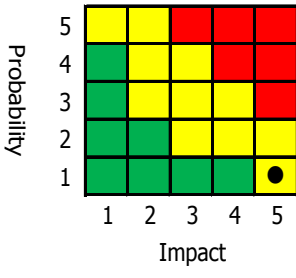
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WS11	10-Jul-14	Economic Financial Competitive	Chief Executive / Directors & Portfolio Holders	Failure to adapt to new public sector models, explore opportunities with partners	West Suffolk's bid to become a single Council is unsuccessful and the benefits are not realised; the Council 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) Continue to actively work with DCLG and LGBCE to encourage support for the Council's business case to become a single Council, and proactively support the development of the case and subsequent Order.	Chief Executive and Directors.	Sep-17	On-going	
							A	7) 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			
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	

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							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	
							A	6) Develop robust governance agreements for council owned companies.	LT	On-going	On-going	
WS14	10-Jul-14	Physical Social Legal	Director & Portfolio Holders	Service failure through unplanned events	Reduced level of failure to deliver services to both internal and external clients due to unforeseen events.		A	1) Services must have a workable, up to date 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	
								Please also see WS16 - Breach of data protection and information security				
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. Damage to individuals. Avoid legal challenge. Prevent potential claims for compensation. Financial penalty for failing to comply with GDPR		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) Improve staff and member communication on good practices and data security.	Service Manager (Corporate Communications)	Apr-14	On-going	
							A	5) 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	
							A	6) Programme plan in development to support compliance with General Data Protection Regulation. (GDPR)	Data Protection Officer	Oct-17	May-18	
WS18	10-Jul-14	Customer Financial Professional	Assistant Director & Portfolio Holders - Resources & Performance	Poor Performance	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	
								Please also see WS7 - Poor Project Management				

West Suffolk Strategic Risk Register 2017/18 - September 2017

West Suffolk Strategic Risk Register 2017/18 - September 2017												
							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
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 Strategic Planning, Service Planning and Policy Development.	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	
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 and councillors. 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 and councillors.	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	
							C	7) Implementation of new H&S Management software.	Health & Safety Manager	Nov-17	Mar-18	

West Suffolk Strategic Risk Register 2017/18 - September 2017

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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.	<div>Probability</div> <div><table><tr><td>5</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>4</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>3</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>2</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>1</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr></table><div>Impact</div></div> <div><table><tr><td>A</td><td>1) Working in Countywide safeguarding partnership - external annual S11 Audit of Council procedures.</td><td>Service Manager- Strategic Housing</td><td>Jul-09</td><td>On-going</td></tr><tr><td>C</td><td>2) Safe recruitment procedures are adopted for all staff recruitment.</td><td>Assistant Director - HR, Legal & Dem Services</td><td>Jul-09</td><td>On-going</td></tr><tr><td>A</td><td>3) Regular staff and member training and briefing sessions taking place included as part of induction and training programme.</td><td>Service Manager- Strategic Housing/HR, Legal & Dem services</td><td>Jun-14</td><td>On-going</td></tr><tr><td>A</td><td>4) Ensure appropriate training is provided to front-line staff.</td><td>Service Manager- Strategic Housing</td><td>Nov-15</td><td>01/04/2016 Initial training completed - continued ongoing development.</td></tr></table></div> <div><div>Probability</div><div><table><tr><td>5</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>4</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>3</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>2</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>1</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr></table><div>Impact</div></div></div>	5						4						3						2						1							1	2	3	4	5	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	A	4) Ensure appropriate training is provided to front-line staff.	Service Manager- Strategic Housing	Nov-15	01/04/2016 Initial training completed - continued ongoing development.	5						4						3						2						1							1	2	3	4	5										
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WS22	21-Apr-15	Economic and social	Director & Portfolio Holders	Failure to make the most of the opportunity presented by the closure of RAF Mildenhall	Failing to get the best mixed use options for the future of the site would lead to a negative impact on the local economy, families and community or the housing market.	<div>Probability</div> <div><table><tr><td>5</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>4</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>3</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>2</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>1</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr></table><div>Impact</div></div> <div><table><tr><td>A</td><td>1) Update the Mildenhall, Alconbury and Molesworth Working Group governance to reflect Mildenhall and Lakenheath issues.</td><td>Director (JK)</td><td>Feb-15</td><td>Completed June 2017</td></tr><tr><td>A</td><td>2) Co-ordinate and lead the Forest Heath member-led local Mildenhall and Lakenheath Airbases Group</td><td>Director (JK)</td><td>Mar-15</td><td>On-going</td></tr><tr><td>A</td><td>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.</td><td>Director (JK)</td><td>Apr-15</td><td>Prospectus completed. Working with Cabinet Office etc. on-going</td></tr><tr><td>A</td><td>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.</td><td>Director (JK)</td><td>Feb-15</td><td>On-going</td></tr><tr><td>A</td><td>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.</td><td>Director (JK)</td><td>Dec-16</td><td>Project team Mar 17. Master plan 2018</td></tr><tr><td>A</td><td>Work with and influence the HCA on their emerging studies for site use 2017-2019.</td><td>Director (JK)</td><td>Sep-16</td><td>On-going</td></tr></table></div> <div><div>Probability</div><div><table><tr><td>5</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>4</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>3</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>2</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>1</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr></table><div>Impact</div></div></div>	5						4						3						2						1							1	2	3	4	5	A	1) Update the Mildenhall, Alconbury and Molesworth Working Group governance to reflect Mildenhall and Lakenheath issues.	Director (JK)	Feb-15	Completed June 2017	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	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	A	Work with and influence the HCA on their emerging studies for site use 2017-2019.	Director (JK)	Sep-16	On-going	5						4						3						2						1							1	2	3	4	5
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WS23	06-Oct-17	Economic, Financial, Political, Legal	Directors, Assistant Directors & Portfolio Holders	Cyber Security	Failure to appropriately protect West Suffolk's systems and Services from Cyber Attack	<div>Probability</div> <div><table><tr><td>5</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>4</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>3</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>2</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>1</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr></table><div>Impact</div></div> <div><table><tr><td>A</td><td>1) <u>User Education & Awareness</u> - Update Info Sec training to include more detail on data protection and introduce new educaion programme for all staff.</td><td>Service Manager ICT HR Business Partner</td><td>Oct-17</td><td>Dec-17</td></tr><tr><td>A</td><td>2) <u>User Education & Awareness</u> - Info Sec polict to be reviewed and disseminated to all staff (inc ARP) - and to be reviewed regularly</td><td>Service Manager ICT HR Business Partner</td><td>Oct-17</td><td>Dec-17</td></tr></table></div> <div><div>Probability</div><div><table><tr><td>5</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>4</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>3</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>2</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>1</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr></table><div>Impact</div></div></div>	5						4						3						2						1							1	2	3	4	5	A	1) <u>User Education & Awareness</u> - Update Info Sec training to include more detail on data protection and introduce new educaion programme for all staff.	Service Manager ICT HR Business Partner	Oct-17	Dec-17	A	2) <u>User Education & Awareness</u> - Info Sec polict to be reviewed and disseminated to all staff (inc ARP) - and to be reviewed regularly	Service Manager ICT HR Business Partner	Oct-17	Dec-17	5						4						3						2						1							1	2	3	4	5																				
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Informal Joint Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Work Programme Update	
Report No:	PAS/SE/17/030	
Report to and date:	Performance and Audit Scrutiny Committee	29 November 2017
Chairman of the Committee:	Sarah Broughton Chairman of the Performance and Audit Scrutiny Committee Tel: 01284 787327 Email: sarah.broughton@stedsbc.gov.uk	
Lead officer:	Christine Brain Democratic Services Officer (Scrutiny) Tel: 01638 719729 Email: Christine.brain@westsuffolk.gov.uk	
Purpose of report:	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 2018. 2) Members are asked to identify potential topics for future scrutiny on service performance.	

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

Description	Lead Officer
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)
St Edmundsbury 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 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 Scorecard 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)
St Edmundsbury Specific Reports	
Financial Outturn Report (Revenue and Capital) 2017-2018	Assistant Director (Resources and Performance)

Informal Joint Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Building Control – Improvement Plan	
Report No:	PAS/SE/17/031	
Report to and date:	Performance and Audit Scrutiny Committee	29 November 2017
Portfolio holder:	Alaric Pugh Portfolio Holder for Planning and Growth Tel: 07930 460899 Email: Alaric.pugh@stedsbcc.gov.uk	
Lead officer:	David Collinson Assistant Director (Planning and Regulatory) Tel: 01284 757306 Email: david.collinson@westsuffolk.gov.uk Rob Fysh Principal Building Control Officer Tel: 01284 757379 Email: rob.fysh@westsuffolk.gov.uk	
Purpose of report:	To provide a review of current Building Control performance and the Development Plan for the service.	
Recommendation:	It is <u>RECOMMENDED</u> that the Committee: <u>Note</u> the report and provide any comments in relation to the service development plan.	
Key Decision: <i>(Check the appropriate box and delete all those that <u>do not</u> 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"/> However, the financial (income) implications within this report will be reviewed as part of budget setting in 2018/19	

Consultation:	<ul style="list-style-type: none"> N/A 		
Alternative option(s):	<ul style="list-style-type: none"> N/A 		
Implications:			
Are there any financial implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> As set out in the report 	
Are there any staffing implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> A staff development and resource plan must be implemented to meet future demand/sustainability for the service 	
Are there any ICT implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> Enabling systems to support flexible and efficient working are being supported by ICT 	
Are there any legal and/or policy implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> Note our statutory role 	
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)
Reduction in income – failure to maintain or increase market share will reduce income opportunities leaving the service still being required to provide non-fee earning services and an increased allocation of overhead costs.	High	Market analysis and marketing to maintain/grow market share. Commercial approach taken in seeking and maintaining fee earning work	Medium
Sustainability –Local Authority Building Control faces increasing pressure from private sector Approved Inspectors both in terms of competition for market share and staff resources and as a result the provision of future delivery.	High	Growth plan that links resources increase to meet market share (fee earning) and statutory duties. Development Plan to support recruitment and retention of staff.	Medium

Reputation – If the private sector becomes a dominant provider of services in the region, the authority will have less control overall on service and quality of building work in the locality but will still retain responsibility for enforcement and non-fee earning elements of the service	High	We need to build on our unique values as a local authority delivered service. We need to effectively market ourselves as a trusted brand, act commercially and in partnership with other local authority delivered services.	Medium
Ward(s) affected:		All	
Background papers:		None	
Documents attached:		EXEMPT Appendix 1 – Development Plan – Commercially Sensitive	

1. Key issues and reasons for recommendation(s)

1.1 Role of the Building Control Service

- 1.1.1 The purpose of the local authority building control service is to provide essential protection for the public in and around buildings. The majority of this work involves ensuring that new building works meet the minimum standards laid down in the national Building Regulations, however the local authority is also solely responsible for:
- Enforcing the regulations
 - Dangerous structures
 - Disabled adaptations/extensions
 - Demolition notifications
 - Support Safety Advisory Group
 - Support Safety at Sports Grounds Group
 - Maintaining a register of all works carried out
- 1.1.2 Building Control is a statutory service to be provided by all local authorities to enforce the Building Regulations within their area. Only the local authority has the obligation to take enforcement action over non-compliance with Building Regulations, and this cannot be delegated to a private sector provider. As a statutory service, it remains a core function of an authority's responsibilities.
- 1.1.3 The Grenfell Tower disaster has brought attention to the Building Control service and how it is resourced. A preliminary response is due in December from Dame Hackett and her independent Review of Building Regulations and Fire Safety. We will review the findings in due course.

1.2 Challenges and opportunities

1.2.1 Competition

What sets Building Control apart from most other local authority services is that it operates in competition with private sector providers. The cost to an authority of running its Building Control service (including statutory services that are not provided by private sector providers) is diluted by maintaining a high market share for commercial activity. Conversely if market share is lost to private sector providers the authority bears a greater proportion of the overhead costs. Perversely, losing a project to a competitor, not only results in the loss of income to the authority but it then incurs the additional cost of registering and administration of the Initial Notice (IN) submitted by the competitor for which no fee is received.

The commercial imperative to win work and keep clients "happy" can put pressure on all Building Control teams to compromise (albeit on a risk basis). In a price sensitive marketplace it is too easy to sacrifice resource intensive inspections to hit a contract price point.

The Local Authority Building Control service needs to be customer focused but it also prides itself as being independent and impartial and should be free from the financial pressure to compromise the integrity of the service.

The unique selling point of local authority building control is that it's a trusted brand and a focus on quality of building work.

1.2.2 Staffing

An ageing workforce and a historic lack of investment in staff development in the industry has created a market shortage for building control surveyors. Ongoing staff shortages has created pressure in local authorities which incentivises remaining staff to look at either joining existing private sector practices or the opportunity to set up their own practice. We are investing in ensuring that we have highly skilled officers and we will build on this with our developing approach to commerciality.

1.2.3 Commerciality and Marketing

Local government Building Control services competing in a competitive private sector market do not always have the commercial skills or marketing resources to effectively compete in this arena, which may affect future sustainability. If resources are stretched, there is often little opportunity to invest time and effort into marketing which will result in more pressure on a stretched resource. The service needs to be able to respond to increase in market share as part of a sustainable growth plan for the team. Equally if resources are not committed to ongoing marketing practices then a reduction in market share and income will be likely.

1.2.4 Growth and Economic cycles

In times of economic growth, the demand for Building Control services will rise. With the right model there are opportunities not only to maintain/grow market share, but to also ensure that it is best placed to take advantage in the increased demand. The service also needs to have such critical mass that it can still respond to reactive public protection work.

1.2.5 Collaboration and partnership working

We share common challenges and objectives with other council provided services across Suffolk. The shared aims creates interdependencies amongst us and opportunities to work together to build resilience, effectiveness and efficiency by collaborating on critical areas of work such as marketing, branding, cross border mutual aid and staff development.

1.3 Current Performance

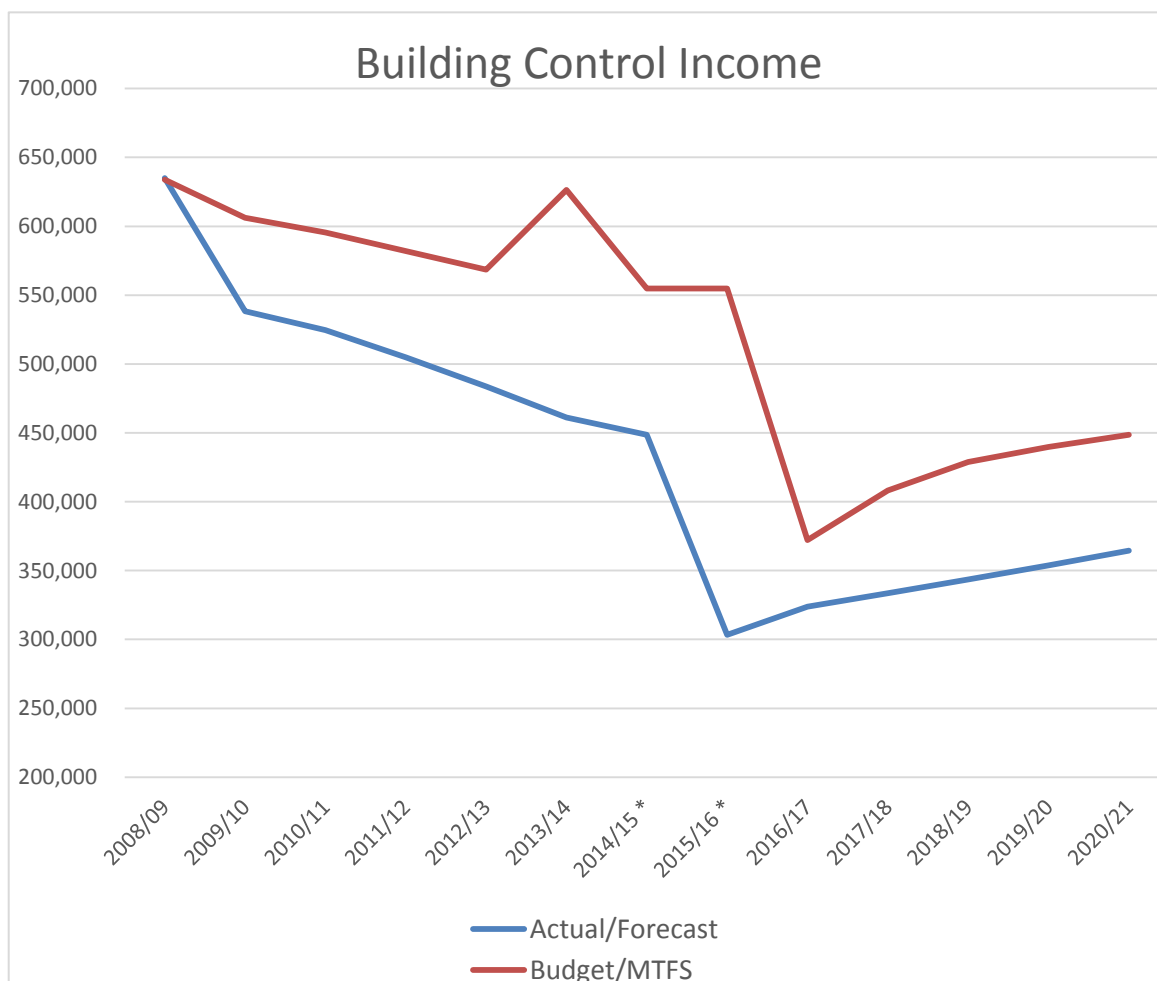
1.3.1 Current financial performance

Our competition has changed from being just national approved inspectors (AIs) to now being from a growing number of local AIs targeting our core business. This has had a major impact on income, staffing retention and resilience. Private AIs carry out more aggressive local marketing and concentrate on targeting large clients with repeat business. They are also targeting LA staff in their expanding recruitment drive.

Market share as a whole over both Councils was around 93% prior to 2012 and increased competition. This dropped over the last three years to as low as 40% at one point before recovering to around 54% in 2016/17 and a further increase so far in 2017/18 to approximately 58%. Fee income is

linked to market share and target versus actual/predicted is shown in the table below.

Income from fee earning work is not meeting the planned profile in the current financial year, and is not expected to achieve the levels as set out in the councils' Medium Term Financial Strategies (MTFS). Income targets for the future years are being reviewed as part of the budget setting process for 2018/19, taking into account the level of market share that the service is able to achieve and maintain, and its capacity to deliver these targets.



* Included in the MTFS within Forest Heath is a £22,000 budget for the provision of Energy Assessment calculations (SAPs) for new dwellings. Historically this work was carried out in-house by professionally qualified employees who have since left leaving us unable to carry out the function without using external contractors.

Fee income for chargeable work is regulated by the Building Control (Local Authority Charges) Regulations 2010 which stipulate that the local authority cannot make a profit on the provision of the fee earning Building Control service. However, by maintaining a healthy market share the fee earning account does cover a significant proportion of the overhead costs of the department. If market share decreases the increased overhead costs fall on the local authority.

1.3.2

Operational performance

In the last 12 months West Suffolk building control has:

- Carried out over 4400 site inspections to check construction standards are maintained in our District/Borough
- Plan checked 94% of full plans applications within 15 working days
- Checked 100% of applications within statutory period
- Processed 846 applications
- Registered 698 Initial Notice applications for approved inspectors
- Registered 10,422 competent person notifications

1.3.3

Other public protection activities

Dealt with over 60 dangerous structures in the last two years including:

- Five car impacts
- Seven property fires
- One petrol station fire
- Gale force wind damage
- Damage caused by organised crime
- Provided free building control service to over 30 disabled adaptations/extensions to properties so far this year
- Regularised 90 applications where works illegally carried out

This public protection activity accounts for approximately 25% of our current workload and is a service that is required to be provided 24/7, 365 days per year.

1.4

1.4.1 Development Plan

Our objective is to provide a modern, resilient, commercial building control service meeting the growth needs of West Suffolk and assuring public protection.

Success outcomes for our development plan include:

- Trusted 'go-to' brand with a strong visible presence
- Resilient and financially sustainable (income supporting team growth in line with demand)
- Commercially aware with a strong and growing customer base and quick to grasp opportunities
- Strong professional relationships with trades - flexible and responsive
- Collaborative, sharing resource, skills and experience
- Employers of choice – with a highly skilled and motivated workforce

1.4.2

In order to achieve these success outcomes, a development plan to support our future delivery has been developed and will be subject to collaboration with partner LA's across Suffolk where this supports mutual development.

The development plan priorities for West Suffolk Building Control Service

include:

1. Marketing
2. Systems development
3. Workforce development
4. Shared budgeting model/practices with other LA's
5. Performance framework

The table attached as **EXEMPT Appendix 1** summarises this development plan.

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Performance and Audit Scrutiny Committee



Title of Report:	Ernst and Young Presentation of Annual Audit Letter 2016/17	
Report No:	PAS/SE/17/032	
Report to and date:	Performance and Audit Scrutiny Committee	29 November 2017
Portfolio holder:	Ian Houlder Portfolio Holder for Resources and Performance Tel: 01284 810074 Email: ian.houlder@stedsbc.gov.uk	
Lead officer:	Rachael Mann Assistant Director (Resources and Performance) Tel: 01638 719245 Email: Rachael.mann@westsuffolk.gov.uk	
Purpose of report:	To update members on the outcome of the annual audit of the 2016/17 financial statements by Ernst and Young.	
Recommendation:	Performance and Audit Scrutiny Committee: Members are asked to <u>note</u> the report and Appendix 1.	
Key Decision: (Check the appropriate box and delete all those that <u>do not</u> apply.)	Is this a Key Decision and, if so, under which definition? Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	
Consultation:	<ul style="list-style-type: none"> N/A 	

Alternative option(s):		• N/A	
Implications:			
Are there any financial implications? <i>If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • The report and appendix include the final scale fee in respect of the 2016/17 audit of the accounts.	
Are there any staffing implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Are there any ICT implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Are there any legal and/or policy implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Are there any equality implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
	Low/Medium/ High*		Low/Medium/ High*
None			
Ward(s) affected:		N/A	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		None	
Documents attached:		Appendix 1 – Annual Audit Letter (year ending 31 March 2017)	

1. Key issues and reasons for recommendation(s)

1.1 Summary and reasons for recommendation

- 1.1.1 To update members on the outcome of the annual audit of the 2016/17 financial statements by Ernst & Young (EY), our external auditors, as detailed in their Annual Audit Letter for the year ended 31 March 2017, attached at **Appendix 1**.
- 1.1.2 The letter is for information, and confirms the completion of the audit of the 2016/17 financial statements.
- 1.1.3 No significant issues were noted by EY and, therefore, the planned audit fee of £43,767 for the year remains unchanged. Work on the certification of claims and returns is due for completion in November 2017 and the results of this work, along with the final fee, will be reported in the Annual Certification Report.

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St Edmundsbury Borough Council

Annual Audit Letter for the year ended 31 March 2017

October 2017

Ernst & Young LLP

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Public Sector Audit Appointments Ltd (PSAA) have issued a “Statement of responsibilities of auditors and audited bodies”. It is available from the Chief Executive of each audited body and via the PSAA website (www.psaa.co.uk)

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

The “Terms of Appointment (updated 23 February 2017)” issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

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

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

Executive Summary

Executive Summary

We are required to issue an annual audit letter to St Edmundsbury Borough Council (the Council) following completion of our audit procedures for the year ended 31 March 2017.

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

Area of Work	Conclusion
Opinion on the Council's:	
▶ Financial statements	Unqualified - the financial statements give a true and fair view of the financial position of the Council as at 31 March 2017 and of its expenditure and income for the year then ended.
▶ Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with the Statement of Accounts.
Concluding on the Council's arrangements for securing economy, efficiency and effectiveness	We concluded that you have put in place proper arrangements to secure value for money in your use of resources.

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

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

As a result of the above we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of the Council communicating significant findings resulting from our audit.	Our Audit Results Report was issued on 7 September 2017.
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	Our certificate was issued on 22 September 2017.

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

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

Mark Hodgson

Associate Partner
For and on behalf of Ernst & Young LLP

Purpose



Purpose

The Purpose of this Letter

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

We have already reported the detailed findings from our audit work in our 2016/17 Audit Results Report to the 20 September 2017 Performance and Audit Scrutiny Committee, representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Council.

The background of the slide features a photograph of a grand, wide staircase made of light-colored stone steps. In the background, several large, fluted classical columns are visible, suggesting a monumental building like a government capitol or museum. A bright yellow rectangular box is overlaid on the left side of the image, containing the title text.

Responsibilities

Responsibilities

Responsibilities of the Appointed Auditor

Our 2016/17 audit work has been undertaken in accordance with the Audit Plan that we issued on 10 March 2017 and is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

- ▶ Expressing an opinion:
 - ▶ On the 2016/17 financial statements; and
 - ▶ On the consistency of other information published with the financial statements.
- ▶ Forming a conclusion on the arrangements the Council has to secure economy, efficiency and effectiveness in its use of resources.
- ▶ Reporting by exception:
 - ▶ If the annual governance statement is misleading or not consistent with our understanding of the Council;
 - ▶ Any significant matters that are in the public interest;
 - ▶ Any written recommendations to the Council, which should be copied to the Secretary of State; and
 - ▶ If we have discharged our duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

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

Responsibilities of the Council

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

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

Financial Statement Audit

Financial Statement Audit

Key Issues

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

We audited the Council's Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office and issued an unqualified audit report on 22 September 2017.

Our detailed findings were reported to the 20 September 2017 Performance and Audit Scrutiny Committee.

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

Significant Risk	Conclusion
Revenue Recognition Under ISA240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue. In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. One area susceptible to manipulation is the capitalisation of revenue expenditure on Property, Plant and Equipment given the extent of the Council's Capital programme.	We did not identify any material weaknesses in the recognition of revenue. We did not identify any instances of inappropriate judgements or estimates being applied.

Significant Risk	Conclusion
<p>Management override of controls</p> <p>As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and to prepare fraudulent financial statements by overriding controls that otherwise seem to be operating effectively.</p> <p>We identify and respond to this fraud risk on every audit engagement.</p>	<p>We did not identify any material weaknesses in controls or evidence of material management override.</p> <p>We did not identified any instances of inappropriate judgements being applied.</p> <p>We did not identify any other transactions during our audit which appeared unusual or outside the Council's normal course of business.</p>
Other Key Findings	Conclusion
<p>Financial Statements Presentation</p> <p>Amendments have been made to the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code) changing the way the financial statements are presented.</p> <p>The new reporting requirements impact the Comprehensive Income and Expenditure Statement (CIES) and the Movement in Reserves Statement, and include the introduction of a new Expenditure and Funding Analysis note as a result of the 'Telling the Story' review of the presentation of local authority financial statements.</p>	<p>We identified misstatements in regards to the treatment of overhead recharges which have been corrected by management. The improper treatment of recharges led to the overstatement of total income and expenditure of net cost of services within the CIES and accompanying notes for the 2016/17 figures and 2015/16 comparatives.</p>

Other Key Findings	Conclusion
<p>Property, plant and equipment</p> <p>Property, Plant and Equipment represent a significant balance in the Council's accounts and are subject to valuation changes, impairment reviews and depreciation charges.</p> <p>Material judgemental inputs and estimation techniques are required to calculate the year-end fixed assets balances held in the balance sheet.</p> <p>The Council will engage an external expert valuer who will apply a number of complex assumptions. Annually assets are assessed to identify whether there is any indication of impairment.</p> <p>As the Council's asset base is significant, and the outputs from the valuer are subject to estimation, there is a risk fixed assets may be under/overstated or the associated accounting entries incorrectly posted.</p>	<p>We assessed and were satisfied with the competency and objectivity of the Council's valuer, the District Valuer.</p> <p>We undertook appropriate audit procedures to verify and critically challenge the basis of valuation adopted by the valuer in relation to the Council's fixed assets. We did not identify any issues that we need to report to you.</p>
<p>Pensions Liability - IAS19</p> <p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS) in which it is an admitted body.</p> <p>The Council's current pension fund deficit is a material and sensitive item and the Code requires that this liability be disclosed on the Council's balance sheet. Accounting for this scheme involves significant estimation and judgement.</p> <p>The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the administering body.</p>	<p>Assumptions used by the actuary and adopted by the Council are considered to be generally acceptable. The sensitivities surrounding these assumptions were correctly disclosed in Note 3 to the financial statements.</p> <p>We did not identify any misstatements in completing our work over the Councils pension liability, related balances and disclosures.</p>

Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	<p>We determined planning materiality to be £1.33 million, which is 2% of gross revenue expenditure on services reported in the group accounts of £66.5 million.</p> <p>We consider gross revenue expenditure on services to be one of the principal considerations for stakeholders in assessing the financial performance of the Council.</p>
Reporting threshold	<p>We agreed with the Performance and Audit Scrutiny Committee that we would report to the Committee all audit differences in excess of £67,000.</p>

We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas. The areas identified and audit strategy applied include:

- Remuneration disclosures - reduced materiality level of £5,000 applied in line with bandings disclosed.
- Related party transactions, members' allowances and exit packages - reduced materiality level applied equal to the reporting threshold.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations.



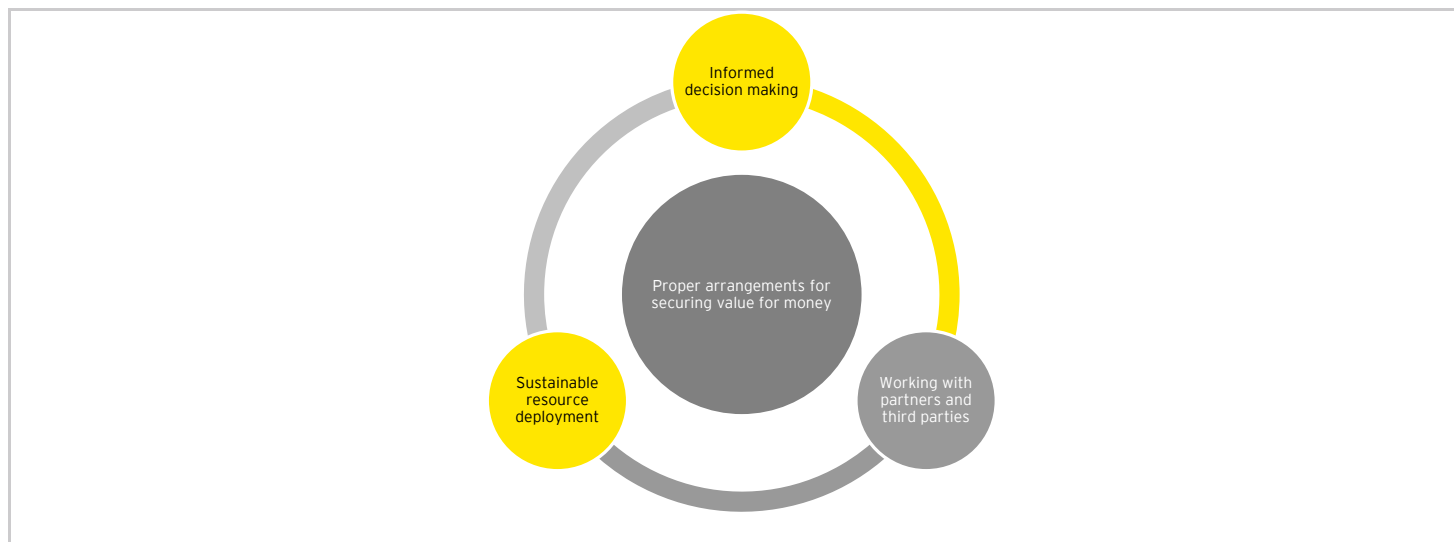
Value for Money

Value for Money

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

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

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



We did not identify any significant risks in relation to these criteria.

We have performed the procedures outlined in our audit plan. We did not identify any significant weaknesses in the Council's arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We therefore issued an unqualified value for money conclusion on 22 September 2017.

Other Reporting Issues

Other Reporting Issues

Whole of Government Accounts

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

Annual Governance Statement

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

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

Report in the Public Interest

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

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

Written Recommendations

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

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

Objections Received

We did not receive any objections to the 2016/17 financial statements from member of the public.

Other Powers and Duties

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

Independence

We communicated our assessment of independence in our Audit Results Report to the Performance and Audit Scrutiny Committee on 20 September 2017. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

Control Themes and Observations

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

Our audit did not identify any controls issues to bring to the attention of the Performance and Audit Scrutiny Committee.

A close-up, shallow depth-of-field photograph of a person's face as they look through a pair of black binoculars. The person's eyes are visible through the eyepieces, and their hands are holding the binoculars. The background is a soft, out-of-focus white. A bright yellow rectangular box is overlaid on the left side of the image, partially covering the binoculars and the person's face.

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Area	Issue	Impact
<i>Earlier deadline for production and audit of the financial statements from 2017/18</i>	The Accounts and Audit Regulations 2015 introduced a significant change in statutory deadlines from the 2017/18 financial year. From that year the timetable for the preparation and approval of accounts will be brought forward with draft accounts needing to be prepared by 31 May and the publication of the audited accounts by 31 July.	<p>These changes provide challenges for both the preparers and the auditors of the financial statements.</p> <p>To prepare for this change the Council has reviewed and amended the closedown process to achieve draft accounts production by 31 May for 2016/17.</p> <p>We will work with the Council to engage early, to facilitate early substantive testing for 2017/18 and consider other steps the Council can take.</p>
<i>Forthcoming changes to accounting standards:</i>	Revised accounting standards are expected to be applicable for local authority accounts from the 2018/19 (IFRS 9 and IFRS15) and 2019/20 financial year (IFRS 16).	Some initial thoughts on the approach to adopting IFRS 9 and IFRS 15 have been issued by CIPFA, but until the Code is issued and any statutory overrides are confirmed there remains some uncertainty.
<i>IFRS 9 Financial Instruments</i>	Transitional arrangements are included within the accounting standard, however as the 2018/19 and 2019/20 Accounting Code of Practice for Local Authorities have yet to be issued it is unclear what the impact on local authority accounting will be and whether any accounting statutory overrides will be introduced to mitigate any impact.	For IFRS 16, it is clear is that the Council will need to undertake a detailed exercise to classify all of its leases and therefore must ensure that all lease arrangements are fully documented
<i>IFRS 15 Revenue from Contracts with Customers</i>		
<i>IFRS 16 Leases</i>		

Appendix A

Audit Fees



Appendix A Audit Fees

Our fee for 2016/17 is in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA) and reported in our 7 September 2017 Audit Results Report.

Description	Final Fee 2016/17 £'s	Planned Fee 2016/17 £'s	Scale Fee 2016/17 £'s	Final Fee 2015/16 £'s
Total Audit Fee - Code work	43,767	43,767	43,767	43,767
Total Audit Fee - Certification of claims and returns (Note 1)	TBC	22,583	22,583	24,722

Note 1 - Our planned fee for the certification of claims and returns is based on the indicative scale fee set by the PSAA. The final fee will be reported to you in our annual certification report, upon completion of this work in November 2017.

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

Ernst & Young LLP

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ED None

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ey.com

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Performance and Audit Scrutiny Committee



Title of Report:	Financial Performance Report (Revenue and Capital) Quarter 2 – 2017-2018	
Report No:	PAS/SE/17/033	
Report to and date:	Performance and Audit Scrutiny Committee	29 November 2017
Portfolio holder:	Ian Houlder Portfolio Holder for Resources and Performance Tel: 01284 810074 Email: ian.houlder@stedsbcc.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 second quarter of 2017-18 and forecasted outturn position for 2017-18.	
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/SE/17/009) https://democracy.westsuffolk.gov.uk/mgAi.aspx?ID=7442	
Documents attached:		<p>Appendix A – Revenue budget summary, for the period April to September 2017.</p> <p>Appendix B – Revenue budget detail, for the period April to September 2017.</p> <p>Appendix C – Capital budget summary, for the period April to September 2017.</p> <p>Appendix D – Earmarked Reserves for 2017/18.</p>	

1. Key issues and reasons for recommendation(s)

1.1 Key Issues

- 1.1.1 This is the second quarter financial monitoring report for St Edmundsbury Borough Council; which includes year end forecast outturn figures for large variance items we are aware of. We will continue to monitor the position throughout the year and will update members any change to this position at the next PASC meeting.
- 1.1.2 Details of the Council's revenue performance and year end forecasted outturn position can be found in **Appendix A** and **B**. Explanations of the main year end forecast under / over spends can be found in the table at 1.2.3.
- 1.1.3 The Council's capital financial position is summarised below at 1.3. Further details are provided in **Appendix C**.
- 1.1.4 A summary of the earmarked reserves can be found at **Appendix D** along with the forecast year end position for 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/SE/17/009), 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 a benefit of £127,000 to the council's General Fund, which equates to just 0.17% 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 3 report in January.

- 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
246	<u>Non-Distributed Costs:</u> The forecast includes St Edmundsbury's share of the Pension Capital Costs payment in respect of ill health retirement contributions (over and above our annual allowance – linked to our current pension contribution rates) under the local government pension scheme rules.

	This is a one-off cost that we are accommodating within the overall budget position.
54	<p><u>Democratic Services:</u></p> <p>The Forecast includes St Edmundsbury's share of the £80k additional costs to be incurred as a result of the General Data Protection Regulation requirements. £26k has therefore been included in the base costs, with an additional £26k transferred to reserves in respect of 2018/19.</p> <p>We are currently assuming that we will be able to accommodate these additional costs within the overall budget position as reported to Cabinet in October 2017.</p>
37	<p><u>Housing Options:</u></p> <p>Accommodation and associated homeless prevention costs are currently forecasted to exceed the budgeted levels, driven by the increase in homelessness cases.</p> <p>This budget is going to continually be under pressure as we are facing increased demands.</p> <p>The budget is being reviewed for 18/19 in light of the combined impact of new legislation, welfare reform, Universal Credit and continued housing pressures.</p>
(80)	<p><u>Development Control:</u></p> <p>Planning Application income forecasted to exceed budget, predominantly driven by major applications, including the Suffolk Business Park extension.</p>
Year end forecast variance: Over / (Under) Spend £000s	Explanation
(29)	<p><u>Land Charges:</u></p> <p>Land Charges income forecasted to exceed the budget, mainly arising from a significant one-off set of applications for full searches.</p> <p>This has not been factored into future years due to its one-off nature, and the risks around the potential loss, due to a national change, of the LLC1 income for Land Charges are being considered in the light of the 2018/19 budgets going forward.</p>

41	<p><u>Building Control:</u></p> <p>This variance is primarily due to a forecasted underachievement of fee income.</p> <p>Fee income is being closely monitored during 2017/18. The assumptions around income going forward, based upon the council's market share and the team's capacity are being considered as part of the budget setting process. A separate report on this agenda details the challenges faced by this service and the proposed framework for future service development.</p>
(153)	<p><u>Compostable Collection (Brown Bins):</u></p> <p>We are currently in year two of a three year transitional period for the introduction of the subscription-based garden waste collection service.</p> <p>Take-up of the service has continued to be strong and it is performing well. Budgets for the scheme were prudent and performance is currently well under the levels set. There is an aspiration that it can ultimately be fully cost neutral (ie. only those that use it, pay for it) and whilst this isn't yet the case, we are working towards this outcome for the future.</p> <p>This cost centre currently proposes a £75k transfer to the Invest and Save Reserve, representing one third of the projected year end position.</p> <p>This reflects the three year nature of the Garden Waste Scheme, and is prudent in terms of the future cost sharing arrangements.</p>
(127)	<p><u>Trade Waste:</u></p> <p>Income from Trade Waste currently forecasted to be higher than budgeted. We have seen a big increase in income during the second quarter (including Cardboard Collections etc).</p> <p>Income assumptions for this service were revisited during the 2017/18 budget setting process, which are currently being more than borne out by the projections.</p>
Year end forecast variance: Over / (Under) Spend £000s	Explanation
(70)	<p><u>Industrial and Business Units:</u></p> <p>Rental income is currently forecast to exceed the budget as a result of better occupancy than anticipated.</p>

(73)	<p><u>Off Street Car Parks:</u></p> <p>Income from Car Parking is currently forecast to exceed the budget, reflecting the council's success in its town centres. Predicted income levels to be kept under review by the service going forward.</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**. 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	1,697	0	249	0	1,449	0
HR. Legal & Democratic	26	0	26	0	0	0
Families & Communities	132	36	68	0	65	0
Planning & Regulatory	2,005	231	904	0	1,080	(20)
Operations	14,666	825	7,689	179	7,155	(2)
Growth	20,623	3,000	9,030	0	11,593	0
Totals:	39,149	4,092	17,966	179	21,342	(22)

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Summary by Assistant Director

2017/18 September Budget Monitoring Report

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	(7,303,246)	21,066,483	(36,685,185)	(15,618,702)	20,239,121	(36,769,678)	(16,530,556)	(911,854)	3.93%	286,809
Human Resources, Legal & Democratic	1,871,719	1,166,269	(229,836)	936,434	1,137,995	(269,090)	868,906	(67,528)	2.58%	48,216
Families & Communities	1,827,362	1,341,458	(193,045)	1,148,414	1,491,822	(522,530)	969,291	(179,123)	3.39%	61,993
Planning & Regulatory	679,937	1,259,064	(875,198)	383,866	1,210,930	(995,429)	215,503	(168,363)	8.78%	(59,721)
Operations	1,978,377	18,559,434	(17,089,789)	1,469,645	18,772,765	(17,177,183)	1,595,579	125,934	24.55%	(485,746)
Growth	1,246,382	1,183,485	(495,186)	688,299	838,367	(302,252)	536,116	(152,183)	1.75%	21,783
TOTALS:	300,531	44,576,193	(55,568,239)	(10,992,044)	43,691,000	(56,036,162)	(12,345,161)	(1,353,117)	42.15%	(126,666)
Interest Receivable	(263,500)	0	(131,748)	(131,748)	0	(187,781)	(187,781)	(56,033)	9.87%	(26,000)
Interest Payable	169,562	0	68,748	68,748	0	0	0	(68,748)	100.00%	(169,562)
Minimum Revenue Provision and other Capital Financing	(206,598)	0	(187,254)	(187,254)	0	10,638	10,638	197,892	94.66%	195,562
TOTALS:	(5)	44,576,193	(55,818,493)	(11,242,298)	43,691,000	(56,213,305)	(12,522,304)	(1,280,006)		(126,666)

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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	686,497	342,341	(1,300)	341,041	332,051	(19,100)	312,951	(28,090)	0.00%	0	
General Fund Adjustments	(10,680,360)	4,146,693	(21,524,927)	(17,378,234)	3,983,552	(22,123,565)	(18,140,012)	(761,778)	0.00%	(157)	
Resources & Performance:	-9,993,863	4,489,034	(21,526,227)	(17,037,193)	4,315,603	-22,142,665	-17,827,061	-789,868	0.00%	(157)	
Internal Audit	119,882	64,318	(4,386)	59,932	67,982	(1,850)	66,132	6,200	2.38%	2,852	
Internal Audit:	119,882	64,318	(4,386)	59,932	67,982	-1,850	66,132	6,200	2.38%	2,852	
ICT	854,496	637,145	(219,423)	417,722	665,553	(213,931)	451,622	33,900	2.10%	17,944	
ICT:	854,496	637,145	(219,423)	417,722	665,553	-213,931	451,622	33,900	2.10%	17,944	
Anglia Revenues Partnership	1,360,455	800,201	(17,481)	782,720	905,969	(92,448)	813,521	30,801	0.00%	0	
Council Tax Administration	(240,388)	0	(172,086)	(172,086)	394	(221,877)	(221,483)	(49,397)	1.98%	(4,757)	
Business Rate Administration	(166,907)	0	(83,454)	(83,454)	289	(162,515)	(162,226)	(78,772)	0.86%	1,436	
Housing Benefits	(340,617)	14,240,639	(14,512,206)	(271,567)	13,198,903	(13,851,953)	(653,050)	(381,483)	0.09%	298	
Anglia Revenues Partnership:	612,543	15,040,840	(14,785,227)	255,613	14,105,555	-14,328,793	-223,238	-478,851	0.49%	(3,023)	
Corporate Expenditure	888,510	684,941	(147,912)	537,029	724,094	(78,997)	645,097	108,068	2.56%	22,746	Includes £20k Tour of Britain Partnership Contribution paid in July 2017.
Non-Distributed Costs	141,979	72,998	(2,010)	70,988	282,564	(3,442)	279,122	208,134	173.18%	245,884	This forecast includes the council's share of the Pension Capital Costs payment in respect of ill health retirement contributions (over and above our annual allowance – linked to our current pension contribution rates) under the local government pension scheme rules.
Non-Distributed Costs - Cost of Unused Assets	43,070	47,070	0	47,070	47,070	0	47,070	0	0.00%	0	
Corporate Expenditure:	1,073,559	805,009	(149,922)	655,087	1,053,728	-82,439	971,289	316,202	25.02%	268,630	
Emergency Planning	30,137	30,137	0	30,137	30,700	0	30,700	563	1.87%	563	
Emergency Planning:	30,137	30,137	0	30,137	30,700	0	30,700	563	1.87%	563	
TOTALS: RESOURCES & PERFORMANCE	-7,303,246	21,066,483	(36,685,185)	(15,618,702)	20,239,121	-36,769,678	-16,530,556	-911,854	3.93%	286,809	

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	519,612	328,847	(98,034)	230,814	306,834	(133,545)	173,289	(57,525)	1.57%	8,158	
Human Resources:	519,612	328,847	(98,034)	230,814	306,834	-133,545	173,289	-57,525	1.57%	8,158	
Health & Safety	101,071	55,865	(3,078)	52,787	63,091	(7,206)	55,885	3,098	2.10%	2,122	
Health & Safety:	101,071	55,865	(3,078)	52,787	63,091	-7,206	55,885	3,098	2.10%	2,122	
Central Training Services	163,984	92,921	0	92,921	45,108	(16,305)	28,803	(64,118)	10.68%	(17,519)	Employee-related costs lower than budgeted.
Learning & Development:	163,984	92,921	0	92,921	45,108	-16,305	28,803	-64,118	10.68%	(17,519)	
Legal Services	253,848	242,185	(125,574)	116,611	265,414	(89,085)	176,330	59,719	0.25%	625	
Legal Services:	253,848	242,185	(125,574)	116,611	265,414	-89,085	176,330	59,719	0.25%	625	
Democratic Services	192,447	97,642	0	97,642	98,311	0	98,311	669	28.02%	53,928	The forecast overspend includes SEBC share of additional costs to be incurred as a result of the General Data Protection Regulation requirements.
Members Allowances & Expenses	348,915	178,079	0	178,079	177,486	0	177,486	(593)	0.31%	1,069	
Mayoralty & Civic Functions	96,743	54,333	(2,052)	52,281	49,639	(3,227)	46,411	(5,870)	3.90%	(3,771)	
Democratic Services:	638,105	330,054	(2,052)	328,002	325,436	-3,227	322,208	-5,794	8.03%	51,226	
Electoral Registration	163,099	84,397	(1,098)	83,299	92,018	(19,722)	72,297	(11,002)	2.21%	3,604	
Election Expenses	32,000	32,000	0	32,000	40,094	0	40,094	8,094	0.00%	0	
Elections:	195,099	116,397	(1,098)	115,299	132,112	-19,722	112,391	-2,908	1.85%	3,604	
TOTALS: HR & DEMOCRATIC SERVICES	1,871,719	1,166,269	(229,836)	936,434	1,137,995	-269,090	868,906	-67,528	2.58%	48,216	

Detail by Assistant Director

2017/18 September Budget Monitoring Report

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	206,947	106,652	0	106,652	113,733	(27,891)	85,842	(20,810)	7.85%	(16,242)	Underspend on Staffing costs arising from timing of recruitments.
Policy:	206,947	106,652	0	106,652	113,733	-27,891	85,842	-20,810	7.85%	(16,242)	
Communications	122,992	63,728	0	63,728	64,398	0	64,398	670	3.44%	4,226	
Website and Intranet	36,340	23,772	0	23,772	15,927	0	15,927	(7,845)	4.68%	(1,701)	
Communications:	159,332	87,500	0	87,500	80,325	0	80,325	-7,175	1.58%	2,525	
Customer Services	533,075	287,295	0	287,295	311,619	0	311,619	24,324	3.80%	20,263	Overspend mainly relates to Staffing costs.
Customer Services:	533,075	287,295	0	287,295	311,619	0	311,619	24,324	3.80%	20,263	
Families & Communities	300,194	152,774	0	152,774	149,436	(132,768)	16,668	(136,106)	5.44%	(16,339)	Forecast underspend on staffing costs arising from changes to working patterns and staff vacancies.
Community Chest - Families & Communities	216,483	370,247	(153,764)	216,483	264,056	(81,593)	182,463	(34,020)	0.00%	0	
Community Centres	38,979	40,373	(2,496)	37,877	44,083	(3,532)	40,550	2,673	3.94%	1,534	
Families & Communities:	555,656	563,394	(156,260)	407,134	457,575	-217,893	239,681	-167,453	2.66%	(14,805)	
Housing Options: Choice Based Lettings	64,191	67,669	(15,348)	52,321	237,864	(179,180)	58,684	6,363	25.13%	16,130	
Housing Options: Advice & Prevention	245,760	156,288	(4,410)	151,878	236,310	(83,164)	153,146	1,268	14.36%	35,295	Overspend mainly relates to accommodation and homelessness prevention costs.
Housing Options: Solutions	61,404	71,663	(17,027)	54,637	53,068	(14,835)	38,233	(16,404)	29.42%	18,063	
Non-HRA Housing Properties	997	997	0	997	1,328	433	1,761	764	76.63%	764	
Housing Options:	372,352	296,617	(36,785)	259,833	528,570	-276,746	251,824	-8,009	18.87%	70,252	
TOTALS: FAMILIES & COMMUNITIES	1,827,362	1,341,458	-193,045	1,148,414	1,491,822	-522,530	969,291	-179,123	3.39%	61,993	

Detail by Assistant Director

2017/18 September Budget Monitoring Report

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	(91,192)	398,989	(440,100)	(41,111)	398,410	(544,751)	(146,341)	(105,230)	87.81%	(80,074)	Major Planning Applications & Pre Applications exceeding income budgets
Development Control:	-91,192	398,989	(440,100)	(41,111)	398,410	-544,751	-146,341	-105,230	87.81%	(80,074)	
Land Charges	(111,919)	34,544	(91,326)	(56,782)	24,831	(114,715)	(89,884)	(33,102)	26.18%	(29,298)	Income currently forecasted to exceed budget
Building Control	(9,373)	123,634	(126,228)	(2,594)	121,656	(112,705)	8,951	11,545	436.36%	40,900	Fee income currently expected to underachieve by £40k. Budget under review
Planning & Regulatory Support	329,147	166,774	0	166,774	168,459	0	168,459	1,685	5.16%	16,971	
Business (BC & Support):	207,855	324,952	(217,554)	107,398	314,946	-227,420	87,526	-19,872	13.75%	28,573	
Prevention of Pollution	56,763	43,855	(9,642)	34,213	28,269	(13,303)	14,966	(19,247)	23.05%	(13,085)	
Environmental Management	(35,961)	29,370	(46,728)	(17,358)	27,205	(37,775)	(10,569)	6,789	66.82%	24,029	Solar for business income currently expected to underachieve by £20k due to lower Capital investment than previously assumed as well as poorer weather conditions.
Drinking Water Quality	35,025	21,996	(4,848)	17,148	18,553	(7,057)	11,496	(5,652)	29.54%	(10,345)	
Climate Change	31,761	22,785	0	22,785	25,491	0	25,491	2,706	13.19%	4,190	
Home Energy Conservation	4,850	2,424	0	2,424	(1,100)	0	(1,100)	(3,524)	48.45%	(2,350)	
Environment:	92,438	120,430	(61,218)	59,212	98,418	-58,135	40,284	-18,928	2.64%	2,439	
Licensing	(8,125)	85,894	(86,760)	(866)	91,024	(92,392)	(1,367)	(501)	110.68%	8,993	
Hackney Carriage & Private Hire Licensing	(64,366)	30,134	(50,142)	(20,008)	27,827	(60,748)	(32,921)	(12,913)	6.02%	(3,872)	
Food Safety	85,795	57,954	(13,252)	44,702	53,864	(8,408)	45,456	754	1.66%	(1,425)	
Health & Safety at Work Act/Enforcement	91,914	51,006	(3,250)	47,756	47,480	0	47,480	(276)	1.28%	(1,172)	
Business Reg & Licensing:	105,218	224,988	(153,404)	71,584	220,195	-161,548	58,648	-12,936	2.40%	2,524	
Housing Renewals	133,413	68,635	(312)	68,323	56,377	(241)	56,136	(12,187)	6.09%	(8,126)	
Burial of the Dead	16,957	8,358	(48)	8,310	10,604	(819)	9,785	1,475	5.55%	941	
Other Public Health Services	215,248	112,712	(2,562)	110,150	111,980	(2,515)	109,465	(685)	2.79%	(5,998)	
Public Health & Housing:	365,618	189,705	(2,922)	186,783	178,961	-3,575	175,386	-11,397	3.61%	(13,183)	
TOTALS: PLANNING & GROWTH	679,937	1,259,064	-875,198	383,866	1,210,930	-995,429	215,503	-168,363	8.78%	-59,721	

ASSISTANT DIRECTOR - OPERATIONS

Detail by Assistant Director

2017/18 September Budget Monitoring Report

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
Vehicle Workshop	(64,730)	344,935	(616,204)	(271,269)	383,164	(640,940)	(257,775)	13,494	18.65%	(12,075)	Income levels currently expected to exceed the budget.
Pool Cars	20,132	18,612	(7,500)	11,112	13,394	596	13,990	2,878	0.00%	0	
Vehicle Workshop Trading Account - FHDC	10,260	265,934	(265,934)	0	275,828	(270,265)	5,563	5,563	0.00%	0	
Fleet Management:	-34,338	629,481	(889,638)	(260,157)	672,386	-910,609	-238,222	21,935	35.17%	(12,075)	
Depots	(159,665)	331,272	(605,118)	(273,846)	363,547	(553,031)	(189,484)	84,362	0.41%	(654)	
Grounds Maintenance Operatives	(162,510)	752,779	(1,355,181)	(602,402)	916,541	(1,477,932)	(561,391)	41,011	5.29%	(8,600)	Currently forecasting vehicle-related expenditure to be under budget.
Tree Maintenance Operatives	(1,120)	74,407	(133,357)	(58,950)	96,762	(119,083)	(22,321)	36,629	657.68%	7,366	
Waste & Cleansing Operatives	(427,050)	2,798,905	(5,002,834)	(2,203,929)	2,900,563	(5,002,771)	(2,102,208)	101,721	0.02%	(89)	
Markets	(67,781)	271,208	(190,884)	80,324	276,704	(192,320)	84,384	4,060	9.65%	(6,539)	
Operational:	-818,126	4,228,571	(7,287,374)	(3,058,803)	4,554,117	-7,345,137	-2,791,020	267,783	1.04%	(8,516)	
Street Cleansing	1,480,284	1,505,343	(15,540)	1,489,803	1,518,204	25,251	1,543,455	53,652	1.08%	16,043	
Refuse Collection (Black Bin)	1,170,182	1,169,424	(15,944)	1,153,480	1,198,425	(20,470)	1,177,954	24,474	0.69%	8,034	
Recycling Collection (Blue Bin)	805,516	1,015,300	(106,896)	908,404	1,041,414	(114,407)	927,007	18,603	0.03%	240	Income from recycling currently expected to exceed budget by £105k. Forecast position includes £90k transfer to the Invest to Save Reserve.
Compostable Collection (Brown Bin)	261,876	906,287	(800,165)	106,122	720,977	(957,170)	(236,193)	(342,315)	58.29%	(152,642)	Forecast position includes £75k transfer to the Invest to Save Reserve.
Bulky, Fridges, Metal & Scrap Collection	128,867	153,432	(16,326)	137,106	152,572	(21,413)	131,159	(5,947)	4.28%	(5,514)	
Clinical & Hazardous Waste Collection	14,904	12,111	(3,648)	8,463	14,871	(4,894)	9,977	1,514	13.86%	2,066	
Multi-Bank Recycling Sites	(12,742)	48,598	(47,310)	1,288	21,043	(43,286)	(22,243)	(23,531)	83.18%	(10,599)	
Trade Waste	(225,709)	767,186	(1,261,249)	(494,063)	795,331	(1,459,738)	(664,407)	(170,344)	56.29%	(127,049)	Income levels currently forecast to exceed budget.
Waste - Business & Commercial	3,623,178	5,577,681	(2,267,078)	3,310,603	5,462,837	-2,596,127	2,866,709	-443,894	7.44%	(269,421)	
Property Services	506,175	265,103	(4,074)	261,029	282,754	(3,574)	279,180	18,151	0.32%	1,632	
Property Maintenance:	506,175	265,103	(4,074)	261,029	282,754	-3,574	279,180	18,151	0.32%	1,632	

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Industrial & Business Units	(1,411,646)	259,789	(880,104)	(620,315)	232,826	(918,275)	(685,450)	(65,135)	4.95%	(69,874)	Industrial rent income currently forecasted to exceed budget reflecting better occupancy levels than previously anticipated. Ongoing budget being reviewed
Town Centres & Shops	(787,182)	119,388	(502,312)	(382,924)	22,799	(373,793)	(350,994)	31,930	0.49%	(3,864)	
Property Management:	-2,198,828	379,177	(1,382,416)	(1,003,239)	255,625	-1,292,068	-1,036,444	-33,205	3.35%	(73,738)	
Offices: West Suffolk House	(147,975)	651,470	(792,448)	(140,978)	673,905	(520,104)	153,801	294,779	1.33%	(1,967)	
Offices: Haverhill House	(46,950)	144,471	(175,658)	(31,187)	93,831	(6,421)	87,409	118,596	10.94%	5,136	
Public Conveniences	130,147	87,759	(15,996)	71,763	76,365	(8,431)	67,934	(3,829)	0.89%	1,154	
CCTV	179,779	203,775	(106,418)	97,357	202,466	(60,454)	142,011	44,654	0.13%	234	
Green Travel Plan	(10,599)	36,484	(30,032)	6,452	26,791	(11,304)	15,487	9,035	0.00%	0	
Street Banners & Displays	416	3,453	(3,276)	177	4,223	(3,551)	672	495	69.23%	(288)	
District Highways Services	419,946	439,102	(3,558)	435,544	438,077	(13,816)	424,261	(11,283)	0.88%	(3,705)	
Street Furniture	48,273	17,855	(84)	17,771	13,906	(7,031)	6,875	(10,896)	21.51%	(10,385)	
Land Drainage & Associated Works	7,479	6,002	(510)	5,492	3,602	0	3,602	(1,890)	13.09%	(979)	
Bus Stations	75,285	98,939	(31,080)	67,859	77,896	(1,640)	76,256	8,397	6.90%	5,192	
Facilities, CCTV & Highways Services:	655,801	1,689,310	(1,159,060)	530,250	1,611,062	-632,752	978,308	448,058	0.86%	(5,608)	
Courier & Postal Service	114,410	133,566	(65,000)	68,566	124,787	(3,803)	120,985	52,419	1.18%	(1,350)	
Printing & Copying Service	23,910	31,908	(19,956)	11,952	27,935	(11,189)	16,746	4,794	1.42%	340	
Central Services:	138,320	165,474	(84,956)	80,518	152,722	-14,992	137,731	57,213	0.73%	(1,010)	
Off Street Car Parks	(3,104,336)	1,153,723	(2,234,941)	(1,081,218)	1,303,694	(2,540,467)	(1,236,774)	(155,556)	2.36%	(73,118)	Car Parking income levels are currently forecasted to exceed the budgeted levels. To be kept under close review.
On Street Car Parking	(126,164)	400,162	(465,006)	(64,844)	425,520	(425,520)	0	64,844	0.00%	0	
Car Parking:	-3,230,500	1,553,885	(2,699,947)	(1,146,062)	1,729,214	-2,965,987	-1,236,774	-90,712	2.26%	(73,118)	
Arboriculture (Tree Maintenance Works)	167,435	152,708	(78)	152,630	153,806	0	153,806	1,176	0.20%	335	
Other Parks and Play Provision	485,343	645,783	(98,611)	547,172	669,686	(101,303)	568,383	21,211	0.41%	(2,010)	
Abbey Gardens	271,150	173,825	(47,411)	126,414	171,706	(52,995)	118,711	(7,703)	1.28%	3,479	
Nowton Park	80,457	118,261	(61,690)	56,571	145,020	(79,301)	65,719	9,148	6.84%	(5,502)	
East Town Park	94,799	62,109	(10,852)	51,257	77,722	(23,636)	54,085	2,828	2.57%	2,434	
Clare Country Park	3,764	22,393	(6,178)	16,215	22,491	(6,124)	16,367	152	3.37%	127	
Children's Play Areas	102,633	67,420	(102)	67,318	72,611	(800)	71,811	4,493	3.79%	3,888	
Cemeteries & Closed Churchyards	265,552	326,312	(63,894)	262,418	328,108	(79,134)	248,974	(13,444)	1.30%	(3,441)	
Allotments	(30)	700	(730)	(30)	700	(1,176)	(476)	(446)	1486.67%	(446)	
Parks & Open Spaces:	1,471,103	1,569,511	(289,546)	1,279,965	1,641,850	-344,469	1,297,380	17,415	0.08%	(1,136)	
Sports & Leisure Centres	451,120	465,066	(50,778)	414,288	389,963	(30,899)	359,065	(55,223)	0.25%	(1,147)	

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Leisure & Sports	39,070	28,699	0	28,699	9,412	0	9,412	(19,287)	0.00%	0	
Sports & Leisure Development	490,190	493,765	(50,778)	442,987	399,375	-30,899	368,477	-74,510	0.23%	(1,147)	
Arts, Heritage & Cultural Services	88,000	79,150	0	79,150	84,779	(5,232)	79,547	397	0.44%	387	
Moyse's Hall Museum	244,072	183,744	(37,302)	146,442	191,439	(38,012)	153,427	6,985	0.51%	1,235	
West Stow Country Park	128,120	226,808	(166,326)	60,482	233,266	(176,217)	57,050	(3,432)	0.16%	(202)	
West Stow ASVT Operating Account	0	1,000	(498)	502	0	(132)	(132)	(634)	0.00%	(837)	
Heritage Outreach Services	3,500	1,752	0	1,752	0	0	0	(1,752)	50.06%	(1,752)	
Heritage Sites & Monuments	5,563	12,061	(6,498)	5,563	6,792	(1,239)	5,553	(10)	0.18%	(10)	
West Front Houses	50,780	71,080	(20,300)	50,780	54,893	(5,976)	48,917	(1,863)	3.67%	(1,863)	
Heritage	520,035	575,595	(230,924)	344,671	571,169	-226,808	344,362	-309	0.58%	(3,042)	
Leisure Promotion	150,062	74,912	0	74,912	76,551	(705)	75,846	934	1.93%	2,892	
The Apex	455,593	967,495	(566,124)	401,371	1,024,820	(661,487)	363,334	(38,037)	4.78%	(21,755)	The biggest increase in income is coming through ticket sales; the increasing popularity of the Apex and its programme alongside intelligent and targeted marketing has encouraged the continued growth of audiences
The Athenaeum	44,987	111,715	(52,781)	58,934	98,680	(38,562)	60,118	1,184	4.49%	(2,018)	
The Guildhall, Bury St Edmunds	29,806	48,386	(11,952)	36,434	46,078	(1,191)	44,886	8,452	48.49%	14,452	
Tourist Information Centres	89,635	57,973	(5,940)	52,033	49,259	(8,345)	40,914	(11,119)	14.92%	(13,372)	
Shopmobility	33,821	27,514	(4,074)	23,440	17,718	(1,197)	16,520	(6,920)	13.95%	(4,717)	
Bury Festival	51,463	143,886	(103,127)	40,759	126,548	(102,274)	24,274	(16,485)	27.30%	(14,049)	
Halls & Events	855,367	1,431,881	(743,998)	687,883	1,439,654	-813,761	625,892	-61,991	4.51%	(38,567)	
TOTALS: OPERATIONS	1,978,377	18,559,434	(17,089,789)	1,469,645	18,772,765	-17,177,183	1,595,579	125,934	24.55%	(485,746)	

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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	105,350	59,969	(3,000)	56,969	65,360	(1,261)	64,100	7,131	9.78%	10,308	
Gypsies & Travellers	24,477	13,628	(48)	13,580	16,221	(39)	16,182	2,602	0.07%	18	
Housing Development & Strategy:	129,827	73,597	(3,048)	70,549	81,581	-1,300	80,282	9,733	7.95%	10,326	
Strategic Property	80,794	40,398	0	40,398	28,504	0	28,504	(11,894)	3.04%	(2,456)	
Strategic Property	80,794	40,398	0	40,398	28,504	0	28,504	-11,894	3.04%	-2,456	
Housing Business & Partnerships	18,113	24,913	(16,002)	8,911	43,201	(13,000)	30,201	21,290	130.01%	23,549	Unfunded post ends this financial year (LWA Coordinators)
Housing Business & Partnerships:	18,113	24,913	(16,002)	8,911	43,201	-13,000	30,201	21,290	130.01%	23,549	
Planning Policy	636,155	376,484	(924)	375,560	345,079	(3,852)	341,227	(34,333)	3.69%	(23,445)	
Local Plan	0	15,000	(15,000)	0	15,160	(10,850)	4,310	4,310	0.00%	4,310	
Place Shaping:	636,155	391,484	(15,924)	375,560	360,239	-14,702	345,537	-30,023	3.01%	(19,135)	
Economic Development & Growth	362,037	565,843	(383,910)	181,933	290,394	(104,227)	186,167	4,234	1.42%	5,125	
Strategic Tourism & Markets	29,150	16,929	(2,820)	14,109	20,439	(3,140)	17,299	3,190	9.20%	2,683	
Bury Christmas Fayre	(9,694)	70,321	(73,482)	(3,161)	12,365	(165,883)	(153,518)	(150,357)	0.71%	69	
Vibrant Town Centres	0	0	0	0	1,644	0	1,644	1,644	0.00%	1,622	
Economic Development & Growth:	381,493	653,093	(460,212)	192,881	324,842	-273,250	51,592	-141,289	2.49%	9,499	
TOTALS: GROWTH:	1,246,382	1,183,485	-495,186	688,299	838,367	-302,252	536,116	-152,183	1	21,783	

2017/18 September 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
Resource & Performance							
Invest to Save Projects	197,328	0	197,328	0	0	0	Expected to be fully spent, Budget to be allocated to projects as they arise.
Leisure Capital Investment Fund	1,500,000	0	51,429	0	1,448,571	(0)	Work continues on the investment opportunities with Abbeycroft and business cases are due to be considered by Cabinet in the Autumn.
Human Resources, Legal & Democratic							
Health & Safety Management System	26,000	0	26,000	0	0	0	To be spent in 2017/18. Budget transferred from invest to save project in August as agreed by Leadership Team 22/08/2017
Families & Communities							
CRM Project	64,558	0	0	0	64,558	0	Project progressing, spend profile according to the Customer Access Business Case.
Rural Initiatives Grant Scheme (C5000)	67,500	35,545	67,500	0	0	0	Forecast full budget spend in 2017/18.
Planning & Regulatory							
Private Sector Disabled Facilities Grants (C5000)	375,000	122,384	375,000	0	0	0	Currently assessing the performance of the Home Improvement Agency (shared service across Suffolk). We are commencing performance improvement conversations w/c 3/7 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 (C5000)	300,000	38,709	77,966	0	222,034	0	Spend expected to be lower than budget as a result of lower demand. Budget review ongoing.
Empty Homes Grants to Private Owners (C5000)	71,000	0	0	0	71,000	0	
West Stow biomass boiler	140,000	0	120,000	0	0	(20,000)	Expected to be completed in 2017/18. Underspend to be retained in the Reserve for allocation to other projects.
Community Energy Plan	1,118,851	69,799	331,486	0	787,365	(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
Operations							
Major Planned Building Works	165,412	0	165,412	0	0	0	To be allocated to projects as Business Cases are approved.
Leisure Asset Management Scheme	80,077	0	80,077	0	0	0	To be allocated to projects as Business Cases are approved.
Community Sports Facility - Moreton Hall	1,552,500	0	1,552,500	0	0	0	The project partners are currently finalising the legal details. The sum should be transferred in Quarter 3 of this financial year.
Vehicle & Plant Purchases	1,361,445	476,968	1,361,445	0	0	0	Spend expected to be in line with the budget and the Vehicle, Plant & Equipment Programme.
Lark Valley Path	27,000	0	27,000	0	0	0	Awaiting Lease settlement - spend is anticipated to commence in Quarter 3.
Bury Leisure Centre - All Weather Pitch	150,000	0	150,000	0	0	0	Renewal of Astro Turf surface at Bury St Edmunds Leisure Centre/King Edwards School - Quarter 3-4 (Once specification is agreed).
West Stow Investment opportunities	384,588	0	40,000	0	344,588	0	Project currently on hold, subject to review.
Waste & Street Scene Back Office System	75,020	8,326	75,020	0	0	0	Project expected to complete in 2017/18
Bury St Edmunds, Parkway Multi-Storey Car Park structural works	190,900	0	0	0	190,900	0	Not expected to be spent in this financial year.
Street Lighting Renewals	677,709	0	677,709	0	0	0	Project expected to complete in 2017/18
Bury Sports Club Project	150,000	0	0	0	150,000	0	Consultations are currently taking place with sports clubs in Bury about this initiative - No spend is predicted this financial year
East Town Park - Reconfiguration of kiosk and play area refurbishment	4,397	6,940	4,397		0	(0)	Project to be complete in 2017/18
Path access improvements East of River Lark and Abbey Gardens (£35k)	29,607	29,607	29,607		0	0	Project to be complete in 2017/18
Parish Council S106 Grants	0	78,386	78,386	78,386	0	(0)	Funded by S106 contributions.
West Stow Education Shelter	0	43,520	43,520	43,520	0	0	Arts Council Resilience Grant funded
West Suffolk Operational Hub	9,497,250	52,150	3,027,850	0	6,469,400	0	Project budget approved and currently going through planning application stage.
South Parade, Bury St Edmunds (£25,000) Access Improvements	25,000	23,362	23,362		0	(1,638)	
Drinkstone Aestal	0	27,500	27,500	27,500	0	0	
Leisure: Howe Road Play Area	60,000	48,498	60,000	0	0	0	Project to be complete in 2017/18
Leisure: Severn Road Play Park	60,000	0	60,000	0	0	0	Project to be complete in 2017/18
Leisure: Oakes Road Play Park	60,000	0	60,000	0	0	0	Project to be complete in 2017/18
Leisure: Bedell Close Play Area	30,000	0	30,000	0	0	0	Project to be complete in 2017/18
Heldhaw Road Outdoor Gym	0	29,793	29,793	29,793	0	0	Project to be complete in 2017/18
Leisure: Abbey Gardens Replacement Retail Facility	70,000	0	70,000		0	0	Project to be complete in 2017/18

2017/18 September 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
Leisure: Hardwick Heath Access Gate Renewal	15,000	0	15,000		0	0	Project to be complete in 2017/18
Growth							
High Street Haverhill Improvements	693,000	0	0	0	693,000	0	Under review as part of the Haverhill Masterplan. Unlikely to be spent in this financial year. Carry forward requested.
Suffolk Business Park Investment	3,000,000	3,000,000	3,000,000	0	0	0	Project complete.
Gypsy and traveller site	587,000	0	0	0	587,000	0	This budget is still required moving forward, the council is still seeking to resolve the delivery of this project
Private Housing Company	313,000	0	0	0	313,000	0	No spend expected on Barley Homes this financial year. Carry forward requested
Commercial Asset Portfolio	6,030,000	0	6,030,000	0	0	0	To be completed in 2017/18
Investing in our Growth Agenda	10,000,000	0	0	0	10,000,000	0	Several proposals under review but no expected spend in this financial year.
TOTALS:	39,149,141	4,091,487	17,965,285	179,199	21,341,416	(21,639)	

Earmarked Reserves**2017/18 September Budget Monitoring Report**

Reserve Details	2017/18 Opening Balance	2017/18 Net 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, £500k in this year and a further £500k to be utilised in 2018/19. Reports CAB/SE/17/020 and COU/SE/17/004 refer.
Capital Project Financing Reserve	0	13,500	13,500	0	81,500	(68,000)	This is a new Reserve which has been set up in order to facilitate the Capital Financing requirements of the council, and to account for fluctuations and timing differences in the expected spend profile.
Strategic Priorities & MTFs Reserve	4,202,219	(3,007,516)	1,194,703	4,888,869	3,450,639	(2,255,936)	Budgeted Reserve movement includes £2.98m Capital Programme Funding for 2017/18. The under-utilisation of £2.25m relates to the Leisure Investment fund carry forward, The West Stow Biomass Boiler underspend, and the Community Energy Plan project underspend requested to be carried forward into 2018/19.
Invest to Save Reserve	1,517,056	812,628	2,329,684	2,505,927	2,514,205	(184,521)	Budgeted utilisation during 2017/18 includes funding for the Waste & Street Scene Back Office System - see appendix C. Closing balance also includes £7.2k transfer from the Local Land Charges Reserve, £90k from Blue Bin Recycling and £75k from Garden Waste.
Risk/Recession Reserve	467,786	0	467,786	467,786	467,786	0	No movement expected during 2017/18.
BRR Equalisation Reserve	626,056	1,162,696	1,788,753	1,625,612	1,873,752	(85,000)	Forecast reserve utilisation relates to predicted shortfall in Business Rates S31 Grants for 2017/18, partly offset by an expected reduced pool levy payment.
Self Insured Fund	231,739	0	231,739	281,739	231,739	0	No movement expected during 2017/18.
Computer & Telephone Equipment Reserve	369,752	105,500	475,252	428,588	435,591	39,661	Funding utilised during 2017/18 in order to facilitate hardware refreshes.
Office Equipment Reserve	458,598	(41,646)	416,952	436,953	416,952	0	
Section 106 - Public Service Village	64,901	0	64,901	64,901	64,901	0	
HB Equalisation Reserve	1,417,156	(503,789)	913,367	700,000	870,997	42,370	Contribution from reserve in order to fund currently predicted shortfall in recovery of Overpayments.
Interest Equalisation Reserve	359,630	0	359,630	359,630	359,630	0	No movement expected during 2017/18.

Earmarked Reserves**2017/18 September Budget Monitoring Report**

Reserve Details	2017/18 Opening Balance	2017/18 Net Budgeted Movement	2017/18 Budgeted Closing Balance	2017/18 Current Balance	2017/18 Forecast Closing Balance	2017/18 Forecast Variance (Under) / Over spent	Notes
Professional Fees Reserve	170,372	60,000	230,372	213,522	208,522	21,850	Funding approved projects
ARP Reserve	428,164	(16,755)	411,409	461,244	461,244	(49,835)	ARP budgeted reserve funding not utilised.
Vehicle & Plant Renewal Fund	2,518,547	(761,445)	1,757,102	3,118,547	1,757,102	0	In line with expected spend on Vehicles, Plant & Equipment in the year.
Waste Management Reserve	341,366	21,950	363,316	421,716	386,116	(22,800)	Currently anticipating to fund bin and equipment purchases within existing waste budgets.
BR-Building Repairs Reserve - Leisure	454,798	(242,860)	211,938	784,019	211,938	0	
BR-Building Repairs Reserve - Other	1,795,550	(264,421)	1,531,129	2,522,028	1,926,419	(395,290)	Forecasted Spend on Building Repairs & Maintenance currently expected to be below budget.
Industrial Units - Service Charges	30,803	0	30,803	30,803	30,803	0	No movement expected during 2017/18.
BR-Leased Flats Management	33,957	0	33,957	33,957	33,957	0	No movement expected during 2017/18.
Industrial Rent Reserve	865,000	(110,000)	755,000	865,000	755,000	0	
Commuted Maintenance Reserve	507,023	(95,200)	411,823	515,850	411,823	0	
M-Gershom Parkington Bequest	552,405	3,500	555,905	556,593	555,905	0	
M-Others	65,279	(65,279)	(0)	0	(0)	0	
The Apex Reserve	18,651	(12,651)	6,000	0	6,000	0	
Abbey Gardens Donation	38,766	0	38,766	38,766	38,766	0	No movement expected during 2017/18.
Planning Reserve	108,631	60,000	168,631	187,781	168,631	0	
Local Land Charges Reserve	94,033	(86,798)	7,235	0	0	7,235	Balance on reserve now transferred to the Invest to save Reserve.
S106 Monitoring Officer Reserve	8,324	0	8,324	13,570	12,171	(3,847)	Some S106 Monitoring Fees received.
Economic Development Reserve (LABGI)	23,187	(5,000)	18,187	23,187	18,187	0	
Homelessness Legislation Reserve	103,174	7,057	110,231	247,664	130,923	(20,692)	Includes contributions in respect of the DCLG Flexible Homelessness Support Grant and Rough Sleeper Grant which are being utilised to support the Housing Options Team. Full reserve contribution not expected to be required as a result of staffing vacancies in the team.
S106 Revenue Reserve	36,015	0	36,015	36,015	36,015	0	No movement expected during 2017/18.
Election Reserve	91,366	30,000	121,366	139,675	139,675	(18,309)	Additional closing balance includes Individual Electoral Registration (IER) Income moved to reserve for future utilisation
St Edmundsbury Totals	18,000,302	(2,436,528)	15,563,774	21,969,939	17,975,388	(2,925,114)	

Performance and Audit Scrutiny Committee



Title of Report:	Delivering a Sustainable Medium Term Financial Strategy 2018-2021	
Report No:	PAS/SE/17/034	
Report to and date/s:	Performance and Audit Scrutiny Committee	29 November 2017
	Cabinet	12 December 2017
Portfolio holder:	Ian Houlder Portfolio Holder for Resources and Performance Tel: 01359 250912 Email: ian.houlder@stedsbcc.gov.uk	
Lead officer:	Rachael Mann Assistant Director (Resources and Performance) Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	
Purpose of report:	The purpose of this report is to update members on progress made towards delivering a balanced budget for 2018/19 and sustainable budget in the medium term, and to recommend to Cabinet inclusion of the proposals in the report to progress securing a balanced budget for 2018/19 and sustainable budget in the medium term.	
Recommendation:	It is <u>RECOMMENDED</u> that members: <ol style="list-style-type: none"> 1) Note the budget assumptions (outlined in Appendix A) and timetable (at 6.1), along with the progress made to date on delivering a balanced budget for 2018/19 and sustainable budget in the medium term; and 2) Recommend to Cabinet the inclusion of the proposals, as detailed in section 5 and Table 2 at paragraph 5.1 of this report. 	

Consultation:		<ul style="list-style-type: none"> Leadership team (LT), Portfolio Holders and staff are consulted during this budget process 	
Alternative option(s):		<ul style="list-style-type: none"> Other options could be proposed and considered by members. They would need to take into account core principles such as deliverability, affordability and risk. 	
Implications:			
Are there any financial implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> As detailed in the body of this report	
Are there any staffing implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Are there any ICT implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Are there any legal and/or policy implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Whilst it should be stated that this is an unlikely event there is a requirement under The Local Government Finance Act 1988 (S114) - for the Chief Finance Officer to report to councillors if there is or is likely to be an unbalanced budget.	
Are there any equality implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> No significant implications anticipated, however further consideration will be given as part of the implementation of each service change.	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
	Low/Medium/ High*		Low/Medium/ High*
Impact of changing financial circumstances is different across the two West Suffolk councils potentially in the longer terms, leading to diverging strategies (e.g. different focus by the councils on service impacts or investment projects).	High	A single leadership team working with the two councils' Cabinets to take an overview; spotting pressure points and possible innovative approaches; and recommending appropriate actions to members. Consider further shared working, joint decisions etc.	Medium
Savings/income projections are not achieved resulting in budget deficit.	Medium	Budgetary control, including reporting of variances to members. Use of general fund reserves to cover budget deficits.	Low
The business rate retention scheme underachieving the yield assumed in the MTFS which impacts on the budget gap requirement.	High	Work with the Anglia Revenues Partnership team to monitor the position and deliver a realistic forecast.	Medium

Adverse changes in the assumptions, for example changes to the provisional formula grant settlement, used in the MTFS resulting in a larger budget gap.	Medium	The assumptions are regularly monitored and updated. Use of general fund reserves to cover budget deficits.	Low
100% Business rates Retention implementation prior to 2019/20 and rules therein.	Low	Constant monitoring of guidance issued and reflection in assumption	Low
Ward(s) affected:		All Wards	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		COU/SE/17/004 - Budget and Council Tax Setting 2017/18 CAB/SE/15/048 - West Suffolk Strategic Plan and Medium Term Financial Strategy 2016-2020 CAB/SE/17/008 OAS/SE/17/026 and Appendix B - Draft West Suffolk strategic Framework	
Documents attached:		Appendix A – Budget Assumptions 2018/19 and across the MTFS	

1. Key issues and reasons for recommendation(s)

- 1.1 The interaction between the emerging West Suffolk Strategic Plan (included on the Overview and Scrutiny Committee on 8 November 2017) and West Suffolk Medium Term Financial Strategy (MTFS) continues to be increasingly important in the setting of budgets, as the council's priorities will need to be used to inform real choices about the allocation of limited resources.
- 1.2 Our MTFS document also sets out the approach that St Edmundsbury Borough Council will take to the sound management of its finances over the medium term, in particular the next three years 2018-2021.

2. Future budget pressure and challenges

- 2.1 St Edmundsbury continues to face considerable financial challenges as a result of increased cost and demand, plus pressures and constraints on public sector spending (Revenue Support Grant) from central government, as evidenced by the proposed four year government settlement. It is clear that even without the proposed reductions in Revenue Support Grant (RSG), the council has underlying net cost pressures. This includes costs rising faster than income inflation.
- 2.2 There continues to be increasing demand for support and advice relating to housing options and homelessness. Whilst the council has already increased staffing levels in the housing team, this additional demand is likely to continue for the foreseeable future. Demand pressures are as a result of continued welfare reform challenges, including the introduction of Universal Credit, the affordability of the local housing market and changes to Homelessness legislation which comes into force from April 2018. The Homelessness Reduction Act 2017 will increase the demand on the housing team with more people now being eligible for advice and prevention support, and relief from homelessness duties, than under existing legislation. Affordability and accessibility of the private rented sector is crucial in order for the council to discharge its new duties under the new act and, as for many councils, this will present a challenge. The continued inclusion of temporary accommodation in Universal Credit is likely to impact on the money the council receives to fund this accommodation compared to housing benefit.
- 2.3 The MTFS 2017-2021, approved at Full Council on 21 February 2017 (Report COU/SE/17/004), sets out the current and future financial pressures and challenges facing St Edmundsbury.
- 2.4 The implementation towards a 100% Business Rates Retention scheme and the review of the needs based assessment/formula that underpins our financial needs settlement from central government are both planned to be implemented in 2020/21. Both changes create significant uncertainty to the council's medium term financial planning assumptions.
- 2.5 The worst case scenario for the review of the needs based assessment/formula could be to re-set our financial needs settlement right back to a steady level of growth from 2013 rather than that actually experienced in St Edmundsbury, thus removing the majority of the growth

we retain under the current 50% BRR scheme. This would remove a significant amount of income (£0.7m) from the budget in 2020/21. This situation will be monitored and reviewed as information becomes available. We will continue to lobby and input into DCLG consultations in order to make our position clear.

3. Budget gap and budget assumptions

- 3.1 A balanced budget was set for SEBC as a result of last years MTFS process but after following the methodology in section 4 there is a current budget deficit of £96k for 2018/19 which increases to a cumulative budget deficit of £480k for 2020/21. This is predominantly driven by increasing demand for homelessness support (section 2.2).

Table 1: Budget gap for 2018/19-2020/21

	18/19 £000	19/20 £000	20/21 £000
Budget gap per MTFS:			
2018/19	96	96	96
2019/20		186	186
2020/21			199
Cumulative Gap	96	282	480

- 3.2 This budget gap does not include, at this stage, any variation or profile changes either positively or negatively in respect of the Councils significant growth projects such as delivering our growth agenda (£20m investment fund) or Barley Homes 5 year delivery plan. These are currently under review along with consideration of the overall resources and skills required to enable the delivery of our ambitious plans. These will be available for the January report through to this committee.
- 3.3 Any changes that would result from moving to a single council are also not currently included within the above table – these too will be available for the January report through to this committee.
- 3.4 It is important to note that there are limitations on the degree to which St Edmundsbury can identify all of the potential changes within its medium term financial projections. It is also important to remember that these financial models have been produced within a financial environment that is constantly changing and that they will be subject to significant change over time.
- 3.5 The above assumes 0% increase in council tax but this will be subject to a separate democratic process through to February Council in 2018.

4 Methodology for securing a balanced budget 2018-2021

- 4.1 The starting position is from the existing approved MTFS which at February 2017 was balanced for each year from 2017/18 out to 2019/20. This has enabled the methodology for revising this outlook to be focussed on three areas:

- 1 Challenging the pre-existing assumptions and updating these to reflect new knowledge and information.
 - 2 Collating new items that are required to support the delivery of West Suffolk Councils Strategic Plan.
 - 3 Reflect any changes in the wider macro environment which require a change in approach from SEBC.
- 4.2 The process to validate each of these areas has been driven by workshop sessions to understand the trends and drivers behind each of the income and expenditure lines within each service area and project. The outcome of the sessions has then been reviewed at an overall council level by the Leadership Team to ensure a collective, corporate view.
- 4.3 The six approved MTFS themes below continue to be at the forefront of St Edmundsbury Borough Council's financial strategy for delivering a sustainable medium term budget:
1. aligning resources to both West Suffolk councils' strategic plan and essential services;
 2. continuation of the shared service agenda and transformation of service delivery;
 3. behaving more commercially;
 4. considering new funding models (e.g. acting as an investor);
 5. encouraging the use of digital forms for customer access; and
 6. taking advantage of new forms of local government finance (e.g. business rate retention).

5. Budget proposals for 2018-21

- 5.1 The Performance and Audit Scrutiny Committee is asked to support and recommend to Cabinet the **inclusion of the following proposals**, as detailed in **Table 2 below** in order to progress securing a balanced budget for 2018/19.

Table 2: Budget proposals for 2018-21

		18/19 Pressure/ (Saving) £000	19/20 Pressure/ (Saving) £000	20/21 Pressure/ (Saving) £000
Existing MTFS Position		0	0	0
Revised Council Tax	SE (0% from 2%) - Subject to February 2018 Council Neutralised by Reserves movements, in part carried forward in part from 2017/18 Budget Process	132 (132)	270 (270)	414 (414)
Housing Options	Increase in volume of people requiring assistance - Costs	167	250	275
	Increase in volume of people requiring assistance - HB Recovery	(128)	(140)	(154)
	New Burdens Grant	(36)	(41)	0
	Emergency Winter accomodations costs	60	60	60
Families & Communities	Resource to address Anti-social Behaviour issues in Bury Town centre.	20	20	20
Waste Collection	Brown Bin Income - Rephasing of Budget, keeping in line with the service being funded by users of the service.	(54)	0	0
Trade Waste	Additional staffing to reflect current and future service demand	85	85	86
	Increased Trade Waste Income to fund additional staffing levels	(85)	(85)	(86)
Industrial & Business Units	Change in Budget assumption to reflect 17/18 income trend	0	(36)	(36)
Environmental Management	Delay in rent a roof capital programme item impacting revenue assumptions.	33	15	(2)
Land Charges	LLC1 Search Income lost due to transfer to HMLR mid 18/19	26	41	42
Developmental Control	Increase in Pre-Application Planning Income	(15)	(34)	(52)
	Change in Budget assumption to reflect 17/18 income trend	(14)	(18)	(19)
Building Control	Change in Budget assumption to reflect 17/18 income trend and current market share.	51	54	54
Finance & Performance	Additional EELGA & Bailiff Income	(10)	(10)	(11)
	Budget Correction linked to inflationary changes from 17/18 budget movements	7	36	33
Other Changes (<£10k)	Net Impact of smaller Budget assumption changes	(10)	(10)	(11)
Salary Budget	Final position following payroll review	TBC	TBC	TBC
Capital Programme	Revenue impact of changes to capital programme	TBC	TBC	TBC
Total Budget Gap		96	186	199

Table 2: Budget proposals for 2018-21

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

- 5.2 The Capital Programme underwent a comprehensive review for the 2017/18 budget setting process. This Programme will be reviewed and updated with known changes ready for the next Performance and Audit Scrutiny Committee review in January 2018.

6. Budget timetable

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

Table 3: Committee timetable for budgets

Task	Date
Performance and Audit Scrutiny Committee - consider progress report on 'Delivering a Sustainable Budget 2018/19'	29 November 2017
Cabinet to consider recommendations from Performance and Audit Scrutiny Committee – 29 November 2017	5 December 2017
Council approval of the 2018/19 Tax Base including any Council Tax technical changes	19 December 2017
Council approval of Local Council Tax Reduction Scheme and Council Tax technical changes 2018/19	19 December 2017
Member Development Session – Local Government Finance	18 January 2018
Performance and Audit Scrutiny Committee - updated report on 'Delivering a Sustainable Budget 2018/19'	31 January 2018
2018/19 Budget and Council Tax Setting - Cabinet.	6 February 2018
2018/19 Budget and Council Tax Setting - Full Council.	20 February 2018

MTFS Assumptions	St Edmundsbury			Source
	2018/19	2019/20	2020/21	
General inflation	0.0%	0.0%	0.0%	Inflation target
ICT Inflation	3.0%	3.0%	3.0%	Linked to a number of the Council's ICT contracts
Utilities	5.0%	5.0%	5.0%	Property services
Transport fuel	5.0%	5.0%	5.0%	Fleet Management Services
Insurance premiums	3.0%	3.0%	3.0%	Renegotiated contract during 2015/16, thereafter In line with contract with Insurance provider
Pay increase	1.0%	1.0%	1.0%	National Pay Bargaining take place annually and the National Employers are reviewing pay to deal with statutory increases to the Living Wage by 2020 and public sector pay claims.
Employers pension contribution	30.0%	33.0%	36.3%	Triennial actuarial valuation took place in 2017 for 2017-20. Pension contribution 23% and we chose to increase our contribution to manage deficit and liabilities over time.
Pension take up	90.0%	90.0%	90.0%	Based on actual take up. Had previously assumed 100%.
Agency staff	£130k	£130k	£130k	Linked to above saving. New budget to be controlled by HR
Vacancy savings	2.5%	2.5%	2.5%	Internal policy, linked to staff turnover rates
Shared service split - default	65.0%	65.0%	65.0%	Approved by Council on 10/12/2014
Shared service split - Corporate	50.0%	50.0%	50.0%	Approved by Council on 10/12/2014
Shared service split - Property	60.0%	60.0%	60.0%	Approved by Council on 10/12/2014
Shared service split - Trade Waste	75.0%	75.0%	75.0%	Approved by Council on 10/12/2014
Fees and charges	2.0%	2.0%	2.0%	Inflation target
Off street car parking income - inflation	0.0%	0.0%	0.0%	Inflation target
Off street car park income - growth %	1.8%	1.8%	1.8%	2017/18 figures reset and annual growth assumption applied from 18/19 onwards.
Off street car park income - amount	£4,816k	£4,903k	£4,991k	Linked to above
Trade waste income - amount	£1,667k	£1,742k	£1,794k	2017/18 figures reset and standard fees & charges growth assumption applied from 18/19 onwards.
Building control (building regulations) income - amount	£205k	£194k	£199k	Figures reset and standard fees & charges growth assumption also applied.

MTFS Assumptions	St Edmundsbury			Source
	2018/19	2019/20	2020/21	
Development control (planning application fees) income - amount	£772k	£791k	£809k	2017/18 figures reset and annual growth assumption applied from 18/19 onwards (includes Pre-Application income).
Investment interest	TBC	TBC	TBC	Treasury management advisors - current projections
Housing Benefits - amount	£28,812k	£28,812k	£28,812k	Reflects 2017/18 budget assumption. 2017/18 to be worked through when data available through ARP.
Housing Benefits Subsidy - %	98.8%	98.8%	98.8%	ARP. Expected level of subsidy as percentage of payments based on previous years.
Housing Benefits Subsidy - amount	£28,466k	£28,466k	£28,466k	Linked to above
HB Overpayments recovered	£346k	£346k	£346k	ARP. Based on previous years. Can vary year on year. Managed through HB Equalisation Reserve.
HB Administration Subsidy	£289k	£273k	£257k	ARP. Assumes 5%/10%/15% reduction on 2016/17 subsidy grant to reflect anticipated impact of Universal Credit.
Business Rates - Inflation	2.0%	3.0%	3.2%	RPI increases assumed in 4 year settlement
Business Rates - Growth	NNDR1	0.0%	0.0%	Year of budget set at NNDR1 level which includes growth to date.
Business Rates - Suffolk Pool Income	TBC	TBC	TBC	SCC. Awaiting data based on participating councils' 2017/18 NNDR1 returns.
Business Rates - Suffolk Pool Income transfer to reserve	TBC	TBC	TBC	Transfer a proportion of the above to reserve to bring back to level currently in MTFS. Final level is unpredictable as dependant upon other councils.
Total RSG	£144k	£0k	£0k	4 year finance settlement
RSG Reduction	£377k	£144k	£0k	Linked to above
RSG Reduction % year on year	-54.3%	-72.4%	-100.0%	Linked to above
Council tax increase	0.0%	0.0%	0.0%	Current assumption. To be set at February 2018 Council meetings.

Treasury Management Sub-Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Mid-Year Treasury Management Report 2017/18 and Investment Activity 1 April to 30 September 2017	
Report No:	TMS/SE/17/004	
Report to and dates:	Treasury Management Sub-Committee	20 November 2017
	Performance and Audit Scrutiny Committee	29 November 2017
	Cabinet	5 December 2017
	Council	19 December 2017
Portfolio holder:	Ian Holder Portfolio Holder for Resources and Performance Tel: 01284 810074 Email: ian.houlder@stedsbcc.gov.uk	
Lead officer:	Rachael Mann Assistant Director (Resources and Performance) Tel: 001638 719245 Email: rachael.mann@westsuffolk.gov.uk	
Purpose of report:	To present the Council's Mid-Year Treasury Management Report summarising the investment activities for the period to 30 September 2017.	

Recommendation	<p>It is RECOMMENDED that, the Treasury Management Sub-Committee:</p> <p>(1) Make recommendations as appropriate via the Performance and Audit Scrutiny Committee to Cabinet and Council regarding the approval of:</p> <p>a) The Mid-Year Treasury Management Report for 2017-2018, including the change to the Annual Treasury Management and Investment Strategy and associated Code of Practice attached as Appendix 1.</p>	
<p>Key Decision:</p> <p>(Check the appropriate box and delete all those that <u>do not</u> apply.)</p>	<p>Is this a Key Decision and, if so, under which definition?</p> <p>Yes, it is a Key Decision - <input type="checkbox"/></p> <p>No, it is not a Key Decision - <input checked="" type="checkbox"/></p>	
Consultation:	<ul style="list-style-type: none"> Treasury management activities are undertaken in consultation with Capita (the Council's appointed Treasury Management advisers) and also takes into account information obtained from investment brokers and other economic commentators. This committee provides for the scrutiny of treasury management strategies and performance, with changes in strategies and policies subject to approval by Cabinet and full Council. 	
Alternative option(s):	<ul style="list-style-type: none"> Options for the management of Council investments are formally considered within the annual treasury management and investment strategy. This includes key strategies in respect of the maintenance of the Council's debt free status, the continuation of in-house management of funds, and the approach to be adopted in establishing the creditworthiness of potential counterparties. The changing nature of the economic climate requires that these key areas are subject on-going review. 	
Implications:		
<p>Are there any financial implications? If yes, please give details</p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> Please refer to main report 	
<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"> 	

Are there any legal and/or policy implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> This report is in-line with the Treasury Management Practice 6, (TMP6), of the Treasury Management Code of Practice which requires that a mid-year monitoring report must be submitted to Council by 31 December each year 	
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:		(potential hazards or opportunities affecting corporate, service or project objectives)	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
	Low/Medium/ High*		Low/Medium/ High*
Fluctuation in interest rates or in projected cash flows having significant impact on budgeted investment income.	High	Spread of investments for periods of up to two years. Budget monitoring and quarterly performance reports. Use of interest equalisation reserve to smooth out year on year fluctuations.	Medium
Bank / building society failure resulting in loss of Council funds.	High	Use of Capita advice on counterparty credit ratings (based on Fitch and Moody ratings) and the setting of lending limits. Use of non-rated building societies based on asset base and additional credit checks.	Medium
Ward(s) affected:		All Ward	
Background papers: (all background papers are to be published on the website and a link included)		Annual Treasury Management and Investment Strategy 2017/18. (Report COU/SE/17/002 refers)	
Documents attached:		Appendix 1 – Mid-Year Treasury Management Report 2017/18	

1. **Mid-Year Monitoring Report 2017/18**

- 1.1 Full details of treasury management activities during the period 1 April to 30 September 2017 are included in **Appendix 1** of this report.
- 1.2 Below is a summary of those investment activities:

INTEREST EARNED & AVERAGE RATE OF RETURN SUMMARY			
	Budget	Actual	Difference
Investment Interest Earned	£126,500	£155,841	+ £29,341
Average Rate of Return	0.55%	0.57%	+0.02%

- The over-achievement of interest earned was primarily due to higher cash balances being available for investment than expected. These increases in balances are due to timing differences in the collection and payment of Council Tax, NNDR and other revenue streams, and underspends relating to the budgeted capital programme.
- As at 30 September 2017 we held £51,200,000 of investments.

INVESTMENT ACTIVITY SUMMARY	
	2017/18 £
Opening Balance 01 April 2017	46,350,000
Investments made during the year (including transfers to business reserve accounts)	64,250,000
Sub Total	110,600,000
Investments realised during the year (including withdrawals from business reserve accounts)	59,400,000
Closing Balance 30 September 2017	51,200,000

- 1.3 The mid year report also includes a request to revise the 'Red' % of portfolio limit from 35% to 50%. This is due to the majority of the banks now having a Sector Colour Code rating of 'Red' (there are no longer any Purple or Blue UK banks and only 2 Orange UK bank). The maximum investment with any one 'Red' institution will remain at £11m.

Lending Criteria - Rated Banks and Investment Scheme

Capita Colour Code Key	CURRENT Maximum Duration / Investment Values*	REVISED Maximum Duration / Investment Values*
Purple	Max £13m for max of 2 years (subject to max 50% of portfolio)	Max £13m for max of 2 years (subject to max 50% of portfolio)
Orange	£12m for max of 2 years (subject to max 40% of portfolio)	£12m for max of 2 years (subject to max 40% of portfolio)
Red	£11m for max of 1 year (subject to max 35% of portfolio)	£11m for max of 1 year (subject to max 50% of portfolio)

Green	£9m for max of 6 months (subject to max 30% of portfolio)	£9m for max of 6 months (subject to max 30% of portfolio)
Blue (nationalised / substantially owned by the UK government)	£18m for max of 2 years	£18m for max of 2 years

** Note – This represents an adaption of the Capita approach*

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Mid-Year Treasury Management Report 2017/2018

1 Introduction

- 1.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management 2009 (the Code) was adopted by Council on 23 February 2010.
- 1.2 The primary requirements of the Code are as follows:
 - a. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
 - b. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
 - c. Receipt by Council of an Annual Treasury Management Strategy Report for the year ahead, a mid-year review report (as a minimum) and an annual review report of the previous year.
 - d. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
 - e. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body which in this Council is the Treasury Management Sub-Committee.
- 1.3 Treasury management in this context is defined as:
 'The management of the local authority's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.'
- 1.4 The purpose of this report is to meet one of the above requirements of the CIPFA Code, namely the mid-year review report of treasury management activities, for the financial year 2017/18.

2. Annual Treasury Management and Investment Strategy for 2017/18

- 2.1 The Council's 2017/18 Annual Treasury Management and Investment Strategy was approved by full Council on 21 February 2017 (report COU/SE/17/002 refers). The investment strategy for 2017/18 was to give priority to the security and liquidity of investments whilst at the same time seeking to optimise the return on investments.
- 2.2 The target rate of return for investments for 2017/18 was 0.55%. This target rate was based upon investment rate projections for the year provided by Capita (the Council's treasury management advisors), together with consideration of the profile of the Council's portfolio of investments (i.e. mixture of liquid and fixed term investments). Based upon the anticipated funds available for investment in the year (taking into account planned capital expenditure and receipts from asset disposals) this gave a target investment income of £253k for the year.

3. Revision to Annual Treasury Management and Investment Strategy and Code of Practice

- 3.1 In recent months it has been increasingly difficult to place funds within the Council's current lending criteria due to changes in Capita's colour code ratings of institutions. The majority of UK banks now have a Capita Colour Code rating of Red, there are no longer any Purple or Blue UK banks and only 2 Orange UK banks. Consequently the 'maximum 35% of the portfolio' limit for Red institutions is becoming increasingly restrictive.
- 3.2 Consequently, following discussions with our treasury advisor, it is proposed that the 'Red' proportion of portfolio limit be revised from 35% to 50%. The maximum investment with any one 'Red' institution will remain the same at £11m.

Lending Criteria - Rated Banks and Investment Scheme

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

* Note – This represents an adaption of the Capita approach

4. Interest Rates and Market Activity

- 4.1 The Bank of England base Rate has risen from 0.25% to 0.5%, as predicted by our treasury advisors, Capita, who highlighted a revised expectation for the Bank Rate to increase to 0.5% as soon as Q4 2017. The Monetary policy Committee (MPC) meeting of the 2 November 2017 confirmed this increase and also the suspicion that interest rates may continue to rise, with confirmation from the Bank of England that by 2020 the Base Rate will rise incrementally to 1%. The knock on effect of this shift means further uncertainty in the Council's returns going forward. Currently the Council's returns for investments up to 3 months in length are at base rate or below, while those of 4 to 12 months are generally below 0.75%.
- 4.2 Markets will continue to be closely monitored and higher rates of return secured whenever possible.

5. The Council's Lending Criteria 2017/18

- 5.1 The Council's Annual Treasury Management and Investment Strategy requires that deposits are only placed with a limited number of high quality banks and building societies whose credit rating is independently assessed as sufficiently secure by the Council's treasury advisers (Capita) or, for non-rated building societies, subject to their meeting minimum financial criteria (based on asset base size).
- 5.2 The below tables shows the credit criteria applicable at the 1 April 2017 and 30 September 2017:

Credit Criteria: Rated Banks and Institutions

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

Credit Criteria: Rated Building Societies

Capita Colour Code Key*	Credit Criteria 01/04/17
Red	£11m for max of 1 year (subject to max 35% of portfolio)
Green	£7m for max of 1 year (subject to max 30% of portfolio)

Credit Criteria: Non- Rated Building Societies

Asset Base**	Credit Criteria 01/04/17
Asset base > £2,500m	£6m for max 6 months
Asset base > £1,000m	£5m for max 6 months

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

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

- 5.4 As per paragraph 3.2, it is proposed that the 'Red' % of portfolio limit be revised from 35% to 50%.

6 Compliance with Treasury Management Strategy and Code of Practice

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

7 Interest Earned from Treasury Investments during the period 1 April to 30 September 2017

- 7.1 The table below summaries the interest earned during the period 1 April to 30 September 2017 on the various Treasury Investments held by the Council;

TREASURY MANAGEMENT – INTEREST EARNED SUMMARY	
	£
Temporary Investments – Term Deposits	116,181
Bank of Scotland Current Account	1
Barclays Reserve Account	24
NatWest Call Account	194
Santander 365 Day Account	39,441
TOTAL INTEREST EARNED/ACCRUED	£155,841

- 7.2 The budgeted income from investments for the period 1 April to 30 September 2017 was £126,500 (average rate of return of 0.55%). Interest actually earned during the period totalled £155,841 (average rate of return 0.575%), an over-achievement of interest of £29,341 and an over-achievement of 0.025% on the average rate of return.
- 7.3 The over-achievement of interest earned was primarily due to higher cash balances being available for investment than expected. These increases in balances are due to timing differences in the collection and payment of Council Tax, NNDR and other revenue streams, and underspends relating to the budgeted capital programme.
- 7.4 By year end it is predicted that interest earned will exceed the originally budgeted figure by approximately £26k, this is mainly due to higher cash balances as the predicted average rate of return remains at 0.55%.

8 Investment Activity during the period 1 April to 30 September 2017

- 8.1 The table below summaries the investment activities during the period;

TREASURY MANAGEMENT – INVESTMENT ACTIVITY SUMMARY	
	2017/18 £
Opening Balance 01 April 2017	46,350,000
Investments made during the year (including transfers to business reserve accounts)	64,250,000
Sub Total	110,600,000
Investments realised during the year (including withdrawals from business reserve accounts)	59,400,000
Closing Balance 30 September 2017	51,200,000

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

- 8.3 Where possible, investments were made in longer term fixed term investments (up to 1 year) in order to lock into interest rates which exceed the Council's budgeted rate of return and to provide some certainty of return for a proportion of the Council's investments.
- 8.4 During the period, for cash flow purposes (in particular relating to capital projects/purchases), use was made of the instant access and business reserve accounts with Barclays and NatWest. As at 30 September 2017 £1.5m was held in these accounts at an interest rate of 0.01%.
- 8.5 The table below shows the investments held as at 30 September 2017;

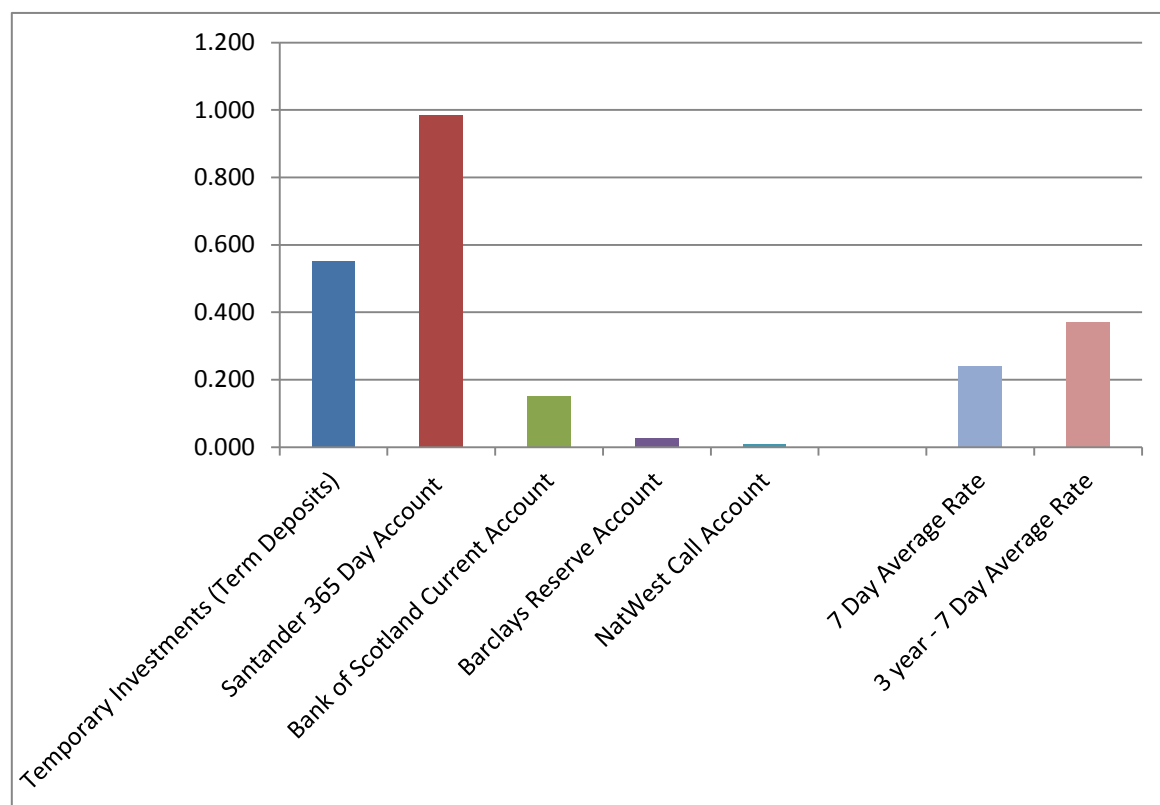
Investments held as at 30 September 2017				
Counterparty	Principal Amount	Interest Rate	Date Loaned	Date Returned
Bank of Scotland	2,000,000	1.00%	02/11/16	01/11/17
Bank of Scotland	5,000,000	0.90%	13/02/17	12/02/18
Principality B/Society	3,000,000	0.45%	28/04/17	02/10/17
Skipton B/Society	2,500,000	0.65%	02/06/17	19/03/18
Skipton B/Society	3,000,000	0.77%	05/06/17	05/06/18
Newcastle B/Society	6,000,000	0.65%	03/07/17	15/03/18
National Counties B/Soc	2,000,000	0.55%	05/07/17	19/12/17
Nottingham B/Society	4,000,000	0.34%	01/08/17	19/10/17
Coventry B/Society	1,000,000	0.16%	01/08/17	30/10/17
Yorkshire B/Society	2,000,000	0.15%	02/08/17	16/10/17
Yorkshire B/Society	1,500,000	0.20%	02/08/17	15/11/17
Coventry B/Society	1,000,000	0.14%	21/08/17	23/10/17
Coventry B/Society	4,500,000	0.15%	01/09/17	20/11/17
Nottingham B/Society	2,000,000	0.32%	01/09/17	22/12/17
Coventry B/Society	1,000,000	0.24%	01/09/17	15/01/18
Principality B/Society	1,200,000	0.22%	15/09/17	15/11/17
Santander 365 Day	8,000,000	0.95%	365 day	notice
Barclays Reserve	100,000	0.01%	Call	
NatWest Call Account	1,400,000	0.01%	Call	
TOTAL	51,200,000			

9 Average Rate of Return Comparison

- 9.1 The table below shows the change in the average rate of return for the various categories of investment quarter on quarter;

Comparison of Average Rate of Return		
	Qtr 1	Qtr 2
Temporary Investments	0.594%	0.552%
Santander 365 Day	1.017%	0.983%
Bank of Scotland C/Acc	0.100%	0.150%
Barclays Reserve	0.100%	0.026%
NatWest Call Account	0.010%	0.010%
7 Day Average	0.37%	0.24%
3 Year – 7 Day Average	0.48%	0.37%
Overall Average return on Investments	0.607%	0.575%

Average Rate of Return by Investment Category



10 Summary of Funds Held

10.1 The table below shows a summary of the funds held as at 30 September 2017

Summary of Funds held	
Fund	£
Revenue Reserves	22,054,807
Capital Receipts Reserves	20,454,518
General Funds Reserve	3,035,694
Cash flow Balances	5,654,981
Total Value of Investments	51,200,000

11 Borrowing

11.1 As at 30 September 2017 the Council had no external debt.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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