

Informal Joint Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title:	Agenda												
Date:	Wednesday 31 January 2018												
Time:	5.00pm												
Venue:	Conference Chamber West West Suffolk House Western Way Bury St Edmunds												
Full Members:	<p style="text-align: center;">Chairman Sarah Broughton Vice Chairman Patricia Warby</p> <p><u>Conservative Members (9)</u></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;">Sarah Broughton</td> <td style="width: 33%;">Karen Richardson</td> </tr> <tr> <td>Beccy Hopfensperger</td> <td>Andrew Smith</td> </tr> <tr> <td>Betty Mclatchy</td> <td>Peter Thompson</td> </tr> <tr> <td>Jane Midwood</td> <td>Patricia Warby</td> </tr> <tr> <td>David Roach</td> <td></td> </tr> </table> <p><u>UKIP Member (1)</u> Barry Robbins</p>			Sarah Broughton	Karen Richardson	Beccy Hopfensperger	Andrew Smith	Betty Mclatchy	Peter Thompson	Jane Midwood	Patricia Warby	David Roach	
Sarah Broughton	Karen Richardson												
Beccy Hopfensperger	Andrew Smith												
Betty Mclatchy	Peter Thompson												
Jane Midwood	Patricia Warby												
David Roach													
Substitutes:	<p><u>Conservative Members (3)</u></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;">Mary Evans</td> <td style="width: 33%;">Ivor Mclatchy</td> </tr> <tr> <td>Susan Glossop</td> <td></td> </tr> </table> <p><u>UKIP Member (1)</u> Jason Crooks</p>			Mary Evans	Ivor Mclatchy	Susan Glossop							
Mary Evans	Ivor Mclatchy												
Susan Glossop													
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:	<p>Christine Brain Democratic Services Officer (Scrutiny) Tel: 01638 719729 Email: christine.brain@westsuffolk.gov.uk</p>												

5.00pm	Informal discussions with Forest Heath District Council's Performance and Audit Scrutiny Committee on three substantive items listed below under Items 5 to 7 inclusive, to be held in Conference Chamber West .
5.15pm	The formal meeting of the Performance and Audit Scrutiny Committee will commence at 5.15pm or immediately following the conclusion of the informal discussions, whichever is the later, in Conference Chamber West .

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

COUNCILLORS

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

UKIP (1) Peter Ridgwell

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

Public Information

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

Agenda

Procedural Matters

Part 1(A) - Public

- 1. Substitutions**

Any Member who is substituting for another Member should so indicate, together with the name of the relevant absent Member.
- 2. Apologies for Absence**
- 3. Minutes** **1 - 10**

To confirm the minutes of the meeting held on 29 November 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 7 below, Members are reminded that no further debate shall take place. However, Members are requested to either formally note/resolve/recommend Items 5 to 7 below).
- 5. Balanced Scorecards Quarter 3 Performance Report (2017-2018)** **11 - 24**

Report No: **PAS/SE/18/001**
(For reference purposes, Forest Heath District Council's Report Number is PAS/FH/18/001)
- 6. West Suffolk Strategic Risk Register Quarterly Monitoring Report - December 2017** **25 - 38**

Report No: **PAS/SE/18/002**
(For reference purposes, Forest Heath District Council's Report Number is PAS/FH/18/002)
- 7. Work Programme Update** **39 - 42**

Report No: **PAS/SE/18/003**
(For reference purposes, Forest Heath District Council's Report Number is PAS/FH/18/003)

Part 1(B) - Public

- | | |
|---|------------------|
| 8. Financial Performance Report (Revenue and Capital) Quarter 3 - 2017-2018 | 43 - 64 |
| Report No: PAS/SE/18/004 | |
| 9. Delivering a Sustainable Medium Term Financial Strategy 2018-2021 | 65 - 76 |
| Report No: PAS/SE/18/005 | |
| 10. Ernst and Young - Certification of Claims and Returns Annual Report 2016-2017 | 77 - 90 |
| Report No: PAS/SE/18/006 | |
| 11. Ernst and Young - External Audit Plan and Fees 2017-2018 | 91 - 130 |
| Report No: PAS/SE/18/007 | |
| 12. Decision Relating to Complaint to Local Government Ombudsman | 131 - 136 |
| Report No: PAS/SE/18/008 | |
| 13. Treasury Management Report 2017-2018 and Investment Activity (April - December 2017) | 137 - 146 |
| Report No: TMS/SE/18/001 will be considered by the Treasury Management Sub-Committee on 22 January 2018. The Chairman/Service Manager (Finance and Performance) will update the Committee verbally on any issues or recommendations arising from the consideration of this report. | |
| 14. Treasury Management Policy Statement and Investment Strategy 2018-2019 and Treasury Management Code of Practice | 147 - 198 |
| Report No: TMS/SE/18/002 will be considered by the Treasury Management Sub-Committee on 22 January 2018. The Chairman/Service Manager (Finance and Performance) will update the Committee verbally on any issues or recommendations arising from the consideration of this report. | |

Part 2 – Exempt

NONE

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Informal Joint Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

**Notes of Informal Discussions held on Wednesday 29 November 2017
at 5.00pm in the Council Chamber, District Offices, Forest Heath
District Council, College Heath Road, Mildenhall**

PRESENT: St Edmundsbury Borough Council (SEBC)

Councillor Sarah Broughton
(Chairman of the informal discussions)

Councillors Susan Glossop, Betty McLatchy, David Roach, Barry Robbins, Andrew Smith, Peter Thompson, and Patricia Warby.

Forest Heath District Council (FHDC)

Councillors Michael Anderson, Chris Barker, John Bloodworth, Louis Busuttil, Simon Cole, Christine Mason, Colin Noble and Peter Ridgwell.

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

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

Councillor Ivor Mclatchy

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

- (1) External Assessment of Internal Audit;
- (2) Mid-Year Internal Audit Progress Report 2017-2018;
- (3) Balanced Scorecards and Quarter 2 Performance Report 2017-2018;
- (4) West Suffolk Strategic Risk Register Quarterly Monitoring Report – June 2017;
- (5) Work Programme Update; and
- (6) Building Control – Improvement Plan

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

The Chairman of Forest Heath's Performance and Audit Scrutiny Committee welcomed all those present to the District Offices, Mildenhall and advised on the

format of the proceedings for the informal joint discussions and subsequent separate meetings of each authority, prior to handing over to the Chairman of St Edmundsbury's Performance and Audit Scrutiny Committee, who would be chairing the informal joint discussions.

Members noted that each Council permitted public participation at their Performance and Audit Scrutiny meetings. Therefore, for the purpose of facilitating these Constitutional requirements, it was proposed that public speaking should be permitted prior to the start of the informal discussions to enable any questions/statements to be considered by both Performance and Audit Scrutiny Committees on items 1 – 6 above. However, on this occasion there were no questions/statements from members of the public.

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

1. **External Assessment of Internal Audit**

The Senior Auditor presented the report and Appendix A, which advised Members on the relevant requirements in respect of an external quality assessment of internal audit against the Public Sector Internal Audit Standards. The report covered the form that the assessment would take, how the assessor was chosen, what the assessment involves, what it would tell us, and when the results of the assessment would be reported.

Internal audit within the public sector in the United Kingdom was governed by the Public Sector Internal Audit Standards (the 'Standards'), which had been in place since April 2013 (revised April 2013 and April 2017). The objectives of the Standards were 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

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.

Members considered the report and did not raise any issues.

2. **Mid-year Internal Audit Progress Report 2017-2018**

The Senior Auditor presented the report, which advised Members of the work of the Internal Audit Section for the first half of 2017-2018 (Appendix A), which provided Members with an insight of the variety of corporate projects and activities which were supported through the work of the team. The report also

included an update on progress made against the 2017-2018 Internal Audit Plan previously approved by the Committee in May 2017.

A similar approach to last year's Internal Audit Plan was being undertaken in that as well as continuing to perform the usual statutory fundamental systems audits and other audit responsibilities; Internal Audit was also performing corporate and consultancy style work. This approach recognised that early audit input to activities could often help prevent or bring early resolution to internal control issues, and also brought audit skills and increased available resources on significant corporate projects.

During the year to date, Internal Audit had responded to around 30 requests for financial vetting or other related financial advice including assessments or organisations' financial stability to undertake specified contracts for the councils; and continued to provide advice to service areas on internal controls.

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

Members considered the report and asked questions on fee earning work, which had decreased and the national fraud exercise in relation to duplicate creditor payments, to which responses were provided.

3. **Balanced Scorecards Quarter 2 Performance Report 2017-2018**

[Councillors Michael Anderson and Christine Mason arrived at 5.33pm during the consideration of this item. Councillor Colin Noble arrived at 6.06pm during the consideration of this item].

The Assistant Director (Resources and Performance) presented the report, which set out the current West Suffolk Balanced Scorecards, which presented the Quarter 2 performance for 2017-2018. The five balanced scorecards (attached at Appendices A to E) were linked to the Assistant Director Service areas.

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

It was reported that within Resources and Performance the "*% of non-disputed invoices paid within 30 days*" corporate indicator across both councils showed we had achieved positive results in the second quarter, reporting 94% of invoices paid within 30 days. However, the finance and performance team would 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.

The report also included additional information requested by members on the number of enforcement cases on hand and the general upward trend of this figure over recent months; and the work being undertaken by the Planning Technical Support team in reducing the number of applications waiting to be validated and the backlog, which had reduced significantly.

Each Assistant Director presented their individual Balanced Scorecard and highlighted key areas for the Committees attention.

Members considered the report in detail and asked a number of questions on each of the Balanced Scorecards. Discussions were held on the % of debt over 90 days; developer loans; small business loans, Flytipping on traveller sites and the trade waste service. In particular discussions were held on:

- Outstanding Debts: The council actively pursued the recovery of debts and each case was treated on its own merits.
- Homelessness: The increase in homelessness was due to a combination of factors, such as the Welfare Reform; affordability of housing and the reduction in support services. Officers on a daily basis looked as what accommodation was available.
- General Data Protection Regulations (GDPR): The Suffolk Association of Local Councils (SALC) was supporting Parish and Town Councils in helping them meet the high standards of data protection for sensitive, personal data. Members suggested the council could also help by including GDPA on the agenda for the next Parish Forum, which officers agreed to pursue.
- Pre-application advice: This service could not be made mandatory as it was a chargeable service. The council was investing and reshaping the service by building pre-application advice into working practices and also looking at holding Developer Forums to create better working relationships with them.
- Flytipping: In responses to a question raised, officers agreed to provide a written response on the general spread of flytipping "hot spots" across West Suffolk.
- Flytipping: Members suggested that the council should encourage private landowners to report cases of Flytipping as it was becoming an issue. It was further suggested that a figure indicating flytipping on private land should also be included in the balanced scorecard.
- Flytipping: In response to a question raised, officers agreed to provide a written response on the number of Flytipping cases which had led to prosecutions.

The Chairman on behalf of the Committee thanked the Assistant Directors for attending and presenting their balanced scorecards and providing comprehensive responses to their questions.

4. **West Suffolk Strategic Risk Register Quarterly Monitoring Report – September 2017**

The Service Manager (Finance and Performance) presented the second quarterly risk register monitoring report in respect of the West Suffolk Strategic Risk Register. The Register was updated regularly by the Risk Management Group and at its recent meeting in October 2017 the Group reviewed the target risk, the risk level where the Council aimed to be, and agreed a current risk assessment. These assessments formed the revised West Suffolk Risk Register (Appendix 1).

Some individual controls or actions had been updated and those which were not ongoing and had been completed by September 2017 had been removed from the Register. Since the Strategic Risk Register was last reported to the Committee, one new risk had been included "WS23 – Cyber Security, and one risk amended "WS11" to reflect West Suffolk's bid to become a single Council.

With regards to the impact of Brexit, the group would continue to monitor the situation as it developed, amending existing and / or adding new risks where necessary. Any changes would be reported at each meeting of the Committee in the normal manner.

Members considered the report and did not raise any issues.

5. **Work Programme Update**

The Assistant Director (Resources and Performance) presented the report, which provided information on the current status of each Committee's Work Programme for 2018. She informed the Committee of an additional report on the Appointment of External Auditors for the Provision of Housing Benefit Certification Services, which would be presented to the Committee in January 2018.

Members considered the report and did not raise any issues.

6. **Building Control – Improvement Plan**

The Assistant Director (Planning and Regulatory) presented the report, which provided a review of current Building Control performance and the Development Plan for the service.

The report included information on the role of the building control service; challenges and opportunities (competition; staffing; commerciality and marketing; growth and economic cycles; collaboration and partnership working) current performance; operational performance; other public protection activities and development plan. The Assistant Director (Planning and Regulatory) informed the Committee that he would be happy to arrange for members to go on field visits to see first-hand how the team undertook its work.

The Committee considered the report and was pleased to note that the service was moving in the right direction.

The Committee also considered Exempt Appendix 1 attached to the report. However, no reference was made to specific detail and, therefore, this item was not held in private session.

On the conclusion of the informal joint discussions at 6.24pm, Members of St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee withdrew from the Council Chamber to the Training Room to hold their formal meeting.

The Chairman then formally opened the St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee in the Training Room at 6.26pm.

Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Minutes of a meeting of the **Performance and Audit Scrutiny Committee** held on **Wednesday 29 November 2017** at **6.26pm** in the **Training Room**, District Offices, College Heath Road, Mildenhall, IP28 7EY

Present: **Councillors**

Chairman Sarah Broughton
Vice Chairman Patricia Warby

Betty Mclatchy
David Roach
Barry Robbins

Andrew Smith
Peter Thompson

Substitutes attending:
Susan Glossop

By Invitation:
Ian Houlder, Portfolio Holder for Resources and Performance
Ivor Mclatchy

173. **Substitutions**

The following substitution was declared:

Councillor Susan Glossop for Councillor Jane Midwood.

174. **Apologies for Absence**

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

175. **Minutes**

The minutes of the meeting held on 20 September 2017, were unanimously accepted by the Committee as an accurate record and signed by the Chairman.

176. **Public Participation**

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

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

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/SE/17/026.

Members considered the report, and there being no decision required, **noted** the contents of the report.

178. **Mid-Year Internal Audit Progress Report 2017-2018**

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/SE/17/027.

Members had scrutinised the report and asked questions, to which responses were provided. There being no decision required, the Committee **noted** the contents of the Mid-Year Audit Progress Report 2017-2018.

179. **Balanced Scorecards and Quarter 2 Performance (2017-2018)**

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/SE/17/028.

Members had scrutinised the report in detail and asked questions, to which responses were provided. There being no decision required, the Committee **noted** the Council's performance using the Balanced Scorecards for Quarter 2, 2017-2018.

180. **West Suffolk Strategic Risk Register Quarterly Monitoring Report - September 2017**

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/SE/17/029.

Members had considered the report, and there being no decision required, **noted** the contents of the Quarter 2 West Suffolk Strategic Risk Register Monitoring Report.

181. **Work Programme Update**

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/SE/17/030.

Members considered the report, and there being no decision required, **noted** the contents of the report, including the additional report "Appointment of External Auditors", to be presented to the Committee at its January 2018 meeting.

182. Building Control - Improvement Plan

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/SE/17/031.

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

183. Ernst and Young - Annual Audit Letter 2016-2017

The Committee received Report No: PAS/SE/17/032, presented by Mark Hodgson, Associate Partner (Ernst and Young), which updated members on the outcome of the annual audit of the 2016-2017 financial statements by Ernst and Young (EY) as detailed in their Annual Audit Letter 2016-2017, attached as Appendix 1 to the report. The letter was for information, and confirmed the completion of the audit of the 2016-2017 financial statements, and was one of the best audit letters he had issued.

No significant issues were noted by EY, therefore the planned audit fee of £43,767 for the year remained unchanged. Work on the certification of claims and returns was due for completion in November 2017 and the results of this work, along with the final fee would be reported in the Annual Certification Report.

The Committee thanked EY and officers for their hard work in completing an outstanding audit for 2016-2017, which was very good news.

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

184. Financial Performance Report (Revenue and Capital) Quarter (2017-2018)

The Committee received Report No: PAS/SE/17/033, which set out the financial performance for the second quarter of 2017-2018 and forecasted outturn position for 2017-2018.

Attached at Appendix A and B to the report were details of the Council's revenue performance and year end forecasted outturn position. The current forecast position for the year end was expected to be a benefit of £127,000 to the council's General Fund, which equated to just 0.17% of the council's gross expenditure. Explanations of the main year end forecast under / overspends was set out within the table at paragraph 1.2.3. Members were requested to note the current position and the significant variances over £25,000 (paragraph 1.2.3)

Appendix C to the report set out the Council's capital financial position for the six months of 2017-2018, which showed expenditure of £4,092,000. Finally a summary of the earmarked reserves was attached at Appendix D, along with forecast year end position for 2017-2018.

Budget holders would continue to work with Resources Business Partners and Business Support Advisors and an updated outturn position would be presented to the Committee on a quarterly basis.

The Committee scrutinised the report and asked questions to which responses were provided. There being no decision required, the Committee **note** the Quarter 2 performance and the 2017-2018 year end forecast financial position.

185. **Delivering a Sustainable Medium Term Financial Strategy 2018-2021**

The Committee received Report No: PAS/SE/17/034, which updated members on progress made towards delivering a balanced budget for 2018-2019 and sustainable budget in the medium term.

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

The Medium Term Financial Strategy (MTFS) 2017-2021 was approved by Council on 21 February 2017, which set out the current and future financial pressures and challenges facing St Edmundsbury.

The budget gap for years 2018-2019 to 2020-2021 were projected in Table 1 of the report. The current budget assumptions for 2018-2019 and across the MTFS were detailed in Appendix A.

The Performance and Audit Scrutiny Committee was asked to support and recommend to Cabinet the inclusion of proposals as set out in Section 5 and Table 2 of the report in order to progress securing a balanced budget for 2018-2019 and sustainable budget in the medium term.

Members scrutinised the report in detail and asked questions to which officers duly responded. Discussions held focused on the budget proposals set out in table 2 of the report. In particular, the emergency Winter accommodation costs; resources to address anti-social behaviour issues in Bury Town centre; and Land Charges.

The Committee **noted** the budget assumptions, budget timetable and progress made to date on delivering a balanced budget for 2018-2019 and sustainable budget in the medium term.

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

RECOMMENDED

That the proposals, as detailed in Section 5 and Table 2 at paragraph 5.1 of Report No: PAS/SE/17/034 be included in securing a balanced budget 2018-2019.

186. **Mid-Year Treasury Management Report and Investment Activity (April - September 2017)**

The Committee received Report No: TMS/SE/17/004, which had been considered by the Treasury Management Sub-Committee on 20 November 2017. The Senior Business Partner provided a verbal update on the Sub-Committee's consideration of the report, which:

- (a) Provided a summary of investment activities for the first six months of 2017-2018;
- (b) Requested a revision to the "Red" % of portfolio limit from 35% to 50%, which was due to the majority of banks now having a Sector Colour Code rating of "Red" (there were no longer any Purple or Blue UK banks and only two Orange UK banks). The maximum investment with any one "Red" institution would remain at £11m.

The Sub-Committee had scrutinised the report and asked a number of questions relating to the investment activity and the requested revision to the portfolio limit, to which officers duly responded.

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

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 Mid-Year Treasury Management Report 2017-2018, including the change to the Annual Treasury Management and Investment Strategy and associated Code of Practice, attached as Appendix 1 to Report No: TMS/SE/17/004, be approved.

187. **Exclusion of the Press and Public**

See Minute Number 188 below.

188. **Exempt Appendix 1: Building Control - Improvement Plan (para 3)**

The Committee considered Exempt Appendix 1 to Report No: PAS/SE/17/031. However, no reference was made to specific detail and, therefore, this item was not held in private session.

The Meeting concluded at 6.42 pm

Signed by:

Chairman

Informal Joint Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Balanced Scorecard and Quarter 3 Performance report 2017-2018	
Report No:	PAS/SE/18/001	
Report to and dates:	Performance and Audit Scrutiny Committee	31 January 2018
Portfolio holder:	Councillor 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 2017-2018 and an overview of performance against those indicators for the third quarter of 2017-2018.	
Recommendation:	Performance and Audit Scrutiny Committee: Members are requested to review the Council's performance using Balanced Scorecards for Quarter 3, 2017-2018 and identify any further information required or make recommendations where remedial action or attention is required to address the Council's performance.	

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

<p>Background papers: <i>(all background papers are to be published on the website and a link included)</i></p>	<p>PASC May 2017 - Balanced Scorecards Targets 2017-18</p>
<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>

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 3 2017-2018 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

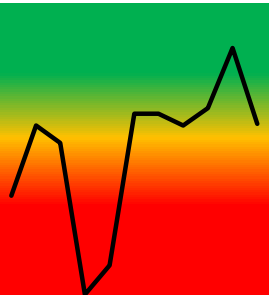

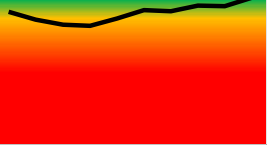

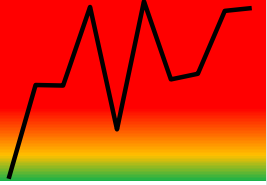
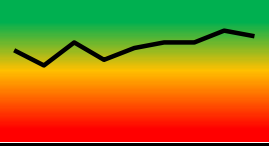
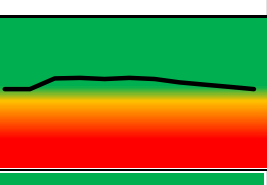

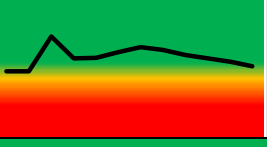
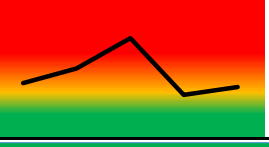
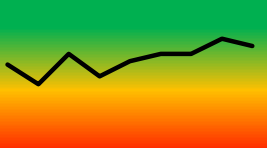
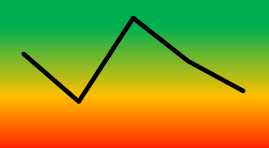


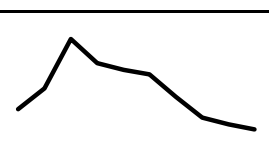
The information included in the report has been provided by Assistant Directors and service managers. Most indicators report performance against an agreed target using a traffic light system with additional commentary provided for performance indicators below optimum performance. Other KPIs report a data value only (e.g. no target performance) in order to track performance over time.

1.2 Quarter 3 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 third quarter, reporting 94.15% 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.

			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	£124,491.00	-	M	Cumulative		£108k NonDistributed Costs, £7k Corporate. As detailed in the Budget Monitoring Report	CUSTOMERS	SATISFACTION	Number of formal complaints	20	No Target	B	Period only		Twenty complaints for ARP. Three Benefits, Two Business Rates, Fifteen for Council Tax. Policy explained on every occasion and apologised for length of time to reply. None progressed to step 2 and therefore not upheld or otherwise.
		Year end forecast variance (under) / over spend against budget - SEBC	£264,957.00	-	M	Cumulative		£281k NonDistributed Costs, (£24k) Corporate. As detailed in the Budget Monitoring Report			Number of formal compliments	0	No Target	B	Period only		No compliments
		Income generated from SLAs	-£399,557.00	-£373,199.73	M	Cumulative				Organisational year end forecast variance (under) / over spend against budget - FHDC *	£0.00	-	M	Cumulative		£124k R&P, £58k HRL&D, (£36k) F&C, £66k P&R, (£171k) Ops, (£42k) Grth . As Detailed in the Budget Monitoring Report.	
		% return on the investment of reserves and balances - FHDC	0.61	0.75	Q	Cumulative		£91k interest received to date, against a budget of £136k. Full year budget totals £181k		Organisational year end forecast variance (under) / over spend against budget - SEBC *	-£173,933.00	-	M	Cumulative		£265k R&P, £74k HRL&D, £38k F&C, (£59k) P&R, (£490k) Ops, (£1k) Grth . As Detailed in the Budget Monitoring Report.	
		% return on the investment of reserves and balances - SEBC	0.56	0.55	Q	Cumulative		£252k interest received to date, against a budget of £190k. Full year budget totals £251k		Total income generated by organisation £ *	-£21,915,326.00	-£21,365,274.11	M	Cumulative			
	FINANCE & PERFORMANCE	% of non-disputed invoices paid within 30 days	92.77	95.00	M	Period only		83 Undisputed invoices processed in December		% of total non-disputed invoices paid within 30 days *	94.15	95.00	M	Cumulative		1,179 undisputed invoices Processed in December	
		% of debt over 90 days old	50.75	10.00	M	Cumulative		Debt over 90 Days FHDC £58.7K SEBC £3.7K		% of total debt over 90 days old *	65.03	10.00	M	Cumulative		Total Debt over 90 Days FHDC £87K SEBC £467.7K	
			Current Value	Target	Frequency	Type	Trend	Comments			Current Value	Target	Frequency	Type	Trend	Comments	
INTERNAL PROCESSES	FINANCE	% of all payments made to us by BACS, Direct Debit, online as opposed to cash & cheque *	93.48	100.00	M	Period only			OUTCOMES	ARP	% Collection of Council Tax - FHDC	85.13	85.73	M	Cumulative		Amount collected as at end of December £23,787,030
		ICT	% of ICT Helpdesk calls completed 'on time' as defined in SLAs	95.40	90.00	Q	Period only					% Collection of Council Tax - SEBC	86.70	86.82	M	Cumulative	
	ARP		Days taken to process Housing Benefit new claims and changes - FHDC	8.27	8.00	M	Period only					% Collection of Business Rates - FHDC	80.71	82.95	M	Cumulative	
		Days taken to process Housing Benefit new claims and changes - SEBC	7.71	8.00	M	Period only					% Collection of Business Rates - SEBC	83.99	85.03	M	Cumulative		Amount Collected as at end of December £38,700,611
										BUSINESS RATES	Business Rate Growth - FHDC	23,255,159	23,031,392	M	Cumulative		
											Business Rate Growth - SEBC	43,292,824	42,479,078	M	Cumulative		

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		Current Value	Target	Frequency	Type	Trend	Comments			Current Value	Target	Frequency	Type	Trend	Comments	
RESOURCES	FINANCIAL	Year end forecast variance (under) / over spend against budget - FHDC	-£35,804.00	-	M	Cumulative		(£27k) Policy, £14k CustServ, (£10k) F&C, (£13k) Housing Opt. As detailed in the Budget Monitoring Report.	CUSTOMERS	SATISFACTION	% Customer satisfaction with customer service - overall journey	79	80	Q	Period only	 A small drop in satisfaction this quarter. We are currently reviewing how we capture customer insight and satisfaction and will roll out a new scheme for 2018/19
		Year end forecast variance (under) / over spend against budget - SEBC	£37,993.00	-	M	Cumulative		(£26k) Policy, £24k CustServ, (£18k) F&C, £53k 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	100.00	95.00	M	Cumulative		74 undisputed invoices processed in December			Number of formal compliments	9	No target	B	Cumulative	 Nine regarding Customer Services
		% of debt over 90 days old	91.94	10.00	M	Cumulative		FHDC debt £373.72 - £323.72 (86.62%) over 90 days and £293.72 of this debt is with legal. SEBC debt £8,991.90 - £8,286.90 (92.16%) over 90 days, £4,686.90 of the total outstanding debt is with legal.			% of telephone calls answered	93	90	M	Period only	 8,070 calls in December
INTERNAL PROCESSES	COMMUNICATIONS	Number of unique users of the West Suffolk councils website	39,589	37,583	M	Period only		Accumulated average is 2,006 above target. This month (30,236) is lower than Dec 2016 (34,062) but higher than Dec 2015 (26,884). 2016 was an exceptionally high year. Dec is traditionally low.	OUTCOMES	CUSTOMER SERVICES	Number & % of contacts - phone	59	55	Q	Period only	 33,077 calls in Q3
		Number of unique page views to the West Suffolk councils website	122,213	116,667	M	Period only		Accumulated average is 5,546 above target. This month (87,258) is lower than Dec 2016 (105,076), but higher than 2015 (84,640) Activity due to major projects has eased off.			Number & % of contacts - face to face	17	15	Q	Period only	 9,321 face-to-face contacts in Q3
	Number of applications processed for Housing register	125	60	M	Period only		Staff continue to clear backlog of applications, new processes also being used to obtain documents for new applications	Number & % of contacts - online			24	30	Q	Period only	 13,311 online forms and emails in Q3. 6998 Emails and 6,313. This figure includes online applications for Planning, Electoral registration and housing as introduced in Q2	
	HOUSING OPTIONS	Average time taken to make decisions on homelessness applications (days)	30	21	M	Period only		Decision times remain high due to complexity and staff running night shelter		Advice & Prevention cases currently open or closed during the month	37	40	M	Period only	 Caseload remains high due to increasing demand	
										Household Numbers in B&B	16	15	M	Period only	 Demand remains high due to increase in Homeless applications	
										Numbers in Bands A & B	867	No target	M	Period only	 Numbers in priority bands remain high	

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		Current Value	Target	Frequency	Type	Trend	Comments			Current Value	Target	Frequency	Type	Trend	Comments		
RESOURCES	FINANCIAL	Year end forecast variance against budget - FHDC	£58,367.00	-	M	Cumulative		Forecast includes share of GDPR costs (£60k)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
		Year end forecast variance against budget - SEBC	£74,326.00	-	M	Cumulative		Forecast includes share of GDPR costs (£60k)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	90.38	95.00	M	Cumulative		104 Undisputed invoices processed in Dec. 83.62% processed in 30 days		% response rate to Annual Canvass	97.05	95.00	A	Cumulative		97.05% of households in West Suffolk responded to the annual canvass. This means that a response was received either directly from the household confirming the names of persons resident in the property, or we were able to confirm that the names of electors registered matched the names on council tax records. Using extra resource we also identified properties that were empty or were occupied by USAF where residents are not eligible to register to vote	
		% of debt over 90 days old	0.00	10.00	M	Cumulative		No debt over 90 days for FHDC & SEBC		Customer Services % of answered calls - elections	91.00	90.00	M	Period only		109 calls in December	
	STAFF	Average number of sick days lost per FTE per annum*	6.25	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)	22.80	35.00	Q	Period only		Work has been done on employer brand and effective recruitment processes	OUTCOMES	HUMAN RESOURCES	% Voluntary staff turnover *	9.57	7-12	Q	Cumulative		Despite a competitive labour market the retention of staff is not a problem
								% successful staff appointments *			97.46	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 *	4	7	Q	Cumulative		We have had four incidents of RIDDOR this year

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		Current Value	Target	Frequency	Type	Trend	Comments			Current Value	Target	Frequency	Type	Trend	Comments			
RESOURCES	FINANCIAL	Year end forecast variance against budget - FHDC	-£171,075.00	-	M	Cumulative		(£128k) Waste, (£50k) Property, £31k Facilities, £31k Operational, (£17k) Car Parks, (£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	-£490,410.00	-	M	Cumulative		(£276k) Waste, (£64k) Property, (£74k) Car Parks, (£32k) Heritage, (£40k) 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	-£3,291,320.13	-£3,139,756.00	M	Cumulative				SERVICE	% of calls answered - Waste	95	90	M	Period only		385 calls received in December	
		Income from waste & street scene services	-£2,262,370.55	-£1,904,748.00	M	Cumulative					% of calls answered - Apex Box Office	94	90	M	Period only		1,111 calls in December	
		% of non-disputed invoices paid within 30 days	94.34	95.00	M	Cumulative		777 undisputed invoices processed in December										
		% of debt over 90 days old	67.98	10.00	M	Period only		FHDC debt £68,720.23 - 31.48% over 90 days. SEBC debt £624,018.39 - 72.00% over 90 days.										
		Current Value	Target	Frequency	Type	Trend	Comments			Current Value	Target	Frequency	Type	Trend	Comments			
INTERNAL PROCESSES	WASTE MANAGEMENT	Number of household bins not collected as scheduled -per 10,000 properties	3.08	8.25	M	Period only			OUTCOMES	WASTE MANAGEMENT	% of household waste recycled and composted	41.90	42.00	Q	Cumulative		In this quarter we have seen less material being recycled resulting in a reduced recycling rate and a cumulative figure that is marginally lower than the target. There is a reduction in this qtr. when compared to qtrs. 1 and 2.	
										PROPERTY	% of industrial units that are vacant	5.60	8.25	M	Cumulative		390 Units across West Suffolk. 22 are currently vacant. Some with serious interest	
										WASTE MANAGEMENT	Number of flytipping incidents recorded in West Suffolk	391	488	Q	Cumulative		The majority of these incidents were in urban areas with only a minority of incidents on private land. The majority of these incidents were also small scale. The number of incidents for the quarter was lower than qtrs. 1 and 2	
									WASTE MANAGEMENT	Number of actions to combat flytipping in West Suffolk	1199	975	Q	Cumulative		A number of proactive measures were undertaken to combat fly tipping such as signage and duty of care inspections. Reactive measures included sending out warning letters and fixed penalty notices. Smaller scale fly tipping, where evidence is available, are being dealt with by fixed penalty notice reducing council costs. The number of actions were in line with qtrs. 1 and 2.		

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Informal Joint Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	West Suffolk Strategic Risk Register Quarterly Monitoring Report – December 2017	
Report No:	PAS/SE/18/002	
Report to and date:	Performance and Audit Scrutiny Committee	31 January 2018
Portfolio holder:	Councillor Ian Houlder Portfolio Holder for Resources and Performance Tel: 01284 810074 Email: ian.holder@stedsbc.gov.uk	
Lead officer:	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"/> <ul style="list-style-type: none"> There are no direct financial or budget implications arising from this report. Specific risks associated with finance and resources are included in the West Suffolk Strategic Risk Register at Appendix 1. 	
Are there any staffing implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
Are there any ICT implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
Are there any legal and/or policy implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
Are there any equality implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
See individual assessments against each risk as detailed in Appendix 1.			
Ward(s) affected:		All Wards	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		None	
Documents attached:		Appendix 1 - West Suffolk Strategic Risk Register 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 December 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 December 2017 have been removed from the register.

1.2 New or Amended Risks

- 1.2.1 There have been no major amendments to current risks during this reporting period. Where necessary actions, controls and target dates have been updated.

Closed Risks

1.3

- 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.

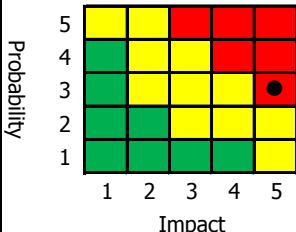
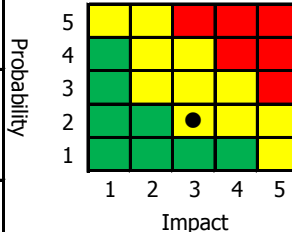
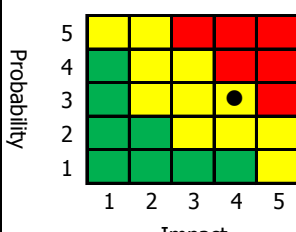
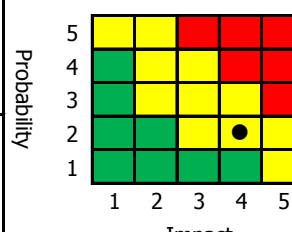
1.5 Reasons for Recommendations

- 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.

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West Suffolk Strategic Risk Register 2017/18 - December 2017

APPENDIX 1

Type: A = Action, C = Control												
RISK ID NUMBER	Date risk added to register	Type	Current Owners	Title	Description - What are we trying to avoid? Why is this important	WS Inherent Risk	Type	Summary of Controls / Actions - What we are doing / need to do to prevent it.	Who is responsible for the actions	Start date	Target completion date/ Complete	WS Residual Risk
WS1 A	10-Jul-14	Financial	Assistant Director & Portfolio Holders- Resources and Performance	Poor financial management	Failure in specific areas to achieve projected income, or expenditure exceeds the approved budgets (revenue or capital).		C	1) Monthly monitoring reports (revenue and capital) to budget holders and Leadership Team. Quarterly revenue and capital monitoring reports to PASC.	Assistant Director - Resources & Performance	N/A	N/A	
							C	2) Business rate retention income and localising of Council tax being monitored monthly by Finance and ARP	Assistant Director - Resources & Performance	N/A	N/A	
							C	3) Regular meetings between budget holders and Resources and Performance business advisors/partners	Service Managers / Business Partners / Advisers	N/A	N/A	
							C	4) Scrutiny of financial reports by LT and Members through Performance and Audit Scrutiny Committee	LT	N/A	N/A	
							A	5) Financial system upgrade/development in order to take advantage of latest budget planning / monitoring functionality.	LT		Mar-18	
							A	6) Strengthen the overall Performance Management Framework. E.g. Balanced Scorecards, PDRs, (also see WS18), Risk management, Project monitoring, Financial Reporting.	LT	Apr-17	Mar-18	
							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.	Assistant Director - Resources & Performance	Jul-17	Mar-18	
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	
							C	7) Use of data and intelligence in forecasting future scenarios.	LT	N/A	N/A	

West Suffolk Strategic Risk Register 2017/18 - December 2017

APPENDIX 1

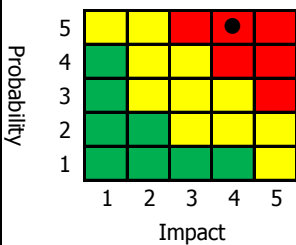
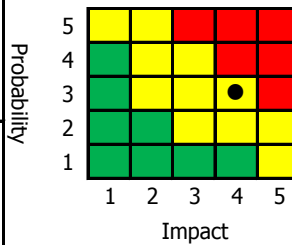
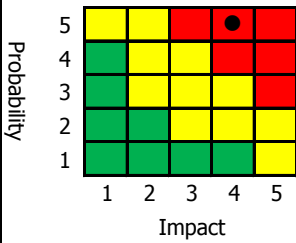
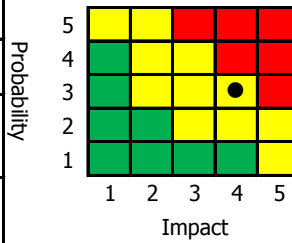
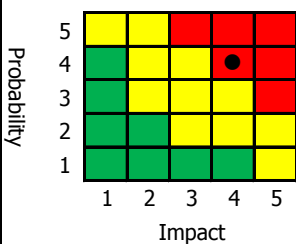
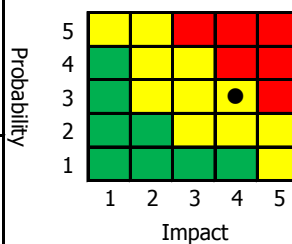
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							C	8) Keep a careful eye on Brexit implications re European funding and service delivery	LT	N/A	N/A	
							A	9) Project resources review ensuring the appropriate capacity and skills to take forward ambitious agenda.	LT	Sep-16	Mar-18	
							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 with communities to deliver growth or large projects as well as in times of crisis, when the council must be a trusted source of information. Therefore Councils need a good reputation to enter positive partnerships with others, or secure funding. This could also potentially impact on our ability to recruit staff in competitive market.		C	1) Monitor and measure media coverage through daily media alerts and, where appropriate, provide a robust response.	Service Manager (Strategic Communications)	N/A	N/A	
							C	2) Public stakeholders have a range of channels including news and social media to disseminate information about West Suffolk services and strategic priorities and address errors or misrepresentation.	Service Manager (Strategic Communications)	N/A	N/A	
							C	3) Train and support staff and Members in proactive communications, liaising with the media and using social media platforms.	Service Manager (Strategic Communications)	N/A	N/A	
							C	4) Deliver strategic communications plan and work with them to engage appropriately with communities to encourage channel shift.	Service Manager (Strategic Communications)	N/A	On-going	
							A	5) Ensure that appropriate communications planning and support are identified for strategic projects as per individual project plans	Service Manager (Strategic Communications)	Aug-14	On-going	
							C	6) Carry out timely and proportionate consultation that is available in an accessible format for everyone who wants to give us their views on a particular matter.	Service Manager (Corporate Policy)	N/A	N/A	
WS3	10-Jul-14	Customer	Assistant Director & Portfolio Holders- Families & Communities	Failure to deliver channel shift (Customer Access Strategy)	Service delivery methods do not meet customer needs or expectations with potential to damage Councils' reputation; customer expectations need to be understood and managed; Councils' not appreciating and/or delivering methods of contact and response time which are expected by customers.		C	1) Continue to develop new web presence with full digital by default capability. Ensure that staff, councillors and external support/advisory services are aware of the councils' digital offer and benefits for use.	Assistant Director - Families & Communities	N/A	N/A	
							C	2) Clear and consistent public communications to explain changes to services and establish realistic expectations of service levels.	Service Manager (Corporate Communications) and Service Manager (Customer Service)	N/A	N/A	
							C	3) Continuing development to ensure web site remains fit for purpose.	Assistant Director - Families & Communities	N/A	N/A	

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WS4	10-Jul-14	Professional	Assistant Director & Portfolio Holders - Human Resources, Legal & Democratic Services	Staff retention (professional staff / technical staff) and recruitment. Staff trust and goodwill (morale)	Lack of staff with appropriate skills, experience and capacity could prevent delivery of services and high levels of performance. Failure to have motivated staff with appropriate workload.		A	1) OD strategy focussing on Employer Brand, Flexible and Agile Workforce, Talent management linked to performance management. 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	
							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 increasing National Living Wage and the changing roles of the 21C Public Servant.	Assistant Director - HR, Legal and Democratic Services	N/A	ongoing	
							A	6) Review of skills and structures to ensure successful delivery of MTFS and associated growth projects	Assistant Directors and Service Managers	Dec-16	On-going	
WS6	10-Jul-14	Political	Chief Executive & Leaders	Managing public / councillor expectations with less resources	Falling short of providing the level of service that the public and councillors expect and demand.		C	1) Understand and communicate priorities and expectations through Strategic Plan and MTFS	LT	N/A	Feb-18	
							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	
							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	

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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	Jan-18	
WS8	10-Jul-14	Political Social										
	(a)		Assistant Director & Portfolio Holders-Families & Communities	Failure to deliver; Families & Communities agenda	Opportunities being missed to create or influence the provision of:		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 West 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 Holders - Growth	Failure to deliver; Growth Agenda inc coping with growth and increase in demand	Opportunities being missed to create or influence the provision of:		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	
					(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	

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							A	6) Continued development of enterprise zones. Development of a joint plan to 2020/21.	Assistant Director - Growth		Mar-18	
	(c)		Assistant Director & Portfolio Holders - Growth, Families & Communities and Planning.	Failure to deliver; Housing Agenda	<p>Opportunities being missed to create or influence the provision of:</p> <p>(i) sufficient housing for current and future generations, including more affordable homes and improvements to existing housing</p> <p>(ii) new developments that are fit for the future, properly supported by infrastructure, and that build communities, not just housing</p> <p>(iii) homes that are flexible for people's changing needs</p>		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	
							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	
							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	
							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 Lettings 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. A formal review of the contract was completed in January 2017.	Service Manager (Housing Standards)	Apr-14	Initial review completed. Further review to take place in Feb-18 after first year of operation under new regime.	
							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. Review of Business Plan for Barley Homes completed as part of the 2018-2022 MTFS in Dec-17.	Service Manager (Strategic Housing)	Apr-15	See action 7 text for details of dates.	
							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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								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. 4) Understand the cumulative impact of complex partnership delivery arrangements. 5) Develop robust governance arrangements for council owned companies. Barley Homes Business Plan reviewed in detail as part of MTFs process in Dec-17.	All Assistant Directors	Jun-14	On-going	
Page 35	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). Online GDPR training rolled out in Dec-17.	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	Mar-18								
C	4) Use PDR's to aid early identification of potential problem areas.	Line Managers	N/A	N/A								

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								Please also see WS7 - Poor Project Management				

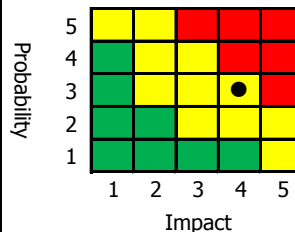
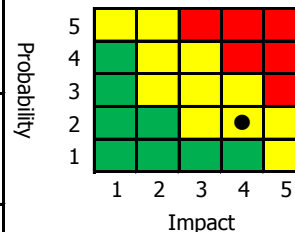
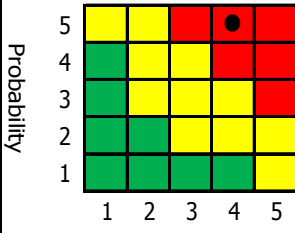
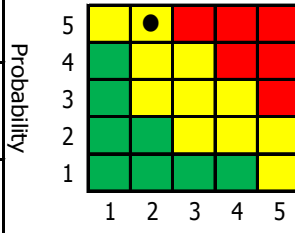
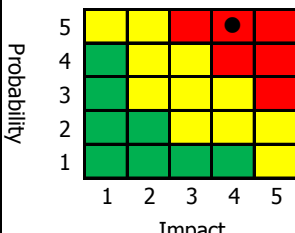
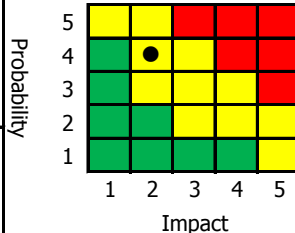
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WS19	10-Jul-14	Economic Social	All Assistant Directors & Portfolio Holders	Demographic changes	Unable to meet the demands created by population changes (caused by growth, ageing, diversity, employment) including the impact on infrastructure and other 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	

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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.		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.	
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.		A	1) Co-ordinate and lead the Forest Heath member-led local Mildenhall and Lakenheath Airbases Group	Director (JK)	Mar-15	On-going	
							A	2) Commission an impact study to measure the impact of the USAFE on West Suffolk and the surrounding areas. Submission of prospectus to Central Government	Director (JK)	Apr-15	Prospectus completed. Working with	
							A	3) 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	4) 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	5) Work with and influence the HCA on their emerging studies for site use 2017-2019.	Director (JK)	Sep-16	On-going	
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		A	1) <u>User Education & Awareness</u> - Update Info Sec training to include more detail on data protection and introduce new education programme for all staff.	Service Manager ICT HR Business Partner	Oct-17	Mar-18	
							A	2) <u>User Education & Awareness</u> - Info Sec policy to be reviewed and disseminated to all staff (inc ARP) - and to be reviewed regularly	Service Manager ICT HR Business Partner	Oct-17	Mar-18	

Informal Joint Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Work Programme Update	
Report No:	PAS/SE/18/003	
Report to and date:	Performance and Audit Scrutiny Committee	31 January 2018
Chairman of the Committee:	Councillor 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 2018-2019. 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 May 2018 (Time: 5.00pm)	
Informal Joint Meeting (Hosted by Forest Heath District Council)	
Joint Reports	
External Quality Assessment of Internal Audit Outcomes	Service Manager (Internal Audit)
Appointment of External Audits for the Provision of Housing Benefits Certification Services	Service Manager (Finance and Performance)
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)
Ernst and Young – External Audit 2018-2019 Indicative Fees	Assistant Director (Resources and Performance)
July 2018 (Time: 5.00pm)	
Venue – St Edmundsbury Borough Council (Annual Accounts)	
Ernst and Young – 2017-2018 ISA 260 Annual Results Report to those Charged with Governance	Assistant Director (Resources and Performance)
West Suffolk Annual Governance Statement 2017-2018	Service Manager (Internal Audit)
2017-2018 Statement of Accounts	Assistant Director (Resources and Performance)
Annual Treasury Management Report 2017-2018 and Investment Activity (April to June 2018)	Service Manager (Finance and Performance)
Work Programme Update	Democratic Services Officer (Scrutiny)

September 2018 (Time: 5.00pm)	
Informal Joint Meeting	
(Hosted by St Edmundsbury Borough Council)	
Balanced Scorecards and Quarter 1 Performance Report 2018-2019	Senior Business Partner (Resources and Performance)
West Suffolk Strategic Risk Register Monitoring Report – June 2018	Senior Business Partner (Resources and Performance)
Annual Corporate Environmental Statement 2017-2018	Service Manager (Environmental Health)
Work Programme Update	Democratic Services Officer (Scrutiny)
St Edmundsbury Specific Reports	
Financial Performance Report (Revenue and Capital) 2018-2019 - Quarter 1 (April to June 2018)	Assistant Director (Resources and Performance)
Annual Performance Report for The Apex	Service Manager (Operations, Leisure and Culture)
November 2018 (Time: 5.00pm)	
Informal Joint Meeting	
(Hosted by Forest Heath District Council)	
Mid-Year Internal Audit Progress Report 2018-2019	Service Manager (Internal Audit)
Balanced Scorecards and Quarter 2 Performance Report 2018-2019	Senior Business Partner (Resources and Performance)
West Suffolk Strategic Risk Register Monitoring Report – September 2018	Senior Business Partner (Resources and Performance)
Work Programme Update	Democratic Services Officer (Scrutiny)
St Edmundsbury Specific Reports	
Ernst and Young – Annual Audit Letter 2017-2018	Assistant Director (Resources and Performance)
Financial Performance Report (Revenue and Capital) 2018-2019 - Quarter 2 (April to September 2018)	Assistant Director (Resources and Performance)
Delivering a Sustainable Medium Term Financial Strategy 2019-2022	Assistant Director (Resources and Performance)
Mid-Year Treasury Management Report and Investment Activity (April – September 2018)	Service Manager (Finance and Performance)
January 2019 (Time: 5.00pm)	
Informal Joint Meeting	
(Hosted by St Edmundsbury Borough Council)	
Balanced Scorecards and Quarter 3 Performance Report 2018-2019	Senior Business Partner (Resources and Performance)
West Suffolk Strategic Risk Register Monitoring Report – December 2018	Senior Business Partner (Resources and Performance)
Work Programme Update	Democratic Services Officer (Scrutiny)
St Edmundsbury Specific Reports	
Ernst and Young – Certification of Claims and Returns Annual Report (2017-2018)	Assistant Director (Resources and Performance)

Ernst and Young – External Audit Plan and Fees 2018-2019 and 2019-2020 Indicative Fees	Assistant Director (Resources and Performance)
Financial Performance Report (Revenue and Capital) 2018-2019 - Quarter 3 (April to December 2018)	Assistant Director (Resources and Performance)
Delivering a Sustainable Medium Term Financial Strategy 2019-2022 – Update	Assistant Director (Resources and Performance)
Treasury Management Report 2018-2019 Investment Activity - (April to December 2018)	Service Manager (Finance and Performance)
Treasury Management Policy Statement and Investment Strategy 2019-2020 and Treasury Management Code of Practice	Service Manager (Finance and Performance)
May 2019 (Time: 5.00pm)	
Informal Joint Meeting (Hosted by Forest Heath District Council)	
Internal Audit Report (2018-2019) and Outline Internal Audit Plan (2019-2020)	Service Manager (Internal Audit)
Balanced Scorecard and Quarter 4 Performance Report 2018-2019	Senior Business Partner (Resources and Performance)
Balanced Scorecards Indicators and Targets for 2019-2020	Senior Business Partner (Resources and Performance)
West Suffolk Strategic Risk Register Quarterly Monitoring Report – March 2019	Assistant Director (Resources and Performance)
Work Programme Update	Democratic Services Officer (Scrutiny)
St Edmundsbury Specific Reports	
Financial Outturn Report (Revenue and Capital) 2018-2019	Assistant Director (Resources and Performance)

Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Financial Performance Report (Revenue and Capital) Quarter 3 – 2017-2018	
Report No:	PAS/SE/18/004	
Report to and dates:	Performance and Audit Scrutiny Committee	31 January 2018
Portfolio holder:	Councillor 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 Financial Performance for the third quarter of 2017-2018 and forecasted outturn position for 2017-2018.	
Recommendation:	Performance and Audit Scrutiny Committee: Members are requested to <u>note</u> the year end forecast financial position and forward any relevant issues or comments to Cabinet for their consideration.	
Key Decision: (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"> This report and the figures therein have been compiled by the Finance team in consultation with the relevant budget holders, services and Leadership Team. 		
Alternative option(s):	<ul style="list-style-type: none"> In order for the Council to be able to meet its strategic priorities it is essential that sufficient and appropriate financial resources are available. 		
Implications:			
Are there any financial implications? If yes, please give details	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> As set out in the body of this report. 		
Are there any staffing implications? If yes, please give details	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 		
Are there any ICT implications? If yes, please give details	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 		
Are there any legal and/or policy implications? If yes, please give details	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> As outlined in the body of this report. 		
Are there any equality implications? If yes, please give details	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 		
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
	Low/Medium/ High*		Low/Medium/ High*
Budget variances	High	Clear responsibilities for budget monitoring and control ensure that there is strong accountability for each individual budget line. Budget monitoring is undertaken on a monthly basis with budget holders and reported to Leadership Team quarterly.	Low
Wider economic situation around income levels	High	Budgets reflect the economic situation facing the Council, and have been scrutinised by officers and members at budget setting time. Continue to monitor areas closely to ensure assumptions remain reasonable.	Medium
Capital investment plans continue to be affordable, prudent and sustainable	Medium	Prudential Indicators are in place to safeguard the Council	Low

Treasury Management	Medium	Treasury Management Policy and Procedures are in place	Low
Fluctuation in Business rate retention yield	High	Work with ARP to understand the variance to deliver a realistic forecast.	Medium
Ward(s) affected:		All Ward	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		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 December 2017.</p> <p>Appendix B – Revenue budget detail, for the period April to December 2017.</p> <p>Appendix C – Capital budget summary, for the period April to December 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 third quarter financial monitoring report for St Edmundsbury Borough Council; which includes year end forecast outturn figures for large variance items we are aware of. We will continue to monitor the position throughout the year and will update members any change to this position at the next PASC meeting.
- 1.1.2 Details of the Council's revenue performance and year end forecasted outturn position can be found in **Appendix A** and **B**. Explanations of the main year end forecast under / over spends can be found in the table at 1.2.3.
- 1.1.3 The Council's capital financial position is summarised below at 1.3. Further details are provided in **Appendix C**.
- 1.1.4 A summary of the earmarked reserves can be found at **Appendix D** along with the forecast year end position for 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 £174,000 to the council's General Fund, which equates to just 0.23% 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 the final outturn position will be provided to this committee at the end of the financial year.
- 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
281	<p><u>Non-Distributed Costs:</u></p> <p>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.</p> <p>This is a one-off cost that we are accommodating within the overall budget position.</p>

Year end forecast variance: Over / (Under) Spend £000s	Explanation
50	<p><u>Democratic Services:</u></p> <p>The Forecast includes St Edmundsbury's share of the additional costs to be incurred as a result of the General Data Protection Regulation requirements. £30k has therefore been included in the base costs, with an additional £30k 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 previously reported to Cabinet.</p>
(26)	<p><u>Policy:</u></p> <p>The staff saving represents a combination of a vacancy in the projects team which will be filled in the new year, once the wider review of resourcing is complete, and a secondment of a part time member of staff to fill a full time post.</p>
53	<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>
(85)	<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
40	<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.</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 £80k 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>
(139)	<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 and third 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>
(61)	<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>

Year end forecast variance: Over / (Under) Spend £000s	Explanation
(74)	<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>

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	56	56	0	1,642	0
Human Resources, Legal & Democratic	26	0	26	0	0	0
Families & Communities	132	36	68	0	65	0
Planning & Regulatory	2,127	308	821	0	1,307	0
Operations	14,586	3,492	6,443	188	8,330	(1)
Growth	20,623	8,893	9,044	0	11,579	0
Totals:	39,191	12,785	16,458	188	22,923	(1)

Summary by Assistant Director

2017/18 December Budget Monitoring Report

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Assistant Director	Full Year Budget £	Expenditure Budget to Date £	Income Budget to Date £	Net Budget to Date £	Expenditure Actual to Date £	Income Actual to Date £	Net Actual to Date £	Over/(Under) Spend to Date £	Year End Forecast Variance %	Year End Forecast Variance £
Resources & Performance	(7,333,464)	29,488,311	(41,267,199)	(11,778,888)	29,264,235	(40,334,793)	(11,070,559)	708,329	3.61%	264,957
Human Resources, Legal & Democratic	1,878,978	1,712,140	(312,253)	1,399,887	1,738,636	(357,884)	1,380,753	(19,134)	3.96%	74,326
Families & Communities	1,831,443	1,821,604	(258,988)	1,562,616	2,172,395	(796,812)	1,375,581	(187,035)	2.07%	37,993
Planning & Regulatory	679,109	1,836,292	(1,306,797)	529,495	1,756,012	(1,371,154)	384,859	(144,636)	8.76%	(59,486)
Operations	1,992,783	22,605,270	(21,010,420)	1,594,850	22,755,250	(21,106,971)	1,648,273	53,423	24.61%	(490,410)
Growth	1,251,682	1,712,796	(742,779)	970,017	1,396,577	(446,497)	950,080	(19,937)	0.10%	(1,313)
TOTALS:	300,531	59,176,413	(64,898,436)	(5,722,023)	59,083,105	(64,414,111)	(5,331,013)	391,010	57.88%	(173,933)
Interest Receivable	(237,036)	0	(186,513)	(186,513)	0	(251,859)	(251,859)	(65,346)	13.29%	31,500
Interest Payable	169,562	0	103,122	103,122	0	0	0	(103,122)	100.00%	(169,562)
Minimum Revenue Provision and other Capital Financing	(233,062)	0	(290,610)	(290,610)	0	0	0	290,610	59.24%	138,062
TOTALS:	(5)	59,176,413	(65,272,437)	(6,096,024)	59,083,105	(64,665,970)	(5,582,872)	513,152	2	(173,933)

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Detail by Assistant Director

2017/18 December Budget Monitoring Report

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	690,130	523,997	(1,300)	522,697	505,118	(19,100)	486,018	(36,679)	0.00%	0	
General Fund Adjustments	(10,680,360)	4,534,955	(18,789,218)	(14,254,263)	4,534,954	(18,888,187)	(14,353,233)	(98,970)	0.00%	0	
Resources & Performance:	-9,990,230	5,058,952	(18,790,518)	(13,731,566)	5,040,072	-18,907,287	-13,867,215	-135,649	0.00%	0	
Internal Audit	121,237	97,584	(6,579)	91,005	100,626	(1,850)	98,776	7,771	2.75%	3,328	
Internal Audit:	121,237	97,584	(6,579)	91,005	100,626	-1,850	98,776	7,771	2.75%	3,328	
ICT	850,766	890,915	(237,034)	653,881	973,956	(344,244)	629,712	(24,169)	0.07%	611	
ICT:	850,766	890,915	(237,034)	653,881	973,956	-344,244	629,712	-24,169	0.07%	611	
Anglia Revenues Partnership	1,367,319	1,098,137	(17,844)	1,080,293	1,321,109	(110,675)	1,210,434	130,141	0.56%	7,627	
Council Tax Administration	(240,388)	0	(206,235)	(206,235)	507	(253,335)	(252,828)	(46,593)	2.75%	(6,612)	
Business Rate Administration	(166,907)	0	(125,181)	(125,181)	482	(163,835)	(163,353)	(38,172)	1.67%	2,788	
Housing Benefits	(340,617)	21,361,046	(21,768,309)	(407,263)	20,374,097	(20,383,020)	(8,924)	398,339	0.15%	(494)	
Anglia Revenues Partnership:	619,407	22,459,183	(22,117,569)	341,614	21,696,195	-20,910,865	785,329	443,715	0.53%	3,309	
Corporate Expenditure	850,170	794,973	(112,484)	682,489	1,021,357	(166,924)	854,433	171,944	2.84%	(24,166)	
Non-Distributed Costs	141,979	109,497	(3,015)	106,482	354,259	(3,623)	350,636	244,154	198.14%	281,312	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:	1,035,219	951,540	(115,499)	836,041	1,422,686	-170,547	1,252,139	416,098	24.84%	257,146	
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	-7,333,464	29,488,311	(41,267,199)	(11,778,888)	29,264,235	-40,334,793	-11,070,559	708,329	3.61%	264,957	

Detail by Assistant Director

2017/18 December Budget Monitoring Report

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	523,106	492,025	(114,550)	377,475	435,042	(153,377)	281,666	(95,809)	1.29%	6,737	
Human Resources:	523,106	492,025	(114,550)	377,475	435,042	-153,377	281,666	-95,809	1.29%	6,737	
Health & Safety	101,521	81,992	(4,617)	77,375	88,481	(8,778)	79,703	2,328	2.82%	2,860	
Health & Safety:	101,521	81,992	(4,617)	77,375	88,481	-8,778	79,703	2,328	2.82%	2,860	
Central Training Services	164,409	128,671	0	128,671	91,469	(18,226)	73,243	(55,428)	8.55%	(14,059)	Employee-related costs lower than budgeted.
Learning & Development:	164,409	128,671	0	128,671	91,469	-18,226	73,243	-55,428	8.55%	(14,059)	
Legal Services	254,778	365,249	(188,361)	176,888	410,771	(151,776)	258,995	82,107	6.41%	16,331	
Legal Services:	254,778	365,249	(188,361)	176,888	410,771	-151,776	258,995	82,107	6.41%	16,331	
Democratic Services	193,957	145,799	0	145,799	164,775	0	164,775	18,976	25.68%	49,806	The forecast overspend includes the council's share of additional costs to be incurred as a result of the General Data Protection Regulation requirements.
Members Allowances & Expenses	348,915	263,501	0	263,501	271,901	0	271,901	8,400	1.24%	4,333	
Mayoralty & Civic Functions	97,193	78,042	(3,078)	74,964	70,062	(3,865)	66,197	(8,767)	5.89%	(5,727)	
Democratic Services:	640,065	487,342	(3,078)	484,264	506,738	-3,865	502,873	18,609	7.56%	48,412	
Electoral Registration	163,099	124,861	(1,647)	123,214	165,834	(21,862)	143,972	20,758	7.90%	12,890	
Election Expenses	32,000	32,000	0	32,000	40,301	0	40,301	8,301	3.61%	1,155	
Elections:	195,099	156,861	(1,647)	155,214	206,135	-21,862	184,273	29,059	7.20%	14,045	
TOTALS: HR & DEMOCRATIC SERVICES	1,878,978	1,712,140	(312,253)	1,399,887	1,738,636	-357,884	1,380,753	-19,134	3.96%	74,326	

Detail by Assistant Director

2017/18 December 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	205,318	157,951	0	157,951	165,622	(41,689)	123,933	(34,018)	12.54%	(25,754)	The staff saving represents a combination of a vacancy in the projects team which will be filled in the new year, once the wider review of resourcing is complete and a secondment of a part time member of staff to fill a full time post.
Policy:	205,318	157,951	0	157,951	165,622	-41,689	123,933	-34,018	12.54%	(25,754)	
Communications	124,167	93,943	0	93,943	96,400	0	96,400	2,457	5.34%	6,625	
Website and Intranet	36,565	30,285	0	30,285	22,336	0	22,336	(7,949)	4.70%	(1,718)	
Communications:	160,732	124,228	0	124,228	118,736	0	118,736	-5,492	3.05%	4,907	
Customer Services	535,727	412,425	0	412,425	441,314	0	441,314	28,889	4.51%	24,176	Overspend mainly relates to Staffing costs.
Customer Services:	535,727	412,425	0	412,425	441,314	0	441,314	28,889	4.51%	24,176	
Families & Communities	301,766	227,258	0	227,258	200,835	(4,376)	196,458	(30,800)	7.79%	(23,498)	Forecast underspend on staffing costs arising from changes to working patterns and staff vacancies.
Community Chest - Families & Communities	216,483	414,629	(198,146)	216,483	274,187	(91,723)	182,463	(34,020)	0.00%	0	
Lifeline Project	0	0	0	0	29,430	(132,768)	(103,338)	(103,338)	0.00%	0	
Community Centres	38,979	42,170	(3,744)	38,426	50,558	(7,424)	43,134	4,708	13.62%	5,310	
Families & Communities:	557,228	684,057	(201,890)	482,167	555,010	-236,291	318,717	-163,450	3.26%	(18,188)	
Housing Options: Choice Based Lettings	64,367	98,914	(23,022)	75,892	306,470	(237,667)	68,803	(7,089)	10.38%	6,681	
Housing Options: Advice & Prevention	246,667	229,955	(6,615)	223,340	494,608	(251,698)	242,910	19,570	12.88%	31,772	Overspend mainly relates to accommodation and homelessness prevention costs.
Housing Options: Solutions	61,404	114,074	(27,461)	86,613	88,041	(29,467)	58,574	(28,039)	23.45%	14,399	
Housing Options: Severe Weather Emergency Provision (SWE)	0	0	0	0	2,594	0	2,594	2,594	0.00%	0	
Housing Options:	372,438	442,943	(57,098)	385,845	891,713	-518,832	372,881	-12,964	14.19%	52,852	
TOTALS: FAMILIES & COMMUNITIES	1,831,443	1,821,604	-258,988	1,562,616	2,172,395	-796,812	1,375,581	-187,035	2.07%	37,993	

Detail by Assistant Director

2017/18 December 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	(99,252)	581,192	(654,150)	(72,958)	584,067	(736,839)	(152,773)	(79,815)	85.27%	(84,631)	Major Planning Applications & Pre Applications exceeding income budgets
Development Control:	-99,252	581,192	(654,150)	(72,958)	584,067	-736,839	-152,773	-79,815	85.27%	(84,631)	
Land Charges	(111,530)	53,035	(136,989)	(83,954)	40,685	(158,402)	(117,717)	(33,763)	16.64%	(18,562)	Income currently forecasted to exceed budget
Building Control	(7,096)	184,720	(189,342)	(4,622)	175,847	(155,567)	20,280	24,902	568.19%	40,319	Fee income currently expected to underachieve by £40k. Budget under review
Planning & Regulatory Support	331,521	249,434	0	249,434	257,093	0	257,093	7,659	4.64%	15,399	
Business (BC & Support):	212,895	487,189	(326,331)	160,858	473,625	-313,969	159,656	-1,202	17.45%	37,156	
Prevention of Pollution	54,363	58,156	(14,463)	43,693	38,528	(13,303)	25,225	(18,468)	22.75%	(12,367)	
Environmental Management	(35,736)	43,671	(70,092)	(26,421)	42,016	(55,224)	(13,208)	13,213	68.06%	24,323	Solar for business income currently expected to underachieve by £25k due to lower Capital investment than previously assumed as well as poorer weather conditions.
Drinking Water Quality	36,154	33,934	(7,272)	26,662	29,275	(9,899)	19,376	(7,286)	29.51%	(10,669)	
Climate Change	32,026	27,409	0	27,409	31,268	0	31,268	3,859	14.20%	4,547	
Home Energy Conservation	4,850	3,636	0	3,636	(100)	0	(100)	(3,736)	27.84%	(1,350)	
Environment:	91,657	166,806	(91,827)	74,979	140,987	-78,426	62,561	-12,418	4.89%	4,484	
Licensing	(6,490)	126,508	(130,140)	(3,632)	125,582	(137,196)	(11,613)	(7,981)	174.22%	11,307	
Hackney Carriage & Private Hire Licensing	(64,366)	33,026	(75,213)	(42,187)	28,813	(87,712)	(58,899)	(16,712)	15.35%	(9,879)	
Food Safety	86,392	85,508	(19,878)	65,630	81,581	(12,805)	68,776	3,146	2.85%	2,458	
Health & Safety at Work Act/Enforcement	91,914	74,723	(4,875)	69,848	69,476	0	69,476	(372)	0.70%	(645)	
Business Reg & Licensing:	107,450	319,765	(230,106)	89,659	305,452	-237,713	67,740	-21,919	3.02%	3,241	
Housing Renewals	133,820	101,742	(468)	101,274	80,706	(327)	80,378	(20,896)	6.46%	(8,642)	
Burial of the Dead	17,291	13,042	(72)	12,970	14,200	(834)	13,367	397	0.10%	(17)	
Other Public Health Services	215,248	166,556	(3,843)	162,713	156,975	(3,046)	153,930	(8,783)	5.15%	(11,077)	
Public Health & Housing:	366,359	281,340	(4,383)	276,957	251,881	-4,207	247,675	-29,282	5.39%	(19,736)	
TOTALS: PLANNING & GROWTH	679,109	1,836,292	-1,306,797	529,495	1,756,012	-1,371,154	384,859	-144,636	8.76%	-59,486	

Detail by Assistant Director

2017/18 December Budget Monitoring Report

ASSISTANT DIRECTOR - OPERATIONS

Cost Centre Description	Full Year Budget £	Expenditure Budget to Date £	Income Budget to Date £	Net Budget to Date £	Expenditure Actual to Date £	Income Actual to Date £	Net Actual to Date £	Over/(Under) Spend to Date £	Year End Forecast Variance %	Year End Forecast Variance £	Year End Variance Notes
Vehicle Workshop	(61,676)	469,474	(635,014)	(165,540)	522,678	(673,372)	(150,695)	14,845	18.34%	(11,309)	Income levels currently expected to exceed the budget.
Pool Cars	20,132	26,877	(11,250)	15,627	19,514	(3,622)	15,892	265	0.00%	0	
Vehicle Workshop Trading Account - FHDC	10,260	342,176	(342,176)	0	349,716	(333,479)	16,236	16,236	0.00%	0	
Fleet Management:	-31,284	838,527	(988,440)	(149,913)	891,908	-1,010,473	-118,567	31,346	36.15%	(11,309)	
Depots	(159,040)	424,410	(643,421)	(219,011)	462,531	(588,274)	(125,743)	93,268	0.76%	(1,215)	
Grounds Maintenance Operatives	(157,844)	1,020,170	(1,418,109)	(397,939)	1,199,719	(1,524,554)	(324,835)	73,104	0.99%	1,557	
Tree Maintenance Operatives	401	114,196	(143,458)	(29,262)	145,002	(132,275)	12,727	41,989	3590.77%	14,399	
Waste & Cleansing Operatives	(412,741)	3,699,960	(5,003,164)	(1,303,204)	3,825,409	(5,045,724)	(1,220,315)	82,889	1.15%	4,762	
Markets	(67,174)	292,485	(286,326)	6,159	298,975	(294,541)	4,434	(1,725)	8.62%	(5,792)	
Operational:	-796,398	5,551,221	(7,494,478)	(1,943,257)	5,931,636	-7,585,368	-1,653,732	289,525	1.72%	13,711	
Street Cleansing	1,480,284	1,533,375	(23,310)	1,510,065	1,564,588	22,749	1,587,337	77,272	1.52%	22,539	
Refuse Collection (Black Bin)	1,170,182	1,185,744	(23,916)	1,161,828	1,226,326	(31,591)	1,194,735	32,907	0.75%	8,806	
Recycling Collection (Blue Bin)	806,416	1,036,516	(169,498)	867,018	1,067,628	(204,561)	863,067	(3,951)	0.04%	(294)	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	1,052,114	(880,364)	171,750	755,567	(1,053,729)	(298,162)	(469,912)	58.34%	(152,776)	Forecast position includes £80k transfer to the Invest to Save Reserve.
Bulky, Fridges, Metal & Scrap Collection	129,767	158,367	(24,489)	133,878	156,391	(30,933)	125,458	(8,420)	4.90%	(6,363)	
Clinical & Hazardous Waste Collection	14,904	17,151	(5,472)	11,679	17,029	(5,215)	11,814	135	13.53%	2,016	
Multi-Bank Recycling Sites	(11,848)	67,156	(74,715)	(7,559)	46,358	(66,758)	(20,400)	(12,841)	96.69%	(11,456)	
Trade Waste	(225,157)	947,176	(1,390,015)	(442,839)	1,011,509	(1,655,314)	(643,805)	(200,966)	61.52%	(138,527)	Income levels currently forecast to exceed budget.
Waste - Business & Commercial	3,626,424	5,997,599	(2,591,779)	3,405,820	5,845,396	-3,025,352	2,820,044	-585,776	7.61%	(276,055)	
Non-HRA Housing Properties	997	997	0	997	1,328	433	1,761	764	76.63%	764	
Property Services	509,698	392,058	(6,111)	385,947	415,388	(5,531)	409,856	23,909	0.40%	2,054	
Property Maintenance:	510,695	393,055	(6,111)	386,944	416,716	-5,098	411,617	24,673	0.55%	2,818	

Detail by Assistant Director

2017/18 December Budget Monitoring Report

ASSISTANT DIRECTOR - OPERATIONS (CONTINUED)

Cost Centre Description	Full Year Budget £	Expenditure Budget to Date £	Income Budget to Date £	Net Budget to Date £	Expenditure Actual to Date £	Income Actual to Date £	Net Actual to Date £	Over/(Under) Spend to Date £	Year End Forecast Variance %	Year End Forecast Variance £	Year End Variance Notes
Industrial & Business Units	(1,427,396)	277,554	(1,306,472)	(1,028,918)	246,576	(1,382,426)	(1,135,850)	(106,932)	4.26%	(60,871)	Industrial rent income currently forecasted to exceed budget reflecting better occupancy levels than previously anticipated. Ongoing budget being reviewed
Town Centres & Shops	(787,182)	161,277	(745,853)	(584,576)	39,280	(545,867)	(506,587)	77,989	0.71%	(5,564)	
Property Management:	-2,214,578	438,831	(2,052,325)	(1,613,494)	285,856	-1,928,293	-1,642,437	-28,943	3.00%	(66,435)	
Offices: West Suffolk House	(147,975)	783,277	(925,496)	(142,219)	818,548	(585,974)	232,574	374,793	1.01%	(1,492)	
Offices: Haverhill House	(46,950)	191,013	(230,514)	(39,501)	115,437	(22,767)	92,671	132,172	9.97%	4,680	
Public Conveniences	130,147	123,743	(23,994)	99,749	111,977	(20,139)	91,838	(7,911)	0.58%	754	
CCTV	180,255	298,979	(160,227)	138,752	290,977	(129,603)	161,374	22,622	0.52%	945	
Green Travel Plan	(10,599)	41,728	(45,048)	(3,320)	28,483	(23,192)	5,291	8,611	0.00%	0	
Street Banners & Displays	416	5,205	(4,914)	291	4,969	(4,062)	907	616	89.42%	(372)	
District Highways Services	419,946	456,652	(5,337)	451,315	449,029	(16,278)	432,751	(18,564)	1.22%	(5,118)	
Street Furniture	48,498	22,479	(126)	22,353	15,789	(7,069)	8,720	(13,633)	23.15%	(11,227)	
Land Drainage & Associated Works	7,479	7,253	(765)	6,488	3,602	0	3,602	(2,886)	21.78%	(1,629)	
Bus Stations	75,285	117,915	(46,620)	71,295	82,616	(2,204)	80,412	9,117	18.84%	14,180	
Facilities, CCTV & Highways Services:	656,502	2,048,244	(1,443,041)	605,203	1,921,427	-811,288	1,110,140	504,937	0.11%	721	
Courier & Postal Service	114,410	188,994	(97,500)	91,494	181,195	(3,826)	177,369	85,875	0.88%	(1,005)	
Printing & Copying Service	23,910	47,862	(29,934)	17,928	50,306	(19,942)	30,363	12,435	4.98%	1,190	
Central Services:	138,320	236,856	(127,434)	109,422	231,501	-23,768	207,732	98,310	0.13%	185	
Off Street Car Parks	(3,108,961)	1,334,019	(3,552,899)	(2,218,880)	1,466,092	(3,784,089)	(2,317,997)	(99,117)	2.37%	(73,680)	Car Parking income levels are currently forecasted to exceed the budgeted levels. To be kept under close review.
On Street Car Parking	(125,989)	601,988	(697,509)	(95,521)	544,214	(601,093)	(56,880)	38,641	0.00%	0	
Car Parking:	-3,234,950	1,936,007	(4,250,408)	(2,314,401)	2,010,306	-4,385,182	-2,374,877	-60,476	2.28%	(73,680)	

ASSISTANT DIRECTOR - OPERATIONS (CONTINUED)

Cost Centre Description	Full Year Budget £	Expenditure Budget to Date £	Income Budget to Date £	Net Budget to Date £	Expenditure Actual to Date £	Income Actual to Date £	Net Actual to Date £	Over/(Under) Spend to Date £	Year End Forecast Variance %	Year End Forecast Variance £	Year End Variance Notes
Arboriculture (Tree Maintenance Works)	167,731	173,852	(117)	173,735	171,711	0	171,711	(2,024)	0.82%	1,368	
Other Parks and Play Provision	486,613	696,907	(147,654)	549,253	769,508	(203,798)	565,710	16,457	0.21%	(1,045)	
Abbey Gardens	272,883	262,270	(63,079)	199,191	264,512	(74,875)	189,637	(9,554)	1.43%	3,914	
Nowton Park	81,221	159,802	(91,839)	67,963	183,301	(127,188)	56,113	(11,850)	12.30%	(9,988)	
East Town Park	95,280	85,782	(12,803)	72,979	96,106	(25,776)	70,329	(2,650)	0.13%	125	
Clare Country Park	4,023	24,713	(11,993)	12,720	25,578	(11,886)	13,692	972	14.22%	572	
Children's Play Areas	102,896	88,569	(153)	88,416	91,512	(800)	90,712	2,296	4.27%	4,394	
Cemeteries & Closed Churchyards	265,960	359,915	(95,841)	264,074	367,478	(110,950)	256,528	(7,546)	2.32%	(6,168)	
Allotments	(30)	700	(730)	(30)	700	(1,176)	(476)	(446)	1486.67%	(446)	
Parks & Open Spaces:	1,476,577	1,852,510	(424,209)	1,428,301	1,970,406	-556,449	1,413,956	-14,345	0.49%	(7,274)	
Sports & Leisure Centres	439,120	521,374	(76,167)	445,207	484,217	(43,203)	441,014	(4,193)	0.20%	(885)	
Leisure & Sports	39,070	33,886	0	33,886	10,012	0	10,012	(23,874)	0.00%	0	
Sports & Leisure Development	478,190	555,260	(76,167)	479,093	494,229	-43,203	451,026	-28,067	0.19%	(885)	
Arts, Heritage & Cultural Services	88,000	81,150	0	81,150	86,218	(8,501)	77,717	(3,433)	1.55%	(1,368)	
Moyse's Hall Museum	245,026	251,667	(55,953)	195,714	251,954	(64,837)	187,116	(8,598)	5.41%	(13,250)	
West Stow Country Park	131,414	316,063	(216,147)	99,916	328,382	(245,438)	82,944	(16,972)	8.99%	(11,818)	
West Stow ASVT Operating Account	0	1,000	(747)	253	0	(5,526)	(5,526)	(5,779)	0.00%	(240)	
Heritage Outreach Services	3,500	2,628	0	2,628	0	0	0	(2,628)	100.00%	(3,500)	
Heritage Sites & Monuments	5,563	15,310	(9,747)	5,563	6,792	(1,239)	5,553	(10)	0.18%	(10)	
West Front Houses	50,780	79,330	(28,550)	50,780	57,430	(8,513)	48,917	(1,863)	3.67%	(1,863)	
Heritage	524,283	747,148	(311,144)	436,004	730,776	-334,054	396,721	-39,283	6.11%	(32,049)	
Leisure Promotion	151,076	113,219	0	113,219	118,654	(705)	117,949	4,730	1.21%	1,828	
The Apex	457,433	1,449,027	(1,026,686)	422,341	1,522,798	(1,207,631)	315,167	(107,174)	4.82%	(22,065)	
The Athenaeum	44,987	131,062	(82,122)	48,940	110,855	(73,167)	37,688	(11,252)	12.73%	(5,728)	
The Guildhall, Bury St Edmunds	29,806	50,876	(17,928)	32,948	46,242	(1,131)	45,111	12,163	57.96%	17,275	
Tourist Information Centres	89,966	80,093	(8,910)	71,183	70,690	(11,257)	59,433	(11,750)	14.34%	(12,897)	
Shopmobility	33,821	36,053	(6,111)	29,942	23,793	(1,569)	22,224	(7,718)	14.61%	(4,942)	
Bury Festival	51,913	149,682	(103,127)	46,555	132,061	(102,983)	29,078	(17,477)	26.25%	(13,629)	
Halls & Events	859,002	2,010,012	(1,244,884)	765,128	2,025,093	-1,398,443	626,650	-138,478	4.67%	(40,158)	
TOTALS: OPERATIONS	1,992,783	22,605,270	(21,010,420)	1,594,850	22,755,250	-21,106,971	1,648,273	53,423	24.61%	(490,410)	

Detail by Assistant Director

2017/18 December Budget Monitoring Report

ASSISTANT DIRECTOR - GROWTH

Cost Centre Description	Full Year Budget £	Expenditure Budget to Date £	Income Budget to Date £	Net Budget to Date £	Expenditure Actual to Date £	Income Actual to Date £	Net Actual to Date £	Over/(Under) Spend to Date £	Year End Forecast Variance %	Year End Forecast Variance £	Year End Variance Notes
Housing Development & Strategy	105,680	85,826	(4,500)	81,326	98,740	(1,261)	97,479	16,153	11.87%	12,544	
Gypsies & Travellers	24,702	19,328	(72)	19,256	19,817	(53)	19,764	508	4.07%	(1,006)	
Housing Development & Strategy:	130,382	105,154	(4,572)	100,582	118,557	-1,314	117,243	16,661	8.85%	11,538	
Strategic Property	81,448	60,924	0	60,924	43,008	0	43,008	(17,916)	15.66%	(12,756)	
Strategic Property	81,448	60,924	0	60,924	43,008	0	43,008	-17,916	15.66%	-12,756	
Housing Business & Partnerships	18,556	37,734	(24,003)	13,731	55,007	(21,381)	33,626	19,895	55.65%	10,327	
Housing Business & Partnerships:	18,556	37,734	(24,003)	13,731	55,007	-21,381	33,626	19,895	55.65%	10,327	
Planning Policy	636,803	507,333	(1,386)	505,947	453,212	(4,273)	448,939	(57,008)	3.21%	(20,469)	Expected underspend due to vacancies in the team
Local Plan	0	22,500	(22,500)	0	15,160	(10,850)	4,310	4,310	0.00%	4,310	
Place Shaping:	636,803	529,833	(23,886)	505,947	468,372	-15,123	453,249	-52,698	2.54%	(16,159)	
Economic Development & Growth	364,569	849,253	(575,865)	273,388	465,745	(176,588)	289,157	15,769	0.14%	(510)	
Strategic Tourism & Markets	29,618	26,091	(4,230)	21,861	32,139	(4,062)	28,077	6,216	3.01%	891	
Bury Christmas Fayre	(9,694)	103,807	(110,223)	(6,416)	186,954	(207,832)	(20,878)	(14,462)	1.40%	136	
Park & Ride	0	0	0	0	25,182	(20,197)	4,985	4,985	0.00%	3,492	
Vibrant Town Centres	0	0	0	0	1,613	0	1,613	1,613	0.00%	1,728	
Economic Development & Growth:	384,493	979,151	(690,318)	288,833	711,633	-408,679	302,954	14,121	1.49%	5,737	
TOTALS: GROWTH:	1,251,682	1,712,796	-742,779	970,017	1,396,577	-446,497	950,080	-19,937	1	-1,313	

2017/18 December 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	0	0	197,328	0	Budget will be allocated to projects as they arise. Remainder to be carried forward for utilisation in 2018/19.
Leisure Capital Investment Fund	1,500,000	55,620	55,620	0	1,444,380	0	Work continues on the investment opportunities with Abbeycroft and business cases are being considered.
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 line with existing delegations.
Families & Communities							
CRM Project	64,558	0	0	0	64,558	0	Project progressing, spend profile according to 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)	497,349	170,169	230,689	0	266,660	0	We commenced performance improvement conversations in July with the provider. The service has been reviewed and the improvements are being made
Private Sector Renewal Grants (C5000)	300,000	47,062	150,000	0	150,000	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	140,000	0	0	0	Expected to be completed in 2017/18
Community Energy Plan	1,118,851	91,211	300,000	0	818,851	0	Several projects in the pipeline for 2017/18 which will generate additional income in future years. Remaining budget requested to be carried forward for new projects in future years
Operations							
Major Planned Building Works	85,412	0	85,412	0	0	0	To be allocated to projects as Business Cases are approved.
Leisure Asset Management Scheme	77,534	0	77,534	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 4 of this financial year.
Vehicle & Plant Purchases	1,361,445	1,038,525	1,361,445	0	0	0	Spend currently expected to be in line with 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 4.
Bury Leisure Centre - All Weather Pitch	150,000	0	0	0	150,000	0	Renewal of Astro Turf surface at BSE Leisure Centre/King Edwards School - likely to be in 2018/19 (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	21,315	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. Carry forward requested.
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	6,940	6,940	6,940		0	0	Project to be completed 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 completed in 2017/18.
Parish Council S106 Grants	0	87,446	87,446	87,446	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	2,127,631	2,053,150	0	7,444,100	0	Spend expected in the final quarter of 2017/18 in relation to Land and preliminary construction costs.
Heldhaw Road Outdoor Gym	0	29,793	29,793	29,793	0	0	Project to be complete in 2017/18.
Leisure: Howe Road Play Area	60,000	50,180	60,000	0	0	0	Project to be complete in 2017/18.
Leisure: Severn Road Play Park	60,000	1,265	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	1,248	30,000	0	0	0	Project to be complete in 2017/18.
South Parade, Bury St Edmunds (£25,000) Access Improvements	25,000	23,501	23,501		0	(1,499)	
Drinkstone Aestal	0	27,500	27,500	27,500	0	0	
Leisure: Abbey Gardens Replacement Retail Facility	70,000	0	20,000		50,000	0	£20K on the deposit of the containerised unit expected in this financial year with the remainder to be carried forward
Leisure: Hardwick Heath Access Gate Renewal	15,000	3,940	15,000		0	0	Project to be complete in 2017/18.
Growth							

2017/18 December 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
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 completed.
Gypsy and traveller site	587,000	14,343	14,343	0	572,657	(1)	The council is still seeking to resolve the delivery of this project. Carry forward requested.
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	5,878,502	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:	39,191,490	12,784,861	16,457,228	188,259	22,921,022	(1,499)	

MTFS Earmarked Reserves Projections

2017/18 December Budget Monitoring Report

Reserve Description	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	Forecast Notes
Investing in our Growth Agenda Reserve	0	500,000	500,000	(25,000)	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	0	0		81,500	(81,500)	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	(3,086,516)	1,115,703	5,165,206	3,522,746	(2,407,043)	Budgeted Reserve movement includes £2.98m Capital Programme Funding for 2017/18. The under-utilisation of £2.4m relates to the Leisure Investment fund carry forward, 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	2,506,919	(177,235)	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 £80k 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	1,788,752	1,788,753	1,981,919	(193,167)	Forecast reserve utilisation lower than budgeted as a result of a lower Pool Levy payment than originally anticipated.
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	381,310	365,749	109,503	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	57,642	64,901	0	
HB Equalisation Reserve	1,417,156	(503,789)	913,367	700,000	904,077	9,290	
Interest Equalisation Reserve	359,630	0	359,630	359,630	359,630	0	No movement expected during 2017/18.
Professional Fees Reserve	170,372	60,000	230,372	207,672	208,522	21,850	Funding approved projects
ARP Reserve	428,164	(16,755)	411,409	461,244	428,164	(16,755)	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	400,416	(37,100)	Currently anticipating to fund bin and equipment purchases within existing waste budgets.

MTFS Earmarked Reserves Projections

2017/18 December Budget Monitoring Report

Reserve Description	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	Forecast Notes
BR-Building Repairs Reserve - Leisure	454,798	(571,863)	(117,065)	746,874	224,938	(342,003)	
BR-Building Repairs Reserve - Other	1,795,550	(264,421)	1,531,129	2,328,040	1,971,146	(440,017)	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	556,888	555,905	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	
S106 Monitoring Officer Reserve	8,324	0	8,324	33,227	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	353,177	74,992	35,239	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	33,621	36,015	0	No movement expected during 2017/18.
Election Reserve	91,366	30,000	121,366	139,675	147,984	(26,618)	Additional closing balance includes Individual Electoral Registration (IER) Income moved to reserve for future utilisation
St Edmundsbury Totals	18,000,304	(2,858,032)	15,142,272	22,215,970	18,684,440	(3,542,168)	

Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Delivering a Sustainable Medium Term Financial Strategy 2018-2021	
Report No:	PAS/SE/18/005	
Report to and dates:	Performance and Audit Scrutiny Committee	31 January 2018
	Cabinet	6 February 2018
Portfolio holder:	Councillor Ian Houlder Portfolio Holder for Resources and Performance Tel: 01359 250912 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:	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:	<p>It is <u>RECOMMENDED</u> that the Performance and Audit Scrutiny Committee:</p> <ol style="list-style-type: none"> 1) Note the budget assumptions (outlined in Appendix A) and timetable (at 7.1), along with the progress made to date on delivering a balanced budget for 2018/19 and sustainable budget in the medium term; and 2) Recommend to Cabinet the inclusion of the proposals, as detailed in Section 6 and Table 2 at Paragraph 6.1 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"> Leadership team (LT), Portfolio Holders and staff are consulted during this budget process 	
Alternative option(s):		<ul style="list-style-type: none"> Other options could be proposed and considered by members. They would need to take into account core principles such as deliverability, affordability and risk. 	
Implications:			
<i>Are there any financial implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> As detailed in the body of this Report	
<i>Are there any staffing implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
<i>Are there any ICT implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
<i>Are there any legal and/or policy implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Whilst it should be stated that this is an unlikely event there is a requirement under The Local Government Finance Act 1988 (S114) - for the Chief Finance Officer to report to councillors if there is or is likely to be an unbalanced budget.	
<i>Are there any equality implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> 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/17/008 - West Suffolk Strategic Plan and Medium Term Financial Strategy 2016-2020 COU/SE/17/021 (item B7) Draft West Suffolk strategic Framework PAS/SE/17/034 - Delivering a Sustainable Medium Term Financial Strategy 2018-2021		
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 West Suffolk Strategic Plan (agreed by Council on 19 December 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 National Joint Council for Local Government has made a final pay award offer to the Trade Unions of a 2% increase in April 2018 and a revision to the national pay spine in 2019. The original assumptions have therefore been amended from 1% to 2% for 2018 and 2019 in the MTFS. The pay award is still under national negotiation however the pay inflation assumption has been updated to reflect the current offer.
- 2.4 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.
- 2.5 The implementation towards the now 75% 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.

- 2.6 The worst case scenario for the review of the needs based assessment/formula could be to re-set (although Government now talks of a partial 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 After following the methodology in section 4 we continue to see a balanced budget position for St Edmundsbury as reported in Feb 2017.
- 3.2 There has been a revision to the outlook for the Barley Homes 5 year delivery plan following the removal of Wamil Court from the first four developable sites. This is a prudent estimate at this stage, it may well be that a further site is brought forward, however the focus at this stage is on the remaining three sites. Overview and Scrutiny Committee have the Barley Homes Business Plan as a work programme item scheduled for the the March 2018 meetings.
- 3.3 Suffolk have been awarded 100% Business Rates pilot status for 2018-19 based on the proposal submitted on the 27 October 2017. The proposal builds on the Business Rates Retention pool Suffolk has successfully operated since 2013. In all pilot areas, the councils within the pool have to forego the funding streams of revenue support grant and rural services delivery grant in return for higher shares of business rates. The Suffolk pilot is based on a no detriment to each of the council's and therefore the risk to the Council's budget of not achieving the business rates anticipated in the 2018-19 budget is low. Any additional business rates collected in Suffolk will be invested in inclusive growth on a placed based allocation. Based on the proposal submitted, West Suffolk is looking to receive a one off benefit in 2018-19 of approximately £2.6m as a result of the pilot.
- 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. Garden Waste Subscriptions

- 5.1 At the Council meeting on 19 December 2017, Councillor Nettleton gave notice under paragraph 9.1 of the Council Procedure Rules of the following motion:

"That with effect from April 2018 new subscribers to the Brown Bin emptying service be charged at the following rates, depending on the month the subscription is approved:*

April £40: May £37: June £34: July £31: August £28: September £25: October £22: November £19: December £16: January £13: February £10.

No new subscriptions accepted in March as officers busy organising renewals.

**Subject to technical amendments"*

It was agreed that this matter be referred to Performance and Audit Scrutiny Committee for consideration.

- 5.2 The motion proposes a change to the current charging schedule for residents subscribing to the service from 1 April 2018, moving from a single annual charge of £40 to a tiered charging system whereby the amount payable reduces monthly.
- 5.3 Agreeing to implement this change now will involve a high level of risk. It is not possible to guarantee that the technological changes to the current application and payment system, including automatic crew notification, can be designed, implemented and tested prior to the launch of the 2018/19 service in February 2018.
- 5.4 Members will also recall the discussions that took place with PASC prior to the introduction of the garden waste collection service in April 2016. The service amendments were prompted by reductions in the funding arrangements that were expected to significantly increase the cost of the service.
- 5.5 West Suffolk councils agreed to the introduction of an annual garden waste subscription charge of £40 per bin to take effect from April 2016. The garden waste collection service is now discretionary and involves the collection of garden waste only. As part of this change, a 50:50 cost/benefit sharing approach between West Suffolk councils and Suffolk County Council (SCC) was agreed by Public Sector Leaders to ensure that no single organisation was in a worse financial position following the change. It was also agreed that this arrangement, and the service itself, would be reviewed after the first three years of operation.
- 5.6 During the first two years of operation, around 30,000 households have subscribed each year and the service is generally operating in line with the original assumptions and expectations. Preparations are ongoing for the commencement of the 2018/19 subscription year to ensure a seamless transition.
- 5.7 Officers recommend that these preparations continue in line with the previous two years. Once the main subscription period has passed, normally by around June, there will be an opportunity to work with the appropriate Member forum to review progress and discuss the options for Year 4 onwards. This will include the cost sharing mechanism with SCC, service administration and options for the charging regime. This will provide an opportunity to review the garden waste collection service in its entirety and the charging regime proposed by Councillor Nettleton.

6. Budget proposals for 2018-2021

- 6.1 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, over and above those items brought to members' attention in November 2017 as part of report PAS/SE/17/034.

Table 2: Budget proposals for 2018-2021

	18/19 Pressure/(Saving) £000	19/20 Pressure/ (Saving) £000	20/21 Pressure/ (Saving) £000
Total Budget Gap - At PASC 29/11/17	96	186	199
Salary Changes:			
Current Development Control capacity to support increase in workloads due to area growing and encouragement of housing and investment in West Suffolk to meet local needs - funding assumed from base budget (previously funded from reserves)	87	87	87
Housing Rough Sleeper Post - funding assumed from base budget from 2020/21	0	0	28
Pay assumption changes			
Change from 1.0% to 2.0% + pay spine revision (in line with recent Employer offer (subject to agreement))	239	570	771
Shared Service Salaries Recharge	(74)	(111)	(110)
Other Budget assumption changes			
Tax Base Change - report XXX	23	25	25
Council Tax 17/18 Collection Surplus (2018/19 only)	(8)	0	0
Reduction in contributions to Suffolk CC for waste services (Household Waste/Recycling and Garden Waste Collection)	(187)	(241)	(241)
Additional Trade Waste Income	(105)	(148)	(225)
Additional Retail Rental income to reflect actual performance	(43)	(43)	(43)
Additional Industrial Unit Income - lowered vacancy rates reflecting current performance	(95)	(95)	(95)
Additional Apex Booking Fee Income (net of £50k additional artist fees and running costs)	(20)	(70)	(70)
Barley Homes income assumption profile change to reflect removal of Wamil Court from business plan	31	125	7
LLC1 Search Income lost due to transfer to HMLR mid 18/19 - reinstated due to delay in decision	(25)	(25)	(25)
Reduction in income assumption on Leisure Properties due to be transferred to a Trust	53	53	53
Additional income (net) from Invest to Save project at Haverhill House	0	(8)	(40)
Removal of contributions to MTFS reserve	(25)	(124)	(115)
Other smaller budget changes	53	(31)	(56)
Single Council			
Cashable savings as per Business Case	0	(150)	(150)
	0	0	0

6.2 The Capital Programme underwent a comprehensive review for the 2017/18 budget setting process. This Programme has been reviewed and updated with known changes (see Table 3).

Table 3 - Capital Programme

	2017/18 millions	2018/19 millions	2019/20 millions	2020/21 millions	Total millions
Gross capital expenditure	£18.844	£40.009	£0.843	£2.271	£61.967
Funded by:					
Grants and contributions	£3.627	£1.655	£0.375	£0.375	£6.032
Earmarked revenue reserves	£2.726	£3.832	£0.967	£1.596	£9.121
Capital receipts reserve	£7.141	£5.972	£1.543	£0.300	£14.956
External borrowing	£5.350	£28.550	-£2.042	£0.000	£31.858
Total	£18.844	£40.009	£0.843	£2.271	£61.967

6.3 The Reserve Movements as a result of the revenue and capital plans are as follows:

Table 4 – Revenue Earmarked Reserve Movements

St Edmundsbury	2017/18 millions	2018/19 millions	2019/20 millions	2020/21 millions	2021/22 millions
Opening Balance	£18.000	£18.684	£18.021	£18.020	£16.961
Funded by:					
Contribution to Reserves	£6.339	£6.115	£4.303	£4.002	£4.002
Contribution from reserves	-£5.655	-£6.779	-£4.305	-£5.061	-£4.155
Closing Balance	£18.684	£18.021	£18.020	£16.961	£16.809

Strategic Priorities and MTFs reserve (not included in above)	£1.553	£1.272	£1.197	£0.962	£0.962
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7. Budget timetable

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

Table 3: Committee timetable for budgets

Task	Date
Member Development Session – Local Government Finance	18 and 25 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

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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	2.7%	2.8%	2.0%	National Employer has made final 2 year offer for 2% increase for 2018/2019 and 2019/20 with revision of National Pay Spine
Employers pension contribution	30.2%	32.2%	34.2%	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	92.7%	92.7%	92.7%	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 %	3.0%	5.2%	2.9%	Figures reset and standard fees & charges growth assumption also applied.
Off street car park income - amount	£4,635k	£4,874k	£5,017k	Linked to above
Trade waste income - amount	£1,703k	£1,799k	£1,905k	Figures reset and standard fees & charges growth assumption also applied.

MTFS Assumptions	St Edmundsbury			Source
	2018/19	2019/20	2020/21	
Building control (building regulations) income - amount	£188k	£193k	£197k	Figures reset and standard fees & charges growth assumption also applied.
Development control (planning application fees) income - amount	£944k	£968k	£989k	Figures reset and standard fees & charges growth assumption also applied (includes pre-application income)
Investment interest	£308k	£274k	£269k	Treasury management advisors - current projections
Housing Benefits - amount	£22,435k	£22,435k	£22,435k	ARP. Expected level of HB payments based on previous years.
Housing Benefits Subsidy - %	99.2%	99.2%	99.2%	ARP. Expected level of subsidy as percentage of payments based on previous years.
Housing Benefits Subsidy - amount	£22,265k	£22,265k	£22,265k	Linked to above
HB Overpayments recovered	£488k	£488k	£488k	ARP. Based on previous years. Can vary year on year. Managed through HB Equalisation Reserve.
HB Administration Subsidy	£245k	£233k	£221k	ARP. Assumes annual reduction on 2017/18 subsidy grant to reflect anticipated impact of Universal Credit.
Business Rates - Inflation	3.0%	2.2%	TBC	CPI increases assumed in provisional settlement
Business Rates - Growth	NNDR1	0.0%	0.0%	Year of budget set at NNDR1 level which includes growth to date.
Business Rates - Pilot Benefit	£1,705k	N/A	N/A	One year benefit - estimate based on bid and transferred to earmarked reserve.
Business Rates - Suffolk Pool Income	TBC	TBC	TBC	SCC. Awaiting data based on participating councils' 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	£0k	£0k	£0k	4 year finance settlement. No RSG in 18/19 due to Pilot status.
Council tax increase	0.0%	0.0%	0.0%	Current assumption. To be set at February 2018 Council meetings.

Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Ernst and Young – Certification of Claims and Returns Annual Report 2016-2017	
Report No:	PAS/SE/18/006	
Report to and dates:	Performance and Audit Scrutiny Committee	31 January 2018
Portfolio holder:	Councillor 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:	To update members on the outcome of the annual certification of grant claims by Ernst and Young (our external auditors) as detailed in their Certification of claims and returns annual report 2016/2017, attached at Appendix A.	
Recommendation:	Performance and Audit Scrutiny Committee: Members are asked to <u>note</u> the Certification of claims and returns annual report 2016-2017.	

Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>		<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	
Consultation:		• N/A	
Alternative option(s):		• N/A	
Implications:			
<i>Are there any financial implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • The report includes the final fee for certification of the 2016/2017 grant claims (£22,583).	
<i>Are there any staffing implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
<i>Are there any ICT implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
<i>Are there any legal and/or policy implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • External audit is a statutory function.	
<i>Are there any equality implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
	Low/Medium/ High*		Low/Medium/ High*
Errors identified as a result of 2015/2016 testing may have been replicated in 2016/2017	Medium	Perform early extended testing in those areas where errors were identified	Low
Ward(s) affected:		N/A	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		None	
Documents attached:		Appendix A – Ernst and Young Certification of claims and returns annual report 2016-2017	

1. Key issues and reasons for recommendation(s)

- 1.1 Ernst and Young (EY) has issued at **Appendix A**, an annual Report on the Certification of Claims and Returns for 2016/2017. This report summarises the results of the certification work that has been undertaken by EY staff as part of the annual audit of grant claims to government departments and sets out the scale fee for carrying out this work.
- 1.2 Funding from government departments is an important income stream for the Council which has to put in place procedures to ensure that it has met the conditions attached to the funding and, in some cases, must complete returns providing financial information to support the claims. The government departments may require appropriately qualified auditors to certify the claims.
- 1.3 From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns, and to prescribe scales of fees for this work, was delegated to the Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government.
- 1.4 For 2016-2017, these arrangements required only the certification of the housing benefits subsidy claim with a total value of £28.532 million.
- 1.5 The certification work found errors on the claim and these errors have been corrected by officers. A qualification letter setting out further errors and uncertainties was also reported to the Department for Works and Pensions (DWP). The relevant officers of the Council and Anglia Revenues Partnership (ARP) have agreed the qualifications in respect of the 2016/2017 certification work, as detailed in **Appendix A**. ARP has taken action to address the issues for 2017/2018.
- 1.6 In addition, the PSAA determine a scale fee each year for the audit of claims and returns. For 2016/17, the indicative scale fee for the audit of the Housing benefits subsidy claim was £22,583 and the actual fee will be unchanged from this level. For 2017/18, the indicative scale fee has been set at £24,722.
- 1.7 EY have made no recommendations to Members as a result of the audit.

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Certification of claims and returns annual report 2016/17

St Edmundsbury Borough Council

8 December 2017

Ernst & Young LLP



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

8 December 2017

Direct line: 07541 346507
Email: MHodgson@uk.ey.com

Dear Members

Certification of claims and returns annual report 2016/17 St Edmundsbury Borough Council

We are pleased to report on our certification and other assurance work. This report summarises the results of our work on St Edmundsbury Borough Council's 2016/17 claims.

Scope of work

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

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

For 2016/17, these arrangements required only the certification of the housing benefits subsidy claim. In certifying this we followed a methodology determined by the Department for Work and Pensions and did not undertake an audit of the claim.

Summary

Section 1 of this report outlines the results of our 2016/17 certification work and highlights the significant issues.

We checked and certified the housing benefits subsidy claim with a total value of £28,531,699. We met the submission deadline. We issued a qualification letter – details of the qualification matters are included in section 1. Our certification work found errors which the Council corrected. The amendments had a marginal effect on the grant due.

Fees for certification and other returns work are summarised in section 2. The housing benefits subsidy claim fees for 2016/17 were published by the Public Sector Audit Appointments Ltd (PSAA) in March 2016 and are now available on the PSAA's website (www.psaa.co.uk).



We welcome the opportunity to discuss the contents of this report with you at the 31 January 17.

Yours faithfully

Mark Hodgson
Associate Partner
Ernst & Young LLP
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2. 2016/17 certification fees	3
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1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£28,531,699
Amended/Not amended	Not Amended
Qualification letter	Yes
Fee – 2016/17	£22,583
Fee – 2015/16	£24,722
Recommendations from 2015/16	Findings in 2016/17
None	N/A

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

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

We have reported the extrapolated value of these errors, underpayments, and other observations in a qualification letter. The DWP then decides whether to ask the Council to carry our further work to quantify the errors or to claw back the benefit subsidy paid. These are the main issues we reported:

The testing of the initial sample of Rent Allowances identified 1 case where rent had been incorrectly assessed resulting in an overpayment of benefit. As the nature of the error is such that either an underpayment or overpayment may arise, we undertook further testing of a random sample and identified 1 additional error where rent had been incorrectly assessed resulting in an underpayment of benefit. We reported an extrapolated value of these errors of £5, in our qualification letter.

In our 2015/16 qualification letter, we reported that testing of 40+ in Rent Allowances identified cases where the authority had incorrectly calculated claimant income. As part of our audit work undertaken on the 2065/17 subsidy claim, all claims containing claimant income were identified and 40+ testing undertaken identifying the following errors:

- ▶ 5 cases where income had been incorrectly calculated resulting in an underpayment of benefit;
- ▶ 1 case where income had been incorrectly calculated which had no impact on the subsidy claimed; and
- ▶ 4 cases where income had been incorrectly calculated resulting in an overpayment of benefit.

We reported an extrapolated value of these errors of £12,315, in our qualification letter.

In our 2015/16 qualification letter, we reported that testing of 40+ in Rent Allowances identified cases where the authority where occupational pension had been incorrectly input at the start of the claim. As part of our audit work undertaken on the 2016/17 subsidy claim, all claims containing occupational pension were identified and 40+ testing undertaken identifying the following errors:

- ▶ 1 case where occupational pension had been incorrectly input resulting in an underpayment of benefit;
- ▶ 1 case where occupational pension had been incorrectly input which had no impact on the subsidy claimed; and
- ▶ 5 cases where occupational pension had been incorrectly input resulting in an overpayment of benefit.

We reported an extrapolated value of these errors of £150, in our qualification letter.

2. 2016/17 certification fees

The PSAA determine a scale fee each year for the audit of claims and returns. For 2016-17, these scale fees were published by the Public Sector Audit Appointments Ltd (PSAA's) in March 2016 and are now available on the PSAA's website (www.psa.co.uk).

Claim or return	2016/17	2016/17	2015/6
	Actual fee £'s	Indicative fee £'s	Actual fee £'s
Housing benefits subsidy claim	£22,583	£22,583	£24,722

The indicative fee for 2016/17 was based on the actual fee for 2014/15 with a 25% reduction in scale fee.

For 2016/17 the level of error identified was similar to that identified in 2014/15.

3. Looking forward

2017/18

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

The Council's indicative certification fee for 2017/18 is £24,722. This was set by PSAA and is based on final 2015/16 certification fees.

Details of individual indicative fees are available at the following web address:
<https://www.psa.co.uk/audit-fees/201718-work-programme-and-scales-of-fees/individual-indicative-certification-fees/>

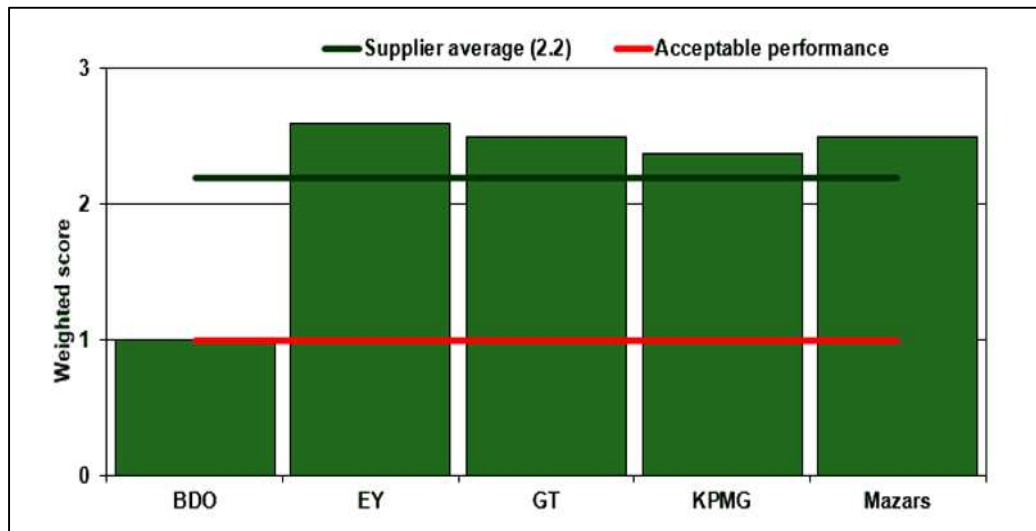
We must seek the agreement of PSAA to any proposed variations to these indicative certification fees. We will inform the Assistant Director (Resources & Performance) before seeking any such variation.

2018/19

From 2018/19, the Council will be responsible for appointing their own reporting accountant to undertake the certification of the housing benefit subsidy claim in accordance with the Housing Benefit Assurance Process (HBAP) requirements that are being established by the DWP. DWP's HBAP guidance is under consultation and is expected to be published around January 2018.

We would be pleased to undertake this work for you, and can provide a competitive quotation for this work.

We currently provide HB subsidy certification to 106 clients, through our specialist Government & Public Sector team. We provide a quality service, and are proud that in the PSAA's latest Annual Regulatory and Compliance Report (July 2017) we score the highest of all providers, with an average score of 2.6 (out of 3).



As we also expect to be appointed by PSAA in December 2017 as your statutory auditor we can provide a comprehensive assurance service, making efficiencies for you and building on the knowledge and relationship we have established with your Housing Benefits service.

Ernst & Young LLP

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Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Ernst and Young – Presentation of External Audit Plan and Fees 2017/2018	
Report No:	PAS/SE/18/007	
Report to and date/s:	Performance and Audit Scrutiny Committee	31 January 2018
Portfolio holder:	Councillor Ian Houlder Portfolio Holder for Resources and Performance Tel: 01284 810074 Email: ian.houlder@stedsbc.gov.uk	
Lead officer:	Rachael Mann Head of Resources and Performance Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	
Purpose of report:	To provide members with a basis to review Ernst and Young's (EY's) proposed approach and scope for the 2017/2018 audit along with the planned fees to complete the work as set out in the Audit Plan, attached at Appendix A.	
Recommendation:	Performance and Audit Scrutiny Committee: Members are asked to <u>note</u> the External Audit Plan and Fees for 2017/2018.	

Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>		<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	
Consultation:		<ul style="list-style-type: none"> This report has been prepared in consultation with the Resources & Performance team, Leadership Team and the Portfolio Holder for Resources & Performance. 	
Alternative option(s):		<ul style="list-style-type: none"> N/A 	
Implications:			
<i>Are there any financial implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> The report includes the planned 2017/2018 audit fee of £43,737 and certification of claims fee of £24,722. 	
<i>Are there any staffing implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
<i>Are there any ICT implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
<i>Are there any legal and/or policy implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> External audit is a statutory function. 	
<i>Are there any equality implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
	Low/Medium/ High* Medium		Low/Medium/ High* Low
The assessment of the key strategic or operational risks and the financial statement risks facing the Council may not be correct		Assessment of key strategic or operational risks and the financial statement risks facing the Council have been identified through External Audits knowledge of the entity's operations and discussion with members and officers.	
Ward(s) affected:		N/A	
Background papers:		None	
Documents attached:		Appendix A – Ernst and Young Audit Planning Report Year ended 31 March 2018	

1. Key issues and reasons for recommendation(s)

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

- An audit opinion on whether the financial statements of St Edmundsbury Borough Council give a true and fair view of the financial position as at 31 March 2018 and of the income and expenditure for the year then ended; and
- A statutory conclusion on the Council's arrangements to secure economy, efficiency and effectiveness. The Audit Plan (attached) is based on EY's risk-based approach to audit planning.

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

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

1.3 Sections 2 and 3 of **Appendix A**, summarise EY's assessment of the key risks which drive the development of an effective audit for the Council, and outlines their planned audit strategy in response to those risks. Officers will be working with EY over the coming months to ensure that these risks are managed and where possible to come to an agreement over their treatment prior to the issuing of the Annual Governance Report, and Audit Opinion (due to be issued by EY by July 2018).

1.4 The planned fee for carrying out this work for 2017/2018 is set out on page 29 of **Appendix A**. The fees are summarised below:

	Planned fee 2017/2018 £
Audit fee – code work	43,737
Certification of claims and returns	24,722
Total fees	68,489

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**St Edmundsbury
Borough Council**
Audit planning report
Year ended 31 March 2018

January 2018



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

17 January 2018

Dear Performance & Audit Scrutiny Members

Audit planning report

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Audit Committee with a basis to review our proposed audit approach and scope for the 2017/18 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

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

This report is intended solely for the information and use of the Performance and Audit Scrutiny Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 31 January 2018 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

MARK HODGSON

Mark Hodgson

For and on behalf of Ernst & Young LLP

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Contents



In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies". It is available from 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 February 2017)" issued by the 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 in legislation, and covers matters of practice and procedure which are of a recurring nature. This report is made solely to the Performance and Audit Scrutiny Committee and management of St Edmundsbury Borough Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Performance and Audit Scrutiny Committee and management of St Edmundsbury Borough Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Performance and Audit Scrutiny Committee and management of St Edmundsbury Borough Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



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Overview of our 2017/18 audit strategy



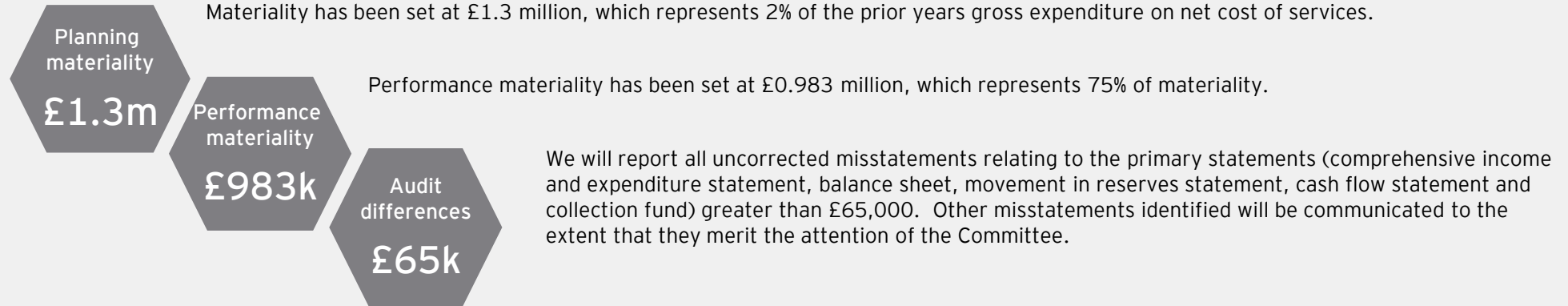
Overview of our 2017/18 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide you with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Risk / area of focus	Risk identified	Change from PY	Details
Risk of fraud in revenue and expenditure recognition	Fraud risk	No change in risk or focus	<p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p> <p>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.</p>
Misstatements due to fraud or error	Fraud risk	No change in risk or focus	<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 prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.</p> <p>We identify and respond to this fraud risk on every audit engagement.</p>
Property, Plant and Equipment Valuation	Other financial statement risk	No change in risk or focus	<p>Property, Plant and Equipment represents 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 have engaged a new external expert for 2017/18 (Wilkes Head and Eve), to value the Council's asset base, who will apply a number of complex assumptions and assess the Council's assets to identify whether there is any indication of impairment and changes to their useful life.</p> <p>ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>
Pensions Liability - IAS19	Other financial statement risk	No change in risk or focus	<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.</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>Accounting for this scheme involves significant estimation and judgement.</p> <p>ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>

Overview of our 2017/18 audit strategy

Materiality



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Audit scope

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

- Our audit opinion on whether the financial statements of St Edmundsbury Borough Council (the Council) give a true and fair view of the financial position as at 31 March 2018 and of the income and expenditure for the year then ended; and
- Our conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.

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

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

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

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

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



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02 Audit risks





Audit risks

Our response to significant risks

We have set out the significant risks (including fraud risks) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

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Risk of fraud in revenue and expenditure recognition

What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. 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.

What will we do?

Our approach will focus on:

- ▶ Review and discuss with management any accounting estimates on revenue or expenditure recognition for evidence of bias;
- ▶ Perform substantive testing over material revenue and expenditure streams;
- ▶ Review and test revenue cut-off at the period end date;
- ▶ Test the appropriateness of journals entries moving expenditure items from revenue codes to Capital codes; and
- ▶ Review capital expenditure on property, plant and equipment to ensure it meets the relevant accounting requirements to be capitalised.

Misstatements due to fraud or error

What is the risk?

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 prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.

We identify and respond to this fraud risk on every audit engagement.

What will we do?

Our approach will focus on:

- ▶ Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- ▶ Reviewing accounting estimates for evidence of management bias.
- ▶ Evaluating the business rationale for significant unusual transactions; and
- ▶ Review capital expenditure on property, plant and equipment to ensure it meets the relevant accounting requirements to be capitalised.

Audit risks

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?

What will we do?

Property, Plant and Equipment Valuation

Property, Plant and Equipment represents a significant balance in the Council's accounts and are subject to valuation changes, impairment reviews and depreciation charges.

Material judgemental inputs and estimation techniques are required to calculate the year-end fixed assets balances held in the balance sheet.

The Council have engaged a new external expert for 2017/18 (Wilkes Head and Eve), to value the Council's asset base, who will apply a number of complex assumptions and assess the Council's assets to identify whether there is any indication of impairment and changes to their useful life.

ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

Our approach will focus on:

- ▶ Consider the work performed by the Council's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- ▶ Sample testing key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre); and agreeing this to what has been recorded in the GL.
- ▶ Consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE and annually for IP. We have also considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- ▶ Review assets not subject to valuation in 2017/18 to confirm that the remaining asset base is not materially misstated;
- ▶ Consider changes to useful economic lives as a result of the most recent valuation; and
- ▶ Test accounting entries have been correctly processed in the financial statements

Audit risks

Other areas of audit focus - Continued

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?

Pensions Liability - IAS19

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.

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.

The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the administering body.

Accounting for this scheme involves significant estimation and judgement.

ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

What will we do?

Our approach will focus on:

- ▶ Liaising with the auditors of the administering authority (Suffolk County Council), to obtain assurances over the information supplied to the actuary in relation to St Edmundsbury Borough Council;
- ▶ Assessing the conclusions drawn on the work of the actuary by the Consulting Actuary, PwC; and
- ▶ Reviewing and testing the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.

03

Value for Money Risks





Value for Money

Background

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.

For 2017/18 this is based on the overall evaluation criterion:

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

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

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

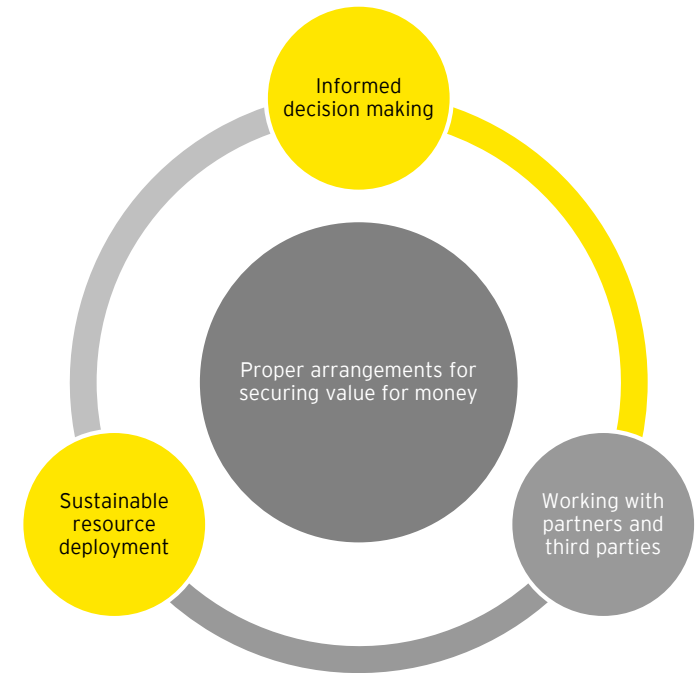
considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

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

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

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

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





Value for Money Risks

What is the significant value for money risk?

Single Council for West Suffolk

Plans to create a new 'single council' have been approved by the respective Full Council and Cabinet's of both Forest Heath District Council and St Edmundsbury Borough Council.

Following a joint application to the Secretary of State, DCLG has announced they are minded to implement the plan which will see a parliamentary order being made to enable the change in 2019.

What arrangements does the risk affect?

Take informed decisions.

What will we do?

Our approach will focus on:

- ▶ The approval process for creation of a single Council;
- ▶ How the Council assessed the business case to ensure best value on the future financial and non-financial returns;
- ▶ The governance arrangements over any conflicts of interest; and,
- ▶ The impact of the creation of a 'single council' on the Medium Term Financial Strategy.



04

Audit materiality



Materiality

Materiality

For planning purposes, materiality for 2017/18 has been set at £1.3 million. This represents 2% of the Council's prior year gross expenditure on net Cost of Services. It will be reassessed throughout the audit process. We have provided supplemental information about audit materiality in Appendix D.

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Gross expenditure

£63m

Planning materiality

£1.3m

Performance materiality

£983k

Audit differences

£65k

We request that the Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality - the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality - the amount we use to determine the extent of our audit procedures. We have set performance materiality at £983k which represents 75% of planning materiality.

Audit difference threshold - we propose that misstatements identified below this threshold are deemed clearly trivial. We will report to you all uncorrected misstatements over this amount relating to the comprehensive income and expenditure statement, balance sheet, and collection fund that have an effect on income or that relate to other comprehensive income.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Performance and Audit Scrutiny Committee, or are important from a qualitative perspective.

Specific materiality - We have set a materiality of £5,000 for remuneration disclosures, related party transactions, members' allowances and exit packages which reflects our understanding that an amount less than our materiality would influence the economic decisions of users of the financial statements in relation to this.

05

Scope of our audit



Our Audit Process and Strategy

Objective and Scope of our Audit scoping

Under the Code of Audit Practice our principal objectives are to review and report on the Council's financial statements and arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

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

We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

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

Procedures required by the Code

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

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

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

Our Audit Process and Strategy (continued)

Audit Process Overview

Our audit involves:

- ▶ Identifying and understanding the key processes and internal controls; and
- ▶ Substantive tests of detail of transactions and amounts.

For 2017/18 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics:

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

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

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

Internal audit:

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



06

Audit team



Audit team

Audit team structure:

Mark Hodgson
Associate Partner

Mark Russell
Manager

Raycene Botha
Senior

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

Use of specialists

- ▶ Our approach to the involvement of specialists, and the use of their work.

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

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

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

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

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



07 Audit timeline





Audit timeline

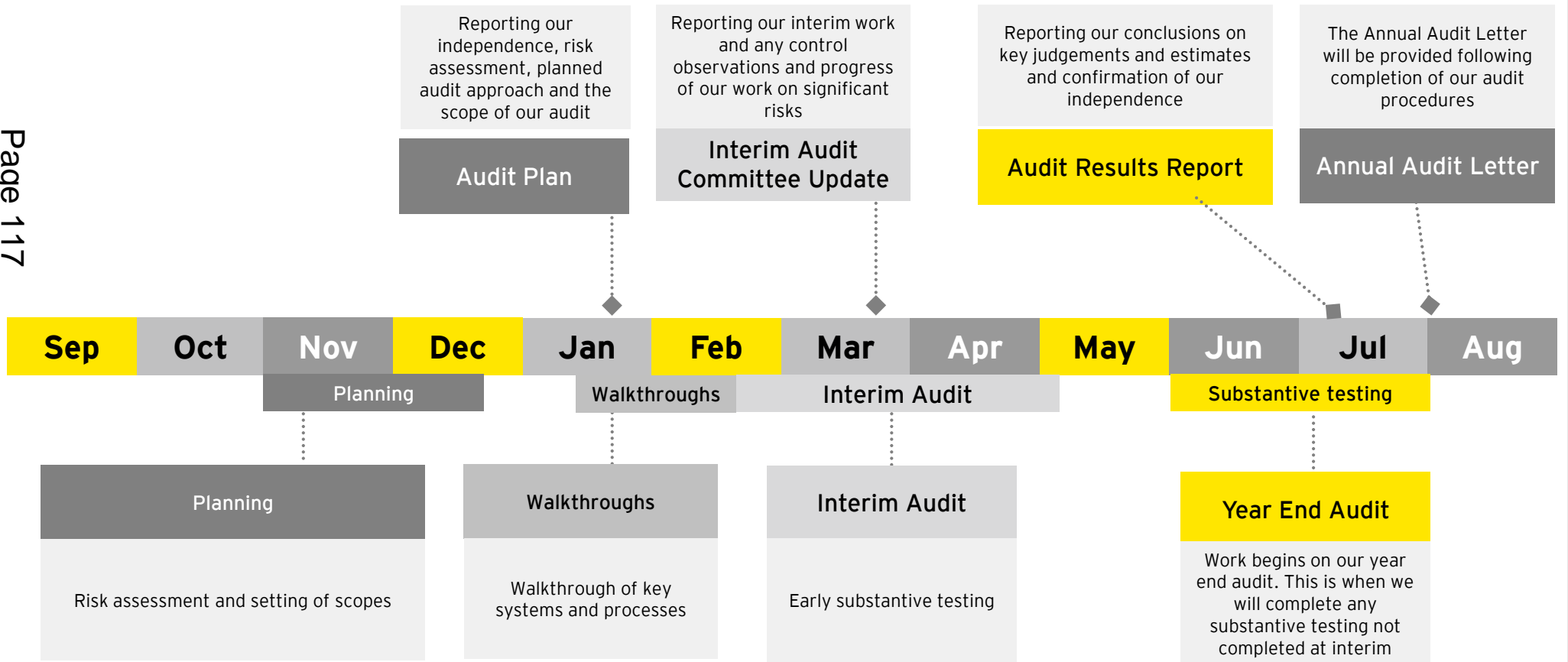
Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2017/18.

From time to time matters may arise that require immediate communication with the Performance & Audit Scrutiny Committee and we will discuss them with the Performance & Audit Scrutiny Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.

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08

Independence



Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in June 2016, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage	Final stage
<p>▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us;</p> <p>▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;</p> <p>The overall assessment of threats and safeguards;</p> <p>Information about the general policies and process within EY to maintain objectivity and independence.</p>	<p>▶ A written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;</p> <p>▶ Details of non-audit services provided and the fees charged in relation thereto;</p> <p>▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;</p> <p>▶ Written confirmation that all covered persons are independent;</p> <p>▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;</p> <p>▶ Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and</p> <p>▶ An opportunity to discuss auditor independence issues.</p>

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

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

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

Relationships, services and related threats and safeguards

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

Overall Assessment

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

Self interest threats

A self interest threat arises when EY has financial or other interests in the Council. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with the Council. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved.

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

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

Self review threats

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

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

Management threats

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

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

Other threats

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

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

Other communications

EY Transparency Report 2017

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

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year ended 1 July 2017 and can be found here:

<http://www.ey.com/uk/en/about-us/ey-uk-transparency-report-2017>



09

Appendices



Appendix A

Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government.

PSAA has published a scale fee for all relevant bodies. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the NAO Code.

	Planned fee 2017/18	Scale fee 2017/18	Final Fee 2016/17
	£'s	£'s	£'s
Total Fee - Code work	43,767	43,767	43,767
Total audit	43,767	43,767	43,767
Other non-audit services not covered above (Housing Benefits)	24,722	24,722	22,582
Total other non-audit services	24,722	24,722	22,582
Total fees	68,489	68,489	66,349

All fees exclude VAT

The agreed fee presented is based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our accounts opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Council; and
- ▶ The Council has an effective control environment.

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

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

Regulatory update




In previous reports to the Performance and Audit Scrutiny Committee, we highlighted the issue of regulatory developments. The following table summarises progress on implementation:

Earlier deadline for production and audit of the financial statements from 2017/18	
Proposed effective date	Effective for annual periods beginning on or after 1 April 2017.
Details	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.
Impact on St. Edmundsbury Borough Council	<p>These changes provide challenges for both the preparers and the auditors of the financial statements.</p> <p>We held a faster close workshop for clients in November 2017 to facilitate early discussion and sharing of ideas and good practice.</p> <p>We are now working with the Council on ideas coming from the workshop, for example:</p> <ul style="list-style-type: none"> • Streamlining the Statement of Accounts removing all non-material disclosure notes; • Bringing forward the commissioning and production of key externally provided information such as IAS 19 pension information, asset valuations; • Providing training to departmental finance staff regarding the requirements and implications of earlier closedown; • Re-ordering tasks from year-end to monthly/quarterly timing, reducing year-end pressure; • Establishing and agreeing working materiality amounts with the auditors.



Appendix C

Required communications with the Performance and Audit Scrutiny Committee

We have detailed the communications that we must provide to the Performance and Audit Scrutiny Committee.




			 Our Reporting to you
Required communications	 What is reported?	 When and where	
Terms of engagement	Confirmation by the Performance and Audit Scrutiny Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.	
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.	
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team	Audit planning report -31 January 2018	
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit Results Report	

Required communications with the Performance and Audit Scrutiny Committee

Required communications	 What is reported?	 When and where
Going concern Financial statements	Events or conditions identified that may cast significant doubt on the entity’s ability to continue as a going concern, including: <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	Audit Results Report
	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Corrected misstatements that are significant ▶ Material misstatements corrected by management 	Audit Results Report
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of Performance and Audit Scrutiny Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ A discussion of any other matters related to fraud 	Audit Results Report
Related parties	<ul style="list-style-type: none"> ▶ Significant matters arising during the audit in connection with the entity’s related parties including, when applicable: <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	Audit Results Report




Appendix C

Required communications with the Performance and Audit Scrutiny Committee (continued)

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence 	Audit Planning Report and Audit Results Report
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	Audit Results Report
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▶ Enquiry of the Performance and Audit Scrutiny Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Performance and Audit Scrutiny Committee may be aware of 	Audit Results Report
Internal controls	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit 	Annual Audit Letter/Audit Results Report

Appendix C

Required communications with the Performance and Audit Scrutiny Committee (continued)

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Representations	Written representations we are requesting from management and/or those charged with governance	Audit Results Report
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit Results Report
Auditors report	<ul style="list-style-type: none"> ▶ Key audit matters that we will include in our auditor's report ▶ Any circumstances identified that affect the form and content of our auditor's report 	Audit Results Report
Fee Reporting	<ul style="list-style-type: none"> ▶ Breakdown of fee information when the audit plan is agreed ▶ Breakdown of fee information at the completion of the audit ▶ Any non-audit work 	Audit planning report Audit Results Report
Certification work	Summary of certification work undertaken	Certification report

Additional audit information

Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting.
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Council to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, including the board's statement that the annual report is fair, balanced and understandable,
- ▶ The Performance and Audit Scrutiny Committee reporting appropriately addresses matters communicated by us to the Performance and Audit Scrutiny Committee
- ▶ and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- ▶ Maintaining auditor independence.

Additional audit information (continued)

Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines:

- ▶ The level of work performed on individual account balances and financial statement disclosures.

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

Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Decision Relating to Complaint to Local Government Ombudsman	
Report No:	PAS/SE/18/008	
Report to and date:	Performance and Audit Scrutiny Committee	31 January 2018
Portfolio holder:	Councillor Alaric Pugh Portfolio Holder for Planning and Growth Tel: 07930460899 Email: alaric.pugh@stedsbc.gov.uk	
Lead officer:	David Collinson Assistant Director (Planning and Regulatory Services) Tel: 01284 757306 Email: david.collinson@westsuffolk.gov.uk	
Purpose of report:	To inform the Committee of the details of a complaint the Local Government Ombudsman received in relation to the Local Planning Authority failing to notify Mr X about two planning applications and failing to keep Mr X updated on some of the actions it was taking.	
Recommendation:	<p>It is RECOMMENDED that the Performance and Audit Scrutiny Committee:</p> <p>Note the action taken by the Assistant Director (Planning and Regulatory Services) to remedy the findings of the Local Government Ombudsman following a complaint made to him in relation to the Planning Authority's lack of consultation relating to two applications and failure to keep the complainant updated.</p>	

Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>		<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	
Consultation:		Local Government Ombudsman	
Alternative option(s):		<ul style="list-style-type: none"> • Do nothing. • Accept the findings of the Local Government Ombudsman (LGO). 	
Implications:			
<i>Are there any financial implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • The budget of £400	
<i>Are there any staffing implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • Internal resources dealing with the complaint.	
<i>Are there any ICT implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
<i>Are there any legal and/or policy implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • Providing advice on the options and actions being considered	
<i>Are there any equality implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
Not to comply with the LGO suggest remedy	High	Comply with the LGO remedy	Low
Reputational Challenge	High	Comply with the LGO remedy	Low
Wards affected:		All	
Background papers:		Local Government Ombudsman Complaint reference: 16 019 067	
Documents attached:		None	

1. Key issues and reasons for recommendation

1.1 Context

1.1.1 As councils, we always endeavour to provide our services to the highest standards, ensuring our customers receive the service they would expect. However, periodically, in a small number of cases, things can and do go wrong and wherever that is the case, we seek to take appropriate remedy to redress the situation.

1.1.2 As part of the balanced scorecard reviews, the Performance and Audit Scrutiny Committee receive reports on the general numbers of complaints and compliments upheld. The Committee also has responsibility for receiving complaints that have been upheld by the Local Government Ombudsman (LGO).

1.1.3 Where someone is dissatisfied with the service provided by the Council, they may submit a complaint which is dealt with through the standard corporate process. If they are unhappy with the response, this will be referred to the Council's legal team, who will then provide an independent perspective on the matter. If they wish to pursue their complaint further, then they are entitled to refer the matter to the LGO.

1.1.4 Each year, the Council is provided a report by the LGO on the number of complaints it has received and upheld. Whilst the LGO provides cumulative statistics across all Councils, it does not provide averages and as such it is difficult to compare our performance against others. However, across both Councils, approx. 2,500 planning applications are received each year, and 8 complaints were made to the LGO; 3 of these were upheld (0.0001%). In total, 12 complaints were made in respect of all St Edmundsbury services last year, of which 3 were upheld; as the faults were minor, a remedy was only deemed necessary in one case.

2. Summary of the Complaint

2.1.1 Mr X's family own a property that was, until 2004, part of an operational farm. The farm included a farmyard with two barns which Mr X's family sold in 2004. The Council had granted planning permission for a change of use of the barns to office use but this had not been implemented.

2.1.2 In July 2014 the owners of the barn (hereafter referred to as the applicants) submitted a prior approval application to the Council. The application sought permission to convert the barns into two dwellinghouses and for associated works. The applicants' agent had previously worked for the Council.

2.1.3 The Council notified Mr X's family and the parish council. Mr X's family objected to the application saying it would be detrimental to the amenity of their property. The parish council also objected saying a change to office use would be more beneficial for the area or conversion into three dwellinghouses would be more in keeping with the character of the area.

2.1.4 The Council's planning officers produced a report on the application. The report explained the Council's view that the proposal would not adversely harm the

amenity of Mr X's family's property. However, the Council concluded that prior approval would be required to consider possible contamination at the site.

2.1.5 A further prior approval application was submitted for the same proposal in December. Neither the parish council nor Mr X's family were notified about the application. Mr X says his family would have objected to the application on the same grounds as the earlier application saying that it would be detrimental to the amenity of their home.

2.1.6 The Council considered the application and decided to give the proposal conditional prior approval.

2.1.7 In March 2015 the Council received a planning application for the site seeking a change of use of the land from agricultural to domestic use. Mr X's family were not notified about the application.

2.1.8 The Council considered the application and granted conditional planning permission.

2.1.9 Mr X learnt about the latter two applications for the site in February 2016. He contacted the Council to discuss his concerns. Mr X instructed legal representatives to assist him in this matter. They wrote to the Council setting out concerns about the Council's decision that the barns met the criteria set out in Class Q of the legislation. They said the barns had not been in agricultural use since 2005. They also said the total floor area of the two barns might exceed the 450 square metre limit set out in the legislation. They said this was supported by discrepancies in plans submitted with the applications in 2004 and 2010.

2.1.10 Correspondence between the Council and Mr X and his representatives ensued. During this time concerns were reported to the Council that works at the site included new structural elements that indicated the barns were not being converted but rebuilt contrary to the permission granted. Mr X's family also supplied affidavits regarding the use of the barns. The Council undertook to investigate these concerns and those set out above as part of an enforcement investigation. Mr X and the applicants had the opportunity to supply information.

2.1.11 Following its investigation, the Council concluded that the storage of items in the barns did not represent a material change of use and therefore the last use of the barns was agricultural. It also decided the area of the barns did not exceed 450 square metres.

2.1.12 The Council also considered the issue of the works at the site. It concluded that, although additional steel supports had been added to the barns, these did not constitute development. Further, even if they were considered development, the supports did not alter the external appearance of the barns and so would not represent a breach of the regulations. The Council sent a report of its findings to Mr X's representatives.

2.1.13 Mr X's and his representatives disagreed with the Council's conclusions and reiterated their earlier views and provided examples of similar cases supporting their view. They also provided new evidence of possible breaches at

the site to the Council.

2.1.14

In response the Council instigated a further enforcement investigation. This included a meeting in September with Mr X and various council officers including the enforcement officer and head of planning. There are no minutes of the meeting. Mr X says the Council undertook to speak with the applicants to see if measures could be implemented to reduce the impact of the development on his family's property. The Council also agreed that it had not met its obligations regarding the notification of the later two applications for the site. It had not previously admitted this failing. A letter sent to Mr X in September acknowledged this failure in writing and, following a discussion with the Ombudsman, the Council offered Mr X £400 in compensation for the loss of opportunity to comment. Mr X did not accept the offer.

2.1.15

Meanwhile the Council continued to investigate enforcement matters. It visited the site, sought information from the applicants and from engineers. In November the Council set out its findings in a report sent to Mr X's representatives. The Council concluded that works at the barn did not constitute a breach of the planning controls. It explained that the engineers' report it commissioned did not find the barns were unsuitable for conversion or that they were structurally unsound. It also explained the guidance allows works to the walls and roof and so, in the spirit of the legislation, it did not consider the elements providing structural support to the buildings amounted to a breach. It also reiterated that internal works did not constitute development. Lastly the Council explained that, even if the works were considered to be a breach, it did not consider they caused any harm and therefore it would not be expedient to take enforcement action.

2.1.16

Mr X and his representatives continued to disagree with the Council's decision.

2.1.17

During this period Mr X had also submitted a Freedom of Information (FOI) request regarding the Council's previous employment of the applicants' agent. The Council confirmed, after some correspondence, that the agent was a contracted consultant hired by the Council for just over a year.

2.1.18

In June 2017 Mr X made further reports about works at the site constituting a departure from the regulations.

2.1.20

The Council visited the site and decided that further investigation was warranted. It issued the applicants with a Temporary Stop Notice (TSN) thereby halting works to the smaller barn while it investigated. Mr X was

2.1.21

notified of this action.

In August the Council told Mr X it was satisfied that enough of the original structure of the larger barn remained. Therefore no planning breach had occurred and works could continue. However, it said it did not consider enough of the original structure of the smaller barn remained and so it considered this to be a new building for which planning permission would be required. The Council advised Mr X it would consider what enforcement action to take and

2.1.22

notify him in due course.

In September the Council notified Mr X that the applicants had applied for planning permission for the construction/retention of the small barn as a

3. domestic outbuilding associated with the residential occupation of the large barn.

3.1

Ombudsman's Decision

3.2 The LGO accepted that the Council's fault was not in dispute. The Council had already admitted that it should have consulted with Mr X's family on two occasions and it did not do so. In responding to Mr X's complaint under the Council's own complaints procedure and in consultation with the LGO, the Council recognised the fault in the failure to consult, apologised and offered Mr X £400 in compensation for the uncertainty and outrage caused to his family. Mr X declined this offer and complained to the LGO.

3.3 The LGO also found evidence of fault by the Council for not keeping Mr X informed about developments on some occasions. This has caused Mr X and his family consternation as to what, if anything, was being done and necessitated avoidable contact by him and his representatives. The LGO recommended the Council writes to Mr X apologising to him. The Council agreed.

The LGO concluded as follows:

4. *I have found evidence of fault by the Council in its failure to notify Mr X and his family about two planning applications and for failing to keep him updated on the actions it was taking regarding his concerns. The Ombudsman did not find any fault with the Council's consideration of Mr X's reports of breaches of planning control. It is not for us to decide the law and so I have come to no view on the Council's interpretation of the regulations. For these reasons I have ended my consideration of this complaint.*

4.1

Agreed Remedy

4.2

For these reasons, the LGO considers Mr X and his family have been caused an injustice.

To address the above injustice the LGO recommends the Council:

5. • Writes to Mr X and the Ombudsman explaining why he was not notified and what action it is taking to prevent any reoccurrence of this failing; and

5.1 • Pays Mr X £400 in recognition of the uncertainty and outrage caused to him and his family.

Outcome/Update

A letter of apology has been written to Mr X, with an explanation regarding the lack of notification for the two applications. Measures have also been put in place to ensure this kind of error does not occur again. At the time of writing this report Mr X had not taken up the offer of the compensation payment.

Treasury Management Sub-Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Treasury Management Report 2017-2018 and Investment Activity (1 April to 31 December 2017)	
Report No:	TMS/SE/18/001	
Report to and dates:	Treasury Management Sub-Committee	22 January 2018
	Performance and Audit Scrutiny Committee	31 January 2018
	Cabinet	6 February 2018
	Council	20 February 2018
Portfolio holder:	Ian Holder 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 present the Council's third Quarter Treasury Management Report summarising the investment activities for the period 1 April 2017 to 31 December 2017.	

Recommendation	<p>It is RECOMMENDED that, the Treasury Management Sub-Committee:</p> <p>(1) Scrutinise the content of this report, including details of the treasury management performance for the first nine months of 2017-2018 financial year; and</p> <p>(2) Make recommendations, as appropriate, via the Performance and Audit Scrutiny Committee to Cabinet and Council regarding the approval of the attached Treasury Management Report 2017-2018 for the period 1 April to 31 December 2017 (Appendix 1 refers).</p>
Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>
Consultation:	<ul style="list-style-type: none"> Treasury management activities are undertaken in consultation with Link Asset Services (previously called 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 continuation of in-house management of funds, and the approach to be adopted in establishing the creditworthiness of potential counterparties. The changing nature of the economic climate requires that these key areas are subject on-going review.
Implications:	
<i>Are there any financial implications? If yes, please give details</i>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> Please refer to main report
<i>Are there any staffing implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none">

<i>Are there any ICT implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
<i>Are there any legal and/or policy implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> This report is in-line with the Treasury Management Practice 6, (TMP6), of the Treasury Management Code of Practice. 	
<i>Are there any equality implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
	Low/Medium/ High*		Low/Medium/ High*
Fluctuation in interest rates or in projected cash flows having significant impact on budgeted investment income.	High	Spread of investments for periods of up to two years. Budget monitoring and quarterly performance reports. Use of interest equalisation reserve to smooth out year on year fluctuations.	Medium
Bank / building society failure resulting in loss of Council funds.	High	Use of Link Asset Services (previously called Capita) advice on counterparty credit ratings (based on Fitch and Moody ratings) and the setting of lending limits. Use of non-rated building societies based on asset base and additional credit checks.	Medium
Ward(s) affected:		All Ward	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		Annual Treasury Management and Investment Strategy 2017/18. (Report COU.SE.17.002 refers)	
Documents attached:		Appendix 1 – Third Quarter Treasury Management Report 2017-2018	

1. Third Quarter Treasury Management Report 2017-2018

- 1.1 Full details of treasury management activities during the period 1 April to 31 December 2017 are included in **Appendix 1** of this report.
- 1.2 Below is a summary of those investment activities:

INTEREST EARNED AND AVERAGE RATE OF RETURN SUMMARY			
	Budget	Actual	Difference
Investment Interest Earned	£189,750	£226,427	+ £36,677
Average Rate of Return	0.55%	0.56%	+0.01%

- 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 31 December 2017 we held £44,750,000 of investments.

INVESTMENT ACTIVITY SUMMARY	
	2017/2018 £
Opening Balance 01 April 2017	46,350,000
Investments made during the year (including transfers to business reserve accounts)	90,600,000
Sub Total	136,950,000
Investments realised during the year (including withdrawals from business reserve accounts)	92,200,000
Closing Balance 31 December 2017	44,750,000

Summary of Funds held	
Fund	£
Earmarked Revenue Reserves *	20,948,821
Capital Receipts Reserves *	13,820,769
General Fund Reserve	3,035,695
Cash flow Balances (held on behalf of others)	6,944,715
Total Value of Investments	44,750,000

* these funds will be utilised through the Council's 5 year financial planning period

2. **Borrowings and Temporary Loans**

- 2.1 The Council had no borrowings or temporary loans 31 December 2017.

3rd Quarter 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 a 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. Interest Rates and Market Activity

- 3.1 As a result of the Monetary Policy Committee (MPC) meeting on 2 November 2017, the Bank of England increased the bank's Base Rate to 0.50%. Our advisors, Link Asset Services, (formally Capita) have commented that "as there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts", they have however predicted that the Bank of England are likely to incrementally increase the Base Rate to around 1% by 2020. The knock on effect of this for the Council is continuing uncertainty on 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%.
- 3.2 Markets will continue to be closely monitored and higher rates of return secured whenever possible.

4. The Council's Lending Criteria 2017/18

- 4.1 The Council's Annual Treasury Management and Investment Strategy requires that deposits are only placed with a limited number of high quality banks and building societies whose credit rating is independently assessed as sufficiently secure by the Council's treasury advisers or, for non-rated building societies, subject to their meeting minimum financial criteria (based on asset base size).
- 4.2 The unprecedented nature of the current economic climate has forced local authorities to keep their lending criteria under constant review to ensure that the balance between security of capital, liquidity of investments and yield on investment income is adequately maintained.
- 4.3 The below tables shows the credit criteria applicable at the 31 December 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 50% 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 01/04/2017
Red	£11m for max of 1 year (subject to max 50% 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 01/04/2017
Asset base > £2,500m	£6m for max 6 months
Asset base > £1,000m	£5m for max 6 months

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

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

5 Compliance with Treasury Management Strategy and Code of Practice

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

6 Interest Earned from Treasury Investments during the period 1 April to 31 December 2017

- 6.1 The table below summaries the interest earned during the period 1 April to 31 December, 2017 on the various Treasury Investments held by the Council;

TREASURY MANAGEMENT – INTEREST EARNED SUMMARY	
	£
Temporary Investments – Term Deposits	167,068
Bank of Scotland Current Account	463
Barclays Reserve Account	27
NatWest Call Account	272
Santander 365 Day Account	58,597
TOTAL INTEREST EARNED/ACCRUED	£226,427

- 6.2 The budgeted income from investments for the period 1 April to 31 December 2017 was £189,750 (average rate of return of 0.55%). Interest actually earned during the period totalled £226,424 (average rate of return 0.562%), an over-achievement of interest of £36,677 and an over-achievement of 0.012% on the average rate of return.
- 6.3 The over-achievement of interest earned was primarily due to higher cash balances being available for investment than expected. These increases in balances are due to timing differences in the collection and payment of Council Tax, NNDR and other revenue streams, and underspends relating to the budgeted capital programme.
- 6.4 By year end it is predicted that interest earned will exceed the originally budgeted figure by approximately £32k, this is mainly due to higher cash balances as the predicted average rate of return remains at 0.55%.

7. Investment Activity during the period 1 April to 31 December 2017

- 7.1 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)	90,600,000
Sub Total	136,950,000
Investments realised during the year (including withdrawals from business reserve accounts)	92,200,000
Closing Balance 31 December 2017*	44,750,000

*a summary of the breakdown of these funds is available in paragraph 9 of this report

- 7.2 Investments were made with counterparties that met the agreed lending criteria and investment periods. Investment periods range from overnight to one year, dependent on the Council's cash flows, the view on interest rates and the actual interest rates on offer.
- 7.3 Where possible, investments were made in 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.
- 7.4 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, NatWest and Bank of Scotland. As at 31 December 2017 £1.75m was held in these accounts at an average interest rate of 0.15%.
- 7.5 The table below shows the investments held as at 31 December 2017;

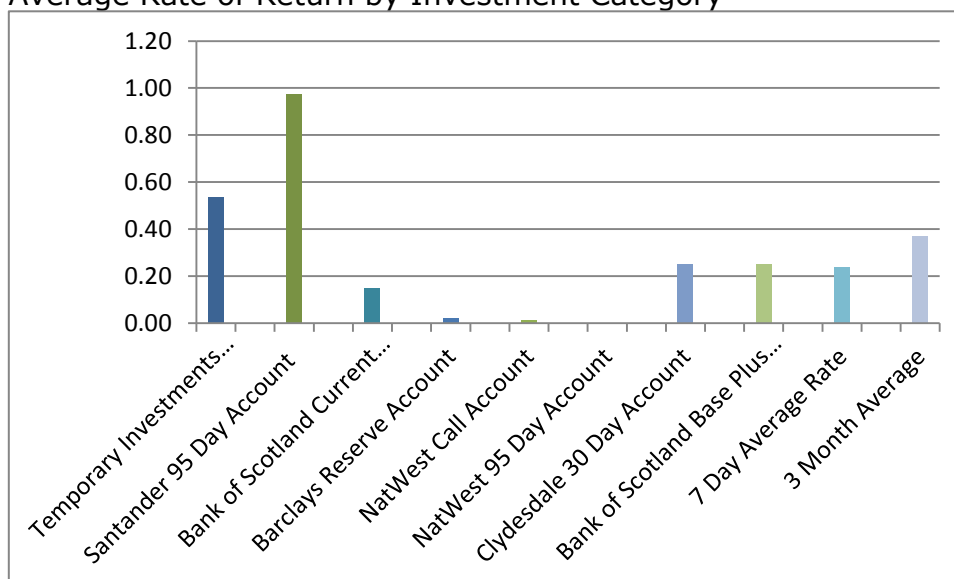
Investments held as at 30 September 2017				
Counterparty	Principal Amount	Interest Rate	Date Loaned	Date Returned
Bank of Scotland	5,000,000	0.90%	13/02/17	12/02/18
Skipton B/Society	2,500,000	0.65%	02/06/17	19/03/18
Skipton B/Society	3,000,000	0.77%	05/06/17	05/06/18
Newcastle B/Society	6,000,000	0.65%	03/07/17	15/03/18
Coventry B/Society	1,000,000	0.24%	01/09/17	15/01/18
National Counties B/Soc	1,000,000	0.39%	02/10/17	15/01/18
National Counties B/Soc	1,500,000	0.47%	02/10/17	15/02/18
Principality B/Society	1,000,000	0.29%	16/10/17	12/02/18
Yorkshire B/Society	5,000,000	0.20%	01/11/17	22/01/18
Nottingham B/Society	3,000,000	0.47%	01/11/17	19/03/18
Nottingham B/Society	1,000,000	0.52%	01/12/17	07/03/18
Coventry B/Society	2,000,000	0.37%	01/12/17	19/02/18
Yorkshire B/Society	2,000,000	0.40%	01/12/17	19/02/18
Principality B/Society	1,000,000	0.52%	07/12/17	03/04/18
Santander 365 Day	8,000,000	0.95%	365 day	notice
Bank of Scotland	1,350,000	0.15%	Call	
Barclays Reserve	100,000	0.01%	Call	
NatWest Call Account	300,000	0.01%	Call	
TOTAL	44,750,000			

8. Average Rate of Return Comparison

- 8.1 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	Qtr 3
Temporary Investments	0.594%	0.552%	0.534%
Santander 365 Day	1.017%	0.983%	0.972%
Bank of Scotland C/Acc	0.100%	0.150%	0.150%
Barclays Reserve	0.100%	0.026%	0.021%
NatWest Call Account	0.010%	0.010%	0.011%
7 Day Average	0.37%	0.24%	0.29%
3 Month Average	0.48%	0.30%	0.36%
Overall Average return on Investments	0.607%	0.575%	0.562%

Average Rate of Return by Investment Category



9. Summary of Funds Held

- 9.1 The table below shows a summary of the funds held as at 31 December 2017

Summary of Funds held	
Fund	£
Earmarked Revenue Reserves *	20,948,821
Capital Receipts Reserves *	13,820,769
General Fund Reserve	3,035,695
Cash flow Balances (held on behalf of others)	6,944,715
Total Value of Investments	44,750,000

*these funds will be utilised through the Council's 5 year financial planning period

10. Borrowing

- 10.1 As at 31 December 2017 the Council had no external debt.

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Treasury Management Sub-Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Treasury Management Policy Statement and Investment Strategy 2018-2019 and Treasury Management Code of Practice	
Report No:	TMS/SE/18/002	
Report to and dates:	Treasury Management Sub-Committee	22 January 2018
	Performance and Audit Scrutiny Committee	31 January 2018
	Cabinet	6 February 2018
	Council	20 February 2018
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 seek approval of the Treasury Management Policy Statement and Investment Strategy 2018/19 (including Treasury related Prudential Indicators) and Treasury Management Code of Practice.	

Recommendation:	<p>The Treasury Management Sub-Committee is asked to (<i>via the Performance and Audit Scrutiny Committee</i>):</p> <p>(1) Make recommendations to Cabinet and Council regarding the <u>adoption</u> of updated (December 2017) Treasury Management in the Public Services Code of Practice and Cross-Sectional Guidance Notes.</p> <p>(2) Make recommendations to Cabinet and Council regarding the <u>approval</u> of the Treasury Management Policy Statement and Investment Strategy 2018-2019 (as set out in Appendix 1); and</p> <p>(3) Make recommendations to Cabinet and Council regarding the <u>approval</u> of the Treasury Management Code of Practice (as set out in Appendix 2).</p>
Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>	<p><i>Is this a Key Decision and, if so, under which definition?</i></p> <p>Yes, it is a Key Decision - <input type="checkbox"/></p> <p>No, it is not a Key Decision - <input checked="" type="checkbox"/></p>
Consultation:	<ul style="list-style-type: none"> • Treasury management activities are currently undertaken in consultation with Sector (Capita), (the Councils appointed Treasury Management advisers) and also takes into account information obtained from investment brokers and other economic commentators. The committee provides for the scrutiny of treasury management strategies and performance, with changes in strategies and policies subject to approval by Cabinet and full Council.
Alternative option(s):	<ul style="list-style-type: none"> • Options for the management of Council investments are formally considered within the Annual Treasury Management and Investment Strategy.
Implications:	
<p><i>Are there any financial implications?</i> <i>If yes, please give details</i></p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> • Total budgeted interest receipts from investments, included in the MTFs, for 2018/19 is 308k
<p><i>Are there any staffing implications?</i> <i>If yes, please give details</i></p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <ul style="list-style-type: none"> •
<p><i>Are there any ICT implications? If yes, please give details</i></p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <ul style="list-style-type: none"> •

<i>Are there any legal and/or policy implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
<i>Are there any equality implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
	Low/Medium/ High*		Low/Medium/ High*
Fluctuations in interest rates or in projected cash flows having significant impact on budgeted investment income.	High	Spread of investments for periods of up to two years. Budget monitoring and quarterly performance reports. Use of interest equalisation reserve to smooth out year-on-year fluctuations.	Medium
Bank and building society failure resulting in loss of Council funds.	High	Use of Sector advice on counterparty credit ratings (based on Fitch, S&P and Moody ratings) and the setting of lending limits. Use of non-rated building societies based on asset base and additional credit checks.	Medium
Ward(s) affected:		All Ward	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		Annual Treasury Management and Investment Strategy 2017/18 (TMS.SE.17.002 and Appendix 1) Treasury Management Code of Practice 2017/18 (TMS.SE.17.002 - Appendix 2)	
Documents attached:		Appendix 1 – Treasury Management Policy Statement and Investment Strategy 2018-2019. Appendix 2 – Treasury Management Code of Practice 2018-2019.	

1. Key issues and reasons for recommendations

1.1 Treasury Management Policy Statement and Investment Strategy

- 1.1.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management Code of Practice requires that, prior to the start of each financial year, the Council formally approve a Treasury Management Policy Statement and Investment Strategy which sets out its treasury management policy and strategy for the forthcoming year.
- 1.1.2 The purpose of this report is to present those strategy statements to the Treasury Management Sub-Committee for consideration.

1.2 Treasury Management Code of Practice

- 1.2.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) recommend that all Councils adopt a Treasury Management Code of Practice based on the treasury management practices published by CIPFA and guidance issued in their Code of Practice.
- 1.2.2 Adherence to the principles of the CIPFA Code should ensure that Treasury Management activities within the Council are effectively managed and adequately controlled.

1.3 Major changes between the 2017/2018 Strategy and Code of Practice and the new 2018/2019 Strategy and Code of Practice

- 1.3.1 In December 2017 CIPFA issued an updated Treasury Management in the Public Services Code of Practice and Cross-Sectional Guidance Notes. Consequently the Council has updated its Strategy in line with these.
- 1.3.2 The main changes to the Strategy are as follows:
- the four clauses to be formally adopted have been updated
 - an additional section has been added for 'investments that are not part of treasury management activity'
- 1.3.3 The main changes to the Code of Practice are as follows:
- Introduction – updated to reference new CIPFA Treasury Management Code 2017
 - Definitions – updated to include 'investments' definition
 - Requirements for operation of the code – removed section as duplicated elsewhere in the Code of Practice or in Treasury Management Policy Statement and Investment Strategy
 - Treasury Management Policy Statement – removed section as duplicated in Treasury Management Policy Statement and Investment Strategy
 - Treasury management Practices
 - TMP 1 general statement – updated to reference due diligence
 - TMP 1 all the subsections have slightly updated wording
 - TMP 1 (5) Inflation Risk – has been renumbered previously TMP1 subsection (9)

- Previous Market Risk Management TMP has been replaced with TMP 1 (9) Price Risk Management and has updated wording
- TMP 4 – updated with sentence about use of derivatives and compliance with MiFID II
- TMP 6 – addition paragraph regarding regular monitoring reports
- Section added for ‘investments that are not part of treasury management activity’ – links to the new requirement for a Capital Strategy

2. Interest Rate Projections

2.1 The following table shows the revised interest rate projections from Link Asset Services (the Council’s advisors) based on the current economic climate.

	Previous Strategy	New Strategy
2018/19	0.70%	0.60%
2019/20	0.70%	0.90%
2020/21	0.75%	1.25%
2021/22		1.50%

3. Counterparty Ratings

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

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

Link 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 50% 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

3.1.3 ***Lending Criteria – Rated Building Societies***

Link Colour Code Key	Maximum Duration / Investment Values
Red	£11m for max of 1 year (subject to max 35% of portfolio)
Green	£7m for max of 1 year (subject to max 30% of portfolio)

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

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

3.1.5 Please see the Treasury Management Policy Statement and Investment Strategy 2018/2019, (**Appendix 1**) and Treasury Management Code of Practice (**Appendix 2**) for full details.

**ST EDMUNDSBURY
BOROUGH COUNCIL**

***TREASURY
MANAGEMENT POLICY
STATEMENT &
INVESTMENT STRATEGY
2018/2019***

To be approved at Council 20 February 2018

TREASURY MANAGEMENT POLICY STATEMENT 2018/2019

1. The Council defines its treasury management activities as:

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

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

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

4. The Council’s high level policies for borrowing and investments are detailed in the Investment Strategy paragraphs below.

INVESTMENT STRATEGY 2018/19

Introduction

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

6. The Chartered Institute of Public Finance and Accountancy’s (CIPFA) Treasury Management Code of Practice also sets out various requirements for the Council to meet including adoption of the following four clauses:

- The Council will create and maintain, as the cornerstones of effective treasury management:
 - a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
 - suitable treasury management practices (TMP’s), setting out the manner in which the council will seek to achieve those policies and objectives, and prescribing how it will management and control those activities

The content of the policy statement and TMP’s will follow the recommendations contained in Sections 6 & 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of the council. Such amendments will not result in the council materially deviating from the Code’s key principles.

- The Council (ie full council) will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMP's.
 - The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Treasury Management Sub-Committee and for the execution and administration of treasury management decisions to the Section 151 Officer, who will act in accordance with the organisation's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
 - This organisation nominates the Performance and Audit Scrutiny Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.
7. The Council's general policy objective is to invest surplus funds prudently. The Council's investment priorities are; security and liquidity of the capital at an optimum yield which is commensurate with security and liquidity.

Risk Management

8. The Council regards the successful identification, monitoring and control of risk to be prime criteria by which the effectiveness of its Treasury Management activities will be measured. The main risks to the Council's treasury activities are:
- Credit and Counterparty Risk – Security of the Council's Investments.
 - Market or Interest Rate Risk – Fluctuations in interest rate levels and thereby in the value of investments.
 - Liquidity Risk – Inadequate cash resources.
 - Inflation Risk – Exposure to inflation.
 - Legal and Regulatory Risk – Non compliance with Statutory and Regulatory requirements and the risk of fraud.
9. The above risks have been taken into account when setting the proposed Treasury Management Policy Statement and Investment Strategy. The risk that remains the Council's primary focus is that around the credit and counterparty risk and potential loss of its investments in a similar way to that following the Icelandic Banks collapse. The controls that the Strategy require are:
- credit worthiness checks of counterparties through the Council's external treasury advisor, Link Asset Services (previously known as Capita Asset Services) or
 - Asset Value checks assisting the Council to manage this risk.
10. Officers also have access, through the Council's treasury advisor, to real time market advice and expertise.
11. Further risk centres on the loss of interest receipts through decreased interest rates which has a direct impact on the Medium Term Financial Strategy (MTFS). Should the market move in an adverse direction, the actual receipts will be lower than forecast budgets and therefore have a detrimental effect on this revenue income stream to the MTFS. In the current climate this is a high risk for the Council but beyond its

control. The position will be monitored and actual interest receipts against forecast will be reported through Leadership Team and Performance, Audit and Scrutiny Committee, the outcome of which may require the Council to revise its MTFs accordingly.

12. Given the current volatility in financial markets and the performance of institutions, it is probable that status changes may occur during the next 12 months. Accordingly it may be necessary for Officers to update Members verbally as to the impact of these changes and, if appropriate, on alternative courses of action which may have to be considered in order for the Council to have worthwhile investment opportunities during the year.

Scheme of delegation and the role of the Section 151 officer

13. The Section 151 Officer, or Deputy Section 151 Officer, has delegated responsibility under the Treasury Management Code of Practice for the execution and administration of treasury management decisions.

14. The Section 151 Officer or Deputy Section 151 Officer may delegate their treasury management responsibilities to members of their staff. The full scheme of delegation can be found in the Council's Treasury Management Code of Practice (in the section TMP5 – Organisation, Clarity and Segregation of Responsibilities, and Dealing Arrangements).

15. Staff that have responsibility for the treasury function are required to have sufficient knowledge and expertise in treasury management to be able to understand and critically consider the advice provided by the Council's treasury consultants.

16. The training needs of staff are considered on a regular basis as part of the Council's appraisal process. The Section 151 Officer or Deputy Section 151 Officer will ensure that treasury management staff receive appropriate training and have the necessary skills to be able to undertake their duties effectively.

Use of External Brokers/Advisors/Fund Managers

17. The Council has approval for the use of fund managers, brokers and/or advisors.

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

Creditworthiness Policy & Lending Criteria

19. The Council needs to set investment criteria for its investments based on who is an appropriate institution to hold the Council deposits. Ideally any counterparty policy should spread investments over the maximum number of counterparties, who vary in type i.e. building societies or banks. However, the key concern of the counterparty policy is to manage risk in a practical way rather than stick to a theoretical ideal.

Usually those organisations or types of investments with the lower risk (best credit worthiness) are those that pay the lowest returns, those with lower credit worthiness have to pay the higher returns to attract investors. Therefore the Council must strike a balance of risk and return.

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

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

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

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

Lending Criteria - Rated Banks and Investment Scheme

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

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

Lending Criteria – Rated Building Societies

Capita Colour Code Key	Maximum Duration / Investment Values
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)

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

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

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

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

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

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

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

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

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

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

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

Investment Security - Specified and Unspecified Investments

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

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

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

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

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

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

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

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

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

Investment Liquidity - Longer Term Investments

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

- No more than £20M (nominal) can be invested for periods of 1 year or longer.

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

On any day:

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

Borrowing/External Debt

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

35. The Council's external debt as at 31 December 2017 was as follows:-

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

Council's Banker

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

Balanced Budget Requirement

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

Future Interest Rates

38. The Bank of England increased the Official Base rate to 0.50% on 2 November 2017. It has remained at this rate since.

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

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

- 2018/19 – 0.60%
- 2019/20 – 0.90%
- 2020/21 – 1.25%
- 2021/22 – 1.50%

Total Investments

41. Please see the following table for full details of the investments held by the Council as at 31 December 2017.

Counterparty Name	Value £	Interest Rate %	Investment Date	Date of Return
BANK OF SCOTLAND ACCOUNT Bank of Scotland Call Account	1,350,000	0.150		
NATWEST ACCOUNTS NatWest Call Account NatWest 95 Day Notice Account	300,000 0	0.250 0.000		
BARCLAYS ACCOUNT Barclays Reserve Account	100,000	0.010		
SANTANDER ACCOUNT Santander UK 365 Day Notice Account	8,000,000	1.050	19-Oct-15	No notice
TEMPORARY INVESTMENTS				
Bank of Scotland	5,000,000	0.900	13-Feb-17	12-Feb-18
Skipton Building Society	2,500,000	0.650	02-Jun-17	19-Mar-18
Skipton Building Society	3,000,000	0.770	05-Jun-17	05-Jun-18
Newcastle Building Society	6,000,000	0.650	03-Jul-17	15-Mar-18
Coventry Building Society	1,000,000	0.240	01-Sep-17	15-Jan-18
National Counties Building Society	1,000,000	0.390	02-Oct-17	15-Jan-18
National Counties Building Society	1,500,000	0.470	02-Oct-17	15-Feb-18
Principality Building Society	1,000,000	0.290	16-Oct-17	12-Feb-18
Yorkshire Building Society	5,000,000	0.200	01-Nov-17	22-Jan-18
Nottingham Building Society	3,000,000	0.470	01-Nov-17	19-Mar-18
Nottingham Building Society	1,000,000	0.520	01-Dec-17	07-Mar-18
Coventry Building Society	2,000,000	0.370	01-Dec-17	19-Feb-18
Yorkshire Building Society	2,000,000	0.400	01-Dec-17	19-Feb-18
Principality building Society	1,000,000	0.520	07-Dec-17	03-Apr-18
TOTAL VALUE OF INVESTMENTS HELD	44,750,000			

Capital Finance

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

Treasury Management Code of Practice

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

Prudential Indicators

44.The Council’s overall Treasury Management Strategy and Code of Practice links into the Council’s Prudential Indicators and Minimum Revenue Provision Policy which are subject to separate reports to Council. A summary of the treasury related indicators is as follows, however these may be subject to change during the final budget setting processes. The final Prudential Indicator figures will be approved by Council in February:

	2017/18	2017/18	2018/19	2019/20	2020/21
TREASURY MANAGEMENT PRUDENTIAL INDICATORS	£000	£000	£000	£000	£000
	Approved	Revised	Estimate	Estimate	Estimate
Authorised limit for external debt -					
Borrowing	£14,359	£7,056	£38,778	£40,943	£40,943
Other long term liabilities	£0	£0	£0	£0	£0
TOTAL	£14,359	££7,056	£38,778	£40,943	£40,943
Operational boundary for external debt -					
Borrowing	£12,923	£6,350	£34,900	£36,858	£36,858
Other long term liabilities	£0	£0	£0	£0	£0
TOTAL	£12,923	£6,350	£34,900	£36,858	£36,858
Maturity Structure of Borrowing					
Upper Limit for % of borrowing maturing in:					
• Under 12 Months	100%	100%	100%	100%	100%
• 1 - 2 years	20%	20%	20%	20%	20%
• 2 - 5 years	20%	20%	20%	20%	20%
• 5 - 10 years	20%	20%	20%	20%	20%
• Over 10 years	100%	100%	100%	100%	100%
The lower limit for all periods	0%	0%	0%	0%	0%

Upper limit for fixed interest rate exposure expressed as a % of total investments	100%	100%	100%	100%	100%
Upper limit for variable rate exposure expressed as a % of total investments	60%	60%	60%	60%	60%
Upper limit for total principal sums invested for over 364 days (per maturity date)	£20,000,000	£20,000,000	£20,000,000	£20,000,000	£20,000,000

Investments That Are Not Part Of The Treasury Management Activity

45. In addition to treasury management investment activities, the Council may invest in other financial assets and property primarily for financial return, these investments will be proportional to the level of resources available to the Council and the Council will ensure that the same robust procedures for consideration of risk and return are applied to these decisions.

Management practices for non-treasury investments.

46. This Council recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activities includes loans supporting services outcomes, investments in subsidiaries, and investment property portfolios.

47. This Council will ensure that all council investments are covered in the capital strategy, investment strategy or equivalent, and will set out, where relevant, the organisation's risk appetite and specific policies and arrangements for non-treasury investments. It will recognise that the risk appetite for these activities may differ from that for treasury management.

48. The Council, in its Capital Strategy, will maintain a schedule setting out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the organisation's risk exposure.

49. The Council's Capital Strategy is held as a separate document which is approved by Council and is available on our website.

Forest Heath & St Edmundsbury councils


West Suffolk

working together

ST EDMUNDSBURY BOROUGH COUNCIL

Treasury Management

Code of Practice

To be approved at Council on 20 February 2018

INTRODUCTION

This Treasury Management Code of Practice has been compiled in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes 2017 ("the CIPFA Code").

Adherence to the principles of the CIPFA Code should ensure that Treasury Management activities within the authority are effectively managed and adequately controlled.

This Treasury Management Code of Practice has been written in conjunction with the Council's Treasury Management Policy Statement and Investment Strategy 2018/19.

Section 4H paragraphs 8.1 to 8.5 of the Council's Constitution also contains information regarding Treasury Management procedure rules, these are in line with this Code.

DEFINITIONS

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

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

'Investments' in the definition above covers all the financial assets of the Council, as well as other non-financial assets which the organisation holds primarily for financial returns, such as investment property portfolios. This may therefore include investments which are not managed as part of the normal treasury management or under treasury management delegations. All investments require an appropriate investment management and risk management framework under this Code.

PURPOSE OF THE CIPFA CODE

CIPFA produced the Code and the accompanying guidance notes to help satisfy nine main purposes:

- To assist public service organisations in the development and maintenance of firm foundations and clear objectives for their treasury management activities, and thereby to add to their credibility in the public eye.
- To emphasise the overriding importance of effective risk management as the foundation for treasury management in all public service bodies.
- To provide transparency for treasury management decisions including the use of counterparties and financial instruments that individual public service organisations intend to use for the prudent management of their financial affairs.
- To encourage the pursuit of value for money in treasury management, and to promote the reasoned use, development and appreciation of appropriate and practical measures of performance.

- To enable CIPFA Members to fulfil their professional and contractual responsibilities to the organisations they serve and, in accordance with the members' charter, "to maintain and develop the professional competence of both themselves and those they supervise".
- To help facilitate a standardisation and codification of treasury management policies and practices in the public services.
- To assist those involved in the regulation and review of treasury management in the public services, particularly those charged with the audit of the same.
- To foster a continuing debate on the relevance and currency of the statutory and regulatory regimes under which treasury management in the various parts of the public services operates.
- To further the understanding and confidence of, and to act as a reference work for, financial and other institutions whose businesses bring them into contact with the treasury management activities of public service organisations.

TREASURY MANAGEMENT PRACTICES

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

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

TMP 1 Risk Management

General Statement

This Council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that robust due diligence procedures will cover all external investments.

The Section 151 Officer or Deputy Section 151 Officer will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect, all in accordance with the procedures set out in TMP6 Reporting requirements and management information arrangements.

In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in the schedule to this document.

1. **Credit and Counterparty Risk Management**

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

The Council will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its treasury management investment activities to the instruments, methods and techniques referred to in TMP4 Approved instruments, methods and techniques and listed in the schedule to this document. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing or derivative arrangements.

2. **Liquidity Risk Management**

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

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

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

3. **Interest Rate Risk Management**

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

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

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

be subject to the consideration and, if required, approval of any policy or budgetary implications.

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

4. **Exchange Rate Risk Management**

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

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

5. **Inflation Risk Management**

Definition: *Inflation risk, also called purchasing power risk, is the chance that the cash flows from an investment won't be worth as much in the future because of changes in purchasing power due to inflation.*

The Council will keep under review the sensitivity of its treasury assets and liabilities to inflation, and will seek to manage the risk accordingly in the context of the Council's inflation exposures.

6. **Refinancing Risk Management**

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

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

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

7. **Legal and Regulatory Risk Management**

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

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

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

8. **Fraud, Error and Corruption, and Contingency Management**

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

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

9. **Price Risk Management**

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

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

TMP 2 Performance Management

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

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

management function will be measured using the criteria set out in the schedule to this document.

TMP 3 Decision-Making and Analysis

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

TMP 4 Approved Instruments, Methods and Techniques

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

Where this Council intends to use derivative instruments for the management of risks, these will be limited to those set out in its annual treasury strategy. The Council will seek proper advice and will consider that advice when entering into arrangements to use such products to ensure that it fully understands those products.

The Council has reviewed its classification with financial institutions under MiFID II and keeps a record of those organisations with which it is registered as a professional client and those with which it has an application outstanding to register as a professional client.

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

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

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

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

The Section 151 Officer or Deputy Section 151 Officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury

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

The Section 151 Officer or Deputy Section 151 Officer will ensure there is proper documentation for all deals and transactions and that procedures exist for the effective transmission of funds. The present arrangements are detailed in the schedule to this document.

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

TMP 6 Reporting Requirements and Management Information Arrangements

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

As a minimum, full Council will receive:

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

The committee to which some treasury management responsibilities are delegated, will receive regular monitoring reports on treasury management activities and risks.

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

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

The present arrangements and the form of these reports are detailed in the schedule to this document.

TMP 7 Budgeting, Accounting and Audit Arrangements

The Section 151 Officer or Deputy Section 151 Officer will prepare, and the Council will approve and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at minimum be those required by statute or regulation,

together with such information as will demonstrate compliance with TMP1 Risk management, TMP2 Performance measurement, and TMP4 Approved instruments, methods and techniques.

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

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

The Council will ensure that its auditors, and those charged with regulatory review, have access to all information and papers supporting the activities of the treasury management function as are necessary for the proper fulfilment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved practices.

TMP 8 Cash and Cash Flow Management

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

TMP 9 Money Laundering

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

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

TMP 10 Staff Training and Qualifications

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

The Section 151 Officer or Deputy Section 151 Officer will ensure that the Council members tasked with treasury management responsibilities, including those

responsible for scrutiny, have access to training relevant to their needs and those responsibilities.

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

The present arrangements are detailed in the schedule to this document.

TMP 11 Use of External Service Providers

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

TMP 12 Corporate Governance

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

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

INVESTMENTS THAT ARE NOT PART OF THE TREASURY MANAGEMENT ACTIVITY

Where, in addition to treasury management investment activities, organisations invest in other financial assets and property primarily for financial return, these investments should be proportional to the level of resources available to the organisation and the organisation should ensure that the same robust procedures for consideration of risk and return are applied to these decisions.

Management practices for non-treasury investments.

This Council recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activities includes loans supporting services outcomes, investments in subsidiaries, and investment property portfolios.

This Council will ensure that all council investments are covered in the capital strategy, investment strategy or equivalent, and will set out, where relevant, the organisation's risk appetite and specific policies and arrangements for non-treasury investments. It will recognise that the risk appetite for these activities may differ from that for treasury management.

The Council will maintain a schedule setting out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the organisation's risk exposure.

The Council's Capital Strategy is held as a separate document and is available on our website.

SUPPORTING SCHEDULES TO THE TREASURY MANAGEMENT PRACTICES (TMPs)

RISK MANAGEMENT (TMP1)

CREDIT AND COUNTERPARTY POLICIES RISK MANAGEMENT – TMP1(1)

Criteria for Creating/Managing Approved Counter Party Lists for Investments

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

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

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

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

Lending Criteria - Rated Banks and Investment Scheme

Link 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 50% 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

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

Lending Criteria – Rated Building Societies

Link Colour Code Key	Maximum Duration / Investment Values
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)

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

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

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

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

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

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

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

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

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

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

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

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

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

Investment Liquidity - Longer Term Investments

The following longer term investment restrictions will apply:-

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

On any day:

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

Change of Limits for Amounts Invested

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

Specified and Unspecified Investments

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

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

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

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

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

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

Evidence of the Council's Powers to Deal with Counterparties

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

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

LIQUIDITY RISK MANAGEMENT - TMP1(2)

Approved Minimum Cash Balances and Short Term Investments

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

- ◆ Daily treasury management procedures will aim to maintain a forecast consolidated balance in the region of £25k to £1.0m. However, balances over £1.0m may be retained in the bank account to be used to cover payments going out within the next week and the total interest lost, by retaining this money, does not exceed £75.00.
- ◆ If two internally managed investments are being placed on the same day with different maturity dates, one counterparty may be used for the two investments even if the investment % rate offered on one of the investments is not the highest rate and the subsequent loss of interest incurred does not exceed the pre-set limit of £75.00 on that one investment. However, the counterparty in question must be willing to accept the two investments as one CHAPS payment.

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

This is to ensure that: -

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

Standby Facilities/Call Accounts

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

Overdraft Arrangements

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

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

The daylight exposure limit only covers CHAPS payments.

Short & Long Term Borrowing Facilities

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

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

INTEREST RATE RISK MANAGEMENT – TMP1(3)

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

It will achieve this by the prudent use of its approved investment instruments, methods and techniques, primarily to create stability and certainty of revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest

rates. This should be subject to the consideration and, if required, approval of any policy or budgetary implications.

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

EXCHANGE RATE RISK - TMP1(4)

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

INFLATION RISK MANAGEMENT TMP 1 (5)

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

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

REFINANCING RISK MANAGEMENT - TMP1(6)

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

LEGAL AND REGULATORY RISK MANAGEMENT – TMP1(7)

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

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

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

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

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

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

FRAUD, ERROR AND CORRUPTION, AND CONTINGENCY MANAGEMENT – TMP1(8)

Fraud and Error

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

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

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

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

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

Shortfall of Funds

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

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

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

Insurance

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

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

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

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

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

PRICE RISK MANAGEMENT - TMP1(9)

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

Methodology Applied To Evaluate the Impact Of Treasury Management Decisions

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

Political Risks and the Management Thereof

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

PERFORMANCE MEASUREMENT – TMP2

Overall the main benchmark for the rate of return on the Councils investments is the seven-day average rate & 3 month average rate provided by Link Asset Services.

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

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

DECISION MAKING AND ANALYSIS - TMP3

Funding

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

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

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

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

Borrowing

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

Should the need for further borrowing prove necessary, or appropriate for strategic purposes, provided the limit is within the prudential indicator, then arrangements would be made in accordance with the code. If the need to borrow exceeds the limit set in the prudential indicator approval will be sort from full Council.

Policy on Interest Rate Exposure

The Policy on interest rate exposure is now dealt with through the Prudential Code in accordance with the Local Government Act 2003. The limits that are being recommended to Council for 2018/19 are being considered and will be reported to Council as part of the Prudential Code update.

Processes/Records to be Held

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

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

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

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

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

List of Approved Methods of Raising Capital Finance

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

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

- ◆ Should borrowing be through the utilisation of loan instruments, as defined by S43 (2) (C) of the Local Government & Housing Act 1989, the loan instruments will, wherever possible and to the closest possible degree, follow the format of the loan instrument pro-forma, published in the document compiled by the Financial Law Panel and entitled "Local Authority Borrowing - Loan Instruments, A Practice Recommendation". This policy is in accordance with the advice provided by CIPFA.

List of Approved Sources of Borrowing

LONG TERM BORROWING SOURCES OF FINANCE

- ◆ Public Works Loan Board (PWLB)
The main source of longer term borrowing for many Local Authorities has been from the Government through the Public Works Loan Board.
- ◆ Money Market Loans - Long Term

Loans from the money markets do not usually match the lowest rates available from the PWLB. However this is not always the case especially for loans up to 5 years where money market loans may be more advantageous.

- ◆ Local Bonds
The issue of local bonds enables members of the public to invest in Local Authorities.
- ◆ Negotiable Bonds
These are issued by a broker on behalf of a Local Authority. Each issue has to be authorised by the Bank of England.
- ◆ Commercial Paper and Sterling Medium Term Notes
The Local Government and Housing Act 1989 permits Local Authorities to issue these types of loan instrument:
 - Sterling commercial paper (for 7 days to 1 year).
 - Sterling medium term notes (for 1-5 years).These are issued and transferable in minimum amounts of £100,000.
- ◆ Leasing
Operating leasing falls outside of capital controls and is often therefore used by Authorities for the purchase of equipment etc.
- ◆ Stock Issues
These are usually only available for very large amounts. Such issues are in excess of the Council's current requirements.

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

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

List of Approved Instruments for Investment

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

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

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

Introduction

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

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

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

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

Delegated Powers and Responsibilities

The Cabinet/Full Council is responsible for:

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

The Treasury Management Sub-Committee is responsible for:

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

The Assistant Director (Resources & Performance) (151 Officer) is responsible for:

- ◆ Ensuring compliance with the treasury management policy statement and that the policy complies with the law.
- ◆ Carrying out regular reviews of the treasury management function.
- ◆ Ensuring that any variations to the treasury policy or the internal practices fully comply with the law and the code of practice.
- ◆ Ensuring that there is an adequate internal audit function.

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

The Service Manager - Finance & Performance / Senior Business Partner (Transactional and Regulatory Services) /Deputy Section 151 Officer is responsible for:

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

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

- ◆ Overseeing the daily treasury management function.
- ◆ Ensuring that the treasury management procedures and practices are regularly reviewed and adhered to.

- ◆ Preparing the draft Treasury Management Statement.
- ◆ Producing regular performance reports.
- ◆ Monitoring performance of brokers employed.
- ◆ Deputising for the Senior Business Partner (Transactional and Regulatory Services) in his/her absence for matters relating to the treasury management function.

The Business Support Officer is responsible for:

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

The Internal Audit Manager is responsible for:

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

The Chief Executive is responsible for:

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

The Monitoring Officer is responsible for:

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

Use of External Brokers/Advisors/Fund Managers

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

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

Bankers

The Council's bankers are Lloyds Bank Plc.

Long Term Borrowing (Public Works Loan Board)

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

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

Investment Direct Dealing Practices

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

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

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

Policy on Taping of Conversations

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

Settlement Transmission Procedures

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

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

Documentation Requirements

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

REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS – TMP6

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

Four Treasury Management reports will be made to Council each financial year, the Treasury Management and Annual Investment Strategy Statement Report, the

Treasury Management Monitoring Report, the Treasury Management Annual Report, and the report on the Prudential Indicators.

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

All reports must be approved by Council.

Reporting Content

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

Annual Strategy Report Minimum Contents Summary

The Annual Strategy Report must be submitted to Council by 31 March each year and should, as a minimum, contain the following: -

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

Annual Report Minimum Contents Summary

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

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

Monitoring Report Minimum Summary of Contents

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

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

Revisions to the Treasury Management Code of Practice Contents Summary

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

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

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

BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS – TMP7

Statutory/Regulation Requirements

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

Accounting Practices and Standards

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

Budgets

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

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

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

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

External Audit Information Requirements

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

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

CASH AND CASH FLOW MANAGEMENT – TMP8

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

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

- ◆ Precept payments to be made to precepting bodies
- ◆ Contributions to and from the National Non Domestic Rating pool
- ◆ Any other known cash in flows and out flows

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

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

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

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

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

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

Daily Procedures

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

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

Objective

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

However, balances over £1.0m may be retained in the bank account if a maturing investment is being used to cover payments going out within the next week and the total interest lost, by retaining this money, does not exceed £75.00.

Investment/Borrowing Decision Making

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

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

Forecasting the closing balance on the consolidated account

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

Bank Statement Procedures

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

Payment Scheduling and Agreed Terms with Trade Creditors

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

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

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

Procedure for Banking of Funds

A private security firm carries out the banking of funds.

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

Scheme for the Advancing of Car Loans to Members of Staff

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

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

Loans to Parish Councils and External Organisations

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

MONEY LAUNDERING - TMP9

Methodology for Identifying Sources of Deposit

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

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

Methodology for Establishing the Identity/Authenticity of Lenders

In terms of temporary loans, the Council has a policy of only accepting loans from Parish Councils, or occasionally of small amounts from Community Organisations

(subject to such loans not adversely affecting the Authorised Borrowing Limit or the Operational Boundary for Borrowing), where this would benefit the organisation concerned. Any other loans accepted would relate to performance bonds from reputable companies.

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

Disaster Recovery Plan

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

TRAINING AND QUALIFICATIONS – TMP10

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

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

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

USE OF EXTERNAL SERVICE PROVIDERS - TMP11

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

The Council has a contract with Link Asset Services Ltd for treasury advice, this contract expires 31 March 2018.

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

CORPORATE GOVERNANCE – TMP12

Information Available for Public Inspection

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

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

Consultation with Stakeholders

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