

Informal Joint Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title:	Agenda								
Date:	Wednesday 26 November 2014								
Time:	5.00 pm (PLEASE NOTE TIME OF MEETING)								
Venue:	Conference Chamber West West Suffolk House Western Way Bury St Edmunds								
Full Members:	<p style="text-align: center;">Chairman Sarah Broughton</p> <p style="text-align: center;">Vice Chairman Patricia Warby</p> <p><u>Conservative Members (7)</u></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;">Paul Farmer</td> <td style="width: 33%;">Paul Simner</td> </tr> <tr> <td>Beccy Hopfensperger</td> <td>Paula Wade</td> </tr> <tr> <td>Karen Richardson</td> <td></td> </tr> </table> <p><u>Independent Group Members (2)</u></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;">David Nettleton</td> <td style="width: 33%;">Derek Redhead</td> </tr> </table> <p><u>UKIP Member (1)</u> Vacancy</p>	Paul Farmer	Paul Simner	Beccy Hopfensperger	Paula Wade	Karen Richardson		David Nettleton	Derek Redhead
Paul Farmer	Paul Simner								
Beccy Hopfensperger	Paula Wade								
Karen Richardson									
David Nettleton	Derek Redhead								
Substitutes:	<p><u>Conservative Members (3)</u></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;">Jeremy Farthing</td> <td style="width: 33%;">Adam Whittaker</td> </tr> <tr> <td>Marion Rushbrook</td> <td></td> </tr> </table> <p><u>Labour Member (1)</u> Diane Hind</p>	Jeremy Farthing	Adam Whittaker	Marion Rushbrook					
Jeremy Farthing	Adam Whittaker								
Marion Rushbrook									
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 Scrutiny Officer Tel: 01638 719729 Email: christine.brain@westsuffolk.gov.uk								

5.00pm	<p>Public Speaking</p> <p>Please note that under its Constitution, Forest Heath District Council permits public participation during its Performance and Audit Scrutiny meetings. Therefore, for the purposes of facilitating discussions, members of the public are invited to put questions/statements of not more than 3 minutes duration in relation to items to be discussed in Part 1 of the agenda only.</p>
5.00pm	<p>Informal discussions with Forest Heath District Council's Performance and Audit Scrutiny Committee on the seven substantive items listed below under Items 4 to 10 inclusive, to be held in Conference Chamber West.</p>
6.00pm	<p>The formal meeting of the Performance and Audit Scrutiny Committee will commence at <u>6.00pm or immediately following the conclusion of the informal discussions</u>, whichever is the later, in Conference Chamber West.</p>

All Members of Forest Heath's Performance and Audit Scrutiny Committee have been invited to enable informal discussions on the reports listed in Items 4 to 10 inclusive below to take place between the two authorities:

COUNCILLORS

Conservative Group (8)	Michael Anderson John Bloodworth Colin Noble	Chris Barker Geoffrey Jaggard Tony Wheble	David Bimson John McGhee
Opposition Group (2)	Tim Huggan	Michael Jefferys	

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

Agenda

Page No

Procedural Matters

Part 1(A) - Public

1. Apologies for Absence

2. Substitutions

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

3. Minutes

1 - 6

To confirm the minutes of the meeting held on 24 September 2014 (copy attached).

(Following the informal discussions held with Forest Heath District Council's Performance and Audit Scrutiny Committee on Items 4 to 10 below, Members are reminded that no further debate shall take place. However, Members are requested to either formally note/resolve Items 4 to 10 below).

4. Mid-Year Internal Audit Progress Report 2014/15

7 - 16

Report No: **PAS/SE/14/001**

*(For reference purposes, Forest Heath District Council's Report Number is **PAS/FH/14/001**)*

5. Key Performance Indicators and Quarter Two Performance Report (2014-2015)

17 - 32

Report No: **PAS/SE/14/002**

*(For reference purposes, Forest Heath District Council's Report Number is **PAS/FH/14/002**)*

6. West Suffolk Strategic Risk Register Quarterly Monitoring Report - September 2014

33 - 44

Report No: **PAS/SE/14/003**

*(For reference purposes, Forest Heath District Council's Report Number is **PAS/FH/14/003**)*

7. Biannual Corporate Complaints and Compliments Digest

45 - 62

Report No: **PAS/SE/14/004**

*(For reference purposes, Forest Heath District Council's Report Number is **PAS/FH/14/004**)*

	Page No
8. West Suffolk Fees and Charges Policy	63 - 76
Report No: PAS/SE/14/005 <i>(For reference purposes, Forest Heath District Council's Report Number is PAS/FH/14/005)</i>	
9. Accounting for a Single West Suffolk Staffing Structure and the Move to a West Suffolk Cost Sharing Model	77 - 88
Report No: PAS/SE/14/006 <i>(For reference purposes, Forest Heath District Council's Report Number is PAS/FH/14/006)</i>	
10. Work Programme Update	89 - 90
Report No: PAS/SE/14/007 <i>(For reference purposes, Forest Heath District Council's Report Number is PAS/FH/14/007)</i>	

Part 1(B) - Public

11. Ernst and Young (2013-2014) Annual Audit Letter	91 - 106
Report No: PAS/SE/14/008	
12. Budget Monitoring Report (1 April - 30 September 2014)	107 - 128
Report No: PAS/SE/14/009	
13. Delivering a Sustainable Budget (2015-2016)	129 - 148
Report No: PAS/SE/14/010	
14. Mid-Year Treasury Management Report 2014-15 Investment Activity 1 April to 30 September 2014	149 - 160
Report No: TMS/SE/14/001 will be considered by the Treasury Management Sub-Committee on 17 November 2014. The Chairman/Head of Resources and Performance will update the Committee verbally on any issues or recommendations arising from the consideration of this report.	

Part 2 – Exempt

NONE

ST EDMUNDSBURY BOROUGH COUNCIL

PERFORMANCE AND AUDIT SCRUTINY COMMITTEE

Minutes of the meeting held on Wednesday 24 September 2014 at 4.30pm, in Conference Room West, West Suffolk House, Western Way, Bury St Edmunds

PRESENT: Councillor Mrs Broughton (Chairman)
Councillors Cox, Farmer, Nettleton and Redhead

BY INVITATION: Councillor Ray, Portfolio Holder for Resources and
Performance.

27. Apologies for Absence

Apologies for absence were received from Councillors Mrs Richardson, Mrs Wade and Mrs Warby.

Councillors Mrs Hopfensperger and Simner were also unable to attend.

28. Substitutions

No substitutions were declared.

29. Minutes

The minutes of the meeting held on 31 July 2014, were confirmed as a correct record and signed by the Chairman.

Councillor Cox wished it to be recorded that he voted against the minutes being confirmed as a correct record.

30. Declarations of Interest

Members' declarations of interest are recorded under the item to which the declaration relates.

31. Ernst and Young – Presentation of 2013-2014 ISA 260 Annual Governance Report to those Charged with Governance

The Committee received Report F134 (previously circulated), which presented the results of the Ernst and Young's (EY) audit of the financial statements for 2013-2014 – its second year as the Council's appointed external auditor. The report set out those issues they were formally required to report on to those charged with governance, under the Audit Commission Code of Audit Practice and International Standards on Auditing (UK and Ireland) (ISA (UK&I)) 260. The report also included the results of the work that EY had undertaken to assess the Council's arrangements to secure value for money in the use of its resources, as the Performance and Audit Scrutiny Committee was charged with governance in accordance with powers delegated to it under the Council's Constitution.

A copy of the Audit Committee Summary was appended to Report F134 as Attachment 1, and was presented to the Committee by Neil Harris (External Audit Director) and Melanie Richardson (External Audit Manager)

from EY. Also attached as Attachment 2 to the report was a Letter of Representation, on behalf of the Council, in connection with the audit of the financial statement for St Edmundsbury Borough Council for the year ended 31 March 2014.

Mr Harris confirmed that all work on the audit of the Council's 2013-2014 financial statements had been completed and no further errors had been identified. Therefore, EY would be issuing an unqualified opinion and certificate by the deadline of 30 September 2014, on both the Council's 2013-2014 financial statements and arrangements in securing economy, efficiency and effectiveness in its use of resources. He wished to thank the Head of Resources and Performance and her team who had been helpful and instrumental in making this a very smooth audit for EY this year.

However, he wished to draw the Committee's attention to a couple of key areas:

- (1) On page 5 of Attachment 1, of Report F134, Mr Harris confirmed that he was satisfied with all the assurances provided relating to the audit risks identified within the Council's Audit Plan. In particular in relation to the localised business rates and collection fund and the provision of business rate appeals.
- (2) On page 7 of Attachment 1, the reclassification of one amendment which was considered significant in value only, related to £4.5m from cash and cash equivalents to short-term investments – presentational change only.
- (3) On page 8 of Attachment 1, no weaknesses had been identified relating to internal control.
- (4) On page 10 of Attachment 1, EY had noted that the Council had identified a cumulative budget gap of around £3.9m over the next four years and it was aware of the joint arrangements in place through shared services and other local efficiencies to respond to this financial challenge.
- (5) On page 11 of Attachment 1, EY had not concluded the final audit fee for 2013-2014. EY would be considering the impact of any extra audit work undertaken during the year and would discuss any proposed changes to the fee with the Chief Financial Officer (Head of Resources and Performance), before reporting back to the Performance and Audit Scrutiny Committee on any variations.

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

The Chairman, on behalf of the Committee wished to thank the Head of Resources and Performance and the Finance Team for their outstanding work and also wished to thank EY for their audit work.

With 4 votes for and 1 abstention (Councillor Cox), it was

RESOLVED: That:-

- (1) the unqualified opinion on the Financial Statements for 2013-2014 (page 3 of Attachment 1), issued by the Auditor be noted.
- (2) the Value for Money conclusion stating that the Council had proper arrangements in securing economy, efficiency and effectiveness in its use of resources (page 3 of Attachment 1), issued by the Auditor be noted.
- (3) The Letter of Representation on behalf of the Council be approved, before the Audit Director issues his opinion and conclusion.

32. Local Code of Corporate Governance / Annual Governance Statement 2013-2014

The Committee received Report F135 (previously circulated), which:

- (a) presented a revised West Suffolk Local Code of Corporate Governance; and
- (b) sought Members approval of the Annual Governance Statement for 2013-2014.

(a) Local Code of Corporate Governance

The Local Code of Corporate Governance sets out the principles of how the Council ensures compliance with statutory requirements and best practice guidance on corporate governance. Whilst the adoption of a Local Code was not a statutory requirement it represents best practice and was a key element of a councils overarching governance arrangements and its commitment to good corporate governance. The Local Code of Corporate Governance was subject to annual review to ensure it remained up to date. Minor adjustments had been made to the document, attached as Appendix A to Report F135, which now reflected a joint West Suffolk Local Code of Corporate Governance between St Edmundsbury Borough Council and Forest Heath District Council.

The Committee discussed the West Suffolk Local Code of Corporate Governance and asked questions to which officers duly responded.

With 4 votes for and 1 abstention (Councillor Cox), it was



RECOMMENDED:-

That subject to the approval of full Council, the West Suffolk Local Code of Corporate Governance, attached as Appendix A to Report F135 be adopted.

(b) Annual Governance Statement 2013-2014

Attached as Appendix B to Report F135 was the Annual Governance Statement, which provided stakeholders of the Council with assurance that the

Council had operated within the law and that the Council had met the requirements of the Accounts and Audit Regulations 2011. This year the document was presented as a joint statement for St Edmundsbury Borough Council and Forest Heath District Council to reflect both councils working together and sharing services across West Suffolk.

The Legal Services Manager wished to draw the Committee's attention to page 13 of Appendix B, paragraph 10.3, which highlighted a small number of areas where improvements could be made. These were included in the Council's Corporate Project Plan and would be subject to management and member scrutiny as appropriate.

The Committee was asked to review and approve the Annual Governance Statement prior to it being signed off by the Chief Executive and the Leader of the Council.

The Committee discussed the Annual Governance Statement for 2013-2014 and asked questions to which officers duly responded.

With 4 votes for and 1 abstention (Councillor Cox), it was

RESOLVED:

That the Annual Governance Statement for 2013-2014, attached as Appendix B to Report F135, be approved for signing by the Chief Executive and the Leader of the Council.

33. 2013-2014 Annual Statement of Accounts

The Committee received Report F136 (previously circulated), which sought Members approval of the 2013-2014 Statement of Accounts, attached as Appendix 1, in accordance with the powers delegated to it under the Council's Constitution. Also attached at Appendix 2, was a detailed schedule of payments made to Councillors during the financial year 2013-2014.

EY had commenced the audit of the Council's draft Statement of Accounts in July 2014, with a view to its completion prior to the 30 September 2014 deadline for publication. The results of EY's review of the accounts were provided in the Annual Governance Report, which was included on the Committee's Agenda (F135 above). The attached Statement of Accounts (Appendix 1) had been amended (as appropriate) to take on board issues raised by the audit process up to the date of distribution. Only minor presentational changes were now required prior to the signing of the accounts.

EY had confirmed that the audit for St Edmundsbury Borough Council had been concluded this evening (24 September 2014) and had issued an unqualified opinion on the financial statements and the value for money conclusion that the Council had made the appropriate arrangements to secure economy, efficiency and effectiveness in the Council's use of resources. This meant the Committee was now in a position to sign the 2013-2014 Statement of Accounts off this evening (24 September 2014).

The Head of Resources and Performance was pleased to confirm that the Council's net expenditure for 2013-2014 was £11.832m, resulting in a

budget underspend for the year of £0.203m. She then drew the Committee's attention to the new style and layout of the Statement of Accounts and welcomed Member's comments.

The Head of Resources and Performance wished to thank the Finance Team for all their work involved in pulling the accounts together using a new financial management system and also thanked EY.

The Committee scrutinised the draft accounts and member payments and asked questions of officers who duly responded. In particular, the Committee raised questions to which responses were given or a written response would be provided:

Member Payments

- (i) Members questioned the basic Cabinet member allowance and special responsibility allowance as they were not the all same. Members noted that all members had the opportunity to either accept or reject the 1% pay increase recommended by the Independent Remuneration Panel and questioned whether this had an impact. The Head of Resource and Performance agreed to provide a written response.
- (ii) Members questioned whether members could still opt to accept the 1% pay increase and if so, how would this effect member allowances. The Head of Resources and Performance agreed to provide a written response on whether the right had lapsed to take the pay increase.
- (iii) Councillors Farmer and Nettleton suggested that the expenses column should be split into two, to indicate mileage/travelling and other expenses. Officers agreed to look into splitting the expenses and would consult with both Councillors Farmer and Nettleton on the layout, before it went onto the website.
- (iv) National Insurance and Pension contributions – Members questioned whether there was a pension scheme for members. The Head of Resources and Performance agreed to provide a written response.

Statement of Accounts

- (i) Page 129, Officers Remuneration – Members questioned the remuneration paid to senior employees, which also included pension contributions. The Head of Resources and Performance explained that this was a statutory note contained within the Statement of Accounts, but agreed to look at providing in future an allowance subtotal before including the pension amount.

The Committee wished to convey its thanks and commended the Finance Team in the work involved in closing the accounts.

With 4 votes for and 1 abstention (Councillor Cox), it was

RESOLVED: That:-

- (1) The 2013-2014 Statement of Accounts, attached as Appendix 1 to Report F136, be approved in accordance with the powers delegated to it under the Council's Constitution.

- (2) The Chairman of the Performance and Audit Scrutiny Committee signs the certification of the 2013-2014 Statement of Accounts on behalf of the Committee.
- (3) The Chief Financial Officer, in consultation with the Portfolio Holder for Resources, Governance and Performance, be given delegated authority to make any presentational and non-material changes to the Statement of Accounts that may be required up to the date of publication.

34. Work Programme Update

The Committee received Report F137 (previously circulated), which provided information on the current status of the Committee's Work Programme. Attached as Appendix 1 to the report were details of items scheduled to be presented to the Committee during 2014-2015.

The Committee discussed the work programme and asked questions to which officers duly responded. There being no decision required, the Committee **noted** the contents of the report.

The meeting concluded at 5.27pm.

**MRS S O BROUGHTON
CHAIRMAN**

Informal Joint Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Mid-year Internal Audit Progress Report 2014/15	
Report No:	PAS/SE/14/001	
Decisions plan reference:	Not applicable.	
Report to and date:	Performance and Audit Scrutiny Committee	26 November 2014
Portfolio holder:	David Ray Portfolio Holder for Resources and Performance Tel: 01359 250912 Email: david.ray@stedsbc.gov.uk	
Lead officer:	Jon Snares Internal Audit Manager Tel: 01284 757239 Email: jon.snares@westsuffolk.gov.uk	
Purpose of report:	This report advises Members of the work of the Internal Audit Section for the first half of 2014/15 and gives Members a flavour of the variety of corporate projects and activities which are supported through the work of the team. The report also provides an update of progress made against the 2014/15 Internal Audit Plan previously approved by this committee.	
Recommendation:	Performance and Audit Scrutiny Committee: Members are asked to note the contents of this report, including progress made against the 2014/15 Internal Audit Plan.	

Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>		<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	
Consultation:		<ul style="list-style-type: none"> No external consultation was required or undertaken in producing this report. Internal consultation is carried out with key officers during the audit process and in the production of individual internal audit reports and follow up work. 	
Alternative option(s):		<ul style="list-style-type: none"> Not applicable 	
Implications:			
<i>Are there any financial implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> There are no direct financial implications arising from this report. All internal audit recommendations must be considered in terms of their cost effectiveness.	
<i>Are there any staffing implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
<i>Are there any ICT implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
<i>Are there any legal and/or policy implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> The provision of the Internal Audit Service allows the council to meet its statutory obligations with regards to the Local Government Act 1972, the Local Government Finance Act 1982 and the Accounts and Audit Regulations 2011. 	
<i>Are there any equality implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
	Low/Medium/ High*		Low/Medium/ High*
Internal controls within the Council may not be efficient and effective and as a result the Council may not be identifying significant weaknesses that could impact on the achievement of the Council's priorities and/or lead to fraud, financial loss or inefficiency.	Medium	Members receive and approve the internal audit plan and receive progress reports throughout the year. The audit plan is based on an assessment of risk for each system or operational area. External Audit reviews the work of the internal audit section and internal control arrangements.	Low

Ward(s) affected:	All
Background papers: <i>(all background papers are to be published on the website and a link included)</i>	None
Documents attached:	Appendix A – Mid Year Internal Audit Progress Report 2014/15

1. Key issues and reasons for recommendation

1.1 Mid-Year Internal Audit Progress Report 2014/15

1.1.1 The Public Sector Internal Audit Standards require the Internal Audit Manager to report periodically to senior management and committee on Internal Audit's performance relative to its Audit Plan. Reporting should also include any significant risk exposures and control issues where relevant, including fraud risks and governance issues. The Performance and Audit Scrutiny Committee is the designated committee to receive these periodic reports.

1.1.2 The purpose of this report is to update Members on progress made against the 2014/15 Audit Plan (approved by this committee in May 2014), and also provide a flavour of the work undertaken in the year to date.

Mid-Year Internal Audit Progress Report 2014/15

1. Introduction

- 1.1 The Public Sector Internal Audit Standards require the Internal Audit Manager to report periodically to senior management and committee on Internal Audit's performance relative to its Audit Plan. Reporting should also include any significant risk exposures and control issues where relevant, including fraud risks and governance issues. The Performance and Audit Scrutiny Committee is the designated committee to receive these periodic reports.
- 1.2 The purpose of this report is to update Members on progress made against the 2014/15 Audit Plan (approved by this committee in May 2014), and also provide a flavour of the work undertaken in the year to date.

2. Review of Internal Audit work for the seven months to October 2014

- 2.1 An overview of the work of Internal Audit for the first seven months of 2014/15, and progress made towards achieving the Audit Plan for the year, is set out below.

Corporate Consultancy Work

- 2.2 The approach to this year's Internal Audit Plan is different to previous years in that as well as continuing to perform the usual statutory fundamental systems audits, and other audit responsibilities, the emphasis given to proactively assisting with corporate or consultancy style work has increased. The reason for this is that early audit input to activities can often help prevent or bring early resolution to internal control issues, and also bring audit skills and increase available resource, on significant corporate projects. Work we have recently been, or are currently, engaged in includes:
 - examining processes and controls in the Customer Services area;
 - reviewing, and advising on, debt management and recovery processes across West Suffolk;
 - producing a West Suffolk Fees and Charges Policy and reviewing information related to this;
 - considering the processes and controls operating around fuel receipts for mileage claims, and other related areas;

- research and groundwork on a number of financially related external initiatives on behalf of the Head of Resources and Performance to consider whether these may be of any interest to the councils;
- assisting in reviewing financial aspects of renewable energy investment options; and
- participation in the Housing Investment Project Group – a group of officers looking at investment options, for future consideration by Cabinet, to support and increase the delivery of housing across West Suffolk.

Other Non-Statutory Audit Work

2.3 Other non-statutory audit work which the section has undertaken during the period includes membership and contribution to the following groups:

- Joint Governance Group – this officer group leads on the production of the Annual Governance Statement and its associated documents;
- Joint Strategic Risk Management Group – this is a member and officer group which meets on a quarterly basis to review and update the West Suffolk Strategic Risk Register before being presented to the Informal Joint Performance and Audit Scrutiny Committee;
- Information Governance Working Group - this is an officer group which provides oversight of the proper and secure handling of information by both councils; and
- Records Management Working Group – the role of this officer group is to design and implement a record management framework for the West Suffolk councils.

2.4 During the year to date Internal Audit has also:

- responded to over 60 requests for financial vetting or other related financial advice including assessments of organisations' financial suitability to undertake specified contracts for the councils. This has included financial vetting advice for the Waste and Street Scene Software System, CCTV Upgrade Project and Brandon Leisure Centre Heating Replacement. A significant piece of (fee-earning) financial vetting work was also undertaken on behalf of the Home of Horse Racing regarding the National Horse Racing Museum fit-out works;
- continued to provide advice to service areas on internal controls; and
- undertaken audit work on behalf of East Cambridgeshire District Council as part of the agreement in place whereby West Suffolk provides that council with internal audit resources. The majority of this fee-earning work has now been completed for 2014/15.

Core Financial Systems and Fundamental Review Work (statutory audits which must be undertaken every year)

- 2.5 The following audits must be undertaken every year as these form the foundations of the annual internal audit opinion:
- Payroll (in progress)
 - Treasury Management (in progress)
 - Council Tax (in progress)
 - Non Domestic Business Rates (in progress)
 - Housing and Council Tax Benefits (in progress)
 - Cash Handling (in progress)
 - Accounts Payable
 - Accounts Receivable
 - Main Accounting System
 - ICT Audit
- 2.6 At the time of writing this report, as can be seen at paragraph 2.5 above, the majority of the core financial systems / fundamental review work audits are currently in progress, while the remaining audits have not yet commenced. This is normal for this time of the year as these audits generally need to cover as much of the financial year as possible and are therefore not normally commenced until at least the third quarter. The work undertaken on these audits forms the basis of the annual internal audit opinion (included in each year's Annual Internal Audit Report) and is the main work undertaken by Internal Audit that the external auditors seek to place reliance on when performing their annual audit of the Statement of Accounts. The results of all audits undertaken within the year will be reported to Performance and Audit Scrutiny members in the 2014/15 Annual Internal Audit Report.

Follow-Up Work

- 2.7 Follow-up work is undertaken to check the extent to which agreed recommendations / actions have been implemented in respect of previous audits undertaken. Where this follow-up work relates to a core financial system or fundamental review work, this will form an integral part of the annual audit for that area. However, where this relates to a non-fundamental system a separate follow-up audit will be undertaken and a follow-up audit report issued.
- 2.8 Five follow up audit reviews relevant to this category of audit work have been completed and issued as final reports (the council to which they relate is denoted in brackets), these being:
- **Criminal Records Bureau (CRB) Checks (SEBC and FHDC)** – follow up review on an audit covering CRB checks in relation to HR recruitment processes, and licensing.
 - Recruitment – the original recommendations have all been implemented; and
 - Licensing – whilst all agreed actions have been implemented, a new minor recommendation has been suggested in respect of reviewing and aligning documents to ensure that up to date information and requirements are clearly set out.

- **Apex (SEBC)** – follow up review on an audit covering the key financial areas of cash handling and transaction management, purchasing of goods and services, and stock management. The review confirmed that the vast majority of the original recommendations had now been implemented although some limited further work was still required to address some medium risk recommendations in the areas of cash handling and purchase of goods and services.
- **Bury Festival (SEBC)** – follow up review on an audit covering cash handling arrangements at the Bury Festival. The review confirmed that the majority of the agreed actions have now been implemented, with only a small number (medium risk recommendations) outstanding around further improving the recording of income for programme and merchandise sales.
- **WSH Health and Safety (SEBC)** – follow up review on an audit on the health and safety arrangements at West Suffolk House. All of the agreed actions have now been completed.
- **Human Resources (SEBC and FHDC)** – follow up review on an audit covering processes to support recruitment, promotion and termination of service, pay and remuneration, and career development. The review confirmed that no significant actions remain to be implemented from the original audit report issued.

3. Probity

- 3.1 Councils are required to participate in the biennial National Fraud Initiative (NFI), an exercise involving data matching of records such as benefits, payroll, pensions, student awards, housing rents (where applicable), licenses, parking permits, and travel concessions. Internal Audit takes a leading role in co-ordinating this exercise working across a number of service areas to support staff in providing data and subsequently investigating and recording the results of matches.
- 3.2 For the 2014/15 NFI exercise data was extracted week commencing 6th October 2014, with the anticipated date for the release of matches being 29th January 2015, upon which match investigations will be performed on a risk based approach.
- 3.3 No significant non-ARP frauds or cash losses have been sustained at either council within the period. However, council officers did alert the police to a situation at a Newmarket industrial unit where there were concerns over possible illegal activities. Local press subsequently reported that a cannabis farm consisting of 90 plants and hydroponics equipment had been discovered.
- 3.4 The West Suffolk Anti Fraud and Anti Corruption Policy, drafted by Internal Audit, was approved and adopted within the period. This Policy was last reviewed by both councils in 2011 and was reviewed again this year to ensure it continues to reflect best practice, legislation and shared services arrangements. The main change in updating the Strategy (re-named as a Policy) was to include a section on social housing fraud in recognition of the Prevention of Social Housing Fraud Act 2013 which as well as creating new criminal offences in this area gave greater powers to local authorities to investigate social tenancy fraud through better access to data from banks and utility companies.

4. Resources

- 4.1 For much of 2014/15 the Internal Audit Section has comprised of the Internal Audit Manager and two Senior Auditors, and from October 2014 the part-time Auditor who had been on maternity leave since the New Year returned to work.
- 4.2 The Internal Audit Manager, in conjunction with the Head of Resources and Performance, is monitoring the situation to ensure that resources are adequate to provide a robust annual audit opinion for 2014/15, and is considering what internal audit resources are required going forward.

5. Conclusions

- 5.1 The Internal Audit Manager currently considers that progress on the core financial systems audits (paragraph 2.4 refers), as well as other audit responsibilities, is in line with expectations and therefore the Audit Plan should be completed on time, resulting in an ability to deliver a robust annual audit opinion in the 2014/15 Annual Internal Audit Report.
- 5.2 There are no significant risk exposures or control issues arising from the audit work undertaken during the period that need to be specifically drawn to the attention of the Performance and Audit Scrutiny Committee.

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Informal Joint Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Key Performance Indicators and Quarter 2 Performance report 2014-15	
Report No:	PAS/SE/14/002	
Decisions plan reference:	Not applicable.	
Report to and dates:	Performance and Audit Scrutiny Committee	26 November 2014
Portfolio holder:	Dave Ray Portfolio Holder for Resources and Performance Tel: 01359 250912 Email: david.ray@stedsbc.gov.uk	
Lead officer:	Rachael Mann Head of Resources and Performance Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	
Purpose of report:	This report sets out the Key Performance Indicators being used to measure the Council's performance for 2014-15 and an overview of performance against those indicators for the second quarter of 2014-15.	

Recommendation:	Performance and Audit Scrutiny Committee: Members are requested to Review the Council's performance against the Key Performance Indicators for Quarter 2, 2014-15 and identify any further information required or make recommendations where remedial action or attention is required to address the Council's performance.	
Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	
Consultation:	<ul style="list-style-type: none"> This report has been prepared in consultation with all relevant staff and Leadership Team. 	
Alternative option(s):	<ul style="list-style-type: none"> The option of doing nothing may result in poor performance, monitoring performance can highlight where remedial action may be needed 	
Implications:		
<i>Are there any financial implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> While there are no direct financial or budget implications arising from this report, it is possible that any recommendations of the Committee may have some resource implications. For example, resources may need to be reallocated to improve performance in a future period. 	
<i>Are there any staffing implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
<i>Are there any ICT implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
<i>Are there any legal and/or policy implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> There are no legal implications from this report. Poor performance levels may impact on the Council's ability to implement its policies or high-level strategies. 	
<i>Are there any equality implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
Risk/opportunity assessment:	<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	

Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
	Low/Medium/ High*		Low/Medium/ High*
Failure to achieve optimum or target performance which may impact on resources	High	Regular reporting of performance to Joint Leadership Team, Portfolio Holders and to PASC can highlight where remedial action may be needed.	Medium
Ward(s) affected:		All Ward	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		None	
Documents attached:		Appendix A – Forest Heath, St Edmundsbury and West Suffolk Key Performance Indicators 2014-15 – Quarter 2 Results	

1. Key issues and reasons for recommendation(s)





1.1 Key Issues

1.1.1 The report at **Appendix A** presents performance against Quarter 2 2014-15 for both Forest Heath and St Edmundsbury, together with a combined performance for West Suffolk where this is relevant.

1.1.2 Forest Heath KPIs are denoted with a FH/ prefix, St Edmundsbury KPIs are denoted with a SE/ prefix and those for West Suffolk with a WS/ prefix.

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

1.1.4 The following table shows the status of the current performance for all indicators:

Quarter 2 2014-15	PI on or exceeded target 	PI below target within tolerance 	PI significantly below target 	Data only Indicators 
Forest Heath KPIs	8	3	5	8
St Edmundsbury KPIs	9	3	4	8
West Suffolk KPIs	7	3	4	7






1.1.5 Where performance is below target the data is supported by notes and explanations from services.

1.2 Planning Performance

1.2.1 Generally performance in dealing with the various planning applications is steadily improving. It has to be said that the performance improvement for Major projects is really encouraging. The team are now getting to grips with the inherent back log and we should be seeing sustained improvements across all categories of applications during the next two quarters

















**West Suffolk
Key Performance Indicators 2014-15 - Quarter 2**

Appendix A

- Key:
-  PI significantly below target **13**
 -  PI below target but within agreed tolerance **9**
 -  PI on or exceeded target **24**
 -  Contextual indicator – no targets set **23**
 -  Short term trend (comparing current quarter with previous quarter).

No.	Code and Short Name	13/14 Actual	Target	Performance				Quarterly Traffic Light Icon	Short Term Trend Arrow	Target	Latest Note
			Annual Target 2014/15	Q1 2014/15		Q2 2014/15				Cumulative or Quarter	
				Value	Target	Value	Target				

Priority: Increased opportunity for economic growth

1	FH/EDG001* New and existing businesses benefitting from the Council's Business Grant schemes	12		1		2				Quarter	Two grants were awarded in the second quarter, with a value of £3,000.
2	SE/EDG001* New and existing businesses benefitting from the Council's Business Grant schemes	-		-		6				Quarter	Six grants were awarded in the second quarter, with a value of £9,000.
3	FH/EDG002* Percentage of industrial units that are vacant or % of industrial floor area vacant	New indicator for 14/15	16.75%	15.00%	16.75%	14.20%	16.75%			Quarter	9 vacant units in Brandon, 8 vacant in Mildenhall. Vacancy rates are due to the condition of the stock, particularly within Brandon.
4	SE/EDG002* Percentage of industrial units that are vacant or % of industrial floor area vacant	New indicator for 14/15	3.00%	3.30%	3.00%	3.30%	3.00%			Quarter	6 units are vacant against a target of 5.
5	WS/EDG002* Percentage of industrial units that are vacant or % of industrial floor area vacant	New indicator for 14/15	8.25%	7.95%	8.25%	7.60%	8.25%			Quarter	
6	FH/EDG003* Income from entire commercial property portfolio	£1,513,712	£1,759,735	£431,350	£439,934	£382,575	£439,933			Quarter	Target includes £64,400 rent income for properties which are now being refurbished. It is anticipated that they will not get any rental income until 2015/16. For year end forecasts, see Q2 budget monitoring on this agenda
7	SE/EDG003* Income from entire commercial property portfolio	£2,408,011	£2,462,150	£609,035	£615,538	£640,613	£615,537			Quarter	
8	WS/EDG003* Income from entire commercial property portfolio	£3,921,723	£4,221,885	£1,040,385	£1,055,471	£1,023,188	£1,055,470			Quarter	

No:	Code and Short Name	13/14 Actual	Target	Performance				Quarterly Traffic Light Icon	Short Term Trend Arrow	Target	Latest Note
			Annual Target 2014/15	Q1 2014/15		Q2 2014/15				Cumulative or Quarter	
				Value	Target	Value	Target				













Priority: Resilient families and communities that are healthy and active

9	FH/FAC001* Income generated from leisure service activities - Council controlled	New indicator for 14/15	£33,500	£960	£8,375	£1,354	£16,750			Cumulative	Income relates to feed-in-tariff from solar panels on leisure centre roofs which has not yet been received.
10	SE/FAC001* Income generated from leisure service activities - Council controlled	New indicator for 14/15	£1,400,800	£374,825	£350,200	£682,527	£700,400			Cumulative	Income less than budget in areas such as Bury Festival, however this is offset by lower than budgeted expenditure due to size of festival.
11	FH/FAC003* Financial benefit of families & communities agenda	New indicator for 14/15									Work on how to quantify the financial benefits of the Families & Communities Agenda is on-going, with data available later in the year.
12	SE/FAC003* Financial benefit of families & communities agenda	New indicator for 14/15									As above
13	WS/FAC003* Financial benefit of families & communities agenda	New indicator for 14/15									As above
14	FH/FAC004* Percentage of household waste recycled and composted	46.00%	49.00%	48.28%	49.00%	46.00%	49.00%			Quarter	
15	SE/FAC004* Percentage of household waste recycled and composted	50.00%	53.00%	55.06%	53.00%	54.00%	53.00%			Quarter	
16	WS/FAC004* Percentage of household waste recycled and composted	49.00%	51.00%	51.67%	51.00%	51.00%	52.00%			Quarter	
17	FH/FAC005* Number of fly tipping incidents	289		58		104				Cumulative	There were a total of 104 incidents of fly tipping recorded so far this year, which is significantly lower than the 166 incidents recorded over the same period last year. This decrease is largely attributed to continued targeted enforcement in hot spot areas.
18	SE/FAC005* Number of fly tipping incidents	206		47		107				Cumulative	There were a total of 107 incidents of fly tipping recorded so far this year, which is lower than the 125 incidents recorded over the same period last
19	WS/FAC005* Number of fly tipping incidents	495		105		211				Cumulative	See above comments

No:	Code and Short Name	13/14 Actual	Target	Performance				Quarterly Traffic Light Icon	Short Term Trend Arrow	Target	Latest Note
			Annual Target 2014/15	Q1 2014/15		Q2 2014/15				Cumulative or Quarter	
				Value	Target	Value	Target				
20	FH/SE/FAC006* Number of fly tipping interventions	937		222		469			↑	Cumulative	In quarters 1 and 2 there were 469 enforcement interventions taken to combat fly tipping. This is more than four times the number of actual incidents because many of the actions are proactively taken such as the majority of 'duty of care' inspections. Out of these interventions there were 147 investigations, 121 warning letters, 193 'duty of care inspections' 3 fixed penalty notice, 3 cautions and 2 successful prosecutions.
21	SE/FAC006* Number of fly tipping interventions	129		153		302			↑	Cumulative	In quarters 1 and 2 there were 302 enforcement interventions taken to combat fly tipping. This is nearly three times the number of actual incidents because many of the actions are proactively taken such as the majority of 'duty of care' inspections. Out of
22	WS/FAC006* Number of fly tipping interventions	1,066		375		771			↑	Cumulative	See above comments

Priority: Homes for our communities

23	FH/HOU001* Average stay in temporary accommodation (all provisions) in weeks	7	16	12	16	8	16		↑	Quarter	
24	SE/HOU001* Average stay in temporary accommodation (all provisions) in weeks	13	16	9	16	12	16		↓	Quarter	
25	WS/HOU001* Average stay in temporary accommodation (all provisions) in weeks	10	16	10	16	11	16		↓	Quarter	
26	FH/HOU003* Total number of empty properties (empty for a period of 12 months or longer) brought back into use for West Suffolk through Council intervention	Changed from 13/14 indicator	50	65	12		25		▬	Cumulative	There is no figure for this quarter as we are currently reviewing the approach towards proactively targeting those properties that are of value to meet housing need and have been empty for 12 months or longer
27	SE/HOU003* Total number of empty properties (empty for a period of 12 months or longer) brought back into use for West Suffolk through Council intervention	Changed from 13/14 indicator	50	73	12		25		▬	Cumulative	There is no figure for this quarter as we are currently reviewing the approach towards proactively targeting those properties that are of value to meet housing need and have been empty for 12 months or longer

No:	Code and Short Name	13/14 Actual	Target	Performance				Quarterly Traffic Light Icon	Short Term Trend Arrow	Target	Latest Note	
			Annual Target 2014/15	Q1 2014/15		Q2 2014/15				Cumulative or Quarter		
				Value	Target	Value	Target					
28	WS/HOU003* Total number of empty properties (empty for a period of 12 months or longer) brought back into use for West Suffolk through Council intervention	Changed from 13/14 indicator	100	138	25		50			Cumulative	There is no figure for this quarter as we are currently reviewing the approach towards proactively targeting those properties that are of value to meet housing need and have been empty for 12 months or longer	
29	FH/SE/HOU004* The number of applicants on the housing register	1,153		1,153			1,260			Cumulative		
30	SE/HOU004* The number of applicants on the housing register	1,661		1,661			1,881			Cumulative		
31	WS/HOU004 The number of applicants on the housing register	2,814		2,814			3,141			Cumulative		
32	FH/SE/HOU005* Time taken to make decisions on homelessness applications (Days)	21	14	16	14		18	14			Quarter	We are looking to revise working practices and nomination agreements to improve performance and this will be completed by January 2015.
33	SE/HOU005* Time taken to make decisions on homelessness applications (Days)	22	14	15	14		19	14			Quarter	We are looking to revise working practices and nomination agreements to improve performance and this will be completed by January 2015.

No:	Code and Short Name	13/14 Actual	Target	Performance				Quarterly Traffic Light Icon	Short Term Trend Arrow	Target	Latest Note
			Annual Target 2014/15	Q1 2014/15		Q2 2014/15				Cumulative or Quarter	
				Value	Target	Value	Target				
34	WS/HOU005* Time taken to make decisions on homelessness applications (Days)	22	14	15	14	18	14		↓	Quarter	We are looking to revise working practices and nomination agreements to improve performance and this will be completed by January 2015.
35	FH/HOU006* Number of households where homelessness prevented	127	150	35	37	93	75		↑	Cumulative	The emphasis on homeless prevention has resulted in improved performance against this indicator and will maintained moving forward.
36	SE/HOU006* Number of households where homelessness prevented	146	180	46	45	90	90		↓	Cumulative	The emphasis on homeless prevention has resulted in improved performance against this indicator and will maintained moving forward.
37	WS/HOU006* Number of households where homelessness prevented	273	330	81	82	183	165		↑	Cumulative	The emphasis on homeless prevention has resulted in improved performance against this indicator and will maintained moving forward.
38	FH/HOU007* Number of people accepted as homeless	72		18		37			↓	Cumulative	
39	SE/HOU007* Number of people accepted as homeless	198		63		115			↑	Cumulative	
40	WS/HOU007* Number of people accepted as homeless	270		81		152			↑	Cumulative	
41	FH/HOU008* Number of households living in temporary accommodation	45		8		8			—	Quarter	
42	SE/HOU008* Number of households living in temporary accommodation	130		37		30			↑	Quarter	
43	WS/HOU008* Number of households living in temporary accommodation	175		45		38			↑	Quarter	
44	FH/HOU009* Private sector tenancies made available through West Suffolk Lettings Partnership	19	40	12	10	20	20		↓	Cumulative	The reduction of available properties in the market continues to be a problem. We are therefore looking at alternative approaches.
45	SE/HOU009* Private sector tenancies made available through West Suffolk Lettings Partnership	60	90	7	22	15	45		↑	Cumulative	The reduction of available properties in the market continues to be a problem. We are therefore looking at alternative approaches.
46	WS/HOU009* Private sector tenancies made available through West Suffolk Lettings Partnership	79	130	19	32	35	65		↓	Cumulative	See above comments
47	FH/HOU010* Number of private rented properties brought up to standard	38		6		12			↑	Cumulative	
48	SE/HOU010* Number of private rented properties brought up to standard	13		6		18			↑	Cumulative	

No:	Code and Short Name	13/14 Actual	Target	Performance				Quarterly Traffic Light Icon	Short Term Trend Arrow	Target	Latest Note
			Annual Target 2014/15	Q1 2014/15		Q2 2014/15				Cumulative or Quarter	
				Value	Target	Value	Target				
49	WS/HOU010* Number of private rented properties brought up to standard	51		12		30				Cumulative	
50	FH/HOU011* Percentage of major planning applications determined within 13 weeks	28.60%	60.00%	50.00%	60.00%	66.67%	60.00%			Quarter	3 major applications were determined in the quarter, with 2 being within 13 weeks.
51	SE/HOU011* Percentage of major planning applications determined within 13 weeks	23.10%	60.00%	22.22%	60.00%	75.00%	60.00%			Quarter	8 major applications were determined in the quarter, with 6 being within 13 weeks.
52	WS/HOU011* Percentage of major planning applications determined within 13 weeks	25.53%	60.00%	30.77%	60.00%	72.73%	60.00%			Quarter	
53	FH/HOU012* Percentage of minor planning applications determined within 8 weeks	52.70%	65.00%	23.08%	65.00%	46.15%	65.00%			Quarter	39 minor applications were determined in the quarter, with 18 being within 8 weeks.
54	SE/HOU012* Percentage of minor planning applications determined within 8 weeks	39.30%	65.00%	54.10%	65.00%	40.43%	65.00%			Quarter	47 minor applications were determined in the quarter, with 19 being within 8 weeks.
55	WS/HOU012* Percentage of minor planning applications determined within 8 weeks	43.37%	65.00%	44.83%	65.00%	43.02%	65.00%			Quarter	See above comments
56	FH/HOU013* Percentage of other planning applications determined within 8 weeks	70.00%	80.00%	71.93%	80.00%	66.04%	80.00%			Quarter	53 other applications were determined in the quarter, with 35 being within 8 weeks.
57	SE/HOU013* Percentage of other planning applications determined within 8 weeks	54.60%	80.00%	81.29%	80.00%	70.76%	80.00%			Quarter	171 other applications were determined in the quarter, with 121 being within 8 weeks.
58	WS/HOU013* Percentage of other planning applications determined within 8 weeks	58.12%	80.00%	78.95%	80.00%	69.64%	80.00%			Quarter	See above comments

Corporate indicators

59	WS/COR002* Working days/shifts lost due to sickness absence - all	5.67	6.50	5.67	6.50	6.12	6.50			Quarter	
60	FH/COR004* Percentage of benefit fraud prosecutions which were successful	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%			Quarter	
61	SE/COR004* Percentage of benefit fraud prosecutions which were successful	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%			Quarter	
62	WS/COR005* % of non-disputed invoices paid within 30 days of receipt	SE - 96.50% FH - 97.67%	98.00%	Not available	98.00%	Not available	98.00%			Quarter	
63	FH/COR006* Percentage return on the investment of the council's reserves and balances	2.10%	1.90%	1.82%	1.90%	1.69%	1.90%			Quarter	The falling rate is due to the continuing low bank base rate and not being able to replace the high interest rates on maturing investments. Expected to be on budget for actual interest income received due to higher investment balances available.

No:	Code and Short Name	13/14 Actual	Target	Performance				Quarterly Traffic Light Icon	Short Term Trend Arrow	Target	Latest Note
			Annual Target 2014/15	Q1 2014/15		Q2 2014/15				Cumulative or Quarter	
				Value	Target	Value	Target				
64	SE/COR006* Percentage return on the investment of the council's reserves and balances	1.31%	1.50%	0.85%	1.50%	0.83%	1.50%			Quarter	The reduction in the average interest rate is primarily due to the continued fall in rates being offered on both call accounts, and fixed term investments. Please see report F69 for further details.
65	FH/COR007* Collection of Council Tax	97.12%	98.00%	29.73%	29.55%	58.09%	57.39%			Cumulative	
66	SE/COR007* Collection of Council Tax	98.40%	98.00%	30.07%	29.86%	59.38%	59.01%			Cumulative	
67	FH/COR008* Collection of Business Rates	98.51%	99.00%	28.39%	28.60%	56.38%	58.50%			Cumulative	
68	SE/COR008* Collection of Business Rates	98.27%	99.00%	30.21%	28.60%	58.82%	58.50%			Cumulative	
69	WS/COR009* Percentage of answered calls	New indicator for 14/15	90.00%	95.00%	90.00%	91.00%	90.00%			Quarter	
70	FH/COR010* Number of face to face contacts (not including visitor management)	New indicator for 14/15		14,846		13,364				Quarter	
71	SE/COR010* Number of face to face contacts (not including visitor management)	New indicator for 14/15		17,949		15,315				Quarter	
72	WS/COR010* Number of face to face contacts (not including visitor management)	New indicator for 14/15		32,795		28,679				Quarter	

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Informal Joint Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	West Suffolk Strategic Risk Register Quarterly Monitoring Report – September 2014	
Report No:	PAS/SE/14/003	
Decisions plan reference:	Not applicable	
Report to and date:	Performance and Audit Scrutiny Committee	26 November 2014
	Cabinet (if required)	2 December 2014
Portfolio holder:	Stephen Edwards Portfolio Holder for Resources, Governance & Performance Tel: 01638 660158 Email: stephen.edwards@forest-heath.gov.uk	David Ray Portfolio Holder for Resources and Performance Tel: 01359 250912 Email: david.ray@stedsbc.gov.uk
Lead officer:	Rachael Mann Head of Resources and Performance Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	Rachael Mann Head of Resources and Performance Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk
Purpose of report:	To review the West Suffolk Strategic Risk Register Quarterly Monitoring Report.	

Recommendation:	Performance and Audit Scrutiny Committee:		
	It is <u>RECOMMENDED</u> that:		
	(1) Members scrutinise the updated West Suffolk Strategic Risk Register at Appendix 1 and refer any major issues requiring attention to Cabinet.		
Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>		
Consultation:	• Not applicable		
Alternative option(s):	• Not applicable		
Implications:			
<i>Are there any financial implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> • There are no direct financial or budget implications arising from this report. Specific risks associated with finance and resources are included in the West Suffolk Strategic Risk Register at Appendix 1.		
<i>Are there any staffing implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •		
<i>Are there any ICT implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •		
<i>Are there any legal and/or policy implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •		
<i>Are there any equality implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •		
Risk/opportunity assessment:	<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>		
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
See individual assessments against each risk as detailed in Appendix 1			
Ward(s) affected:	All Wards		
Background papers: <i>(all background papers are to be published on the website and a link included)</i>	None		
Documents attached:	Appendix 1 – West Suffolk Strategic Risk Register 2014/2015		

1. Key Issues and Reasons for Recommendation(s)

1.1 Key Issues and Summary

- 1.1.1 The West Suffolk Strategic Risk Register is updated regularly by the Risk Management Group. The Group is comprised of service representatives, including Health and Safety, supported by a Director and the Portfolio Holder for Resources, Governance and Performance. Heads of Service may be required to provide further information as requested by the Group.
- 1.1.2 At its most recent assessment in October 2014 the Group reviewed the Target Risk, the risk level where the Council aims to be, and agreed a Current Risk assessment. These assessments form the revised West Suffolk Strategic Risk Register at **Appendix 1**.
- 1.1.3 Part of this assessment included the consideration of the controls and actions in place to address the individual risks, Where Target Risk levels are lower than the Current Risk assessment, further action is either being taken or planned in order to treat the risk and meet the target.
- 1.1.4 Since the last assessment reported to the Committee on 31 July 2014, there have been no new risks identified and no risks have been amended or closed. Some individual controls or actions have been updated and those that were not ongoing and had been completed by September 2014 have been removed from the register.

1.2 New or Amended Risks

- 1.2.1 There have been not new risks identified in the period. No risks have been amended but where current controls and actions have been updated, these are reflected in the individual risk record.

1.3 Closed Risks

- 1.3.1 No risks have been closed since the last assessment which was reported to the Committee on 31 July 2014.

1.4 Reasons for Recommendations

- 1.4.1 The Council's Strategic Plan for 2014/2015, adopted by Council in February 2014, includes three key priory areas supported by a range of actions to deliver specific outcomes.

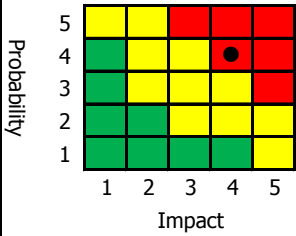
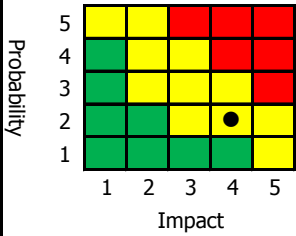
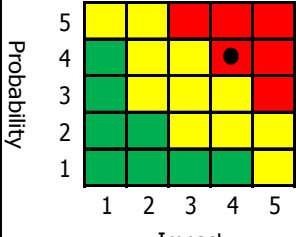
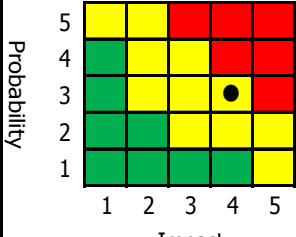
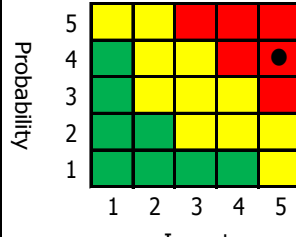
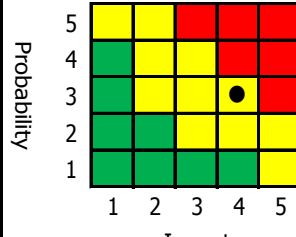
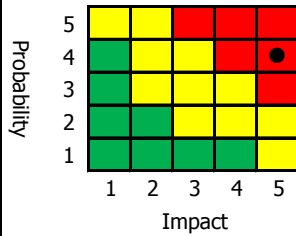
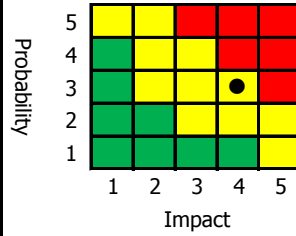
The West Suffolk Strategic Risk Register identifies and records the level of risk associated with delivering the Council's plans alongside meeting its statutory responsibilities and the organisation's overall ability to respond to change. Through assessment of risk and the likelihood and impact of potential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

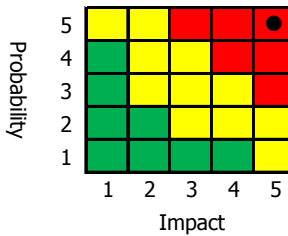
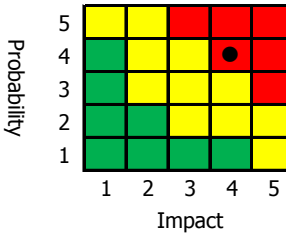
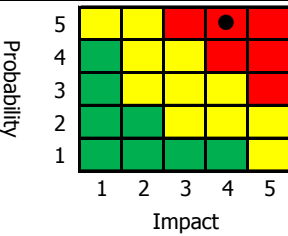
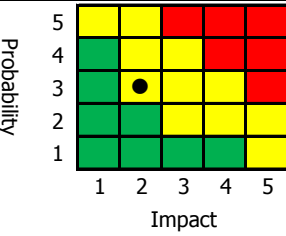
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RISK ID NUMBER	Date risk added to register	Type	Current Owner	Title	Description - What are we trying to avoid?	WS Inherent Risk	Summary of Actions - What we are doing / need to do to prevent it.	Who is responsible for the actions	Start date	Target completion date/ Complete	WS Residual Risk
WS1 A	10-Jul-14	Financial	Head of Resources and Performance	Poor financial management	Failure in specific areas to achieve projected income, or expenditure exceeds the approved budgets (revenue or capital).		1) Monthly monitoring reports (revenue and capital) to budget holders.	Rachael Mann	On-going	On-going	
							2) Business rate retention income and localising of Council tax being monitored monthly by Finance and ARP	Rachael Mann	On-going	On-going	
							3) Regular meetings between budget holders and Resources and Performance business advisors/partners	Service Managers / Business Partners / Advisers	On-going	On-going	
							4) Scrutiny of financial reports by JLT and Members through Performance and Audit Scrutiny Committee	LT	On-going	On-going	
							5) New joint financial management system now in place, development of more comprehensive budget planning, monitoring and reporting processes including training for budget holders	Rachael Mann	Apr-14	Mar-15	
							6) Strengthen links to KPI monitoring	Rachael Mann	Apr-14	Mar-15	
WS1 B	10-Jul-14	Financial	Head of Resources and Performance	Poor financial planning	Failure to deliver a sustainable Medium Term Financial Strategy, especially in view of continued financial uncertainty around areas such as Comprehensive Spending Review, localisation of Business Rates, localising Council Tax, increased service demand, and use of reserves. Over reliance on any one particular MTFS theme such as behaving more commercially or being an investing authority		1) Budget preparation for 2015/16 continues to challenge all six MTFS themes. Proposals include reference to such themes so that scrutiny can take place by JLT	LT	On-going	Mar-15	
							2) Demand trends and financial implications validated as part of budget setting. Using monitoring reports to identify trends.	Service Managers / Business Partners / Advisers	On-going	On-going	
							3) Review being undertaken of approach to setting fees and charges	Rachael Mann	Apr-14	Mar-15	
							3) Medium Term Financial Strategy update - including review of assumptions, sensitivity analysis and review of reserve and balance levels	Rachael Mann	On-going	On-going	
							4) Scrutiny of financial reports by JLT and Members through Performance and Audit Scrutiny Committee	LT	On-going	On-going	
							5) Implement Behaving more commercially task and finish group actions	LT	Apr-14	Mar-15	
6) Monitor Government statements on future of local government funding	LT	On-going	On-going								
WS2	10-Jul-14	Customer	Head of Customers, Policy, Comms, Families & Communities	Maintain and promote our public image, maintain effective communications	Councils being portrayed negatively in the media (including social media) which undermines public trust and confidence. Councils' poor reputation preventing them from entering into positive partnerships with others, or securing funding. Lack of public trust and confidence in the councils that could affect their ability to work WITH communities in achieving the strategic priorities and to achieve behaviour change (e.g. around recycling, channel shift etc.)		1) Monitor media coverage through daily media alerts and, where appropriate, provide a robust response.	Comms Team	On-going	On-going	
							2) Positively engage with social media to disseminate positive stories about West Suffolk and address errors or misrepresentation	Comms Team	On-going	On-going	
							3) Train and support staff and Members in proactive communications and dealing with media.	Comms Team	On-going	On-going	
							4) Deliver a communications work programme which focusses on proactive communications.	Comms Team	On-going	On-going	
							5) 100% rewrite to content for new West Suffolk web site.	Comms Team / D Howes	Jun-14	Nov-14	

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RISK ID NUMBER	Date risk added to register	Type	Current Owner	Title	Description - What are we trying to avoid?	WS Inherent Risk	Summary of Actions - What we are doing / need to do to prevent it.	Who is responsible for the actions	Start date	Target completion date/ Complete	WS Residual Risk
WS3	10-Jul-14	Customer	Head of Customers, Policy, Comms, Families & Communities	Failure to deliver channel shift	Service delivery methods do not meet customer needs or expectations with potential to damage Councils' reputation; customer expectations may need to be more carefully managed in new financial climate; services fail to deliver savings in required time scale or maintain quality; excessive demands on staff time.		1) Appoint web design team to create new web presence for SEBC & FHDC.	Davina Howes	May-14	Completed	
							2) Ensure sufficient resource to support the provision of web content - rewrite and not a shift of existing / old content, (100% re-write of content required, now going live in November with all new content).	Davina Howes	Jun-14	Nov-14	
							3) Complete new web presence with full digital by default capability. (Planned completion date dependant on loading of planning policy docs, new committee system etc).	Davina Howes	Oct-14	On-going	
							4) Clear and consistent public communications to explain changes to services and establish realistic expectations of service levels.	Marianne Hlland	On-going	On-going	
							5) Continuing development to ensure web site remains fit for purpose.	Davina Howes	Nov-14	On-going	
WS4	10-Jul-14	Professional	Head of Corporate Services (HR, Legal & Members)	Staff retention (professional staff / technical staff). Staff trust and goodwill (morale)	Lack of staff skills, experience and capacity could prevent delivery of services and high levels of performance. Failure to have motivated staff with appropriate workload.		1) Corporate training programme in place (including induction) for staff and members.	Juliette Maguire	On-going	On-going	
							2) Identification of workforce needs through effective Workforce Development Planning.	Juliette Maguire	On-going	On-going	
							3) Regular cycle of staff reviews (as and when needed) and follow up action plans.	Karen Points	On-going	On-going	
							4) A development and support programme is continuously being reviewed to support staff and managers through the change agenda in the public sector, this includes staff resilience and capacity management	Karen Points	On-going	On-going	
							5) Consistent and regular communication to staff, including opportunities for feedback.	Marianne Hlland	On-going	On-going	
							6) Annual workforce monitoring data presented to the West Suffolk Joint Staff Consultative Panel; no significant issues raised. Monitoring period has been realigned to April - March.	Karen Points / Wendy Canham	On-going	On-going	
							7) Salary bench-marking to be undertaken	Karen Points	On-going	On-going	
WS6	10-Jul-14	Political	Chief Executive	Managing public / councillor expectations with less resources	Falling short of providing the level of service that the public and councillors expect and demand.		1) Understand priorities and expectations through Strategic Plan and MTFS	LT	On-going	On-going	
							2) Develop corporate project plan and assign lead officers and members to the key council projects.	LT	On-going	On-going	
							3) Assign dedicated corporate project resources to lead on the monitoring of the corporate plan	LT	On-going	On-going	
							4) Review and align service and skilled resources available to the corporate plan including communicate resources.	LT	On-going	On-going	
							5) Regular monitoring and update discussions with portfolio holders on the corporate project plan progress	Corporate Programme Manager	On-going	On-going	

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WS7	10-Jul-14	Technological Financial Customer	Corporate Programme Manager / All HoS	Poor project management	Key strategic outcomes not being delivered due to projects failing to be completed on time. Budgets are overspent due to delays. Peaks and troughs in resource demands for support services are not managed, resulting in unmanageable workloads for e.g. IT team, exacerbating the delays.		1) Creation of efficient project management framework (led by corporate project manager). 2) Development and ongoing oversight of corporate project plan, to avoid concurrent demands on support services 3) Training of all staff involved in project work in core project management skills 4) Project support and resources to be included in further project business cases.	Corporate Programme Manager	On-going	On-going		
WS7a Page 35	10-Jul-14	Technological	Head of Resources and Performance	ICT integration	Integration of ICT across services and systems not being achieved.		1) Planned alignment of ICT infrastructure and corporate systems through corporate project plan	James Wager	On-going	On-going		
							2) Planned Business Applications alignment – including, Customer Access solution, Waste Management, GIS system - through corporate project plan	Steve Newey	On-going	Jun-15		
							3) Regular review of both integration programmes through corporate projects plan.	Corporate Programme Manager/ LT	On-going	On-going		
							4) Implementation of Integration Tool kit.	Steve Newey	On-going	On-going		
							5) Monthly testing of the Council PSN compliance including the checking and monitoring of new and existing staff. No tolerance approach adopted.	James Wager/Steve Newey	On-going	On-going		
							6) Development of a West Suffolk ICT Statement of Direction and review of ICT Business Partner role.	Steve Newey	Apr-14	Mar-15		
WS8	10-Jul-14	Political Social	(a)	Head of Customers, Policy, Comms, Families & Communities	Failure to deliver; Families & Communities agenda	Opportunities being missed to create or influence the provision of: (i) a thriving voluntary sector and active communities who take the initiative to help the most vulnerable (ii) people playing a greater role in determining the future of their communities (iii). improved wellbeing, physical and mental health (iv) accessible countryside and green spaces		1) Initial Families & Community Strategy now complete. Continuous development and review of strategy to ensure that it remains fit for purpose.	Families & Communities Manager	Oct-13	On-going	
								2) Locality Officers established.	Families & Communities Manager	Oct-13	Completed	
								3) Locality budgets available.	Families & Communities Manager	Oct-13	On-going	
								4) New way of working for councillors.	Families & Communities Manager	Oct-13	On-going	
			(b)	Head of Planning & Growth	Failure to deliver; Growth Agenda inc coping with growth and increase in demand	Opportunities being missed to create or influence the provision of: (i) beneficial growth that enhances prosperity and quality of life (ii) existing businesses that are thriving and new businesses brought to the area (iii) people with the educational attainment and skills needed in our local economy (iv) vibrant, attractive and clean high streets, village centres and markets		1) Developing engagement with the two Local Enterprise Partnerships. New Six Point Plan for Jobs and Growth. Monitoring the local economy.	Steven Wood	On-going	On-going	
								2) Small budget to support businesses with grants. Business rate income being closely monitored from April 2013 by ARP. Developing Inward Investment strategy. Increase Business engagement	Steven Wood	On-going	On-going	
								3) Support to WSC, SCC, UCS and other agencies involved with skills development. Monitoring attainment levels.	Steven Wood	On-going	On-going	
								4) New Markets Development Officer post. Developing market towns action plan. Supporting and developing Business Improvement Districts.	Steven Wood	On-going	On-going	

RISK ID NUMBER	Date risk added to register	Type	Current Owner	Title	Description - What are we trying to avoid?	WS Inherent Risk	Summary of Actions - What we are doing / need to do to prevent it.	Who is responsible for the actions	Start date	Target completion date/ Complete	WS Residual Risk
(c)			Head of Housing / Head of Planning & Growth	Failure to deliver; Housing Agenda	Opportunities being missed to create or influence the provision of:		1) West Suffolk Housing strategy adopted, implementation of agreed Action Plan.	Simon Phelan	Oct-14	Apr-18	
					(i) sufficient housing for current and future generations, including more affordable homes and improvements to existing housing		2) Sub-regional Strategic Housing Market Assessment completed 2008 to identify levels of need, with annual updates and reviews.	Simon Phelan	On-going	On-going	
					(ii) new developments that are fit for the future, properly supported by infrastructure, and that build communities, not just housing		3) Implement revised targets for Affordable Housing for new developments over a certain size. Continue to implement Local Plans.	Simon Phelan / Steven Wood	On-going	On-going	
					(iii) homes that are flexible for people's changing needs		4) Adopted PPS3 Housing proposals for developing affordable housing, particularly in rural areas.	Simon Phelan / Steven Wood	On-going	On-going	
							5) Growth area status confirmed and funding received for infrastructure works for housing development and further funding approved. Continue to work on implementation of Community Area Funding Support. Growth area funds now allocated.	Steven Wood	On-going	On-going	
							6) Local Investment Plan 2014-18 approved by HCA, now working with RP partners to deliver. Quarterly monitoring of plan and annual review.	Simon Phelan	On-going	On-going	
							7) West Suffolk Choice Based Lettings Scheme reviewed April 2013 to reflect changes in legislation - retendering of sub-regional system to be completed by March 2015.	Tony Hobby	Apr-14	Mar-15	
							8) Expansion of West Suffolk Lettings Partnership co-ordinates work with private sector landlords, help given to applicants to access private rented sector.	Julia Vernon	On-going	On-going	
							9) Empty homes strategy approved by Cabinet Sept. 2013, a revised policy will be included as part of the new comprehensive West Suffolk Strategy to be approved in Oct 2014.	Simon Phelan	ongoing	ongoing	
							10) Disabled Facilities Grants process and Home Improvement Agency contract to be reviewed in order to introduce a more co-ordinated and integrated service across agencies.	Andy Newman	Apr-14	Mar-15	
Page 36	10-Jul-14	Legal	Head of Corporate Services (HR, Legal, & Members)	Ineffective governance that doesn't take into account the rapidly ever changing external environment.	The Constitution not fully reflecting and enabling new ways of working within West Suffolk, including the ability to behave more commercially, and ultimately may therefore not support the delivery of good quality and improved services that meet the local community's needs.		1) Review of the Constitutions commenced in 2013-14 and is currently in progress	Karen Points / Fiona Osman	On-going	Before May 2015 elections	
							2) Task and Finish Group established to agree new constitution principles	Karen Points/ Fiona Osman	Jul-14	Before May 2015 elections	

West Suffolk Strategic Risk Register 2014/15 - September 2014

APPENDIX 1

RISK ID NUMBER	Date risk added to register	Type	Current Owner	Title	Description - What are we trying to avoid?	WS Inherent Risk	Summary of Actions - What we are doing / need to do to prevent it.	Who is responsible for the actions	Start date	Target completion date/ Complete	WS Residual Risk
WS11	10-Jul-14	Economic Financial Competitive	Chief Executive / Directors	Failure to adapt to new public sector models, explore opportunities with partners	West Suffolk fails to deliver better services for public sector customers (regardless of the organisation), fails to close its budget gap due to missing opportunities for new sources of funding and opportunities for savings through economies of scale and better integration.		1) Keep a watching brief on, and disseminate information on new funding models and opportunities through DCLG, RSN, LGA, EELGA etc. 2) Maintain good relationships with public sector partners, e.g. CCG, SCEG, ARP authorities to hear of, and take opportunities arising from opportunities for partnership working. 3) Robust business cases for identified opportunities	Policy Team Chief Executive and Directors LT	On-going On-going On-going	On-going On-going On-going	
WS12	10-Jul-14	Partnership	Head of Planning & Growth	Loss of a key employer (for example USAFE, Racing Industry, Greene King, WS Hospital, Centre Parks, British Sugar)	Failure to retain major employers in the area and the economic impact that it would have		1) Awareness of and engagement with the top 100 employers in the area. 2) Ensuring there is sufficient employment land / premises for expansion. 3) Understand skills shortage and requirements by linking business to education providers and encourage business to take on apprentices. 4) Help businesses access third party funding. 5) Six point jobs and growth plan 6) Resilience planning	Steven Wood Steven Wood Steven Wood Steven Wood Steven Wood	On-going On-going On-going On-going On-going	On-going On-going On-going On-going On-going	
WS13	10-Jul-14	Partnership Financial	Directors	Partner / Public Sector failure	Partners or partnerships failing; cost shunting (transfer of costs between partners); partnerships not achieving desired outcomes.		1) Robust SLA arrangements in place. 2) Regular monitoring of arrangements / outcomes. 3) Regular meetings with key partners	All HoS All HoS All HoS	On-going On-going On-going	On-going On-going On-going	
WS14	10-Jul-14	Physical Social Legal	Director	Service failure through unplanned events	Reduced level or failure to deliver services to both internal and external clients due to unforeseen events.		1) Each service needs to have sufficient cross-trained staff to be able to continue essential services delivery in the event of an unexpected staff shortage. 2) Services must have a workable Business Continuity Plan arrangements in place. 3) Combined West Suffolk Business Continuity Plan is in place for major identified threats, regularly reviewed and practised. 4) Appointed officers within each service to be responsible for the continuity plans.	Heads of Service / Service Managers Heads of Service/All staff LT Heads of Service / Appointed Officers	On-going On-going On-going On-going	On-going On-going On-going On-going	

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WS16	10-Jul-14	Legal	Director	Breach of data protection and information security	Failure to ensure the accuracy and control of data. Not using good practice when handling data.		1) Information governance group coordinates councils' approach to risks 2) Records Management Working Group to coordinate councils' approach to records management 3) Regular buildings checks to ensure information is held securely. 4) Review of building access arrangements and implement new arrangements. 5) Improve staff communication on good practices and data security 6) Information Security e-learning - 1st phase, existing officers, completed. All new staff to complete module as part of induction programme.	Alex Wilson Alex Wilson Jon Snares Chris Beckley Marianne Hullah Alex Wilson	On-going On-going On-going Aug-14 On-going Apr-14	On-going On-going On-going Aug-15 On-going On-going	
WS18	10-Jul-14	Customer Financial Professional	Head of Resources & Performance	Poor Performance Management	Risk of individual services having below par performance levels and possible dips in performance while establishing new service models.		1) Performance and Audit Scrutiny Committee (PASC) receive comprehensive performance monitoring report 2) Early identification, reporting and monitoring of potential problem areas. 3) Reporting of KPI's to be integrated with Financial Performance reporting.	Rachael Mann / P&R Business Partners Service Managers / Business Partners / Advisers Business Partners / Advisers	On-going On-going On-going	On-going On-going Mar-15	
WS19	10-Jul-14	Economic Social	All HoS	Demographic changes	Unable to meet the demands created by population changes (caused by growth, ageing, diversity, employment) including the impact on infrastructure and other related service provision.		1) Key services (planning, housing and waste) use forecasting models (e.g. East of England forecasting model, POPGROUP) to build population change into future service planning 2) Monitor, research and analysis around demographics through DCLG, ONS, LGA, LGC and other sources and share key findings with relevant services. 3) Attend meetings of Suffolk Information Forum to share best practice around population monitoring and forecasting. NB particular attention needs to be paid to Forest Heath due to population forecasts not being able to deal accurately with USAFE population.	Simon Phelan, Stephen Wood, Mark Walsh Policy Team Policy Team	On-going On-going On-going	On-going On-going On-going	

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WS20	10-Jul-14	Physical	Director / Head of Corporate Services (HR, Legal & Members)	Implementation of the Corporate Health and Safety Policy	Failure to ensure the safety and well being of staff. Failure to provide safe and healthy environment for visitors and the general public. Risk of corporate manslaughter charges.		1) Corporate Health and Safety strategy, objectives and implementation plans in place for all internal and external functions performed by the Council. 2) Full-time H&S Manager leading this work. 3) Well being programme in place. 4) Requirement for all staff to complete online H&S training. 5) Communications to staff. 6) Appropriate insurances in place and regularly reviewed.	Martin Hosker Martin Hosker Martin Hosker Marianne Hlland Martin Hosker	On-going On-going On-going On-going On-going	On-going On-going On-going On-going On-going	
WS21	10-Jul-14	Social Legal	Head of Housing	Safeguarding children and vulnerable adults	Children and vulnerable adults being treated in a improper manner and not in accordance with legislation.		1) Working in Countywide safeguarding partnership. 2) Joint Vulnerable Adults Safeguarding policy to be developed April 15. 3) Safe recruitment procedures are adopted for all staff. 4) Council's self-assessment of safeguarding arrangements confirmed by Safeguarding Board as complying with the responsibilities under the Children's Act. 5) Regular staff and member training and briefing sessions - introducing an e-learning module on safeguarding. Investigate possibility of introducing subject into Corporate Induction Training Programme.	Simon Phelan Simon Phelan Karen Points Simon Phelan Simon Phelan / Karen Points	On-going Oct-14 Jul-09 On-going On-going	On-going On-going On-going On-going On-going	

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Informal Joint Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Biannual Corporate Complaints and Compliments Digest	
Report No:	PAS/SE/14/004	
Decisions plan reference:	Not applicable	
Report to and date:	Performance and Audit Scrutiny Committee	26 November 2014
Portfolio holder:	David Ray Portfolio Holder for Resources and Performance Tel: 01359 250912 Email: david.ray@stedmundsbury.gov.uk	
Lead officer:	Davina Howes Head of Policy, Communications and Customers Tel: 01284 757070 Email: davina.howes@westsuffolk.gov.uk	
Purpose of report:	To report and provide an overview of the number and range of corporate complaints and compliments received during the period 1 April to 30 September 2014. This report includes information relating to Forest Heath District Council and St Edmundsbury Borough Council working together as West Suffolk, with data being shown for the individual councils as appropriate.	

Recommendation:	Performance and Audit Scrutiny Committee:		
	The Committee is asked to consider the latest digest and make any recommendations to the relevant Cabinet arising from the information in the report.		
Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>		
Consultation:	• Not applicable		
Alternative option(s):	• Not applicable		
Implications:			
Are there any financial implications? <i>If yes, please give details</i>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	•
Are there any staffing implications? <i>If yes, please give details</i>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	•
Are there any ICT implications? <i>If yes, please give details</i>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	•
Are there any legal and/or policy implications? <i>If yes, please give details</i>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	•
Are there any equality implications? <i>If yes, please give details</i>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	•
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
Failure to record complaints and use feedback to inform service delivery.	Medium	Complaints procedure in place and regular reporting to management and members.	Low
Ward(s) affected:		All Wards	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		None	
Documents attached:		Appendix A – Information on complaints and compliments received.	

1. Key issues and reasons for recommendation(s)

1.1 General

- 1.1.1 The aim of the digest is to provide an overview of the number and type of corporate complaints that the councils receive, as well as monitoring effectiveness at responding and learning from any mistakes that have been made. Across both councils 26 corporate complaints and 59 compliments were received during April to September 2014 and data is provided for the individual councils.
- 1.1.2 Corporate complaints are co-ordinated and monitored by the Customer Services Team. The Team is supported in this work via a network of service complaints co-ordinators who are responsible for ensuring responses within their service areas are made in accordance with the councils' complaints procedure.
- 1.1.3 The councils operate a two step corporate complaints procedure which is implemented if complaints are not resolved by services. Step 1 involves a complainant who is dissatisfied with any part of the councils' service, or wishes to point out a fault, making a complaint by email, telephone, letter or via one of the feedback forms available on-line. Complainants receive a response within five working days which provides them with the name of the person dealing with the complaint and either responds to the complaint and explains how the situation has been dealt with or lets them know that the complaint will require more investigation and advises when they can expect to receive a full reply.
- 1.1.4 If a complainant is not satisfied with the response received under Step 1 of the procedure, they can request that the complaint moves to Step 2. This involves the complaint being investigated by Legal and Democratic Services who will provide an explanation of how the situation has been handled, the investigations that have taken place and whether the response provided is reasonable and fair.
- 1.1.5 The councils aim to fully respond to 90% of Step 1 and Step 2 complaints within 20 working days (from the date of acceptance of the complaint at each step). However, it is recognised that some complaints, and particularly at Step 2, can involve complex investigations and can take longer than 20 working days to complete. If additional time is required, this is agreed with the complainant.
- 1.1.6 The report also includes details on the number of compliments that the councils receive. The monitoring of compliments is important as it provides an opportunity to recognise services, teams or individual members of staff who have been praised by the customer for delivering an excellent service.

1.2 Local Government Ombudsman Report 2013/2014

- 1.2.1 Where a complainant is dissatisfied with the outcome of our Step 1 and 2 procedures they can ask the Local Government Ombudsman (LGO) to investigate the matter. The LGO informs us of the outcomes of individual complaints submitted to them (i.e. whether the matter was upheld, not upheld

or partly upheld).

1.2.2 Between 1 April to 30 September 2014 the LGO received one complaint about Forest Heath District Council which was upheld and compensation paid to the complainant. The LGO did not uphold any complaints about St Edmundsbury Borough Council during this period. More detailed information relating to these outcomes will be provided in the LGO's Annual Review due in May 2015.

1.3. **Complaints**

1.3.1 A breakdown of corporate complaints in the period 1 April to 30 September 2014, including outcomes and lessons, can be found at **Appendix A**.

1.4 **Compliments**

1.4.1 As part of the monitoring of feedback from our customers, the Customer Service Team maintains records of compliments received for particular services or individuals. Services are asked to pass on positive feedback in order to promote a culture which acknowledges and celebrates excellent customer service and also provides an opportunity to share that learning with other staff members. Between 1 April to 30 September 2014, 59 compliments were received by both councils. A breakdown of compliments received by service is attached at **Appendix A**.

Complaints and Compliments Digest

1. Number of complaints received and speed of response

26 corporate complaints were received between 1 April to 30 September 2014.
The table below shows how this compares with the previous six months and full year at both councils.

Level of complaint	Total number of complaints received and completed		Number responded to within target of 20 working days (or within extension agreed with complainant)		Percentage responded to within target of 20 working days	
April – September 2014 (half year)						
	FHDC	SEBC	FHDC	SEBC	FHDC	SEBC
Step 1	6	12	4	9	67%	75%
Step 2	1	7	1	6	100%	86%
October 2013 - March 2014 (half year)						
	FHDC	SEBC	FHDC	SEBC	FHDC	SEBC
Step 1	4	13	4	10	100%	77%
Step 2	5	9	4	9	80%	100%
April 2013 – March 2014 (full year)						
	FHDC	SEBC	FHDC	SEBC	FHDC	SEBC
Step 1	13	31	9	23	69%	74%
Step 2	14	18	12	16	86%	89%

2. Monthly analysis of corporate complaints received by Head of Service

Service	Month										Totals
	May		June		July		August		September		
	FHDC	SEBC	FHDC	SEBC	FHDC	SEBC	FHDC	SEBC	FHDC	SEBC	
Housing				1						1	2
Legal and Democratic Services						1					1
Leisure Culture and Communities	1		1	2	1						5
Planning and Regulatory Services			1	1		4			1	1	8
Policy Communications and Customers		1		1							2
Resources and Performance (including ARP)		1		1					1	1	4
Waste and Property Management				2	1			1			4
Monthly totals	1	2	2	8	2	5		1	2	3	26

No complaints were received in April.

3. Corporate Complaints – April to September 2014

Service	Specific service area	Council	Complaint regarding	Outcomes and lessons learned
Housing	Housing Options	SEBC	Dissatisfaction with response to Freedom of Information request seeking clarification from Council regarding time dog can be left alone	Complaint not upheld. No information recorded by the Council which meets the request made
	Housing Options	SEBC	Visit by council staff causing undue distress as visit unannounced and complainant felt intimidated by the officers.	Complaint not upheld. Information obtained as result of council staff visit has resulted in further action
Legal and Democratic Services	Legal	SEBC	Handling of covenant on land sold by Council.	Complaint not upheld. Council prepared to release covenant for a fee.
Leisure Culture and Communities	Parks	FHDC	Contractors parking on grass verge	Complaint not upheld. Satisfied that the Council has taken all reasonable and proportionate action within its power to address this issue.
	Parks	FHDC	Unhappy with handling of an enquiry to buy/lease some Council land which was subsequently leased to a local business	Council's position was clarified regarding land designated as public open space.
	Parks	FHDC	Tree adjoining property not removed as promised by Council.	Clarified Council's position – two trees felled near property in 2010. Copies of subsequent correspondence supplied to complainant.
	Parks Step 2	SEBC	Dissatisfaction with process used to renew sponsorship.	Complaint upheld and sincere apologies given. Procedure reviews to be undertaken in relation to how sponsorship is marketed.

Service	Specific service area	Council	Complaint regarding	Outcomes and lessons learned
Leisure Culture and Communities	Parks	SEBC	Response to concerns raised previously regarding visibility issues on a roundabout and a tree belt at the rear of a property.	Complaint not upheld. An investigation had found no significant obscurity issues with the planting on the roundabout. It was agreed that no action would be taken at this time.
Planning and Regulatory Services	Licensing	FHDC	Response to email about licence application.	Complaint not upheld. Council could not give an opinion. To do so would have potentially undermined and prejudiced the application process. Apology given that this was not communicated.
	Planning	FHDC	Lack of communication and transparency regarding planning application for neighbouring property.	Complaint not upheld. Clarified and confirmed planning processes for considering applications. All relevant documentation available on website.
	Planning	SEBC	Complaint regarding application for dwellings, conduct of the Borough and officers, threat to a Scheduled Ancient Monument and treatment of archaeological issues before and after a meeting of Development Control Committee	Complaint not upheld. Archaeological matters dealt with to the satisfaction of Suffolk County Council's Archaeological Service. Satisfied that the Council maintains a proper public record. The process is considered to be open and accountable.
	Planning	SEBC	Lack of response to emails in relation to complainant's neighbouring property.	Planning and enforcement procedure explained and apologies given for lack of response to emails.
Planning and				

Service	Specific service area	Council	Complaint regarding	Outcomes and lessons learned
Regulatory Services	Planning	SEBC	Lack of response to emails regarding a development site and unacceptable level of service.	Complaint upheld, apology given and pre-application fee returned.
	Planning	SEBC	Use of adjoining property and impact on neighbourhood and privacy. Details of the planning application should have been notified to ward members and neighbouring properties.	Complaint not upheld. It is considered the purchaser's responsibility to satisfy themselves as to lawful use of properties in the vicinity.
	Planning Step 2	SEBC	Lack of enforcement action for neighbouring business.	Complaint upheld The Council cannot take retrospective action and compensation to be discussed with the resident.
	Planning Step 2	SEBC	Request to escalate to a Step 2 as not satisfied with the investigation and answers to Step 1 complaint relating to planning application.	Complaint not upheld. No evidence to support allegations that the Council and its staff have failed to deal with planning application other than in accordance with legislative requirements and national guidance.
Policy Communications and Customers	Customers	SEBC	Surcharge levied for payment by credit card.	Complaint not upheld. The surcharge passed on to credit card customers brings St Edmundsbury in line with other councils and service providers. Other free payment options are available.
	Customers Step 2	SEBC	Request to review Step 1 response relating to surcharge levied for payment by credit card.	Complaint not upheld. The decision to pass on a credit card surcharge to customers was reached correctly and in accordance with legislative and constitutional requirements. There are alternative methods of payments available which will not incur a charge.

Service	Specific service area	Council	Complaint regarding	Outcomes and lessons learned
Resources and Performance (including ARP)	Anglia Revenues Partnership	FHDC	Business rates for industrial unit which had been split into separate units – confusion over amounts payable.	Complaint upheld. Apology given and repayment method suggested.
	Anglia Revenues Partnership	SEBC	Increased Council Tax payment whilst property is empty due to care issues.	Resolved to the satisfaction to the complainant. Exemptions apply due to the circumstances of the case and any refund due would be made.
	Anglia Revenues Partnership	SEBC	Housing benefit being paid directly to tenant instead of agent.	Complaint not upheld. Entitlement of housing benefit belongs to tenant not landlord.
	Anglia Revenues Partnership	SEBC	Behaviour of staff to current occupier. Previous tenant had moved some years ago.	Complaint upheld. Reassured that no further contact will be made. Apology given and staff reminded of expectations and procedures.
Waste Management and Property Services	Waste	FHDC	Incident with refuse freighter driver.	Clarification of incident, actions taken and confirmed incident was reported to police.
	Car Parks	SEBC	Appeal to car parking fine and signage relating to blue badges.	Further information given on car parking fine and explanation of policy for blue badge parking.
	Car Parks Step 2	SEBC	Car parking fine – escalated to Step 2 as not satisfied with response to Step 1 and other letters.	Complaint not upheld. Satisfied sufficient information was available. Do not accept assertion that these rules only came into force following a change to the parking charges.

Service	Specific service area	Council	Complaint regarding	Outcomes and lessons learned
Waste Management and Property Services	Property Services Step 2	SEBC	Request to review Freedom of Information (FOI) response relating to wheelie bin noise and drop kerbing.	Review of issue relating to the wheelie bin concluded this was dealt with correctly. Regarding the drop kerbing, apologies were given for oversight on search. FOI coordinators will be briefed on ensuring extensive searches are carried out covering old/new processes and manual/computerised information in future.

4. Compliments received between 1 April – 30 September 2014

Service	FHDC	SEBC	Total compliments received
Legal and Democratic Services	1		1
Leisure Culture and Communities		2	2
Planning and Regulatory Services	1	3	4
Policy Communications and Customers		1	1
Waste and Property Services	13	38	51
Total	15	44	59

Compliments – April 2014 and September 2014

Service	Council	Compliment / Comment Details
Legal and Democratic Services	FHDC	Thank you to you and your planning colleague for your assistance with the application for our certificate.
Leisure, Culture and Communities	SEBC	Thank you for making our event a special day. Please thank others that helped.
		Thank you very much for your recent email informing us of the actions you have taken in regard to our concerns. We very much appreciate the time and effort you have put into this and the personal actions you have taken, which should bring about the required improvements. The park is looking spectacular at the moment and we look forward to visiting there as often as possible and therefore we are grateful for your speedy response.
Policy Communications and Customers	SEBC	Customer rang to say that the service she received was fantastic and that everyone learnt something about on line services.
Planning and Regulatory Services	FHDC	Thank you for pushing these searches through so quickly. This really helps as one of the searches was very urgent. Much appreciated.
	SEBC	Many thanks for your assistance and for your advice on the project to date. I genuinely believe that your comments have resulted in a better scheme overall.
		Thank you to you and your team for getting the search out for the above property in good time. It can be stressful implementing a new piece of software and doing the day job.
		I am incredibly grateful to you for turning this search around so quickly for me – it has probably saved my clients losing their property tomorrow, so thank you.
Waste and Property Services	FHDC	I would like to thank your team for a swift response, and in future I will not hesitate to contact you again if it happens again.

Service	Council	Compliment / Comment Details
Waste and Property Services	FHDC	Please pass on thanks for speedy clearance and for all helpful phone calls and advice – wonderful.
		Resident called to say how helpful staff were today, thank you for advice.
		Thank you again for coming on base and educating the base population about recycling. I think you made a positive impact today. Please pass on my thanks.
		Thank you for clearing the fly tipping so efficiently.
		Customer wished to pass on her compliments to the waste collection crew, in particular one young gentleman who is always polite and courteous.
		Thank you for replacing damaged bin and to keep up the good work.
		Thanks to the service for 240L brown bin.
		Thank you very much for delivery of new brown bin.
		Assisted collection – A compliment for the crew member on the domestic crew who collects and empties her bin. He is always helpful and friendly which makes a big difference to someone who spends a lot of time at home.
		Thank you very much, your efforts at clearing the mess and sweeping have certainly been appreciated.
		Resident phoned in to say thank you for returning to cut the grass and the guys did a lovely job.
		Thank you to the crew for making a good job of clearing the fly tip.

Service	Council	Compliment / Comment Details
Waste and Property Services	SEBC	Resident says thank you very much for wonderful service for bulky collection and in the past her bin service. She is now moving north and hopes they will have the same standard there.
		Phoned in to say thank you for the sacks we posted out and the bin delivered today.
		Thank the waste collection operatives for providing an excellent, efficient and courteous service.
		Resident rang to express her thanks to the crew that delivered her replacement bin, for a speedy and efficient service.
		For the whole team involved in replacing a missing brown bin.
		Compliment for delivering a new bin and is very happy with the service provided.
		Resident called to thank the crew for returning to empty the brown bins after access problems yesterday.
		Thank you for returning to empty missed black bin so quickly. Please pass on thanks to the crew.
		Really pleased with the work you and your colleagues are doing for the school. The standard and efficiency is far superior to the service we were receiving in the past.
		Thanks for sorting orchard mow - its amazing - those guys could not have done more to help; they really gave it 110%. They took brambles and dead wood from trees and removed metal etc which they uncovered.
Thanks for a job well done.		

Service	Council	Compliment / Comment Details
Waste and Property Services	SEBC	Customer reported missing blue bin and replacement delivered first thing. Wished to pass on compliments and gratitude for prompt service.
		Customer wanted to pass on some positive feedback. Waste team collected some heavy doors from her shed. The crew were very helpful, quick and nice people.
		The green looks the best it has ever looked, the man on the machine took the trouble to do in between the bollards, didn't use spray weed killer close proximity to the bollards and even finished off areas with shears.
		Various compliments on the underpass near multi-storey car park - planting, watering, new bins etc. □ Absolutely stunning progress has been made on this initiative. What a team for making our town look and feel environmentally so much better!
		Thank you to the crew that took his bin back in for him today.
		Customer wished to pass on her compliments to the grass cutting team who completed the work.
		Resident called to thank the authority for changing the bin so quickly and the crew for changing the bin over so quietly.
		Thank you for repairing his Brown bin so quickly.
		A customer called to say he was very happy with the service we provided this week while emptying the brown bins, as they were put back in the correct place.
Customer had a bulky collection today and would like to thank the crew for their help and says that they were very professional.		

Service	Council	Compliment / Comment Details
Waste and Property Services	SEBC	I'm pleased to report your new road sweeper is amazing. I have since heard it, but it's not as noisy. It even came down our street this morning and right outside our house, it wasn't as noisy as the previous sweeper when it went down Camps Road.
		For removing the fly tipped items.
		For attending so quickly and doing such a good job.
		For cutting the grass at Natters Wood as such short notice.
		Many thanks for all your help and for your team who do a great job in all weathers for us.
		I just wanted to say WOW the brown bin turned up this morning by two lovely men, what prompt service.
		Thanks for the prompt responses and site meeting. It was really good to work together with people with a "can do!" attitude to progress this potentially problematic repair for us. I can see from the picture you've sent me that this has been achieved.
		Phoned to thank the team for coming out to cut the hedge today. They are doing a great job.
		Resident is very pleased with how the bins are put back in the right place after being emptied and very happy with the fortnightly service.
		I would like to take the opportunity to praise and thank skip driver for his exceptionally helpful manner and the way he applies himself. I've never ever found him to be rude or too busy to help and he always returns my calls.

Service	Council	Compliment / Comment Details
Waste and Property Services	SEBC	Thank you for talking to resident and advising him which department / Council does what.
		Visitors from Utah searching for historic family graves - we were so fortunate to run into staff who did everything they could to help us locate the graves. We really appreciated their friendliness and willingness to help.
		Thank you to the landscape team for cutting the hedge back so quickly.
		Thank you for the recent good work done on the estate.
		Young Green Fingers Presentation - compliment for staff for being part of a very informative evening.
		Just wanted to say a quick thank you for getting the pitches ready for the new term. Our Principal is most impressed by your team so far.
		Compliment for attending and clearing away a fly tip so quickly.

Informal Joint Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	West Suffolk Fees and Charges Policy	
Report No:	PAS/SE/14/005	
Decisions plan reference:	Oct14/01	
Report to and dates:	Performance and Audit Scrutiny Committee	26 November 2014
	Cabinet	2 December 2014
Portfolio holder:	Dave Ray Portfolio Holder for Resources and Performance Tel: 01359 250912 Email: david.ray@stedsbc.gov.uk	
Lead officer:	Rachael Mann Head of Resources and Performance Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	
Purpose of report:	The Draft West Suffolk Fees and Charges Policy, attached at Appendix B creates a single, clear and consistent approach to formulating, agreeing and reviewing the fees and charges set by the West Suffolk councils.	
Recommendation:	Performance and Audit Scrutiny Committee: Members are requested to <u>recommend</u> the attached draft West Suffolk Fees and Charges Policy to Cabinet for approval.	

<p>Key Decision:</p> <p><i>(Check the appropriate box and delete all those that do not apply.)</i></p>	<p><i>Is this a Key Decision and, if so, under which definition?</i></p> <p>Yes, it is a Key Decision - <input checked="" type="checkbox"/> (Cabinet on 2/12/2014) No, it is not a Key Decision - <input type="checkbox"/></p> <p>(a) A "key decision" means an executive decision which, with regard to any guidance from the Secretary of State, is likely:-</p> <p>(i) To result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates; or</p> <p>(ii) To be significant in terms of its effects on communities living or working in an area comprising two or more Wards in the Borough.</p>
<p><i>Following the Cabinet decision on 2 December 2014, any key decisions made as a result of this report will be published within 48 hours and cannot be actioned until seven working days have elapsed. This item is included on the Decisions Plan.</i></p>	
<p>Consultation:</p>	<ul style="list-style-type: none"> The proposed policy has been discussed by the Leadership Team and has been developed in consultation with the Resources and Performance team, Policy team, Internal Audit and both Portfolio Holders for Resources.
<p>Alternative option(s):</p>	<ul style="list-style-type: none"> The option of doing nothing and continuing with the two councils' existing policies on fees and charges was considered. However, this would have led to ongoing complexity in a shared service environment and would have hampered the development of a more commercial environment.
<p>Implications:</p>	
<p><i>Are there any financial implications? If yes, please give details</i></p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> See paragraph 2 of the report </p>
<p><i>Are there any staffing implications? If yes, please give details</i></p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> </p>
<p><i>Are there any ICT implications? If yes, please give details</i></p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> </p>
<p><i>Are there any legal and/or policy implications? If yes, please give details</i></p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> Guidance has been sought on the legal implications of this policy. </p>

<p>Are there any equality implications? If yes, please give details</p>		<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> The policy and guidance highlight the importance of assessing the impact on particular groups of the fees and charges under consideration. This is the responsibility of the officers involved in setting each charge. 	
<p>Risk/opportunity assessment:</p>		<p><i>(potential hazards or opportunities affecting corporate, service or project objectives)</i></p>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
	Low/Medium/ High*		Low/Medium/ High*
<p>Inconsistent application of the policy could result in fees and charges being set too high (and therefore collection rates are low or services not being competitive) or too low (resulting in a loss of income to the councils)</p>	<p>Low</p>	<p>Supporting guidance and support from business advisers helps to ensure fees and charges set at an appropriate level. The budget setting process also allows review.</p>	<p>Low</p>
<p>Ward(s) affected:</p>		<p>All Ward</p>	
<p>Background papers: <i>(all background papers are to be published on the website and a link included)</i></p>		<p>None</p>	
<p>Documents attached:</p>		<p>Appendix A – Outcomes from the Fees and Charges Review</p> <p>Appendix B – West Suffolk Fees and Charges Policy</p>	

1. Key issues and reasons for recommendation(s)

1.1 Key Issues

1.1.1 In summer 2014, a review of the West Suffolk councils' fees and charges was carried out by the councils' Senior Auditors from the Resources and Performance team. The review examined the ways in which fees and charges were currently set by West Suffolk, when charging for the provision of a service. Interviews were carried out with staff from across West Suffolk.

1.1.2 The fees and charges that can be set by West Suffolk for the provision of services to residents or other businesses vary depending on the legislative basis behind them. Statutory fees and charges are set by government with the councils having no control or very little (within a range) over pricing, whilst discretionary services are defined as those that a council is authorised but not required to provide. The review work only covered those fees and charges where the councils had control over their setting and also excluded Council Tax and Business Rates.

1.1.3 The main findings from the review were as follows:

- benchmarking showed that in large part, West Suffolk's fees and charges were comparable with other authorities in Suffolk;
- the process for setting fees and charges varied between services and between the two councils. Different considerations were taken into account, with little consistency of approach to issues such as cost recovery compared to encouraging changes in behaviour;
- many of the processes for setting fees and charges had not been revisited for some time and did not reflect the Medium Term Financial Strategy theme of encouraging a more commercial approach to the setting of fees and charges.

1.1.4 Further background on the outcomes of the review is attached at **Appendix A**.

1.1.5 West Suffolk's fees and charges are agreed annually through the budget setting processes for both councils. The recommendations made in this annual process come from officers, working with portfolio holders and within the councils' governance framework, who undertake work to set fees and charges at an appropriate level. In order to improve this process, a West Suffolk Fees and Charges Policy has been drafted, with these key features.

- It equips officers with a clear, consistent and concise **policy** which they must follow when formulating, agreeing and reviewing existing and / or recommending new fees and charges across West Suffolk, outside of where legislation provides for this.
- It provides **guidance** (service toolkit) in determining the level of fees and charges to set, including the factors that need to be considered when charges are reviewed (such as methods and costs of collection, impact on service users) and the need to record the decision-making process in order to demonstrate that decisions have

been subject to a transparent and balanced process.

1.1.6 In particular, the new documents:

- require services to carry out more active use of benchmarking / market intelligence when setting fees and charges to ensure that those across West Suffolk are comparable with others and where there are differences these are understood and justified;
- present services with parameters (such as different pricing modules) in which to calculate different levels of fees and charges, so that they are considered and set at a level which will increase the proportion of income contributed by users of services where appropriate, rather than the costs being met from the general tax payer and via central government grants. There are also clear links to the councils' encouragement of more commercial behaviours with West Suffolk acting as a contractor where services are transferable and can be provided to others generating income opportunities for the councils;
- permit Heads of Service to approve proposed fees and charges, unless an assessment has determined that the fee or charge has significant public interest; in these instances, the proposed charges will be put forward to the Portfolio Holder;
- it ensures that services review their fees and charges on an annual basis; with opportunities to optimise income considered within the overall West Suffolk budget setting process; and
- it encourages channel shift with service delivery moving towards the lowest costs channels (including online) in order to achieve greater efficiency and to reduce costs.

2. Additional supporting information

2.1 Financial Implications

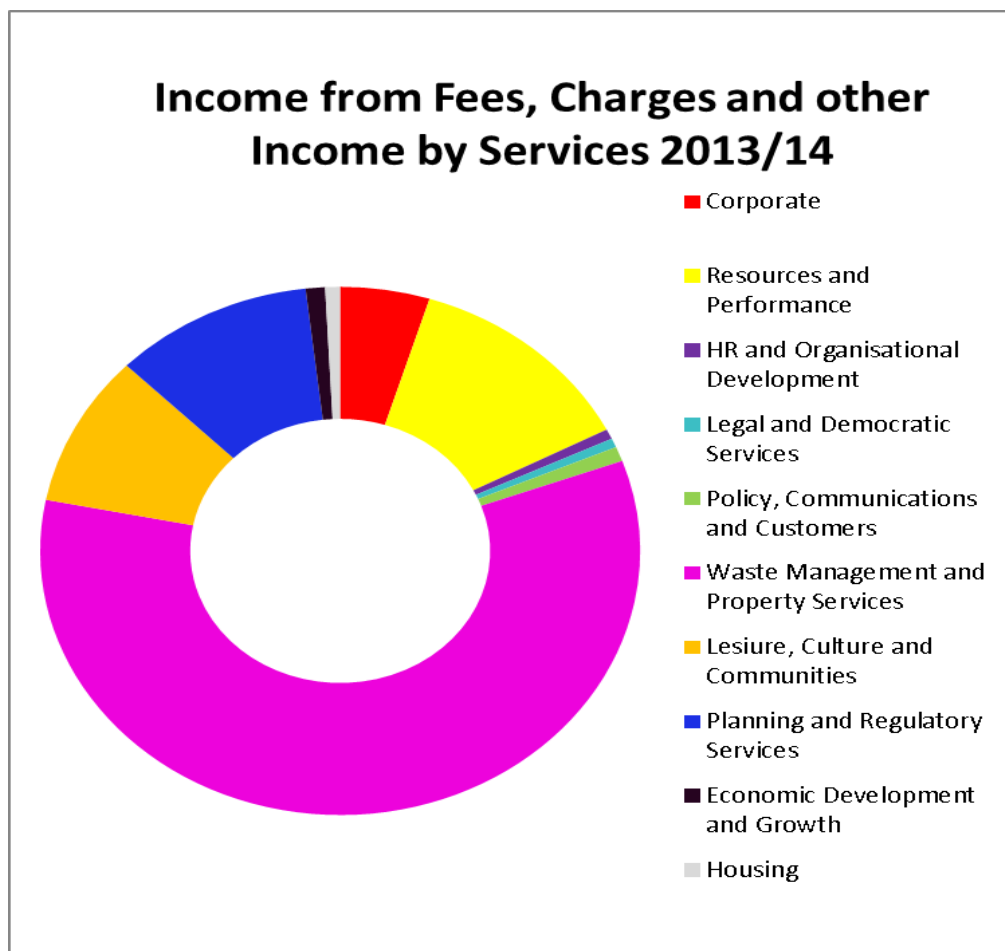
2.1.1 The implementation of the West Suffolk Fees and Charges policy should result a better financial position for services in terms of more fully understanding the costs of the services being provided and either: a) fully recovering the costs incurred; b) intentionally subsidising the provision of a service in order to encourage / discourage particular behaviours or to protect vulnerable people; c) generating a surplus from a discretionary service in a competitive market environment, in order to generate an income or d) for wider benefits for the local community.

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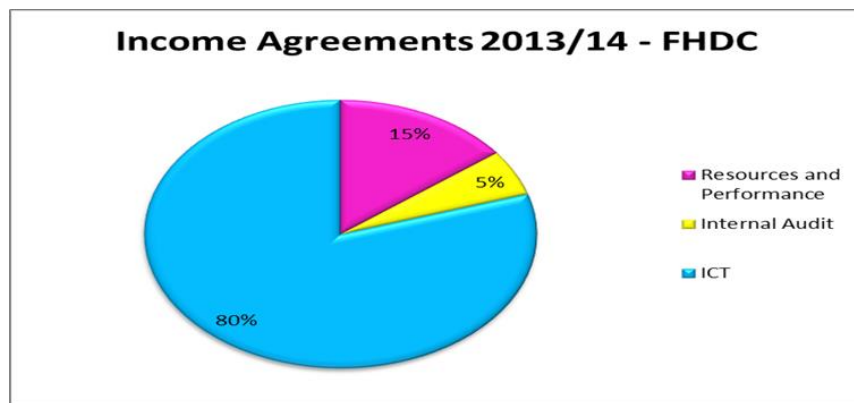
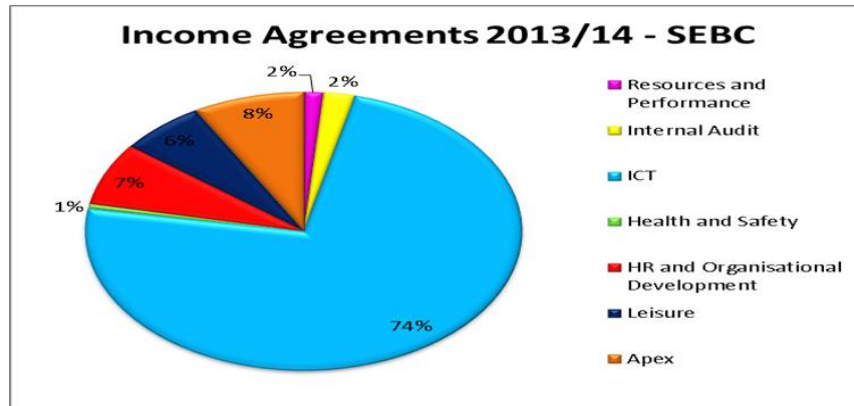
Fees and Charges Review – Summary of outcomes

1. Background

- 1.1 Both councils provide a wide range of services, often for a fee or charge.
- 1.2 The nature of these fees and charges generally depends on whether they relate to statutory or discretionary services. Statutory fees and charges are set by government with the councils having no control or very little (i.e. within a range) over pricing, whilst discretionary services are defined as those that a council is authorised but not required to provide.
- 1.3 In 2013/14 the total income from fees, charges and other income by services totalled £17.2 million (FHDC £4.3 million / SEBC £12.9 million).



- 1.4 Both councils also generate income through providing services to a range of partners, in 2013/14 this totalled £0.6 million across West Suffolk:



2. How the fees and charges review was approached

- 2.1 **Research** – other local authority policies and practices were reviewed;
- 2.2 **Benchmarking** – for a sample of fees we benchmarked ourselves against our nearest neighbours highlighting opportunities which could contribute to the cost of service delivery.
- 2.3 **Good Practice** – identified good practice in place at other local authorities;
- 2.4 **Enquiries** – met with service areas to gain an understanding as to their approach in respect of setting fees & charges and to determine where improvements could be made; and
- 2.5 **Policy Team** – met and discussed the findings / actions from the informal Behaving More Commercially Task & Finish group.

3. Key findings

- 3.1 **Approval process** – it would be useful if the approval process across both councils were aligned and consistent with one another;
- 3.2 **Process and structure** – in order to improve upon existing processes a West Suffolk Fees and Charges Policy should be drafted, supported by supplementary guidance assisting services with the methodology to set fees and charges and to record the decision making process;
- 3.3 **Training and understanding** - services have / are recognising the need for both councils to behave more commercial and would welcome advice and support to understand more about contributing to the cost of service delivery and being more business-like;
- 3.4 **Finance Business Advisors** – opportunities exist for advisors to assist services in calculating the degree to which costs are covered; exploring differing pricing modules when services are bidding for work; calculating service level agreements; and understanding the true cost of a service.
- 3.5 **Variations across service areas** – a number of variations were highlighted which should be addressed through the new policy along with the assistance and support provided by the Finance Business Advisor;
- 3.6 **Service level agreements inconsistencies** – inconsistencies exist across services but will be addressed through a new standard template, with the guidance required for staff being realised through training and support; and
- 3.7 **Technology** – services need to make access easier for residents who are increasingly seeking information or wish to make payments online. Technological improvements and the redesigned website will improve and support services in connecting more with the community they serve online.

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Fees and Charges Policy

1. Introduction

- 1.1 Forest Heath District Council and St Edmundsbury Borough Council for the purpose of this document will be referred to as 'West Suffolk' or the 'councils'.
- 1.2 West Suffolk provides a wide range of services to the local communities; some of these services are paid for through Government grants, Business Rates and Council Tax but other services are provided through a fee or charge to the individual using the service or where West Suffolk acts as a contractor. The nature of these fees and charges depends on whether they relate to statutory or discretionary services:
- statutory fees and charges – the level of charge is usually determined by Government, or locally with a statutory maximum fee;
 - discretionary services – those that a council is authorised but not required to provide.

2. Objectives

- 2.1 As large cuts to core funding have to be absorbed whilst facing pressures across services areas, officers and councillors (members) are required to behave more commercially and innovatively to meet future funding challenges. This complements the West Suffolk Strategic Plan to meet local needs whilst delivering value for money to create the best possible future for the people in West Suffolk.
- 2.2 Fees and charges are to be structured to support the achievement of the council's' priorities and contribute to the cost of service delivery. Optimum use of fees and charges is to be made without having a detrimental effect on:
- income;
 - quality;
 - service levels;
 - vulnerable people;
 - legislation;
 - health and safety;
 - creating unintentional outcomes; and
 - public satisfaction.

3. Scope

- 3.1 This document excludes the setting and reviewing of the Business Rates and Council Tax charging structure or those fees which are set nationally.
- 3.2 Fees and charges will normally be calculated on a marginal or full cost recovery basis, depending on the state of the market and any

other influencing factors. Any concessions will be specified and separately agreed.

4. Legal basis

- 4.1 The authority will comply with the legislation which gives the specific powers for charging: [LINK](#)
- 4.2 Under the Localism Act 2011, which introduced a new General Power of Competence (GPC), English councils have legal powers to charge for a wide range of the services they provide to recover the cost of providing those services.
- 4.3 Authorities must already have the power to provide the service and the recipient of the discretionary service must have agreed to its provision and to pay for it.

5. Process

5.1 New charges

- 5.1.1 All services must regularly consider potential new sources of income, in particular, charging for discretionary services under the Local Government Act 2003.
- 5.1.2 Proposals for new fees and charges will follow the annual review process as below.

5.2 Annual review process and monitoring

- 5.2.1 Fees and charges will be reviewed on an annual basis and incorporated within the overall West Suffolk budget setting arrangements, taking into consideration any legislative consultations that may be required. Significant fluctuations in charges year-on-year should be avoided but may be inevitable if market conditions require this.
- 5.2.2 Market research, comparative data, management knowledge and any other relevant information, such as partnership or contractual relationships, will be used where appropriate to ensure that the charges are properly prepared.
- 5.2.3 Heads of service will approve fees and charges and will be provided with the methodology used for the proposed price changes.
- 5.2.4 In some cases, if the assessment will determine that the fees to be introduced or the annual review of the charging structure has significant public interest, the proposals are to be discussed with the relevant portfolio holder, who will decide whether wider consultation e.g. a scrutiny committee, is advisable.

- 5.2.5 If permitted charges are not to be increased annually, and will have a significant impact on the service, a report must be provided to the portfolio holder within the budget setting process detailing the justification. This will need to include links to the corporate priorities, the financial implications and the details as to where the budget shortfall will be funded from.
- 5.2.6 Charges to commercial customers may be negotiated out of the set fee structure, but not resulting in detriment to West Suffolk.

6. Equalities and diversity

- 6.1 West Suffolk will adhere to the equality and diversity policies and all equalities legislation when setting and administering fees and charges.

7. Administration

- 7.1 Each service will maintain a schedule of fees and charges levied for statutory and subsidised services.
- 7.2 These fees and charges must be published on the West Suffolk website and at the point of sale where appropriate; these must be straightforward and easy to understand.
- 7.3 Contractual fees, of a commercially sensitive nature, will not be published.
- 7.4 Reasonable notice should be given to service users before new fees and charges are implemented; statutory requirements to inform service users will be complied with.
- 7.5 The cost of collection will be considered to ensure that fees and charges are economical to collect.
- 7.6 If any member of the public or business community believes that West Suffolk has acted in a way that is not in line with this policy, the Comments, Compliment and Complaint process will be followed.

8. West Suffolk as a contractor

- 8.1 West Suffolk will actively participate in bidding for service contracts to provide services within the area; this may be either on a profit or not-for-profit basis. Officers should seek advice on the standard elements of a Service Level Agreement.
- 8.2 Trading can be undertaken through the vehicle of a company on a profit-making basis. A council can only trade in respect of functions that it does not have a duty to provide to the person with whom it trades. The preparation and approval of a business plan is required for trading under the 2003 Act. The company need not be wholly

owned by West Suffolk but could be a joint venture with a private partner.

9. Sponsorship

9.1 Sponsorship is an agreement between the councils and the sponsor, where the council receives either financial support or a benefit in kind for an event or campaign from another organisation which in turn gains publicity or other commercial benefits. West Suffolk welcomes the development of these constructive relationships with external organisations.

9.2 The Sponsorship Policy provides the framework for arranging such sponsorship agreements. [LINK](#)

10. Supporting documents

10.1 Further guidance is available to officers in the Fees and Charges Toolkit.

11. Review

11.1 West Suffolk is committed to continuous improvement and it is critical that new approaches and ways of working are introduced.

11.2 This policy will be reviewed in line with any changes in legislation. Minor alterations to the policy will be approved by the Section 151 Officer in consultation with the portfolio holders.

Revisions

Date of Review or Revision	Reason	Author

Informal Joint Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Accounting for a single West Suffolk staffing structure and the move to a West Suffolk Cost Sharing Model	
Report No:	PAS/SE/14/006	
Decisions plan reference:	Oct14/01	
Report to and date/s:	Performance and Audit Scrutiny	26 November 2014
	Cabinet	2 December 2014
	Council	16 December 2014
Portfolio holder:	Dave Ray Portfolio Holder for Resources and Performance Tel: 01359 250912 Email: david.ray@stedsbc.gov.uk	
Lead officer:	Rachael Mann Head of Resources and Performance Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	

Purpose of report:	<p>The allocation of the single staffing structure across the West Suffolk partnership between Forest Heath District Council and St Edmundsbury Borough Council has to date been driven by the level of savings generated from the baseline position back in 2012.</p> <p>A new approach to cost sharing for West Suffolk is required that both recognises the shared nature of much of West Suffolk’s service delivery, and recognises that the councils remain separate legal entities. The West Suffolk cost sharing model must therefore be transparent and comply with external audit requirements.</p>
Recommendation:	<p>Performance and Audit Scrutiny Committee:</p> <p>Members are asked to <u>recommend</u> to Cabinet that:</p> <p>a) As part of the 2015/16 budget setting process and subject to external audit support, the Councils adopt the proposed cost sharing model for income and employee costs as detailed in Table 2 and 3 and at paragraph 2.17.</p> <p>b) The proposed model, as detailed in Table 2 and 3 and at paragraph 2.17, is reviewed annually as part of the budget setting process with any necessary amendments to the model (in order to secure delivery against the principles set out in paragraph 2.12), reported through to Performance and Audit Scrutiny Committee in the Autumn.</p>
Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>	<p><i>Is this a Key Decision and, if so, under which definition?</i></p> <p>Yes, it is a Key Decision - <input type="checkbox"/></p> <p>No, it is not a Key Decision - <input checked="" type="checkbox"/></p>
<p><i>Following the Cabinet decision on 9 December 2014, the decision made as a result of this report will be published within 48 hours and cannot be actioned until seven working days have elapsed. This item is included on the Decisions Plan.</i></p>	
Consultation:	<ul style="list-style-type: none"> • See paragraphs 3.1 to 3.3 of the report
Alternative option(s):	<ul style="list-style-type: none"> • See paragraphs 4.1 to 4.3 of the report.
Implications:	

<i>Are there any financial implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> • Outlined in the main body of this report. • The model reflects the appropriate sharing of employee costs (and relevant income) for service delivery for both councils and does not affect the overall baseline for the council's costs 	
<i>Are there any staffing implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> • The risk section highlights the staffing implications if we continue with the current accounting process. 	
<i>Are there any ICT implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> • Although, the proposed model would allow the accounting to be a more automation process 	
<i>Are there any legal and/or policy implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> • The cost sharing model will be implemented for the 2015/16 budget process subject to approval from members and external audit. 	
<i>Are there any equality implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> • 	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
	Low/Medium/ High*		Low/Medium/ High*
Current model – decisions are made based on retrospective and out of date information	High	Try to make use of the system to automate parts of the current model. Consider retaining an additional business advisor within the Resources and Performance Team in order to manage the process as efficiently and as accurately as possible (annual cost of £35k)	Medium
The current savings sharing model becomes too complex that external audit raise concerns over its appropriateness	High	Move to a cost sharing model	Low

The new proposed model doesn't meet the principles desired in paragraph 4.12	Medium	Challenge from policy and internal audit along with external audits review. Annual review process built into the model for S151 officer to lead	Low
Ward(s) affected:	All		
Background papers: <i>(all background papers are to be published on the website and a link included)</i>	None		
Documents attached:	None		

Key issues and reasons for recommendation(s)

1. Summary and reasons for recommendations

- 1.1 A total of £3.5million of savings has been achieved to date from the West Suffolk shared services agenda (excluding those savings delivered through the Anglia Revenues Partnership), with further in year savings due from the sharing of supplies and services and through joint contracts and efficiencies.
- 1.2 The allocation of the single staffing structure across the West Suffolk partnership between Forest Heath District Council and St Edmundsbury Borough Council has to date been driven by the level of savings generated from the baseline position back in 2012.
- 1.3 To date, the sharing of the savings has been deemed to be balanced across the two councils and acceptable to external auditors. However, recharging each council for the savings from shared services is a very labour intensive and retrospective process which, once completed each quarter, typically results in an overall sharing of costs that could have been achieved more simply from cost sharing the operational costs (of salaries for example) at the outset. Also, the current process causes some confusion for members and officers when managing and monitoring budgets and considering future costs and savings for the partnership as information is not live.
- 1.4 A new approach to cost sharing for West Suffolk is required that both recognises the shared nature of much of West Suffolk's service delivery, and recognises that the councils remain separate legal entities. The West Suffolk cost sharing model must therefore be transparent and comply with external audit requirements.

2. Background

- 2.1 In October 2011 the leaders of the West Suffolk councils issued a joint statement announcing that the Forest Heath and St Edmundsbury councils had agreed to create a unified staff structure for West Suffolk, starting with restructuring the two management teams to form a Joint Leadership Team. It was anticipated back in October 2011 that shared services would deliver annual savings of £2.358m for West Suffolk and it was agreed that the following mechanism was to be used for sharing savings from the staff restructure:
 - savings from Management Team (including Service Managers) to be shared 50/50;
 - savings from other service levels to be shared 35:65 FHDC:SEBC; and
 - ability to vary where there is a significant difference in service.
- 2.2 By November 2013 the shared service restructure was complete, with a single staffing structure working across the two councils. Both councils delivered over and above their original savings target: £3.5m in total for West Suffolk (Forest

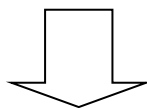
Heath a £1.4 million year-on-year saving and St Edmundsbury £2.1 million year-on-year saving).

2.3 Prior to the leaders' announcement for a full restructure, the Shared Services Steering Group (SSSG) had agreed a protocol for sharing of costs between the West Suffolk Councils looking at a service-by-service basis.

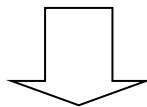
2.4 In order to secure the total level of savings required in the original shared services agreement across the West Suffolk councils, the cost sharing protocol (the service-by service basis) was side-lined and replaced with the use of the savings sharing mechanism outlined in paragraph 2.1.

2.5 Although greater savings have been secured by each West Suffolk council, the sharing of savings mechanism has, over time, created a labour intensive, backward-looking and complex quarterly process for the two councils as shown below:

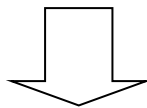
Step 1 Update the baseline position to take account of events from 2012 to current year that would impact that baseline position, such as service delivery changes, changes to the staffing establishment, pay inflation and the new pay line from June 2013



Step 2 Calculate the savings resulting from shared services for each service area, from the baseline position of 2012



Step 3 Apply the sharing savings mechanism to the savings resulting from the above steps



Step 4 Recharges between the two councils to enable savings to be allocated to each council to arrive at the **net cost of each council's share of the single staffing structure**

2.6 In reality by applying the above steps outlined at point 2.5, you gain a net cost position for each council that is broadly in line with the net cost position achieved if you skip steps 1 and 2 and you start at step 3 by taking the cost of the single West Suffolk staffing structure at the outset and applying similar percentages to those used in the sharing savings mechanism. Step 4 relates to the invoices stage which would continue to account for the necessary VAT due. However, this could be automated within the new shared financial management system when operating to a cost sharing model.

- 2.7 Also we want to remove a labour intensive process, improve the transparency of costs, as well as savings, across West Suffolk and assist budget holders and members with a clear understanding of their budgets both in year and their future management. It is felt that now is the appropriate time to revisit a model of sharing of costs and some relevant income (those linked to employee costs and commercial services).
- 2.8 A new cost sharing model will deliver the following benefits to West Suffolk:
- a simpler cost sharing model that is easy to communicate and understand;
 - an automated system of recharging for costs that continually gives a true reflection of service demand for both councils;
 - an open and transparent mechanism which more easily enables the cost of a service to be shown for Forest Heath, St Edmundsbury and combined for West Suffolk; and
 - real time information available for costs throughout the financial year to allow budgets to be managed and monitored and for faster decisions to be made based on the most accurate and informative data
- 2.9 The cost sharing protocol that was agreed by the SSSG focused on determining appropriate cost drivers for allocating costs and savings. It was through the percentage split in households and population numbers across West Suffolk that the main savings sharing basis (35% FHDC – 65% SEBC) was derived. Using the same cost driver, based on statistics from the 2011 census for population, it is proposed that Forest Heath and St Edmundsbury use the same split as the core of their model for sharing costs and future savings.

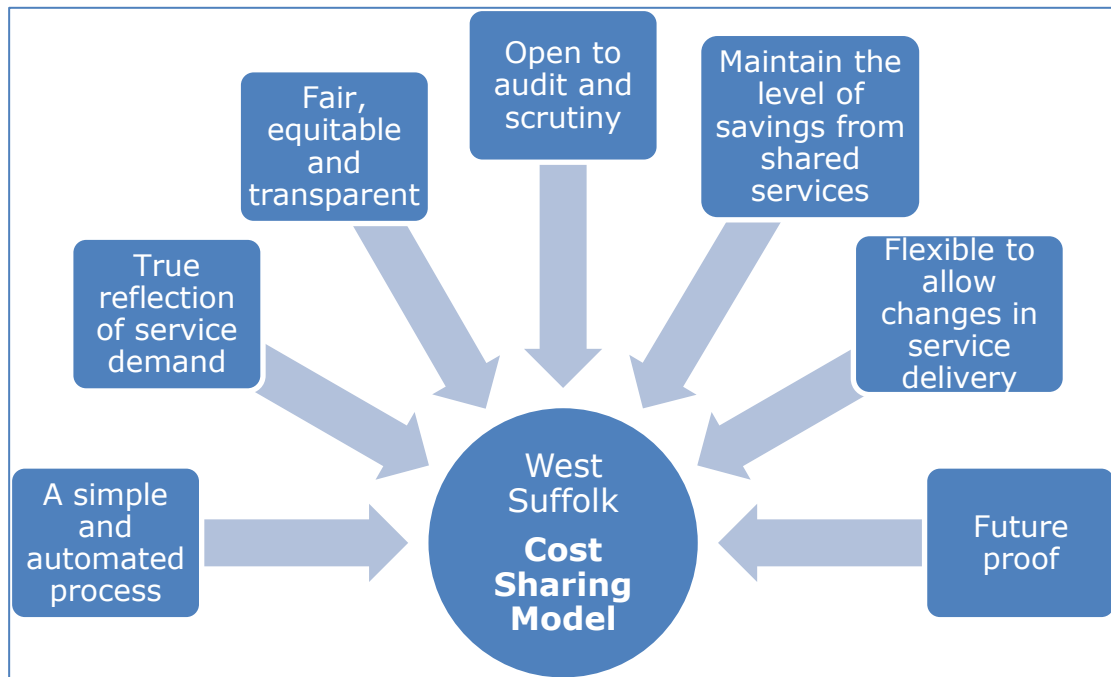
Table 1 – West Suffolk cost driver

Statistic	Forest Heath	St Edmundsbury	% split
Population	59,748	111,008	35% - 65%
Number of households	25,376	45,802	35.65% - 64.35%

- 2.10 The Anglia Revenues Partnership (ARP) has a recognised cost sharing and savings protocol for all partners. The cost drivers are based on ARP caseloads (proportionate to each council) and reset annually as a percentage charge to each council which is then agreed by the Section 151 Officers.
- 2.11 The ARP model is fair and transparent, is extremely simple to understand and calculate, and assists with budget management for all councils. Members of the ARP know where they stand in terms of any saving or cost movement and what that means for their local council budget and can make decisions based on that information. It is proposed that Forest Heath and St Edmundsbury aim for a similar simple model.

2.12 Proposed West Suffolk Cost Sharing Model

It is essential that a cost sharing model for West Suffolk is cost effective for the taxpayer and does not result in either council subsidising the other. Overall the model needs to meet the following principles:



2.13 Support is required from members for the model that will underpin cost sharing between the two councils. It is proposed that the West Suffolk cost sharing model is based on the sentiments of the agreed 2011 saving sharing mechanism and the link to the cost driver of population and household numbers within West Suffolk. The table below shows the cost split for employee costs. The cost of supplies and services will gradually be added into the cost sharing model as the contracts become shared by the two councils:

Table 2 – West Suffolk cost sharing model – Employee and supplies and services costs

Heading	Split FHDC:SEBC	Reasoning
Employee costs shared Leadership Team	50:50	Split based on leading and supporting two political bodies
Employee costs shared services	35:65	This split is based on impact rather than on time spent working for each council.

Employee cost – service linked to an asset	Direct to the relevant council	Employees directly linked to an asset, for example The Apex, should be recharged 100% to the council that owns the asset.
Employee cost where the 35:65 split is not supported	Other	Listed at 2.17 of this report
Supplies and Services – shared services	35:65	To be gradually added into the cost sharing model as the contracts become shared by the two councils
Supplies and Services – linked to an asset or service delivery model	Direct to the relevant council	Supplies and services directly linked to an asset, for example The Apex, should be recharged 100% to the council that owns the asset. Supplies and services linked to a service delivery model, i.e. in-house or outsourced will be charged directly to the council that commissioned that delivery model
Supplies and Services – where the 35:65 split is not supported	Other	Listed at 2.17 of this report

2.14 Members' allowances and expenses are excluded from the cost sharing model and will remain a direct cost to the relevant council.

2.15 The table below shows some principles for a percentage share of income that is linked to employee costs and commercial activities across the two councils. Agreement to share certain levels of income is necessary as this income could be the driver for the level of staff resource. For example the West Suffolk ICT service has service level agreements with a variety of external partners but the service is delivered by West Suffolk employees and both councils would be charged a share of their costs in the above model.

Table 3 – West Suffolk cost sharing model – Income

Heading	Split FHDC:SEBC	Reasoning
Income – not linked to an asset	35:65 or relevant employee cost split	Income that is linked to a commercial activity that is run by West Suffolk, for example trade waste or building control should be shared using the employee cost split for that service. Another example is the service level agreements that Human Resources, ICT and the Internal Audit have in place with external partners. The income from these services should be split using the agreed cost split for that service i.e. 35:65 or as detailed in paragraph 2.17
Income from an asset	Direct to the relevant council	Forest Heath and St Edmundsbury own a portfolio of properties and these bring in a significant amount of income from events or business rent (for example the Guineas shopping centre in Newmarket). The income from these properties should be retained at 100% by the relevant council.
Statutory function – member decision	Direct to the relevant council	Members are required to make decisions on planning applications, premises licences, taxi licences etc. Where a decision has been made by one council and a fee is to be paid, this fee should be retained 100% by the relevant council.

2.16 The above income and expenditure splits would in practice address any surplus/loss share for those commercial services included.

2.17 **Challenge on the proposed model**

The main 35:65 cost share assumption has been challenged with various statistics by Internal Audit and the Policy Team across a range of service level cost drivers. The result of the challenge has shown that the 35:65 cost share assumption can be applied in principle to most services provided by the councils, with the exception of those detailed in Tables 2 and 3 and the following:

- Property Services 40 (FHDC):60 (SEBC), link to current income split between the West Suffolk Councils; and
- Trade Commercial Services 25 (FHDC):75 (SEBC), link to current income split between the West Suffolk Councils; and
- Ability to vary where there is a significant difference in service not necessarily linked to an asset, but there is a clear decision by one or both Councils to work separately (such as the Chairman civic functions for Forest Heath and the Mayoralty function at St Edmundsbury).

- 2.18 The proposed model is reviewed annually as part of the budget setting process with any necessary amendments to the model (in order to secure delivery against the principles set out in paragraph 4.12), reported through to Performance and Audit Scrutiny Committee in the Autumn.

3. Additional supporting information

3.1 Consultation

- 3.2 The above model has been discussed by the Leadership Team and has been developed in consultation with the resources and performance team, Head of Human Resources, policy team, internal audit and both Portfolio holders for Resources.
- 3.3 Discussions are currently taking place with external audit and the proposed model will be subject to the external audit review.

4. Other options considered

- 4.1 To date, the sharing of the savings (using the mechanism outlined in paragraph 2.1) has been deemed to be balanced across the two councils and acceptable to external auditors.
- 4.2 One option would be to not change the current process of recharging each council for savings from shared services. However, this is very labour intensive and perpetuates the historical base for the councils before shared services. It is a backward looking process and it makes it difficult for budget holders to manage their budgets in real time as they have to wait for the quarterly recharging process to take place. There is also a risk that decisions might be made on incorrect and out of date information. Therefore, while it has worked well in the early stages of establishing shared services, continuing with the same practice is not a recommended option.
- 4.3 Another option might be to just share employee costs but not those income streams identified in Table 3. However, a driver for staffing levels in some service areas is the level of income. If one council lost a significant amount of income, for example from a Service Level Agreement, it would not be easy to adjust the staff numbers for that service and could result in differing levels of service across West Suffolk. Also it would mean that staff would need to have some way of recording their time spent on those income generating contracts, which would build in labour intensive bureaucracy, so that we could satisfy external audit that one council isn't subsidising the other.

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Informal Joint Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Work Programme Update	
Report No:	PAS/SE/14/007	
Decisions plan reference:	Not applicable.	
Report to and date:	Performance and Audit Scrutiny Committee	26 November 2014
Chairman of the Committee:	Sarah Broughton Chairman of the Performance and Audit Scrutiny Committee Tel: 01284 787327 Email: sarah.broughton@stedsbc.gov.uk	
Lead officer:	Christine Brain Scrutiny Officer Tel: 01638 719729 Email: Christine.brain@westsuffolk.gov.uk	
Purpose of report:	<ol style="list-style-type: none"> Members are asked to consider and note the current status of its Work Programme attached at Appendix 1(A). Attached at Appendix 1(B), for information is the current position of the Work Programme for Forest Heath District Councils Performance and Audit Scrutiny Committee. 	
Recommendation:	Performance and Audit Scrutiny Committee: It is <u>RECOMMENDED</u> that: Members consider and <u>note</u> the current status of its Work Programme.	

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

Description	Lead Officer
Thursday 29 January 2015 (Time: 5.00pm) Informal Joint Meeting (Hosted by Forest Heath District Council)	
Joint Reports	
KPI Performance Report (2014-15) (Quarter 3)	Resources & Performance Business Partner
West Suffolk Strategic Risk Register (Dec 2014)	Head of Resources and Performance
Work Programme Update	Scrutiny Officer
St Edmundsbury Specific Reports	
Budget Monitoring Report (April – December 2014)	Head of Resources and Performance
Delivering a Sustainable Budget (2015-2016)	Head of Resources and Performance
Treasury Management Performance (April- Dec 2014) and Annual Treasury Management and Investment Activity (2015-2016)	Head of Resources and Performance

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

Description	Lead Officer
Thursday 29 January 2015 (Time: 5.00pm) Informal Joint Meeting (Hosted by Forest Heath District Council)	
Joint Reports	
Key Performance Indicators and Quarter 3 Performance Report	Resources and Performance Business Partner
West Suffolk Strategic Risk (December 2014)	Head of Resources and Performance
Work Programme Update	Scrutiny Officer
Forest Heath Specific Reports	
Budget Monitoring Report (April – December 2014)	Head of Resources and Performance
Delivering a Sustainable Budget (2015-2016)	Head of Resources and Performance
The Leader of the Council to be invited to discuss the overall assessment of how the Cabinet is operating	Chairman of the Committee to invite the Leader (Awaiting Confirmation)

Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Ernst and Young Presentation of Annual Audit Letter 2013/14	
Report No:	PAS/SE/14/008	
Decisions plan reference:	Not applicable	
Report to and date/s:	Performance and Audit Scrutiny Committee	26 November 2014
Portfolio holder:	David Ray Portfolio Holder for Performance and Resources Tel: 01359 250912 Email: david.ray@stedsbc.gov.uk	
Lead officer:	Rachael Mann Head of Resources and Performance Tel: 01638 719245 Email: Rachael.mann@westsuffolk.gov.uk	
Purpose of report:	To update members on the outcome of the annual audit of the 2013/14 financial statements by Ernst and Young.	
Recommendation:	Performance and Audit Scrutiny Committee: Members are asked to <u>note</u> the report and appendices.	
Key Decision: (Check the appropriate box and delete all those that <u>do not</u> apply.)	Is this a Key Decision and, if so, under which definition? Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	
Consultation:	<ul style="list-style-type: none"> • Not applicable 	
Alternative option(s):	<ul style="list-style-type: none"> • Not applicable 	

Implications:			
Are there any financial implications? <i>If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> The report and appendices include the final scale fee in respect of the 2013/14 audit of the accounts. 	
Are there any staffing implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
Are there any ICT implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
Are there any legal and/or policy implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
Are there any equality implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
Risk/opportunity assessment: <i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>			
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
	Low/Medium/ High*		Low/Medium/ High*
Not applicable for this report.			
Ward(s) affected:		N/A	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		None	
Documents attached:		<i>(Please list any appendices.)</i> Appendix 1 – Annual Audit Letter (year ending 31 March 2014) Appendix 2 – 2013/14 Audit Scale Fee late variation	

1. Key issues and reasons for recommendation

1.1 Summary and reasons for recommendation

1.1.1 To update members on the outcome of the annual audit of the 2013/14 financial statements by Ernst and Young (our external auditors) as detailed in their Annual Audit Letter for 2013/14, attached at **Appendix 1**.

1.1.2 The letter is for information, and confirms the completion of the audit of the 2013/14 financial statements.

1.2 Final Fee

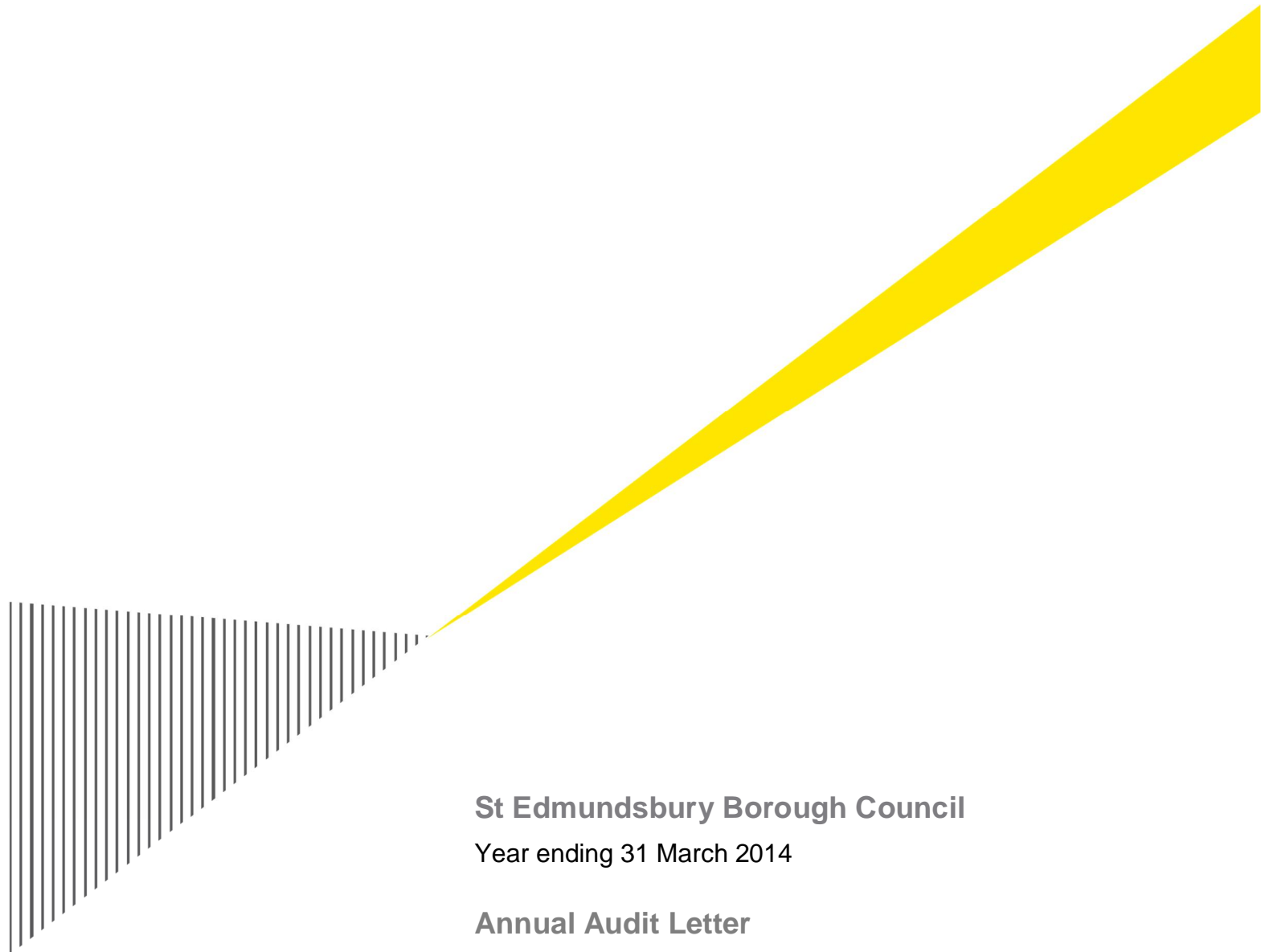
1.2.1 The final fee of £60,356 for work carried out includes two small additional sums totalling £2,900.

1.2.2 The first additional sum of £2,000 reflects work undertaken over and above that planned due to the extra time spent in understanding the audit trail which supported the financial statements. This followed the change to a new joint general ledger system and the migration of the 2013/14 data from the old general ledger. The details are included in the Annual Audit Letter at Appendix 1.

1.2.3 The second additional sum of £900 is an Audit Commission variation to the base scale fee to reflect the extra audit procedures required nationally to gain sufficient audit assurance around business rate income and expenditure within the collection fund. Further details are in the letter at **Appendix 2**.

1.2.4 Both of these additional fees have been agreed with the S151 Officer.

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St Edmundsbury Borough Council

Year ending 31 March 2014

Annual Audit Letter

28 October 2014

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

28 October 2014

Dear Members,

Annual Audit Letter

The purpose of this Annual Audit Letter is to communicate to the Members of St Edmundsbury Borough Council and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to their attention.

We have already reported the detailed findings from our audit work to those charged with governance of St Edmundsbury Borough Council in the following report:

2013/14 Audit Results Report for St
Edmundsbury Borough Council

Issued 12 September 2014

The matters reported here are the most significant for the Council.

I would like to take this opportunity to thank the officers of St Edmundsbury Borough Council for their assistance during the course of our work.

Yours faithfully

Neil Harris
Director
For and behalf of Ernst & Young LLP
Enc

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3. Control themes and observations.....	6

In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' ('Statement of responsibilities'). It is available from the Chief Executive of each audited body and via the [Audit Commission's website](#).

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

The Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

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

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

1. Executive summary

Our 2013/14 audit work has been undertaken in accordance with the Audit Plan we issued in April 2014 and is conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

The Council is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement. In the Annual Governance Statement, the Authority reports publicly on an annual basis on the extent to which they comply with their own code of governance, including how they have monitored and evaluated the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period. The Council is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

As auditors we are responsible for:

- ▶ forming an opinion on the financial statements;
- ▶ reviewing the Annual Governance Statement;
- ▶ forming a conclusion on the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources; and
- ▶ undertaking any other work specified by the Audit Commission.

Summarised below are the conclusions from all elements of our work:

Audit the financial statements of St Edmundsbury Borough Council for the financial year ended 31 March 2014 in accordance with International Standards on Auditing (UK & Ireland)	On 24 September 2014 we issued an unqualified audit opinion in respect of the Council.
Form a conclusion on the arrangements the Council has made for securing economy, efficiency and effectiveness in its use of resources.	On 24 September 2014 we issued an unqualified value for money conclusion.
Issue a report to those charged with governance of the Council (the Performance and Audit Scrutiny Committee) communicating significant findings resulting from our audit.	On 24 September 2014 we issued and presented our report in respect of the Council to the Performance and Audit Scrutiny Committee.
Report to the National Audit Office on the accuracy of the consolidation pack the Council is required to prepare for the Whole of Government Accounts.	We reported our findings to the National Audit Office on 25 September 2014.
Consider the completeness of disclosures in the Authority's Annual Governance Statement, identify any inconsistencies with the other information of which we are aware from our work and consider whether it complies with CIPFA / SOLACE guidance.	No issues to report.

Consider whether, in the public interest, we should make a report on any matter coming to our notice in the course of the audit.	We did not issue such a report.
Determine whether any other action should be taken in relation to our responsibilities under the Audit Commission Act.	We did not take such action.
Issue a certificate that we have completed the audit in accordance with the requirements of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.	On 24 September 2014 we issued our audit completion certificate.
Issue a report to those charged with governance of the Council summarising the certification (of grants claims and returns) work that we have undertaken.	We plan to issue our annual certification report to those charged with governance with respect to the 2013/14 financial year by 31 January 2015.

1.1 Audit fees

The table below sets out the scale fee and our final proposed audit fees.

	Planned fee	Scale fee	Final
Code audit work	£57,456	£57,456	£59,456
Certification of claims and returns	£41,096	£41,096	See note below
Non-Code work	Nil	N/A	Nil

Our final fee includes an additional fee of £2,000. This is a proposed fee variation and is subject to Audit Commission approval. As reported in our Audit Results Report we have undertaken more work than anticipated in agreeing the financial statements disclosures. We have also spent extra time in understanding the audit trail which supported the financial statements following the change in the general ledger and also tracking through all the amendments to the draft accounts, either from our own work or those subsequently identified from the Council.

Work on the certification of claims and returns is not yet complete. We will report our final fee for the certification work in our report to be issued by 31 January 2015.

We confirm that we have not undertaken any non-audit work outside of the Audit Commission's Audit Code requirements.

2. Key findings

2.1 Financial statement audit

We audited the Authority's Statement of Accounts in line with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission. We issued an unqualified audit report on 25 September 2014.

In our view, the quality of the process for producing the accounts was generally good. The review process could be further strengthened by ensuring that supporting working papers provided for audit readily agree with disclosures within the financial statements.

The main issues identified as part of our audit were:

Significant risk 1: Risk of management override

We did not identify any material instances of fraud or error.

Significant risk 2: Localisation of business rates

Our audit work confirmed that the accounting treatment adopted by the Council for business rates was appropriate and in compliance with the CIPFA Code of Practice.

Significant risk 3: System changes

Our review of the work of Internal Audit, as well as our own work on the general ledger system did not raise any issues over the completeness and integrity of the data transferred to the new system.

Other key findings:

We identified one material misstatement during our audit. This related to £4.5 million which was reclassified from cash and cash equivalents to short term investments.

Management have corrected all the misstatements we identified. None of the adjustments made impacted on the Council's useable reserves.

2.2 Value for money conclusion

We are required to carry out sufficient work to conclude on whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

In accordance with guidance issued by the Audit Commission, in 2013/14 our conclusion was based on two criteria:

- ▶ The organisation has proper arrangements in place for securing financial resilience; and
- ▶ The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

We issued an unqualified value for money conclusion on 25 September 2014. Our audit did not identify any significant matters.

2.3 Objections received

No objections have been received in respect of the 2013/14 financial year.

2.4 Whole of government accounts

We reported to the National Audit office on 25 September 2014 the results of our work performed in relation to the accuracy of the consolidation pack the Council is required to prepare for the whole of government accounts. We did not identify any areas of concern.

2.5 Annual governance statement

We are required to consider the completeness of disclosures in the Council's Annual Governance Statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it complies with CIPFA / SOLACE guidance. We completed this work and did not identify any areas of concern.

2.6 Certification of grants claims and returns

We have not yet completed our work on the certification of grants and claims. We will issue the Annual Certification Report for 2013/14 in January 2015.

3. Control themes and observations

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control we communicated to those charged with governance at the Council, as required, significant deficiencies in internal control.

We had no such matters to report.

Ernst & Young LLP

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Rachael Mann
Head of Resources & Performance
St Edmundsbury Borough Council
West Suffolk House
Western Way
Bury St Edmunds
Suffolk IP33 3YU

13 November 2014

Ref:
Your ref:

Direct line: 01223 394485

Email: nharris2@uk.ey.com

Dear Rachael

St Edmundsbury Borough Council - 2013/14 Audit Scale Fee – late variation

We issued our formal 'Annual Audit Letter' on the 28 October 2014, to formally report the outcome from our work in respect of the 2013/14 audit year. Within this report, we set out the 'final' audit fees, as required by the Audit Commission.

However, the Audit Commission has recently consulted on a supplement to the 2014/15 audit scale fees. In that consultation, the Audit Commission applied a permanent variation of £900 to the base scale fee. This reflects the additional audit procedures required to gain sufficient audit assurance around business rate income and expenditure within the Collection Fund.

This additional work is required because the certification work on Business Rates (the NNDR3 grant claim) is no longer within the Audit Commission's grant regime – it was withdrawn for 2013/14. Auditors were previously able to use the certification work on the NNDR3 claim as the required assurance for the audit opinion on the financial statements (including the Collection Fund). As a result, the 2013/14 grant certification scale fee was reduced by £440, to reflect this.

The Audit Commission has now acknowledged that auditors were required to undertake these additional audit procedures to be able to gain assurance for the 2013/14 financial statements opinion. Indeed, business rates were included as a significant audit risk within our Audit Plan. In recognising that this applies equally to 2013/14, the Audit Commission has asked us to agree a scale fee variation of £900 to that audit fee with you.

The revised final scale fee in respect of the 2013/14 audit is set out in the table below.

	2013-14	2013-14
	Reported final fee (within Annual Audit Letter)	Amended final fee (revised and final)
	£	£
Audit Code Scale Fee	59,456	60,356

I appreciate that any increase to the audit scale fee is unwelcome news, but I hope that the narrative above sets out the Audit Commission's rationale for the increase. I think that this increase should be seen in the context of the Audit Commission reducing the 2015/16 scale fee by a further 25%, as a result of its latest procurement exercise.

If you wish to discuss this in more detail please do let me know, so we can arrange a call or a meeting. Otherwise, I would be grateful if this letter could be included within the agenda for the next Performance and Audit Scrutiny Committee, as we are required to report the final audit fee to 'those charged with governance' of the Council.

I look forward to catching up with you in due course.

Yours sincerely



Neil Harris
Director
Ernst & Young LLP

Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Financial Performance Report (Revenue and Capital) Quarter 2 – 2014-15	
Report No:	PAS/SE/14/009	
Decisions plan reference:	Not applicable.	
Report to and dates:	Performance and Audit Scrutiny Committee	26 November 2014
Portfolio holder:	Dave Ray Portfolio Holder for Resources and Performance Tel: 01359 250912 Email: david.ray@stedsbc.gov.uk	
Lead officer:	Rachael Mann Head of Resources and Performance Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	
Purpose of report:	This report sets out the Financial Performance for the second quarter of 2014-15 and forecasted outturn position for 2014-15.	
Recommendation:	Performance and Audit Scrutiny Committee: Members are requested to note the year end forecast financial position and forward any relevant issues or comments to Cabinet for their consideration.	
Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	

Consultation:		<ul style="list-style-type: none"> This report and the figures therein have been compiled by the Finance team in consultation with the relevant budget holders, services and Leadership Team. 	
Alternative option(s):		<ul style="list-style-type: none"> In order for the Council to be able to meet its strategic priorities it is essential that sufficient and appropriate financial resources are available. 	
Implications:			
Are there any financial implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> As set out in the body of this report. 	
Are there any staffing implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
Are there any ICT implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
Are there any legal and/or policy implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> As outlined in the body of this report. 	
Are there any equality implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
	Low/Medium/ High*		Low/Medium/ High*
Budget variances	High	Clear responsibilities for budget monitoring and control ensure that there is strong accountability for each individual budget line. Budget monitoring is undertaken on a monthly basis with budget holders and reported to Leadership Team quarterly.	Low
Wider economic situation around income levels	High	Budgets reflect the economic situation facing the Council, and have been scrutinised by officers and members at budget setting time. Continue to monitor areas closely to ensure assumptions remain reasonable.	Medium
Capital investment plans continue to be affordable, prudent and sustainable	Medium	Prudential Indicators are in place to safeguard the Council	Low

Treasury Management	Medium	Treasury Management Policy and Procedures are in place	Low
Fluctuation in Business rate retention yield	High	Work with ARP to understand the variance to deliver a realistic forecast.	Medium
Ward(s) affected:		All Ward	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		None	
Documents attached:		<p>Appendix A – Revenue budget summary, for the period April to September 2014.</p> <p>Appendix B – Capital budget summary, for the period April to September 2014.</p> <p>Appendix C – Revenue reserves summary, for the period April to September 2014.</p>	

1. Key issues and reasons for recommendation(s)

1.1 Key Issues

- 1.1.1 Savings achieved through sharing services with Forest Heath District Council have to date been predominately delivered through the joining up of services and staff structures. However it was always envisaged that further savings could be achieved through the procuring and commissioning of joint service and supply contracts.
- 1.1.2 During September and October business partners and advisors from the Resources and Performance team held a number of budget challenge meetings with heads of service and portfolio holders. The focus of these meetings was to review all supplies, service and income budgets across West Suffolk. This review took into account previous spending patterns, but more importantly what the projected spending and income requirement under a shared service for 2015/16 would look like. The challenge meetings also provided the opportunity to consider potential contractual savings as a result of joining up contracts across West Suffolk.
- 1.1.3 The report includes a year end forecast outturn under spend of £290,500 and details of these can be seen in **Appendix A**. The overall underspend forecasted in this financial year has arisen in part from the budget challenge work during the past couple of months as we continue to control our overall spending in preparation for the 2015/16 budget. Wherever appropriate, potential savings identified through this process were implemented immediately rather than waiting for the next financial year.
- 1.1.4 The Council's capital financial position for the first six months of 2014/2015 shows expenditure of £1,137,000. Further details are provided in **Appendix B**.
- 1.1.5 A summary of the Council's earmarked reserves can be found at **Appendix C**.

1.2 Revenue Performance

- 1.2.1 The year to date position after six months currently shows an under spend of £90,200. The forecast position for the year end is showing an under spend of £290,500. Details are set out in **Appendix A**.
- 1.2.2 Members are requested to note the year end forecast position and the significant variances as outlined in the paragraphs below. Budget holders will continue to work with Resources Business Partners and Business Support Advisors for the remainder of the financial year in order to monitor the forecast position and an updated position will continue to be provided to this committee on a quarterly basis.
- 1.2.3 Initial reporting is showing that the overall business rate yield anticipated for 2014/15 is higher than the forecasted yield as part of the NNDR1 return back in January 2014. We will continue to monitor the business rates closely with Anglia Revenues Partnership and a further update will be provided in the next quarter monitoring. Any additional income over and above what was forecast will be transferred into the Business Rate Reserve.

1.3 Commentary on Significant Revenue Performance Variances

- 1.3.1 Significant year end forecast variances are explained in the table below.

Year end forecast variance: Over / (under) spend	Explanation
(£65,000)	Rebate received on previously paid gate fee expenditure for dry recyclables, not budgeted for. Will be paid up until October.
(£345,000)	Waste management underspends relating to savings on vehicle costs due to lower fuel prices, tipping charges less than anticipated and some vacant posts in the operation team.
(£100,000)	More people visiting the town centres (and using the car parks) than anticipated (parking 'events' up by 3%).
(£50,000)	Increased tickets sales at the Apex resulting in more income than budgeted.
(£40,000)	Part year reduction in TIC costs associated with move into the Apex
£75,000	A reduction in income from rents of industrial properties, due to some vacant properties and irrecoverable debts (representing 2.7% of total budget).
£24,000	Rental income currently under budget, but trajectory positive (over double in value compared to this time 2013/14)
£86,500	Repayments of housing benefit over payments below expected level.
£20,000	As at November 2014 the estimated level of building control income will be lower than was predicted at this time last year.
£50,000	Market toll income 12% lower than anticipated.

1.3.2 Current returns on the Council's investments to date are £88,000 lower than anticipated, with this trend likely to continue for the remainder of the financial year. This difference would normally be funded from the Council's interest equalisation reserve, however in the event of an overall underspend across the Council this transfer would not be made.

1.3.3 As part of the budget setting process for 2015/16, work has been done to adjust the budgets for the variances stated above. The overall underspend forecasted in this financial year has arisen in part from the budget challenge work during October in preparation for the 2015/16 budget. More details of this can be found in report PAS/SE/14/010.

1.3 **Capital Position**

1.3.1 The table below is a high level summary of capital expenditure against budget for 2014/15. The Resources Team will continue to work with Budget Holders to monitor capital spend and project progress closely for the remainder of the financial year and an updated position will be presented to this committee on a quarterly basis.

Service Area	Revised 2014/15 Budget £000s	Spent to 30 September 2014 £000s
Economic Development & Growth	2,800	137

Housing	1,000	431
Leisure, Culture & Communities	668	174
Resources & Performance	0	13
Planning & Regulatory Services	144	0
Policy, Communications & Customers	198	99
Waste, Street Scene, Property & Grounds Maintenance	1,250	283
TOTAL	6,060	1,137

1.4 **Capital Disposals**

1.4.1 The Council has received £92,500 in capital receipts in the first six months of the financial year.

Summary by Head of ServiceAppendix A

Head of Service	Budget to Date £	Actual to Date £	Over/(Under) Spend to Date £	Y/E Forecast Variance £
Corporate Expenditure	554,935	545,398	(9,537)	#REF!
Resources & Performance	3,064,041	3,781,989	717,948	#REF!
Human Resources & Organisational Development	263,548	260,714	(2,834)	#REF!
Legal & Democratic Services	477,107	428,235	(48,872)	#REF!
Policy, Communications & Customers	469,662	484,972	15,310	#REF!
Waste Management & Property Services	415,220	(162,363)	(577,583)	#REF!
Leisure, Culture & Communities	1,983,491	1,684,644	(298,847)	#REF!
Planning & Regulatory Services	294,521	382,109	87,588	#REF!
Economic Development & Growth	103,243	142,025	38,782	#REF!
Housing	510,659	410,500	(100,159)	#REF!
TOTALS:	8,136,427	7,958,223	(178,204)	#REF!
Interest Receivable	(264,000)	(176,000)	88,000	88,000
TOTALS:	7,872,427	7,782,223	(90,204)	#REF!

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St Edmundsbury Borough Council					2014/15 Q2 Budget Monitoring Report	
Detail by Head of Service					Appendix A	
HS01 CORPORATE EXPENDITURE						
Cost Centre	Cost Centre Description	Budget to Date £	Actual to Date £	Variance to Date £	Y/E Forecast Variance £	Year End Variance Notes
1100	Corporate Expenditure	461,472	496,357	34,885	0	Expected to be on budget at year end.
1150	Non-Distributed Costs	54,525	17,236	-37,289	0	Expected to be on budget at year end.
1151	Non-Distributed Costs - Cost of Unused Assets	9,138	2,329	-6,809	0	
Corporate Expenditure:		525,135	515,922	-9,213	0	
1020	Emergency Planning	29,800	29,475	-325	0	
Emergency Planning:		29,800	29,475	-325	0	
TOTALS: CORPORATE EXPENDITURE:		554,935	545,397	-9,538	0	
HS02 RESOURCES & PERFORMANCE						
Cost Centre	Cost Centre Description	Budget to Date £	Actual to Date £	Variance to Date £	Y/E Forecast Variance £	Comments
1000	Resources & Performance	225,436	263,576	38,140	0	Expected to be on budget at year end.
1090	Grants to Organisations	378,300	378,300	0	0	
4025	Housing Act Advances	-50	0	50	0	
8000	General Fund Adjustments	1,942,050	1,825,668	-116,382	0	Additional business rate income forecast, however this will be transferred into the Business Rate Reserve.
Resources & Performance:		2,545,736	2,467,544	-78,192	0	
1001	Internal Audit	81,961	81,888	-73	-6,000	Additional income from other bodies
Internal Audit:		81,961	81,888	-73	-6,000	
1002	ICT	457,264	688,054	230,790	0	Expected to be on budget at year end.
ICT:		457,264	688,054	230,790	0	
1010	Anglia Revenues Partnership	668,759	807,247	138,488	-6,000	New partner (Fenland Council) joining the partnership.
1012	Council Tax Administration	-152,881	-139,931	12,950	0	Expected to be on budget at year end.
1013	Business Rate Administration	-88,575	-58,592	29,983	0	Discretionary NNDR Relief budgeted not required £118k, transfer to Business Rates Reserve.
4090	Housing Benefits	-448,221	-64,221	384,000	86,500	Based on 2013/14 HB overpayment recovery, there will be a shortfall of £85k to be offset by NNDR relief.
Anglia Revenues Partnership:		-20,918	544,503	565,421	80,500	
TOTALS: RESOURCES & PERFORMANCE:		3,064,043	3,781,989	717,946	74,500	
HS03 HUMAN RESOURCES & ORGANISATIONAL DEVELOPMENT						
Cost Centre	Cost Centre Description	Budget to Date £	Actual to Date £	Variance to Date £	Y/E Forecast Variance £	Comments

St Edmundsbury Borough Council					2014/15 Q2 Budget Monitoring Report	
Detail by Head of Service					Appendix A	
1030	Human Resources & Payroll	153,496	172,145	18,649	15,000	Additional licences for roll out of ICT Projects and maintenance agreements
Human Resources:		153,496	172,145	18,649	15,000	
1032	Health & Safety	42,670	27,898	-14,772	-12,000	Additional work and sale of Health and Safety online training to outside organisations
Health & Safety:		42,670	27,898	-14,772	-12,000	
1031	Central Training Services	67,382	60,670	-6,712	0	
Learning & Development:		67,382	60,670	-6,712	0	
TOTALS: HUMAN RESOURCES & ORG.DEVELOPMENT:		263,548	260,713	-2,835	3,000	
HS04 LEGAL & DEMOCRATIC SERVICES						
Cost Centre	Cost Centre Description	Budget to Date £	Actual to Date £	Variance to Date £	Y/E Forecast Variance £	Comments
1040	Legal Services	99,442	54,563	-44,879	0	Expected to be on budget at year end.
Legal Services:		99,442	54,563	-44,879	0	
1130	Democratic Services	77,359	58,380	-18,979	0	
1131	Members Expenses	180,825	183,127	2,302	0	
1132	Mayoralty & Civic Functions	52,793	44,511	-8,282	0	
Democratic Services:		310,977	286,018	-24,959	0	
1041	Electoral Registration	40,546	19,916	-20,630	0	
1042	Election Expenses	26,142	67,740	41,598	0	Expected to be on budget at year end.
Elections:		66,688	87,656	20,968	0	
TOTALS: LEGAL & DEMOCRATIC SERVICES:		477,107	428,237	-48,870	0	
HS05 POLICY, COMMUNICATIONS & CUSTOMERS						
Cost Centre	Cost Centre Description	Budget to Date £	Actual to Date £	Variance to Date £	Y/E Forecast Variance £	Comments
1140	Policy	49,167	61,958	12,791	0	
Policy:		49,167	61,958	12,791	0	
1141	Communications	70,874	101,168	30,294	0	
Communications:		70,874	101,168	30,294	0	
1050	Customer Services	239,484	209,188	-30,296	0	Expected to be on budget at year end.
3100	Bus Stations	110,137	112,657	2,520	0	
Customer Services:		349,621	321,845	-27,776	0	
TOTALS: POLICY, COMMUNICATIONS & CUSTOMERS:		469,662	484,971	15,309	0	

St Edmundsbury Borough Council					2014/15 Q2 Budget Monitoring Report	
Detail by Head of Service					Appendix A	
HS06 WASTE MANAGEMENT & PROPERTY SERVICES						
Cost Centre	Cost Centre Description	Budget to Date £	Actual to Date £	Variance to Date £	Y/E Forecast Variance £	Comments
3005	Vehicle Workshop	214,026	190,183	-23,843	0	
3006	Pool Cars	6,121	3,074	-3,047	0	
3010	Vehicle Workshop Trading Account - FHDC	-60,400	-60,505	-105	0	
	Fleet Management:	159,747	132,752	-26,995	0	
900	Ex-1090 Section (13/14 only)	-7	44	51	0	
3000	Depots	259,508	239,141	-20,367	0	
3060	Grounds Maintenance Operatives	564,144	594,331	30,187	0	
3061	Tree Maintenance Operatives	0	14,124	14,124	0	
3065	Waste & Cleansing Operatives	1,785,789	1,651,037	-134,752	-100,000	Vacancy management, combined with savings on fuel costs
6020	Markets	-76,603	-42,791	33,812	50,000	Bury Market income lower than budgeted, has been reflected in the 2015/16 budget process
	Operational:	2,532,831	2,455,886	-76,945	-50,000	
3030	Street Cleansing	13,303	19,992	6,689	0	
3040	Refuse Collection (Black Bin)	2,997	16,845	13,848	0	
3041	Recycling Collection (Blue Bin)	-110,268	-186,422	-76,154	-150,000	6 month rebate for previously paid gate fee expenditure for dry recyclables, not budgeted for.
3042	Compostable Collection (Brown Bin)	-108,911	-244,707	-135,796	-160,000	Waste tipping charges expected to be lower than budgeted.
3043	Bulky, Fridges, Metal & Scrap Collection	-11,758	-8,495	3,263	0	
3044	Clinical & Hazardous Waste Collection	8,258	4,990	-3,268	0	
3045	Multi-Bank Recycling Sites	-6,265	-6,279	-14	0	
3048	Trade Waste	-664,336	-708,498	-44,162	0	Additional income from trade waste fees, to be used to fund the costs of new in-cab technology to support the overall waste services
	Waste - Business & Commercial	-876,980	-1,112,574	-235,594	-310,000	
1080	Property Services	109,991	129,980	19,989	0	
	Property Maintenance:	109,991	129,980	19,989	0	
1081	Estates Management	65,248	61,220	-4,028	0	
6000	Industrial & Business Units	-642,089	-650,701	-8,612	35,000	Budget included rent income for some properties which are now vacant, and for some which are anticipated to be irrecoverable debts.
6010	Town Centres & Shops	-404,465	-477,072	-72,607	40,000	As above
	Property Management:	-981,306	-1,066,553	-85,247	75,000	
1070	Offices: West Suffolk House	308,748	251,289	-57,459	0	Expected to be on budget at year end.
1071	Offices: Haverhill House	15,925	13,247	-2,678	0	
1072	Offices: College Heath Road	0	2,468	2,468	0	
1075	Courier & Postal Service	53,267	60,169	6,902	0	
1076	Printing & Copying Service	12,750	11,008	-1,742	0	
3020	Public Conveniences	79,588	72,703	-6,885	0	
3070	District Highways Services	16,566	3,085	-13,481	0	

St Edmundsbury Borough Council					2014/15 Q2 Budget Monitoring Report	
Detail by Head of Service					Appendix A	
3071	Street Furniture	20,441	15,873	-4,568	0	
3072	Land Drainage & Associated Works	3,000	-1,661	-4,661	0	
Facilities & Highways Services:		510,285	428,181	-82,104	0	
1082	CCTV & Support	63,433	62,010	-1,423	0	
3025	CCTV	143,310	132,993	-10,317	0	
3026	Green Travel Plan	-7,450	-14,220	-6,770	0	
3027	Street Banners & Displays	-2,092	-314	1,778	0	
CCTV & Support:		197,201	180,469	-16,732	0	
3110	Off Street Car Parks	-1,175,643	-1,249,602	-73,959	-100,000	More people visiting the town centres (and using the car parks) than anticipated
3120	On Street Car Parking	-60,905	-60,905	0	0	
Car Parking:		-1,236,548	-1,310,507	-73,959	-100,000	
TOTALS: WASTE MANAGEMENT & PROPERTY SERVICES:		415,221	-162,366	-577,587	-385,000	
HS07 LEISURE, CULTURE & COMMUNITIES						
Cost Centre	Cost Centre Description	Budget to Date £	Actual to Date £	Variance to Date £	Y/E Forecast Variance £	Comments
2000	Leisure Services Management & Support	32,556	62,426	29,870	0	
2017	Arboriculture (Tree Maintenance Works)	144,926	50,044	-94,882	0	Expected to be on budget at year end.
2020	Other Parks and Play Provision	20,060	9,039	-11,021	0	
2021	Abbey Gardens	13,560	25,269	11,709	0	
2022	Nowton Park	45,697	54,611	8,914	0	
2023	East Town Park	48,393	47,984	-409	0	
2024	Clare Country Park	-7,276	-11,538	-4,262	0	
2025	Children's Play Areas	50,170	45,478	-4,692	0	
2050	Cemeteries & Closed Churchyards	9,715	-6,294	-16,009	0	
2055	Allotments	-150	-338	-188	0	
Leisure & Cultural - Parks		357,651	276,681	-80,970	0	
2030	Arts, Heritage & Cultural Services	164,711	127,797	-36,914	0	Expected to be on budget at year end.
2031	Moyse's Hall Museum	120,737	133,991	13,254	0	
2032	West Stow Country Park	69,394	57,842	-11,552	0	
2033	West Stow ASVT Operating Account	0	-8,743	-8,743	0	
2035	Heritage Outreach Services	7,750	7,162	-588	0	
2036	Heritage Sites & Monuments	3,000	2,943	-57	0	
2037	West Front Houses	31,675	10,865	-20,810	0	
2070	Tourist Information Centres	66,811	40,063	-26,748	-40,000	Reduction in costs associated with move into the Apex
2071	Shopmobility	13,259	10,596	-2,663	0	
Leisure & Cultural - TIC & Heritage:		477,337	382,516	-94,821	-40,000	
2061	The Athenaeum	42,201	54,936	12,735	24,000	Rental income currently under budget, but trajectory positive
2062	The Guildhall, Bury St Edmunds	20,846	19,023	-1,823	0	
Leisure & Cultural - Public Halls:		63,047	73,959	10,912	24,000	
2072	Bury Festival	34,850	22,557	-12,293	0	

St Edmundsbury Borough Council						2014/15 Q2 Budget Monitoring Report
Detail by Head of Service						Appendix A
Commercial - Entertainment & Events:		34,850	22,557	-12,293	0	
2010	Leisure Promotion	91,470	56,162	-35,308	0	Salaries £13k, marketing £20k
2040	Sports & Leisure Centres	392,575	397,280	4,705	0	
Commercial - Marketing:		484,045	453,442	-30,603	0	
2011	Leisure - Commercial Activities	37,079	-25,326	-62,405	-50,000	Increased tickets sales at the Apex resulting in more income than budgeted
2060	The Apex	311,131	284,728	-26,403	0	
The Apex		348,210	259,402	-88,808	-50,000	
2041	Sports Development & Community Recreation	24,847	10,453	-14,394	0	
2080	Community Development	168,433	164,888	-3,545	0	
2085	Community Centres	25,071	37,248	12,177	0	
1051	Concessionary Transport	0	3,500	3,500	0	
Families & Communities:		218,351	216,089	-2,262	0	
TOTALS: LEISURE, CULTURE & COMMUNITIES:		1,983,491	1,684,646	-298,845	-66,000	
HS08 PLANNING & REGULATORY SERVICES						
Cost Centre	Cost Centre Description	Budget to Date £	Actual to Date £	Variance to Date £	Y/E Forecast Variance £	Comments
5000	Development Control	-166,711	-28,276	138,435	0	Overall expected to come in on budget at year end. Planning fee income is expected to come in on budget as per report E123. Additional external enforcement costs are offset by salary savings due to vacant posts. Includes additional resources recruited to lead and deliver on a business process re-engineering review of the planning system processes.
Development Control:		-166,711	-28,276	138,435	0	
5005	Planning Policy	381,050	323,741	-57,309	0	Expected to be on budget at year end
5006	Local Plan	-31,300	4,903	36,203	0	Expected to be on budget at year end
Place Shaping:		349,750	328,644	-21,106	0	
1060	Land Charges	-77,488	-66,632	10,856	-10,000	Increased fee income
5010	Building Control	-62,386	-24,936	37,450	20,000	As at November 2014 the estimated level of building control income will be lower than was predicted at this time last year.
5015	Planning & Regulatory Support	150,058	121,234	-28,824	0	Expected to be on budget at year end
Business (BC & Support):		10,184	29,666	19,482	10,000	
3090	Prevention of Pollution	38,031	11,645	-26,386	0	
3091	Environmental Management	18,028	18,781	753	0	
3092	Drinking Water Quality	2,871	248	-2,623	0	
3093	Climate Change	50,362	50,421	59	0	
4020	Home Energy Conservation	2,375	150	-2,225	0	

	St Edmundsbury Borough Council					2014/15 Q2 Budget Monitoring Report
	Detail by Head of Service					Appendix A
	Environment:	111,667	81,245	-30,422	0	
3095	Licensing	-43,205	-47,211	-4,006	-10,000	Additional fee income

St Edmundsbury Borough Council					2014/15 Q2 Budget Monitoring Report	
Detail by Head of Service					Appendix A	
3096	Hackney Carriage & Private Hire Licensing	-41,000	-35,770	5,230	-5,000	3 Year Licences will save on admin and generate additional income, as will the harmonisation of charges with SEBC.
3097	Food Safety	33,768	23,777	-9,991	0	
3098	Health & Safety at Work Act/Enforcement	40,068	30,034	-10,034	0	
Business Reg & Licensing:		-10,369	-29,170	-18,801	-15,000	
TOTALS: PLANNING & REGULATORY SERVICES:		294,521	382,109	87,588	-5,000	
HS09 ECONOMIC DEVELOPMENT & GROWTH						
Cost Centre	Cost Centre Description	Budget to Date £	Actual to Date £	Variance to Date £	Y/E Forecast Variance £	Comments
5020	Economic Development & Growth	73,439	95,697	22,258	0	
5021	Strategic Tourism & Markets	41,228	56,444	15,216	0	
5022	Bury Christmas Fayre	-11,425	-11,708	-283	0	
5024	Vibrant Town Centres	0	1,592	1,592	0	
Economic Development & Growth:		103,242	142,025	38,783	0	
TOTALS: ECONOMIC DEVELOPMENT AND GROWTH		103,242	142,025	38,783	0	
HS10 HOUSING						
Cost Centre	Cost Centre Description	Budget to Date £	Actual to Date £	Variance to Date £	Y/E Forecast Variance £	Comments
4021	Housing Renewals	53,273	47,650	-5,623	0	
4031	Burial of the Dead	7,626	11,609	3,983	0	
4032	Gypsies & Travellers	14,432	12,831	-1,601	0	
4033	Other Public Health Services	99,601	72,771	-26,830	0	Expected to be on budget at year end.
Public Health & Housing:		174,932	144,861	-30,071	0	
4000	Housing Development & Strategy	89,574	65,745	-23,829	0	
Housing Development & Strategy:		89,574	65,745	-23,829	0	
4010	Homelessness	127,884	91,669	-36,215	0	Expected to be on budget at year end.
4011	Housing Advice & Choice Based Lettings	77,770	80,507	2,737	0	
Housing Options:		205,654	172,176	-33,478	0	
4005	Housing Business & Partnerships	40,500	27,717	-12,783	0	
Housing Business & Partnerships:		40,500	27,717	-12,783	0	
TOTALS: HOUSING:		510,660	410,499	-100,161	0	

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SEBC CAPITAL PROGRAMME

APPENDIX B

Cost Centre Code		Actual 2013/14 Spend £000	BUDGET		Actual 2014/15 Spend to Date £000	Variance 2014/15 to Date £000	Notes
			2014/15 original incl c/fwds £000	2014/15 Revised £000			
			SUMMARY				
Expenditure							
	Economic Development and Growth	26	2,300	2,800	137	-	2,663
	Housing	652	2,812	1,000	431	-	569
	Resources & Performance	166	-	-	13	-	13
	Policy, Customers & Communications	48	-	198	99	-	99
	Leisure, Culture and Communities	389	2,717	668	174	-	494
	Planning and Regulatory Services	270	1,018	144	-	-	144
	Waste, Street Scene, Property and Grounds Maintenance	323	3,165	1,250	283	-	967
	Total Expenditure	1,874	12,012	6,060	1,137	-	4,923
ECONOMIC DEVELOPMENT AND GROWTH							
S1035	Economic Development Rural Initiatives Grant Scheme - Small	6	41	41	16	-	25
S1036	Rural Initiatives Grant Scheme - Large	20	111	111	-	-	111
S1044	Hollands Road Employment Units, Haverhill	-	27	27	15	-	12
		26	179	179	31	-	148
S1008	Growth Area Initiatives Suffolk Business Park Investment	-	2,121	2,621	106	-	2,515
		-	2,121	2,621	106	-	2,515
							Agreed at full Council on 23/09/14 - £3m less what already paid of original loan
HOUSING							
S1001	Improvement Grants Discretionary Homes Assistance	239	522	200	95	-	105
S1000	Disabled Facilities Grants	405	830	400	174	-	226
		644	1,352	600	269	-	331
S1042	RSL's - Affordable Housing Schemes Gypsy and traveller site	-	589	-	-	-	-
C570	Empty homes grants to private owners	-	71	-	-	-	-
C569	Havebury - Bury Road, Chedburgh	-	400	-	-	-	-
S1002	Private Sector Housing Leasing Scheme	25	-	-	-	-	-
C166	Millfields Way, Haverhill	-	96	96	-	-	96
S1046	Purchase of Lake Avenue HMO	-	-	200	162	-	38
C905	Provision of Affordable Housing	-	304	104	-	-	104
		8	1,460	400	162	-	238
							Purchase cost and renovation costs, funding from affordable housing provision

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APPENDIX B

Cost Centre Code		Actual 2013/14 Spend £000	BUDGET		Actual 2014/15 Spend to Date £000	Variance 2014/15 to Date £000	Notes
			2014/15 original incl c/fwds £000	2014/15 Revised £000			
			SUMMARY				
RESOURCES & PERFORMANCE							
S1017	Software Shared FMS - Agresso	166	-	-	13	13	
		166	-	-	13	13	
POLICY, CUSTOMERS & COMMUNICATIONS							
S1018	Customers Customer Access	48	-	198	99	- 99	Project progressing, spend profile according to Customer Access Business Case
		48	-	198	99	- 99	
LEISURE, CULTURE AND COMMUNITIES							
C743 S1004	Theatre and Public Entertainment The Apex-New Public Venue The Apex, Improvements	- 100	34 18	- 18	- 14	- 4	
		100	52	18	14	- 4	
S1041 S1023	Museums West Stow Collections Building Moyses Hall and West Stow new exhibits	- 21	- -	- -	33 -	33 -	
		21	-	-	33	33	
C627 S1006	Community Parks & Open Spaces Children's Play Equipment - Replacement Children's Play Equipment - Nowton Park	- 37	- -	- -	- -	- -	
S1025	Children's Play Equipment - Haverhill Recreation Ground	6	64	64	5	- 59	Works expected to start late November 2014 - funded from Leisure AMP
C461 C170 S1027 C178	County Upper School multi use games area (MUGA) Hardwick Heath parking Parks Infrastructure West Stow car parking	- - 16 -	1 24 29 -	- - 29 -	- - 25 -	- - 4 -	
S1026 C132	New Moreton Hall Park Abbey Gardens play area	- -	- 2	160 -	2 -	- 158 -	Works expected to start late February 2015 - funded from Leisure AMP
		59	120	253	32	- 221	
C462 S1005	Sport & Recreation Bury Leisure Centre - All Weather Pitch BSE Skatepark	- 155	150 -	- -	- 93	- 93	Scheme will not happen in 2014/15
C463 S1039	Haverhill Leisure Centre - All Weather Pitch Nowton Park Car Parking	- 2	150 31	200 -	- 2	- 200 2	Expected to start in the later part of the financial year.
S1048	Haverhill Crematorium (Feasibility)	-	-	-	4	- 4	
	Bury St Edmunds Cemetery Buildings	-	-	70	-	- 70	Approved at Cabinet to address historical issues
C131	Nowton Park Visitor Centre	-	-	-	-	-	
		157	331	270	95	- 175	
S1003	Sports Development & Community Recreation Bury Town Football - Relocation Cost	52	1,877	-	-	-	Scheme unlikely to progress in this current year Budget allocated to Moreton Hall Park and Haverhill Leisure Centre - All Weather Pitch
PROV	Leisure Asset Management Schemes	-	337	127	-	- 127	
		52	2,214	127	-	- 127	

SEBC CAPITAL PROGRAMME

APPENDIX B

Cost Centre Code		Actual 2013/14 Spend £000	BUDGET		Actual 2014/15 Spend to Date £000	Variance 2014/15 to Date £000	Notes
			2014/15 original incl c/fwds £000	2014/15 Revised £000			
			SUMMARY				
PLANNING AND REGULATORY SERVICES							
S1043	Software Idox Uniform System	63	-	-	-	-	
		63	-	-	-	-	
S1022	Haverhill Master Plan Plaza	-	5	5	-	5	
		-	5	5	-	5	
C120	Conservation of Historic Areas Rural Environment - minor improvement works in villages, etc	-	46	-	-	-	
S1016	Grants - Buildings at risk	8	-	-	-	-	
C002	Other Villages	-	3	-	-	-	
		8	49	-	-	-	
C280	Growth Area Initiatives Growth Area Initiatives	-	78	-	-	-	
C283	Haverhill Railway Walks, Education	-	27	27	-	27	
S1007	High Street Haverhill Improvements	3	693	-	-	-	Unlikely to have any expenditure in current financial year
S1029	Millfields Way, Haverhill - Housing Scheme	95	85	85	-	85	Second half of monies to be paid by end of financial year
S1009	Clements Primary School Site	31	-	-	-	-	
S1030	Lark Valley Path	70	27	27	-	27	
C291	Oakes Road, Open Space, Bury St Edmunds	-	2	-	-	-	Scheme complete
C292	Lake Avenue, Open Space, Bury St Edmunds	-	2	-	-	-	Scheme complete
C293	Spring Lane Nature Reserve	-	3	-	-	-	Scheme complete
C294	Gainsborough Recreation Ground, Bury St Edmunds	-	3	-	-	-	
		199	920	139	-	139	
C450	Sustainable Development Generating Renewable Energy - to be allocated	-	44	-	-	-	Not allocated to any schemes currently
		-	44	-	-	-	
WASTE, STREET SCENE, PROPERTY AND GROUNDS MAINTENANCE							
C907	Major Planned Building Works Major Planned Building Works	-	500	33	-	33	Not allocated to any schemes currently apart from spend on HH Office improvements
S1013	BLC Flume & Cladding	35	518	518	112	406	Work on scheme currently progressing, expected to be complete by year end
S1012	HH Offices Improvements	-	-	-	33	33	
		35	1,018	551	145	406	
C100	Commercial & Industrial Development Infrastructure Completion	-	15	-	-	-	
C118	Tassel Road, Roads and Sewers	-	7	-	-	-	
C121	Homefield Business Park - new access road	-	6	-	-	-	
		-	28	-	-	-	
C433	Cattle Market Development Cycle Stands Cattle Market	-	5	-	-	-	
		-	5	-	-	-	

SEBC CAPITAL PROGRAMME

APPENDIX B

Cost Centre Code		Actual 2013/14 Spend £000	BUDGET		Actual 2014/15 Spend to Date £000	Variance 2014/15 to Date £000	Notes
			2014/15 original incl c/fwds £000	2014/15 Revised £000			
			SUMMARY				
	Highways						
C906	Feasibility Studies - Environmental Enhancement Schemes	-	20	-	-	-	
S1024	Park & Ride Site - Class	58	-	-	-	-	
S1019	St Olaves and Westley Estate precincts	50	-	-	-	-	
S1031	Mustow Street Crossing	15	-	-	-	-	
C416	Environmental Improvement Works, Risbygate Street	-	72	-	-	-	
C438	Central Walk Arch	-	-	-	-	-	
C124	Cattle Market Redevelopment - TC Management & Enhancement Fund	-	242	-	-	-	Unlikely to have any expenditure in current financial year
C135	Town centre public realm works	-	312	-	-	-	Unlikely to have any expenditure in current financial year
S1040	St Andrews St South access arrangements	-	35	35	-	35	Expected to be spent by year end
C465	Peach Maltings	-	51	-	-	-	
		123	732	35	-	35	
	Closed Circuit Television System						
S1047	Cameras and Server	-	272	272	-	272	Contract currently out to tender, spend expected before year end
		-	272	272	-	272	
015 / S10	Vehicle and Plant	165	1,110	392	138	254	Revised budget profile from P Clifford

St Edmundsbury Quarter 2 - Reserves Detail - Appendix C

Account	<u>St Edmundsbury</u>	Budget to Date £	Actual to Date £	Variance to Date £	Opening Balance £	Y/E Forecast Usage £	Y/E Forecast Contribs to Reserve £	Forecast Closing Balance £
BZ803	New Homes Bonus Reserve	444,240	436,071	-8,169	1,577,149	0	888,497	2,465,646
BZ804	Invest to Save Reserve	-48,600	-15,080	33,520	1,101,367	-97,250	0	1,004,117
BZ808	Risk/Recession Reserve	-2,040	0	2,040	35,000	-4,100	0	30,900
BZ809	BRR Equalisation Reserve	0	0	0	488,493	0	0	488,493
BZ810	Self Insured Fund	24,990	12,500	-12,490	454,833	0	50,000	504,833
BZ811	Computer Equipment	24,030	24,000	-30	103,057	0	48,100	151,157
BZ812	Office Equipment	49,650	22,325	-27,325	987,592	0	99,300	1,086,892
BZ813	Section 106 - Public Service Village	-18,690	-18,082	608	65,298	-37,400	0	27,898
BZ814	HB Equalisation Reserve	0	0	0	1,606,812	0	0	1,606,812
BZ815	Special Pension Reserve	0	0	0	316,945	0	0	316,945
BZ816	Interest Equalisation Reserve	0	0	0	227,408	0	0	227,408
BZ830	Vehicle & Plant Renewal Fund	331,200	250,000	-81,200	1,863,615	-392,000	662,425	2,134,040
BZ831	Wheeled Bins	11,160	23,394	12,234	74,615	-58,400	80,750	96,965
BZ832	BR-Building Repairs Reserve - Leisure	195,300	306,723	111,423	607,638	-865,694	829,450	571,394
BZ833	BR-Building Repairs Reserve - Other	-137,220	-175,522	-38,302	1,053,923	-1,067,806	521,250	507,367
BZ834	BR-Bunting Road Service	0	0	0	11,779	0	0	11,779
BZ835	BR-Leased Flats Management	0	0	0	33,957	0	0	33,957
BZ850	Commuted Maintenance Reserve	-54,420	0	54,420	828,869	-108,900	0	719,969
BZ851	M-Gershom Parkington Bequest	-2,400	3,704	6,104	519,654	-4,800	0	514,854
BZ852	M-Others	0	0	0	65,279	0	0	65,279
BZ853	The Apex Reserve	0	0	0	32,580	0	0	32,580
BZ854	Abbey Gardens Donation	0	0	0	20,927	0	0	20,927
BZ855	Cemetery & Gravestone Provision	0	0	0	5,239	0	0	5,239
BZ859	Rural Areas Action Plan	0	0	0	90,818	-41,000	0	49,818
BZ870	Planning Reserve	-50,790	-98,239	-47,449	313,578	-101,600	0	211,978
BZ875	EI-Historic Building Grants	0	0	0	621	0	0	621
BZ876	S106 Monitoring Officer Reserve	0	60,916	60,916	0	0	75,000	75,000
BZ880	Economic Development Reserve (LABGI)	-2,490	0	2,490	40,974	-5,000	0	35,974
BZ890	Election Reserve	15,000	41,100	26,100	84,786	0	30,000	114,786
	Totals for all Reserves	778,920	873,810	94,890	12,612,806	-2,783,950	3,284,772	13,113,628

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Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Delivering a Sustainable Budget 2015-16 and Budget Consultation Results	
Report No:	PAS/SE/14/010	
Decisions plan reference:	Oct14/01	
Report to and dates:	Performance and Audit Scrutiny Committee	26 November 2014
	Cabinet	2 December 2014
Portfolio holder:	David Ray Portfolio Holder for Resources and Performance Tel: 01359 250912 Email: david.ray@stedsbc.gov.uk	
Lead officer:	Rachael Mann Head of Resources and Performance Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	
Purpose of report:	<p>It is essential that the council's financial and budgetary strategies are sufficiently robust to enable it to deliver a sustainable budget position in the short and medium term. This Committee has a key role in the scrutiny of the budget process and proposals for achieving a balanced budget.</p> <p>This report sets out the context of the 2015/16 budget process, including a summary of the budget consultation focus group results and the proposed saving and income generation items for delivering a balanced budget for 2015/16.</p>	

Recommendation:		Performance and Audit Scrutiny Committee:	
		<p>It is <u>RECOMMENDED</u> that, Members are asked to:</p> <p>(i) Note the progress made on delivering a balanced budget for 2015/16</p> <p>(ii) Taking into account the public consultation results outlined in Appendix A, <u>recommend to Cabinet:</u></p> <p>a) the inclusion of the proposals, as detailed in Table 2 at paragraph 1.5.1 of this report,</p> <p>b) the removal of the proposals, as detailed in paragraph 1.5.2 of this report</p>	
Key Decision:		<i>Is this a Key Decision and, if so, under which definition?</i>	
<i>(Check the appropriate box and delete all those that do not apply.)</i>		Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	
Consultation:		<ul style="list-style-type: none"> As detailed in the body of this report. 	
Alternative option(s):		<ul style="list-style-type: none"> Not applicable. 	
Implications:			
<i>Are there any financial implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> As detailed in the body of this report 	
<i>Are there any staffing implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> 	
<i>Are there any ICT implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
<i>Are there any legal and/or policy implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> The Local Government Finance Act 1988 (Sc 114) – requires the Chief Finance Officer to report to councillors if there is, or is likely to be, an unbalanced budget. 	
<i>Are there any equality implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> To be considered as part of implementation of service changes 	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
	Low/Medium/ High*		Low/Medium/ High*
Savings projections are not achieved resulting in budget deficit.	Medium	Budgetary control, including reporting of variances to members.	Low
Ward(s) affected:		All	

Background papers: <i>(all background papers are to be published on the website and a link included)</i>	E293 – Budget and Council Tax Setting 2014/15
Documents attached:	Appendix A – Summary of budget consultation results Appendix B – Budget assumptions 2015/16 and across the MTFS

1. Key issues and reasons for recommendation(s)

1.1 Future budget pressure and challenges

- 1.1.1 St Edmundsbury continues to face considerable financial challenges as a result of uncertainty in the wider economy and constraints on public sector spending. In this context, and like many other councils, we have to make difficult financial decisions.
- 1.1.2 The MTFS, approved at Full Council on 25 February 2014 (Report E293), sets out the current and future financial pressures and challenges facing St Edmundsbury. Our MTFS document also sets out the approach that St Edmundsbury Borough Council will take to the sound management of its finances over the next two years.

1.2 Budget gap and budget assumptions

- 1.2.1 The revenue position forecasted and as reported in the Budget and Council Tax Setting 2014/15 (Report E293) is summarised below in Table 1. It is important to note that there are limitations on the degree to which St Edmundsbury can identify all of the potential changes within its medium term financial projections. It is also important to remember that these financial models have been produced within a financial environment that is constantly changing and that they will be subject to significant change over time.

Table 1: Budget gap for 2015/16-2017/18

	2015/16	2016/17	2017/18
Budget gap (a year)	£1.5m	£1.0m	£0.9m
Budget gap (cumulative)	£1.5m	£2.5m	£3.4m

- 1.2.2 The medium term financial projections include a number of key budget assumptions as detailed in appendix B. These key budget assumptions continue to be reviewed as more accurate information becomes available.

1.3 Methodology for securing a balanced budget 2015/16

- 1.3.1 The scale of financial changes that need to be made to ensure that St Edmundsbury's shared priorities can be delivered in 2015/16 is more difficult compared to previous years, especially as the projected £1.5m budget gap for 2015/16 is above the £3.5m annual shared service savings already delivered to across West Suffolk.
- 1.3.2 As a result, a considerable amount of work has already begun on identifying potential savings and income generation ideas in order to secure a balanced budget for 2015/16 and prepare for 2016/17.
- 1.3.3 In previous years, St Edmundsbury has addressed the need for financial savings by sharing the burden across all services. This year, rather than allocating a proportion of the £1.5m savings to all areas of the council's

business, the approach has been that the council's resources for 2015/16 should be allocated according to its strategic priorities. In practice, this will mean prioritising the projects, actions and themes outlined in the West Suffolk Strategic Plan for 2014-16, as well as the essential work that the councils needs to do, including statutory functions.

- 1.3.4 The projects and actions relate to West Suffolk's three priority areas as set out in the Strategic Plan approved at Full Council on 25 February 2014 (Report number E291, Appendix A):
- increased opportunities for economic growth;
 - resilient families and communities that are healthy and active; and
 - homes for our communities.
- 1.3.5 The process of allocating resources according to priorities and essential services has helped to identify areas of the council's work which could either be scaled back or where further opportunities for the generation of income could be pursued. The process then focused on non-priority areas, and challenged whether the council should continue with the activities at all or in their current form, in order to ensure they provided value for money to council taxpayers.
- 1.3.6 The six themes within our agreed MTFs relate to areas of the West Suffolk councils' business which will support sustainability in a more financially constrained environment. The themes are:
- aligning resources to both councils' new strategic plan and essential services;
 - continuation of the shared service agenda and transformation of service delivery;
 - behaving more commercially;
 - encouraging more use of digital forms of customer access;
 - taking advantage of new forms of local government finance (for example, business rate retention); and
 - considering new funding models (for example, acting as an investor).
- 1.3.7 It should also be noted that savings achieved through sharing services with Forest Heath District Council have to date been predominately delivered through the joining up of services and staff structures. During September business partners and advisors from the Resources and Performance team held a number of budget challenge meetings with heads of service and portfolio holders. The focus of these meetings was to review all supplies, service and income budgets across West Suffolk. This review took into account previous spending patterns, but more importantly what the projected spending and income requirement under a shared service for 2015/16 would look like. The challenge meetings also provided the opportunity to consider potential contractual savings as a result of joining up contracts across West Suffolk.
- 1.3.8 A significant number of the proposals generated from the process outlined in paragraphs 1.3.1 to 1.3.7 above are relatively straightforward to implement with minimal impact on service delivery as these items fall mainly in the categories of contract, supplies and service efficiencies, further shared service savings and income generation opportunities from making better use of council assets.

1.3.9 However, other proposals require more detailed analysis in order to develop options and to provide clarity as to the potential savings/income. Indeed, some proposals required input from users and the public and were therefore explored as part of this year's budget consultation exercise detailed in paragraphs 1.4.1 to 1.4.3 below.

1.4 **Budget consultation approach and feedback**

1.4.1 A public consultation exercise was carried out over the summer in order to inform the budget setting process and help councillors to make decisions about the 2015/16 budget. The purpose of the consultation was to gauge public opinion on the main savings/income generating options and to test views on a range of issues relating to the council priorities and themes in the MTFs, such as channel shift, families and communities and our commercial approach.

1.4.2 The consultation exercise included three public focus groups and three town and parish council focus groups. This provided quantitative feedback which helped to shape the content of the public survey. This survey was sent to 3000 randomly-selected households across the borough and was made available online.

1.4.3 We received 988 responses in total and findings are included in **Appendix A** of this report.

1.5 **Budget proposals for 2015/16**

1.5.1 The Performance and Audit Scrutiny Committee is asked to support and recommend to Cabinet the **inclusion of the following proposals**, as detailed in Table 2 below, taking into account the public consultation results outlined in **Appendix A**, in order to progress securing a balanced budget for 2015/16. It may be helpful to read **Appendix A** first before considering the proposals below.

Table 2: Budget proposals for 2015/16

Description	2015/16 £'000 Pressure/ (Saving)
Budget gap	1,500
<i>Budget saving proposals</i>	
Budget challenge days - including supplies and service efficiencies identified through shared services	(128)
Change recycling bin collection days (see 1.5.1 (a) below)	(135)
Contract efficiencies through new banking arrangements	(16)
Contract efficiencies through waste tipping arrangements	(78)
Further shared service staffing structural savings, includes increase in planning and enforcement staff linked to report F123	(60)
Grants and contributions review	(54)
Income generation - Apex sales (net income)	(50)

Income generation – CCTV expansion business case	(40)
Income generation - Tree services	(10)
Income generation - Vehicle workshop	(26)
Income generation - Waste and street cleansing services	(50)
Income – Additional planning fee income linked to report F123.	(208)
Income through Business Rate Retention Scheme – S31 grants compensating for the central Government’s imposed inflation cap on business rates (announced December 2013) and retention of renewable energy business rates growth under the new scheme. Final share of business rates growth, including from the Suffolk Pool, to be determined – update to be provided at January 2015 meeting	(621)
Reduction in bed and breakfast accommodation costs	(15)
Further reduction in business mileage	(10)
Reduction in Mayoralty budget	(5)
Reduction in printing costs for officer committee papers	(16)
Office space partnership –more efficient use of existing sites	(25)
West Suffolk Letting Partnership income generation	(8)
Removal of Discretionary Rate Relief budget (now part of Business Rates Retention Scheme)	(118)
Reduction in external audit fees	(31)
Waste management back office support and in-cab technology efficiency savings	(26)
Remaining community centre transfers as identified in previous Cabinet report E154 – part year saving	(25)
Additional budget pressures	
Reduction in interest income assumption to 0.9% following external advice from Sector our Treasury Advisors	210
Reduction in leisure income budgets to bring in line with last three years average level, predominately linked to Moyses Hall	65
Reduction in market toll income budget to bring in line with current year forecasts	40
Contractual increases – inflation linked	25
Increase in bad debt provision	30
Increase in utilities and business rates – inflation linked	65
Remaining Budget Gap *	180

* Proposals for the remaining balance will be presented to this committee in January 2015, at this point in time we believe the 2015/16 budget is achievable.

- (a) **Changing bin collection days:** It is recommended that collection rounds are reviewed and amended to allow collection of blue and brown bins on different days of the week. There was public support for this measure. A full communication plan is being developed, with changes expected to take place in January 2015.

Recommendation: *That the Performance and Audit Scrutiny Committee support this operational change.*

1.5.2 A number of potential savings/income generation options were explored as part of the budget consultation exercise (as detailed in **Appendix A**). Taking into account the public consultation results, it is recommended that a number of these proposals are not pursued for the 2015/16 budget. The Performance and Audit Scrutiny Committee is asked to recommend to Cabinet **that the following proposals are not pursued:**

- (a) **Charging for replacement bins:** The council should not introduce a charge for bins that have been lost or deliberately damaged by the householder. Whilst there was public support for this in principle, it was recognised that there would be practical problems in terms of implementation and collecting payment. However, the council will continue to monitor requests for bins and usually charge if a household requires three or more replacement bins a year.

Recommendation: *That the Performance and Audit Scrutiny Committee supports the removal of this 2015/16 budget proposal. However, the council will continue to monitor requests for bins and charge (if appropriate) a household which requires more than three replacement bins a year.*

- (b) **Use of volunteers:** The council will (where it makes financial and operational sense) continue to encourage volunteers and support them as appropriate.

Recommendation: *That the Performance and Audit Scrutiny Committee supports the continued exploration of this area, however a financial savings target is not included within the 2015/16 budget.*

1.5.3 Some of the budget consultation areas, as detailed below, still require further work and are likely to be the subject of individual business case over the coming months. The Performance and Audit Scrutiny Committee is asked to note these areas.

- (a) **Markets:** The budget consultation shows there was great support for the markets in Haverhill and Bury St Edmunds and for providing different offers. Development of the markets continues to be explored during the 2015/16 budget process.

Recommendation: *The Performance and Audit Scrutiny Committee support the exploration of this area.*

- (b) **Bus station building:** A number of options were considered to reduce the costs of running and the Bury St Edmunds bus station building. Whilst there was little support for charging for use of the public toilets, there was support for exploring other options, such as reducing opening hours and exploring community/commercial use. In order to establish whether or not a community/commercial use is even a viable option, with any interest from those sectors, a marketing exercise was carried out in October 2014. The results of this exercise, along with a consideration of

all the options proposed, will be subject to a further report to Cabinet in the New Year. This report will also include the findings from the public consultation.

Recommendation: *That the Performance and Audit Scrutiny Committee note that options for the bus station building will be outlined in a report to Cabinet in the New Year and as part of further budget setting reports to Full Council in February 2015.*

- (c) **Housing:** Housing is a strategic priority for the council. The public supported in principle the proposal for the council to invest in building houses to rent and sell. It is suggested that options for a housing company are developed. This would be subject to further consideration by Cabinet and other councillors.

Recommendation: *That the Performance and Audit Scrutiny Committee support the exploration of this area.*

- (d) **Money from Development:** The budget consultation shows there was general support for a mixture of 'no strings attached' money from development being spent on both the neighbourhood affected by the development and also held centrally and used for larger projects.

Recommendation: *The Performance and Audit Scrutiny Committee to note the budget consultation results.*

1.6 **Budget timetable**

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

Table 3: Budget timetable

Task	Date
Performance and Audit Scrutiny Committee – consider 2015/16 budget proposals and budget consultation results	26 November 2014
Cabinet to consider recommendations from Performance and Audit Scrutiny Committee – 26 November 2014	2 December 2014
Council approval of the 2015/16 Tax Base including any Council Tax technical changes	16 December 2014
Council approval of Local Council Tax Reduction Scheme 2015/16	16 December 2014
Performance and Audit Scrutiny Committee Further progress report on 'Delivering a Sustainable Budget 2015/16'	29 January 2015
2015/16 Budget and Council Tax Setting - Cabinet.	10 February 2015
2015/16 Budget and Council Tax Setting - Full Council.	24 February 2015

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Appendix A

Budget Consultation 2015/16 – Initial Results

Introduction:

The St Edmundsbury 2015/16 Budget Questionnaire was sent to a random sample of 3,000 homes in the borough. It was also made available online via the Council's website using the SNAP survey package, allowing other residents of the borough to participate. We invited all residents to participate by advertising the on the Council's website. The consultation was open from 21 July until 22 August 2014.

Response rates and validity:

In total we received 988 responses with 647 of these being postal responses. This represents a 22% response rate. With a response rate of 988 we can be satisfied that the survey is valid with a 95% confidence level and a 3% confidence interval (i.e. accuracy either side). This is about an acceptable level of 95% confidence level with a 5% confidence interval which is considered an industry norm (this would have been reached with 381 responses).

Response profile:

The demographic breakdown of the respondents generally reflects the demographic of the borough. The profile of respondents and how that compares with the borough as a whole is set out below:

Sex:

- 52% male;
- 46% female and
- 2% preferred not to say.

Age:

- Average age of respondents = 58.4.
- Average age in St Edmundsbury as a whole = 41 years

Household occupants:

- Average number of people living in a respondent household was 2.25.
- Average household size in St Edmundsbury is 2.4.
- 76% had no under 18 year olds living there.
- UK average was 71% in 2011

Disability:

- 10% considered themselves to be disabled.

Employment:

- 43% an employee;
- 45% retired;
- 12% were a mixture from the other categories.

Ethnicity:

- 96% were white British, this is inline with the population of the borough.

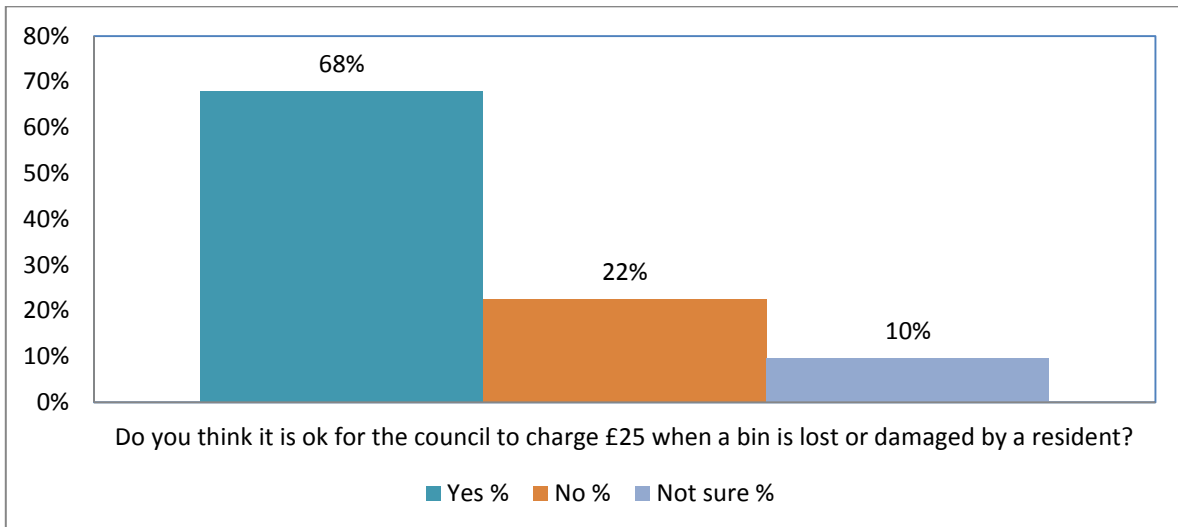
Focus group comments:

For the purpose of this report anecdotal comment from the public; town and parish council and business focus groups have been included where appropriate to add value or context as necessary.

Results:

1. Charging for replacement bins:

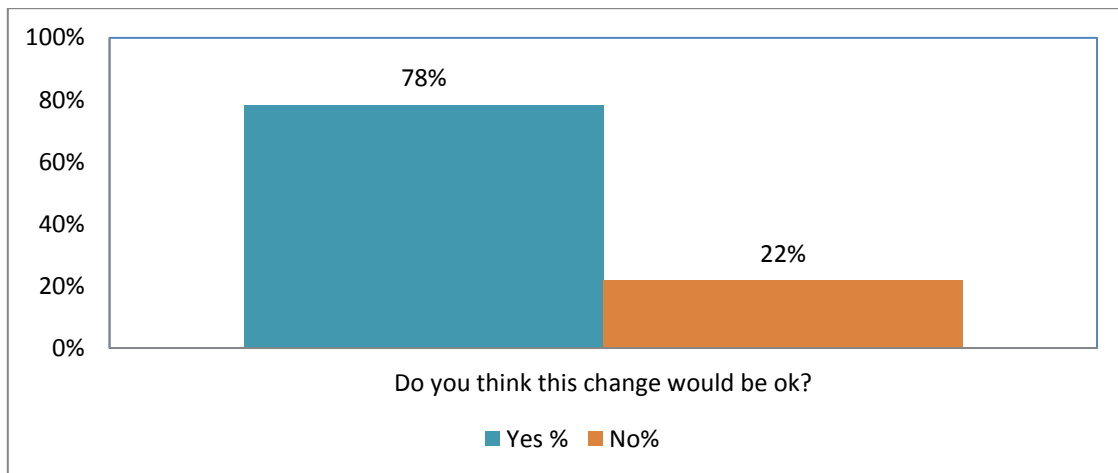
We could charge £25 for a replacement bin once we're clear that the bin damage or loss was caused by the resident. This would save us £10,000 - £15,000 a year.



Focus group comments: Concerns that the administration would be overly complicated and with the associated costs could be prohibitive.

2. Changing bin collection days:

We could save money by collecting each bin on a different day. Question: Do you think this change would be ok?



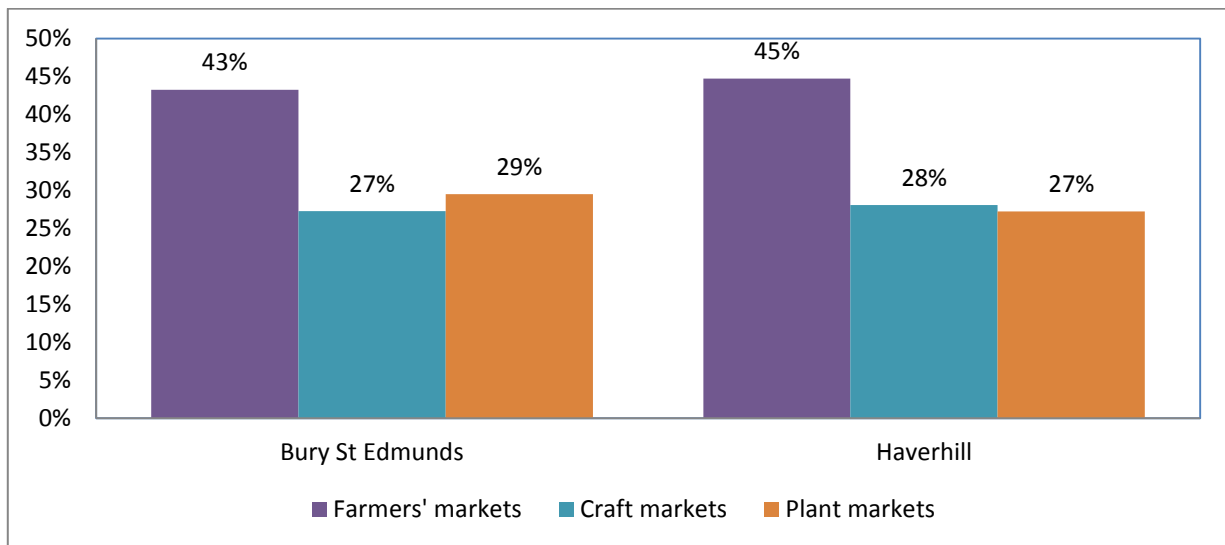
Residents' comments: Respondents were given an opportunity to identify any concerns about this possible change. In total there were 190 comments with the majority based on the confusion that changing the bin collection days would cause. The following concerns were also raised by respondents:

- the bins will smell and be unhygienic if left longer without being collected;
- bins out for more than one day a week will be an eye sore;
- the bins should be collected weekly;
- the bins would overflow if collected less frequently;
- the question is confusing, it's not obvious how this change can deliver a saving; and
- there is no need for change.

Focus group comments: Communication is key and that a simple calendar is vital to a successful transition. Some town centre residents expressed concerns that "unsightly" bins would be out and blocking pavements on an extra day.

3. Local Markets:

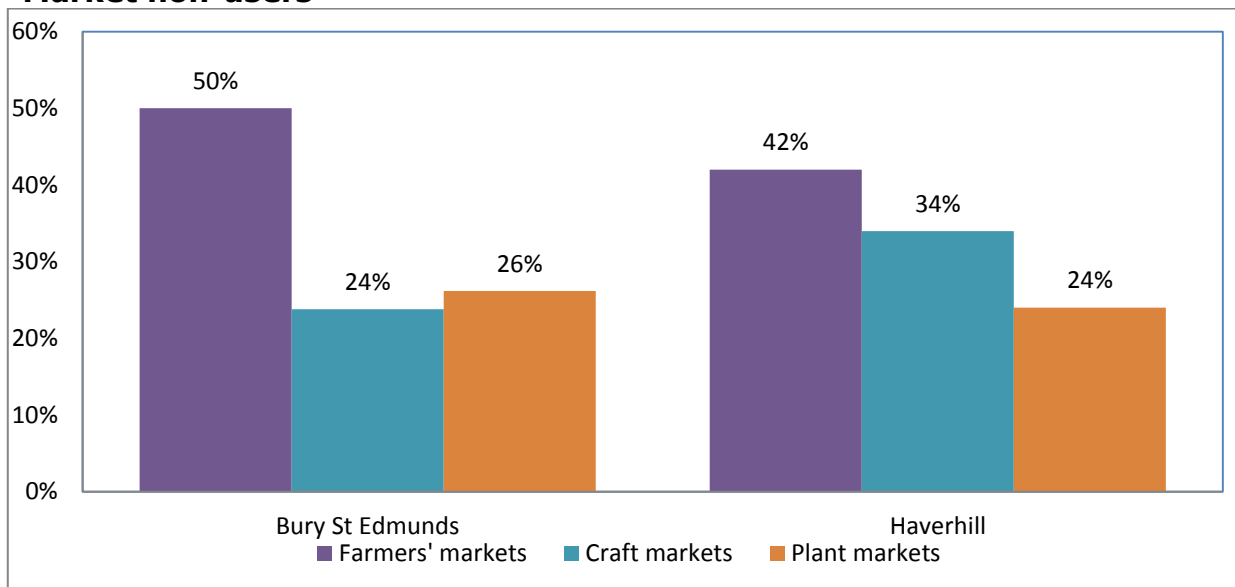
a. The council could arrange separate additional markets on a monthly/quarterly basis. Which would you support?



Focus group comments: Markets were part of the identity of the towns, particularly Bury Market. Recognition that it was part of the attraction of Bury on a Saturday and some specifically travelled to Bury on a Saturday for fruit and vegetables market. Most aware of farmers markets in the surrounding area and some travelled some distance to use them.

b. The council could arrange separate additional markets on a monthly/quarterly basis. Which would you support?

Market non-users*

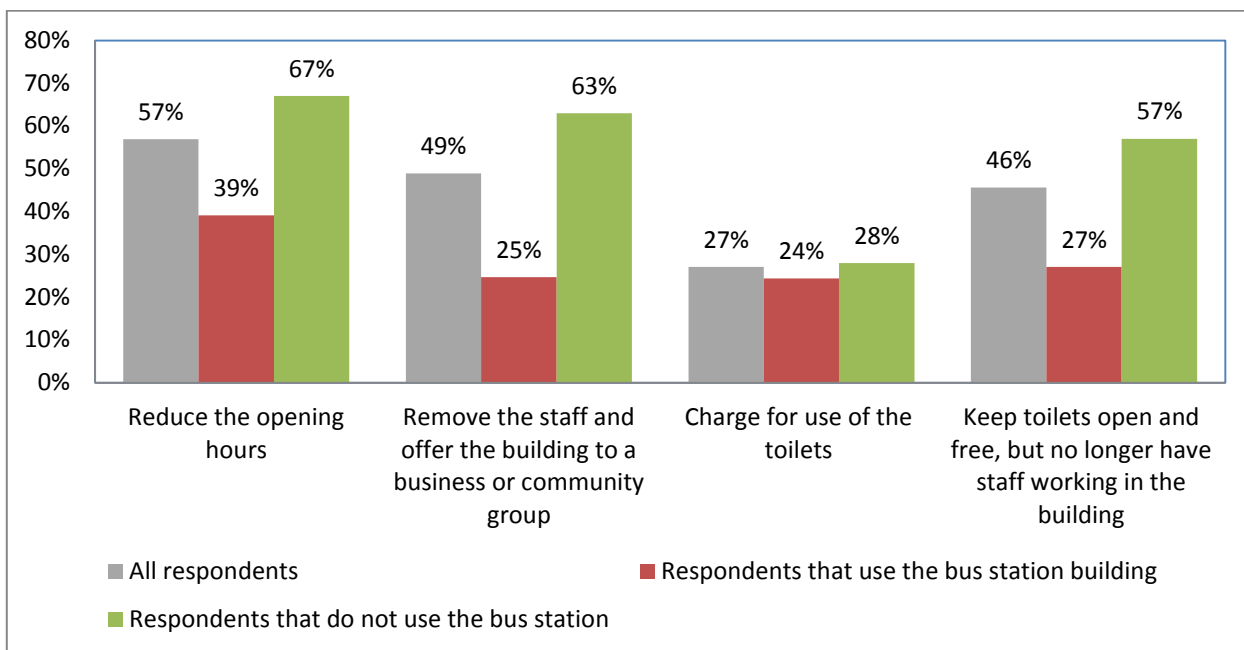


* The data was analysed by locality using postcodes to separate the opinion of residents that live in Haverhill or Bury St Edmunds and the villages surrounding both towns.

Focus group comments: Feeling that most people do visit the Haverhill market, including from outside Haverhill, and then shop elsewhere in the town. General support for specialist markets in Haverhill as these attract different people and higher footfall.

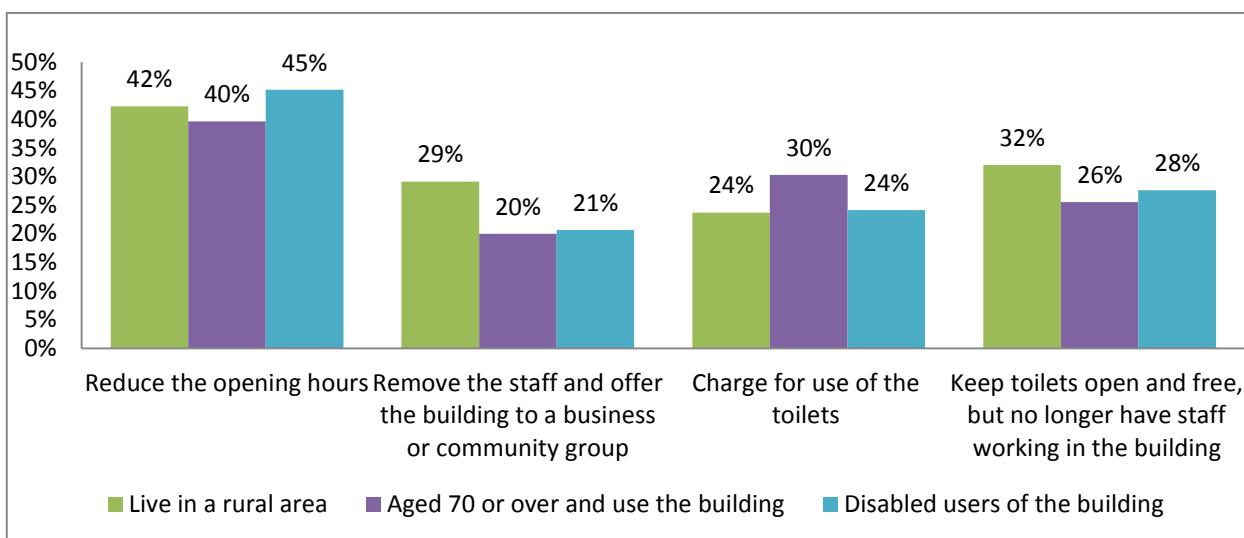
4. Bus Station Building:

a. There are a number of options to reduce the cost of the bus station. Which of the following options would you support?



N.B. 588 'non-users' answered this question in comparison to 343 users.

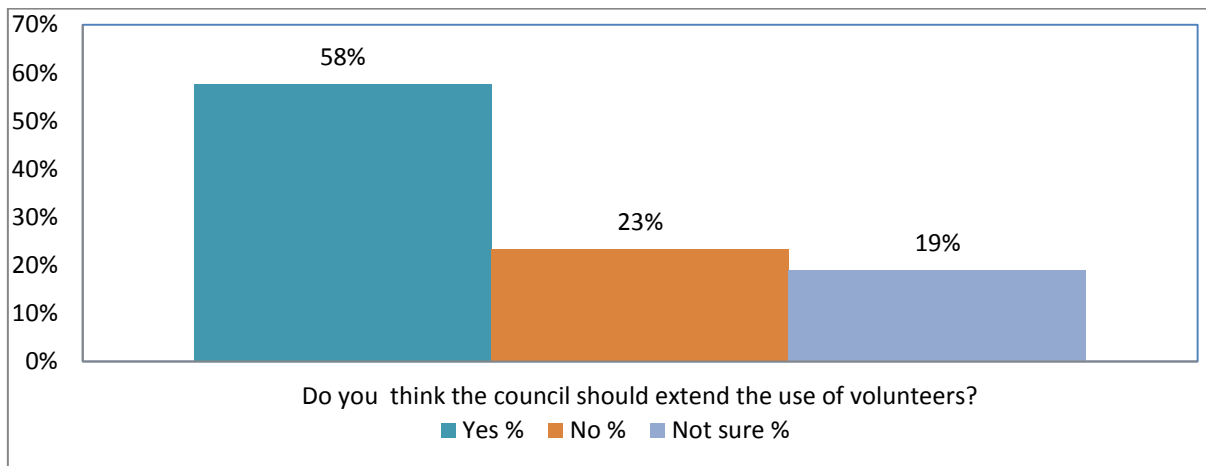
b. Question: There are a number of options to reduce the cost of the bus station. Which of the following options would you support?



Focus group comments: There were mixed views. Some felt that the bus stations provided an important service for the elderly and disabled and it was important for local tourism. Others felt that the cost was significant and other towns including Ipswich did not offer such facilities.

5. Use of volunteers:

Do you think that the council should extend the use of volunteers?



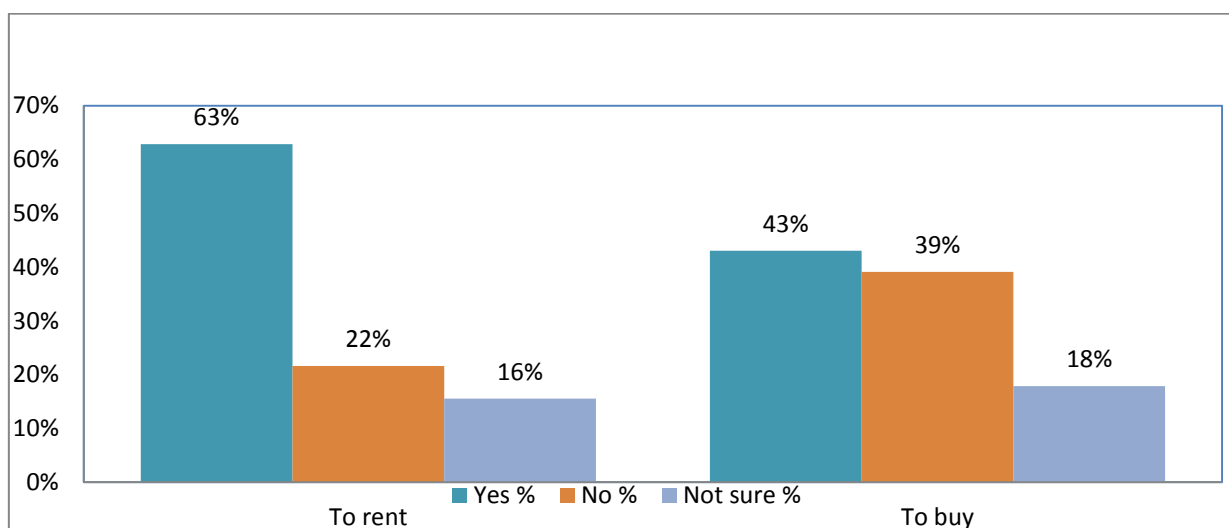
Residents' comments: Respondents who answered "No" were invited to state why they did not think the use of volunteers should be extended. In total there were 172 comments and the majority were concerned that using volunteers would take away opportunities for paid employment (albeit that this was not the specific question asked). Further comments were also received for the following areas:

- volunteers are unreliable;
- it's difficult to manage volunteers;
- skilled staff are necessary to deliver the service;
- current staff could be utilised in different ways;
- the council should provide this service;
- senior wages should be cut instead;
- increase council tax instead of being forced to make this change; and
- volunteers are already overstretched and in short supply.

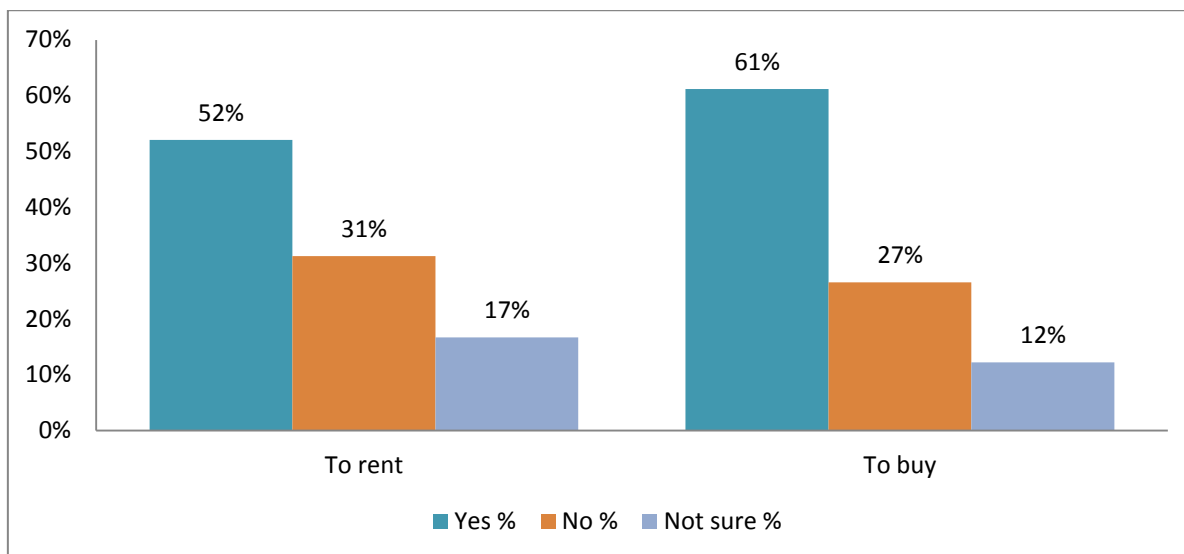
Focus group comments: There were mixed views from the Focus Groups, some were aware that other organisations such as the National Trust use volunteers, others concerned that running a team of volunteers could be more difficult than directly employed staff.

6. Housing:

a. Do you think the council should borrow money to fund house building?



- b. Question: Do you think the council should borrow money to fund house building?
Respondents that were aged 30 and under (average age of the first property buyer)



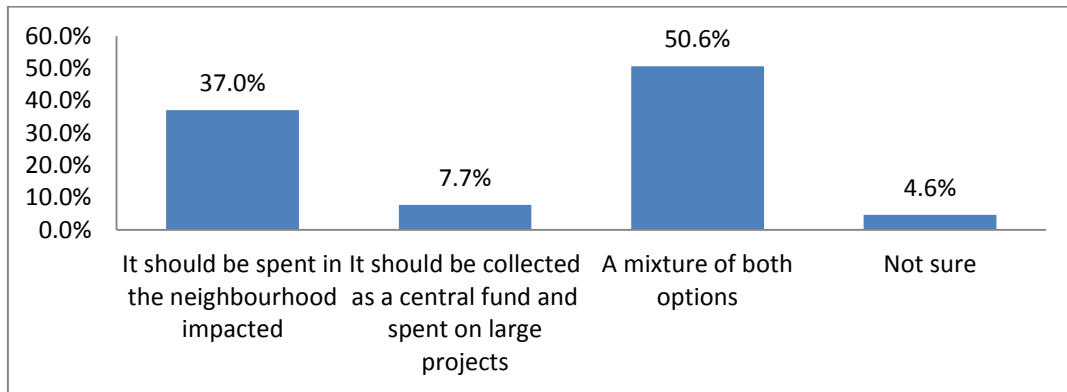
Residents' comments: Respondents were invited to comment on the idea of the council borrowing money to fund house building. In total there were 415 comments about this idea from residents. The majority of comments were concerning allocations of housing to those with local connection, building housing that is affordable and building properties to rent instead of to buy. Other categories of comments are included below:

- should council reserves be used before the council starts borrowing money?
- house building is not a market for a local authority;
- housing associations are building houses, why does the council need to do this?;
- this will be a repeat of the 'right to buy' housing scheme and the sale of all council homes to Havebury;
- houses should be built that are affordable for people that are trying to get onto the property ladder;
- the homes should be appropriately sized;
- homes that are coming onto the market could be purchased for rent instead of building new homes; and
- building new homes will require lots of infrastructure and could cause unmanageable traffic in the town centres.

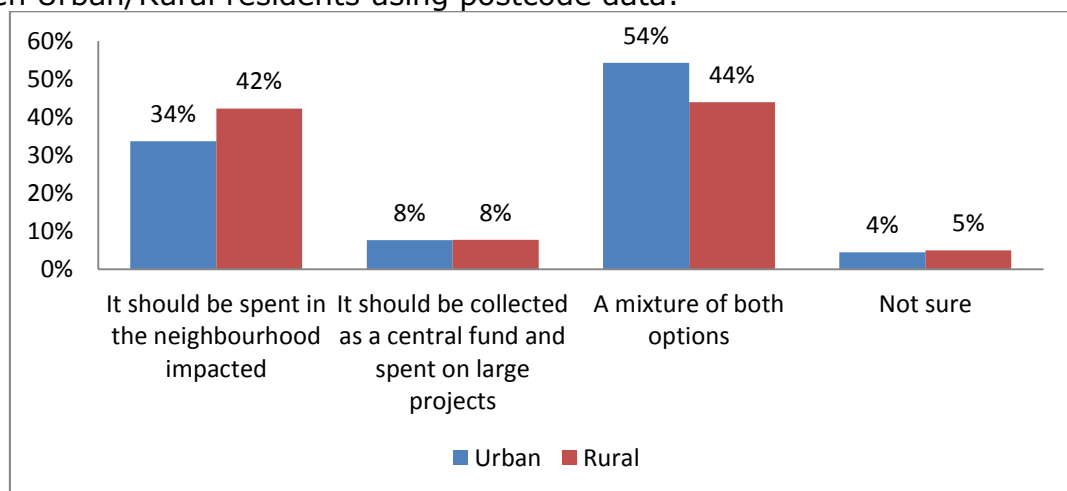
Focus group comments: There were mixed views. Many recognised a need for affordable housing and supported the idea in principle. Differing views around whether the properties should be available for rent or purchase. Questions regarding where these homes would be built.

7. Money from development:

When it comes to spending the 'no strings attached' money, do you think?



There was a view that the responses could vary depending on whether the respondent lived in a rural or urban area, the graph below shows the variation in response split between Urban/Rural residents using postcode data:



In terms of actual numbers of responses, 607 were from urban areas and 360 from rural. This is consistent with the borough's population which is a 60:40 split between urban and rural.

Residents' comments: Respondents were asked if they had any comments about spending the "no strings attached" money. In total there were 188 comments from residents with the majority being concerned about the level of infrastructure that is delivered in the area impacted by development. We also received the following comments and suggestions from residents:

- monies should be spent in the neighbourhood affected and then any spare money used for other projects;
- it is important that money from development in Haverhill is not spent in Bury St Edmunds and vice versa;
- rural areas should also be considered when spending the money;
- use the money more wisely than in the past;
- the money should be used to benefit the whole population not individual areas
- use the money to build more houses;
- the no strings attached money should be used to improve and maintain roads and pavements;
- the money is considered to be a planning bribe and should be more transparent;
- it should be spent in the areas that need it the most; and
- invest the development money in health services.

Focus group comments: Views varied depending on awareness of or perceived impact from previous development projects. Many started with the initial view of spending only in the area impacted, and then following consideration suggested a mixture of both options. In Haverhill, there was a feeling that money should be spent where the houses are built and existing residents inconvenienced. There were also comments asking why a village that doesn't want any development should benefit from developments elsewhere?

8. Other ideas for saving money:

Residents were given the opportunity to give comments or suggestions at the end of the questionnaire as to how the Council could save money.

In total there were 436 comments from residents which could be summarised as falling into the following themes:

Reducing staff costs – comments such as; reduce staff salaries, reduce the numbers of managers, stop using consultants and agency staff and stop topping up pension schemes.

Reducing democratic costs – comments such as; move to unitary status, reduce the number councillors, reduce councillor's remuneration and reduce the number of committees.

Increasing charges – comments such as; increase council tax, increase sports centre charges and charge for using public toilets.

Raising money – comments such as; sell the art collection, sell/reduce support to the Apex, use brownfield sites for housing, install solar farms on council land, hold more music festivals, host car boot sales on council car parks and use council reserves.

Appendix B

Budget Assumptions

The table below shows the current budget assumptions for 2015/16 and for the period of the MTFS:

	2015/16	2016/17	2017/18	2018/19	Source
General inflation	0%	0%	0%	0%	Assumed no inflation other than agreed contract changes as below
Specific Contracts	Linked to contracts				
Fees & charges – linked to fees and charges policy	2%	2%	2%	2%	Linked to Bank of England inflation target
Utilities	5%	5%	5%	5%	Based on historical trends, service knowledge and contract assumptions
Pay increase	Linked to recent pay agreement 2.2% from 1 st Jan 2015, also covers 2014/15 pay award, no back pay to 1 st April 2014	2%	2%	2%	Pay increase assumptions are subject to the national announcement – Autumn statement due December 2014
Employer’s pension contribution	23.7% SEBC 24.7% FHDC	25.7% SEBC 27% FHDC	27.7% SEBC 30% FHDC	29.7% SEBC 33% FHDC	2015/16 to 2017/18 based on actuaries latest report, 2018/19 based on previous year trend, awaiting the latest report
Impact of pension auto-enrolment	Currently all employees are budgeted for as though they were in the pension scheme				
Vacancy savings	2.5%	2.5%	2.5%	2.5%	Based on historical trends
Transport fuel	5%	5%	5%	5%	Based on historical trends, service knowledge and contract assumptions
Investment interest	0.9% SEBC 1.7% FHDC	1.5% SEBC 1.9% FHDC	2% SEBC 2.25% FHDC	2.5% SEBC 2.5% FHDC	Based on external support assumptions and treasury management strategy
Grant reduction as % of RSG – Year on year change	-24% as per provisional settlement data	-24%	-28%	-30%	Comprehensive Spending Review, but a lot of uncertainty around this figure
Council tax increase	2.0%	2.0%	2.0%	2.0%	Based on previous capping limit. Subject to Budget and Council Tax Setting process

There are limitations on the degree to which the Council can identify with certainty all of the potential changes within its medium term financial projections which is why some assumptions need to be made. It is important to remember that these financial models have been produced within a dynamic financial environment and that they will be subject to significant change over time. The Council Tax assumption is used for modelling purpose only and is subject to Full Council in February.

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Treasury Management Sub-Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Mid-Year Treasury Management Report 2014/15 Investment Activity 1 April to 30 September 2014	
Report No:	TMS/SE/14/001	
Decisions plan reference:	N/A	
Report to and date/s:	Treasury Management Sub-Committee	17 November 2014
	Performance and Audit Scrutiny Committee	26 November 2014
Portfolio holder:	Dave Ray Portfolio Holder for Resources and Performance Tel: 01359 250912 Email: dave.ray@stedmundsbury.gov.uk	
Lead officer:	Rachael Mann Head of Resources and Performance Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	
Purpose of report:	The purpose of this report is to present the Council's Mid-year Annual Treasury Management Investment Report summarising the investment activities for the first six months of the 2014/15 financial year.	

Recommendation:	<p>Treasury Management Sub-Committee:</p> <p>The Sub-Committee is asked to:</p> <ol style="list-style-type: none"> a. scrutinise the content of this report, including details of treasury management performance for the first 6 months of the 2014/15 financial year, b. make recommendations as appropriate via the Performance and Audit Scrutiny Committee to Cabinet and Council regarding the approval of the attached Mid-year Treasury Management Report for 2014/15 (Appendix 1 refers). 	
<p>Key Decision:</p> <p><i>(Check the appropriate box and delete all those that do not apply.)</i></p>	<p><i>Is this a Key Decision and, if so, under which definition?</i></p> <p>Yes, it is a Key Decision - <input type="checkbox"/></p> <p>No, it is not a Key Decision - <input checked="" type="checkbox"/></p>	
Consultation:	<p>Treasury management activities are undertaken in consultation with Sector (the Council's appointed treasury management advisers) and also takes into account information obtained from investment brokers and other economic commentators.</p> <p>This committee provides for the scrutiny of treasury management strategies and performance, with changes in strategies and policies subject to approval by Cabinet and full Council.</p>	
Alternative option(s):	<p>Options for the management of Council investments are formally considered within the annual treasury management and investment strategy. This includes key strategies in respect of the maintenance of the Council's debt free status, the continuation of in-house management of funds, and the approach to be adopted in establishing the credit worthiness of potential counterparties. The changing nature of the economic climate requires that these key areas are subject to on-going review.</p>	
Implications:		
<p>Are there any financial implications? <i>If yes, please give details</i></p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>	
<p>Are there any staffing implications? <i>If yes, please give details</i></p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>	
<p>Are there any ICT implications? <i>If yes, please give details</i></p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>	
<p>Are there any legal and/or policy implications? <i>If yes, please give details</i></p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> • See paragraph 2 of the report. 	
<p>Are there any equality implications? <i>If yes, please give details</i></p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>	

Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
	Low/Medium/ High*		Low/Medium/ High*
Fluctuations in interest rates or in projected cashflows having significant impact on budgeted investment income.	High	Spread of investments for periods of up to two years. Budget monitoring and quarterly performance reports. Use of interest equalisation reserve to smooth out year-on-year fluctuations.	Medium
Bank/building society failure resulting in loss of Council funds.	High	Use of Sector on counterparty credit ratings (based on Fitch and Moody ratings) and the setting of lending limits. Use of non-rated building societies based on asset base and additional credit checks.	Medium
Ward(s) affected:		All Wards	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		Treasury Management Performance and Annual Treasury Management and Investment Strategy – 2013/14 (D252) and 2014/15 (E225)	
Documents attached:		Appendix 1- Mid-year Treasury Management Report 2014/2015 Appendix 2 – Investments as at 30 September 2014	

1. Key issues and reasons for recommendations

1.1 CIPFA's Revised Code of Practice

1.1.1 CIPFA's revised Code of Practice for Treasury Management (the Code) published in November 2009, was adopted by the Council on 23 February 2010. Given that Treasury Management activities involve the management of significant cash flows and investments, the Code requires that members are provided with regular reports on the performance of the Council's treasury management function, including an annual treasury management and investment strategy (setting out its treasury management policies and strategies for the forthcoming year), a mid year treasury management review and an annual outturn report at the close of the financial year.

1.2 Investment Activity: 1 April 2014 to 30 September 2014

1.2.1 The total amount invested at 1 April 2014 was £34.25m and at 30 September 2014 £39.25m. The increase in balances over this period was due primarily to timing differences in respect of the collection of Council Tax, NNDR Pooling and the payment of precepts (i.e. to Suffolk County Council, Suffolk Police and central government).

1.2.2 The 2014/15 Annual Treasury Management and Investment Strategy (report E225 refers) set out the Council's projections for the current financial year. The budget for investment income in 2014/15 is £0.5580m which is based on a continuation of the previous year's 1.5% target rate of return on investments.

1.2.3 As at the end of September 2014 interest actually earned during the first half of the financial year amounted to £0.176m against a profiled budget for the period of £0.264m; a budgetary deficit of £0.088m. This budgetary deficit was due to a lower rate of interest than projected during the period. The reduction in the interest rates achieved is primarily due to the continuing low Bank of England base rate and subsequent poor investment rates being offered by the banks, building societies and financial institutions. Although the Governor of the Bank of England has hinted that interest rates may start to rise sooner rather than later, it is considered likely that these current low rates will continue for the remainder of this year.

1.2.4 Most market analysts are predicting that current bank base rates will be held at 0.5% for the remainder of the financial year, with Sector (the Council's treasury management advisers) now projecting that the base rate will remain unchanged until the first quarter of 2015 when a 0.25% increase is predicted. Investment rates have continued to fall over the period, due primarily to the banks' ability to easily access cheap funds from the UK Government via the Funding for Lending Scheme which has decreased their reliance on borrowing wholesale funds (such as local authority investments). If this trend continues for the remainder of the year the budgeted investment income for 2014/15 may not be achieved. In the event that there is a shortfall in budgeted income, this will be met from the Interest Equalisation Earmarked Reserve. Treasury management performance will continue to be closely monitored with further quarterly performance reports being brought to this sub committee for scrutiny.

1.2.5 Revised interest projections, based on the most up-to-date advice from Sector (the Council's treasury management advisers) are likely to be included within the 2015/16 budget proposals.

1.2.6 A full list of investments held as at 30 September 2014 is shown at **Appendix 2**.

2. Additional supporting information

2.1 Legal and Policy Implications

2.2 There are no legal, policy compliance / power implications as a result of this report.

2.3 This report is inline with the Treasury Management Practice 6 (TMP6) of the Treasury Management Code of Practice, which requires that a current year review of the Treasury Services, against adopted annual strategy, be reported to Council by 30 November each financial year.

Mid Year Treasury Management Report 2014/2015

1 Introduction

1.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management 2009 (the Code) was adopted by Council on 23 February 2010.

1.2 The primary requirements of the Code are as follows:

- a. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
- b. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
- c. Receipt by Council of an Annual Treasury Management Strategy Report for the year ahead, a mid year review report (as a minimum) and an annual review report of the previous year.
- d. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
- e. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body which in this Council is the Treasury Management Sub-Committee.

1.3 Treasury management in this context is defined as:

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

1.4 The purpose of this report is to meet one of the above requirements of the CIPFA Code, namely the mid year review report of treasury management activities, for the financial year 2014/15.

2 The Council's Debt Free Status

2.1 The Council became debt free in 1992 and since then has refrained from any borrowing apart from the temporary use of overdraft facilities. This continues in 2014/15 with the result that the Council had no Prudential Code indicators so far as borrowing was concerned in the year. During the financial year all the Council's investments were managed by in-house staff.

3 Investment Strategy for 2014/15

- 3.1 The Council's 2014/15 Annual Treasury Management and Investment Strategy was approved by full Council on 11 February 2014 (report E226 refers). The investment strategy for 2014/15 was to give priority to the security and liquidity of investments whilst at the same time seeking to optimise the return on investments.
- 3.2 The target rate of return for investments for 2014/15 was 1.50%. This target rate was based upon investment rate projections for the year provided by Sector (the Council's treasury management advisors), together with consideration of the profile of the Council's portfolio of investments (i.e. mixture of liquid and fixed term investments). Based upon the anticipated funds available for investment in the year (taking into account planned capital expenditure and receipts from asset disposals) this gave a target investment income of £0.560m, equivalent to £14.60 for each Council Tax band D property. This figure was used in the preparation of the Council's budget for 2014/15.

Investment Rates in 2014/15

- 3.3 The Bank of England Base Rate continues to remain at its historic low of 0.50% and most market analysts predict that it will remain at this low level for the remainder of the current financial year with a possible small increase in the first quarter of 2015/16. Investment rates steadily dropped throughout the first half of the year, due primarily to the banks ability to easily access cheap funds from the UK Government via the Funding for Lending Scheme. The banks ability to access these funds has decreased their reliance on borrowing wholesale funds (such as local authority investments), which has resulted in the dampening of investment rates. The Funding for Lending Scheme was introduced on 13 July 2012 and has been extended to allow participants to borrow until January 2015.

The Council's Lending Criteria 2014/15

- 3.4 The Council's Annual Treasury Management and Investment Strategy requires that deposits are only placed with a limited number of high quality banks and building societies whose credit rating is independently assessed as sufficiently secure by the Council's treasury advisers (Sector) or, for non rated building societies, subject to their meeting minimum financial criteria (based on asset base size).
- 3.5 The unprecedented nature of the current economic and banking crisis has forced local authorities to keep their lending criteria under constant review to ensure that the balance between security of capital, liquidity of investments and yield on investment income is adequately maintained.
- 3.6 The below tables shows the credit criteria applicable at 1 April 2014 and 30 September 2014:

Credit Criteria: Rated Banks and Institutions

Sector Colour Code Key*	Credit Criteria 1/4/14
Purple	Max £10m for max of 2 years (subject to max 30% of portfolio)
Orange	£9m for max of 2 years (subject to max 30% of portfolio)
Red	£8m for max of 1 year (subject to max 25% of portfolio)
Green	£4m for max of 6 months (subject to max 20% of portfolio)
Blue (nationalised / substantially owned by the UK government)	£12m for max 2 years

Credit Criteria: Rated Building Societies

Sector Colour Code Key*	Credit Criteria 1/4/14
Red	£8m for max of 1 year (subject to max 25% of portfolio)
Green	£4m for max of 1 year (subject to max 20% of portfolio)

Credit Criteria: Non- Rated Building Societies

Asset Base**	Credit Criteria 1/4/14
Asset base > £2,500m	£3m for max 6 months
Asset base > £1,000m	£2.5m for max 6 months

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

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

4 Compliance with Treasury Limits

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

5 Investment activity, first six months of 2014/15

- 5.1 Investments were made with counterparties that met the agreed lending criteria and investment periods. Investment periods range from overnight to two years (one year for new investments), dependent on the Council’s cash flows, the view on interest rates and the actual interest rates on offer.
- 5.2 Market investments in the year are summarised as follows:

	<u>Value (£m)</u>
Opening balance 1 April 2014	34.25
Add: Investments made during the year (includes transfers to business reserve accounts)	44.20
Sub Total	78.45
Investments realised during the year (includes withdrawals from business reserve accounts)	39.20
Balance at 30 Sept 2014	39.25

- 5.3 Where possible, investments were made in fixed term investments in order to lock into interest rates which exceed the Council’s budgeted rate and to provide some certainty of return for a proportion of the Council’s investments.
- 5.4 During the period, for cash flow generated balances, use was made of the instant access and 95 day notice business reserve accounts with Barclays and NatWest. At 30 September 2014, in order to maintain liquidity whilst at the same time achieving earnings in excess of base rate, £16.0m was held in these accounts at interest rates between 0.60% and 0.65%.

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INVESTMENTS AS AT 30/09/14

Principal	Counterparty	Start Date	Maturity Date	Interest Rate (%)
£4,000,000	Santander UK Business Reserve Account	Inst/Acc	Inst/Acc	0.4000
£6,000,000	Barclays Reserve Account	Inst/Acc	Inst/Acc	0.6500
£10,000,000	NatWest 95 Day Notice Account	95 day	95 day	0.6000
£1,750,000	Bank of Scotland	01/11/12	03/11/14	2.1500
£3,000,000	Skipton Building Society	01/05/14	03/11/14	0.6300
£4,500,000	Bank of Scotland	12/02/14	12/02/15	0.9500
£1,500,000	Bank of Scotland	11/04/14	11/04/15	0.9500
£3,000,000	Ulster Bank	01/05/14	30/04/15	0.8600
£2,000,000	Bank of Scotland	04/07/14	06/07/15	0.9500
£2,000,000	Nationwide Building Society	01/08/14	03/08/15	0.9700
£1,500,000	Nationwide Building Society	04/09/14	03/09/15	0.9700
£39,250,000	TOTAL			

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