

Performance and Audit Scrutiny Committee



Title:	Agenda														
Date:	Thursday 28 November 2019														
Time:	5.00 pm														
Venue:	Conference Chamber West (FR1-09) West Suffolk House Western Way Bury St Edmunds														
Full Members:	<p style="text-align: center;">Chair Ian Houlder Vice Chair Karen Richardson</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;"><u>Conservative Group</u>(7)</td> <td style="width: 33%;">John Augustine Mary Evans Ian Houlder Elaine McManus</td> <td style="width: 33%;">Robert Nobbs Peter Thompson Karen Richardson</td> </tr> <tr> <td><u>Spectrum Group</u> (2)</td> <td>Trevor Beckwith</td> <td>Victor Lukaniuk</td> </tr> <tr> <td><u>The Independent Group</u> (2)</td> <td>Richard Alecock</td> <td>John Smith</td> </tr> <tr> <td><u>Labour Group</u> (1)</td> <td>Cliff Waterman</td> <td></td> </tr> </table>			<u>Conservative Group</u> (7)	John Augustine Mary Evans Ian Houlder Elaine McManus	Robert Nobbs Peter Thompson Karen Richardson	<u>Spectrum Group</u> (2)	Trevor Beckwith	Victor Lukaniuk	<u>The Independent Group</u> (2)	Richard Alecock	John Smith	<u>Labour Group</u> (1)	Cliff Waterman	
<u>Conservative Group</u> (7)	John Augustine Mary Evans Ian Houlder Elaine McManus	Robert Nobbs Peter Thompson Karen Richardson													
<u>Spectrum Group</u> (2)	Trevor Beckwith	Victor Lukaniuk													
<u>The Independent Group</u> (2)	Richard Alecock	John Smith													
<u>Labour Group</u> (1)	Cliff Waterman														
Substitutes:	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;"><u>Conservative Group</u>(3)</td> <td style="width: 33%;">Stephen Frost Marion Rushbrook</td> <td style="width: 33%;">Clive Springett</td> </tr> <tr> <td><u>Spectrum Group</u> (1)</td> <td>David Palmer</td> <td></td> </tr> <tr> <td><u>The Independent Group</u> (1)</td> <td>Mick Bradshaw</td> <td></td> </tr> <tr> <td><u>Labour Group</u> (1)</td> <td>Pat Hanlon</td> <td></td> </tr> </table>			<u>Conservative Group</u> (3)	Stephen Frost Marion Rushbrook	Clive Springett	<u>Spectrum Group</u> (1)	David Palmer		<u>The Independent Group</u> (1)	Mick Bradshaw		<u>Labour Group</u> (1)	Pat Hanlon	
<u>Conservative Group</u> (3)	Stephen Frost Marion Rushbrook	Clive Springett													
<u>Spectrum Group</u> (1)	David Palmer														
<u>The Independent Group</u> (1)	Mick Bradshaw														
<u>Labour Group</u> (1)	Pat Hanlon														
By Invitation:	Sarah Broughton	Portfolio Holder for Resources and Performance													
Interests – Declaration and Restriction on Participation:	Members are reminded of their responsibility to declare any disclosable pecuniary interest not entered in the Authority's register or local non pecuniary interest which they have in any item of business on the agenda (subject to the exception for sensitive information) and to leave the meeting prior to discussion and voting on an item in which they have a disclosable pecuniary interest.														
Quorum:	Four Members														

Committee administrator:	Christine Brain Democratic Services Officer (Scrutiny) Tel: 01638 719729 Email: christine.brain@westsuffolk.gov.uk
---------------------------------	--

Public Information

Venue:	West Suffolk House Western Way Bury St Edmunds Suffolk IP33 3YU	T: 01638 719729 E: democratic.services@westsuffolk.gov.uk W: 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 and following address: West Suffolk Council College Heath Road Mildenhall Bury St Edmunds Suffolk IP28 7EY at least five clear days before the meeting. They are also available to view on our website.	
Attendance at meetings:	The Council actively welcomes members of the public and the press to attend its meetings and holds as many of its meetings as possible in public.	
Public participation:	Members of the public who live or work in the District are welcome to speak and may ask one question or make a statement of not more than three minutes duration relating to items to be discussed in Part 1 of the agenda only. If a question is asked and answered within three minutes, the person who asked the question may ask a supplementary question that arises from the reply. A person who wishes to speak must register at least 15 minutes before the time the meeting is scheduled to start. There is an overall time limit of 15 minutes for public speaking, which may be extended at the Chair's discretion.	
Disabled access:	West Suffolk House has facilities for people with mobility impairments including a lift and wheelchair accessible WCs. However in the event of an emergency use of the lift is restricted for health and safety reasons. Visitor parking is at the car park at the front of the building and there are a number of accessible spaces.	
Induction loop:	An Induction loop is available for meetings held in the Conference Chamber.	
Recording of meetings:	The Council may record this meeting and permits members of the public and media to record or broadcast it as well (when the media and public are not lawfully excluded). Any member of the public who attends a meeting and objects to being filmed should advise the Committee Administrator who will instruct that they are not included in the filming.	
Personal Information	Any personal information processed by West Suffolk Council arising from a request to speak at a public meeting under the Localism Act 2011, will be protected in accordance with the Data Protection Act 2018. For more information on how we do this and your rights in regards to your personal information and how to access it, visit our website: https://www.westsuffolk.gov.uk/Council/Data_and_information/howweuseinformation.cfm or call Customer Services: 01284 763233 and ask to speak to the Information Governance Officer.	

Agenda

Procedural Matters

1. Substitutes

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 - 6

To confirm the minutes of the meeting held on 26 September 2019 (copy attached).

Part 1 – Public

4. Public Participation

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

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

5. Internal Audit Mid-Year Progress Report 2019-2020

7 - 16

Report No: **PAS/WS/19/017**

6. 2019-2020 Performance Report (Quarter 2)

17 - 46

Report No: **PAS/WS/19/018**

7. Delivering a Sustainable Medium Term Budget 2020-2021

47 - 54

Report No: **PAS/WS/19/019**

8. Treasury Management - September 2019

55 - 64

Report No: **FRS/WS/19/004** will be considered by the Financial Resilience Sub-Committee on 18 November 2019.

The Chair / Service Manager (Finance and Performance) will update the Committee verbally on any issues or recommendations arising from the consideration of this report.

9. Health and Safety Sub-Committee (Verbal Report)

10. Work Programme Update

65 - 68

Report No: **PAS/WS/19/020**

Part 2 – Exempt

NONE

This page is intentionally left blank

Performance and Audit Scrutiny Committee



Minutes of a meeting of the **Performance and Audit Scrutiny Committee** held on **Thursday 26 September 2019** at **5.00 pm** in the **Council Chamber**, College Heath Road, Mildenhall, IP28 7EY

Present: **Councillors**

Chair Ian Houlder

Vice Chair Karen Richardson

Richard Alecock

John Augustine

Trevor Beckwith

Mary Evans

Victor Lukaniuk

Elaine McManus

Robert Nobbs

John Smith

In attendance:

Sarah Broughton, Cabinet Member for Resources and Performance

23. **Substitutes**

The following substitution was declared:

Councillor Pat Hanlon substituting for Councillor Cliff Waterman.

24. **Apologies for Absence**

Apologies for absence were received from Councillor Cliff Waterman.

25. **Minutes**

The minutes of the meeting held on 25 July 2019 were confirmed as a correct record and signed by the Chair.

26. **Public Participation**

There were no members of the public in attendance on this occasion.

27. **Ernst and Young - Annual Audit Letters 2018-2019**

The Committee received Report No: PAS/WS/19/012, which updated members on the outcome of the annual external audit of the 2018-2019 financial statements by Ernst and Young, the councils external auditors as detailed in their Annual Audit Letters for the year ended 31 March 2019, attached as Appendix A (Forest Heath) and Appendix B (St Edmundsbury).

The letters were for information and confirmed the completion of the audits of the 2018-2019 financial statements for the former Forest Heath District Council and St Edmundsbury Borough Council.

The final audit fees for the 2018-2019 Code work, as contained in the appendices were summarised as follows:

Audit Fee - Code Work	Planned Fee 2018/2019 £	Final Fee 2018/2019 £
Forest Heath DC	36,253	TBC
St Edmundsbury BC	33,701	TBC

The final fee would be discussed and agreed with the Chief Finance Officer before gaining formal approval from Public Sector Audit Appointments Limited, and would be reported in a separate fee letter, if required.

The fees for the certification work relating to the 2018-2019 Housing Benefit Subsidy Claim, as contained in the appendices, were summarised as follows:

Audit Fee - Grant Claims	Planned Fee 2018/2019 £	Final Fee 2018/2019 £
Forest Heath DC	14,960	TBC
St Edmundsbury BC	14,960	TBC

Work on the certification of the Housing Benefit Subsidy returns was not yet completed, and the results of this work, along with the final fees would be reported in the Annual Certification Reports.

The Committee was informed that the audit of the final statement of accounts was completed by EY on 16 August 2019. Furthermore, the information contained within the attached appendices was the same as was presented to the Committee in July 2019 by EY, except for one change which had been made to the value of the council's asset base.

Members considered the report and did not raise any issues.

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

28. **Local Government Ombudsman - Annual Report**

The Committee received Report No: PAS/WS/19/013, presented by the Cabinet Member for Resources and Performance, which set out the recommended approach in reporting Ombudsman complaints as contained in Section 4 of the report.

The report set out the background and context; number of complaints for Forest Heath District Council and St Edmundsbury Borough Council; outcome

of complaints considered by the Local Government Ombudsman (LGO); considering LGO outcomes in future and conclusions.

The LGO issues an annual report on its activity, which maps the volume and nature of complaints received across the Country. Each Council was also issued with its own performance report. The report presented to the Performance and Audit Scrutiny Committee informed members on the outcome of the final annual performance reports for Forest Heath and St Edmundsbury Councils, in comparison to national performance measures.

Two cases were upheld at Forest Heath Council. One case was reported to the former Forest Heath Performance and Audit Scrutiny Committee in October 2018, and details of the second case was attached as Appendix 1 to the report. With regards to the second case, the LGO felt the Council had already taken all necessary action to resolve the complaint. However, whilst it was disappointing that two cases had been upheld, this represented just 12.5% of the complaints the LGO considered in the year.

Historically, officers reported to the Forest Heath and St Edmundsbury Performance and Audit Committees where there was a finding of fault on the part of the Council, and the Council was required to pay compensation. This reporting was confirming to the Committee what had already occurred, as the Council was often given limited time to remedy such findings. With this in mind, officers suggest that in future, where the Ombudsman finds fault but the remedy suggested was less than £1,000, such cases would be included in the LGO annual report. Where the remedy suggested was more than £1,000, or in the rare event the officers considered the Council should reject the findings of the Ombudsman, such cases would be reported to the next meeting of the Performance and Audit Committee.

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

The Committee discussed the five housing complaints in relation to St Edmundsbury and the one for Forest Heath last year, and questioned why St Edmundsbury was higher. In response officers explained that the LGO did not uphold any of those complaints. The two authorities had used the same officers and processes, therefore there should not have been an issue. At the time there was a difference in housing allocation between the two former Councils, which was resolved when we became West Suffolk Council, and it might be a statistical anomaly or St Edmundsbury residents had a higher tendency to register complaints. However, officers agreed to provide a written response.

The Committee also discussed the one case where the Council had not issued a letter to the resident when a couple of properties were built beside them, and questioned whether the Council had done anything specifically different following the outcome, such as changes made to procedures or IT systems, to which officers agreed to provide a written response.

Members were pleased to note the low level of complaints raised with the LGO. However, members questioned when complaints were upheld by the

LGO whether the Council reviewed its processes, to which officers duly responded and provided examples.

There being no decision required, the Committee **noted** the recommended approach to reporting Ombudsman complaints, as set out in Section 4 of Report No: PAS/WS/19/013.

29. **Treasury Investment Limits 2019-2020**

The Committee received Report No: PAS/WS/19/014, which informed members of a delegated decision made on 19 August 2019 to revise investment limits for un-rated building societies by £1m to a maximum of £2m per institution giving a maximum exposure of £12m in this class of investment.

The Council currently held significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In 2018/2019, West Suffolk Council's investment balance ranged between £52.4m and £66.3m. During 2019/2020 and in future years, due to the Authority's Capital Programme, these levels were expected to fall dramatically. In the first months of this year the cash available for investment had exceeded our forecast by £4m due to changes in profile of our capital programme and increased business rate retention receipts.

Following consultation with the councils Treasury advisors Arlingclose, it was identified that the best opportunity available to the council in terms of security, portfolio balances and returns would be to increase its investments with building societies.

Under the delegated authority, as per the Treasury Management Strategy, of the Portfolio Holder for Resources and Performance and the S151 Officer the investment limits for building societies had been changed from £1m to a maximum of £2m for institutions that had no credit rating (this was normal for Building Societies). These institutions were still required to have an asset base of £1bn and the council would only deal with the top 15 institutions that met that criteria.

The total potential exposure to the sector would increase in turn from £6m to £12m. The increase in limits enabled the Council to place £1m each at Principality, Nottingham, National Counties and Newcastle Building Societies at reasonable rates (0.75%-0.81%) and remain within the revised Treasury Management Strategy limits.

The Committee considered the report and did not raise any specific issues.

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

30. **Approach to Delivering a Sustainable West Suffolk Council Budget: 2020-2021 and Medium Term Financial Strategy 2020-2024**

The Committee received Report No: PAS/WS/19/015, which informed Members on the approach and timescales for the 2020-2021 budget setting

process and medium term plans to 2024. The report included information on the background and context; future budget pressure and challenges; key assumptions; proposed approach for securing a balanced budget 2020-2024; timescales and next steps.

The 2020-2021 budget and medium term financial plans and approach would continue to follow the current West Suffolk Council Strategic Framework (three priorities – Growth, Housing and Families and Communities) and Medium Term Financial Strategy (six themes) below, until such time as a new set of priorities and themes emerge.

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).

The 2020-2021 budget and medium term financial plans assumed the seven year (now six year) council tax harmonisation plan as set out in the Budget and Council Tax setting report to Shadow Council in February 2019. As was the case each year, the formal setting of council tax would be subject to the annual democratic process through to February Council in 2020.

There were limitations on the degree to which West Suffolk could identify all of the potential changes within its medium term financial projections. It was also important to remember that these financial models had been produced within a financial environment that was constantly changing and would be subject to significant change over time.

The starting position in the councils budget approach was from the existing approved medium term financial plan which at February 2019 was balanced for 2020/2021 followed by a budget gap of £2.7m in 2021/2022 and £3.9m (cumulative from 2021/2022) in 2022/2023. This had enabled the methodology for revising this outlook to be focused on three areas:

- 1 Challenging the pre-existing assumptions and updating these to reflect new knowledge and information.
- 2 Collating new items or making changes to existing plans to reflect the outcome of the development of the West Suffolk 2020-2024 Strategic Framework and MTFS.
- 3 Reflect any changes in the wider macro environment which require a change in approach.

Members considered the report in detail, the approach and timescales for the 2020-2021 budget setting process and the medium term financial strategy. Members asked a number of questions to which comprehensive responses were provided.

In particular, discussions were held on the Treasury Management Strategy and the priority of securing money in a safe place –v- maximising our yield; future investments in solar farms and the potential for being the land owner; investing in commercial properties within West Suffolk and the social and economic value; the emerging Asset Management Strategy; and how the Council monitored its extensive range of assets held, to which comprehensive responses were provided.

In response to a question raised on how the council monitored investments, officers explained the council had around 700 properties in its portfolio and new investments were monitored in a number of ways, such as through the Annual Report, the balance sheet in the Annual Statement of Accounts and the Financial Resilience Sub-Committee, which was a Sub-Committee of the Performance and Audit Scrutiny Committee.

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

31. **Work Programme 2019-2020**

The Committee received Report No: PAS/WS/19/016, which updated Members on the current status of its rolling work programme of items for scrutiny during 2019-2020 (Appendix 1).

The Committee considered the report, and there being no decision required, the Committee **noted** the update.

The meeting concluded at 6.10 pm

Signed by:

Chair



Mid Year Internal Audit Progress Report 2019/2020

Report No:	PAS/WS/19/017	
Report to and date/s:	Performance and Audit Scrutiny Committee	28 November 2019
Cabinet Member:	Councillor Sarah Broughton Cabinet Member for Resources and Performance Tel: 07929 305787 Email: sarah.broughton@westsuffolk.gov.uk	
Lead officer:	Jon Snares Service Manager (Internal Audit) Tel: 01284 757239 Email: jon.snares@westsuffolk.gov.uk	

Decisions Plan: This item is not included in the Decisions Plan.

Wards impacted: N/A

Recommendation: Performance and Audit Scrutiny Committee:

It is recommended that, Members are asked to note the contents of this report including progress made against the 2019/2020 Internal Audit Plan.

1. Background / Context

- 1.1 The Public Sector Internal Audit Standards require the Service Manager (Internal Audit) to report periodically to senior officers and the audit committee on Internal Audit's performance relative to its work plan. Reporting should also include any significant risks and control issues, including fraud risks and governance issues.

2. Proposals

- 2.1 The purpose of this report is to update members on progress made against internal audit's 2019/20 work plan approved by this committee in May 2019, and also provide a flavour of the work undertaken in the year to date. It is proposed that members note the contents of this report.

3. Alternative Options

- 3.1 No alternative options were considered.

4. Consultation and engagement

- 4.1 Internal audit's work plan was compiled in consultation with the Assistant Director Resources and Performance (as S151 Officer), Leadership Team, and the external auditors.
- 4.2 Consultation with key officers is carried out during the audit process and in the production of individual internal audit reports and follow up work, as well as the production of this report.

5. Risks

- 5.1 Any relevant risks are covered within the report at Appendix A.

6. Implications arising from the proposal

- 6.1 Any implications arising are covered at **Appendix A**.

7. Appendices

- 7.1 **Appendix A** – Mid Year Internal Audit Progress Report 2019/2020

8. Background documents

- 8.1 None.



Mid Year Internal Audit Progress Report 2019/20

Introduction

The purpose of this report is to:

- Provide a flavour of the audit work during the period 1 April 2019 to 31 October 2019
- Highlight any areas of concern
- Advise on progress against the 2019/20 Audit Plan

Overview

During the period we have completed seven added value reviews, six audits, and eleven follow up audits. There are also eleven audits / added value reviews in progress. Where audit findings are raised, action plans are agreed between internal audit and the relevant service to address these findings, and progress against these action plans is monitored by internal audit via follow up audit reviews.

Overall, progress against the annual Audit Plan is in line with expectations.

Based on the work completed to date, a summary of which is detailed below, we consider that generally the control environment remains good. All audit opinions issued within the period have been 'Good' or 'Reasonable' with no 'Limited' or 'No Assurance' opinions being issued. There are therefore no areas of particular concern to highlight.

Added Value Work

These are areas that were identified by management and internal audit as likely to benefit from internal audit reviewing relevant arrangements on behalf of management and assisting in making improvements where appropriate.

The following pieces of added value work have been carried out by the internal audit team:

Enforcement Evidence Handling	A review of the newly introduced process within the Planning and Regulatory Service to manage the storage and disposal of evidence which has either been seized or voluntarily surrendered. The review included the initial logging of items, record movement, location and disposal. Some suggestions for improvement that would strengthen arrangements were made, which have been actioned by the service.
--------------------------------------	---

Good Assurance

Definition of Good Assurance - risks are managed well with no significant (medium risk) control

<p>Anglia Revenues Partnership (ARP) Performance Management</p>	<p>A significant piece of work has been carried out to provide assurance over specified elements of the ARP performance management framework (governance, target setting, monitoring, and reporting). Currently, the work is being discussed with ARP management and will then be presented to the ARP Operational Improvement Board. The results of this work will feed into the target operational model currently being developed by the partnership, to make sure they are best organised to deliver and execute their services in the future.</p>
<p>Grounds Maintenance Enquiries</p>	<p>An extensive exercise carried out working alongside colleagues from the Customer Services team to identify areas for improvement in the existing grounds maintenance enquiries process.</p>
<p>Single Council Assurance Work – ARP</p>	<p>A health check was carried out to provide a view on the project governance and approach to the ARP database conversion from the existing Forest Heath and St Edmundsbury databases into the new West Suffolk Council database to enable the awarding of housing benefits and collection of taxes and recovery action. The health check concluded the implementation plan was on target, well managed, with clear actions and timescales in place.</p>
<p>Single Council Assurance Work - General Ledger</p>	<p>A post implementation audit review was conducted following the completion of the financial system project ready for the new West Suffolk Council. The review concluded that implementation of the new West Suffolk financial system was well managed with no significant actions arising.</p>
<p>Shared Legal Service Gateway Review</p>	<p>Participation in the review into the implementation and delivery of the Babergh and Mid Suffolk District Councils and West Suffolk Council Shared Legal Services team.</p>
<p>Single Council Assurance Work Payroll</p>	<p>A post implementation audit review was conducted following the completion of the payroll project ready for the new West Suffolk Council. The review concluded that implementation of the new payroll system was well managed with no significant actions arising.</p>

Main Financial Systems and Corporate / Business Area Audits

These include the audits of the main financial systems that support the running of the councils and reviews of systems and processes where the internal controls are tested and evaluated.



issues or risks raised.	
<p>Disabled Facility Grant from the Ministry of Housing, Communities, and Local Government</p>	<p>Funding is given to local authorities for the distribution of Disabled Facilities Grants, this funding being for the provision of grants for adaptations to homes to enable people with disabilities to live independently in their own homes for longer. Awards of grants are subject to certain conditions and Suffolk County Council is required to provide certification to the Ministry of Housing, Communities and Local Government that these conditions have been complied with.</p> <p>This audit was carried out to provide assurance to Suffolk County Council (SCC) that in respect of the West Suffolk councils (period covered 2018/19) the conditions have been complied with, specifically that the grants paid have only been used for the purposes specified in the grant conditions and the West Suffolk councils have been paid the amounts agreed between the parties.</p> <p><i>Key areas where improvements required</i></p> <p>None</p>

Reasonable Assurance

Definition of Reasonable Assurance - in general, risks are managed well. A number of significant (medium risk) control issues and risks have been raised.

<p>Houses in Multiple Occupation (HMOs)</p>	<p>This was the first audit review of this area in recent years and was carried out to ensure the council is exercising its statutory duties in relation to the licensing of HMOs.</p> <p><i>Key areas where improvements are required</i></p> <p>A number of actions were agreed to improve arrangements, including the following: the need to review website documentation, guidance and internal procedures to ensure they remain up to date; and ensuring that all necessary documentation relating to an HMO is gathered / kept on record.</p>
<p>Civic Regalia</p>	<p>This was the first audit review of this area in recent years and was undertaken to review the effectiveness of the safeguarding and accounting for the council's civic regalia and in making them accessible to the public.</p> <p><i>Key areas where improvements are required</i></p> <p>A small number of actions were agreed to improve arrangements in respect of insurance requirements, storage and inventory arrangements.</p>

<p>Heritage Assets</p>	<p>A review was carried out to assess the effectiveness of the safeguarding of, and accounting for, the council’s heritage assets (collections held at Moyse’s Hall and West Stow) and in making them accessible to the public.</p> <p><i>Key areas where improvements are required</i></p> <p>Actions were agreed to improve arrangements in respect of security, storage and inventory arrangements.</p>
<p>Access to ICT Systems – Operations</p> <p>Access to ICT Systems – Planning & Regulatory Control</p>	<p>These audits were part of a rolling cycle of review of arrangements in service directorates to confirm that the council has effective and controlled system administration of its business critical / sensitive applications.</p> <p><i>Key areas where improvements are required</i></p> <p>A number of suggestions for improvements were discussed and agreed.</p>

Follow Up Audit Work

The follow up work below has been undertaken to check the extent to which agreed recommendations / actions have been implemented in respect of previous audits undertaken.

<p>Transparency and Open Data</p>	<p>The Local Government Transparency Code 2015 placed a statutory duty on local authorities to publish specified information and included minimum publishing requirements regarding the regularity of publishing, and data criteria.</p> <p>Of the original actions agreed as part of the 2018/19 audit, good progress has been made including production of a West Suffolk Publication Scheme, information governance training and a review of the voluntary data which is published. Although good progress has been made, two actions are not yet fully complete and are work in progress.</p>
<p>Lone Working</p>	<p>The purpose of the original audit review was to ensure that appropriate health and safety arrangements were in place for lone working, and that lone workers are no more at risk than other staff, in accordance with the council’s duty of care for their staff.</p> <p>For most of the original actions these are now completed. Three actions remain work in progress, including some revisions to the Health & Safety Policy and its supplementary guidance, and raising awareness of these revisions with staff.</p>

Appendix A

<p>Violence Register</p>	<p>The purpose of the initial audit review in 2018/19 was to gain assurance over the adequacy and effectiveness of current controls operating in respect of the Violence Register.</p> <p>A follow up review was undertaken which confirmed that the majority of actions have now been completed, although a small number of new actions have been suggested in relation to staff awareness, safekeeping of supporting documentation, completion of incident forms, and one action remains work in progress.</p>
<p>Corporate Procurement Cards</p>	<p>During 2018/19, we carried out an audit to confirm that corporate procurement cards are used in accordance with relevant guidance, that expenditure is monitored and approved appropriately, and the risk of fraud is minimised.</p> <p>A reminder on the use of the procurement cards was issued by the Finance Team, however, audit testing still showed instances of non-compliance by a small number of cardholders.</p>
<p>Cyber Security</p>	<p>An evaluation of the control framework in place against the UK Government Communications Headquarters (GCHQ) '10 Steps to Cyber Security' document was undertaken in 2017/18 to gain assurance on the cyber security controls in place within the council. The original audit resulted in six actions being raised.</p> <p>The latest follow up review to monitor the progress on actions concluded that regarding the last remaining action to be completed (staff training and awareness) good progress is being made and no further follow up audits are required in this area.</p>
<p>CCTV</p>	<p>This audit follow up work was undertaken to ascertain the progress made following the Closed Circuit Television (CCTV) health check to determine actions required to support compliance with the General Data Protection Regulation (GDPR) which came into effect on 25th May 2018.</p> <p>A small number of actions remain outstanding. Whilst continued work has been undertaken by the CCTV Team to ensure that new systems are brought under the CCTV Control Room umbrella, there are still a number of locations that are considered to be 'standalone'. Responsibility for operating the system and complying with GDPR lies with these individual services.</p>
<p>Events Management</p>	<p>During 2018/19, we carried out a risk based audit to provide assurance on the policies and procedures currently in place for the events management process.</p> <p>A follow audit up was carried out in May 2019, of the original fifteen agreed actions twelve are now considered complete. One action remains work in progress, with two new actions raised around terms and conditions and approved schedule of fees.</p>

<p>PCI DSS</p>	<p>The Payment Card Industry Data Security Standard (PCI DSS) is a worldwide security standard developed to protect cardholders' personal information, and is applicable to any organisation that stores, transmits or processes cardholder information.</p> <p>A number of actions were raised in the original audit, these have now been implemented with the exception of one action around staff training and awareness.</p>
<p>Grant Payments – Housing Assistance</p>	<p>The initial review was included within our fraud, irregularity and probity work in 2018/19 to provide assurance that fraud risks were being adequately managed in respect of grant payments.</p> <p>The one reported action for housing assistance grant payments has been completed and no further follow up work will be undertaken in this area.</p>
<p>Grant Payments - Shop Front Payment Scheme</p>	<p>Similar to above, the initial audit review was carried out to provide assurance that fraud risks were being adequately managed in respect of grant payments.</p> <p>The four reported actions have been completed and no further follow up work will be undertaken in this area.</p>
<p>Grant Payments – Greener Business</p>	<p>As above, the initial audit review was carried out to provide assurance that fraud risks were being adequately managed in respect of grant payments.</p> <p>Of the three actions initially raised, one action had been completed while the other two were in the process of being implemented.</p>

Work in Progress

We also have eleven audits / added value reviews in progress:

- General Ledger
- Council Tax and Overpayments
- Housing and Council Tax Benefits
- Cash Handling Spot Checks
- Fuel Cards (added value work)
- Members Allowances
- Health & Safety Estates
- Treasury Management
- Procurement Compliance
- Disclosure and Barring Service – Recruitment Checks
- Council wide expenditure review of professional fees

Priority 1 Corporate and Business Area Audits Yet to Commence

The following audits are yet to commence:

- Creditors
- Debtors
- Car Parks Cash Handling
- Payroll
- IT Audit

Note that the above pieces of work, with the exception of the IT Audit, are always programmed to be undertaken during the second half of the year.

Priority 1 Corporate and Business Area Audits Removed from the 2019/20 Audit Plan

Estates Commercial Rents – this audit has now been postponed until 2020/21 as the audit will add more value after the proposed estates management system is in place.

Other Significant Work

Other key work undertaken during the period includes:

National Fraud Initiative (NFI)

The National Fraud Initiative (NFI) is a biennial exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud.

This involves data matching of a number of records such as benefits, payroll, pensions, housing waiting list, taxi driver licences, personal alcohol licences, parking permits and creditor payments. Internal audit takes a leading role in co-ordinating this exercise working across a number of service areas, as well as ARP, to support those staff to provide their services' data.

2516 matches were released in the current exercise. Of this, 1614 matches have been processed or investigated resulting in 23 frauds or errors being identified. These are primarily where changes to the household or income which affect the benefit or council tax liability have not been notified to ARP. Recovery is made either via a change in the council tax liability or through housing benefit overpayment recovery and currently 18 accounts are in recovery with a value of £6k.

An annual exercise to match single person discounts to the electoral

register is ongoing, of the 1649 matches provided, 1576 have been reviewed with 199 errors or frauds being identified. 118 accounts are currently in recovery via an amendment to the council tax liability with a value of £126k. Some errors may not result in recovery as another type of discount may be applied to the account.

Anti-Fraud

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

The proposed programme of anti –fraud work is ongoing, with no significant risks raised.

Financial Vetting

During the year to date Internal Audit has also responded to around 30 requests for financial vetting or other related financial advice including assessments of organisations' financial suitability to undertake specified contracts for the councils.

Information Governance

Accompanied by the Information Governance Officer we have conducted early morning walk rounds of the main council offices and depots with feedback provided to the Officer Information Governance Working Group on any identified weaknesses that could result in information security risks.

Fee Earning Work

Internal audit is continuing to undertake fee earning work during 2019/20 and by the end of the financial year this is likely to result in approximately £12k of income being earned. Fee earning work consists of the following:

- audit of the council tax, housing and council tax benefits, and housing benefit overpayments systems at the Anglia Revenues Partnership (ARP) on behalf of East Cambridgeshire District

- Council and Breckland Council;
- fee earning grant certification work for the following organisations to check that the conditions of the relevant specific grant determinations have been complied with:
 - New Anglia LEP - to provide assurance to the Department for Business Innovation & Skills; and
 - Suffolk County Council - to provide assurance to the Trading Standards Institute.

Advice and Guidance

Internal Audit have provided advice, guidance and suggested actions to usefully improve arrangements in the following areas:

- Park Inspection Devices
- ICT Equipment
- Moyse's Hall 'Death Star' Raffle
- Park and Ride Christmas Fayre Cash Handling Arrangements



2019/2020 Performance Report – Quarter 2

Report No:	PAS/WS/19/018	
Report to and date:	Performance and Audit Scrutiny Committee	28 November 2019
Cabinet Member:	Councillor Sarah Broughton Cabinet Member for Resources and Performance Tel: 07929 305787 Email: sarah.broughton@westsuffolk.gov.uk	
Lead officer:	Rachael Mann Assistant Director (Resources and Performance) Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	

Decisions Plan: N/A

Wards impacted: All wards

Recommendation: Performance and Audit Scrutiny Committee:

It is **RECOMMENDED** that Members **note** the Quarter 2 performance for West Suffolk Council including the year end forecast financial position and forward any relevant issues or comments to Cabinet for their consideration.

1. Background / Context

- 1.1 The performance management framework seeks to enable greater understanding of progress towards the council's strategic priorities, as well as giving insight on the delivery of the large range of day to day services to the residents of West Suffolk.
- 1.2 The purpose of the evolution and development of the performance management framework is to ensure that performance information supplied to the Performance and Audit Scrutiny Committee, Cabinet and Leadership Team clearly shows:
 - Progress towards strategic goals;
 - Insight on initiatives that will ensure future progress;
 - Areas that require decisions and actions to keep on track to their goals;
 - Items with a significant level of risk associated with them; and
 - Flexibility in approach allowing the escalation of performance successes and challenges.
 - The relationship between the performance indicators and financial delivery.

2. Proposals

- 2.1 This report shows the current performance and forecast financial outturn position for West Suffolk for the second quarter of 2019/20.
- 2.2 The attached appendices detail the performance as follows:

Appendix A: 2019/20 Performance Indicators – Commentary

This appendix draws out a number of key performance indicators at strategic priority level and shows a high level summary of the council's budget monitoring forecast position for revenue, capital and reserves.

Appendices B to E: Performance Indicators by Strategic Priority

These appendices support **Appendix A** and include more detail around how the council is performing against each strategic priority and corporate day to day service delivery.

Appendix F: Income and Expenditure Report

This appendix shows the current revenue forecast position across West Suffolk, analysed across the different categories of income and expenditure.

Appendices G to H: Financial Performance

These appendices contain the current financial forecast positions for the council in respect of capital and earmarked reserves.

3. Performance Summary

- 3.1 The table below shows the current performance status for all indicators, grouped by strategic priority and corporate day to day service delivery and is further detailed in **appendices A to E**.

Key Performance Indicators					
Quarter 1 - 2019/20					
Appendix	Strategic Priority	On or Exceeding Target	Below Target within tolerance	Below Target, outside of tolerance	Data ONLY Indicators
B	Inclusive Growth	0	0	0	3
C	Families and Communities	5	1	2	3
D	Housing	4	0	1	0
E	Day to Day	16	7	4	2
	Totals:	25	8	7	8

Note: Appendix A is a summary of **Appendices C-E**

4. Financial Forecast Summary

4.1 Forecast Revenue Position

- 4.1.1 The forecast revenue outturn position currently shows an overall overspend of £26k (0.02% of the gross budget). Officers will be reviewing the forecast position over the coming months with a view to achieving a balanced position by the end of the financial year. A summary by income and expenditure type can be found in Appendix F, with comments for significant variances.

4.2 Forecast Capital Programme

- 4.2.1 The Council is currently forecasting to spend £65.2m of its capital budget of £87.3m for 2019/20. A further £18.7m of spend is currently expected to be re-profiled into future financial years as a result of project timings and more accurate project spend profiling. At the time of this report the unallocated capital project balance remains at £3m and will be allocated as relevant business cases are approved.

- 4.2.2 Further detail by individual capital project can be found in **Appendix G**.

4.3 Forecast Earmarked Reserves

- 4.3.1 The council's balance on Earmarked Revenue Reserves at the end of the financial year is currently forecasted to be around **£33.7m**, against a budgeted closing balance of **£29.7m**. The main reason for the forecast balance increase is due to timings on the larger capital projects which are

likely to move into future years, and further details can be found in the Capital Programme **Appendix G**. Details of the individual reserve balances and movements during the year can be found in **Appendix H**.

5. Alternative Options

- 5.1 In order for the Council to be able to meet its strategic priorities it is essential that sufficient and appropriate financial resources are available. There are no alternative options.

6. Consultation and engagement

- 6.1 This report and the figures and commentary therein have been compiled by the Finance team in consultation with the relevant budget holders, services and Leadership Team.

7. Risks

- 7.1 Should the council not have sufficient resources, there are risks that it will not be able to meet its priorities, associated with the following areas:
- Significant Budget Variances – mitigated by clear delegation of responsibility for budget monitoring and control. Leadership Team receive monthly reports highlighting major areas of concern in order to enable them to take timely resourcing decisions.
 - Wider economic situation around income levels – the more significant income streams are closely monitored and reported to Leadership Team and budget holders on a monthly basis.

8. Implications arising from the proposal

- 8.1 All implications arising from the proposals are covered within the report and its associated appendices.

9. Appendices

- 9.1 **Appendix A** – Performance Indicators - Commentary
Appendix C – Performance Indicators – Families & Communities
Appendix D – Performance Indicators – Housing
Appendix E – Performance Indicators – Day to Day
Appendix F – Income & Expenditure Report
Appendix G – Capital Programme
Appendix H – Earmarked Reserves

9. Background documents

- 9.1 None.

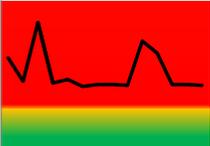
PASC BALANCED SCORECARD

September 2019

Budget Monitoring - Over/(Under) spend (all figures are in £000s)

	West Suffolk
Revenue	
Income Year-end variance	(912)
Expenditure Year-end variance	938
Net Year-end variance to Budget	26
Capital	West Suffolk
Net Year-end variance to Budget (allowing for Carry Forward)	(3,475)
Reserves	West Suffolk
Net Year-end variance to Budget	3,965

Key Performance Indicators

	Value	Target	Trend
Inclusive Growth			
Families & Communities			
Number of households in Temporary Accommodation (as at last day of month)	61	55	
Number of flytipping incidents recorded in West Suffolk	395	295	
Day-to-Day			
Total Amount of Debt over 90 Days (£)	259,009	100,000	
Council Tax Reduction Scheme claims - Days taken to process - WS	9.18	6.00	
Housing Benefits Claims - Days taken to process - WS	6.80	6.00	
% Rate of return on investment - WS	0.79%	0.90%	
Car park income (£)	2,453,583	2,461,210	

This page is intentionally left blank

PASC BALANCED SCORECARD

September 2019

Commentary

Financial Performance - The forecast revenue position across West Suffolk shows an overall deficit of £25,639, representing 0.02% of the total budget across the council.

The council is forecasting a small deficit position for the year. The overall performance is impacted by a number of operational factors including increased Trade Waste, Grounds Maintenance and Apex income alongside their associated costs, below budget Planning Application income (which may be a timing issue connected to when planning applications come forward) and higher cash balances driving higher interest receivable.

The capital spend outturn shows the impact of timing changes in the Leisure Capital Investment Fund, Mildenhall Hub and 19/20 Cornhill schedules.

The Earmarked Reserve balance at the year end is currently forecasted to be just under £4m higher than budgeted, mainly as a result of the timing profile of major capital projects such as the Leisure Capital Investment Fund.

Debt over 90 days - This position is increasing with £54k Property-related and £110k Trade Waste which the council is actively pursuing. Debt collection is a focus of management given this increase.

Housing in Temporary Accommodation - The demand for Temporary Accommodation continues to rise and create pressure on the provision of suitable accommodation due to the duty to house for longer periods.

Fly Tipping - Over the last 2 quarters there have been 395 recorded incidents of flytipping in West Suffolk, which is higher than the 271 recorded for the same period last year. The increase is due to the improvements we have made to our recording processes and the targeted enforcement we have been carrying out in hotspot areas, which has raised awareness and reporting of incidents.

Over the same time period there have been 867 interventions carried out to combat incidents of flytipping, both proactively to reduce breaches of legislation and reactively to deter and investigate offenders. Of these interventions 360 were proactive 'Duty of Care' inspections where businesses are asked to demonstrate how they dispose of waste generated through their activities. In addition to this and in response to identified incidents 378 investigations were carried out which led to 122 warning letters and 4 fixed penalty notices being issued and paid. In addition to this we have also successfully prosecuted an individual and a business for waste offences, which has resulted in nearly £2,500 worth of fines and costs being awarded. We also have a further 4 cases awaiting hearing dates.

We will investigate every incident that is reported to us and where we are able to obtain evidence that allows us to identify an offender, will take enforcement action in line with councils Enforcement Policy. Also, as part of the Suffolk Flytipping Action Group (STAG), which involves all of the councils in Suffolk and external partners, we are working on a campaign to raise awareness about the practices of illegal waste carriers and the flytipping that often results. In addition to this, we are looking at increasing the amount of the FPN for flytipping and householder duty of care from £200 to £300 in Suffolk.

Car Parking - Car Parking Income is forecast to be in line with our budget for 2019/20. This includes the current estimates for the Flexi-stay scheme in St Andrews Car Park.

In the period 24 June to 30 September 2019, St Andrews Flexi-Stay Car Park hosted 36,228 parking events and generated £74,789 income. The same period in 2018 was 63,228 parking events and £123,013 income.

This shortfall is attributable to the experimental nature of the scheme and operational difficulties including an O2 network failure between 11th and 16th September.

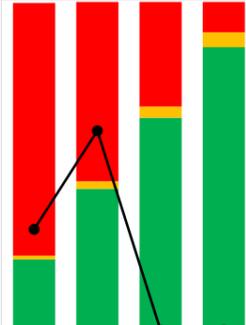
However the overall Car Parking Income is still on track as this income has been made up in the other Bury St Edmunds Car Parks which can be attributed in part to the displacement of the vehicles from the St Andrews car park. August and September showed a £21k year on year increase in income across the parking portfolio.

This page is intentionally left blank

STRATEGIC PRIORITY - FAMILIES & COMMUNITIES

Month Ending

Sep-19

No.	Quadrant	AD AREA	Indicator	Rationale	Current Value	Target	Frequency	Trend	Commentary
F1	Outcome	Families & Communities	Number of cases of accepted statutory homeless	Outcome - trend of homeless numbers	12	No target	Q		
F2	Outcome	Families & Communities	Number of households in Bed and Breakfasts (as at last day of month)	Output - indicator of demand and process	13	15	M		
F3		Families & Communities	Number of households in Temporary Accommodation (as at last day of month)	Output - indicator of demand and process	61	55	M		Demands on service remains high due to duty to accommodate for longer periods.
F4		Families & Communities	Number of households prevented from being homeless	Outcome - impact of prevention processes	26	30	M		
F5	Outcome	Families & Communities	Number of Households in bands A&B	Output - indicator of demand and process	549	No target	M		37.19% of the total number of households are in bands A&B
F6	Outcome	Families & Communities	Total number of Households in all bands	Output - indicator of demand and process	1,512	No target	M		
F7	Outcome	Operations	Residual household waste per household (kg)	Outcome - impact of awareness campaigns and initiatives	251	280	Q		
F8	Outcome	Operations	Number of flytipping incidents recorded in West Suffolk	Outcome - impact of prevention initiatives	395	295	Q		<p>Over the last two quarters there have been 395 recorded incidents of flytipping in West Suffolk, which is higher than the 271 recorded for the same period last year. These increases are due to the improvements we have made to our recording processes and the targeted enforcement we have been carrying out in hotspot areas, which has raised awareness and reporting of incidents. Of the 395 incidents recorded, 320 of the incidents were relatively small in size, being the equivalent of a 'small van load' or less and the remaining 75 were classed as being equivalent to a 'transit van' load.</p> <p>The vast majority of the flytipping incidents recorded are from incidents located within a small number of housing estates across some of the main urban areas of West Suffolk. These incidents tend to be small in nature and are not carried out as part of organised crime or for financial gain, which is more often the case with larger incidents deposited at more remote locations. Rather, it appears to be more an issue of laziness, ignorance or apathy toward the local environment by a small number of offenders.</p>
F9	Internal Process	Operations	Number of actions to combat flytipping in West Suffolk	Activity - focus on prevention	867	675	Q		<p>In response to flytipping we have been actively targeting areas where these issues persist and as a result have increased awareness in those areas which has led to increased reporting by residents.</p> <p>The actions we have been taking are as follows:</p> <ul style="list-style-type: none"> • Investigating all incidents • Attaching warning stickers to flytips • Door knocking • Warning Letters • Further action as appropriate <p>In addition we are in the process of identifying some of the worst offending properties and will be working with them, and associated landlords, directly to understand the issue and correct behaviours.</p> <p>Over the same time period there have been 867 interventions carried out to combat incidents of flytipping, both proactively to reduce breaches of legislation and reactively to deter and investigate offenders. Of these interventions 360 were proactive 'Duty of Care' inspections where businesses are asked to demonstrate how they dispose of waste generated through their activities. In addition to this and in response to identified incidents 378 investigations were carried out which led to 122 warning letters and 4 fixed penalty notices being issued and paid. We have also successfully prosecuted an individual and a business for waste offences, which has resulted in nearly £2500 worth of fines and costs being awarded. We also have a further 4 cases awaiting hearing dates.</p> <p>We will investigate every incident that is reported to us and where we are able to obtain evidence that allows us to identify an offender, will take enforcement action in line with councils Enforcement Policy. Also, as part of the Suffolk Flytipping Action Group (STAG), which involves all of the councils in Suffolk and external partners, we are working on a campaign to raise awareness about the practices of illegal waste carriers and the flytipping that often results. In addition to this, we are still looking at increasing the amount of the FPN for flytipping and householder duty of care from £200 to £300 in Suffolk.</p>

STRATEGIC PRIORITY - FAMILIES & COMMUNITIES	
Month Ending	Sep-19

No.	Quadrant	AD AREA	Indicator	Rationale	Current Value	Target	Frequency	Trend	Commentary
F10	Outcome	Operations	Heritage income (£)	Output - impact of demand and advertising	206,471	162,000	Q		The higher footfall into the venues has helped boost income.
F11	Outcome	Operations	Overall Apex budget (£)	Output - impact of advertising and act variety	517,175	517,884	Q		Average audience numbers is up on previous years as is the number of tickets sold.

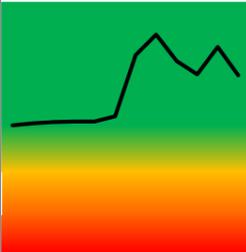
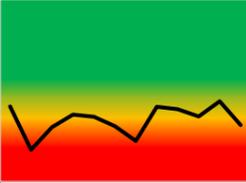
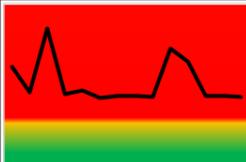
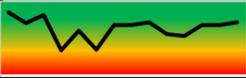
STRATEGIC PRIORITY - HOUSING

Month Ending Sep-19

No.	Quadrant	AD AREA	Indicator	Rationale	Current Value	Target	Frequency	Trend	Commentary
H1	Outcome	Growth	Number of housing units delivered for affordable, social or intermediate rent		90	100	Q		25 in Q2, 90 in the year. '82 units have been delivered through S106 agreements and 8 delivered directly by Registered Providers - 41 Affordable Rent, 2 Social Rent and 47 Shared Ownership.
H2	Outcome	Growth	Housing completions by year (net additional houses)		815	824	A		
H3	Outcome	Growth	Housing Delivery Test		100	95	A		Targets explained. Housing delivery below 95% - Council prepare an action plan in line with the NPPF. Below 75% - Paragraph 11, presumption in favour of sustainable development of the NPPF applies.
H4	Outcome	Planning & Regulatory	Number of long term empty homes brought back into use (PA)		84		Q		We have continued to bring much needed homes back into use. Improvements to how we are using data on empty homes and a more streamlined approach we have been able to allocate cases quickly and engage a greater number of owners at an early stage. Senior officers have progressed more complex long standing cases to achieve a resolution. In the past quarter we have taken enforcement action to clear and cleanse a property, provided an empty homes grant and explored the purchase and enforced sale of a long term empty with our Asset Management team and Legal team. The impact of the Council Tax premium appears to be encouraging homes being returned to use. This applied from April 2019 and equates to a 200% Council Tax charge for properties that have been left empty for 2 years or more.
H5	Outcome	Planning & Regulatory	Housing improvement - Number of residents/households supported via our help.	All homes available are safe, decent and healthy to live in. Homes are suitable for physical and mental health and well being.	703	1,400	Q		1400 is the annual target. This indicates that the team is focussed on supporting as many households as possible, through our enforcement strategies and funding schemes. We are working on a pro-active and reactive basis to improve the quality and suitability of homes, under our strategic housing priorities. Along with the complaint KPI, it demonstrates that officers are responding to and closing cases in a timely fashion to meet the target.

This page is intentionally left blank

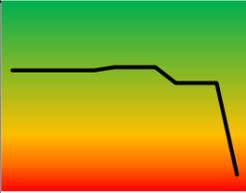
STRATEGIC PRIORITY - DAY TO DAY	
Month Ending	Sep-19

No.	Indicator	Rationale	Current Value	Target	Frequency	Trend	Commentary
D1	Total number of Complaints	Output - measure of customer satisfaction	27	No target	Q		17 - ARP 6 - Operations 4 - Housing Options
D2	Total number of Compliments	Output - measure of customer satisfaction	14	No target	Q		1 - Families & Communities 8 - Customer Services 5 - Waste
D3	% Response rate to annual canvass of electors	Output - effectiveness of process	88.97%	95.00%	A		Due to the General Election called for 12th December resource that would have been working towards the canvas response rate has been redirected to election organisation. This work is planned to be caught up in January 2020.
D4	% of phone calls answered	Activity - indicator of process and demand	86.00%	90.00%	Q		Based on 39,036 calls offered with 33,622 answered. The number of enquiries received by phone has decreased as anticipated, a significant example being garden waste with only 750 calls received for this service compared to 2,559 in the previous quarter
D5	Number of unique users of the West Suffolk Councils website	Output - indicator of customer engagement	44,767	37,600	M		
D7	Uptake of pre-application advice (% of all applications - major/minor).	We want to ensure all stakeholders and Members have high confidence in West Suffolk as a planning authority. We want to be the regional planning employer of choice	21.29%	30.00%	M		202 applications were received in September 2019, 43 of those had a pre-app.
D8	Total Amount of Debt over 90 Days (£)	Output - scale of debt issue	259,009	100,000	M		Outstanding debt position continues to be an issue with Trade Waste and Commercial Property debts still to be collected. This is now a focus for management to improve.
D9	% Undisputed Invoices paid within 30 Days	Output - impact of AP activity.	91.42%	95.00%	M		
D10	% Collection of Council Tax - WS	Output - results of collection activity	57.50%	58.61%	M		
D11	% In year Council Tax collection rate WS	Output - results of collection activity	55.87%	55.00%	M		
D12	% Collection of Business Rates - WS	Output - results of collection activity	59.34%	58.55%	M		
D13	Council Tax Reduction Scheme claims - Days taken to process - WS	Output - results of collection activity	9.18	6.00	M		
D14	Housing Benefits Claims - Days taken to process - WS	Output - results of collection activity	6.80	6.00	M		

STRATEGIC PRIORITY - DAY TO DAY	
Month Ending	Sep-19

No.	Indicator	Rationale	Current Value	Target	Frequency	Trend	Commentary
D15	% completion of Priority 1 work within the approved Audit Plan	Output - progress against plan	N/A	80.00%	Q		Annual indicator - needs to be calculated annually due to Priority 1 work mainly scheduled for Qs 3 and 4. Added Value work not included in calculation as not detailed separately in plan approved at PASC as this work is more likely to change over the course of the year.
D16	% of Total Helpdesk Calls completed on time - WS	Output - efficiency of helpdesk team	95.76%	100%	Q		
D17	Time taken to complete recruitment process - advert to offer (days)	Output - efficiency of process.	31.30	50.00	Q		The data on the balanced scorecard shows end to end recruitment which is Advert to Offer. Posts that are not recruited are not included as there is no offer. If there is a second recruitment exercise we measure again end to end (advert to offer). Adoption of a 4 week advertising window as part of the Workforce Planning programme will result in this target being extended. This will be reflected from October onwards.
D18	Average number of sick days lost per FTE per annum	Output - indicator of healthy, motivated workforce	5.57	6.50	Q		Sickness continues to reduce and is robustly and consistently managed throughout the organisation.
D19	% of Voluntary turnover	Output - indicator of employee satisfaction	10.53%	7-12%	Q		
D20	Car park income (£)	Output - indicator of demand trend	2,453,583	2,461,210	M		
D21	Income from entire property portfolio (£)	Output - indicator of premises demand	2,730,016	2,769,805	M		
D22	Void properties (%)	Output - indicator of premises demand	7.14%	6.90%	M		We currently have a number of void properties that are either undergoing or awaiting refurbishment/upgrade projects.
D23	Income from Waste & Street Scene services (£)	Output - indicator of demand and capacity	2,233,618	1,966,918			Trade Waste income improved through expansion of RoRo offering.
D24	% Rate of return on investment - WS	Output - key to delivery of Treasury Management Strategy	0.79%	0.90%	M		Higher rates becoming available through longer term placement and use of new investment routes.
D25	Cost of Current External Borrowing - WS	Output - key to delivery of Treasury Management Strategy	4.24%	4.24%	M		Relates to £4m Loan.
D26	Building Control - Market Share		57%	58.00%	B		Building control continue to maintain market share in challenging economic conditions.

STRATEGIC PRIORITY - DAY TO DAY	
Month Ending	Sep-19

No.	Indicator	Rationale	Current Value	Target	Frequency	Trend	Commentary
D27	The average time it takes to deal with an application from validation to decision (days)		65	56	Q		Average days for determining valid applications has decreased from 72 days in Quarter 1 to 65 days in Quarter 2. However, ignoring outlying applications, the figure would have been 61 days for Quarter 1. Quarter 2 included determination of applications which were caught by the period of time in April and May when there were no Development Control Committees and no delegation panels in May. This resulted in an increased number of applications being referred to Delegation Panel and Committee in June, July and August. Inevitably there will be variations in the average time taken to determine applications based on the variable complexity of caseloads at any one time.
D28	Renewal energy Production from Other West Suffolk Investments MWH		1793	1350	Q		This is the cumulative figure (the quarter figure is 1033) Overall the sites generated well, but the main reason for such a large increase in generation was 2 new large scale installations coming on line. See information in target below
D29	% of poor rated food businesses brought to compliance by our interventions (within 3 months)		80%	80%	Q		Of the 5 food business rated 0-2 during April – June 2019, officer intervention resulted in 4 being brought up to a compliant level within 3 months.
D30	% of Customers satisfied with the overall journey		65.00%	80.00%	Q		Based on 161 surveys - this feedback almost always relates to the service as opposed to the service provided by the CS staff member dealing with the enquiry. The process is being reviewed in order to split out service feedback from genuine CS satisfaction measures.

This page is intentionally left blank

September 2019		Year End Forecast	Annual Budget	Forecast Variance	Income / Expenditure Net-Off	Net Forecast Variance	Variance Notes - figures in brackets represent underspends or additional income achieved.
		£	£	£	£	£	
Housing Benefits	Transfer Payments, eg. Housing Benefits	31,284,046	35,345,402	(4,061,356)	0	(4,061,356)	Forecast currently based on the mid-year subsidy return from the Anglia Revenues Partnership ARP)
	Government Grants Outside Aggregate External Funding (AEF)	(30,873,445)	(34,904,220)	4,030,775	0	4,030,775	Forecast currently based on the mid-year subsidy return from the Anglia Revenues Partnership ARP)
	Overpayments Recovered	(453,000)	(491,182)	38,182	0	38,182	Forecast currently based on the mid-year subsidy return from the Anglia Revenues Partnership ARP)
	Total Benefits:	(42,399)	(50,000)	7,601	0	7,601	
Income	Income from Business Rates	(1,789,906)	(1,490,070)	(299,836)	299,836	0	£123k S31 Grant compensation lower than budgeted; £77k Pool Levy payable higher than budgeted; (£381k) Share of Suffolk Pooling higher than budgeted. Overall (£181k) benefit transferred to the Business Rates Retention Reserve (see reserves below), plus: (£119k) Pilot Benefit over and above final forecast for 2018/19, transferred to the BR Pilot Reserve
	Council Tax Income	(9,481,825)	(9,481,825)	0	0	0	On budget.
	Grants:						
	Formula Grant - Business Rate Retention Scheme	(4,451,218)	(4,451,218)	0	0	0	On budget.
	New Homes Bonus Grant	(1,848,172)	(1,848,172)	0	0	0	On budget. Grant transferred to the Strategic Priorities & MTFs Reserve in line with budget report.
	Other Grants	(2,432,669)	(2,315,537)	(117,132)	120,564	3,432	(£120k) ARP New Burdens grant transferred to the partnership via Third Party Payments below.
		(20,003,790)	(19,586,822)	(416,968)	420,400	3,432	
	Contributions:						
	Contributions - Suffolk County Council	(358,188)	(388,846)	30,658	0	30,658	Forecast income reduction in Blue Bin Recycling Performance Payments (RPPs) as a result of falling worldwide commodity prices.
	Contributions - Other Organisations	(523,530)	(515,332)	(8,198)	13,000	4,802	Variance includes contribution to the council towards Olding Road Skate park Lighting, additional spend associated with this contribution is shown under Premises Costs.
	Other Contributions	(400,749)	(320,369)	(80,380)	83,762	3,382	No significant change to budget assumptions.
		(1,282,467)	(1,224,547)	(57,920)	96,762	38,842	
	Reimbursements:						
Service Level Agreement (SLA) Income	(871,892)	(890,634)	18,742	0	18,742	Variance mainly relates to reduced income forecast as a result of a CCTV contract which has not been renewed.	
Other Reimbursements	(2,607,408)	(2,247,444)	(359,964)	94,677	(265,287)	Additional income variance relates to: (£36k) additional income from SCC for additional desk space at West Suffolk house; (£100k) income within Car Parks relating to unplanned Business Rates and Electricity charges recouped on car parking from Derbyshire CC; (£83k) recovered from Babergh and Mid Suffolk for Legal Services; (£34k) fees from staff member seconded to Residential Care Services.	
	(3,479,300)	(3,138,078)	(341,222)	94,677	(246,545)		

September 2019		Year End Forecast £	Annual Budget £	Forecast Variance £	Income / Expenditure Net-Off £	Net Forecast Variance £	Variance Notes - figures in brackets represent underspends or additional income achieved.
Sales:							
Sales - Tickets	(1,323,453)	(1,221,687)	(101,766)	0	(101,766)	Ticket Sale income overall expected to be higher, mainly due to the success of the Apex (£77k) and the Bury Festival (£28k). Related costs held within Supplies & Services below.	
Fees - Planning Income	(1,664,549)	(1,725,600)	61,051	0	61,051	Planning Application Fees are currently forecast to be lower than budgeted, based on the year to date position and current knowledge of potential future applications. However, due to the nature of the planning process and what developments come forward, this position may change. It is partially offset by higher Pre-Application and Planning Performance Agreement income	
Fees - Building Regulations	(355,000)	(340,000)	(15,000)	0	(15,000)	Based on income levels to date, currently forecasted to be higher than budgeted.	
Fees - Refuse Collection & Disposal	(4,221,988)	(3,985,155)	(236,833)	0	(236,833)	Mainly Trade Waste (£165k) higher than budgeted (£2.62m as per the 2018/19 outturn) as a result of expansion of Rolonof & Skip Service, plus (£75k) Garden Waste Income higher than budget, partly offset by £12k reserve contribution. NB. as a result of the increased forecast income the Trade Waste Tipping Charges to the council are forecast £26k higher than budgeted, and Cardboard Rebates £25k higher (see Supplies & Services)	
Fees - Car Parking	(6,377,356)	(6,343,487)	(33,869)	0	(33,869)	Off Street Car Parking currently expected to be on budget. Leisure Service Car Parks currently forecasting (£34k) income higher than budget.	
Growth Income	(462,183)	(462,183)	0	0	0		
Other Sales	(5,848,712)	(5,405,774)	(442,938)	192,200	(250,738)	Income/Expenditure net-off comprises: (£70k) MHCLG Brexit Grant transferred to Suffolk County Council, (£102k) DEFRA grant re; Pollution Prevention - see Third Party Payments, and £20k Haverhill House Security Income offset in Contract Cleaning Additional income above budget includes: (£93k) from Grounds Maintenance and Service Level Agreements; (£14k) increase in Moyses Hall event income; (£12k) Nowton Park event income; (£14k) increased Apex hire & merchandise fees; (£72k) administration fees (including off-street car parks) (£13k) District Highways Admin Fees; and a number of other smaller variances.	
	(20,253,241)	(19,483,886)	(769,355)	192,200	(577,155)		
Rental:							
Rents - Industrial Units	(2,977,607)	(2,961,116)	(16,491)	0	(16,491)	Income forecasted to be slightly above budget.	
Rents - Shops	(1,455,623)	(1,450,220)	(5,403)	0	(5,403)	Income forecasted to be slightly above budget.	
Rents - Land	(955,620)	(956,428)	808	0	808		
Other Rental	(456,206)	(420,265)	(35,941)	0	(35,941)	Additional (£20k) income for College Heath Road, plus (£15k) Town Centres & Shops	
	(5,845,056)	(5,788,029)	(57,027)	0	(57,027)		
Investment Interest & Dividends received	(469,250)	(387,642)	(81,608)	0	(81,608)	Investment interest received on higher cash balances offset by reduced expectation on Verse dividends and Barley Homes loan interest.	
Total Income (excluding Benefits):	(51,333,104)	(49,609,004)	(1,724,100)	804,039	(920,061)		

Income and Expenditure - Year End Forecast against Budget

Appendix F

September 2019		Year End Forecast	Annual Budget	Forecast Variance	Income / Expenditure Net-Off	Net Forecast Variance	Variance Notes - figures in brackets represent underspends or additional income achieved.
		£	£	£	£	£	
Expenditure	Total Cost of Employment	27,281,083	27,156,819	124,264	(49,646)	74,618	The current forecast overspend comprises a number of elements, including £63k overtime, £10k other pay, and £140k staff time that can be capitalised once projects come to fruition. This is offset to an extent by vacant posts and associated other salary costs.
	%	53%	55%	7%	6%	8%	
	Premises Costs	4,661,938	4,642,823	19,115	(33,200)	(14,085)	Forecast spend includes an additional £13k given to the council in respect of the additional Skate park lighting contribution - see Other Contributions above.
	%	9%	9%	1%	4%	-2%	
	Transport Costs	1,278,363	1,236,154	42,209	0	42,209	Fuel and spare parts currently forecasted to be overspent.
	%	2%	2%	2%	0%	4%	
	Supplies & Services Costs	10,901,591	10,028,447	873,144	(143,793)	729,351	Forecast Overspend arising from: £151k Professional Fees, including £36k valuations and rent reviews of commercial properties as part of the Invest for Growth agenda, which is in place to generate income and other benefits, £10k for Garden Waste in-cab technology implementation funded from the scheme, £25k Planning Policy appeals, £37k Local Plan cost funded from reserves and £16k in Democratic Services; £37k Materials purchases in Operations; £60k Bank Charges; £78k Bad Debts Provision; £100k Property Services - asset preservation and security; £22k Bury Festival artists fees (see Other Sales); £68k Apex Artists fees (see Other Sales); £40k on Mobile Phones - increased device numbers; £90k ICT Hardware Costs, funded from reserves and the ARP Reimbursement; £19k Trade Waste Cardboard Collection Rebates (Roro Service); £35k on Moyses Hall event costs (see Other Sales);
	%	21%	20%	50%	18%	78%	
	Third Party Payments, eg. Provision of services by other organisations that could be performed in-house.	2,993,524	2,582,194	411,330	(292,564)	118,766	£120k relates to ARP New Burdens grant paid to the Partnership - see also Other Grants above; £101k re Prevention of Pollution relating to Defra funding - see Fees Other above; £64k on Off-Street Car Parks; plus £26k additional Tipping Charges associated with forecast increase in Trade Waste income
	%	6%	5%	24%	36%	13%	
Capital Costs, eg. Interest on borrowing, Minimum Revenue Provision	1,668,080	1,668,080	0	0	0	No change to borrowing assumptions	
%	3%	3%	0%	0%	0%		
Expenditure	Net Contributions to/(from) Reserves (excluding Employee-related contributions which are included under the Total Cost of Employment)	2,616,562	2,344,486	272,076	(284,836)	(12,760)	The net reserves forecast is primarily comprised of contributions to the Business Rates reserves, and a number of smaller variances across other services: £181k Business Rates equalisation reserve re: net effect of Pooling Benefit, Levy & S31 Grants - see Business Rates above. £119k Business Rates Pilot Reserve re: Pilot Benefit - see Business Rates above.
	%	5%	5%	16%	35%	-1%	
	Total Expenditure (excluding Benefits);	51,401,141	49,659,003	1,742,138	(804,039)	938,099	
Net (Surplus) / Deficit:		25,638	(1)	25,639	0	25,639	

This page is intentionally left blank

September 2019 - Capital Programme Forecast Year End Position

Appendix G



Description	Revised Budget for Year £	Actual Spend Year to date £	Forecast Spend for Year £	Forecast Over/(under) Spend For Year £	Forecast Carry Forward £	Notes	Total Project Budget 2019-2023 £
Resources & Performance							
Leisure Capital Investment Fund, including: Newmarket Leisure Centre; Brandon Leisure Centre & Health Hub; and Haverhill Leisure Centre Refurbishment)	4,353,221	138,279	1,250,279	(3,102,942)	3,102,942	Funded from the Strategic Priorities & MTFS Reserve and the Business Rates Pilot Reserve. Works have commenced on Newmarket Leisure Centre, and plans for Brandon are still to be developed.	4,353,221
Unallocated Project Balance	3,000,000	0	0	(3,000,000)		To be allocated to Capital Projects as they are approved	3,000,000
Single Council	132,210	44,347	132,210	0		Transformational programme as part of the move to the Single Council, funded from the Flexible Capital Receipts policy. Currently forecasting to be spent in full in 2019/20.	132,210
Families & Communities							
Housing Solutions	406,133	0	406,133	0		Funded from Capital Receipts. Project scoping currently under review.	406,133
Customer Access Project	101,008	0	101,008	0		Funded from Capital Receipts. Project scoping currently under review.	101,008
Planning & Regulatory Services							
Private Sector Disabled Facilities Grants	1,392,048	209,987	1,392,048	0		Funded from external government grant. Forecasted to be fully spent in 2019/20.	4,092,048
Private Sector Renewal Grants	250,000	39,133	250,000	0		Funded from Capital Receipts. Currently forecasted to be fully spent in 2019/20.	1,000,000
Community Energy Plan	1,426,440	967,060	1,426,440	0		Funded from the Strategic Priorities & MTFS Reserve. Currently progressing well and forecasting to be spent in full in 2019/20.	1,426,440
Historic Buildings & Environment Grants	29,653	3	29,653	0		Budget relates to Queensbury Lodge	29,653
West Stow Renewable Energy Project	248,130	49,976	248,130	0		Funded from the Strategic Priorities & MTFS Reserve. Forecasted to be spent in full in 2019/20.	248,130
Operations							

September 2019 - Capital Programme Forecast Year End Position

Appendix G



Description	Revised Budget for Year £	Actual Spend Year to date £	Forecast Spend for Year £	Forecast Over/(under) Spend For Year £	Forecast Carry Forward £	Notes	Total Project Budget 2019-2023 £
Mildenhall Hub (including Renewable Energy Investment & Mildenhall Swimming Pool)	20,641,029	6,835,419	11,645,419	(8,995,610)	8,995,610	Funded from Capital Receipts, external partner contributions and capital borrowing when required. Works progressing on site, with completion expected Winter 2020.	30,925,029
Palace Cottage & Coach House, Newmarket - Conversion & Refit	238,248	37,031	234,394	(3,854)		Funded from Capital Receipts. Works progressing, expected to be completed during 2019/20.	238,248
Vehicle & Plant Purchases	997,418	464,521	997,418	0		Funded from the Vehicle & Plant Reserve - in line with the vehicle replacement programme currently forecasting full spend this year.	4,863,544
West Suffolk Operational Hub	7,436,208	4,285,102	7,436,208	0		Project on track and forecast to be completed in 2019/20.	7,436,208
Property Asset Management Plan	285,271	0	0	(285,271)		Funded from the Strategic Priorities & MTFS Reserve. To be allocated to Capital Projects as they are approved	285,271
Leisure Asset Management Plan	99,523	0	0	(99,523)		Funded from the Leisure Asset Management Reserve. To be allocated to Capital Projects as they are approved	1,047,523
Bury Leisure Centre - All Weather Pitch	198,000	128,532	198,000	0		Funded from the Leisure Asset Management Reserve. Project underway and currently forecasted to be complete in 2019/20.	198,000
Bury Sports Club Project	100,000	0	0	(100,000)	100,000	Funded from Capital Receipts. Project scoping currently under review.	100,000
Abbey Gardens Extension, Eastgate Nursery	380,000	228,504	380,000	0		Funded from the Leisure Asset Management Reserve (£200k), with the remaining £180k funded from Section 106 monies. Project expected to be completed in 2019/20.	380,000
Hardwick Heath, Bury St Edmunds - renewal of path between Hospital & Car Park	41,645	41,645	41,645	0		Funded from the Leisure Asset Management Reserve. Project expected to be completed in 2019/20.	41,645
Douglas Park, Mildenhall - Play Area Renewal	63,841	63,841	63,841	0		Funded from the Leisure Asset Management Reserve. Project expected to be completed in 2019/20.	63,841
Ingham Road Recreation Ground, Haverhill - renewal of MUGA	50,000	0	50,000	0		Funded from the Leisure Asset Management Reserve. Project expected to be completed in 2019/20.	50,000

September 2019 - Capital Programme Forecast Year End Position

Appendix G



Description	Revised Budget for Year £	Actual Spend Year to date £	Forecast Spend for Year £	Forecast Over/(under) Spend For Year £	Forecast Carry Forward £	Notes	Total Project Budget 2019-2023 £
Acorn Park, Moreton Hall, Bury St Edmunds - renewal of Play Area	58,029	58,029	58,029	0		Funded from the Leisure Asset Management Reserve. Project expected to be completed in 2019/20.	58,029
Abbey Gardens, Bury St Edmunds - replacement Retail Facility	68,026	28,621	68,026	0		Funded from the Leisure Asset Management Reserve. Project expected to be completed in 2019/20.	68,026
Community Sports Facility - Moreton Hall, Bury St Edmunds	1,552,500	0	1,552,500	0		Funded from Capital Receipts. The project partners are finalising the legal details which are expected to be completed in 2019/20.	1,552,500
Growth							
Kelly's Meadow Traveller Site	391,702	228,733	281,702	(110,000)		Funded from Capital Receipts. Works progressing, forecasted to complete in 2019/20.	391,702
Barley Homes	5,350,000	1,200,000	4,000,000	(1,350,000)	1,350,000	Funded from Capital Receipts. Following land purchase in April 2019, works expected to commence on Westfield and Castle Hill, Haverhill in the new year.	7,550,000
High Street, Haverhill - improvements	693,000	0	0	(693,000)	693,000	External grant funded. Unlikely to be spent in 2019/20 and fund to be reviewed.	693,000
Investing in our Growth Agenda	30,586,772	0	30,586,772	0		Fund to be allocated to suitable Growth projects as they arise. Projects currently ongoing are Haverhill Research Park Loan & Elseys Yard Purchase.	30,586,772
17/18 Cornhill, Bury St Edmunds - renovation	6,445,530	107,371	2,000,000	(4,445,530)	4,445,530	Funded from Capital Receipts and the Growth Agenda. Planning application sub,itted, and works are likely to commence in early 2020.	6,445,530
MENTA, 21-27 Hollands Road, Haverhill	397,178	10,452	397,178	0		Funded from S106 monies, currently forecasted to complete in 2019/20.	397,178
Totals:	87,412,763	15,166,586	65,227,033	(22,185,730)	18,687,082		108,160,889

This page is intentionally left blank

September 2019 - Earmarked Reserves Forecast Year End Position

Appendix H



Reserve Description	2019/20 Opening Balance £	2019/20 Net Budgeted Movement to / (from) Reserves £	2019/20 Budgeted Closing Balance £	2019/20 Current Reserve Balance £	2019/20 Net Forecast Movement to / (from) Reserves £	2019/20 Forecast Closing Reserve Balance £	2019/20 Forecast Variance (Over) / under Utilised £	Variance Notes (variances in brackets denote greater reserve usage than budgeted)
STRATEGIC RESERVES								
Strategic Priorities & MTFS Reserve	10,650,068	(6,082,757)	4,567,311	11,227,810	(3,382,235)	7,267,833	2,700,522	Currently forecasted to utilise £2.7m less of this reserve in 2019/20, mainly as a result of: Leisure Capital Investment Fund - £2,353k lower forecast capital spend as a result of project timings; and Property Asset Management Plan - £285k lower forecast spend as projects not yet identified to fund.
Investing in our Growth Agenda Reserve	1,739,370	(439,946)	1,299,424	1,628,198	(331,515)	1,407,855	108,431	This reserve was set up in order to support the delivery of the council's growth agenda. Currently forecasting a higher balance as a result of staff vacancies which are budgeted to be funded from this reserve.
Business Rates Retention Pilot: Place-Based Reserve	2,588,514	(1,073,478)	1,515,036	2,601,939	(89,385)	2,499,129	984,093	Higher forecast balance than budgeted as £800k of this reserve is earmarked for the Leisure Capital Investment Fund, of which only £50k is expected to be required in 2019/20 due to project timings. The remainder is due to £120k more pilot monies received than budgeted, plus staffing vacancies eg. Lifelink Project and Plannign Policy where funded staff are yet to be appointed.
FINANCIAL PLANNING RESERVES								
Invest to Save Reserve	3,499,464	46,525	3,545,989	4,056,536	108,229	3,607,693	61,704	Funding not required for staffing resources as a result of vacancies and transformational structure under review.
Risk & Recession Reserve	557,072	(557,072)	0	0	(557,072)	0	0	Balance on this reserve transferred to the Invest to Save Reserve as approved in the 2019/20 Budget Setting process.

September 2019 - Earmarked Reserves Forecast Year End Position

Appendix H



Reserve Description	2019/20 Opening Balance £	2019/20 Net Budgeted Movement to / (from) Reserves £	2019/20 Budgeted Closing Balance £	2019/20 Current Reserve Balance £	2019/20 Net Forecast Movement to / (from) Reserves £	2019/20 Forecast Closing Reserve Balance £	2019/20 Forecast Variance (Over) / under Utilised £	Variance Notes (variances in brackets denote greater reserve usage than budgeted)
Business Rates Retention Equalisation Reserve	6,502,047	9,251	6,511,298	6,519,958	189,833	6,691,880	180,582	This reserve is intended to neutralise the impact of any fluctuations in growth or reductions in Business Rates Income under the Business Rates Retention Scheme, primarily relating to statutory timing differences. Additional year end balance resulting from current forecasted increase in Business Rates Pool Income, see also Appendix F.
Housing Benefits Equalisation Reserve	525,870	0	525,870	525,870	0	525,870	0	This reserve is utilised in order to smooth out the effect of variations between the amounts of Housing Benefits paid out and subsequently grant funded by DWP.
Capital Project Financing Reserve	692,287	210,284	902,571	692,287	210,284	902,571	0	This Reserve was 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.
Interest Equalisation Reserve	900,582	0	900,582	900,582	0	900,582	0	This reserve was set up in order to mitigate against possible adverse fluctuations in the interest rates received from the Council's investments.
Self Insured Reserve	442,808	0	442,808	462,808	0	442,808	0	Monies set aside to provide funds in order to finance any high insurance excesses that may arise.
Election Reserve	212,424	(140,000)	72,424	72,424	(140,000)	72,424	0	Monies set aside each year in order to fund the local elections when required. No utilisation expected in 2019/20.
Planning Reserve	309,338	(14,703)	294,635	501,606	(52,062)	257,276	(37,359)	Monies set aside in order to fund the Local Plan and other planning-related expenditure. Expected to be over-utilised in 2019/20 as a result of timings of spend.
Planning Delivery Grant Reserve	62,797	(62,797)	0	0	(62,797)	0	0	Balance on this reserve transferred to the Planning Reserve as approved in the 2019/20 Budget Setting process.
SERVICE DELIVERY RESERVES								

September 2019 - Earmarked Reserves Forecast Year End Position

Appendix H



Reserve Description	2019/20 Opening Balance £	2019/20 Net Budgeted Movement to / (from) Reserves £	2019/20 Budgeted Closing Balance £	2019/20 Current Reserve Balance £	2019/20 Net Forecast Movement to / (from) Reserves £	2019/20 Forecast Closing Reserve Balance £	2019/20 Forecast Variance (Over) / under Utilised £	Variance Notes (variances in brackets denote greater reserve usage than budgeted)
Computer & Telephone Equipment Reserve	342,020	0	342,020	353,892	(19,899)	322,121	(19,899)	Utilisation forecast on this reserve in 2019/20 in order to fund ICT hardware purchases.
Office Equipment Reserve	377,689	28,800	406,489	427,489	28,800	406,489	0	Monies set aside to purchase significant replacement items of office equipment.
Professional Fees Reserve	428,812	(428,812)	0	0	(428,812)	0	0	Balance on this reserve transferred to the Strategic Priorities & MTFs Reserve as approved in the 2019/20 Budget Setting process.
Anglia Revenues Partnership Reserve	930,166	(23,000)	907,166	930,166	(23,000)	907,166	0	Government Grant monies received by the Anglia Revenues Partnership (ARP) for specific purposes which are held in reserve due to timings of receipts and usage.
Vehicle, Plant & Equipment Reserve	1,735,384	(51,318)	1,684,066	2,681,484	(51,318)	1,684,066	0	This reserve is utilised to fund the Council's Vehicle Replacement programme. Currently expected to be in line with the budget for 2019/20.
Waste Management Reserve	456,619	(30,500)	426,119	519,569	(45,500)	411,119	(15,000)	This reserve includes monies set aside for purchases related to the Waste and Street Scene service, including Wheeled Bins and associated equipment.
Building Repairs Reserve - Property	2,145,921	(28,043)	2,117,878	2,795,425	(58,507)	2,087,414	(30,464)	Lower closing balance forecast than budgeted as a result of a forecast overspend on general repairs & maintenance in 2019/20 - see also the Income & Expenditure appendix.
Leased Flats Management Reserve	33,957	(33,957)	0	0	(33,957)	0	0	Balance on this reserve transferred to the Building Repairs Reserve - Property as approved in the 2019/20 Budget Setting process.
Industrial Unit Service Charge Reserve	87,610	0	87,610	87,676	426	88,036	426	This reserve holds monies received in respect of service charges which are intended to be utilised on specific items of spend on industrial units.
Industrial Rent Reserve	645,000	(110,000)	535,000	645,000	(110,000)	535,000	0	Monies set aside to meet lost lease income on the former Co-op building at Jubilee Walk, Haverhill.

Reserve Description	2019/20 Opening Balance £	2019/20 Net Budgeted Movement to / (from) Reserves £	2019/20 Budgeted Closing Balance £	2019/20 Current Reserve Balance £	2019/20 Net Forecast Movement to / (from) Reserves £	2019/20 Forecast Closing Reserve Balance £	2019/20 Forecast Variance (Over) / under Utilised £	Variance Notes (variances in brackets denote greater reserve usage than budgeted)
Building Repairs Reserve - Leisure	606,556	(439,549)	167,007	922,556	(363,541)	243,015	76,008	This reserve is utilised in order to fund the Leisure Capital programme. The year end variance reflects the amount of funding yet to be allocated against projects for 2019/20.
Abbey Gardens Donation Reserve	38,766	0	38,766	38,766	0	38,766	0	Monies held for the improvement of the Abbey Gardens, Bury St Edmunds.
Newmarket Stallion Statue Reserve	20,809	0	20,809	20,809	0	20,809	0	Monies held for the maintenance and repair of the Newmarket Stallion Statue.
Communities against Drugs Reserve	30,000	(30,000)	0	0	(30,000)	0	0	Balance on this reserve transferred to the Strategic Priorities & MTFS Reserve as approved in the 2019/20 Budget Setting process.
Housing Options Reserve	599,698	111,147	710,845	1,260,971	75,084	674,782	(36,063)	This reserve holds the funding received from the Flexible Homelessness Support Grant and is utilised to fund the Housing Options Team and associated expenditure.
SECTION 106 RESERVES								
Commuted Maintenance Reserve	919,531	(103,510)	816,021	919,531	(103,510)	816,021	0	Monies received from Developers in order to maintain additional play areas and public open space adopted.
Public Service Village Reserve	108,937	0	108,937	108,937	0	108,937	0	S106 monies to be utilised to fund Green Travel Scheme and associated initiatives.
S106 Monitoring Officer Reserve	75,514	600	76,114	61,509	(11,400)	64,114	(12,000)	This reserve is utilised in order to fund the S106 Monitoring Officer post. At present we are forecasting £12k additional utilisation from the fund above the budget.
S106 Revenue Reserve	145,880	0	145,880	144,093	(1,787)	144,093	(1,787)	Monies held in respect of Revenue S106 contributions received. At present only a small movement is currently forecasted for 2019/20.

September 2019 - Earmarked Reserves Forecast Year End Position

Appendix H



Reserve Description	2019/20 Opening Balance £	2019/20 Net Budgeted Movement to / (from) Reserves £	2019/20 Budgeted Closing Balance £	2019/20 Current Reserve Balance £	2019/20 Net Forecast Movement to / (from) Reserves £	2019/20 Forecast Closing Reserve Balance £	2019/20 Forecast Variance (Over) / under Utilised £	Variance Notes (variances in brackets denote greater reserve usage than budgeted)
OTHER RESERVES								
Gershom Parkington Reserve	566,666	3,160	569,826	573,437	8,268	574,934	5,108	Monies received from the Gershom Parkington Trust in order to maintain and develop the Council's Horological Collection.
Economic Development Reserve (LABGI)	5,280	(5,000)	280	5,280	(3,750)	1,530	1,250	Monies remaining from the "Local Authority Business Growth Incentive" (LABGI grant, utilised towards Economic Development Spend.
RESERVES TOTALS:	38,983,456	(9,244,675)	29,738,781	41,686,608	(5,279,123)	33,704,333	3,965,552	

This page is intentionally left blank



Delivering a Sustainable Medium Term Budget 2020-2021

Report No:	PAS/WS/19/019	
Report to and dates:	Performance and Audit Scrutiny Committee	28 November 2019
	Cabinet	14 January 2020
Cabinet Member:	Councillor Sarah Broughton Cabinet Member for Resources and Performance Tel: 07929 305787 Email: sarah.broughton@westsuffolk.gov.uk	
Lead officer:	Rachael Mann Assistant Director (Resources and Performance) Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	

Decisions Plan: This item is included in the Decisions Plan.

Wards impacted: All wards

Recommendation: It is **RECOMMENDED** that the Performance and Audit Scrutiny Committee:

- (i) **Recommends** to Cabinet the inclusion of the proposals, as detailed in **Section 2 and Table 1** of this report, in the medium term financial plans.

Background / context

- 1.1 At its meeting on 26 September 2019 the Performance and Audit Scrutiny Committee (PASC) agreed the principles and approach for delivering a balanced budget in 2020/21 and a medium term financial plan for the years up to 2023/24.
- 1.2 Those principles are:
 - The 2020/21 budget and medium term financial plans will continue to follow the West Suffolk Council Strategic Framework (three priorities) and Medium Term Financial Strategy (six themes).
 - The budget and MTFS will reflect any new initiatives developed as part of the revised Strategic Plan.
 - The budget and MTFS will include the forecast impact of initiatives that address our financial challenges and seize opportunities to reduce the existing budget gaps.
 - The process will continue to communicate the overall West Suffolk financial challenges and opportunities through the medium term financial strategy to Leadership Team, staff, cabinet and all councillors.
- 1.3 The agreed approach, delivering against these principles, included a round of Budget Challenge workshops across all service areas to review the Councils key budget assumptions (taking into account the 2018/19 year end performance and current 2019/20 data), service demands, planned housing growth, sensitivities and risks.
- 1.4 These workshops took place during August-October alongside a detailed 'line by line' review of each services cost base to ensure that budgets are only set for planned and understood expenditure. This report sets out the changes in assumptions and cost and income changes that have been identified through that process to date – a further update will be provided at the January PASC meeting.

2. Progress and Budget Assumptions

- 2.1 At its meeting of 19 February 2019 the Shadow Council approved a budget for 2019/20 and Medium Term Financial Plan for West Suffolk Council to 2023. This Medium Term Financial Plan was balanced for the first two years and then showed a budget gap of £2.7m in 2021/22 and £3.9m in £2022/23 (including unallocated costs).
- 2.2 The September Spending Round announcement confirmed the current governments intentions for the in-year (2019/20 level) Revenue Support Grant allocations and the current 50% Business Rate retention scheme to continue for 2020/21, giving some certainty for the next 12 month budget plans. However, the announcement pushed back the final design of the national Fair Funding Review and Business Rates Retention Scheme

(consultation has taken place on a 75% scheme) to next year (2020/21), providing uncertainty for our medium term plans. Until we have longer term confirmation from central government any financial plans beyond 12 months outlook will contain significant risk to the accuracy of government funding.

2.3 The review of the 2020–2024 budget assumptions, as part of the budget challenge workshops, have given rise to the following key assumption changes to the medium term plans:

- Confirmation received for the continuation of Revenue Support Grant and Rural Services Delivery Grant in the Spending Round.
- Revised estimate of the Collection Fund surplus from 2019/20 (to be confirmed in January).
- Future employer contribution rate assumptions review following receipt of the recent tri-annual year (2020-2023) from the actuaries for the Suffolk Local Government Pension Scheme – continuation of the 2019/20 rate for the next three years.
- Timing assumption for the Barley Homes dividend pending the adoption of the 2019 business plan – due for consideration at the December 2019 Council.

2.4 The net impact of each of these assumption changes is included in the table below. These changes, plus the outcomes from the Budget Challenge workshops, give rise to a budget gap of £0.3m for 2020/21, £2.0m for 2021/22, £3.0m for 2022/23 and £3.1m for 2023/24. These changes are set out in **Table 1** below:

Table 1:

	2020/21	2021/22	2022/23	2023/24
Budget Gap - February 2019	0	2,700	3,900	4,400
<u>Budget Assumptions Review (paragraph 2.3)</u>	244	(759)	(991)	(1,407)
<u>Budget Challenge Workshops - Additional Pressures</u>				
Operations - Recycling Credits, reduction in income	217	217	217	217
<i>Significant volatility in global markets for recovered material (plastic, paper and card) is resulting in a reduction in the net recycling credit we receive from Suffolk County Council (SCC). Original assumption £9.76/tonne, revised plan £3.75/tonne, currently at £2.40/tonne. These are market changes and not driven by SCC.</i>				
Operations - Loss of CCTV income	84	84	84	84
<i>Loss of the Vertas contract for control room support for their security operations (Vertas have now acquired a security company with its own control room). Amend assumption to reflect reduction whilst exploring further income opportunities</i>				
Operations - Additional external valuation advice	30	30	30	30
<i>Valuation advice to support commercial property rent reviews - amend budget assumption to reflect last 2 years trend</i>				
Total Additional Pressures	301	301	301	301
<u>Budget Challenge Workshops - Income/Savings items</u>				
Recruitment - 1 Month advert	(100)	(100)	(100)	(100)
<i>Adoption of a policy to extend recruitment advertising to 4 weeks in line with other public sector partners and to make best use of recruitment windows and notice periods as well as creating potential for vacancy savings.</i>				
Corporate Cost Reviews	(46)	(49)	(50)	(50)
<i>Corporate costs (external printing, consumables, subscriptions etc.) reduced based on trends and saving initiatives</i>	.			
Establishment Review	(43)	(43)	(43)	(43)
<i>Revision of the salary establishment giving rise to a surplus against the previous assumption for 2020/21.</i>				
Operations - Park Income and Building Maintenance	(41)	(41)	(41)	(41)
<i>Improved income trends in 2019/20 in Parks and Building Maintenance reflected in the revised MTFS.</i>				
Barley Homes - SLA Income	(28)	(28)	(28)	(28)
<i>New Service Level Agreement with Barley Homes confirmed.</i>				
Total Additional Income/Cost Savings	(259)	(262)	(262)	(263)
Net Impact	286	1,980	2,947	3,031

- 2.5 Work is still ongoing that will significantly impact this outlook. The key elements that are yet to be finalised include:
- Revised income assumptions based on current trends and outcomes of Fees and Charges reviews.
 - A small number of savings and/or initiatives from the budget challenge workshops that are yet to be quantified.
 - Outcome of the Service Delivery plans focusing on benefits realisation of existing projects and transforming our processes and the way we work.
 - Outcome of the two taskforces – Environmental and Rural.
 - Civil Parking Enforcement costs and incomes.
 - Minimum Revenue Provision and Interest Payable based on a revised capital programme and PWLB interest rates.
- 2.6 This budget assumes no change to the 7 year Council Tax plan for harmonization between the predecessor areas of St Edmundsbury and Forest Heath.
- 2.7 The Capital Programme is currently being revised and updated with known changes. This will be presented to PASC for review in January 2020.
- 2.8 The Council is required to set a balanced budget for the forth coming year. At this stage of the budget process and given the opportunities set out in 2.5 above, delivery of a balanced budget for 2020/21 is deemed achievable (based on what we know at this stage of the process). Having said that and given the future medium term challenges facing the council, proposals are likely to be put forward at the January PASC meeting and as part of the main February Budget and Council Tax report, to enable the Council to deliver ahead of the curve and to bring forward saving and income initiatives into 2020/21. This is good financial management and will enable greater certainty for the delivery of a sustainable medium term financial plan for West Suffolk.

3. Timescales and Next Steps

- 3.1 The following high level timetable is proposed for delivery and agreement of a budget and medium term plan for West Suffolk Council for 2020/2021.

Action	Timescales
PASC report(s) – delivering a sustainable budget update report	28 November 2019
PASC report(s) – delivering a sustainable budget update report	30 January 2020
Member Development Session(s) and briefing(s) – MTFs	January- February 2020
Cabinet – 2019-20 Budget and Council Tax	11 February 2020

setting report	
Council - 2019-20 Budget and Council Tax setting report	25 February 2020



Treasury Management – September 2019

Report No:	FRS/WS/19/004	
Report to and dates:	Financial Resilience Sub Committee	18 November 2019
	Performance and Audit Scrutiny Committee	28 November 2019
	Cabinet	14 January 2020
	Council	24 February 2020
Cabinet Member:	Councillor Sarah Broughton Cabinet Member for Resources and Performance Tel: 07929 305787 Email: sarah.broughton@westsuffolk.gov.uk	
Lead officer:	Gregory Stevenson Service Manager (Finance and Performance) Tel: 01284 757264 Email: gregory.stevenson@westsuffolk.gov.uk	
Decisions Plan:	This item is included in the Cabinet’s Decisions Plan	
Wards impacted:	All Wards	
Recommendation:	<p>It is recommended that, the Financial Resilience Sub-Committee:</p> <p>(1) <u>Notes</u> the Treasury Management Report – September 2019; and</p> <p>(2) <u>Makes recommendations</u> as appropriate via the Performance and Audit Scrutiny Committee to Cabinet and Council.</p>	

1. Treasury Management Report – September 2019

- 1.1 The purpose of this report is to report on the Treasury Management Activities of West Suffolk Council from 1 April 2019 to 30 September 2019.
- 1.2 Following the creation of West Suffolk Council, the total amount invested at 1 April 2019 was £42,750,000 and at 30 September 2019 £46,900,000.
- 1.3 The 2019/20 Annual Treasury Management and Investment Strategy Statements (report TMS/SE/19/002/PAS/FH/19/007 approved 19 February 2019) sets out the Council's projections for the current financial year. The budget for investment income of 2019/20 is £142,141 which is based on a 0.90% target average rate of return on investments.
- 1.4 As at the end of September 2019 interest actually earned during the first six months of the financial year amounted to £194,249 (average rate of return of 0.793%) against a profiled budget for the period of £71,070 (average rate of return 0.90%); a budgetary surplus of £123,179. This surplus relates to higher than expected cash balances due to slippages in the Capital programme and also the favourable interest rates secured on the investments carried over from the previous councils.
- 1.5 As at the end of September 2019 a total of £14.5m has been borrowed internally from available cash balances. This has meant West Suffolk Council has not had any additional borrowing over the long-term £4m loan.

2. Treasury Investment Activities 1 April 2019 to 30 September 2019

- 2.1 The table below summaries the interest earned and the average rate of return achieved:

INTEREST EARNED AND AVERAGE RATE OF RETURN SUMMARY			
Investment Category	Total Average Investment	Average Rate of Return (%)	Interest Earned
Temporary Investments (Term Deposits)	1,664,331	0.835%	89,668
Lloyds 95 Day Account	2,405,521	1.100%	13,266
Santander 365 Day Account	8,000,000	1.150%	46,126
Santander 180 Day Account	1,000,000	0.950%	4,763
Santander 95 Day Account	500,000	0.850%	2,130
Lloyds Treasury Account	5,373,461	0.650%	17,126
Barclays Deposit Account	4,852,732	0.010%	243
Local Authorities	4,543,379	0.768%	20,927
Total Overall Average Return on Investments %			0.793%
Total Interest Earned - 1 April 2019 to 30 Sept 2019			194,249

2.2 The table below summaries the investment activity during the period:

TREASURY MANAGEMENT – INVESTMENT ACTIVITY SUMMARY	
	2019/2020
Opening Balance 01 April 2019	42,750,000
Investments made during the year (including transfers to business reserve accounts)	72,050,000
Sub Total	114,800,000
Investments realised during the year (including withdrawals from business reserve accounts)	67,900,000
Closing Balance 30 June 2019	46,900,000

2.3 The table below lists the investments held as at 30 September 2019:

Investments held as at 30 September 2019				
Counterparty	Principal Amount	Interest Rate	Date Loaned	Date Returned
Leeds B/Soc	1,000,000	1.00%	18/03/19	27/01/20
Leeds B/Soc	1,000,000	1.00%	18/03/19	20/01/20
Coventry B/Soc	2,000,000	0.97%	21/05/19	24/01/19
Nottingham B/Soc	1,000,000	1.08%	03/06/19	19/12/19
Newcastle B/Soc	1,000,000	1.17%	03/06/19	19/12/19
Leeds B/Soc	4,000,000	0.72%	01/07/19	15/11/19
Nat Counties B/Soc	1,000,000	0.95%	01/07/19	07/10/19
Principality B/Soc	1,000,000	0.79%	01/07/19	07/10/19
Yorkshire B/Soc	1,000,000	0.72%	01/07/19	07/10/19
Nationwide B/Soc	1,000,000	0.67%	02/08/19	21/10/19
Skipton B/Soc	1,000,000	0.51%	02/08/19	21/10/19
Nottingham B/Soc	1,000,000	0.83%	08/08/19	15/11/19
Nat Counties B/Soc	1,000,000	0.81%	08/08/19	21/10/19
Principality B/Soc	1,000,000	0.75%	08/08/19	21/10/19
Newcastle B/Soc	1,000,000	0.75%	08/08/19	21/10/19
Yorkshire B/Soc	1,000,000	0.74%	12/08/19	10/02/20
Coventry B/Soc	4,000,000	0.66%	30/08/19	29/10/19
Nationwide B/Soc	1,000,000	0.74%	30/08/19	21/02/20
Nationwide B/Soc	4,000,000	0.64%	02/09/19	19/11/19
Skipton B/Soc	1,000,000	0.50%	02/09/19	19/02/20
Lloyds 95 Day	2,400,000	1.10%	01/04/19	95 Day
Santander 365 Day	8,000,000	1.15%	01/04/19	365 Day
Santander 180 Day	1,000,000	0.95%	01/04/19	180Day
Santander 95 Day	500,000	0.85%	01/04/19	95 Day
Lloyds Treasury Account	3,000,000	0.65%	01/04/19	On call availability
Barclays Deposit Account	1,000,000	0.01%	01/04/19	On call availability
CCLA MMF	1,000,000	Variable	03/09/19	On call availability
TOTAL	46,900,000			

- As at 30 September 2019, NO notice had been placed on any of the call accounts.

3. Treasury Borrowing Activities 1 April 2019 to 30 September 2019

Borrowing and Capital Costs - Affordability

3.1 The 2019/20 Budget has assumptions on borrowing for the capital projects included within it, alongside the current £4m external borrowing in respect of the previous Newmarket Leisure Centre build. This new borrowing requirement was based around three specific projects;

- West Suffolk Operational Hub, Bury St Edmunds
- Mildenhall Hub
- Investing in our Growth Fund

The details on these Budgets are laid out below:

SUMMARY OF CAPITAL BORROWING BUDGET 2019/20			
Project	External Borrowing Requirement (Budget + 18/19 C/Fwd)	Minimum Revenue Provision (MRP)	Interest Payable
Investing in our Growth Fund	£27,211,713	£316,500	£144,000
Mildenhall Hub	£18,391,029	£0*	£0*
West Suffolk Operational Hub	£7,436,208	£72,000	£79,000
Newmarket Leisure Centre (FHDC)	£4,000,000	£113,000	£169,600
Toggam Solar Farm	£0**	£91,000	£51,000
20 High St Haverhill	£0**	£49,300	£14,000
113 High St Newmarket	£0**	£24,930	£5,000
Olding Road DHL Depot	£0**	£197,750	£32,000
Vicon House, Western Way	£3,375,059	£46,500	£105,000
Unallocated Capital	£3,000,000	£75,000	£82,500
Total Value of Investments	£63,414,009	£985,980	£682,100
% of Net Revenue Budget		2.1%	1.4%

* Mildenhall Hub will not be completed within 2019/20. Borrowing costs are not planned until the site is active.

** Business cases assessed on the basis of borrowing. These purchases were made in 2018/19 using available cash reserves. A full year of MRP is budgeted but interest only from the planned borrowing date of January 2020.

The affordability of borrowing and capital costs is a key metric in terms of evaluating any new opportunities. As set out in the Capital Strategy we are using the % of the Net Revenue Budget for both MRP and Interest Payable.

3.2 As at 30 September 2019, the forecast position for 2019/20 on each of these projects is detailed below:

SUMMARY OF CAPITAL BORROWING: Q2 2019/2020				
Project	External Borrowing	Use of Available Balances (in place of External Borrowing)	Minimum Revenue Provision (MRP)	Interest Payable
Investing in our Growth Fund	£27,211,713	£0	£316,500	£144,000
Mildenhall Hub	£1,959,419	£9,686,000	£0	£0
West Suffolk Operational Hub	£3,151,106	£4,285,102	£72,000	£33,477
Newmarket Leisure Centre (FHDC)	£4,000,000	£0	£113,000	£169,600
Toggam Solar Farm	£0	£0	£91,000	£51,000
20 High St Haverhill	£0	£0	£49,300	£14,000
113 High St Newmarket	£0	£0	£24,930	£5,000
Olding Road DHL Depot	£0	£0	£197,750	£32,000
Vicon House, Western Way	£0	£3,375,059	£46,500	£105,000
Unallocated Capital	£3,000,000	£0	£75,000	£82,500
Total Value of Investments	£39,322,238	£17,346,161	£985,980	£636,577
% of Net Revenue Forecast			2.0%	1.3%

The improvement in the Forecast Interest Payable as % of Net Revenue Forecast and Forecast MRP as % of Net Revenue Forecast is due to a slight increase in Net Revenue alongside the small saving in Interest Payable from the WSOH.

3.3 This position has moved due to the following reasons:

- The purchase of Vicon House in Bury St Edmunds which did not require external borrowing.

- The available balances that enable part payment for Mildenhall Hub and West Suffolk Operational Hub.

- 3.4 Therefore the forecast position for Interest Payable reduces to £636,577 in 2019/20 which is a saving of £45,523. Borrowing is forecast to occur during 2019/20 based on cash flow requirements and advice from our external advisors - Arlingclose.
- 3.5 As opportunities for growth fund investment arise, the borrowing and MRP position will be reviewed as each business case is developed and the MRP and interest payable will be vired to each opportunity.
- 3.6 As at the end of Quarter 2 (September 2019) there has been no requirement for any additional external borrowing over and above the long-term £4.0m Barclays loan. As at the end of September 2019 a total of £14.5m has been borrowed internally from available cash balances which reflects the council underlying need to borrow.

4. Borrowing and Income - Proportionality

- 4.1 The concept of proportionality, alongside that of affordability, is a key consideration when considering funding projects through borrowing.
- 4.2 The costs and risks associated with that borrowing should be looked at as part of the whole financial position of the council. Awareness of the scale and relationship with the asset base and revenue delivery is essential to informed decision making.
- 4.3 This relationship and trend between borrowing, asset base and yield (expressed as income as % of net revenue) from the investments that the council has made are laid out in the tables below. These are split by asset type.

2019/20 BUDGET	Asset Value £m	Borrowing £m	Borrowing as % of Long Term Assets	Annual Income £m	Yield: Income as % of Asset Value	Income as % of Total Net Revenue
Industrial Units	£24.2	£0.0	0%	£2.9	12.0%	6.0%
Retail Units	£28.2	£0.0	0%	£1.3	4.6%	2.7%
Land	£10.3	£0.0	0%	£1.0	9.7%	2.1%
Solar Farm*	£13.8	£0.0	0%	£1.5	10.9%*	3.1%
Growth Fund		£30.6	14.0%	£0.5		1.0%
West Suffolk Operational Hub		£7.4	3.4%	£0.1		0.2%
Mildenhall Hub		£18.4	8.4%	£0.1		0.2%
Other		£7.0	3.2%	£0.6		1.2%
TOTAL		£63.4	29.1%	£8.0		16.5%

The forecast position as at the end of September 2019 for borrowing and income is laid out below:

2019/20 FORECAST	Asset Value £m	Borrowing £m	Borrowing as % of Long Term Assets (£217.4m)	Annual Income £m	Yield: Income as % of Asset Value	Income as % of Total Net Revenue
Industrial Units	£24.2	£0.0	0%	£2.9	12.0%	5.9%
Retail Units	£28.2	£0.0	0%	£1.3	4.6%	2.6%
Land	£10.3	£0.0	0%	£1.0	9.7%	2.0%
Solar Farm*	£13.8	£0.0	0%	£1.5	10.9%*	3.1%
Growth Fund		£27.2	12.5%	£0.5		1.0%
West Suffolk Operational Hub		£3.2	1.9%	£0.1		0.2%
Mildenhall Hub		£2.0	4.0%	£0.0		0.0%
Other		£7.0	3.2%	£0.5		1.2%
TOTAL		£39.3	18.1%	£7.8		15.2%

* -This is a Gross Income Yield%. For the Solar Farm in particular there are significant running costs associated with this income. If these costs are included the Net Yield % comes down to 8.7% (before borrowing costs) and 4.1% (after borrowing costs) based on the current £13.8m valuation. If based off the purchase price of £14.4m the yield is 8.3% (before borrowing costs) and 3.9% (after borrowing costs).

- 4.4 At this stage in the year the income forecasts are broadly similar to the budget expectations. The slight change in % of Net Revenue (based on total net revenue of £51.3m) is caused by increased forecasts in other income areas (business rates, trade waste).

5. Current Borrowing

- 5.1 Below is a summary of the borrowings as at 30 September 2019:

BORROWINGS		
Lender / Loan number	Balance outstanding	Maturity date
Barclays Loan	£4,000,000	31 March 2078

6. Other Market Considerations

- 6.1 Central Government announced unexpectedly on 9 October 2019 that they would be raising the margin applied to PWLB (Public Works Loans Board) loans by 1%. The rate is now gilts +1.80%; up from gilts +0.80%. This was unexpected and the explanation from the Treasury was as follows:

'Some local authorities have substantially increased their use of the PWLB in recent months, as the cost of borrowing has fallen to record lows. HM Treasury is

therefore restoring interest rates to levels available in 2018, by increasing the margin that applies to new loans from the PWLB by 100bps (one percentage point) on top of usual lending terms.'

- 6.2 These government concerns are driven by local authorities borrowing to invest in commercial property with no or limited connection to their geographical area. In contrast West Suffolk Council are continuing to look to achieve blended returns through investment within West Suffolk itself.
- 6.3 This increase in PWLB borrowing rates, albeit it does increase the cost of borrowing, does not, however, materially impact the interest payable assumptions on our existing projects. Those business cases were made on prudent assumptions on the cost of borrowing which are now more in line with PWLB rates rather than including a reasonable contingency element.
- 6.4 This increase in rate does impact the interest rate risk of carrying internal borrowing as oppose to fixing into external borrowing rates. However given the cost of borrowing versus when cash balances are still available (and the returns received on these are significantly lower than the borrowing costs), it is still advised that we continue to make use of internal cash balances. This position will change during the remaining part of this financial year when external borrowing is likely to take place. It is worth noting also that longer term; borrowing is still viewed as historically 'cheap' based on UK Gilt and interest rate projections.

UNITED KINGDOM 10Y BOND YIELD



SOURCE: TRADINGECONOMICS.COM

- 6.5 The advice we have received from Arlingclose is that there is no need to panic. There are other options available on the market that could be used in place of PWLB and still offer attractive, predictable interest rates.
- 6.6 We are lobbying The Treasury for the creation of a separated source of funding with a reduced rate for projects that will deliver a blended return of regeneration and social and economic factors such as our development plans for Western Way.
- 6.7 At the time of writing this report, uncertainty still surrounded Brexit, the financial markets remained volatile with relatively low rates of return still being offered by the financial institutions. The treasury team will continue to monitor the situation and provide updated information as it becomes available.

7. Background Documents

- 7.1 Capital Strategy 2019-2021, Treasury Management Strategy Statement 2019-2020 and Treasury Management Code of Practice:

[TMS/SE/19/002](#) and [PAS/FH/19/007](#)

This page is intentionally left blank



Work Programme 2020-2021

Report No:	PAS/WS/19/020	
Report to and date:	Performance and Audit Scrutiny Committee	28 November 2019
Cabinet Member:	Councillor Sarah Broughton Cabinet Member for Resources and Performance Tel: 01284 703894 Email: sarah.broughton@westsuffolk.gov.uk	
Chair of the Committee:	Councillor Ian Houlder Performance and Audit Scrutiny Committee Tel: 07597 961069 Email: ian.houlder@westsuffolk.gov.uk	
Lead officer:	Rachael Mann Assistant Director (Resources and Performance) Tel: 01638 719245 Email: Rachael.mann@westsuffolk.gov.uk	
Decisions Plan:	This item is not included in the Decisions Plan.	
Wards impacted:	Not applicable.	
Purpose of report:	To update members on the current status of its Work Programme, attached at Appendix 1.	
Recommendation:	It is <u>RECOMMENDED</u> that, the Performance and Audit Scrutiny Committee: <u>Notes</u> the current status of its Work Programme for 2020-2021 attached at Appendix 1.	

This page is intentionally left blank

**(West Suffolk Council)
Performance and Audit Scrutiny Committee
Work Programme – 2020**

Description	Lead Officer
30 January 2020 (Time: 5.00pm) Venue: District Offices, Mildenhall	
Ernst and Young – Certification of Claims and Returns Annual Report (2018-2019)	Assistant Director (Resources and Performance)
Ernst and Young – External Audit Plan and Fees 2019-2020	Assistant Director (Resources and Performance)
2019-2020 Performance Report (Quarter 3)	Service Manager (Finance and Performance)
Proposed Performance Indicators and Targets 2020-2021	Service Manager (Finance and Performance)
Treasury Management Report 2019-2020 Investment Activity - (April to December 2019)	Service Manager (Finance and Performance)
Annual Treasury Management and Investment Strategy Statements 2020-2021 and Treasury Management Code of Practice	Assistant Director (Resources and Performance)
Delivering a Sustainable West Suffolk Budget 2020-2021 and Medium Term Plan – update report	Assistant Director (Resources and Performance)
Work Programme Update	Assistant Director (Resources and Performance)
28 May 2020 (Time: 5.00pm) Venue: West Suffolk House, Bury St Edmunds	
Internal Audit Annual Report (2019-2020)	Service Manager (Internal Audit)
Outline Internal Audit Plan (2020-2021)	Service Manager (Internal Audit)
2019-2020 Performance Report (Quarter 4)	Service Manager (Finance and Performance)
Ernst and Young – 2020-2021 Indicative Fees	Assistant Director (Resources and Performance)
Annual Report from the Health and Safety Sub-Committee	Service Manager (Health and Safety)
Appointments to the Financial Resilience Sub-Committee and the Health and Safety Sub-Committee	Service Manager (Democratic Services and Monitoring Officer)
Work Programme Update	Assistant Director (Resources and Performance)

This page is intentionally left blank