

Governance Committee AGENDA



THE PUBLIC MAY ATTEND THIS MEETING

Please note this meeting will be webcast and audio recorded.

Date: Wednesday, 15 January 2014

Time: 19:15

Venue: Committee Room 1, Causeway House, Bocking End, Braintree, CM7 9HB

Membership:

Councillor S Canning
Councillor H D Johnson
Councillor D J Louis
Councillor J M Money

Councillor I C F Parker
Councillor D E A Rice
Councillor V Santomauro
Councillor C M Thompson

Members are requested to attend this meeting, to transact the following business:-

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PUBLIC SESSION

1 Apologies for Absence.

2 Declarations of Interest.

To declare the existence and nature of any Disclosable Pecuniary Interest, other Pecuniary Interest or Non-Pecuniary Interest relating to items on the agenda having regard to the Code of Conduct for Members and having taken appropriate advice where necessary before the meeting.

3 Minutes of Last Meeting

To approve as a correct record the minutes of the meeting of the Governance Committee held on 18th September 2013 (copy previously circulated).

4 Public Question Time

(See paragraph below).

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16 Urgent Business - Public Session

To consider any matter which, in the opinion of the Chairman should be considered in public by reason of special circumstances (to be specified) as a matter of urgency.

17 Exclusion of the Public and Press

To agree the exclusion of the public and press for the consideration of any items for the reasons set out in Part 1 of Schedule 12(A) of the Local Government Act 1972.

At the time of compiling the agenda there were none.

PRIVATE SESSION

18 Urgent Business - Private Session

To consider any matter which, in the opinion of the Chairman should be considered in private by reason of special circumstances (to be specified) as a matter of urgency.

A PEACE
Member Services Manager

Contact Details

If you require any further information please contact Alison Webb on 01376 552525 or e-mail alison.webb@braintree.gov.uk

Question Time

Immediately after the Minutes of the previous meeting have been approved there will be a period of up to 30 minutes when members of the public can speak.

Members of the public wishing to speak should contact the Council's Member Services Section on 01376 552525 or email chloe.glock@braintree.gov.uk at least 2 working days prior to the meeting.

Members of the public can remain to observe the whole of the public part of the meeting.

Health and Safety

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Mobile Phones

Please ensure that your mobile phone is either switched to silent or switched off during the meeting.

Comments

Braintree District Council welcomes comments from members of the public in order to make its services as efficient and effective as possible. We would appreciate any suggestions regarding the usefulness of the paperwork for this meeting, or the conduct of the meeting you have attended.

Please let us have your comments setting out the following information

Meeting Attended..... Date of Meeting

Comment

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Contact Details:

First and Second Quarter Performance Management Report 2013/14		Agenda No: 5
Corporate Priority:	Performance	
Report presented by:	Tracey Headford – Performance Improvement Officer	
Report prepared by:	Tracey Headford	
Background Papers: First Quarter Performance Management Report 2013/14 Second Quarter Performance Management Report 2013/14		Public Report: YES
Options: To note the reports		Key Decision: NO
Executive Summary: The purpose of the report is to summarise the performance of the Council at the end of second quarter 2013/14 in relation to the publication of ‘Our plans for the District 2013/2014’ which sets out our key activities and measures used to check our performance for the forthcoming year and along with the Corporate Strategy 2012-2016 sets out the priorities we are working towards. Both the First Quarter Performance report and Second Quarter Performance report will be presented.		
<i>In Summary: Projects</i>		
End of First Quarter		End of Second Quarter
1 project completed		5 projects completed
32 projects on track		30 projects on track
2 projects with an amber status		
<i>In summary: Performance Indicators</i>		
End of First Quarter		End of Second Quarter
5 performance indicators achieved target		10 performance indicators achieved target
5 performance indicators have missed target by less than 5%		3 performance indicators have missed target by less than 5%
2 performance indicators have missed target by more than 5%		No performance indicators have missed target by more than 5%
1 performance indicator is for information purposes only and does not have any target set		1 performance indicator is for information purposes only and does not have any target set

The first quarter of the year did see overall performance affected by adverse weather conditions and changes to the benefit systems causing delays to processing times. The majority of the performance indicators have improved in the second quarter of the year with only three performance indicators missing their targets by less than 1%.

At the end of the second quarter, five projects have been completed and the remaining projects are all on track and progressing well.

Decision:

Members are asked to note the report

Corporate implications [should be explained in detail]

Financial:	See page 16 onwards of the full report for the first quarter and page 15 onwards of the full report for the second quarter. Discussed as a separate agenda item.
Legal:	N/A
Equalities/Diversity	N/A
Customer Impact:	N/A
Environment and Climate Change:	N/A
Consultation/Community Engagement:	N/A
Risks:	N/A
Officer Contact:	Tracey Headford
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FIRST QUARTER PERFORMANCE MANAGEMENT REPORT

1ST APRIL TO
30TH JUNE 2013



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Section 1: Introduction and Summary






Purpose of the Report

The purpose of the report is to demonstrate the performance of the Council at the end of the first quarter in relation to the publication of 'Our plans for the District 2013/14'. This sets out the key activities and measures used to check our performance for the year and along with the Corporate Strategy 2012-16 sets out the priorities we are working towards. Further detail is given in relation to a set of business performance indicators covering finances, customer focus, our people and health and safety.






This report does not contain details of the numerous activities ongoing in each service area that also contribute to delivering what is important and will make a difference to all in the District. Full details of all projects and local and national indicators used to measure the outcomes are available upon request.

Summary of the Corporate Projects current position for the end of the first quarter

The following table provides updates for the end of the first quarter in relation to the key activities in 'Our plans for the District 2013/14'




Corporate Priorities	Status of projects and actions				
					
Place	1	7	0	0	0
People	0	9	1	0	0
Prosperity	0	12	0	0	0
Performance	0	4	1	0	0
Partnership <i>(to be reported on at the end of the year)</i>	-	-	-	-	-
TOTAL	1	32	2	0	0

KEY:




-  Project completed
-  Project on target
-  Project scope/target date requires attention
-  Project requires amendment
-  Project aborted/closed

Summary of the Performance Indicators position for the end of the first quarter

The following table shows the performance for the end of the first quarter in relation to the quarterly and annually reported Performance Indicators that have targets set as defined in 'Our plans for the District 2013/14'.

Corporate Priorities	Status of indicators			
				Data Only
Place	1	1	0	0
People	0	1	0	1
Prosperity	2	0	0	0
Performance	2	3	2	0
TOTAL	5	5	2	1

KEY:

-  Performance Indicator has achieved target
-  Performance Indicator is up to 5% below target
-  Performance Indicator is 5% or more off target

Summary Position

It has been a good start to the year in respect of the projects with the majority of them on track and progressing well.

Where we have been measuring our performance against a set of key performance indicators, there have been a number of factors that have affected the overall performance. The main reasons for not meeting performance are the adverse weather conditions at the start of the quarter and the changes to the benefit systems causing delays in processing times.


The Council faces some tough challenges ahead but remains as committed as ever to delivering high quality services which are responsive to customer needs, whilst supporting our communities and boosting our local economy.



Our Priorities

- Keep our district clean and tidy
- Protecting our environment
- Provide green space for everyone to enjoy








Project description and comments	Target Date	Status
Continue a seven day cleaning programme in the town centres, including the use of barrow beats to litter pick, street washing and mechanical sweeping		
Work is on-going in all town centres to maintain a high standard of cleanliness and reduce the levels of litter involving litter picks, street washing and mechanical sweeping.	March 2014	▶
Enforce non-compliant premises which fail to keep their frontage clean		
Following the success of the station campaign which saw a 45% reduction in dropped cigarette butts, the Council is now working with local businesses to tackle the problem of cigarette butts and other smoking related litter in the town centres. Campaign successfully delivered.	July 2013	✓
Continue to encourage the 'See-it, Report-it' initiative to take action against litter bugs		
In the first quarter there have been 909 see it report it calls. There are a number of campaigns to encourage residents to see it report it such as the current campaign to tackle dog poo and the 'pain in the butt' campaign which will go live in July to tackle the problem of cigarette butts and other smoking related litter in the town centres	March 2014	▶
Work with Essex Energy partnership and contractors to develop a Green Deal Scheme, supporting homeowners to reduce the energy they use		
The draft tender specification for procuring a Green Deal/ECO provider is in circulation with officers across Essex authorities. The provider will bring funding into the district for domestic energy efficiency measures to reduce the number of households in fuel poverty across the district.	March 2015	▶
Support our customers to increase recycling levels in the District to 60%, getting the best value out of our services		
A recycling door stepping campaign has been introduced to support customers to recycle more and will concentrate in areas of low participation. Recruitment of the door steppers is currently taking place and a training programme is being developed	March 2014	▶
Double the number of trade waste customers who receive a plastic, cardboard and paper recycling service		
A pilot is starting in Braintree Town Centre and letters have been sent out to all possible customers to take part in a trial of trade waste recycling collection. 39 customers have signed up and a further 41 are interested in the trial due to commence in July.	March 2014	▶
Plant more mature trees in our parks and open spaces to improve their appearance and attractiveness, provide shading around play areas and help to conserve and protect the environment within our District		
Sites are currently being identified with planting taking place in the Autumn and at the end of the year.	March 2014	▶

Complete works and establish Hoppit Mead as a local nature reserve		
The community consultation on the proposal to designate Hoppit Mead as a Local Nature Reserve has now been completed receiving a positive response.	August 2013	



Our Priorities

- Support vulnerable people in our community
- Promote safe and healthy living
- Encourage flourishing communities

Project description and comments	Target Date	Status
Design and build of Witham Leisure Centre		
Barr construction, the main contractor, arrived on site in May to start work on constructing the leisure centre. A soil cutting ceremony took place to officially mark the beginning of the build.	August 2014	
Working in partnership with Fusion Lifestyle provide investment to improve the facilities at Halstead Leisure Centre, Braintree Leisure Centre and Braintree Swimming Centre		
The renovations at Halstead Leisure Centre will start later in the year.	October 2013	
Work started in May to Braintree Leisure Centre to improve the health and fitness facilities	August 2013	
The legal documentation (agreement for lease) has delayed the progress with the Braintree Swimming Centre and the end date of the project will be revised accordingly.	October 2013	
Establish a Health and Wellbeing Panel working with others to identify priorities and take action to improve the health outcomes for all residents		
A Health and Wellbeing Panel is being established and the first meeting is due to take place in July.	December 2013	
Progress the Witham Neighbourhood Budget Pilot by working with partner agencies and the Witham community to raise young people's level of attainment and aspiration through new initiatives and improved ways of working		
A prospectus setting out the ethos of the Witham Neighbourhood Budget and specific projects is being drafted for circulation to the community alongside a Community Hub which will take place as a 'pop up' in the Newlands Shopping Centre in Witham in August.	March 2015	
Work with the Police and Crime Commissioner, Essex County Council and other partners to pilot new ways to tackle domestic abuse across the District.		
Staff have been recruited and will be in place in August for the pilot to tackle domestic abuse. Funding secured to run a 'cut it out' campaign in hairdressers across the district.	March 2014	







Build stronger communities through the implementation of the localism programme		
There have been 8 nominations to the list of assets of community value. No expressions of interest were made under the Community Right to Challenge during the period when nominations could be made. Discussions on the potential transfer of the Memorial Gardens and other land in Witham are still on-going with Witham Town Council. The Witham Neighbourhood Budget Steering Group is looking specifically at how the student work experience programme could be enhanced. Interviews are continuing with members and the outcomes will enhance the member development programme	March 2015	▶
Refurbish the play areas at Templars in Witham and Panners Bridge in Gt Notley		
Initial public consultations are complete with design briefs being drawn up for stage 2 of the consultations with residents.	February 2014	▶
Create a sustainable partnership with Braintree District Museum Trust Ltd to preserve, interpret and promote the unique archive and Museum collections and the Districts heritage for the public benefit		
Arts Council England strategic funding grant received for 2013/14 joint project between the Museum Trust and the Council to enable commercial development of the Museum service. Discussions are also underway between the Council and Museum Trust on the future developments and to develop the Trust's business plan.	March 2014	▶



Our Priorities

- Boost employment skills and support business
- Promote and improving our town centres
- Securing appropriate infrastructure and housing growth

Project description and comments	Target Date	Status
Reduce congestion and improve access to Braintree town centre through improvements to the South Street/Fairfield Road junction		
Meetings have taken place in June with Highways and the demolition contractors have been appointed to clear the site.	May 2014	▶
Support the Town Teams to improve our town centres in Braintree, Halstead and Witham		
The Town Teams continue to work on activities funded by the Portas Pilot by organising events such as the Easter egg hunt around local businesses, Easter food stalls and fairground rides. The longest day summer event in June organised by Braintree Town Team saw retailers open until late in the evening and the town centre came alive with various attractions and live entertainment taking place in and around the high street. Braintree District Council together with the town teams promoted their markets in May, with new traders taking up pop-up stalls in both markets at a reduced rate to widen the product offering and market shopping experience for the public.	March 2014	▶

The 'wake up and smell the coffee' retail group idea has been adopted by Halstead Town Team and the first two meetings have taken place with local retailers. Witham Town Team and partners are working on moving forward with the regeneration proposals and town centre initiatives	March 2014	
Start on the expansion of the IGNITE Enterprise Centre at Springwood Drive, Braintree to provide twelve new start up units		
The planning application for the construction of Springwood Drive Enterprise Centre extension is being completed and will be submitted in July 2013.	March 2014	
Encourage new businesses into the district and support our local businesses by reviewing our business rate discount scheme		
Working on a report which will be presented to Cabinet on 30 th September 2013 seeking approval to criteria for offering discretionary business rate relief	March 2014	
Work with IGNITE to create 50 new businesses and deliver new jobs into the District		
In the first quarter, IGNITE have provided advice and assistance to 72 potential new businesses resulting in 26 business start-ups. A business showcase will be held in July with key note speeches from high profile business people, seminars, networking opportunities and a chance for local businesses to exhibit and promote their business at low cost.	March 2014	
Generate opportunities for young people in the District not in education, employment or training through the creation and development of apprentice and pre-apprenticeship schemes		
A NEET training programme for 10 young people has been developed called Green Team. 25 people applied for five positions on the first cohort and five people have been successfully recruited. Groundwork has developed working partnerships with local organisations to develop a works programme which provides the opportunity to gain a nationally recognised qualification and improve employment prospects, by working on a number of landscape projects	January 2014	
Braintree District Council are supporting a scheme to employ two retail apprentices in Braintree. Meetings have been held with skills advisors to define the process and it has been agreed that the scheme should be part funded and not fully funded to secure commitment from the employer and enable more opportunities	March 2014	
Work in partnership with Housing Associations to begin construction on 58 new homes and work with homeowners to bring empty homes back into use across the District		
At the end of the first quarter, 55 affordable homes have been provided	July 2014	
30 empty homes have been returned to use and four properties are currently being considered by Colne Housing under the empty homes rescue scheme	March 2014	
Develop a long term strategy to support economic growth and prosperity across the District		
A Draft Economic Development Prospectus has been drawn up and will be presented to Cabinet in July as a basis for consultation with businesses and stakeholders.	October 2013	
Adopt District Site Allocations to enable future development which will meet district needs and support growth		
Representations and recommended changes to the draft plan have been presented to the LDF sub committee prior to being submitted to full Council for consideration for approval.	April 2014	









Our Priorities







- Provide value for money
- Deliver excellent customer service
- Improving our services through innovation

Project description and comments	Target Date	Status
Continue to review how we deliver and commission services, focussing our resources on what is important to us		
Business efficiency reviews are currently being undertaken in Building Control, Facilities Management, Town Hall and Legal Services.	March 2015	▶
Use a range of new technology to improve the way we deliver services and make our services easier to access for our customers		
A Channel Strategy has been developed looking at ways we deliver our services and an action plan is currently being developed to implement improvements. Improvements continue on the Councils website, especially around content being focused around the customer.	March 2015	▶
Achieve the Customer Service Excellence Standard for all front line services		
Services are currently working through the criteria required and providing evidence to support their application. Due to resource pressures, the project end date has been reviewed and will be put back to March 2014 to ensure all key service areas are able to achieve the standard.	September 2013	▲
Maintain high levels of customer satisfaction, seeking feedback from our customers to identify where we can improve		
A project is currently being scoped out to review the customer service standards	March 2014	▶
A simple mechanism to gather customer comments and feedback from our website has been investigated and will go live on the website in July	November 2013	▶

Section 3: Managing the Business

Our Performance Indicators in Detail

Performance Indicator	2013/14						Comments
	Q1 Outturn	Q2 Outturn	Q3 Outturn	Q4 Outturn	Target for the Quarter	Status at the end of the Quarter	
Place							
Percentage of land that falls below cleanliness standards for litter	n/a				8%	n/a	Recorded 3 times a year – July, November and March
Percentage of household waste sent for reuse, recycling and composting	59.20%				60%		Outturn figures are currently being verified by Essex County Council. The outturn for April was 55% due to the adverse weather conditions and this has impacted on the overall recycling rate achieved for the quarter.
Percentage of fly tips cleared within 24 hours of being reported	100%				100%		A total of 303 fly-tips have been cleared within 24 hours of being reported
Public Satisfaction with parks and open spaces	Annually reported indicator				n/a	n/a	
People							
Number of visitors to our leisure facilities from under-represented groups	156,303				Establish Baseline	n/a	No target set as currently establishing baseline figures with Fusion.
Number of passenger journeys on the Community Transport Scheme	15,497				15,611		The adverse weather conditions in April caused a number of bookings to be cancelled.
Percentage of Mi Community projects successfully completed	Annually reported indicator				n/a	n/a	
Prosperity							
Number of empty homes in the district returned to use	30				13.75		
Number of affordable homes delivered	55				55		
Number of young people assisted into education, employment or training through council and partnership schemes	Annually reported indicator				n/a	n/a	
Percentage of empty shops in the district	Annually reported indicator				n/a	n/a	
Number of new business start-ups in the district	Annually reported Indicator				n/a	n/a	
Performance							
Percentage of enquiries resolved at first point of contact within the Customer Service Centre	87%				85%		Represents 13518 out of 15545 calls resolved at first point of contact

Performance Indicator	2013/14						Comments
	Q1 Outturn	Q2 Outturn	Q3 Outturn	Q4 Outturn	Target for the Quarter	Status at the end of the Quarter	
Time taken to process housing benefit/council tax benefit new claims	19.19 days				18 days		Target not achieved in April and May as staff were dealing with a high volume of calls from claimants affected by the introduction of the local council tax support scheme. Performance for June was back on target at 16.52 days and this should continue.
Time taken to process housing benefit claim changes	7.23 days				6 days		Target not achieved in April and May as staff were dealing with a high volume of calls from claimants affected by the introduction of the local council tax support scheme. Performance for June was back on target at 5.97 days and this should continue.
Percentage of minor planning applications processed within 8 weeks	69.47%				72%		A management decision in consultation with the cabinet member to have officers focussing on completion of two major schemes (Maltings Lane and Premdor site) has resulted in a reduced number of minor applications being processed within the 8 week period.
Percentage of stage 1 complaints responded to within target	88.9%				90%		Represents 96 out of 108 stage 1 complaints dealt with in 7 working days. Additional time required to investigate a number of complex complaints received in this period with some requiring site visits.
Overall customer satisfaction with the way Braintree District Council runs things	n/a				89%	n/a	Reported half yearly
Percentage of residents who agree that Braintree District Council provides value for money	n/a				67%	n/a	Reported half yearly
Collection rate for Council Tax	30.60%				30.73%		The collection rate has been impacted by the number of council taxpayers opting to pay over 12 months rather than 10 months, an option which was introduced on 1st April 2013. Staff continue to contact those council taxpayers which have been affected by the various welfare reforms in an effort to find ways for them to be able to meet their council tax liability.
Collection rate for business rates	32.60%				31.14%		

Customer Services & Views

The following is a selection of our customer service performance measures:

Customer Service: Indicators of Performance					
	Q1	Q2	Q3	Q4	Target
Average telephone response time in the Customer Service Centre	9 seconds				15 Seconds
Number of transactions carried out via the Council website	27,178				21,250
Percentage of avoidable contacts (collected half yearly)	n/a		n/a		Data only

Customer satisfaction surveys – 2013/14

We continually seek to keep track of how our residents think about us and the services we provide. In the past, the Governments national surveys such as the 'Place Survey' and the 'BVPI Survey' were used to monitor residents' satisfaction with Councils. Although these surveys are no longer compulsory, for us this information is still a high priority. Therefore we have introduced our own on-going satisfaction survey to gather feedback and comments from our customers. This consultation is continuous and the results are reviewed and published every six months.

Complaints

The quarterly complaints analysis for the first quarter of 2013/14 is detailed below. This is compared with 2012/13 figures shown in brackets. The figures represent all three stages of the complaints process.

Complaint Category	Q1 2013/14	Q2 2013/14	Q3 2013/14	Q4 2013/14	TOTAL
Justified	45 (89)	(84)	(115)	(60)	(348)
Not Justified	58 (106)	(100)	(100)	(86)	(392)
Partially Justified	11 (13)	(27)	(10)	(7)	(57)
Not known	0 (0)	(0)	(0)	(0)	(0)
Total	114 (208)	(211)	(225)	(153)	(797)

Comments

The number of complaints received in the first quarter of 2013/14 is significantly lower than the number of complaints received in the same period in 2012/13.

In the first quarter of 2012/13, there were a high number of missed bin complaints received. Although this remains the top category of complaint for the first quarter of 2013/14, the number of overall complaints received has reduced. This is partially as a result of a more robust mechanism in place for monitoring missed bins introduced in our back office and the crews being more vigilant on their collection routes.

The number of complaints relating to planning has also reduced compared to the first quarter of 2012/13.

In the first quarter of 2013/14, of the 114 complaints received:

- 108 are stage one complaints
- 3 are stage two complaints
- 3 are stage three complaints

A summary of Local Government Ombudsman cases:

In the first quarter of 2013/14 the LGO have received five complaints and advised of one challenge to their decision in respect of an earlier matter. Of the six matters received:

- 3 are currently under investigation
- 1 complaint is outside the jurisdiction of the LGO
- 1 complaint has been fully investigated and the LGO are happy with the actions of the Authority
- No action has been taken on one complaint as the complainant has not been through the Councils complaint procedure

Our Organisation

The following is a selection of our people performance measures:

People: Indicators of Performance	Q1 12/13	Q2 12/13	Q3 12/13	Q4 12/13	Change on previous period	Yearly Target
Total headcount	470				+ 4	-
Total number of posts	479				+ 4	-
Number of temporary staff	47				+ 5	-
Total staff FTE	429.49				- 6.05	-
Level of employee turnover	3.4%				+ 1.04%	-
Number of vacant posts	20				+ 5	-
Number of leavers	16				+ 5	-
Number of starters	20				+ 15	-
Working days lost to sickness per employee	1.35 days				- 0.33 days	8.0 days
Percentage of staff with nil sickness	70%				New indicator	-
Number of learning days	844.50				+ 131.12	-
Average learning days per employee	1.97				+ 0.08	≥3.5 days
Number of apprentices	11				- 1	-

Year on Year Headcount Analysis	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
	586	567	541	503	485	466

Health & Safety

The following is a selection of our health and safety performance measures. The data is for information purposes only.

Health and safety is a crucial responsibility of everyone within the organisation. This information is used to improve the management of health and safety and making the workplace safer for staff and our customers.

Health & Safety: Indicators of Performance	Q1	Q2	Q3	Q4	
	(2011/12 figure in brackets)				
Total number of reported accidents/ incidents, calculated from:	14 (21)	(17)	(8)	(12)	The main reasons for accidents in Q1 are slips and trips
<i>a. Accidents/ incidents to employees</i>	9 (17)	(13)	(7)	(9)	
<i>b. Accidents/ incidents to contractors</i>	2 (2)	(1)	(0)	(3)	
<i>c. Accidents/ incidents to non-employees</i>	3 (2)	1 (3)	(1)	(0)	
Time lost in days due to employee accidents/ incidents	23 (39)	(7)	(4)	(6)	This represents two members of staff one of whom accounted for 22 of the lost days due to a back injury
Number of reported verbal/ physical incidents to employees	2 (1)	(3)	(0)	(0)	
Number of near miss incidents	2 (1)	(0)	(0)	(0)	
Number of Accidents/ incidents registered resulting in insurance/ compensation claim	0 (3)	(2)	(2)	(1)	
Number of claims settled	0 (0)	(0)	(0)	(0)	

Financial Performance

This part of the report provides the first review of the financial position for the financial year 2013/14. It examines the forecast spending on day-to-day service provision compared to the budget for the year. Also included is summary position for treasury management at the end of June; a projected movement on General Fund balances; and a summary of spending to date on capital investment projects.

First Quarter Financial Position Statement for 2013/14

Key Points:

- The Council is forecasting an overall overspend for the year of £197,000 (1%) against the budget of £15.841 million
- The budget variance comprises a projected under achievement of income of £198,000, offset by a net underspend against expenditure budgets of £1,000.
- Based on known staffing changes to date and their financial impact on the year, a shortfall against the efficiency target is currently projected of £284,000. Staffing changes effective in the latter part of the year and merit awards paid in August will however change the projected shortfall.

Financial Forecast of Revenue Spending by Services

The following table provides a breakdown by business plan area of the financial forecast of revenue spending:

Business Plan Service	Net Budget £'000	Forecast Spend for the year £'000	Adverse (positive) variance against budget				RAG Status
			Staffing	Other Service Expenditure	Gross Income	Total	
			£'000	£'000	£'000	£'000	
Asset Management	(1,071)	(1,198)	1	(100)	(28)	(127)	(12%)
Business Solutions	1,621	1,616	(2)	(3)	-	(5)	(<1%)
Community Services	523	499	-	(11)	(13)	(24)	(5%)
Corporate Management Plan	1,232	1,203	(10)	(20)	1	(29)	(2%)
Cultural Services	257	281	6	-	18	24	9%
Environment	981	976	(26)	(37)	58	(5)	(1%)
Finance	1,528	1,463	(56)	(6)	(3)	(65)	(4%)
Governance	1,345	1,322	(8)	(1)	(14)	(23)	(2%)
Housing Services	871	826	(3)	(31)	(11)	(45)	(5%)
Human Resources	290	290	(1)	1	-	-	-
Leisure Services	904	904	-	-	-	-	-
Operations	4,026	4,085	5	(103)	157	59	2%
Sustainable Development	1,358	1,442	(9)	21	72	84	6%
Service Total	13,865	13,709	(103)	(290)	237	(156)	(1%)
Corporate Financing	2,363	2,329	0	5	(39)	(34)	(1%)
Efficiency target	(387)	-	387	-	-	387	
Total	15,841	16,038	284	(285)	198	197	1%

RAG Status: G = favourable or nil variance, A = up to 5% adverse variance or <£50k, R = > 5%

Commentary

Staffing

Across service business plans there are projected salary underspends of £103,000. The corporate efficiency target was set at £387,000 for the year which includes £296,820 that would normally be met through staff turnover and a further £90,260 targeted at savings generated from service reviews. At this quarter's review there is a projected shortfall against meeting the target from salaries for the year of £284,000, based on known staffing changes to date.

Business Plan – Salary Budgets	Budget	Forecast Spend for the year	Adverse/ (positive) variance	RAG Status
	£'000	£'000	£'000	
Asset Management	290	291	1	<1%
Business Solutions	827	825	(2)	<1%
Community Services	452	452	-	<1%
Corporate Management Plan	1,107	1,097	(10)	(1%)
Cultural Services	248	254	6	2%
Environment	1,560	1,534	(26)	(2%)
Finance	2,295	2,239	(56)	(2%)
Governance	585	577	(8)	(1%)
Housing Services	639	636	(3)	<1%
Human Resources	254	253	(1)	<1%
Leisure Services	55	55	-	-
Operations	4,438	4,443	5	<1%
Sustainable Development	1,531	1,522	(9)	(1%)
Service Total	14,281	14,178	(103)	(1%)
Efficiency target	(387)		387	
Net Total	13,894	14,178	284	2%

RAG Status: G = favourable or nil variance, A = up to 5% adverse variance, R = > 5%

The main issues are:

- Savings on staff costs have occurred due to delaying filling vacant posts, appointments being made at lower salary grade points, and some reductions in working hours.
- Within Operations reduced staffing costs in horticultural services from vacancies are offset by higher costs incurred in waste management from employing agency staff to cover for long-term sickness. In street cleansing services work has been re-allocated to direct staff instead of using sub-contractors (this positive variance of £13,000 is shown against the budget for Other Service Expenditure).
- The forecast shortfall against the efficiency target was £147,000 at the same quarter last year, with a final year end outturn under achievement of £139,000 being reported.

Other Service Expenditure

Services are currently forecast to underspend against their non-staffing expenditure budgets by £285,000. The main issues are:

- **Waste Management** – The main reason for the projected underspend is from savings on external transport costs (£52,000) which is the result of green waste being delivered direct from collection routes to the material recycling facility.
- **Council Offices** – An appeal against the 2010 Rating List has resulted in a reduction in rateable value from 520,000 to 435,000 for Causeway House. The reduction is backdated to April 2010, generating a one-off refund in the year of £107,000 with annual an on-going saving of £27,000 (subject to future revaluations and inflation).
- **Planning Policy** – The budget provided for £100,000 (£40,000 funded from earmarked reserve) to be used to prepare a Community Infrastructure Levy enabling the Council to make a charge on proposed developments. Service management has indicated that this project is to be carried out over a two year period, with £25,000 projected spend in the current year and the remaining £75,000 to be carried over into 2014/15. As carry forward requested no variance is shown in statement.
- **Environment** – across the whole range of budgets for supplies and services there are projected underspends of £38,000, with the main variances arising in Building Control, Emergency Planning, and Public Health & Housing.

- **Corporate Overheads** – Recent years has seen a significant reduction in the level of fees set by the Audit Commission. For 2013/14 a further reduction of £17,000 is expected against the amount provided in budget to align with the scale fees confirmed recently by the Council's external auditor.
- **Housing service** – the Council operates a rent in advance scheme funded by a core budget allocation (£28,770) topped up with recycled loan repayments (£7,570) which helps those potentially at risk of homelessness to gain accommodation in the private sector. As the service is demand-led it is difficult to be precise about drawdown on financial resources, but at this quarter, take-up suggest that there could be a £21,000 underspend.

External Income

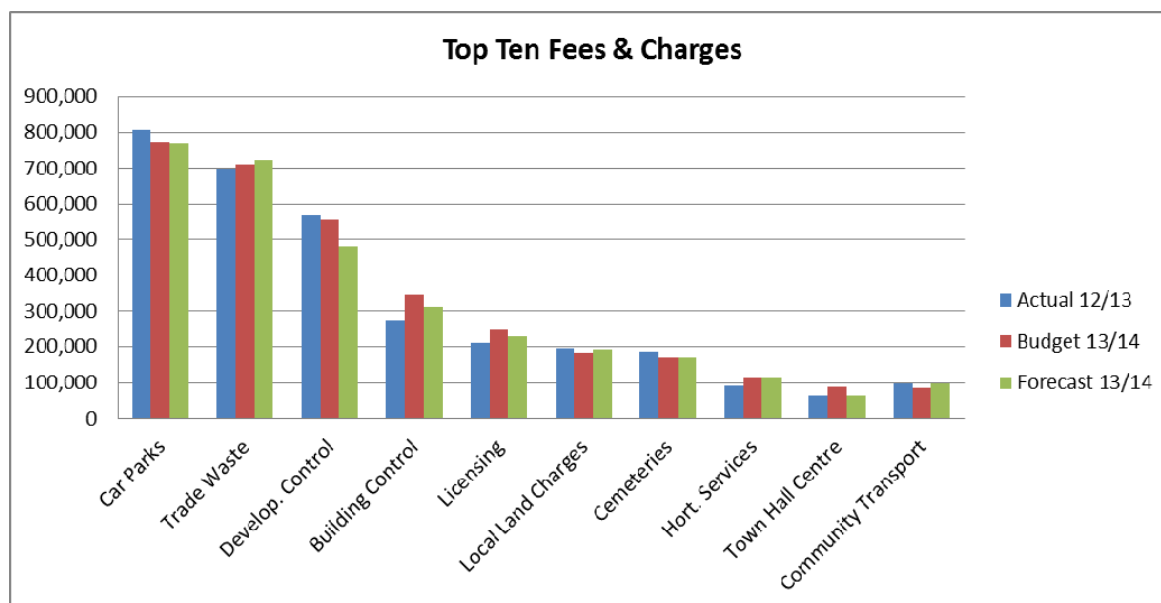
A significant proportion of the Council's budget is reliant on external income. Grants and subsidies from government are a major element, with a total of £52.339 million budgeted for 2013/14. The main elements of government support relate to: housing benefit of £41.959 million, which largely matches the actual cost of benefits paid, Revenue Support Grant (£3.433 million) and Business Rates Retained (£3.046 million). The amount of Business Rates retained will vary depending on the business rates collected, the amount of discounts and exemptions granted and the outcome of appeals, against rateable value, made by the Valuation Office. The remaining grants are fairly stable and are unlikely to fluctuate from budget. However, non-government grant income comes from a variety of sources that are subject to external demands and influences, meaning these income sources are more likely to experience variations against budget. It is currently forecast that services will underachieve against their income budgets by £213,000, as shown in the table below:

External Income excluding Government Grants	Budget £'000	Adverse (positive) variance against budget						RAG Status
		Fees & Charges £'000	Land & Property income £'000	ECC Joint Financing & contributions £000	Sale of Recycling Materials £'000	Other Income £'000	Total £000	
Asset Management	(2,092)	(17)	(11)	-	-	-	(28)	(1%)
Business Solutions	(11)	-	-	-	-	-	-	-
Community Services	(231)	(13)	-	-	-	-	(13)	(6%)
Corporate Management Plan	-	-	-	-	-	1	1	-
Cultural Services	(95)	24	-	-	-	(6)	18	19%
Environment	(778)	51	-	-	-	7	58	7%
Finance	(1,476)	-	-	-	-	(3)	(3)	(<1%)
Governance	(4)	(11)	-	-	-	(3)	(14)	(350%)
Housing Services	(93)	(1)	(10)	-	-	-	(11)	(12%)
Human Resources	-	-	-	-	-	-	-	-
Leisure Services	(267)	-	-	-	-	-	-	-
Operations	(5,213)	(13)	(2)	163	(26)	35	157	3%
Sustainable Development	(916)	65	-	-	-	22	87	9%
Service Total	(11,176)	85	(23)	163	(26)	53	252	2%
Corporate Financing	(206)	-	-	-	-	(39)	(39)	(19%)
Total	(11,382)	85	(23)	163	(26)	14	213	2%

RAG Status: G = favourable or nil variance, A = up to 5% adverse variance or <£50k, R = > 5% (or >£50k at Business Plan level)

Fees & charges

The budget for income from fees & charges is £3.815 million, and is projected to be under achieved by £85,000. The following chart shows the top-ten income streams by budgeted amount:

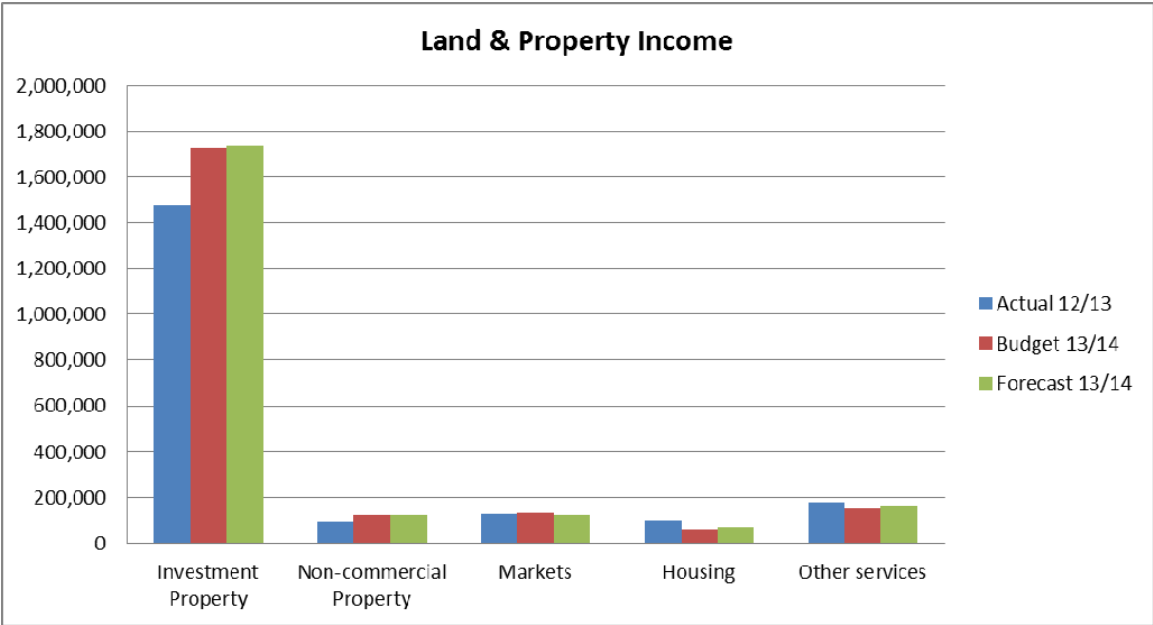


Forecast highlights:

- Overachievement of income of £34,000 is predicted across trade waste, local land charges and community transport
- Development Control shows a central case forecast shortfall of £75,000 for the year, within the range of -£117,000 and -£4,000, based on different scenarios around previous year trends. The downturn may be attributable to permitted development changes where there is no requirement at present for formal planning decisions on certain categories of development.
- Building Control has experienced an improvement in the first quarter's income, which is higher than any previous quarter over the last 2 ½ years. The predicted total for the year is now £312,000, which although lower than budget by £33,000, is an increase from the previous year outturn by £37,000.
- Town Hall Centre income is predicted in line with the previous year outturn which is lower than budget by £18,000.

Land & Property Income

The budget for income from land & property is £2.191 million – comprising the investment property portfolio, markets, housing properties, and other let properties. The forecast for the year is an overall overachievement of £23,000:

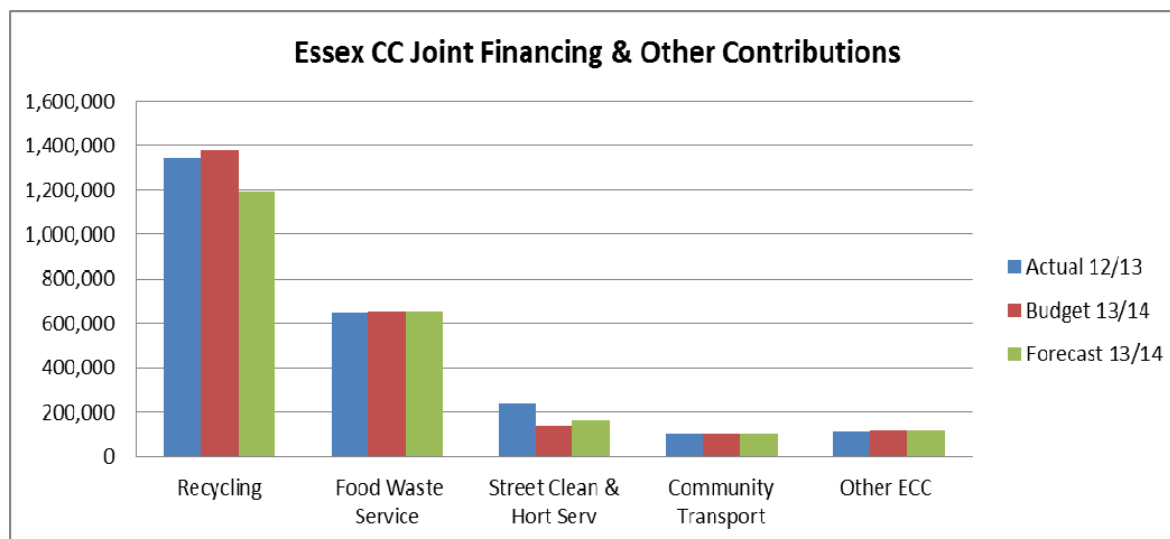


Forecast highlights:

- The planned increase in income from investment property relates mainly to the letting of Mayland House (the annual income budget for this property is £488,000). Overall income from investment properties is predicted to be £10,000 more than budget.
- Market rents are predicted to be under budget by £7,000.
- An overachievement of income on housing dwellings is predicted of £8,000.
- Other service rents are predicted to be higher than budget by £11,000.

ECC Joint Financing & Contributions

The Council receives a significant amount of income from service arrangements with Essex County Council. The total budget for the year is £2.401million. The current forecast for the year is an under-achievement of £163,000. The following chart shows the main areas of income:



Forecast highlights:

- Income under recycling activities is projected to be under budget by £186,000, of which £104,000 relates to an anticipated refund of previous year tipping away payments paid by ECC in error. This also means that £22,000 of budgeted tipping away income for the food waste service is no longer expected to be received. The remaining shortfall under recycling is due to lower material tonnages which attract recycling credits.
- Additional unbudgeted income of £26,000 is expected from rural highway verge cutting.

Sale of Recycling Materials

The budget for income from the sale of recycling materials is £617,000 and is projected to be over achieved by £26,000. The main reason for this variance is an increase in the price per tonne received for glass which was originally assumed for the budget at £23.20, but currently the Council is receiving an average of £32.

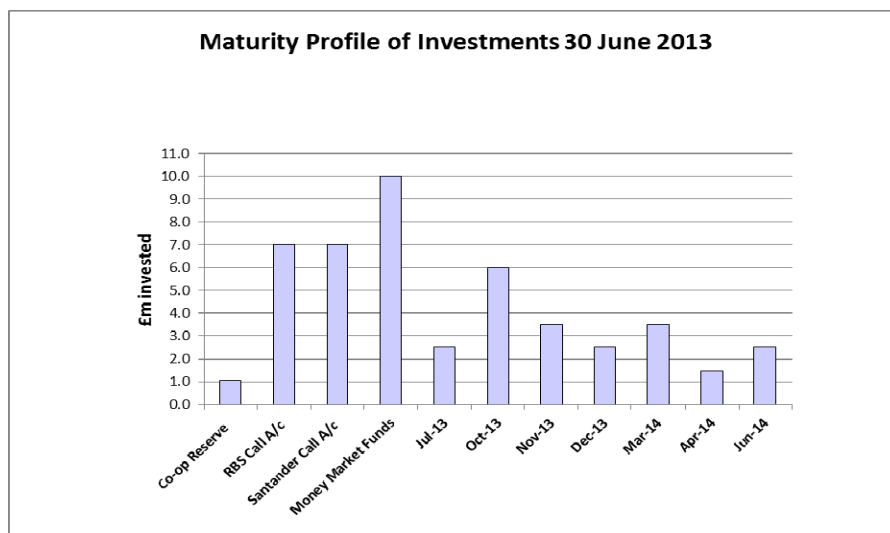
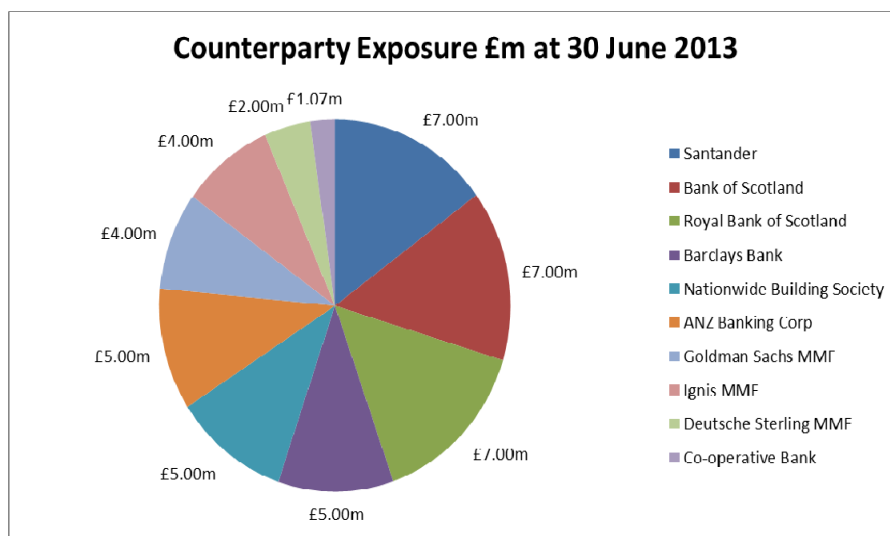
Other Service income

Total budgeted other service income is £2.358 million, with a current forecast of a net overall over achievement of £1,000. The main income streams within this category, includes: £663,000 of benefit and local tax recoveries and penalties, £426,000 relating to the Procurement Hub, £245,000 from precepting authorities under the agreement relating to changes in council tax discounts; and a further £157,000 from service level agreements with Greenfields Community Housing.

Treasury Management

The average cash balance invested in the three month period to the end of June amounted to £47 million, ranging between £33.65 million and £54.35 million. Interest secured to date amounts to £142,000, equating to a return of 0.67% compared to that assumed in the budget of 0.70%. The average 3-month London Interbank Bid Rate (LIBID) averaged 0.44% for the year to date, reflecting the prolonged period of low interest rates.

Counterparty exposure and maturity profile at end of June is shown in the following charts:



Co-operative Reserve, call accounts, and Money Market Funds (MMF) are immediate access accounts.

General Fund Balances

The General Fund balance is held for the following reasons:

- As a contingency against unforeseen events that may require funding above that originally provided for in the approved budget
- To meet short-term or non-recurrent one-off costs that are not provided in the base budget and/ or are incurred to achieve future savings and efficiencies.

Based on the forecast set out above, the movement on the General Fund balance is projected as follows:

Balance b/fwd at 1 April 2013	£'000 7,704
Less:	
Budgeted withdrawal	(353)
Projected variance at this quarter	(197)
Add:	
Estimated surplus on food waste service account	37
Est. Balance at the year-end	7,191

Movements shown on the General Fund balance are in respect of:

- The approved budget for 2013/14 included an anticipated drawdown from balances of £352,519.
- Projected full-year variance as per this quarter's review of £197,000
- Any surplus on the food waste service account is to be transferred to the General Fund balance to repay expenditure incurred in previous years above that of the level of ECC financial support. It was originally anticipated that the amount to be repaid in 2013/14 would be £59,000; however, this has been revised downwards due to the loss of tipping away income.

Risks and Assumptions to the Forecasts

The forecasts reflect the service managers' "best estimate" of the predicted outturn for the year. Previous year outturn and early trends in-year have been considered, however, as always, these are subject to changing circumstances and unforeseen events. Directors and service managers continue to scrutinise all expenditure commitments in light of the planned savings set out in the medium term financial strategy.

Non-government grant income is inherently difficult to predict as it is substantially demand led and impacted by external factors.

No variance has been predicted on the Leisure Service contract at present as the budget includes an allowance which is currently considered sufficient to meet any variation that might be anticipated at this stage.

Capital Investment

The total capital investment expected in the year is as follows:

Approved New Programme for 2013/14	£'000s 3,641
Add:	
Projects approved previously where spending is profiled into the current year	12,082
Programme for 2013/14	15,723

The capital investment programme is reported over two themes:

- General Fund Services – Spending on Council owned assets and services.
- Housing investment – mainly spent on partnership schemes with social landlords, and providing disabled facilities grants and home improvements grants.

The current spend against the programme for the year is shown below:

	Programme 2013/14	Actual spend	Grants approved but not yet claimed	Budget Remaining	Spend/ Grants approved at end of Quarter
	£'000	£'000	£'000	£'000	%
General Fund Services	12,850	910	-	11,940	7%
Housing Investment	2,446	329	122	1,995	18%
Capital Salaries	427	107	-	320	25%
Total	15,723	1,346	122	14,255	9%

General Fund Services programme includes the main construction phase for the new Witham Leisure Centre (£7.5 million out of a total project budget of £9 million), plus over £1 million of improvement works to other leisure facilities. A total of £358,000 is also planned for open space and play area improvements.

Planned housing investment includes £722,000 set aside for disabled facility grants (DFG) and over £1.5 million to assist social housing schemes. In the first quarter £133,000 has been paid in DFG and other home improvement grants to households. Payments towards housing association schemes amounted to £195,000 – these comprise two final instalments and a first stage payment, the schemes for which will result in a total of 21 new affordable homes. A further £825,000 is expected to be paid in the year in relation to the second phase of the Riverside development in Braintree, facilitating an additional 55 affordable homes.

Capital resources

The main source of new capital resources anticipated for the year are from preserved right-to-buy receipts (£400,000) and the Council's share of the VAT shelter operating in conjunction with Greenfields Community Housing (£702,000).

At the end of the first quarter Greenfields reported that there were 6 right-to-buy sales completed generating £360,000 for the Council, and provisional amounts for the VAT shelter total £308,000 at the end of June. Early indications are that the number of right-to-buy sales this year will exceed the number completed last year and the final receipt amount should exceed the budget provision.

A Government grant of £318,000 has been received towards funding for disabled facility grants, and £141,000 received from developers under Section 106 Agreements which will be used on future capital projects.

SECOND QUARTER PERFORMANCE MANAGEMENT REPORT

1ST JULY 2013 TO
30TH SEPTEMBER 2013



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Section 1: Introduction and Summary






Purpose of the Report

The purpose of the report is to demonstrate the performance of the Council at the end of the second quarter (July to September) in relation to the publication of 'Our plans for the District 2013/14'. This sets out the key activities and measures used to check our performance for the year and along with the Corporate Strategy 2012-16 sets out the priorities we are working towards. Further detail is given in relation to a set of business performance indicators covering finances, customer focus, our people and health and safety.






This report does not contain details of the numerous activities ongoing in each service area that also contribute to delivering what is important and will make a difference to all in the District. Full details of all projects and local and national indicators used to measure the outcomes are available upon request.

Summary of the Corporate Projects current position for the end of the second quarter

The following table provides updates for the end of the second quarter in relation to the key activities in 'Our plans for the District 2013/14'




Corporate Priorities	Status of projects and actions				
					
Place	1	7	0	0	0
People	2	8	0	0	0
Prosperity	2	10	0	0	0
Performance	0	5	0	0	0
Partnership <i>(to be reported on at the end of the year)</i>	-	-	-	-	-
TOTAL	5	30	0	0	0

KEY:




-  Project completed
-  Project on target
-  Project scope/target date requires attention
-  Project requires amendment
-  Project aborted/closed

Summary of the Performance Indicators position for the end of the second quarter

The following table shows the performance for the end of the second quarter in relation to the quarterly and annually reported Performance Indicators that have targets set as defined in 'Our plans for the District 2013/14'.

Corporate Priorities	Status of indicators			
				Data Only
Place	2	1	-	-
People	-	1	-	1
Prosperity	2	-	-	-
Performance	6	1	-	-
TOTAL	10	3	0	1

KEY:

-  Performance Indicator has achieved target
-  Performance Indicator is up to 5% below target
-  Performance Indicator is 5% or more off target

Summary Position

Progress in the second quarter has been good with five projects now complete and the remaining projects all on track and progressing well.


Performance has improved since the first quarter, although not all performance indicators have met target, the amber performance indicators have only missed their targets by less than 1%. These indicators will be closely monitored and performance is expected to improve over the year.



Our Priorities

- Keep our district clean and tidy
- Protecting our environment
- Provide green space for everyone to enjoy







Project description and comments	Target Date	Status
Continue a seven day cleaning programme in the town centres, including the use of barrow beats to litter pick, street washing and mechanical sweeping		
Work is on-going in all town centres to maintain a high standard of cleanliness and keep levels of litter to a minimum	March 2014	▶
Enforce non-compliant premises which fail to keep their frontage clean		
Following the success of the station campaign which saw a 45% reduction in dropped cigarette butts, the Council is now working with local businesses to tackle the problem of cigarette butts and other smoking related litter in the town centres. Campaign successfully delivered.	July 2013	✓
Continue to encourage the 'See-it, Report-it' initiative to take action against litter bugs		
In the second quarter there have been 746 see it report it calls. There are a number of campaigns to encourage residents to see it report it and the 'pain in the butt' campaign went live in July to tackle the problem of cigarette butts and other smoking related litter in the town centres	March 2014	▶
Work with Essex Energy partnership and contractors to develop a Green Deal Scheme, supporting homeowners to reduce the energy they use		
Cabinet approved joining the Kent County Council framework and contract with the ECO service provider which will enable the Council to work with an ECO partner to promote and provide energy saving measures for residents this winter. Work continues with the Essex Energy Partnership to create an Essex Framework.	March 2015	▶
Support our customers to increase recycling levels in the District to 60%, getting the best value out of our services		
Doorsteppers are targeting areas where recycling rates and participation in recycling are low. They have been to Braintree, Black Notley, Kelvedon and Feering and will be going out to Witham in October.	March 2014	▶
Double the number of trade waste customers who receive a plastic, cardboard and paper recycling service		
To date, 80 customers have signed up to the new service. Officers have been marketing the service to all existing and potential customers to increase the number of customers taking part in the scheme.	March 2014	▶
Plant more mature trees in our parks and open spaces to improve their appearance and attractiveness, provide shading around play areas and help to conserve and protect the environment within our District		
Weavers Park, Bramble Road Play Area and Bradford Meadows are the sites identified for planting more mature trees to approve their appearance and attractiveness. This is currently out to tender and the planting will take place once the contract has been awarded.	March 2014	▶

Complete works and establish Hoppit Mead as a local nature reserve		
Cabinet need to agree the formal adoption of the site as a local nature reserve. This will take place in December and the end date of the project has been extended accordingly.	December 2013	



Our Priorities

- Support vulnerable people in our community
- Promote safe and healthy living
- Encourage flourishing communities

Project description and comments	Target Date	Status
Design and build of Witham Leisure Centre		
Construction of the Witham Leisure centre continues and is currently on track	August 2014	
Working in partnership with Fusion Lifestyle provide investment to improve the facilities at Halstead Leisure Centre, Braintree Leisure Centre and Braintree Swimming Centre		
Works are currently underway at Halstead Leisure Centre and are due to be completed after Christmas.	January 2014	
Works have now been completed at Braintree Leisure Centre with a new gym, studios and changing rooms providing up to date facilities which is attracting new customers and increasing participation.	August 2013	
The Planning permission for Braintree Swimming Centre has now been approved and a detailed project plan is being drawn up to deliver the improvements by Spring next year.	March 2014	
Establish a Health and Wellbeing Panel working with others to identify priorities and take action to improve the health outcomes for all residents		
A Health and Wellbeing Panel has being established. The first meeting took place in July with organisations around the table who are able to tackle the public health priorities for the district.	December 2013	
Progress the Witham Neighbourhood Budget Pilot by working with partner agencies and the Witham community to raise young people's level of attainment and aspiration through new initiatives and improved ways of working		
The Witham Neighbourhood Budget was renamed as "Our Witham" in line with the government's rebranding of Community Budgets (Our Place!), with a prospectus developed to outline the aims of the partnership to members of the public and stakeholders. The Our Witham Steering Group agreed four key projects to be developed focusing on health, employment and environment. The Our Witham Community Hub opened in the Newlands Shopping Centre to coincide with the Witham Puppet Festival and was visit by approximately 500 residents on the 21st September.	March 2015	











Work with the Police and Crime Commissioner, Essex County Council and other partners to pilot new ways to tackle domestic abuse across the District.		
The pilot to tackle domestic abuse went live in August. At the end of the second quarter, the pilot has engaged with a total of 31 victims in the Braintree district. Victims have been referred to a range of services and support has been provided for housing moves.	March 2014	▶
Build stronger communities through the implementation of the localism programme		
There have been 3 nominations to the list of assets of community value during the second quarter. 47% of councillors have taken part in the member development scheme looking at their experiences, skills, behaviours and development requirements. 67 staff members also took part in a survey on how they volunteer in the local community.	March 2015	▶
Refurbish the play areas at Templars in Witham and Panners Bridge in Gt Notley		
Works have started to refurbish the two play areas and are due to be completed in October 2013.	February 2014	▶
Create a sustainable partnership with Braintree District Museum Trust Ltd to preserve, interpret and promote the unique archive and Museum collections and the Districts heritage for the public benefit		
Discussions continue between the Council and Museum Trust on the future developments and to develop the Trust's business plan.	March 2014	▶



Our Priorities

- Boost employment skills and support business
- Promote and improving our town centres
- Securing appropriate infrastructure and housing growth

Project description and comments	Target Date	Status
Reduce congestion and improve access to Braintree town centre through improvements to the South Street/Fairfield Road junction		
The demolition contractors were appointed in August and an asbestos survey has been completed. Once the buildings have been demolished, detailed designs will be prepared.	May 2014	▶
Support the Town Teams to improve our town centres in Braintree, Halstead and Witham		
Strategies for Witham and Halstead are being developed with external consultants and preparations are underway for a market review which will take place later in the year. A traffic impact assessment has been completed in Braintree looking at the infrastructure around the town centre which will underpin the strategy for the Braintree town centre and future projects to ensure the current infrastructure is adequate to support proposed developments. Preparations have also taken place in September for a one off health and wellbeing pop up market in Braintree in October	March 2014	▶

Backing our Town strategies for Witham and Halstead are being developed with external consultants and preparations are underway for a market review which will take place later in the year.	March 2014	
Start on the expansion of the IGNITE Enterprise Centre at Springwood Drive, Braintree to provide twelve new start up units		
Planning Permission has been secured. Tenders will be let in October/November for a start on site in February/March 2014.	March 2014	
Encourage new businesses into the district and support our local businesses by reviewing our business rate discount scheme		
Cabinet have approved the use of a discretionary business rate discount scheme for a twelve month period which will be made available to businesses on a case by case basis against certain criteria.	March 2014	
Work with IGNITE to create 50 new businesses and deliver new jobs into the District		
IGNITE continue to provide advice and assistance to potential new businesses. A business showcase successfully took place in July with key note speeches from high profile business people, seminars, networking opportunities and a chance for local businesses to exhibit and promote their business at low cost.	March 2014	
Generate opportunities for young people in the District not in education, employment or training through the creation and development of apprentice and pre-apprenticeship schemes		
Green Team - The first NEET training programme (Green Team) for 10 young people has proven to be very successful in Braintree and a further Green Team will be launched in the Witham area in October giving participants the chance to learn as they work on landscaping projects.	January 2014	
Retail Apprentices - Employment of two retail apprentices is now underway and leaflets advising employers about the scheme have been distributed to retail businesses in the town. Interest in the scheme has been minimal and the majority of businesses that have showed interest are not eligible for funding under the terms of the scheme. It has therefore been agreed to extend the terms of the scheme to include Customer Service and Hospitality qualifications and extend it to larger businesses in the town. Seetec continue to meet with businesses that have expressed an interest in the scheme.	March 2014	
Work in partnership with Housing Associations to begin construction on 58 new homes and work with homeowners to bring empty homes back into use across the District		
To date, 61 affordable homes have been provided	July 2014	
At the end of the second quarter, a total of 48 empty homes have been returned to use and four properties are currently being considered by Colne Housing under the empty homes rescue scheme	March 2014	
Develop a long term strategy to support economic growth and prosperity across the District		
The consultation for the Economic Development Prospectus has now closed and the final version is to be approved by the Cabinet Member for prosperity under delegated authority from Cabinet. The Prospectus will form the basis of a delivery plan and investment prospectus across the district.	October 2013	
Adopt District Site Allocations to enable future development which will meet district needs and support growth		
The site allocations and development management plan has been agreed by full Council in September following a number of minor amendments. This is now being prepared for the next round of public consultation due to take place in November.	April 2014	









Our Priorities








- Provide value for money
- Deliver excellent customer service
- Improving our services through innovation

Project description and comments	Target Date	Status
Continue to review how we deliver and commission services, focussing our resources on what is important to us		
Business efficiency reviews are on-going in a number of departments to ensure services are fit for purpose and provide value for money.	March 2015	▶
Use a range of new technology to improve the way we deliver services and make our services easier to access for our customers		
Work is continuing to ensure more transactional services are available to our customers via mobile devices and we continue to ensure content on the Councils website is focused around the customer. Our web-based mapping system (Localview Fusion) has been upgraded and is being used in more places across the website to enable customer's better access to map based information. E.g. Car Parks.	March 2015	▶
Achieve the Customer Service Excellence Standard for all front line services		
Services continue to work through the criteria required and provide evidence to support their application. Environmental will have their full assessment in October with Finance and Sustainable Development pre-assessments taking place in November.	March 2014	▶
Maintain high levels of customer satisfaction, seeking feedback from our customers to identify where we can improve		
Continuing to scope out a project to review the customer service standards	March 2014	▶
The website feedback module went live in July and is currently being monitored. Not a huge amount of feedback has been received but action is taken whenever possible and a number of simple changes have been made in response to feedback	November 2013	▶

Section 3: Managing the Business

Our Performance Indicators in Detail

Performance Indicator	2013/14						Comments
	Q1 Outturn	Q2 Outturn	Q3 Outturn	Q4 Outturn	Target for the Quarter	Status at the end of the Quarter	
Place							
Percentage of land that falls below cleanliness standards for litter	n/a	5%			8%		Recorded 3 times a year – July, November and March
Percentage of household waste sent for reuse, recycling and composting	58.42%	59.19%			60%		Although performance has improved, the hotter weather in the summer saw a reduction in garden waste. This indicator will continue to be closely monitored.
Percentage of fly tips cleared within 24 hours of being reported	100%	100%			100%		A total of 189 fly-tips have been cleared within 24 hours of being reported
Public Satisfaction with parks and open spaces	Annually reported indicator				n/a	n/a	
People							
Number of visitors to our leisure facilities from under-represented groups	156,303	146,550			Establish Baseline	n/a	No target set as currently establishing baseline figures with Fusion.
Number of passenger journeys on the Community Transport Scheme	15,497	14,599			14,649		Age Concern are no longer hiring the community services bus and Carousel have reduced the number of buses they hire. Fewer people are using the rural shopper buses despite continuous promotion from ECC, BDC and the Village Agents. This performance indicator is being closely monitored.
Percentage of Mi Community projects successfully completed	Annually reported indicator				n/a	n/a	
Prosperity							
Number of empty homes in the district returned to use	30	18			14		
Number of affordable homes delivered	55	6			6		
Number of young people assisted into education, employment or training through council and partnership schemes	Annually reported indicator				n/a	n/a	
Percentage of empty shops in the district	Annually reported indicator				n/a	n/a	
Number of new business start-ups in the district	Annually reported Indicator				n/a	n/a	

Performance Indicator	2013/14						Comments
	Q1 Outturn	Q2 Outturn	Q3 Outturn	Q4 Outturn	Target for the Quarter	Status at the end of the Quarter	
Performance							
Percentage of enquiries resolved at first point of contact within the Customer Service Centre	87%	86%			85%		Represents 16754 out of 19460 calls resolved at first point of contact
Time taken to process housing benefit/council tax benefit new claims	19.19 days	17.01 days			18 days		
Time taken to process housing benefit claim changes	7.23 days	5.6 days			6 days		
Percentage of minor planning applications processed within 8 weeks	69.47%	78.16%			72%		
Percentage of stage 1 complaints responded to within target	88.9%	93.3%			90%		Represents 97 out of 104 stage 1 complaints dealt with in 7 working days.
Overall customer satisfaction with the way Braintree District Council runs things	Annually reported Indicator				89%	n/a	
Percentage of residents who agree that Braintree District Council provides value for money	Annually reported Indicator				67%	n/a	
Collection rate for Council Tax	30.60%	59.36%			59.37%		Target has only been missed by 0.01%
Collection rate for business rates	32.60%	60.81%			60.76%		

Customer Services & Views

The following is a selection of our customer service performance measures:

Customer Service: Indicators of Performance					
	Q1	Q2	Q3	Q4	Target
Average telephone response time in the Customer Service Centre	9 seconds	11 seconds			15 Seconds
Number of transactions carried out via the Council website	27,178	25,334			21,250
Percentage of avoidable contacts (collected in Q3 and Q4)	n/a	n/a			Data only

Complaints

The quarterly complaints analysis for the first quarter of 2013/14 is detailed below. This is compared with 2012/13 figures shown in brackets. The figures represent all three stages of the complaints process.

Complaint Category	Q1 2013/14	Q2 2013/14	Q3 2013/14	Q4 2013/14	TOTAL
Justified	45 (89)	44 (84)	(115)	(60)	(348)
Not Justified	58 (106)	60 (100)	(100)	(86)	(392)
Partially Justified	11 (13)	7 (27)	(10)	(7)	(57)
Not known	0 (0)	0 (0)	(0)	(0)	(0)
Total	114 (208)	111 (211)	(225)	(153)	(797)

Comments

The number of complaints received in the second quarter of 2013/14 is once again lower than the number of complaints received in the same period in 2012/13.

The majority of complaints are still regarding missed waste collections, however, numbers are reducing which is a trend being seen across all service areas within the Authority.

In the second quarter of 2013/14, of the 111 complaints received:

- 104 are stage one complaints
- 6 are stage two complaints
- 1 is a stage three complaints

A summary of Local Government Ombudsman cases:

In the second quarter of 2013/14 the LGO have received four complaints and there are three matters from the previous period which are still awaiting decisions. Of the four matters received:

- 1 complaint is currently under investigation
- 1 complaint has been fully investigated and the LGO are satisfied with the actions of the Authority
- 2 complaints the LGO have refused to investigate. One is outside the jurisdiction and for the other complaint, the LGO do not consider the injustice suffered by the complainant is sufficient to warrant the public expense of an investigation by the Ombudsman

Our Organisation

The following is a selection of our people performance measures:

People: Indicators of Performance	Q1 12/13	Q2 12/13	Q3 12/13	Q4 12/13	Change on previous period	Yearly Target
Total headcount	470	473			+ 3	-
Total number of posts	479	483			+ 4	-
Number of temporary staff	47	46			-1	-
Total staff FTE	429.49	430.47			-0.98	-
Level of employee turnover	3.4%	2.5%			-0.9%	-
Number of vacant posts	20	17			-3	-
Number of leavers	16	15			-1	-
Number of starters	20	12			-8	-
Working days lost to sickness per employee	1.35 days	1.39 days			+0.04 days	8.0 days
Percentage of staff with nil sickness	70%	80%			+10%	-
Number of learning days	844.50	887.50			+43	-
Average learning days per employee	1.97	1.88			-0.09	≥3.5 days
Number of apprentices	11	11			0	-

Year on Year Headcount Analysis	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
	586	567	541	503	485	466

Health & Safety

The following is a selection of our health and safety performance measures. The data is for information purposes only.

Health and safety is a crucial responsibility of everyone within the organisation. This information is used to improve the management of health and safety and making the workplace safer for staff and our customers.

Health & Safety: Indicators of Performance	Q1	Q2	Q3	Q4	
	(2011/12 figure in brackets)				
Total number of reported accidents/ incidents, calculated from:	14 (21)	14 (17)	(8)	(12)	"Hit by a moving object" was the main cause of accidents to employees this quarter. Two members of staff were hit by the large glass fronted door of a noticeboard in Braintree High Street during high winds whilst posting information on the board
<i>a. Accidents/ incidents to employees</i>	9 (17)	10 (13)	(7)	(9)	
<i>b. Accidents/ incidents to contractors</i>	2 (2)	2 (1)	(0)	(3)	
<i>c. Accidents/ incidents to non-employees</i>	3 (2)	2 (3)	(1)	(0)	
Time lost in days due to employee accidents/ incidents	23 (39)	8 (7)	(4)	(6)	
Number of reported verbal/ physical incidents to employees	2 (1)	1 (3)	(0)	(0)	
Number of near miss incidents	2 (1)	0 (0)	(0)	(0)	
Number of Accidents/ incidents registered resulting in insurance/ compensation claim	0 (3)	1 (2)	(2)	(1)	
Number of claims settled	0 (0)	0 (0)	(0)	(0)	

Financial Performance

This part of the report provides an updated review of the financial position for the financial year 2013/14. It examines the forecast spending on day-to-day service provision compared to the budget for the year. Also included is a summary position for treasury management at the end of September; projected movements on General Fund balances and earmarked reserves; and a summary of spending to date on capital investment projects.

Second Quarter Financial Position Statement for 2013/14

Key Points:

- The Council is forecasting an overall underspend for the year of £60,000 (<1%) against the budget of £15.841 million. This is an improvement of £257,000 over the position reported at the first quarter (Q1) mainly due to earlier achievement of savings required to address future budget pressures, and an overall improvement in expected external income.
- The budget variance comprises a projected under achievement of income of £56,000 (£198,000 at Q1), offset by a net underspend against staff and other expenditure budgets of £116,000 (£1,000 at Q1).
- Based on known staffing changes to date and their financial impact on the year, a shortfall against the efficiency target is currently projected of £235,000 (this is included in the above overall underspend). This is an improvement on Q1 by £49,000 and may change further depending on staffing changes effective in the second half of the year.

Financial Forecast of Revenue Spending by Services

Business Plan Service	Budget £'000	Forecast Spend £'000	Adverse (positive) variance against budget				RAG Status
			Staffing £'000	Other Expenditure £'000	Gross Income £'000	Total £'000	
Asset Management	(1,410)	(1,448)	(2)	7	(43)	(38)	-3%
Business Solutions	1,961	1,839	(5)	(117)	-	(122)	-6%
Community Services	523	449	(16)	(46)	(12)	(74)	-14%
Corporate Management Plan	1,231	1,212	(6)	(13)	-	(19)	-2%
Cultural Services	257	276	6	10	3	19	7%
Environment	981	987	(24)	(22)	52	6	1%
Finance	1,572	1,422	(75)	(72)	(3)	(150)	-10%
Governance	1,345	1,308	(6)	(6)	(25)	(37)	-3%
Housing Services	871	815	(12)	(34)	(10)	(56)	-6%
Human Resources	290	278	(14)	2	-	(12)	-4%
Leisure Services	904	904	-	-	-	-	-
Operations	4,026	4,081	8	(62)	109	55	1%
Sustainable Development	1,358	1,372	(6)	(4)	24	14	1%
Service Total	13,909	13,495	(152)	(357)	95	(414)	-3%
Corporate Financing	2,319	2,286	-	6	(39)	(33)	-1%
Efficiency target	(387)	-	387	-	-	387	
Total	15,841	15,781	235	(351)	56	(60)	<1%

RAG Status: G = favourable or nil variance, A = up to 5% adverse variance or <£50k, R = > 5%

Commentary

Staffing

Across service business plans there are projected salary underspends of £152,000. The corporate efficiency target was set at £387,000 for the year which includes £296,820 that would normally be met through staff turnover and a further £90,260 targeted at savings generated from service reviews. At this quarter's review there is a projected shortfall against meeting the target from salaries for the year of £235,000, based on known staffing changes to date.

Business Plan – Salary Budgets	Budget	Forecast Spend for the year	Adverse/ (positive) variance	RAG Status
	£'000	£'000	£'000	
Asset Management	262	260	(2)	-1%
Business Solutions	827	822	(5)	-1%
Community Services	450	434	(16)	-4%
Corporate Management Plan	1,112	1,106	(6)	-1%
Cultural Services	248	254	6	2%
Environment	1,565	1,541	(24)	-2%
Finance	2,313	2,238	(75)	-3%
Governance	601	595	(6)	-1%
Housing Services	639	627	(12)	-2%
Human Resources	254	240	(14)	-6%
Leisure Services	55	55	-	-
Operations	4,441	4,449	8	1%
Sustainable Development	1,531	1,525	(6)	-1%
Service Total	14,298	14,146	(152)	-1%
Efficiency target	(387)		387	
Net Total	13,911	14,146	235	<2%

RAG Status: G = favourable or nil variance, A = up to 5% adverse variance, R = > 5%

The main issues are:

- Savings on staff costs have occurred due to delaying filling vacant posts, appointments being made at lower salary grade points, and some reductions in working hours. In addition, some changes have been made in anticipation of the need to achieve future budget savings.
- The shortfall against efficiency target has reduced by £49,000 from that reported at the Q1.
- Within Operations reduced staffing costs in horticultural services from vacancies are offset by higher costs incurred in waste management from employing agency staff to cover for long-term sickness. In street cleansing services work has been re-allocated to direct staff instead of using sub-contractors (the reduced spend on sub-contractors is shown as a positive variance of £10,000 against the budget for Other Service Expenditure).
- The forecast shortfall against the efficiency target was £147,000 at the same quarter last year, with a final year end outturn under achievement of £139,000 being reported.

Other Service Expenditure

Services are currently forecast to underspend against their non-staffing expenditure budgets by £352,000 – an increase in underspend from that reported at Q1 by £65,000. The main issues are:

- **Waste Management** – The main reason for the projected underspend is due to savings on external transport costs (£52,000) which is the result of green waste being delivered direct from collection routes to the material recycling facility. There is also a budgeted surplus on the food waste service of £36,000 which offsets costs incurred in previous years – this surplus is lower than originally anticipated due to the cessation of tipping away payments by Essex County Council.
- **Discretionary Business Rate Relief** – In previous years a proportion of the cost of granting discretionary business rate relief was borne by the Council rather than the national business rate pool and charged to relevant services. This cost has now been absorbed into the business rate retention scheme and is therefore reflected in the overall financing arrangements for the Council's budget. Consequently, budgets totalling £144,000 held under services are no longer required. However, a new scheme of relief for business ratepayers has been approved for which £100,000 is to be set-

aside for its first year of operation. This amount has therefore been deducted from the budget savings leaving a net positive variance in the current year of £44,000.

- **Community Services** – across this service area there is a projected underspend of £45,000, which includes budgets where on-going savings have been recognised and budgets provided for previous community-based initiatives. The service is currently undergoing a review, reappraising its strategic and service priorities which will determine the future need and allocation of resources.
- **Council Offices** – An appeal against the 2010 Rating List has resulted in a reduction in rateable value from 520,000 to 435,000 for Causeway House. The reduction is backdated to April 2010, generating a one-off refund in the year of £107,000 with annual an on-going saving of £27,000 (subject to future revaluations and inflation).
- **Planning Policy** – A budget provision of £100,000 (£40,000 funded from earmarked reserve) was agreed for preparation work for the introduction of a Community Infrastructure Levy enabling the Council to make a charge on proposed developments. Service management has indicated that the spend on this project will now be incurred in the next financial year and therefore the funding is to be carried over. As carry forward requested no variance is shown in this statement.
- **Corporate Overheads** – Recent years has seen a significant reduction in the level of fees set by the Audit Commission. For 2013/14 a further reduction of £17,000 is expected against the amount provided in the budget to align with the scale fees confirmed by the Council's external auditor. A saving of £8,500 (£17,000 in a full year) is expected from renewal of insurance premia, and bank charges are expected to be £6,000 lower per annum than previously was assumed after changing arrangements for collecting income previously received in cash.
- **Housing service** – the Council operates a rent in advance scheme funded by a core budget allocation topped up with recycled loan repayments to help those potentially at risk of homelessness. As the service is demand-led it is difficult to be precise about the drawdown on financial resources, however, it is predicted that there could be a £15,000 underspend. The budget also made provision for a total sum of £150,000 to be spent in 2013/14 and 2014/15 to support residents from the impact of the welfare reforms. Current indications are that funds will not be required this year, however, the service manager has requested these be retained for possible future need and therefore no projected variance is shown.

External Income

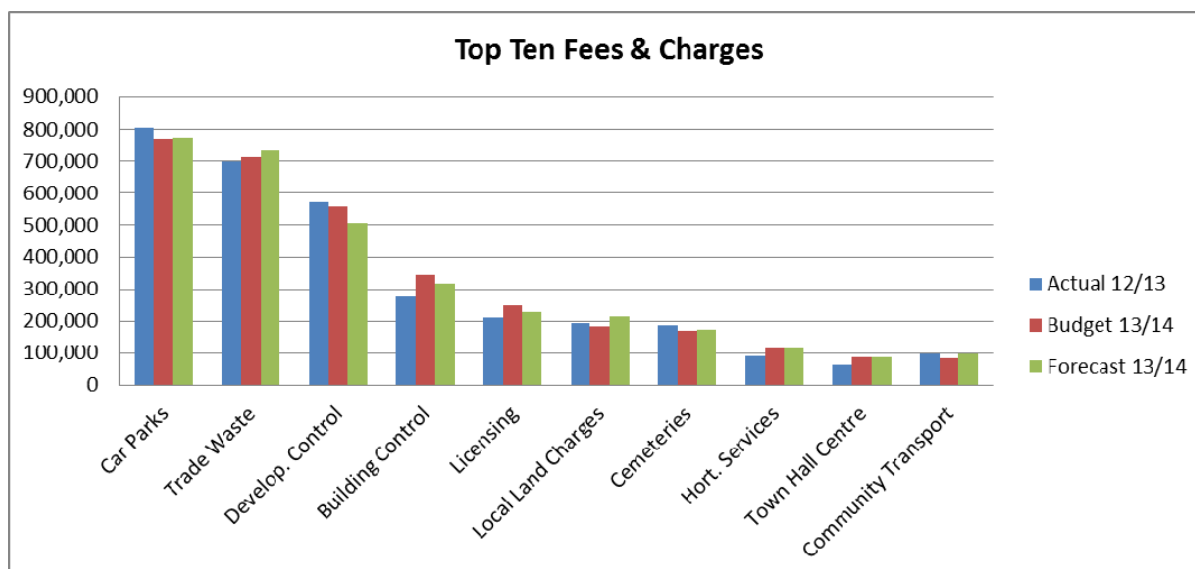
A significant proportion of the Council's budget is reliant on external income. Grants and subsidies from government are a major element, with a total of £52.339 million budgeted for 2013/14. The main elements of government support relate to: housing benefit of £41.959 million, which largely matches the actual cost of benefits paid, Revenue Support Grant (£3.433 million) and Business Rates retained (£3.046 million). The amount of Business Rates retained will vary depending on the business rates collected, the amount of discounts and exemptions granted and the outcome of appeals, against rateable value, made by the Valuation Office. The remaining grants are fairly stable and are unlikely to fluctuate from budget. However, non-government grant income comes from a variety of sources that are subject to external demands and influences, meaning these income sources are more likely to experience variations against budget. It is currently forecast that services will underachieve against their income budgets by £56,000, as shown in the table below:

External Income excluding Government Grants	Budget £'000	Adverse (positive) variance against budget						RAG Status
		Fees & Charges	Land & Property income	ECC Joint Financing & contributions	Sale of Recycling Materials	Other Income	Total	
		£'000	£'000	£000	£'000	£'000	£000	
Asset Management	(2,092)	(18)	(23)	-	-	(2)	(43)	2%
Business Solutions	(11)	-	-	-	-	-	-	-
Community Services	(231)	(13)	-	-	-	1	(12)	5%
Corporate Management Plan	-	-	-	-	-	-	-	-
Cultural Services	(95)	-	-	-	-	3	3	-3%
Environment	(803)	46	-	-	-	6	52	-6%
Finance	(1,284)	0	-	-	-	(3)	(3)	1%
Governance	(4)	(17)	-	-	-	(8)	(25)	625%
Housing Services	(93)	(1)	(10)	-	-	1	(10)	11%
Human Resources	-	-	-	-	-	-	-	-
Leisure Services	(267)	-	-	-	-	-	-	-
Operations	(5,202)	(28)	(3)	133	(11)	18	109	-2%
Sustainable Development	(916)	22	0	0	0	2	24	-3%
Service Total	(10,998)	(9)	(36)	133	(11)	18	95	-1%
Corporate Financing	(250)	-	-	-	-	(39)	(39)	16%
Total	(11,248)	(9)	(36)	133	(11)	(21)	56	<-1%

RAG Status: G = favourable or nil variance, A = up to 5% adverse variance or <£50k, R = > 5% (or >£50k at Business Plan level)

Fees & Charges

The budget for income from fees & charges is £3.840 million, and is projected to be over achieved by £9,000. The following chart shows the top-ten income streams by budgeted amount:

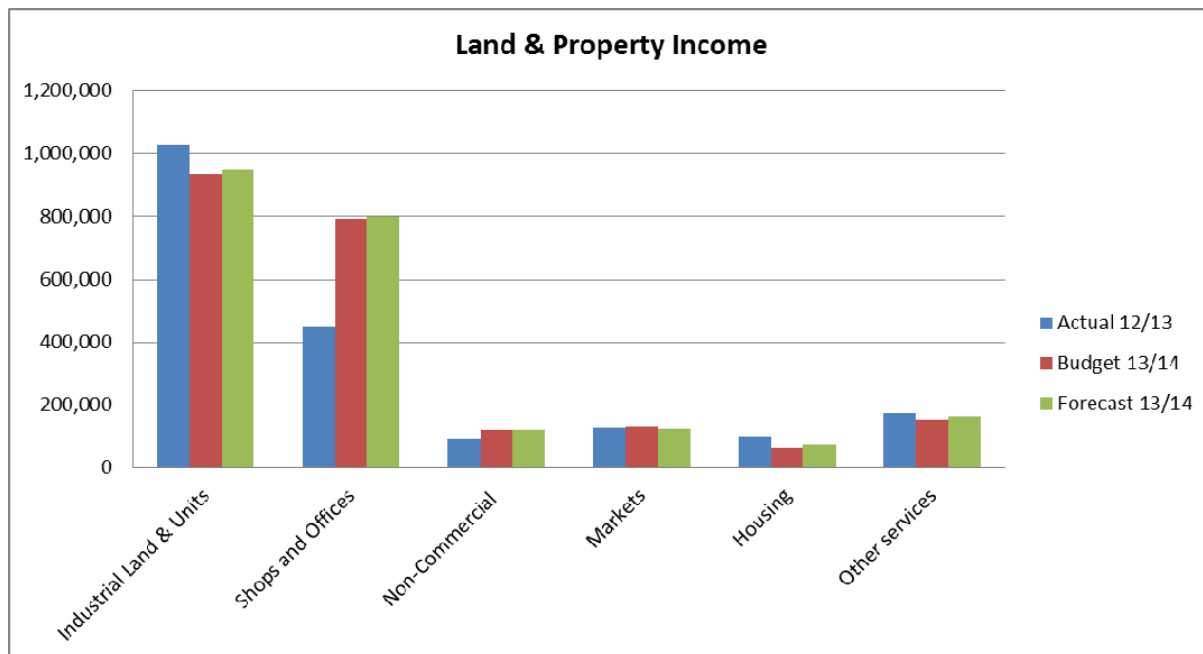


Forecast highlights:

- Additional income of £64,000 is predicted from trade waste, local land charges and community transport.
- Development control shows a central case forecast shortfall of £52,000 for the year, within a range of -£33,000 and -£76,000. The downturn is attributable to changes to planning regulations which means that there is currently no requirement for planning decisions on certain categories of development.
- Building Control continues to experience improvement in income compared to last year. The predicted total for the year is now £317,000, which although lower than budget by £28,000, is an increase from the previous year outturn by £42,000.
- Town Hall Centre income is now predicted to be in line with budget following commitments obtained to long-term lettings. This is an improvement on the last quarter of £24,000.
- Licensing income is predicted to be under budget by £18,000, which is after allowing for increased income under new laws covering licensing of Scrap Metal Dealers.

Land & Property Income

The budget for income from land & property is £2.198 million – comprising the investment property portfolio, markets, housing properties, and other let properties. The forecast for the year is an overall over achievement of £36,000.

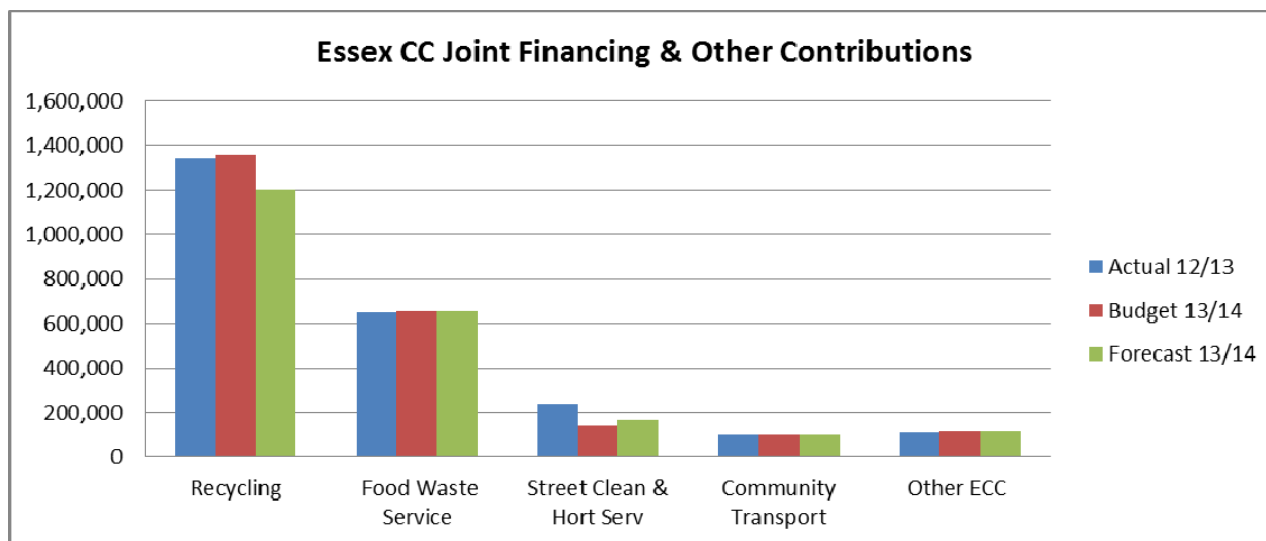


Forecast highlights:

- Previous year actuals for Industrial Land & Units includes one-off income arising from backdated rent reviews.
- The planned increase in income from Shops and Offices relates mainly to the letting of Mayland House (the annual income budget for this property is £488,000).
- Overall income from the commercial property portfolio is predicted to be £23,000 more than budget.
- Market rents are predicted to be under budget by £6,000.
- An overachievement of income on housing dwellings is predicted of £8,000.
- Other service rents are predicted to be higher than budget by £11,000.

ECC Joint Financing & Contributions

The Council receives a significant amount of income from service arrangements with Essex County Council (ECC). The total budget for the year is £2.378 million. The current forecast for the year is an under-achievement of £133,000.



Forecast highlights:

- Income under recycling activities is projected to be under budget by £149,000, of which £104,000 relates to an agreed refund of previous year tipping away payments paid by ECC in error. The remaining shortfall is due to lower material tonnages which attract recycling credits.
- Additional unbudgeted net income of £26,000 is expected from rural highway verge cutting.

Sale of Recycling Materials

The budget for income from the sale of recycling materials is £617,000 and is projected to be over achieved by £11,000. The main reasons for this variance is an increase in the price per tonne received for glass – up from £23.20 to an average of £32 contributing an estimated extra amount of income of £27,000; however, this is partially offset by a reduction in the estimated tonnage sold for mixed dry materials resulting in £15,000 less anticipated income.

Other Service income

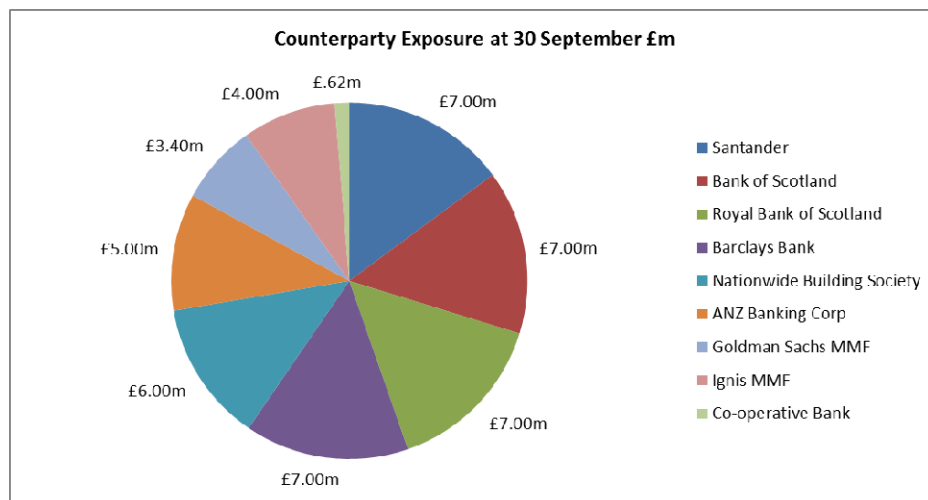
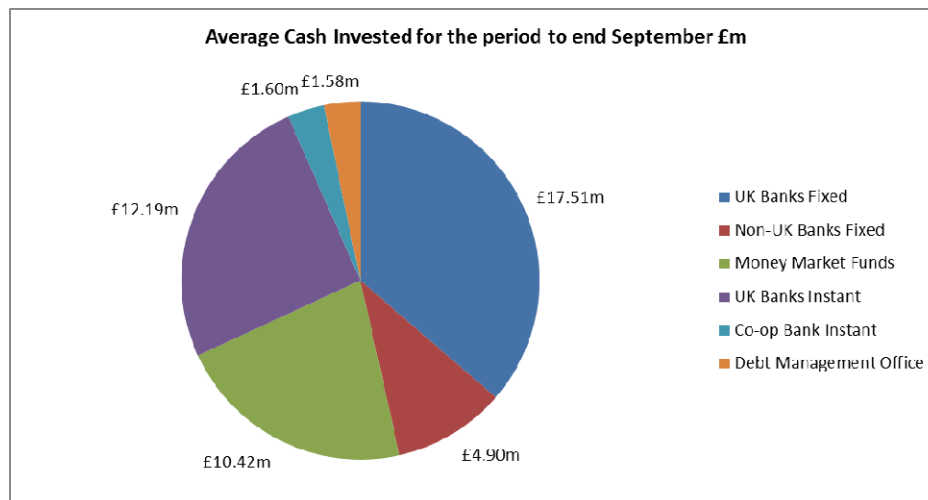
Total budgeted other service income is £2.215 million, with a current forecast of a net overall over achievement of £21,000. The main income streams within this category, includes: £661,000 of benefit and local tax recoveries and penalties, £426,000 relating to the Procurement Hub, £245,000 from the major precepting authorities under an agreement to share the benefit of changes in council tax discounts; and a further £121,000 from service level agreements with Greenfields Community Housing.

Treasury Management

The average cash balance invested in the period to the end of September amounted to £48 million, ranging between £33.65 million and £54.35 million. Interest secured to date amounts to £185,000, equating to a return of 0.64% compared to that assumed in the budget of 0.70%. For comparison purposes the average 3-month London Interbank Bid Rate (LIBID) averaged 0.44% for the year to date, reflecting the prolonged period of low interest rates. Total interest projected for the year is £252,000 compared to a budget of £220,000, an increase of £32,000. This results from a combination of higher estimated cash balances partially offset by the lower investment returns being achieved.

At the end of September the Council had £47.02 million invested.

Investment counterparties for the period and exposure at end of September is shown in the following charts:



General Fund Balances

General Fund balances are held for the following reasons:

- As a contingency against unforeseen events that may require funding above that originally provided for in the approved budget

- To meet short-term or non-recurrent one-off costs that are not provided in the base budget and/ or are incurred to achieve future savings and efficiencies.

Based on the forecast set out above, the movement on the General Fund balance is projected as follows:

	£'000
Balance at 1 April 2013	7,704
Less:	
Approved budgeted withdrawal	(353)
Add:	
Projected variance at this quarter	60
Est. Balance at 31 March 2014	7,411

Movements shown on the General Fund balance are in respect of:

- The budget approved by Council for 2013/14 included an anticipated drawdown from balances of £352,519.
- Projected full-year variance as per this quarter's review of £60,000

Earmarked Reserves

Earmarked reserves reflect funding set aside for a specific purpose and must be utilised in accordance with this purpose. The following table sets out the latest plans for movement on reserves in the current year:

Category of Earmarked Reserve	Balance at 1 April 2013 £'000	Estimated Movement £'000	Est. Balance at 31 March 2014
Capital Investment	3,170	987	4,157
New Homes Bonus (Year 3 allocation)	-	606	606
Risk Management	301	31	332
Service Reserves	2,930	(241)	2,689
Change Management	375	(87)	288
Total	6,776	1,296	8,072

Commentary on estimated movement on earmarked reserves:

Capital Investment reserves show an increase mainly due to the addition of New Homes Bonus (Year 1 and 2 allocations) which the Council has agreed would be earmarked for future investment in affordable housing and infrastructure projects. Allocations from these reserves are subject to progress of spend against the Council's capital programme and decisions taken on financing the spend.

New Homes Bonus (Year 3 allocation) is currently being held in reserve pending decisions around its future use.

Risk Management reserves includes £72,000 added to the treasury management reserve - £40,000 in line with the interest equalisation strategy adopted in the four-year Medium Term Financial Strategy, and £32,000 over achieved interest projected for the current year. An allocation of £24,000 is planned from the insurance reserve to meet the cost of security improvements at the Lakes Road depot.

Service Reserves have a projected net movement of -£241,000, which is less than the originally budgeted by £46,000. Main changes from that originally planned include the addition to reserves of government grants received for welfare support, localisation of council tax support, and community rights where there are no immediate plans for their use; balances to be held in reserve as requested by service management for Housing (welfare reform) and Development Service (Community Infrastructure Levy); and an anticipated drawdown of £90,000 by the Operations service against monies set aside in 2012/13 for redesign of waste management services and to extend the door stepping campaign to promote recycling.

Change Management reserves are projected to reduce by £87,000, which is in line with the movement reflected in the original budget. Spending met from these reserves is incurred to achieve corporate improvements and/ or to realise on-going staffing savings.

Risks and Assumptions to the Forecasts

The forecasts reflect the service managers' "best estimate" of the predicted outturn for the year. Previous year outturn and trends in-year have been considered, however, as always, these are subject to changing circumstances and unforeseen events. Directors and service managers continue to scrutinise all expenditure commitments in light of the planned savings set out in the medium term financial strategy.

Non-government grant income is inherently difficult to predict as it is substantially demand led and impacted by external factors.

No variance has been predicted on the Leisure Service as the budget for this service includes an allowance for contract variations which is currently considered sufficient to meet any variation.

Capital Investment

The total capital investment expected in the year is as follows:

Approved New Programme for 2013/14	£'000s 3,641
<u>Add:</u>	
Projects approved previously where spending is profiled into the current year	12,082
Projects approved in-year	13
Programme for 2013/14	15,736

The capital investment programme is reported over two themes:

- General Fund Services – Spending on Council owned assets and services.
- Housing investment – mainly spent on partnership schemes with social landlords, and providing disabled facilities grants and home improvements grants.

The current spend against the programme for the year is shown below:

	Programme 2013/14	Actual spend	Grants approved but not yet claimed	Budget Remaining	Spend/ Grants approved at end of Quarter
	£'000	£'000	£'000	£'000	%
General Fund Services	12,863	3,461	-	9,402	27%
Housing Investment	2,446	507	132	1,807	26%
Capital Salaries	427	214	-	213	50%
Total	15,736	4,182	132	11,422	27%

General Fund Services programme includes the main construction phase for the new Witham Leisure Centre (£7.5 million out of a total project budget of £9 million) which is due to be completed in August 2014, plus over £1 million of improvement works to other leisure facilities. A total of £358,000 is also planned for open space and play area improvements.

Planned housing investment includes £914,000 set aside for disabled facility (DFG) and other home improvement grants against which £312,000 has been paid up to end of September. A further £1.5 million is provided to support the building of affordable homes in partnership with housing associations.

Actual spend on capital projects during the second quarter amounted to £2.836 million compared to that in the first quarter of £1.346 million.

Capital resources

The main source of new capital resources anticipated for the year are from preserved right-to-buy receipts (£400,000) and the Council's share of the VAT shelter operating in conjunction with Greenfields Community Housing (£702,000).

Greenfields have reported that there were 18 right-to-buy sales completed in the first six month of the year generating over £1 million in capital resources for the Council. This compares favourably with the budget and the total for the previous year when 16 sales were completed generating £684,000. Provisional amounts for the VAT shelter total £450,000 to the end of September.

A Government grant of £318,000 has been received towards funding for disabled facility grants. Income of £141,000 has been received from developers under Section 106 Agreements which will be used on future capital projects.

Key Financial Indicators – 30th November 2013		Agenda No: 6
Corporate Priority: Deliver excellent, cost effective and valued services Report presented by: Trevor Wilson, Head of Finance Report prepared by: Trevor Wilson, Head of Finance		
Background Papers: Agenda item 10 Audit Panel 21 st September 2006		Public Report
Options: To accept or request further clarification on the financial performance indicators recorded as at 30 th November 2013.		Key Decision: NO
Executive Summary: The attached schedule (Appendix A) of key financial indicators provides details of performance recorded for the financial year to 30 th November 2013. Commentary: a) The General Fund revenue account shows an underspend against profile of £208,000 for the period. The anticipated outturn for the year is, however, a net underspend of £59,800, predicted at the Quarter 2 review. The main reason for the anticipated variation is that savings on the salary budgets in the remainder of the year will be insufficient to achieve the efficiency factor. b) The total budget for Salaries for the year is £13,851,500. Salaries are under budget by £145,000, after meeting the profiled efficiency factor for eight months of £258,000. The balance of the efficiency factor is £129,000, which at this time it is not anticipated will be achieved by the year end. c) Expenditure on capital projects was £5.367million. Nearly two-thirds of the capital programme consists of the new leisure facility in Witham and local authority social housing grants. These and the majority of the other projects are progressing as planned: an exception is work on open spaces paths which is currently on-hold pending discussions with residents. In addition an underspend on the contingency sum for the Causeway House refurbishment project, of £49,000, has been vired for urgent works to the chapel and lodge at Braintree Cemetery. d) The collection rate as at the end of November is 78.12%, which compares to a rate of 78.76% for the same period last year. The rate is 0.64% lower and this is due in part to the introduction of the new local council tax support scheme and the introduction of the option to pay over twelve instalments rather than ten. The new support scheme requires all working age claimants to pay a minimum of 20% of their council tax liability. Additional actions are being taken to contact those residents who have not paid and to refer those that are experiencing financial hardship to the Citizens Advice Bureau for money advice. If after the referral it is determined that the resident is in exceptional financial hardship then an award from the Council's Exceptional Hardship Fund can be made. 41 allocations have been approved from the Fund at a value of £9,092.		

- e) The total Business Rates (National Non-Domestic Rates) debit for the year is £41.46million. The collection rate as at the end of November is 79.85%, which is marginally less than the rate achieved for the same period last year of 79.97%.
- f) A total of 455 write-offs of Council Tax, with a total value of £47,000, have been authorised in the period to 30th November: 111 in respect of the current year and 344 in respect of previous financial years.
- g) A total of 85 write-offs of Business Rates, with a value of £142,000, have been authorised in the period to 30th November: 22 in respect of the current year and 63 in respect of previous financial years.
- h) The amount of sundry debts owed to the Council, i.e. monies other than for Council Tax and NNDR, was £2.893million, of which £1.126million was in respect of Housing Benefit overpayments. The target for 2013/14 is to reduce the debt outstanding, excluding Housing Benefit overpayments and the Museum Trust debt, to £575,000 or less by 31 March 2014.
- i) The summary of sundry debts in the attached schedule shows figures of: £248,000 for invoices raised in respect of charges for services provided: Democratic, etc: the majority relates to invoices raised on suppliers for rebates due as local authorities have used the Council's procurement framework agreements; and £189,000 for invoices raised in respect of service level agreement charges and mainly consists of £90,000 to Tabor Academy and £95,000 to residents of Twin Oaks, Stisted. 206 sundry debts with small balances were authorised for write-off with a total value of approximately £10,000.
- j) Treasury Management. The rate of return achieved on investment of the Council's balances and funds in the year to 30th November was 0.62%, with new investments placed during November also achieving an average of 0.62%. Whilst this is below the budgeted return of 0.7% the amount of interest received is expected to be greater than the budget this is because the amount available for investment has been higher than expected.
- k) An eleventh dividend, of £25,721.34, was received from Kaupthing Singer and Friedlander bank on 20th December. This takes the total repayment received to £838,516. The total value of repayments received from all three Icelandic banks, principal and interest, is £3.319million with a further sum of ISK 42,936,596 (£237,000 equivalent based on the Central Bank of Iceland FX rate) held in an escrow account in Iceland. Further repayments are expected in respect of the investments with Landsbanki and Kaupthing, Singer & Friedlander banks. The Council has recorded an interest in participating in an auction of Landsbanki claims.
- l) Detail of the Council's investment portfolio as at 30th November 2013 is provided in the Treasury Management report included as a separate item on this meeting agenda.

Decision:

Members are asked to accept the report of the Key Financial Indicators as at 30th November 2013

Purpose of Decision:

To provide evidence that the Council adopts good practice in actively monitoring its financial performance and actively manages issues that may arise.

Corporate implications [should be explained in detail]	
Financial:	Contained in the report.
Legal:	None
Equalities/Diversity	None
Customer Impact:	No direct impact but process of monitoring financial performance provides assurance of this element of the Council's governance arrangements.
Environment and Climate Change:	None
Consultation/Community Engagement:	None
Risks:	Regular consideration of a suite of Financial Health Indicators is recommended good practice
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Key Financial Indicators at 30th November 2013
APPENDIX A

	Full Year Budget	Actual as at 30 Nov. 2013	Profile to 30 Nov. 2013	Variance from Profile	
	£'000	£'000	£'000	£'000	%
General Fund - Revenue (Controllable)	15,841	8,934	9,142	-208	-2.3%
Capital Programme (Excl. capital salaries incl. below)	15,296	5,367			
General Fund - Salaries	13,852	9,424	9,279	145	1.6%

	Full Year Target	Actual as at 30 Nov. 2013	Actual as at 30 Nov. 2012	Variance
Council Tax collection in year - %	98.00%	78.12%	78.76%	-0.64%
Council Tax collection - collectable for year - £m		£81.82	£80.53	£1.29
Write-offs in year (April to Nov.) - £'000		£14.0	£9.0	£5.0
Write-offs in year - (April to Nov.) - number		111	213	-102
Write-offs all years (April to Nov.) - £'000		£47	£67	-£20
Write-offs all years - (April to Nov.) - number		455	749	-294
Business Rates collection in year - %	98.50%	79.85%	79.97%	-0.12%
Business Rates collectable for year - £m		£41.16	£40.08	£1.08
Write-offs in year (April to Nov.) - £'000		£23	£93	-£70
Write-offs in year - (April to Nov.) - number		22	38	-16
Write-offs all years (April to Nov.) - £'000		£142	£348	-£206
Write-offs all years - (April to Nov.) - number		85	113	-28
Creditors - payment of invoices within 30 days of receipt	98.5%	99.2%	99.0%	0.18%

Debtors - Balance Outstanding	31-Mar-12	31-Mar-13	31-Jul-13	30-Nov-13	Variance July to Nov.
	£'000	£'000	£'000	£'000	%
Service Level Agreement charges - principally Tabor Academy and residents of Twin Oaks, Stisted	59	17	5	189	3680.0
Capital Projects - currently - development site, east of High Street, Halstead	2	3	5	5	0.0
Charges for services provided by: Democratic Services, Training Services, Procurement Services, etc.	35	9	22	248	1027.3
Charges for services provided by: ICT, Marketing, Offices, Elections, etc	6	5	49	53	8.2
Development	57	23	32	33	3.1
Finance	373	411	330	270	-18.2
Leisure	90	261	192	230	19.8
Operations	869	785	1092	630	-42.3
Housing	147	89	97	109	12.4
Sub-Total - excluding Hsg. Benefits	1,638	1,603	1,824	1,767	-3.1
Housing Benefits	606	851	945	1,126	19.2
Total	2,244	2,454	2,769	2,893	4.5
Amount of Debt Outstanding at Year End excluding Housing Benefits, Museum Trust, charging orders in place and invoices raised in respect of the following year.	580	1,261	964	1,260	31%
Target for 2013/14 is for Debt Outstanding (excluding Housing Benefits, Museum Trust debt, charging orders and large value invoices raised in final days of November 2013) to be £0.575million by 31 March 2014				575	685
Profile by Recovery Stage:					
Invoice	1,543	1,526	1,662	1,490	
Reminder	135	210	349	501	
Final Notice	133	164	213	270	
Pre-legal	120	105	134	312	
Bailiff	270	403	369	275	
Tracing Agent	1	4	5	4	
Charging Order	42	42	42	41	
Total	2,244	2,454	2,774	2,893	
Write-offs in month - value - £'000	£0.0	£0.2	-£1	£4	
Write-offs in month - number	0	7	13	11	
Write offs in year - value - £000	£53	£43	£1	£10	
Write-offs in year - number	464	533	131	206	

Progress on achieving Efficiency Savings Targets

The amount of the Efficiency Savings target included in the budget for 2013/14 is a net amount of £387,080. The overspend on salaries of £145,000, recorded above, is after offsetting £258,025 of savings against the target.

Treasury Management Strategy Statement		Agenda No: 7
Corporate Priority: Providing value for money Report presented by: Phil Myers, Financial Services Manager Report prepared by: Phil Myers, Financial Services Manager		
Background Papers: None		Public Report
Options: To comment on proposed changes to the Treasury Management Strategy Statement.		Key Decision: NO
Executive Summary: Local authorities are required to determine on an annual basis the following: <ul style="list-style-type: none"> • Treasury Management Strategy (incorporating an annual investment strategy) • Prudential Indicators – limits and summary of expectations over capital and treasury management activities • Minimum Revenue Policy (MRP) – the basis on which provision for repayment of debt is made (if required) <p>All of these areas will be covered in the Treasury Management Strategy Statement (TMSS) which will be considered and determined by Full Council on 17 February 2014 as part of the overall budget and council tax setting report.</p> <p>This report focuses on what will be the key aspects of the TMSS and the main changes being proposed. Subject to the views of the Governance Committee, a draft TMSS will be presented to Cabinet for consideration and recommendation on to Full Council, which will include the detailed financial metrics.</p> <p>Core drivers of future treasury management activities include capital investment plans, the projected level of reserves and balances, the current debt position relative to the need to borrow, and how all these factors influence the level of cash available for investment purposes.</p> <p>In the current economic climate and with the Bank of England's Monetary Policy Committee's forward guidance, the official Bank Rate is likely to remain at 0.50% until late 2016 meaning investments returns will remain low.</p> <p>Credit risk has generally improved and regulatory changes are afoot to move away from bank bail-outs to bank resolution regimes in which shareholders, bond holders, and unsecured creditors are 'bailed in' to participate in any recovery process.</p>		

Similarly reforms are proposed to Money Market Funds which may result in funds moving away from a Constant Net Asset Value (NAV) basis to one of Variable NAV meaning that fluctuations in principal amounts could arise. In addition, funds may lose their 'triple A' credit rating wrapper. Diversification of investments between creditworthy counterparties will become even more important in light of these developments.

Capital expenditure plans are currently compiled based on the level of available resources for self-financing without recourse to new additional borrowing. The measure of the Council's need to borrow – the Capital Financing Requirement or CFR – was -£1.882 million at 31 March 2013, excluding finance lease obligations. Implementation of the Local Authority Mortgage Scheme will result in an increase in the CFR by £2 million resulting in a CFR of £118,000. The Council's actual level of borrowing is £6 million, which is legacy market debt which matures in March 2042, subject to any call options made in the intervening period. The difference between the CFR and actual debt is £5.882 million, which is effectively "over borrowing" and increases the amount of cash balances that are invested. In the current climate of low interest rates, the likelihood of the call options being made on this borrowing which could mean the Council repaying at nil penalty is low, and yet at the same time returns on cash investments remain low. Consequently, consideration is now being given to utilising this "over borrowing" to fund alternative investment opportunities where a financial return can be achieved that more than offsets any revenue implications, including repayment of the amount invested over the life of the asset or financial benefit. Two such schemes have recently been approved:

- Installation of solar panels at Halstead Leisure Centre and Braintree Swimming Centre
- Acquisition of Eckard House site in Witham

A review to identify further investment opportunities is currently in progress and schemes considered viable will be subject to separate reports.

The Council's objectives for investments will remain security, liquidity and then yield. No changes are proposed to the investment policy which was updated in July 2013 and is set out in Appendix A. It is proposed to continue with the equalisation strategy for investment income for budgeting purposes using the Treasury Management reserve.

An interest has been lodged to participate in a proposed auction of Landsbanki claims which if completed would finalise matters regarding the Council's investment with this bank. It is expected that further distributions will be received from Kaupthing, Singer and Friedlander – the total received to date is 81.5p in the £, against a current estimate of final recovery by the Administrators in the range of 85p to 86.5p in the £. Funds remain in escrow where the Glitnir bank had previously distributed a portion in Icelandic Krona and arrangements to repatriate these funds remain under review.

As a result of the intention of the Co-operative Bank to withdraw its involvement in providing banking transmission services to local authorities it has been decided to make arrangements for a switch of bank to be implemented by 1 April 2014. In addition, the contract for treasury management advisory services with Arlingclose Ltd will expire at the end of October 2014 and therefore a review and/ or procurement process will be required.

Decision:	
<p>The Committee is asked to:</p> <p>a) review the proposed key elements and changes to the Treasury Management Strategy Statement as outlined in the report; and</p> <p>b) inform the Cabinet that, following its review and any proposed amendments, the Committee supports the proposals.</p>	
Purpose of Decision:	
<p>The purpose of the decision is to demonstrate appropriate scrutiny over the Council's Treasury Management Strategy Statement prior to approval by Full Council.</p>	
Any Corporate implications in relation to the following should be explained in detail	
Financial:	The financial implications of treasury management activities are set out in the TMSS.
Legal:	Local authorities' treasury management activities operate within a statutory framework which refers to a requirement to follow certain professional codes issued by the Chartered Institute of Public Finance and Accountancy and statutory guidance issued by the Department for Communities and Local Government.
Equalities/Diversity	None
Customer Impact:	None direct but the outcomes of treasury management activities impact on the financial resources of the Council to deliver its priorities and service objectives.
Environment and Climate Change:	None
Consultation/Community Engagement:	Consultation on the TMSS is via the Governance Committee prior to consideration by Cabinet and ultimately Full Council.
Risks:	<p>The TMSS seeks to set a framework to manage the inherent risks around treasury management activities, which effectively comprise:</p> <ul style="list-style-type: none"> • Security – ensuring investments are repaid • Liquidity – ensuring that cash is available for both capital and revenue purposes when required and where borrowing is necessary this is done on a basis that is prudent, sustainable, and affordable. • Interest rate – limiting exposure to fixed and variable interest rates, and refinancing risks of both debt and maturing investments.
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Background

Local authorities are required to determine on an annual basis the following:

- Treasury Management Strategy (incorporating an annual investment strategy)
- Prudential Indicators – limits and summary of expectations over capital and treasury management activities
- Minimum Revenue Policy (MRP) – the basis on which provision for repayment of debt is made (if required)

All of these areas are covered in the Treasury Management Strategy Statement (TMSS) which will be considered and determined by Full Council on 17 February 2014 as part of the overall budget and council tax setting report.

This report focuses on what will be the key aspects of the TMSS and the main changes being proposed. Subject to the views of the Governance Committee, a draft TMSS will be presented to Cabinet for consideration and recommendation on to Full Council, which will include the detailed financial metrics.

Core Drivers of Treasury Management Activities

The core drivers of the Council's treasury management activities are expected to be:

- Capital investment plans financed mainly from capital receipts from the sale of assets and ongoing sharing arrangements with Greenfields Community Housing, and government grants and other contributions, resulting in no new borrowing from external sources.
- Planned use of reserves and balances, with an expectation that resources will reduce over time as revenue and capital spending is incurred.
- The continued existence of legacy debt in excess of the Council's underlying need to borrow for capital purposes which adds to the Council's cash balances for investment purposes.
- Combining the above factors, cash balances will be available for investment purposes, albeit these are expected to reduce over the medium term in line with the reductions in capital resources used to fund the capital programme and the planned use of revenue reserves and balances as part of the Medium Term Financial Strategy (MTFS).

Economic and Interest Rate Outlook

The Bank of England's Monetary Policy Committee (MPC) through its recent "forward guidance" strategy is committed to keeping policy rates low for an extended period using the Labour Force Survey unemployment rate of 7% as a threshold for when it would consider whether or not to raise interest rates. The recent data shows unemployment to have fallen to 7.4%, the lowest level since 2009, however, forecasts are still that the rate will not reach the threshold level until 2016.

Consumer Price Inflation (CPI) has fallen from a high of 5.2% in September 2011 to 2.1% in November 2013 and the MPC have indicated inflation is expected to hit the target of 2% by early 2014.

Stronger growth data in 2013 alongside a pick-up in housing property prices have led financial markets to price in earlier rises in interest rates than warranted under the forward guidance and broader economic backdrop. However, with jobs growth picking up slowly, many employees working shorter hours than they would like, and benefit cuts set to gather pace, growth is likely to be gradual. On this basis it is likely that the MPC will maintain its resolve to keep interest rates low until the recovery is convincing and sustainable and, therefore, the forecast is for the Bank Rate to remain flat until late 2016, with the upside risk of higher rates weighted more heavily towards the end of the forecast horizon.

Credit Outlook

The credit risk of banking failures has diminished but not disappeared altogether. Regulatory changes are afoot in the UK, US and Europe to move away from the bank bail-outs of previous years to bank resolution regimes in which shareholders, bond holders, and unsecured creditors are 'bailed in' to participate in any recovery process. There are also proposals for EU regulatory reforms to Money Market Funds which may result in these funds moving to a Variable Net Asset Value basis i.e. where the value of each £1 investment could fluctuate +/-, as opposed to Constant Net Asset Value which aims to have no fluctuation in principal. Proposed reforms could mean also that funds may lose their 'triple A' credit rating wrapper. Diversification of investments between creditworthy counterparties to mitigate bail-in risk will become even more important in light of these developments.

Capital Financing and Borrowing

For a number of years capital expenditure plans have been approved based on the level of capital resources available from the capital receipt generated from the housing transfer completed in 2007, new receipts generated from long-term sharing agreements with Greenfields Community Housing and sale of other assets; and capital grants and contributions, resulting in no new additional borrowing. The measure of the Council's need to borrow for capital purposes is the Capital Financing Requirement (CFR) – a Balance Sheet derived amount. At 31 March 2013, the CFR was £1.01 million including outstanding liabilities under finance leases. Excluding leases, the underlying need to borrow was -£1.882 million. During 2013/14 the Council agreed to its participation in the Local Authority Mortgage Scheme with a cash-backed indemnity of £2 million (funded in part by a £1 million contribution from Essex County Council) being provided to the proposed mortgage provider, Lloyds Bank Plc. The intention of the scheme is that ultimately the £2 million is returned to the Council, with any default being met from the investment return on the cash sum deposited. This means that in the medium term the CFR will increase by £2 million, resulting in a net underlying need to borrow of £118,000.

Actual borrowing by the Council is currently £6 million, giving a difference from the underlying CFR of £5.882 million, which is effectively "over borrowing" and increases the amount of the Council's cash balances that are currently invested. This position exists as a result of a combination of legacy borrowing taken out when the Council had to fund its capital programme using external borrowing, and previous

government rules that meant local authorities had to set aside a proportion of housing capital receipts for provision to repay debt, whether debt was repaid or not.

The actual borrowing of £6 million is in the form of two market loans of £3 million each taken out on “Lender Option, Borrower Option” or LOBO terms with 6 monthly call options. The call options allow the lender to propose a variation in the interest rate applied to the loan, however, this would also trigger the Council’s option to repay the loans without incurring any penalty. Interest on the loans is currently running at an average rate of 4.7%, and the loans have a maturity date of March 2042. The potential for repaying these loans has been kept under review, however, in the current interest rate environment the level of penalty that the Council would be likely to incur – even if the lender agreed to accept early repayment - means that this is not currently considered an option for the time being.

As a consequence of the above position, consideration is now being given to utilising the cash from this “over borrowing” to fund alternative investment opportunities where a financial return can be achieved that more than offsets any revenue implications. Two such schemes were recently considered by Cabinet and recommended to Council for approval:

- Installation of solar panels at Halstead Leisure Centre and Braintree Swimming Centre
- Acquisition of the Eckard House site in Witham

A review to identify further investment opportunities is currently in progress and schemes considered viable will be the subject to separate reports to Cabinet.

The implication of utilising the “over borrowing” in this way is that as the CFR is positive schemes will trigger a Minimum Revenue Provision requirement which means schemes must be able to repay the principal sum over the expected life of any asset or financial benefit. In addition, cash balances for investment purposes will reduce lowering the amount of investment income, although this may also reduce credit risk.

Annual Investment Strategy

The Council’s policy objective is to invest prudently, with the priority being the security of the investment, followed by liquidity and then yield achieved.

Counterparty risk will continue to be monitored using a variety of information, not solely based on credit ratings although these will remain an important factor. The default position in times of market stress will be to place money with UK Government via the Debt Management Office or with other UK local authorities.

Investments will be in a range of instruments categorised as either ‘Specified’ or ‘Non-specified’ in accordance with criteria set by the Department for Communities and Local Government (DCLG).

In July 2013, Full Council approved a change to the current year investment policy to increase limits on the use of Non-Specified investments from £5 million to £15 million, providing the capacity to use Pooled Funds which offer enhanced returns above cash but by accepting an increased level of volatility (risk), and opportunities to invest with registered providers of social housing. These changes will continue to be reflected in the policy for 2014/15; however, the use of such investments will need

to be considered alongside proposals to utilise the over borrowing position through alternative capital investment opportunities.

Following the rating downgrade of the Co-operative Bank exposure to the bank has been reduced by working to an aggregate credit balance limit across all current and deposit accounts of around £1 million as far as practicable.

Appendix A sets out the current investment policy to be incorporated into the TMSS.

As part of the Medium Term Financial Strategy for 2013/14 – 2016/17 the amount of investment income budgeted from the expected level of balances and investment returns was equalised across the period. This equalisation is achieved by adding/ withdrawing from the Treasury Management reserve and it is proposed that this approach is continued.

Investments at Risk

The Corporate Director (Finance) in consultation with the Cabinet Member for Performance and Efficiency, and where appropriate, the Monitoring Officer, is authorised to take whatever action is necessary in order to protect and maximise the recovery of the Council's investments at risk with Icelandic banks. Subject to the outcome of the Council's proposed participation in an auction of Landsbanki claims, future activity is expected as follows:

- Further receipt of distributions from Kaupthing, Singer and Friedlander. Total received to date is equivalent of 81.5p in the £ and the current estimate by the Administrators is that the final recovery may be in the range of 85p to 86.5p in the £.
- Consideration over options for the repatriation of funds distributed in Icelandic Krona by the Glitnir bank, which is currently held in an escrow account.

Banking and Treasury Management Advisory Services

In November 2013, the Council was advised that as part of its restructuring plan the Co-operative Bank would be withdrawing from involvement in providing banking transmission services to local authorities. The Council's current contract for banking services with this bank currently runs until 31 March 2016; however, with the support of the bank, it has been decided that a switch should be made earlier with the aim of having new arrangements fully operational by 1 April 2014.

Arlingclose Ltd continues to be retained to provide on-going treasury management advice and information. This service is separate to the services of brokers who occasionally are used to transact deposits. The contract with Arlingclose expires at the end of October 2014, therefore, a review and/ or procurement process will be required.

The Institutional Cash Distributors Ltd Money Market Fund portal is used which facilitates trades with the Council's money market funds and provides reports analysing fund holdings for individual funds and/ or aggregated across all active funds. The tool allows performance and features of other funds to be assessed. This service is provided to the Council at no charge as fees are paid by the actual funds.

Whilst the Council may engage external advisors, overall responsibility for treasury management remains with the Council.

Investment Policy

1. Specified Investments

Under Department for Communities and Local Government Guidance an investment is specified if it:

- Is sterling denominated
- Has a maximum maturity of one year
- Is not defined as capital expenditure i.e. excludes acquisition of share or loan capital in any body corporate
- Meets the “high credit quality” criteria as determined by the Council, or is made with the UK Government or another UK local authority.

For the purpose of determining a “highly credit rated” bank or building society the minimum criteria will be the lowest equivalent ratings assigned by either Fitch, Moody’s, or Standard & Poor’s

Rating	Comment
Long-term rating of at least A-	High credit quality with expectation of low risk i.e. institutions are assessed as having strong capacity to meet financial commitments
Support rating (from sovereign/ strong parent) of either 1 or 2	Extremely high and high categories

The Council will also take into account information on corporate developments of and market sentiment towards investment counterparties.

Specified Investments that may be used and these are as follows:

Instrument	Current Policy	
	Counterparty	Maximum counterparty limits
Term Deposits	Debt Management Office Account (UK Government)	
Treasury Bills	UK Government	
Term Deposits	Other UK Local Authorities (principal, police and fire authorities)	
Term Deposits/ Call Accounts/ Certificates of Deposit or CD's	UK and Non-UK Banks and Building Societies meeting criteria for "highly credit rated"	The higher of 15% of cash balances or £5million. Duration limit of maximum 364 days, subject to shorter limits imposed based on advice from the Council's external treasury management advisors.
Money Market Funds	AAA-rated Funds	Individual MMF 10% of cash balances (rounded up to nearest million) subject also to being less than 0.5% of the net asset value of the Fund. Aggregate All MMF £15 million
Money Market Funds investing in UK Government short-term debt securities	AAA-rated Funds with the aim of maintaining a constant Net Asset Value	Individual MMF 10% of cash balances (rounded up to nearest million) subject also to being less than 2% of the net asset value of the Fund. Aggregate within total MMF limit of £15 million.
Public Sector Reserve Account and/ or overnight/ next working day deposits	Co-operative Bank	A working limit of £1 million – this may be exceeded in certain circumstances for short periods due to liquidity or operational requirements.

Counterparty limits will apply to individual institutions/ Group. Counterparty exposure through the Money Market Funds will not be aggregated with direct placements for the purpose of the counterparty limits, although this total exposure will be monitored.

2. Non-Specified Investments

Non-specified investments are any other type of investment not falling within the definition of specified set out above.

The maximum aggregate amount that may be invested in Non-specified investments is £15million (this will also represent the Prudential Code limit on principal sums invested for periods of longer than 364 days).

The Council will always consult with its treasury advisors before placing any Non-Specified investments.

Having considered the risk associated with Non-specified investments, the following have been determined as appropriate for potential use by the Council:

Instrument	Counterparty	Maximum counterparty limits
Term Deposits	Other UK Local Authorities	£5 million
Gilts	UK Government	£5 million
Bonds (max duration 10-years)	Multilateral development banks (E.g. European Investment Bank, World Bank etc.)	£5 million
Term Deposits or Certificates of Deposit (or CD's)	UK and Non-UK Banks and Building Societies meeting criteria for "highly credit rated"	£2million / 2 years – subject to shorter limits imposed based on advice from the Council's external treasury management advisors.
Investment with Registered Providers (e.g. Housing Association)	Rated/ Un-rated Housing Associations	£5million Duration limit of maximum 5 years
Money Market Funds and Collective Investment Schemes (Pooled Funds) which are not treated as capital expenditure under Statutory Regulation and where the intention is to invest for greater than one-year even if short term access is available	Enhanced cash funds, corporate bond funds, equity income funds, property funds	£5million per fund management company with an aggregate limit of £10million

Internal Audit – Activity Report for the Period to 19th December 2013		Agenda No: 8
Corporate Priority: An organisation that delivers value Report presented by: Lesley Day, Audit Insurance & Risk Manager Report prepared by: Lesley Day, Audit Insurance & Risk Manager		
Background Papers: Internal Audit Assignments		Public Report Yes
Options: N/a		Key Decision: No
Executive Summary: To provide Members with details of and outcomes from the audit assignments completed during the period 28 th August to 19 th December 2013. This includes for each assignment: <ul style="list-style-type: none"> the key controls covered number of recommended action points and their priority audit opinion brief details of the high priority recommendations (if applicable) An update on the Reportable recommendations is also attached.		
Decision: To accept the activity report for the period 28 th August to 19 th December 2013		
Purpose of Decision: To advise Members of the audit assignments completed for the period 28 th August to 19 th December 2013		
Any Corporate implications in relation to the following should be explained in detail		
Financial:	N/a	
Legal:	N/a	
Equalities/Diversity	N/a	
Customer Impact:	N/a	
Environment and Climate Change:	N/a	
Consultation/Community Engagement:	N/a	
Risks:	N/a	
Officer Contact:	Lesley Day	
Designation:	Audit, Insurance & Risk Manager	
Ext. No.	2821	
E-mail:	lesley.day@braintree.gov.uk	

INTERNAL AUDIT (APPENDIX)
COMPLETED ASSIGNMENTS to 19th December 2013

Type	Topic	Days Taken	Recommendations			Key Controls Covered	High Priority recommendations	Agreed Implementation date	Audit Opinion
			L	M	H				
Core System	Treasury Management	2		1		<ol style="list-style-type: none"> Investments are made only in accordance with the approved policy and limits All investment income due and the repayment of principal is properly accounted for Investments are properly recorded Fraud and Corruption 			We are satisfied that reliance can be placed on the key controls following implementation of the recommendation agreed in the Action Plan.
Core System	Main Accounting	7.5		0		<ol style="list-style-type: none"> All direct journal inputs to the general ledger are complete, accurate and properly authorised Transactions posted from feeder systems are complete and accurate Unrecognised accounts or suspense balances are reviewed and resolved on a timely basis Information Security Management 			We are satisfied that reliance can be placed on the key controls as described.
Core System	Debtors	11.5		3	4	<ol style="list-style-type: none"> All chargeable services provided and goods dispatched are identified and billed at the correct amounts All income due is invoiced and correctly recorded Credit control and debt recovery processed are adequate Credit notes and refunds are valid and are properly authorised Write-off of uncollectable debt is properly authorised There is adequate segregation in the invoicing and receipting functions Fraud and Corruption checklist Information Security 	<ol style="list-style-type: none"> Re-issue the reminder to all managers of the requirement that all fees and charges must be authorised by members If invoice requests are received via any other route than the debtors inbox then ensure they are forwarded to ensure loading into workflow for action Credit notes to be raised only on receipt of a correctly authorised credit note request form, not on receipt of a memo Ensure all write-offs are authorised in accordance with the Constitution 	December 2013	We are satisfied that reliance can be placed on the key controls following implementation of the recommendations agreed in the Action Plan.

				Management	and Officers Delegation Scheme					
Operational	Markets	2	0	<div><div>1. That all market traders were able to provide an official receipt issued by the Market Superintendent</div><div>2. That the Carbon copies of the receipts agree to those issued to the traders</div><div>3. The fee paid is reasonable to the size of the pitch</div><div>4. The amount banked agrees to the total of receipts for that particular day</div></div>			We are satisfied that reliance can be placed on the key controls as described.			
Non-core system	Post Opening	2	0	Corporate post opening procedures are complied with.			We are satisfied that reliance can be placed on the key controls as described.			
Core system	Council Tax	9	<table><tr><td></td><td></td><td>1</td></tr></table>			1	<div><div>1. The Council Tax billing list is accurate and amendments are up to date.</div><div>2. Relief and allowances claimed by ratepayers are valid.</div><div>3. Annual billing and amendments are properly calculated.</div><div>4. Credit control and arrears recovery processes are adequate.</div><div>5. Refunds of overpayments are valid and properly authorised.</div><div>6. Write-offs of debts are properly authorised.</div><div>7. Council Tax benefits received are properly recorded.</div><div>8. Amounts due are properly recorded.</div><div>9. There is adequate segregation in the Council Tax billing and cash receipting functions.</div><div>10. Fraud & Corruption checklist</div><div>11. Information Security Management.</div></div>	Where the status of a property is unable to be visually confirmed, send canvass letter	January 2014	We are satisfied that reliance can be placed on the key controls following implementation of the recommendation agreed in the Action Plan.
		1								
Non-core system	Concessionary Transport	2	0	<div><div>1. Invoices are raised promptly in respect of the hiring of minibuses</div><div>2. Payments for social car mileage payments are recorded and are accurate</div></div>			We are satisfied that reliance can be placed on the key controls as described.			

				3. Payments in respect of concessionary transport are approved by an authorised signatory			
Operational	Buildings	2	0	1. Review of expenditure of council buildings to ensure payments made are in respect of council owned premises or where the Council is currently responsible for expenditure 2. Ensure that where possible, the same supplier is currently responsible for expenditure 3. All payments made are approved by an authorised signatory			We are satisfied that reliance can be placed on the key controls as described.
Non-core system	Contracts – Invitation to tender	2	0	1. Records maintained for each contract to show all invitations to tender 2. Tender instructions and guidelines are issued to all contractors 3. Contractors confirmed in writing that they received all the tender documentation 4. Any changes to the tender process are recorded in the contract file 5. Fraud and corruption checklist			We are satisfied that reliance can be placed on the key controls as described.
Non-core system	Contracts – Receipt, opening & acceptance of tenders	2	0	1. Tenders received are processed correctly 2. Tenders are kept securely until they are opened 3. Details of the tenders opened are recorded in the tenders register 4. Tender documents are checked for accuracy 5. All tenderers are notified of the outcome of the tender process 6. Contract documents are signed by all parties 7. Contract documents are held securely 8. Fraud and corruption checklist			We are satisfied that reliance can be placed on the key controls as described.

Non-core system	Contracts – Admin & document Security	2	0	<ol style="list-style-type: none"> 1. The organisations reporting and supervisory arrangements are recorded 2. Appropriate records are maintained for and on behalf of the organisation 3. Fraud and corruption checklist 			We are satisfied that reliance can be placed on the key controls as described.
Non-core system	Contracts - Documentation	2	0	<ol style="list-style-type: none"> 1. Contract documentation and/or official orders completed in all cases 2. The tender documentation issued includes all relevant material 3. Evidence of the contractors insurance has been provided 4. Formal contract documentation is completed before work commences 5. Contract documentation is signed by an approved officer 6. Fraud and corruption checklist 			We are satisfied that reliance can be placed on the key controls as described.
Non-core system	Contracts – Monitoring & Records	2	0	<ol style="list-style-type: none"> 1. Records are maintained for the progress of the works 2. Expenditure is monitored against the overall budget for the work 3. Any variations to the contract are recorded on the contract administrators sheets 4. Fraud and corruption checklist 			We are satisfied that reliance can be placed on the key controls as described
Corporate	National Fraud Initiative	18	n/a	<ol style="list-style-type: none"> 1. 1,455 matches received – high, medium and low matches 2. 56 referred to DWP 3. £15,112.53 overpayments identified 4. 1 match still outstanding 			For information

H=High irregularity

A significant weakness which if not addressed, has the potential to undermine the financial and operational management due to risk of serious error, or inefficiency

M=Medium

Where improvements in control are needed to further reduce the risk of undetected errors or irregularities occurring

L=Low

To strengthen the overall control environment by building upon existing controls in place or to improve to comply with best practice guidance

Reportable Recommendations - Update

Area of review	Reported recommendations	Due Date	Status
Asset Management	Undertake an annual reconciliation of asset database rental values to invoices raised values.	January 2013	Commenced but revised date of February 2014 agreed to complete
Creditors	Review annual spending with companies and check for compliance with Contract Procedure Rules.	April 2013	Annual spends to be reviewed as part of the review of the contracts register
Telephones	Review telephone system reports identifying high value/lengthy calls on a quarterly basis and report as necessary to relevant HoS	September 2013	Implemented
	Transfer lines for which the Museum Trust is responsible across to the Museum with the supplier	August 2013	Matter to be discussed with Corporate Director
	Following revision of the Mobile Phone Policy, remind all users for the need for compliance and request completion and signing of Policy compliance	August 2013	Completed
	Raise awareness with managers that detailed mobile phone reports are available if required for random or regular review	August 2013	Implemented
Pest Control	Put in place a process for a regular reconciliation of pest control fees received to jobs issued	September 2013	Implemented

Annual Audit Letter 2012/2013		Agenda No: 9
Corporate Priority: Providing Value for Money Report presented by: BDO, External Auditor Report prepared by: BDO, External Auditor		
Background Papers: Annual Audit Letter 2012/2013		Public Report Yes
Options: N/a		Key Decision: No
Executive Summary: <p>The purpose of the Annual Audit letter is to summarise the key issues arising from the work carried out by BDO, the Council's external auditors, during the financial year 2012/13. A copy of the letter is attached as an Appendix.</p> <p>The key areas covered within the letter are:</p> <ul style="list-style-type: none"> • Financial Statements – an unqualified true and fair opinion was issued on the 2012/2013 financial statements • Use of Resources – An unqualified value for money conclusion was issued as the auditor was satisfied, in all significant respects, that the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources • Satisfied that the Annual Governance Statement is not inconsistent or misleading with other information that the external auditor was aware of from their audit of the financial statements • The 2011/2012 Housing and Council Tax Subsidy Claim was subject to qualification. The National Non- Domestic Rates and Housing Revenue Account Subsidy returns were certified without qualification. The work on the audit of grant claims and other returns for 2012/2013 was still in progress at the time this report was prepared. 		
Decision: <p>To receive the Annual Audit Letter for 2012/2013</p>		
Purpose of Decision: <p>For Members to receive the Annual Audit Letter for 2012/2013</p>		

Any Corporate implications in relation to the following should be explained in detail

Financial:	N/a
Legal:	A positive report from the external auditor regarding the work carried out for 2012/2013 confirming an unqualified opinion on the Council's Accounts for 2012/2013 and determining that arrangements are in place to achieve value for money
Equalities/Diversity	N/a
Customer Impact:	N/a
Environment and Climate Change:	N/a
Consultation/Community Engagement:	N/a
Risks:	N/a
Officer Contact:	Trevor Wilson
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BRAINTREE DISTRICT COUNCIL

Annual Audit Letter 2012/13

October 2013

EXECUTIVE SUMMARY

Background

This Annual Audit Letter summarises the key issues arising from the work that we have carried out during the year. It is addressed to the Council but is also intended to communicate the significant issues we have identified, in an accessible format, to key external stakeholders and members of the public.

It is the responsibility of the Council to publish this on the Council's website.

Responsibilities of auditors and the council

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing auditors to local public bodies in England.

As the external auditors, we have a broad remit covering financial and governance matters. We target our work on areas which involve significant amounts of public money and on the basis of our assessment of the key risks to the Council achieving its objectives.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Scope of the audit

Our main responsibility as the appointed auditor is to plan and carry out an audit that meets the requirements of the Audit Commission's Code of Audit Practice (the Code). Under the Code, we are required to review and report on:

- the Council's Statement of Accounts
- whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are also required to review and report on the Council's Annual Governance Statement, Whole of Government Accounts (WGA) submission and whether we have exercised our statutory powers under the Audit Commission Act 1998 in any matter.

Our work on the audit of the grant claims and other returns is in progress and we will report the findings from this work separately.

Our aim is to deliver a high standard of audit which makes a positive and practical contribution that supports the Council's own agenda. We recognise the value of your co-operation and support and would like to take this opportunity to express our appreciation for the assistance and co-operation provided during the course of the audit.

Key findings

	STATEMENT OF ACCOUNTS
1	<p>We issued an unqualified true and fair opinion on the financial statements on 24 September 2013.</p> <p>No material misstatements were identified during the audit.</p> <p>No significant deficiencies were identified during our review, however, some areas of improvement were identified which we have discussed with management.</p>
	USE OF RESOURCES
2	<p>We are satisfied that, in all significant respects, the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.</p> <p>We issued an unqualified value for money conclusion on 24 September 2013.</p>
	OTHER MATTERS
3	<p>We are satisfied that the Annual Governance Statement is not inconsistent or misleading with other information we were aware of from our audit of the financial statements and complies with "Delivering Good Governance in Local Government" (CIPFA / SOLACE).</p> <p>The Council's WGA is below the threshold for full assurance review, and we completed a short-form assurance review which confirmed that the information for property, plant and equipment and for the net pension liability was consistent with the audited financial statements.</p>
	GRANT CLAIMS AND RETURNS CERTIFICATION
4	<p>The 2011/12 Housing and Council Tax Subsidy claim was subject to qualification. The National Non-Domestic Rates and Housing Revenue Account Subsidy returns were certified without qualification.</p> <p>Our work on the audit of the grant claims and other returns for 2012/13 is in progress and we will report the findings from this work in December 2013.</p>

STATEMENT OF ACCOUNTS

1

OPINION

We issued an unqualified true and fair opinion on the financial statements on 24 September 2013.

Financial statements

One immaterial misstatement was identified and corrected by management, relating to understatement in the Collection Fund of payments to the national non domestic rates pool by £74,000.

One misstatement was identified that was not corrected in the audited and published financial statements in respect of expenditure which had been accounted for in the wrong year and the extrapolated (estimated) error was an understatement of expenditure of £35,591.

The overall impact of correcting for this remaining misstatement would result in the Council reporting a £35,591 lower surplus for the year. We consider that these misstatements did not have a material impact on our opinion on the financial statements.

Management considered that these uncorrected misstatements did not have a material impact on the financial statements, either individually or in aggregate, and the Governance Committee accepted their assertion that the misstatements need not be corrected for this reason.

Internal controls

No significant deficiencies were identified during our review, however, some areas of improvement were identified which we have discussed with management.

USE OF RESOURCES

2

CONCLUSION

We are satisfied that, in all significant respects, the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. We issued an unqualified value for money conclusion on 24 September 2013.

Our principal work in arriving at our value for money conclusion was comparing the Council's performance against the requirements specified by the Audit Commission in its guidance:

- the organisation has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future
- the organisation is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

Our 2012/13 Audit Plan identified the following significant use of resources risks from our risk assessment:

- **Reductions in government funding:** The Council is facing significant further reductions in government funding. Government has announced that funding will be reduced by a further £1.048m in 2012/13, creating significant financial pressures. We reviewed the Council's response to its financial challenges, in particular its progress in identifying and delivering the necessary savings in the 2012/13 budget, its financial management arrangements and its medium term financial planning arrangements.
- **Mayland House leased asset:** During the year an asset has been leased out to a third party company, which involved an inducement payment being made by the Council. We reviewed the options appraisal for the Mayland House lease from a value for money perspective.

We also updated our knowledge of the Council's governance arrangements, financial, performance and risk management arrangements and reviewed the Audit Commission's financial ratios data and value for money tool and discussed the findings with management.

Financial resilience

The Council has maintained its good track record of member and officer involvement in reviewing financial matters and consulting the public on expenditure priorities. Clear leadership is shown in ensuring that the Council's overall financial position is understood within the organisation.

The final spend for 2012/13 was £15.3m compared to a budget of £16.2m, with an overall underspend against the budget of £888,000 for the year. This underspend is reflected in the outturn position reported in the financial statements which, after accounting adjustments, was a surplus on provision of services of £1.8m. After further adjustments between the accounting and funding basis the Council recognised an increase in revenue reserves of £1.4m. This was after achievement of a £1.6m savings target, which was built in to the baseline budget for 2012/13.

The Council has set a budget for 2013/14 with planned use of £353,000 of reserves. The Council has balanced the budget for 2014/15, within the most recent MTFS approved in February 2013, with the planned use of £72,000 of reserves.

The MTFS details planned overall use of balances of £527,000 (including £455,000 from unallocated balances) in total over 2013/14 to 2016/17, although it may become necessary for the Council to further utilise its general reserves if it is unable to achieve the £4.5m savings required to ensure a balanced budgets for 2013/14 to 2016/17. However, any shortfalls are not likely to be significant in light of the £14.5m revenue reserves currently held by the Council and will not result in a breach of the Council's policy on the minimum level of reserves to be retained of £1.5m.

The Council has established an Efficiency Review Programme, overseen by an Efficiency Review Board which has assisted it to achieve the substantial savings of £1.6m this year and is expected to assist with the required further savings over the medium term. The Council has a track record of delivery against savings targets.

Challenging economy - efficiency - effectiveness

The Council has an on-going efficiency agenda which continues to identify savings. Its Efficiency Review Programme, overseen by the Efficiency Review Board, completed efficiency reviews of eight service areas in 2012/13 which contributed to the achievement of £1.6m of savings. This Efficient Review Programme includes fourteen more services with planned reviews for 2013/14 and a further eight in 2014/15. The services reviewed this year included procurement and planning and facilities management. Reviews include benchmarking of data where possible to ensure that the costs remain comparable with similar authorities. Service review results are reported to the Head of Service and the Corporate Director and they include an action plan for each review which is followed up by the separate Business Improvement Team to ensure progress is being made in improving the economy, efficiency and effectiveness of the service.

Review of the Council's service costs and performance data did not identify any unexpected or unexplained outliers or any significant matters in terms of value for money. Internally the Council track performance against a number of key performance indicators and reports to the Governance Committee where performance is challenged and remedial action is directed if necessary. Performance reports are also taken to Cabinet quarterly.

Two significant contracts, Leisure and ICT, were re-tendered during the year resulting in savings of £517,000 during 2012/13 and further recurrent savings for the Council. The Council is planning to review the realisation of benefits from the renegotiated contracts during 2013/14.

Leased asset- Mayland House:

We specifically reviewed the Council's arrangements for leasing Mayland House as we identified this as a significant value for money risk during our planning.

We reviewed the options appraisal processes and the Council's 'net present value' calculations comparing the funding flows associated with the different options for the lease of Mayland House. We reviewed the assumptions behind the calculations and concluded that these were reasonable. The spread sheets provided showed a greater return for the option selected by the Council therefore evidencing reasonable value for money. We also considered the action taken by the Council to mitigate the risks associated with the long leasehold of Mayland House and the financial arrangements entered into and considered these to be satisfactory.

OTHER MATTERS

3

REPORT BY EXCEPTION

We have no other matters to report.

Annual Governance Statement

We are satisfied that the Annual Governance Statement is not inconsistent or misleading with other information we were aware of from our audit of the financial statements and complies with “Delivering Good Governance in Local Government” (CIPFA / SOLACE).

Whole of Government Accounts

The Council’s WGA is below the threshold for full assurance review, and we completed a short-form assurance review which confirmed that the “property, plant and equipment carrying amount at 31 March 2013” and the “net funded pension balance” was consistent with the audited financial statements.

GRANT CLAIMS AND RETURNS CERTIFICATION

4

REPORT BY EXCEPTION

The 2011/12 Housing and Council Tax Subsidy claim was subject to qualification. The National Non-Domestic Rates and Housing Revenue Account Subsidy returns were certified without qualification.

Summary

We issued our most recent Grant Claims and Returns Certification report in December 2012, which included the results of the audited returns for 2011/12. We certified three returns amounting to over £89 million.

The Housing and Council Tax Benefit Subsidy Return was qualified, as a result of six errors identified from our testing. Extended testing was carried out and amendments were made to the claim form. Viewed in the context of the total caseload that the benefits team processes, we were able to conclude that no significant concerns were highlighted.

The National Non-Domestic Rates return was certified without qualification. Although an amendment was made as a result of our audit this had no impact on the contribution to the national pool calculated in the return.

The Housing Subsidy return was certified without qualification or amendment.


To date, we have certified the National Non-Domestic Rates return for 2012/13 without qualification although some small amendments were made. Our work on the audit of the Housing and Council Tax Benefit Subsidy Return for 2012/13 is in progress and we will report the findings from this work in December 2013.

APPENDIX

Reports issued

We issued the following reports in respect of the 2012/13 financial year.

REPORT	DATE
Audit Plan	December 2012
Grant Claims and Returns Certification Report	December 2012
Final Audit Report	September 2013
Annual Audit Letter	October 2013



The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the council and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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BRAINTREE DISTRICT COUNCIL

GRANT CLAIMS AND RETURNS CERTIFICATION

Year ended 31 March 2013

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INTRODUCTION

THE PURPOSE OF THIS REPORT

This report summarises the main issues arising from the certification of grant claims and returns for the financial year ended 31 March 2013.

We undertake grant claim and return certification as an agent of the Audit Commission, in accordance with the Certification Instructions (CI) issued by them after consultation with the relevant grant paying body. Our work is undertaken in accordance with the Statement of Responsibilities issued by the Audit Commission.

After completion of the tests contained within the CI the grant claim or return can be certified with or without amendment or, where the correct figure cannot be determined, may be qualified with the reasons for qualification set out in a letter to the grant paying body. Sample sizes used in the work on the housing and council tax benefit subsidy return and the methodology for the certification of all grant claims are prescribed by the Audit Commission.

A summary of the fees charged for certification work for the year ended 31 March 2013 is shown to the right.

Appendix I of this report (page 7) shows the Council's progress against the action plan included in our 2011/12 Grant Claims and Returns Certification report (presented to the Governance Committee on 16 January 2013).

We recognise the value of your co-operation and support and would like to take this opportunity to express our appreciation for the assistance provided during the course of our certification work.

FEES	PLANNED SCALE FEE (£)	OUTTURN FEE (£)
Housing and council tax benefit subsidy	19,890	23,286 ¹
National non domestic rates return	3,710	3,710
TOTAL FEES	23,600	26,996

¹ A fee variation has been requested from the Audit Commission. This is the proposed variation agreed with management but will not be final until it has been approved by the Audit Commission.

A variation to scale fee for the housing and council tax benefit subsidy claim has been requested because the scale fee is based upon the 2010/11 audit outturn where we only identified one certification issue which necessitated completion of additional testing under the prescribed methodology. In 2012/13, however, we identified ten such certification issues necessitating completion of additional "40 plus" or 100% checks of particular claim entries. Consequently, additional audit resource was needed to complete re-performance work and draft the qualification letter.

KEY FINDINGS

Summary of high level findings

CLAIM OR RETURN	VALUE (£)	QUALIFIED?	AMENDED?	IMPACT OF AMENDMENTS (£)
Housing and council tax benefit subsidy	53,666,597	Yes	Yes	597 decrease in the amount payable
National non-domestic rates return	38,361,232	No	Yes	8,129 increase in the amount payable

Detailed Findings

Below are details of each grant claim and return subject to certification by us for the financial year to 31 March 2013. Where our work identified issues which resulted in either an amendment or a qualification (or both), further information is provided. An action plan in respect of these matters is included at Appendix II of this report on page 9.

Housing and council tax benefit subsidy	Findings and impact on claim				
<p>Local authorities responsible for managing housing benefit and council tax benefit schemes are able to claim subsidies towards the cost of these benefits from central government. The final value of subsidy to be claimed by the Council for the financial year is submitted to central government on form MPF720A, which is subject to certification.</p> <p>Our work on this claim includes verifying that the Council is using the correct version of its benefits software and that this software has been updated with the correct parameters. We also agree the entries in the claim to underlying records and test a sample of cases from each benefit type to confirm that benefit has been awarded in accordance with the relevant legislation and is shown in the correct cell on form MPF720A. The methodology and sample sizes are prescribed by the Audit Commission and the Department for Work and Pensions (DWP). We have no discretion over how this methodology is applied.</p>	<p>During our initial testing of a sample of cases ten errors were identified. These resulted in seven areas requiring “40+” testing and three areas of 100% testing, as required by the methodology agreed with the Department for Work and Pensions (DWP). This methodology requires that, for situations where errors are identified that cannot be concluded as isolated, extended testing of an additional sample of 40 cases is required. Where there is a small population (less than 100) a 100% check is undertaken.</p> <p>“40+” testing was completed on the following areas:</p> <table><tr><th>Claim area and issue identified in original testing</th><th>Results of extended testing</th></tr><tr><td>Cell 94: rent allowances - total expenditure (Claimant’s entitlement to Jobseeker’s Allowance (JSA) was cancelled by the DWP but this was not processed by the Council</td><td>Additional errors identified where JSA entitlement had not ended on the correct date, resulting in an overpayment of benefit - extrapolated overpayment error of £6,750 reported in the Qualification Letter.</td></tr></table>	Claim area and issue identified in original testing	Results of extended testing	Cell 94: rent allowances - total expenditure (Claimant’s entitlement to Jobseeker’s Allowance (JSA) was cancelled by the DWP but this was not processed by the Council	Additional errors identified where JSA entitlement had not ended on the correct date, resulting in an overpayment of benefit - extrapolated overpayment error of £6,750 reported in the Qualification Letter.
Claim area and issue identified in original testing	Results of extended testing				
Cell 94: rent allowances - total expenditure (Claimant’s entitlement to Jobseeker’s Allowance (JSA) was cancelled by the DWP but this was not processed by the Council	Additional errors identified where JSA entitlement had not ended on the correct date, resulting in an overpayment of benefit - extrapolated overpayment error of £6,750 reported in the Qualification Letter.				

Claim area and issue identified in original testing	Results of extended testing
Cell 94: rent allowances - total expenditure (Claimant's working and child tax credits had changed but these were not processed by the Council)	Additional errors identified where the working tax/child tax credits had not been processed correctly, resulting in an overpayment of benefit - extrapolated overpayment error of £26,181 reported in the Qualification Letter.
Cell 142: council tax - total expenditure (Capital had been incorrectly entered)	No further errors were identified from the extended testing. We therefore classified this as an isolated error and amended the claim form.
Cell 142: Council Tax-total expenditure (Information received about self employed earnings was not processed by the Council)	No further errors were identified from the extended testing. We therefore classified this as an isolated error and amended the claim form.
Cell 147: Council Tax - Local Authority error and administrative delay excess benefit (Overpayment had been incorrectly classified as Local Authority error when it should have been a technical overpayment).	Additional errors identified where overpayments were incorrectly classified or netted down by the incorrect amount, resulting in misclassification of expenditure - extrapolated overpayment error of £167 reported in the Qualification Letter.
Cell 148: Council Tax - Eligible excess benefit (Overpayment had been incorrectly classified as eligible excess overpayment when it should have been a technical overpayment).	Additional errors were identified where overpayments following a claimant's death, had been incorrectly classified - extrapolated overpayment error of £1,125 reported in the Qualification Letter.
Cell 148: Council Tax - Eligible excess benefit (Following a claimant's death the claim was not cancelled from the correct date).	No further errors were identified from the extended testing. We therefore classified this as an isolated error and amended the claim form.

“100%” testing was completed on the following areas:

Claim area and issue identified in original testing	Results of extended testing
Cell 55: Rent Rebates- Total expenditure (The Housing Revenue Account (HRA) was closed in 2011/12, these properties were misclassified as “Rent Rebates (Tenants of HRA properties)”)	All cases were reviewed and moved within the claim form to cell 11: “Rent Rebates (tenants of Non-HRA properties)”.
Cell 94: Rent Allowances - total expenditure (A period where benefit had been paid to the claimant twice)	No further errors were identified from the extended testing. We therefore classified this as an isolated error and amended the claim form.
Cell 214: Rent Allowance modified schemes (Errors were identified where the local scheme payment was overstated or overpayment were incorrectly offset)	One further error was identified: the claim form was amended for the errors identified.

The extrapolated errors all relate to over-claims of subsidy. If DWP decide to adjust for all of these extrapolated errors, then the total adjustment to the overpayments reported would be £32,931. In total this represents a potential 0.06% reduction in subsidy.

Our testing found an increased number of errors compared to previous years, although this should be viewed in the context of the technical nature of the benefit system and large volume of caseload the benefits team process.

National non-domestic rates return

The Council is a billing authority and as such is required, on an annual basis, to calculate its contribution to the centrally-administered non-domestic rates pool. The value of the contribution must be notified to the Secretary of State. This is done on form NNDR3, which is subject to certification.

Findings and impact on return

Five amendments were made to the NNDR3 claim form during 2012/13, as follows:

- Two amendments (error value £2,244), where items were incorrectly classified as Charitable Occupation when they should have been classified as Community Amateur Sports Clubs. This had no effect on the total contribution payable to the rates pool.
- One amendment (error value £8,129), where empty property relief had been awarded on the grounds that the property would be used for charitable purposes

upon occupation. However, the guidance states that the current ratepayer must also be a Charity, therefore the relief was incorrectly awarded. This increased the total contribution to the pool by £8,129.

- One amendment (error value £18), where a void property for which empty property relief was awarded was incorrectly classified as occupied resulting in small business rate relief being incorrectly applied. This had no effect on the total contribution payable to the rates pool.
- The final amendment related to the date in which the latest information was taken into account in preparing the claim. This was amended to agree to the date of the last valuation office schedule taken into account in preparing the claim.



APPENDICES

APPENDIX I: STATUS OF 2011/12 RECOMMENDATIONS

RECOMMENDATIONS	PRIORITY	MANAGEMENT RESPONSE	RESPONSIBILITY	TIMING	PROGRESS
Housing and council tax benefit subsidy					
Apply appropriate upratings as per the upratings checklist, to war widow pensions and state pensions where evidence is not available to support the actual figures for the year under audit.	High	<p>In order to determine the War Pension cases as accurately as possible, we have previously contacted the individual claimants concerned to obtain a copy of their new year awards. However, this one isolated case had not provided the uprated figures to us despite our repeated requests therefore the case was not uprated accordingly.</p> <p>We shall therefore ensure that in future a blanket percentage figure is used for all War Pension cases, pending the correct figures being provided by the claimant to ensure that this does not occur in the future.</p>	Mrs J Rigby Benefits Manager	Immediate	Implemented, no further errors noted from 12/13 testing.
Review HB circulars throughout the year and take appropriate actions where necessary.	High	<p>Unfortunately Civica did not provide us with a release to increase the Permitted Working levels which increased in year. We therefore failed to adjust our parameters accordingly. No cases were affected.</p> <p>We shall ensure that all future mid-year upratings, should any occur, are highlighted and actioned accordingly.</p>	Mrs J Rigby Benefits Manager	Immediate	Implemented, no further errors noted from 12/13 testing.
Staff processing cases where claimants have died should check that overpayments are being classified as a technical error.	Medium	The incorrect classification of CTB overpayments following the death of a claimant were isolated to one member of staff tasked with dealing with these cases. Further training has been provided to the officer concerned.	Mrs J Rigby Benefits Manager	Immediate	Some errors were identified from our initial testing. However mis-classification of overpayments will not affect the subsidy payable during 2013/14 and therefore this recommendation has not been carried forward.

National non domestic rates return

Complete a review of all charitable relief hereditaments to ensure they are classified appropriately.	Low	A review of all charitable relief hereditaments to ensure they are classified appropriately will be undertaken.	D Ekins Local Taxation Manager	30 June 2013	Some errors were identified from our testing and therefore this action should be carried forward to 2013/14.
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APPENDIX II: 2012/13 ACTION PLAN

HOUSING AND COUNCIL TAX BENEFIT SUBSIDY					
CONCLUSIONS FROM WORK	RECOMMENDATIONS	PRIORITY	MANAGEMENT RESPONSE	RESPONSIBILITY	TIMING
Our testing identified a number of cases where Jobseekers allowance was cancelled by the DWP but this was not processed by the Council	Carry out refresher training for staff.	Medium	The incorrect cases identified had been suspended but the subsequent cancellation had been effected from an incorrect date. Staff have been given additional training.	J. Rigby	December 2013
Our testing identified a number of cases which had changes to the claimants Working or Child Tax credits but these had not been processed by the Council.	Carry out refresher training for staff.	Medium	Incorrect dates were used on these cases. Staff have been given additional training.	J. Rigby	December 2013
NATIONAL NON-DOMESTIC RATES RETURN					
Our testing identified one property where empty property relief had been awarded on the grounds that the property would be used for charitable purposes upon occupation. However the ratepayer, upon award of the relief, was not a charity and therefore the relief was incorrectly awarded.	Review a sample of properties attracting empty property relief because they are a Charity and confirm that the current ratepayer is a Charity.	Medium	This award was based on an understanding that 'when next in use, the occupier would be a charity'. Error was that current occupier was not a charity. Issue discussed with business rates team. Review to be undertaken.	D. Ekins	December 2013
During our testing of charitable relief hereditaments we identified a number of community amateur sports clubs which are required to be separately identified on the claim form but were incorrectly included under charitable relief.	Complete a review of all charitable relief hereditaments to ensure they are classified appropriately.	Low	Reviews of all reliefs are to be undertaken.	D. Ekins	February 2014
Our testing identified one property, which	Carry out a review of	Low	Error discussed with the	D. Ekins	December

was receiving empty property relief,
classified as occupied and therefore small
business rate relief was incorrectly applied.

void properties to ensure
that they have not been
classified as occupied.

business rates team.

2013

The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the company and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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Public Sector Internal Audit Standards – Internal Audit Budget 2014/2015			Agenda No: 11		
Corporate Priority: An organisation that delivers value					
Report presented by: Lesley Day, Audit, Insurance & Risk Manager					
Report prepared by: Lesley Day, Audit, Insurance & Risk Manager					
Background Papers: The PSIAS and the Local Government Application Note				Public Report Yes	
Options: N/a				Key Decision: No	
Executive Summary:					
<p>The Public Sector Internal Audit Standards (PSIAS) came into effect on 1st April 2013 and replaced the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006. The PSIAS now form the proper practices for Internal Audit required by the Accounts and Audit (England) Regulations 2011.</p> <p>To comply with these Standards, the Governance Committee on 18th September 2013 agreed their functional reporting responsibilities which included approving the Internal Audit budget and resource plan. The Governance Committee should make appropriate enquiries of management and the Audit Manager as to whether there is inappropriate scope, or resource limitations.</p> <p>The Internal Audit budget (see below) indicates an increase in salary with on-cost due to an anticipated pay award and increased employer's superannuation contributions. The Security Services budget provision has been reduced as part of the budget savings but the reduced provision is in line with previous year's actual expenditure.</p> <p>In my opinion, as there is no change in staff resources for 2014/2015, this will not affect the delivery of the Strategic Audit Plan.</p>					
<u>Internal Audit Controllable Costs</u>					
			Budget 2013/14	Budget 2014/15	Budget Change
26103	0100	Salary With On-cost	141,300	144,860	3,560
26103	2010	New Equip. & Furniture	200	200	0
26103	2320	Stationery	190	190	0
26103	2511	Security Services	4,820	1,860	(2,960)
26103	2701	Computer Paper & Materials	110	110	0
26103	2734	Mobile Phones	150	150	0
26103	2820	Subsistence	100	100	0
26103	3510	Casual Car Allowance	240	240	0
		Total Controllable	147,110	147,710	600

Decision:

To approve the Internal Audit budget and resource plan 2014/2015

Purpose of Decision:

To ensure that there is compliance with the Public Sector Internal Audit Standards which forms part of the statutory responsibility to maintain an adequate and effective internal audit.

Any Corporate implications in relation to the following should be explained in detail

Financial:	N/a
Legal:	The Council has a statutory responsibility to maintain an adequate and effective internal audit. Compliance with the PSIAS forms part of that statutory responsibility
Equalities/Diversity	N/a
Customer Impact:	N/a
Environment and Climate Change:	N/a
Consultation/Community Engagement:	N/a
Risks:	N/a
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Single Fraud Investigation Service (SFIS)		Agenda No: 12
<p>Corporate Priority: An organisation that delivers value</p> <p>Report presented by: Lesley Day, Audit Insurance & Risk Manager</p> <p>Report prepared by: Lesley Day, Audit Insurance & Risk Manager</p>		
Background Papers:		Public Report Yes
Options: N/a		Key Decision: No
<p>Executive Summary:</p> <p>The Single Fraud Investigation Service (SFIS) is a project within the Fraud, Error and Debt Programme, set up following the publication of the Fraud and Error Strategy: Tackling fraud and error in the benefit and tax credits systems (October 2010). This contained a commitment to establish a Single Fraud Investigation Service to investigate and punish Social Security welfare benefits and Tax Credit fraud across Local Authority, HMRC and the DWP. The strategy, including SFIS, was given Home Affairs clearance in October 2010.</p> <p>SFIS brings together into a single service the combined expertise of Welfare Benefit Fraud investigation work undertaken by Department for Work and Pensions (DWP) Fraud Investigation Service (FIS), Local Authority (LA) Benefit Fraud Investigators and Her Majesty's Revenue and Customs (HMRC) in relation to Tax Credits into a single service.</p> <p>In 2011 an agreement was reached to test and review an interim partnership approach for SFIS. In 2012 four SFIS pilots began to test a variety of partnership approaches and a single set of policies and procedures to identify the best delivery model. An additional pilot began in April 2013 to support Universal Credit and a further four pilots are due to commence.</p> <p>In the Autumn Statement by the Chancellor of the Exchequer on 5th December 2013, it was confirmed that SFIS will be launched within DWP as a single organisation and implementation will be on a phased basis from October 2014 to March 2016.</p> <p>SFIS will operate to a single set of policies and procedures and will provide a nationally flexible service to tackle all benefit welfare fraud. Prosecutions arising from SFIS investigations will be conducted by the Crown Prosecution Service.</p> <p>In advance of the introduction of SFIS, DWP has considered the likelihood of TUPE applying and also looked at the Cabinet Office Statement of Practice, however, no decision has yet been made as to whether TUPE will or will not apply. However, DWP has taken the strategic business decision that in order to maintain an effective fraud investigation service, it is keen for the staff assigned to work transfer with it. As a result, discussions will commence with local authorities to determine fraud investigative staff who could potentially transfer.</p>		

DWP does recognise there are circumstances where fraud occurs across both local authority services and welfare benefits and it remains important to work jointly with LA fraud colleagues. Following discussions with partners in local government, the DWP will set up a joint working group to identify the way forward.

Decision:

To note the current proposals and implications of the introduction of the Single Fraud Investigation Service

Purpose of Decision:

To be aware of the current proposals and implications of the introduction of the Single Fraud Investigation Service

Any Corporate implications in relation to the following should be explained in detail

Financial:	Possible staff costs depending on final decision regarding transfer
Legal:	N/a
Equalities/Diversity	N/a
Customer Impact:	N/a
Environment and Climate Change:	N/a
Consultation/Community Engagement:	N/a
Risks:	N/a
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Monitoring Officer's Annual Standards Report		Agenda No: 13
Corporate Priority:	Performance	
Report presented by:	Ian Hunt, Head of Governance and Monitoring Officer	
Report prepared by:	Emma Wisbey, Deputy Monitoring Officer	
Background Papers:	Public Report	
None		
Options:	Key Decision: No	
To note the report		
Executive Summary:		
This is the first Annual Report of the standards regime for the Governance Committee since the changes to the standards regime by the Localism Act 2011 covers the period from June 2012 to December 2013.		
Decision:		
To note the report.		
Purpose of Decision:		
The Monitoring Officer is required to report to the Governance Committee on the discharge of the standards regime.		

Any Corporate implications in relation to the following should be explained in detail	
Financial:	None arising directly out of this report
Legal:	None arising directly out of this report
Equalities/Diversity	None arising directly out of this report
Customer Impact:	None arising directly out of this report
Environment and Climate Change:	None arising directly out of this report
Consultation/Community Engagement:	None arising directly out of this report
Risks:	None arising directly out of this report
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Annual Report of the Monitoring Officer

On the 11th June 2012 Full Council adopted revised standards procedures for the Council following the introduction of the new statutory scheme under the Localism Act 2011.

This is the first report of the Monitoring Officer on the running of the scheme and covers the period of June 2012 to December 2013. It is proposed that future annual reports will cover the 12 month period commencing in January each year.

The Council is responsible for handling complaints against its own members, as well as the members of the 54 Town and Parish Councils within the district.

Standards Sub-Committee

The Standards Sub-Committee is responsible for the discharge of the Council obligations for the handling of complaints under the Code of Conduct.

The Standard Sub-Committee membership is drawn from membership of Full Council and is not subject to the rule of political balance following a decision by members. In addition the Sub-Committee is advised by 2 non-voting parish/town Council representatives (appointed by Braintree Association of Local Councils) and 1 Independent Person.

District Councillors: Councillor E Bishop, J Finbow, M Fincken, J O'Reilly-Cicconi, S Wilson, R Wright and one vacancy.

Parish/Town Representatives: Parish Councillor John Clark (Chairman of Braintree Association of Local Councils) and Parish Councillor John Bendall.

Independent Person: Anthony French or Keith Stubbings (Deputy)

The Standards Sub-Committee is only required to meet if there are referrals of complaints by the Monitoring Officer. This is either to assess a complaint where it is considered to be sufficiently serious that the Monitoring Officer cannot deal with the matter, or to conduct a hearing if there has been an investigation.

During the period of June 2012 to December 2013, there have been no referrals to the Sub-Committee.

Independent Persons

In discharging the Council duties in relation to complaint in respect of the Code of Conduct, the Monitoring Officer is required to consult with an independent person.

In October 2012, Anthony French, Keith Stubbings and Chris Webb (former Chairman of the Standards Committee) were appointed as the Council's Independent persons following a recruitment exercise.

The Independent Persons receive an allowance of £300 per year. The Independent Persons remuneration is outside the Council's Member Allowance scheme and is set by the Governance Committee.

The Independent Persons' appointment is for a period of 4 years and they may serve no more than 3 terms. However, since the appointment of Chris Webb, statutory regulations were published which, as the former Chairman of the Standards Committee, restricted his position as an Independent Person to a term of one year.

Chris Webb has now stood down as an independent person and the Monitoring Officer would like to take this opportunity to formally thank Chris for all his support and assistance to the Council in the discharge of the former and current standards regime.

Code of Conduct

Following the abolition of the statutory code of conduct each Council, including the Parish and Town Councils, was required to adopt a Code of Conduct.

In July 2012, Braintree District Council adopted its Code of Conduct which is contained within Chapter 3 of the Council's Constitution.

In terms of the Parish and Town Councils, the Monitoring Officer is not responsible for ensuring that Parish and Town Councils have adopted a Code. This is a matter for each respective Council. However, contact with Parish and Town Clerks indicates that a Code of Conduct has been adopted by all the Parish and Town Councils.

Registers of Interest

The Monitoring Officer has a duty to prepare and maintain register of members' interests for District and Parish/Town Councillors and to ensure that it is available for inspection as required by the Act.

All District Councillors have completed their register of interest and these are held by the Deputy Monitoring Officer on behalf of the Monitoring Officer. To comply with the statutory requirements for publication, the registers are available online in a directory which can be searched by individual member's surname.

http://www.braintree.gov.uk/directory/48/member_s_register_of_interest

The work with the Parish Councils register of interests is on-going and the Deputy Monitoring Officer continues to work with the Parish/Town Councils. The registers received by the Monitoring Officer are available for public inspection via an online directory which can be searched by Parish/Town Council name.

http://www.braintree.gov.uk/directory/51/parish_and_town_councils_registers_of_interests

Complaints

The Monitoring Officer has dealt with 19¹ complaints since the commencement of the current standards regime

The table below sets out a summary of the matters which the Monitoring Officer has dealt with since June 2012.

Year	Month	Council	Outcome	Allegation/Complaint	Complainant
2012	July	Braintree	Referred to Standards Committee for Hearing* *Transitional period Decision: Repayment of overpaid expenses Written Advice issued.	Allegations: 1) Must not bring office/authority into disrepute while acting in your official capacity 2) Must not use to attempt to use your position improperly to the advantage/disadvantage of yourself or anyone else No breach in respect of 1, finding of a breach of the Code of Conduct in respect of 2.	Officer
2012	September	Great Yeldham	No Action Informal resolution by MO	Complaint did not set out a valid complaint for the Code of Conduct adopted by Parish Council.	Public
2012	November	Braintree	No Action Informal resolution by MO	Allegation: Failed to act in accordance with an interest. No evidence of breach of Code of Conduct	Public
2012	December	Braintree	No Action Informal resolution by MO	Allegation: Failed to act in accordance with an interest. No evidence of breach of Code of Conduct	Public
2013	January	Stisted	No Action Informal resolution by MO	Complaint did not set out a valid complaint for the Code of Conduct adopted by Parish Council.	Public

¹ One matter was received before the changes caused by the Localism Act. Matter determined in transition period and sanctions applied in accordance with the provision of the Localism Act 2011.

2013	February	Braintree	No Action Informal resolution by MO	Allegation: Failing to treat others with respect Complaint set out potential breach – Not in the public interest to take action.	Public
2013	March	Kelvedon	No Action Informal resolution by MO	Complaint did not set out a valid complaint for the Code of Conduct adopted by Parish Council.	Public
2013	March	Stisted	No Action Informal resolution by MO	Complaint did not set out a valid complaint for the Code of Conduct adopted by Parish Council.	Public
2013	March	Stisted	No Action Informal resolution by MO	Complaint did not set out a valid complaint for the Code of Conduct adopted by Parish Council.	Public
2013	March	Stisted (2 Cllrs)	No Action Informal resolution by MO	Complaint did not set out a valid complaint for the Code of Conduct adopted by Parish Council.	Public
2013	April	District	No Action Informal resolution by MO	Complaint did not set out a valid complaint for the Code of Conduct adopted by Parish Council.	Public
2013	April	Kelvedon	No Action Informal resolution by MO	Complaint did not set out a valid complaint for the Code of Conduct adopted by Parish Council.	Public
2013	May	Braintree	No Action Informal resolution by MO	Allegation: Failed to act in accordance with an interest. No evidence of breach of Code of Conduct	public
2013	July	Coggeshall	No Action Informal resolution by MO	Complaint did not set out a valid complaint for the Code of Conduct adopted by Parish Council.	public
2013	July	Bulmer	No Action Informal resolution by MO	Complaint did not set out a valid complaint for the Code of Conduct adopted by Parish Council.	Public

2013	August	Braintree	No Action Informal resolution by MO	Allegation: Failing to treat others with respect No finding against the Councillor	public
2013	October	Bradwell (2 Cllrs)	No Action Informal resolution by MO	Prima facie breach of the Code of conduct, but not considered to be seriously sufficient to warrant investigation or referral to Standards Sub-Committee	Public
2013	October	Bradwell (2 Cllrs)	Informal resolution by MO – Requested apologies* This matter is on-going	Prima facie breach of the Code of conduct, but not considered to be seriously sufficient to warrant investigation or referral to Standards Sub-Committee	Public
2013	November	Bradwell	No Action Informal resolution by MO	Complaint does not set out a matter which is formally a matter for the Code of Conduct adopted by the Parish Council. Guidance issued by MO to complaint subject	Public
2013	November	Coggeshall	Ongoing	Complaint made, but is subject to a request for clarification at the time of writing	Public

Dispensations

The Monitoring Officer may grant dispensation in limited circumstances without the need to refer the matters to Members for determination.

Under the Localism Act 2011, each Parish and Town Council is able to consider and determine applications for dispensations for its members unless it resolves to delegate that power to the Monitoring Officer and the District Council.

Stisted Parish Council has delegated responsibility for determining applications to the Monitoring Officer and the District Council

The Monitoring Officer has received one application for dispensation. This application was a joint application from three Members of Stisted Parish Council. The application was granted, subject to limitation and it will last for no longer than four years from the date of grant.

Procedures for Handling Complaints Under the Member Code of Conduct		Agenda No: 14
Corporate Priority: Performance Report presented by: Ian Hunt, Head of Governance and Monitoring Officer Report prepared by: Ian Hunt, Head of Governance and Monitoring Officer		
Background Papers: Agenda Item 8 Revised Constitution – New Standards Regime and Code of Conduct, Council 11 th June 2012		Public Report
Options: To affirm the detailed process for handling Complaints against Members.		Key Decision: No
Executive Summary: To CONSIDER the process for the handling of complaints against Members of both the District and Town and Parish Councils, reflecting the experience of the Council and the Monitoring Officer to enable an effective management of such complaints.		
Decision: 1. That the process detailed in Appendix 1 be adopted by the Governance Committee. 2. That the Assessment Criteria for the Initial Assessment of Complaints at Appendix 2 be adopted.		
Purpose of Decision: To ensure that the process for managing complaints is clear and appropriate for the Council and ensure a consistent approach.		

Any Corporate implications in relation to the following should be explained in detail

Financial:	None arising directly out of this report
Legal:	To ensure compliance with the Councils obligations in the Localism Act 2011 the Council must have a process for managing complaints.
Equalities/Diversity	None arising directly out of this report
Customer Impact:	None arising directly out of this report
Environment and Climate Change:	None arising directly out of this report
Consultation/Community Engagement:	None arising directly out of this report
Risks:	None arising directly out of this report
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1. Background:

- 1.1. The Council is obliged by the Localism Act 2011 to have a Code of Conduct for Members and to have processes in place to handle complaints raised under this Code. The Council is also responsible for the handling and determination of complaints against Town and Parish Councillors under the Codes of Conduct adopted by their respective Parish and Town Councils.
- 1.2. On the 11th June 2012 the Council adopted a Code of Conduct for Members and an outline process for the management of complaints.
- 1.3. The Governance Committee was given the responsibility for oversight and management of the process. Day to day management was delegated to the Monitoring Officer with the Standards Sub-Committee handling individual complaints.
- 1.4. The Council has two Independent Persons who are able to assist with the management of the process. Their role is to provide guidance and impartial commentary on the options and decisions made under this framework. The Independent Persons are not decision makers. In addition there are two Town and Parish Council representatives who are in a position to assist in the consideration of complaints at the Sub Committee.

2. Handling Complaints:

- 2.1. The new framework allows the Council to adopt its own process and procedures for handling complaints; this means that the Council had the opportunity to focus on a system which maintains sufficient rigor that serious matters can be escalated to a formal hearing; whilst seeking to ensure that complaints which do not have merit or which are minor can again be dealt with appropriately.
- 2.2. The Monitoring Officer is charged with managing the process and part of this remit is to consider whether complaints can be resolved informally. In order to do this the Monitoring Officer considers that one of the most important elements of the process is early engagement with Members who are subject to complaints.
- 2.3. To this end the Monitoring Officer proposes that the process clearly identify this as a usual step. Therefore the Monitoring Officer will be charged with seeking the Subject Members comments at an early stage; usually before decisions on the complaint are made. It is considered appropriate that there is a clear exception where to do so would potentially prejudice the ability to investigate a complaint (such as where evidence may be tampered with).
- 2.4. It is proposed that the Monitoring Officer remains the initial filter for complaints in consultation with the Independent Person; this process has been found to be effective both locally and within the wider local government community.
- 2.5. The proposed scheme for handling complaints is detailed in Appendix 1. Members will note that this framework includes the process for determining complaints from receipt through to the appeal hearing

- 2.6. It is proposed that the Committee endorses the assessment criteria used by the Monitoring Officer and where relevant the Standards Sub-Committee as set out at Appendix 2.

3. Conclusions:

- 3.1. The attached documents represent a clear process which will give clarity to complainants, Subject Members and the wider public in respect of how complaints will be handled by the Council and the Monitoring Officer.

4. Recommendations:

- 4.1. That the process detailed in Appendix 1 be adopted by the Governance Committee.
- 4.2. That the Assessment Criteria for the Initial Assessment of Complaints at Appendix 2 be adopted.

Appendix 1 Process for Handling Member Complaints

General Principals:

- Complaints will be considered against the relevant code of conduct and the assessment criteria.
- The Council will comply with its legal obligations including the Localism Act 2011.
- The Council will usually seek to resolve matters informally where appropriate having regard to the wishes of the complainant and the seriousness of the allegations.
- Decisions will be in writing, clear and set out their reasoning.
- Complainants and members will be treated with respect and given clear explanations
- We will act proportionately balancing; the severity of the allegation, relevant information, and the prospects of finding sufficient information to substantiate a breach. We will be mindful of the cost of investigation, this may be a factor in determining action for minor or trivial matters and in all cases the scope of an investigation will be proportionate to the issues raised.
- References to the Monitoring Officer include their nominated deputy.

The Standards Sub-Committee:

The Committee will meet in accordance with the requirements for meetings set out in the Local Government Act 1972. Meetings will usually be in public unless the matter is one to which Schedule 12A of the Act applies.

The Committee will comprise of the District Council Members appointed by the Council, with the attendance of the Independent Person. The Town and Parish Council representatives will be invited however the meeting will be quorate without their attendance.

The Committee must have regard to any advice from the Independent Person or the Town and Parish Council representatives.

Receiving Complaints:

The Monitoring Officer is the nominated person for receiving complaints under the Member Code of Conduct.

On receiving complaints the Monitoring Officer will assess the complaint to see whether or not the complaint is a relevant matter for the Council to consider. The Council can only consider matters relating to the conduct of Councillors for Braintree District Council or one of the Town or Parish Councils within the District. The Council cannot consider complaints against former Councillors, County Councillors or Members of Parliament. Complaints against the Council, its decisions or Officers will be passed to the corporate complaints process.

Complaints which relate to the failure to declare a Disclosable Pecuniary Interest, or a breach of a Councillor's requirement to register interests will be referred to the Police. These matters are criminal offences under the Localism Act 2011 and the Council has no jurisdiction to consider these.

Where a complaint is rejected from the process on one of these grounds the Monitoring Officer will confirm this to the Complainant.

Initial Consideration of Complaints:

Once a complaint has been received in respect of a matter within the remit of the Member Standards Framework the Monitoring Officer will give it consideration under the Code of Conduct.

All complaints must be in writing; email is acceptable. The Council provides a complaint form; whilst its use is not required it may assist complainants to use this. The Monitoring Officer will consider whether the complaint is sufficiently detailed to enable full consideration; and may contact the complainant for further information or details.

Once the complaint is sufficiently clear the Monitoring Officer will usually contact the Subject Member to seek their initial written comments on the complaint, the Monitoring Officer will ask the Member to respond within a specified timescale (usually 14 days) but may vary this period in appropriate circumstances. The Monitoring Officer will also seek to establish if the matter can be resolved informally.

Anonymous complaints will not generally be accepted. Except where there is a clear complaint, there is sufficient documentary information to enable a determination to be made and the complaint is sufficiently serious to warrant formal consideration.

Where in the view of the Monitoring Officer there is either no merit in seeking the Councillors view as the complaint is sufficiently clear, minor or where to do so would either inflame a situation or jeopardise the prospects of a successful investigation a decision may be made to dispense with seeking their views.

Before making an initial assessment of the complaint the Monitoring Officer will seek the views of the Independent Person. This may be in whatever format is considered appropriate in the circumstances and may include email, telephone conversation or a meeting. The Monitoring Officer must take into consideration the Independent Persons views before making a determination.

The Monitoring Officer may:

- Where a complaint raises a number of issues split or combine elements as appropriate and reach conclusions on each element separately.
- Determine that the complaint does not disclose a breach of the Code of Conduct on the information held.
- Determine that the complaint does not merit formal investigation; in reaching this decision the Monitoring Officer may or may not make a finding that a breach has occurred (or is likely to have occurred) and may if relevant issue advice or guidance to either the Subject Member or Members in general.
- Determine that informal resolution is appropriate and seek to implement this. Where an apology is given by the Subject Member the Monitoring Officer will determine whether it is sufficient taking into account the views of the complainant.
- Refer the matter to the Standards Sub-Committee in appropriate circumstances.
- Refer the matter for Investigation.

Matters Referred for Initial Assessment by the Standards Sub-Committee:

The Monitoring Officer may refer any complaint to the Standards Sub-Committee for them to make the initial decision on whether or not to investigate the matter. This may be for any reason, although usually it will be because the Monitoring Officer is unable to distance themselves sufficiently to be seen as acting reasonably.

The Committee may make any determination which was open to the Monitoring Officer in relation to the initial assessment of the Complaint.

Investigation of Complaints:

Where a matter is referred for Investigation the Monitoring Officer will determine who will undertake the investigation.

The Investigation will be conducted by a person independent of the complaint and shall be in the form and scope as agreed with the Monitoring Officer. The Monitoring Officer may consult the Independent Person before commissioning the Investigation.

The purpose of an investigation will be to determine whether or not the allegation is proven; additional issues will only be looked at where directly relevant. Investigations are not a full consideration of the history of an overall situation or to try and find potential breaches.

Investigations will be conducted in a timely way. The cost of the investigation should be managed in such a way as to ensure that it is proportionate and reasonable in the circumstances.

The Investigator is expected to produce a written report and reach a conclusion as to whether or not the Member Concerned has or has not breached the Code of Conduct. Whenever practical a draft of the report should be shared with the Complainant and the Subject Member for their comments prior to finalisation.

Should the Subject Member cease to be a member during the course of an investigation (either by resignation, not being returned to office at an election or death) or where there are extenuating personal circumstances (such as significant long term medical issues) the Monitoring Officer may stop the investigation following consultation with the Independent Person.

Receiving Investigation Reports:

Where an Investigation Report is received the Monitoring Officer will ensure that it is actioned in line with the following guidelines:

- Where no breach of the Code of Conduct is found the Monitoring Officer will report the findings to the Complainant, Member Concerned, Independent Member and the Standards Sub-Committee for information, no further action is required.
- Where a breach of the Code of Conduct is found the Monitoring Officer may seek to resolve the matter informally. Informal resolution is only possible with the agreement of the Complainant at this stage, and where agreement is reached a summary report will be passed to the Standards Sub-Committee for information, no further action is required.

- Where a breach of the Code of Conduct is found and no other remedy is agreed, the matter will be referred for hearing.

Hearings:

All hearings of the Standards Sub-Committee will be in public unless there are specific circumstances in accordance with Schedule 12A of the Local Government Act 1972. The fact that the hearing is considering an individual Councillors Conduct is unlikely to be sufficient in and of itself to withdraw into closed session given the public interest in open and transparent democracy.

A Subject Member may be represented at any hearing; the cost of this is the responsibility of the Subject Member and is not payable by the Council.

At any hearing the Investigating Officer will be asked to present their findings, this may include where necessary presenting witnesses. Members of the Committee and the Subject Member will be entitled to ask questions of the Investigating Officer or any witnesses.

The Subject Member will be given the opportunity to respond to the allegation and may where relevant have witnesses supporting them. The Subject Member and their witnesses may be questioned by the Investigating Officer or the Standards Sub-Committee.

Before making a determination the Standards Sub-Committee must give the Independent Person the opportunity to make representations and must give these representations consideration.

The Standards Sub-Committee will determine whether or not there is a breach of the Code of Conduct. If a finding is made that the Code of Conduct has not been breached they may make recommendations to the Subject Member or other members as they see appropriate.

If a finding is made that a breach of the Code of Conduct has occurred then the Sub-Committee may impose sanctions as set out below either individually or in combination:

- a. Reporting its findings to Council (or to the Parish Council) for information;
- b. Recommending to Council that the member be issued with a formal censure or reprimand (or to the Parish Council)
- c. Recommending to the Council and the Subject Member's Group Leader (or in the case of ungrouped members, recommend to Council) that they be removed from any or all Committees or Sub-Committees of the Council;
- d. Recommending to the Leader of the Council that the member be removed from the Cabinet, or removed from particular Portfolio responsibilities;
- e. Instructing the Monitoring Officer to (or recommend that the Parish Council) arrange training for the member;
- f. Recommending to Council (or Cabinet in the case of an Executive Appointment) the removal (or recommend to the Parish Council that the member be removed) from all or some outside appointments to which the Member has been appointed or nominated by the authority (or by the Parish Council);

- g. Withdrawing (or recommend to the Parish Council that it withdraws) facilities provided to the member by the Council, such as a computer, website and/or email and internet access; or
- h. Excluding (or recommend that the Parish Council exclude) the member from the Council's offices or other premises, with the exception of meeting rooms as necessary for attending Council, Committee and Sub-Committee meetings.

Appeals:

A member who has been found to have breached the Code of Conduct may appeal to the Appeals Committee, stating their reasons for the appeal. The appeal must be in writing and be submitted to the Monitoring Officer within 14 days of the decision of the Standards Sub Committee

When considering the appeal the Appeals Committee may:

- Uphold the original decision of the Standards Sub-Committee;
- Uphold the original decision of the Standards Sub-Committee and substitute the sanction determined by the Standards Sub-Committee with one which the Appeals Committee considers appropriate, after consultation with the Monitoring Officer and the Independent Person.
- Overturn the decision of the Standards Sub-Committee.

The Appeals Committee will comprise of the Chairman of the Governance Committee and 2 Members of the Governance Committee who were not involved in the original decision. They may take representations from the Town and Parish representatives

The appeal hearing will take the form of a fresh hearing of the allegation and will follow the same process as the original hearing, the Investigating Officer and the Subject Member may call additional witnesses should they feel it relevant.

CODE OF CONDUCT COMPLAINTS ASSESSMENT CRITERIA

Complaints which would not normally be referred for investigation:

1. The complaint is not considered sufficiently serious to warrant investigation; or
2. The complaint appears to be simply motivated by malice or is “tit-for-tat”; or
3. The complaint appears to be politically motivated; or
4. It appears that there can be no breach of the Code of Conduct; e.g. that it relates to the Councillor’s private life or is about dissatisfaction with a Council decision; or
5. It is about someone who is no longer a Councillor; or
6. There is insufficient information available for a referral; or
7. The complaint has not been received within 3 months of the alleged misconduct unless there are exceptional circumstances e.g. allegation of bullying, harassment etc; or
8. The matter occurred so long ago that it would be difficult for a fair investigation to be carried out; or
9. The same, or similar, complaint has already been investigated and there is nothing further to be gained by seeking the sanctions available to the Standards Sub- Committee; or
10. It is an anonymous complaint, unless it includes sufficient documentary evidence to show a significant breach of the Code of Conduct; or
11. Where the councillor complained of has apologised and/or admitted making an error and the matter would not warrant a more serious sanction.

Complaints which may be referred to the Standards Sub-Committee for review:

1. When the complaint comes from a senior officer of the Council, such as the Chief Executive or the Monitoring Officer and it would be difficult for the Monitoring Officer to make a determination; or
2. The complaint is about a high profile Councillor such as the Leader of the Council and it would be difficult for the Monitoring Officer to determine; or
3. Such other complaints as the Monitoring Officer considers it would not be appropriate for them to determine.

Whilst complainants must be confident that complaints are taken seriously and dealt with appropriately, deciding to investigate a complaint or to take further action will cost both public money and Officers’ and Councillors’ time. This is an important consideration where the complaint is relatively minor.

Forward Look – Twelve Months to January 2015		Agenda No: 15
Corporate Priority: An organisation that delivers value Report presented by: Trevor Wilson, Head of Finance Report prepared by: Trevor Wilson, Head of Finance		
Background Papers: None		Public Report: YES
Options:		Key Decision: NO
Executive Summary: <p>To present to Governance Committee the report schedule for the year with a brief summary of each report so that Members can see the routine audit and accounts business that will come before the Committee in each cycle together with the annual cycle of governance reports.</p> <p>There will be ad-hoc reports added, either at the request of members, the external auditor or from officers, during the year.</p>		
Decision: <p>Members are asked to note the report schedule for the next twelve month period.</p>		
Purpose of Decision: <p>To agree the work and reports which will be undertaken and presented to the Governance Committee over the coming 12 months.</p>		
Corporate Implications		
Financial:	None	
Legal:	None	
Equalities/Diversity	None	
Customer Impact:	None	
Environment and Climate Change:	None	
Consultation/Community Engagement:	None	
Risks:	None	
Officer Contact:	Trevor Wilson	
Designation:	Head of Finance	
Ext. No.	2801	
E-mail:	Trevor.wilson@braintree.gov.uk	

Report Schedule

Date	Report	Summary
26th March 2014	Strategic Audit Plan 2014/18	To present the Strategic Internal Audit Plan for the four year period.
	Internal Audit Activity report	To present details of the completed audit assignments.
	Governance Committee Annual Report	To consider the Committee's Annual report for 2013/14
	Governance Committee self-assessment	For members to undertake an evaluation of the Committee's effectiveness.
	Financial Indicators report	To present details of key financial indicators for the year to February 2014.
	Quarterly Performance Report	To provide a copy for information of the Cabinet Report with the forecast position on revenue spending and the capital programme.
	External Audit Plan 2013/2014	To receive the external auditors proposed Audit Plan and fees for 2013/2014.
	Risk Management – Strategic Risks Report	To provide a copy for information of the Cabinet Report on the Council's Strategic Risk Register which details significant business risks being monitored and managed by Management Board in line with the Council's Risk Management Strategy.
	Protecting the Public Purse 2013	To receive the Audit Commissions publication and BDC's self-assessment.
June 2014	Annual Governance Statement 2013/14	To present for approval the Annual Governance Statement for incorporation in the Statement of Accounts. Regulation 4 of the Accounts and Audit Regulations 2003 requires "The relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk".
	Internal Audit Annual Report	To present the Annual Report on Internal Audit for 2013/14
	Financial Indicators report	To present details of key financial indicators for the year to May 2014.
	Risk Management – Operational Risks	Details of the annual review of the Council's Operational Risks.
	Quarterly Performance Report	To provide a copy for information of the Cabinet Report with the forecast position on revenue spending and the capital programme.
September 2014	Receipt of the Statement of Accounts for 2013/14 together with the External	To consider and approve the Statement of Accounts for 2013/14, which will have been subject to external audit. The draft

	Auditor's Final report to Governance Committee	Statement of Accounts is due to be certified by Corporate Director, by 30 th June 2014. The external auditor's report provides a summary of the work the external auditor has carried out during their audit of accounts, the conclusions they have reached and the recommendations they have made to discharge their statutory audit responsibilities to those charged with governance at the time they are considering the financial statements. In preparing their report, the Code of Audit Practice requires them to comply with the requirements of International Standards on Auditing (United Kingdom & Ireland) – ISA (UK&I) - 260 'Communication of Audit Matters to Those Charged With Governance'.
	Quarterly Performance Report	To provide a copy for information of the Cabinet Report with the forecast position on revenue spending and the capital programme.
	Internal Audit Activity report	To present details of the completed audit assignments.
	Treasury Management Strategy – review of 2013/14 and current year to date	To present a year-end report and mid-year report on delivery and performance of the Treasury Strategy for 2013/14 and 2014/15.
	Financial Indicators report	To present details of key financial indicators for the year to August 2014.
January 2015	Annual Audit Letter 2013/14	To present the Annual Audit Letter covering the Council's financial audit. The Committee receives the report on behalf of the Council and may make observations to Cabinet who can decide to take action to make improvements based on the external auditor's assessment.
	Grant Claim Certification for year ended 31st March 2014	To receive external auditors report
	Draft Treasury Management Strategy 2015/16	To present the draft Treasury Management Strategy for 2015/16. The Governance Committee to review and make observations on the draft to the Cabinet, which will then present the Strategy to Full Council for approval in February 2015.
	Internal Audit Activity report	To present details of the completed audit assignments.
	Financial Indicators report	To present details of key financial indicators for the year to December 2014.
	Quarterly Performance Report	To provide a copy for information of the Cabinet Report with the forecast position on

		revenue spending and the capital programme.
	Risk Management – Strategic Risks Report	To provide a copy for information of the Cabinet Report on the Council's Strategic Risk Register which details significant business risks being monitored and managed by Management Board in line with the Council's Risk Management Strategy.