

# Governance Committee AGENDA



THE PUBLIC MAY ATTEND THIS MEETING

Please note this meeting will be audio recorded.

**Date: Thursday, 30th June 2016**

**Time: 7.15pm**

**Venue: Committee Room 1, Braintree District Council, Causeway  
House, Bocking End, Braintree, Essex CM7 9HB**

## **Membership:**

Councillor M Dunn  
Councillor J Elliot (Chairman)  
Councillor J Goodman  
Councillor D Hufton-Rees

Councillor Miss V Santomauro (Vice Chairman)  
Councillor Mrs M Thorogood  
Councillor R van Dulken

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

**Page**

## **PUBLIC SESSION**

### **1 Apologies for Absence**

### **2 Minutes of the Previous Meeting**

To approve as a correct record the minutes of the meeting of the Governance Committee held on 23rd March 2016 (copy previously circulated).

### **3 Public Question Time**

(See paragraph below)

### **4 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.

## **Monitoring and Finance**

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| <b>5</b> | <b>Fourth Quarter and Annual Performance Management Report 2015-16</b> | <b>5 - 35</b>  |
| <b>6</b> | <b>Key Financial Indicators – 31st May 2016</b>                        | <b>36 - 40</b> |

## **Audit and Governance**

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| <b>7</b>  | <b>Internal Audit – Activity Report for the period to 31st May 2016</b> | <b>41 - 47</b>   |
| <b>8</b>  | <b>Internal Audit Annual Report 2015-16</b>                             | <b>48 - 56</b>   |
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| <b>10</b> | <b>Strategic Risk Management</b>  | <b>91 - 114</b>  |
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| <b>12</b> | <b>Corporate Information Asset Risks</b>                                | <b>148 - 150</b> |
| <b>13</b> | <b>Treasury Management Annual Report 2015-16</b>                        | <b>151 - 167</b> |

## **Committee Operation**

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| <b>14</b> | <b>Forward Look – Twelve months to March 2017</b> | <b>168 - 173</b> |
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### **15 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.

### **16 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 this agenda there were none.*

## **PRIVATE SESSION**

### **17 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.

E WISBEY  
Governance and Member Manager

### **Contact Details**

If you require any further information please contact the Governance and Members team on 01376 552525 or e-mail [demse@braintree.gov.uk](mailto:demse@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 Governance and Members team on 01376 552525 or email [demse@braintree.gov.uk](mailto:demse@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: .....

Fourth Quarter and Annual Performance Management Report 2015/16		Agenda No: 5
Portfolio	Finance and Performance	
Corporate Outcome:	A high performing organisation that delivers excellent and value for money services	
Report presented by:	Councillor David Bebb	
Report prepared by:	Tracey Headford – Performance and Improvement Manager	
Background Papers:		Public Report
<a href="#">Fourth Quarter and Annual Performance Management Report 2015/16</a>		Key Decision: No
<b>Executive Summary:</b>		
<p>The purpose of the attached report is to summarise the performance of the Council at the end of the fourth quarter (January 2016 to March 2016) and the end of the year.</p> <p>As at the end of year, 39 projects have been completed and 3 are on track to meet their target dates.</p> <p>For performance indicators at the end of year, twelve have exceeded target and five have missed target by more than 5%.</p> <p>The number of passenger journeys on the community transport scheme has not met target in 2015/16. There has been a decrease in the number of passenger journeys relating to minibus hire and dial-a-ride for various reasons. However, the service is meeting current demand and promotion of the service in recent months has boosted figures and target was exceeded in the fourth quarter.</p> <p>The processing of minor planning applications achieved 65.72% against a target of 72% in 2015/16. The lower level of performance is a consequence of a higher than usual level of staff turnover placing an increased demand on the service. A successful recruitment exercise and the addition of consultancy support is improving performance but will take a while to feed through effectively in terms of performance.</p> <p>The number of empty homes in the District returned to use has not met target however, the work of the Empty Homes officer also involves working on properties outside of the district and a total of 73 homes have been returned to use in 2015/16.</p> <p>Meeting the recycling performance target remains a challenge. The tonnage for dry waste recycling and garden waste has fallen in comparison with last year. The lower recycling rate achieved is a trend reflected across the county and recycling rates are continuing to reduce. Action is being taken to increase recycling rates by introducing recycling to flats and schools across the district which has been boosted by the grant</p>		

received from the Department for Communities and Local Government (DCLG).

Overall the Council has performed well throughout the year delivering the best service to our customers, providing value for money and succeeding in achieving our corporate objectives.

### **Financial Performance**

The financial information in the performance management report details the financial position as at the end of March 2016.

The financial position statement for 2015/16 shows an overall positive variance of £1.83million (11.7%) against the original budget of £15.624million. The main reason for the variance is an over achievement of income of £1.533million.

The over achievement of income against budgets resulted from a variety of reasons including actions agreed by the Council during the course of the year (treasury management investments); as a result of increased demand for a service (including planning application fees and car park charges); or budget targets were, with hindsight, set too low due to difficulties in assessing the impact of planned actions (council tax sharing agreement and housing benefit overpayments recovered).

Increasing income where possible is a key element of the Council's financial strategy. The over performance recorded for the year has and will continue to assist in maintaining delivery of frontline services and will be a key part of the Council's financial planning as it seeks to address anticipated funding shortfalls due to becoming grant free in 2019/20.

Service management has requested that £607,039 of unspent budgets be carried over and used in 2016/17. Details of the requests are contained in a separate report on the agenda of this Cabinet meeting. If approved these carry forwards will reduce the outturn variance transferred to General Fund balances to £1.28million.

For a detailed explanation of the financial performance, please refer to page 18 onwards of the full report.

### **Decision**

To note and endorse the report.

### **Purpose of Decision:**

To inform the Cabinet of the performance of the Council.

<b>Any Corporate implications in relation to the following should be explained in detail.</b>	
<b>Financial:</b>	An assessment of the Council's financial position against the agreed budget for the year is provided and is based on income and expenditure during the year.
<b>Legal:</b>	There are no legal issues raised by this report.
<b>Safeguarding:</b>	There are no safeguarding issues raised by this report.
<b>Equalities/Diversity:</b>	Equalities and diversity issues are considered fully in the Council's key projects, where appropriate.
<b>Customer Impact:</b>	Performance of front line services, including Customer Services, Housing Benefits and Planning, for the quarter is provided. A summary of complaints received each quarter is analysed by outcome (justified, partially justified or not justified) is provided.
<b>Environment and Climate Change:</b>	The report provides details of progress in the delivery of the Council's key projects, including: installation of solar panels at the sports centres, anti-litter campaigns, expansion of our recycling service and campaigns encouraging recycling.
<b>Consultation/Community Engagement:</b>	Consultation is considered fully in the Council's key projects, as appropriate.
<b>Risks:</b>	Risks regarding the assumptions used in determining the predicted financial outturn for the year are identified.
<b>Officer Contact:</b>	Tracey Headford
<b>Designation:</b>	Performance and Improvement Manager
<b>Ext. No.</b>	2442
<b>E-mail:</b>	Tracey.headford@braintree.gov.uk



# **FOURTH QUARTER PERFORMANCE MANAGEMENT REPORT**

**1ST JANUARY 2016 TO  
31ST MARCH 2016**

# **AND ANNUAL PERFORMANCE MANAGEMENT REPORT**

**2015/16**



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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 fourth quarter and the end of the year in relation to the publication of 'Our plans for the District 2015/16'. 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 year

The following table provides updates for the end of the year in relation to the key activities in 'Our plans for the District 2015/16'




Corporate Priorities	Status of projects and actions				
					
Place	8	1	0	0	1
People	9	0	0	0	0
Prosperity	7	1	0	0	0
Performance	4	0	0	0	0
Partnership	11	1	0	0	0
<b>TOTAL</b>	<b>39</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>1</b>

#### 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 year**

The following table shows the performance for the end of the year in relation to the quarterly and annually reported Performance Indicators that have targets set as defined in 'Our plans for the District 2015/16'.

Corporate Priorities	Status of indicators			
				Data Only
Place	2	0	1	1
People	2	0	2	0
Prosperity	2	0	1	0
Performance	6	0	1	0
<b>TOTAL</b>	<b>12</b>	<b>0</b>	<b>5</b>	<b>1</b>

#### **KEY:**

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

### **Summary Position**

The Council has performed well throughout the year with a total of 39 projects completed and a further three projects on track. Twelve performance indicators have exceeded target at the end of the year with five performance indicators missing target by more than 5%.

Over the year we have improved industrial estates by building a new enterprise centre and invested in projects to support economic growth in our District as well as providing 76 affordable homes.

Braintree District Council received national recognition from Keep Britain Tidy for their innovative approach to an anti-litter campaign winning the prestigious Diamond Jubilee Partnership of the year award. We continue to invest in schemes to reduce waste boosted by funding received from the Department for Community and Local Government (DCLG) Recycling reward scheme allowing recycling to be rolled out to a higher number of flats than anticipated and within schools.

We have supported our communities by awarding more than £160,000 to local community projects, launched the Dementia Friendly Alliance making the District more dementia friendly, assisted residents to save money on their energy bills and introduced a handyman service. Investments in health and leisure saw the opening of the County's first 'sky ropes' course and campaigns to keep residents more active and improve their health by providing access to support for a range of local wellbeing activities.

Despite financial pressures we have identified improvements to processes and services enabling us to deliver the best service to our customers, provide value for money and succeed in achieving our corporate objectives.



## 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
<b>Continue a seven day cleaning programme in the town centres, including mechanical sweeping and targeted litter picking</b>		
The cleaning programme is an integral part of the day to day work of the team ensuring a high standard of cleanliness and reduced levels of litter.	March 2016	✓
<b>Maintain a programme of mechanical sweeping in rural areas on a quarterly basis</b>		
The programme of mechanical sweeping is an integral part of the day to day work of the team which has assisted in maintaining a high standard of cleanliness and reduced levels of litter in rural areas.	March 2016	✓
<b>Continue to support an anti-litter campaign across Essex</b>		
A new anti-litter campaign was launched in August with over 300 businesses involved across Essex. The campaign ran for 6 weeks and the results have shown a 40% reduction in all litter across Essex. This was the first time all Local Authorities had joined forces with businesses and run a campaign across a County, this innovative approach was recognised by Keep Britain Tidy when the partnership won the prestigious Diamond Jubilee Partnership of the Year Award.	March 2016	✓
<b>As part of the Essex waste partnership, participate in campaigns that aim to reduce waste and boost recycling</b>		
The Essex Waste Partnership board has agreed key areas of work to minimise waste, increase recycling and efficiency. Each district has been asked to put forward £3,000 funding for project management and support to move forward agreed actions. Outcomes will be reported back to the partnership board on a regular basis.	March 2016	✓
<b>Expand our recycling waste service in flats to an additional 50 sites</b>		
All sites across the district have been surveyed and recycling facilities installed at 117 blocks of flats across the District.	March 2016	✓
<b>Expand our trade waste recycling service to businesses in rural areas</b>		
Trade waste income has increased by 6.4% in comparison with 2014/15 due to increasing the number of trade waste customers and the sales of sacks and trade recycling. A restructure within the service has been carried out to ensure resources are in place to continue expanding the trade waste service to businesses in rural areas in 2016/17.	March 2016	✓
<b>Install additional solar panels in Witham Leisure Centre and new solar panels on the Discovery Centre and George Yard car park, and replace the wind turbine at the Discovery Centre to improve the energy efficiency of Council assets.</b>		
Due to a change in Government policy, a favourable feed in tariff will not be achieved and it is therefore no longer economically viable to install additional solar panels at Witham Leisure Centre and at George Yard car park.	March 2016	✗








Solar panels have now been installed and are generating electricity on the roof of the Discovery Centre and the roof of Unit 9, Lakes Road Due to changes in Government policy regarding the feed in tariff and planning laws for onshore turbines, the wind turbine at the Discovery Centre will not be replaced this year.	March 2016	✓
<b>Working with Essex County Council Highways, install directional signage in Braintree and Witham to increase customer awareness and accessibility to car parks and leisure facilities</b>		
The outcome from the signage audit carried out by Essex County Council was presented to the Economic Development Working Group. The Project has been extended to March 2017 as discussions are still taking place with Essex County Council regarding the availability of funds. Braintree District Council are considering a financial contribution towards the work once full requirements are known.	March 2017	▶
<b>Work with Essex County Council on developing a new Adventure Sky Line visitor attraction at Great Notley Country Park that will open this summer</b>		
The skyline visitor attraction opened to the public in July. The 9.5m high rope course and smaller junior course will give visitors the chance to get a unique bird's eye view of the park as they traverse various ropes, bridges and beams.	September 2015	✓



## Our Priorities

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

Project description and comments	Target Date	Status
<b>Reduce hip fractures amongst older residents by working with Housing Improvement Agency and other agencies to introduce a 'Handyman service' to help frail residents and other partners to build resilience to the community</b>		
The scheme has been successfully launched. Letters have been sent to residents who may benefit from the scheme which will be followed up with a visit from Aaron services to look at energy efficient measures such as draft proofing, cavity wall and loft insulation and replacement boilers as well as carrying out a trip and fall's assessment.	November 2015	✓
<b>Reduce obesity levels across the District by working with Health and Wellbeing panel partners to deliver local activities to enable residents to eat well and increase activity levels</b>		
A targeted takeaway healthy eating project was set up to help tackle obesity issues in the district. 50 takeaways have been visited and invited to be part of a scheme to reduce the amount of sugar and salt they use and to change their cooking oil to a vegetable based product.	September 2015	✓

A '30 minutes a day' project in partnership with Active Braintree and Fusion has been set up to encourage residents to exercise for 30 minutes a day. All activities are promoted through the Livewell website.	<b>December 2015</b>	
An exercise referral scheme has been launched and promoted on the Livewell website in partnership with Provide, health professionals and Fusion. The scheme provides a 12 week program designed to guide and support individuals wishing to increase activity levels.	<b>June 2015</b>	
<b>Refurbish three play areas at: Rosebay Close, Witham, John Ray Park, Braintree and Tabor Field, Braintree</b>		
Works are now complete at all three play areas which have been refurbished with new play equipment improving the facilities available.	<b>February 2016</b>	
<b>Work with 'Active Braintree District' partner organisations to increase access to sports and activities so that the District becomes a place where all individuals and communities have the opportunity to take part in their chosen activity</b>		
A number of successful activities were launched throughout the year to increase resident's access to sports and activities. These include park runs, instructor led cycling sessions, walks programme, open days with come and try events and the workplace challenge. Due to the success of the activities, a number of sessions have now been made permanent and participation levels continue to increase.	<b>March 2016</b>	
<b>Deliver the second stage start of the Friends Life Women's Tour and follow up Festival to encourage cycling and other physical activities</b>		
A successful start to stage 2 of the race took place on the 18 <sup>th</sup> June. The tour started in Braintree Town Centre and passed through Halstead, Sible Hedingham, Castle Hedingham, Great Yeldham and the Belchamps before eventually finishing in Clacton. To celebrate the visit of the Aviva Women's Tour, a 'Pedal in the Park' family festival took place on the 20 <sup>th</sup> June to celebrate cycling, sport and activity.	<b>June 2015</b>	
<b>Deliver an improvement programme to preserve, interpret and promote the unique Archive, Museum and District's heritage for the public benefit through a sustainable partnership with Braintree Museum Trust Ltd</b>		
New directors have been recruited to the Museum Trust including the appointment of Councillor Jo Beavis to represent Braintree District Council. A number of successful events and exhibitions such as a guitar concert by Antonio De Innocentis, WWII exhibition, Super Six summer holiday activities, Magna Carta exhibition and Body Science exhibition has seen the visitor numbers exceed target in 2015/16.	<b>March 2016</b>	
<b>Supporting community groups to deliver local projects through the Mi Community fund</b>		
More than £160,000 has been awarded to twenty one local community projects in the fourth round of funding from Braintree District Council's Mi Community programme. The latest figures show that 14 local community projects have been completed with the others remaining in contact with the Council whilst they actively work toward completion.	<b>March 2016</b>	



## 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
<b>Complete the Springwood Drive Enterprise Centre extension, improving business start-up and growth support for new businesses in the District</b>		
The Springwood Drive Enterprise Extension has been completed and will provide 11 new units to support businesses and growth in the District once operational. Handover of the Extension to Ignite Business Enterprise as operator has been delayed pending the conclusion of lease and grant agreements with the Council, with the Extension anticipated to be operational in July 2016.	February 2016	✓
<b>Deliver 75 new business start-ups in conjunction with IGNITE</b>		
In 2015/16, IGNITE have delivered 80 new business start-ups and assisted in creating 87 jobs.	March 2016	✓
<b>Deliver two area business forums providing business support and helping to improve District Council services to businesses</b>		
Two successful business forums have been held providing advice and support to local businesses.	March 2016	✓
<b>Promote inward investment through a dedicated website and increased marketing activities</b>		
A dedicated webpage for businesses was launched in June 2015 to provide more effective service delivery. A further version of the website was launched in March 2016 improving access to services on a range of devices for our customers.	June 2015	✓
<b>Deliver an industrial estate improvement scheme supporting business growth across the District</b>		
170 Businesses on the Springwood Industrial Estate have been consulted with regarding improvement works and a scheme has been approved and agreed with grant funding received from Essex County Council. Contractors have now commenced works on the first phase of the improvement works.	March 2016	✓
<b>Produce a draft District Local Plan providing sustainable housing and employment growth for the future</b>		
The Local Plan continues to progress towards a preferred options consultation in June and July 2016. Evidence base work is being taken to members as and when it is completed. The policies were approved by Council in January 2016 and the housing target and site selection will take place in the coming months	September 2016	▶
<b>Invest £500,000 in a business loan scheme to help the District's businesses expand and grow to create new jobs and support enterprise in town and rural areas</b>		
The Business Growth Loan Fund was launched in September 2015 with £500,000 made available to businesses across the District to support economic growth. Despite extensive marketing, interest in the Loan Fund has been disappointing and a review will be undertaken to examine options for investment to stimulate business growth	September 2015	✓



<b>Work with Housing Associations to enable the delivery of 70 affordable homes as part of our four year target to build 400 affordable homes by March 2016</b>		
76 affordable homes have been delivered in 2015/16 and a total of 423 delivered between 2012 and 2016 exceeding the four year target.	March 2016	✓



## Our Priorities

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

Project description and comments	Target Date	Status
<b>Work with our public sector partners to review the use of property assets across the District to ensure they are providing the best value for money for the taxpayer</b>		
As part of the Governments One Public Estate initiative, the council together with other public sector partners carried out a review of all public sector land and property within the Braintree district. With the assistance of the East of England Local Government Association (EELGA), 291 sites were inspected with a view to identifying underutilised assets, opportunities for sharing or disposing of assets and the potential for developing sites for additional housing. The Asset Management team continue to work with partners to identify delivery opportunities in relation to identified sites and discussions are ongoing with the NHS to facilitate the provision of new doctor's surgeries.	March 2016	✓
<b>Increase income from our services by identifying commercial opportunities that will generate revenue to support us in addressing the District's priorities</b>		
Projects to generate potential income are being implemented together with a training programme to ensure staff have the range of skills required to successfully deliver the better at business programme. New resources have been recruited to support the programme and a new appraisal tool is in pilot stage to support effective commercial decision making.	March 2016	✓
<b>Continue to use a range of new technologies to improve the way that we deliver services and ensure that they are easier to access for our customers</b>		
The new responsive website went live in March improving access to services on a range of devices for our customers. The included upgraded the planning portal making it easier for customers to comment on planning applications using mobile devices. Further work will continue next year on improving the content of our website and on-line payments to improve the customer experience.	March 2016	✓
<b>Continue to review our investments to ensure that they are generating the maximum income</b>		
The £12million invested in pooled funds (three equity and one property) has generated dividend income for the year of £509,352; achieving the budget provision agreed for the year. Opportunities to purchase property in the	March 2016	✓











District as an investment and/or for employment retention or expansion are considered as and when identified. A Strategic Investment Group has been established, consisting of councillors to consider investment opportunities and recommend action as appropriate.		
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The majority of our services and improvements are provided in partnership with others, whether it is with community groups, voluntary organisations, public sector or private sector organisations.





















Project description and comments	Target Date	Status
<b>Work in partnership with other Essex Authorities and other public sector organisations to develop a devolution proposal for greater Essex which will enhance local government in Greater Essex with the possible transfer from central Government of powers and funds to a Combined Authority</b>		
Chief Executives and senior officers from the District, Unitaries and County Councils have presented our joint work to officials in Whitehall which has been well received. However it has become increasingly clear that Ministers do want to see a Mayoral governance model for County areas. The Leaders of the Greater Essex authorities are not yet convinced that this is the right model for Greater Essex. Therefore, recognising the good work done to date, Leaders have opted not to work towards a fixed date in terms of submitting a deal, but rather wait to see how other county deals elsewhere in the country unfold, and further consider the implications of the asks of Government.	March 2016	✓
<b>Continue to work in partnership with key partners such as local business leaders, Haven Gateway Partnership, Essex Local Authorities and Stansted Airport to continue to drive forward economic growth and infrastructure improvements in the District and surrounding area. In particular try to ensure that the South East Local Enterprise Partnership is more responsive to the priorities of the District and surrounding areas</b>		
Essex County Council and their consultants continue to progress the programme for the A120 improvements study, in partnership with Highways England. Technical work will be completed by November 2016 and public consultation will be completed by April 2017 leading to a preferred option being submitted to the Secretary of State by August/September 2017. Haven Gateway Partnership are intending to hold an event for businesses to promote the campaign in Braintree in May 2016 and we will support the Partnership.	October 2017	▶
Bids for the new Rail Franchise were submitted in December and we are awaiting the outcome of the franchise allocation decision from Government. Discussions will continue with Essex County Council and Network Rail to explore the potential for bringing forward service improvements.	March 2016	✓

<b>Work with neighbouring Essex (and Suffolk) Districts, Essex County Council and other partners such as the Health and Education sectors on strategically planning for the significant housing and economic growth required in the District with the necessary supporting infrastructure to support the work on the new Local Plan.</b>		
Discussions will continue between District Council officers, Highways England and Essex County Council on infrastructure improvements, to ensure co-ordination with Local Plan proposals.	March 2016	
<b>We will continue to work with health partners, including the mid-Essex Clinical Commissioning Group, and other organisations to create a Living safe and wellbeing partnership. This will support individuals and communities to act for themselves, helping to improve residents health and independence, thereby reducing the pressure on the local NHS system</b>		
The council has launched a Social Prescribing Model for the residents of the District. The model will connect people to non-medical sources of support including linking them up to activities in the community that they will benefit from to relieve the pressure on the local health and social care system.	September 2016	
In conjunction with the Social Prescribing Model, an IT referral and sign posting portal for 'Mid Essex' has been developed to sign post residents and professionals to the local groups available to provide support.	September 2016	
The damp, cold and mould campaign has been incorporated into the project reducing hip fractures by working with agencies to introduce a Handyman service. Aaron services will visit residents to assess their housing conditions and make recommendations.	February 2016	
<b>In partnership with the RCCE, continue to work with Parish and Town Councils to support their local priorities</b>		
The RCCE were appointed on the 1st April 2015 working with Parishes and Town Councils on neighbourhood plans. They are currently working on five neighbourhood plans.	March 2016	
<b>Work with ECC and local schools and academies to improve the educational standard and attainment of young people in the District</b>		
The Mid Essex Children's Partnership Board are putting together an action plan for school readiness in Braintree which currently has low attainment levels. Workshops have been held to identify gaps across the District to develop projects and identify funding requirements. Discussions also continue with Essex County Council to establish an Education attainment and skills board for the District.	March 2016	
<b>Participate in Business Rates pooling arrangement with nine Essex Authorities. This will increase the amount of business rates retained within Essex, of which the Council will receive a proportion to spend in the District</b>		
Business Rates pooling arrangement approved and established for 2015/16. The financial benefit will not be determined until after year end.	March 2016	
<b>Work with other local authorities in Essex to develop a business case for establishing a building control shared service across the Authority</b>		
Eight Authorities are exploring a shared Building Control service within Essex and Colchester Borough Council will be the host Authority. Work will continue on an implementation plan and to approve the financial model for each local authority.	March 2016	

## Section 3: Managing the Business

### Our Performance Indicators in Detail

Performance Indicator	2015/16									Comments
	Q1 Outturn	Q2 Outturn	Q3 Outturn	Q4 Outturn	Target for the Quarter	Status at the end of the Quarter	Yearly Outturn	Yearly Target	Status at the end of the year	
Place										
Percentage of land that falls below cleanliness standards for litter	n/a	6%	3%	4%	6%		4%	6%		Recorded 3 times a year – July, November and March
Percentage of household waste sent for reuse, recycling and composting	56.16%	55.10%	52.28%	48.76%	50%		52.86%	60%		Meeting the recycling performance target remains a challenge. The amount of waste recycled has fallen and waste to landfill has increased. This is a national trend being reported by many other District./Borough Council's across Essex and the Country. BDC is actively working with Essex County Council and the other waste collection authorities throughout Essex to tackle this issue.
Percentage of fly tips cleared within 24 hours of being reported	100%	100%	100%	100%	100%		100%	100%		Represents a total of 775 fly tips cleared within 24 hours of being reported in 2015/16
Public Satisfaction with parks and open spaces	Annually reported indicator						83%	n/a	Data only	
People										
Total number of visits to our leisure facilities	246,800	250,421	255,333	311,026	302,965		1,063,580	1,049,923		
Number of visitors to our leisure facilities from under-represented groups	210,994	213,173	206,788	249,741	229,483		880,696	843,102		
Number of passenger journeys on the Community Transport Scheme	15,181	13,736	14,057	13,696	13,496		56,673	61,000		Passenger journeys have been lower than predicted over the year with a reduction seen in all journey types with various factors contributing to the reduction. However the service is meeting current demand and promotion of the service in recent months has boosted figures and target was exceeded in the fourth quarter.
Percentage of Mi Community projects successfully completed	Annually reported indicator						67%	100%		21 projects received funding and 14 projects have been completed. We are currently awaiting results of the fourth quarter audit to provide final figures. All projects that are not completed are progressing well and are likely to complete soon.

Performance Indicator	2015/16									Comments
	Q1 Outturn	Q2 Outturn	Q3 Outturn	Q4 Outturn	Target for the Quarter	Status at the end of the Quarter	Yearly Outturn	Yearly Target	Status at the end of the year	
Prosperity										
Number of empty homes in the district returned to use	15	13	18	15	18		61	75		The figures reflect the number of empty homes in the district returned to use. However, the work of the Empty Homes officer involves working on properties outside of the district too and a total of 73 homes have been returned to use in 2015/16.
Number of affordable homes delivered	18	0	25	33	27		76	70		
Number of new business start-ups in the district created in partnership with IGNITE Business	20	18	23	19	18		80	75		
Performance										
Percentage of enquiries resolved at first point of contact within the Customer Service Centre	96%	96%	96%	96%	85%		96%	85%		
Time taken to process housing benefit/council tax benefit new claims	16.08 days	16.76 days	16.97 days	18.16 days	18 days		17.27 days	18 days		
Time taken to process housing benefit claim changes	4.78 days	4.88 days	5.09 days	5.94 days	6 days		5.17 days	6 days		
Percentage of minor planning applications processed within 8 weeks	71.60%	69.33%	57.58%	62.30%	72%		65.72%	72%		The fourth quarter results represents 38 out of 61 planning applications determined within timescales. For the year, 186 out of 283 minor planning applications were determined within timescale. Target has not been met throughout the year due to resourcing issues placing an increase demand on the service.
Percentage of stage 1 complaints responded to within target	90.07%	90.50%	91.67%	92.56%	90%		91.38%	90%		Represents 689 out of 754 stage one complaints responded to within 7 working days in 2015/16.
Cumulative collection rate for Council Tax	30.70%	59.24%	87.19%	98.26%	98.00%		98.26%	98.00%		
Cumulative collection rate for business rates	30.20%	58.22%	84.89%	98.78%	98.50%		98.78%	98.50%		

## **Customer Services & Views**

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

<b>Customer Service: Indicators of Performance</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Target</b>
Average telephone response time in the Customer Service Centre	16 seconds	13 seconds	10 seconds	11 seconds	15 Seconds
Number of transactions carried out via the Council website	28,698	26,899	25,913	24,796	28,750
Number of unique visitors to the Council website	119,136	105,153	102,075	108,588	95,000
Percentage of avoidable contacts (collected half yearly)	n/a	9.63%	n/a	10.72%	Data only

### **Comments**

The number of transactions carried out via the website has not met target throughout the year. An anomaly has been identified between the way that this year's figures and last year's figures have been calculated to exclude or include particular transaction types. This is currently being rectified and processes put in place to ensure the anomaly is not repeated. When you recalculate like for like between 14/15 and 15/16 we are projecting an overall net increase in the number of transactions carried out via the website.

### **Customer Satisfaction Surveys**

A public consultation exercise was undertaken between October 2015 and March 2016 to establish customer satisfaction with the area as a place to live, value for money, the Council and the services it provides and to gather feedback and comments from our customers. 1104 residents completed our survey and the results are as follows:

- 92% of residents are satisfied with the local area as a place to live *(87% in 2014/15)*
- 86% of residents are satisfied with the way Braintree District Council runs things *(81% in 2014/15)*
- 62% of residents agree that Braintree District Council provides value for money *(59% in 2014/15)*
- 76% of residents feel informed about the services and benefits available from Braintree District Council *(73% in 2014/15)*
- 80% of residents are satisfied with how Braintree District Council keep our District clear of litter *(79% in 2014/15)*
- 86% of residents are satisfied with their waste collection service *(87% in 2014/15)*
- 83% of residents are satisfied with parks and open spaces *(83% in 2014/15)*
- 84% of residents are satisfied with the sports and leisure facilities *(77% in 2014/15)*

## **Complaints**

The quarterly complaints analysis for the fourth quarter of 2015/16 is detailed below. This is compared with 2014/15 figures shown in brackets. The figures represent all three stages of the complaints process.

<b>Complaint Category</b>	<b>Q1 2015/16</b>	<b>Q2 2015/16</b>	<b>Q3 2015/16</b>	<b>Q4 2015/16</b>	<b>TOTAL</b>
Justified	83 (36)	90 (39)	108 (32)	125 (189)	406 (296)
Not Justified	45 (48)	65 (105)	70 (44)	101 (81)	281 (278)
Partially Justified	17 (12)	30 (22)	21 (13)	24 (26)	95 (73)
Not known	0 (0)	1 (2)	1 (0)	0 (0)	2 (2)
<b>Total</b>	<b>145 (96)</b>	<b>186 (168)</b>	<b>200 (89)</b>	<b>250 (296)</b>	<b>784 (649)</b>

## **Comments**

The number of complaints received in the fourth quarter of 2015/16 is higher than the number of complaints received in the third quarter of 2015/16 and this increase is reflected in the total number of complaints received at the end of the year.

This is due to receiving a higher number than usual complaints in relation to missed waste collections from customers affected by the re-routing of the district. Following a period of monitoring, adjustments were made in October to collections on 'narrow access' routes and improvements to service delivery has started to reduce the number of complaints received. The fourth quarter has also seen an increase in the number of complaints received in respect of land and property searches due to resource issues within the team resulting in delays in processing requests.

In the fourth quarter of 2015/16, of the 250 complaints received:

- 242 are stage one complaints
- 7 are stage two complaints
- 1 is a stage three complaint

The yearly breakdown is as follows:

	<b>Q1 2015/16</b>	<b>Q2 2015/16</b>	<b>Q3 2015/16</b>	<b>Q4 2015/16</b>	<b>TOTAL</b>
Stage 1	141	179	192	242	754
Stage 2	2	5	5	7	19
Stage 3	2	2	3	1	8
Total	145	186	200	250	781

## **A summary of Local Government Ombudsman cases: 3**

In the fourth quarter of 2015/16 the LGO received three complaints. All three complaints are currently being investigated by the LGO.

## Our Organisation

The following is a selection of our people performance measures:

People: Indicators of Performance	Q1 15/16	Q2 15/16	Q3 15/16	Q4 15/16	Change on previous period	Yearly Outturn	Yearly Target
Total headcount	470	461	469	470	+ 1	<b>470</b>	-
Total number of posts	480	473	480	483	+ 3	<b>483</b>	-
Number of temporary staff	49	42	45	48	+ 3	<b>48</b>	-
Total staff FTE	425.25	416.62	422.20	422.89	+ 0.69	<b>422.89</b>	-
Level of employee turnover	2.6%	4.6%	3.4%	1.4%	- 2%	<b>11.9%</b>	-
Number of vacant posts	16	22	25	24	- 1	<b>24</b>	-
Number of leavers	12	21	16	7	- 9	<b>56</b>	-
Number of starters	10	12	24	8	- 16	<b>54</b>	-
Working days lost to sickness per employee	2.3 days	2.6 days	2.6 days	2.2days	- 0.4 days	<b>9.5 days</b>	8.0 days
Percentage of staff with nil sickness	74%	72%	67%	66%	- 1%	<b>36%</b>	-
Number of learning hours	3997.5	7071	11523	9615	- 1908	<b>32206.5</b>	-
Number of delegates	125	196	485	189	- 296	<b>995</b>	-
Number of apprentices	14	26	24**	19	- 5	<b>19</b>	-

\*\* 22 + 2 members of staff who are now undertaking an apprenticeship at level 4

Year on Year Headcount Analysis	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	541	503	485	466	478	472	470

## **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 of staff, our customers, residents and other non-employees we come into contact with. Monitoring is undertaken by the corporate health and safety committee and action plans will be put in place where necessary.

<b>Health &amp; Safety: Indicators of Performance</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	
	(2014/15 figure in brackets)				
Total number of reported accidents/ incidents, calculated from:	6 (11)	12 (6)	5 (9)	11 (14)	There is a wide range of causes for the five accidents. No common trends to follow up upon.
<i>Accidents/ incidents to employees</i>	4 (9)	9 (5)	5 (5)	9 (13)	Slips trips and cuts are the main reasons for accidents to employees in the fourth quarter
<i>Accidents/ incidents to contractors</i>	2 (2)	1 (1)	0 (3)	2 (1)	Agency staff injured whilst undertaking refuse collections.
<i>Accidents/ incidents to non-employees</i>	0 (0)	1 (0)	0 (1)	0 (0)	
Time lost in days due to employee accidents/ incidents	3 (5)	76 (27)	42 (17)	5 (61)	The number of days lost is as a result of just the one accident, where an employee sustained a knee injury.
Number of reported verbal/ physical incidents to employees	0 (2)	1 (1)	0 (0)	2 (0)	Two incidents occurred in reception where reception staff were verbally abused by members of the public.
Number of near miss incidents	0 (1)	0 (0)	1 (0)	0 (2)	
Number of Accidents/ incidents registered resulting in insurance/ compensation claim	1 (1)	0 (0)	0 (0)	0 (0)	
Number of claims settled	0 (0)	2 (0)	0 (0)	0 (0)	



## **Financial Performance**

This part of the report provides a review of the financial outturn for the year. It examines the spending on providing day-to-day services and compares this to the budget for the year. Also included is a summary of treasury management activities; details of movements on the General Fund balance and earmarked reserves; and a summary of spending for the year on capital investment projects.

### **Summary:**

- An overall positive variance for the year of £1.830million (-11.7%) against the budget of £15.624million.
- Income is overachieved by £1.533million; with a net underspend of £297,000 on staffing and other expenditure.
- The overall variance has improved from that reported at the third quarter (Q3) by £892,000, of which £622,000 is due to a net increase in income, and the balance due to an additional underspend against staffing and other expenditure budgets of £270,000.
- During the year the Council has monitored its overall financial position with the following position being reported at each quarter:

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
	Reported Full-Year Projected Variance Adverse/ (Positive)			Actual Variance
<b>Net Variance</b>	<b>(109)</b>	<b>(738)</b>	<b>(938)</b>	<b>(1,830)</b>
Staffing	204	96	64	48
Other Expenditure	(30)	(53)	(91)	(345)
Income	(283)	(781)	(911)	(1,533)

- Projections were revised at Q2 in light of evidence of a continued upward trend in Development Control application fee income, as well as better performance against the Council Tax sharing agreement with the major precepting bodies. The final outturn figures have seen a further significant improvement in the amount of Council Tax being collected resulting in an increased share retained by the Council. Furthermore, the outturn net spend against the Housing Benefit budget of £42 million was slightly lower (-0.5%) mainly due to higher recovery of overpayments resulting in an overall Q4 positive variance of £206,000.
- Service management have requested that £607,039 of unspent budgets/ additional income be carried over and used in 2016/17.

## Revenue Spending by Services

Business Plan Service	Budget £'000	Actual Spend £'000	Adverse (Positive) variance against budget				RAG Status
			Staffing £'000	Other Expenditure £'000	Gross Income £'000	Total £'000	
Asset Management	(1,805)	(1,864)	(2)	26	(83)	(59)	G
Business Solutions	1,876	1,634	(18)	(212)	(12)	(242)	G
Community Services	558	477	(42)	(38)	(1)	(81)	G
Corporate Management Plan	1,319	1,271	(1)	(47)	-	(48)	G
Cultural Services	264	270	1	(3)	8	6	A
Environment	956	811	(84)	(22)	(39)	(145)	G
Finance	1,255	688	(129)	(80)	(358)	(567)	G
Governance	945	919	(2)	(24)	-	(26)	G
Housing Services	741	718	(5)	(13)	(5)	(23)	G
Human Resources	425	413	(13)	4	(3)	(12)	G
Leisure Services	(31)	(9)	(1)	12	11	22	A
Marketing and Communications	455	380	(1)	(21)	(53)	(75)	G
Operations	3,921	3,824	47	(44)	(100)	(97)	G
Sustainable Development	2,042	1,567	(36)	102	(541)	(475)	G
<b>Service Total</b>	<b>12,921</b>	<b>11,099</b>	<b>(286)</b>	<b>(360)</b>	<b>(1,176)</b>	<b>(1,822)</b>	<b>G</b>
Corporate Financing	3,037	2,695	-	15	(357)	(342)	G
Efficiency target	(334)	-	334	-	-	334	
<b>Total</b>	<b>15,624</b>	<b>13,794</b>	<b>48</b>	<b>(345)</b>	<b>(1,533)</b>	<b>(1,830)</b>	<b>G</b>

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

## Staffing

Further analysis of the staffing budget variances is provided in the following table:

Business Plan – Staffing Budgets	Budget £'000	Actual for the year £'000	Adverse/ (Positive) variance £'000	RAG Status
Asset Management	278	276	(2)	G
Business Solutions	809	791	(18)	G
Community Services	406	364	(42)	G
Corporate Management Plan	1,125	1,124	(1)	G
Cultural Services	186	187	1	A
Environment	1,537	1,453	(84)	G
Finance	2,357	2,228	(129)	G
Governance	429	427	(2)	G
Housing Services	701	696	(5)	G
Human Resources	302	289	(13)	G
Leisure Services	131	130	(1)	G
Marketing and Communications	273	272	(1)	G
Operations	4,597	4,643	47	A
Sustainable Development	1,603	1,567	(36)	G
<b>Service Total</b>	<b>14,734</b>	<b>14,447</b>	<b>(286)</b>	<b>G</b>
Efficiency target	(334)		334	
<b>Net Total</b>	<b>14,400</b>	<b>14,447</b>	<b>48</b>	<b>A</b>

RAG Status: G = favourable or nil variance, A = up to 5% adverse variance, R = > 5% (Net Total adverse > Efficiency target)

## Commentary on staffing variations:

Savings on staffing budgets have been achieved through a combination of vacancies, staff retirements, reductions in hours worked, and/ or through other service restructures and efficiency reviews. Across all business plans there is an underspend on staffing for the year of £286,000. The approved budget provided for a corporate efficiency target of £334,000 to be achieved from in-year staffing variances meaning there is a shortfall in meeting this target by £48,000, a small improvement from the shortfall of £64,000 anticipated at Q3. The balance of the corporate efficiency target has been more than offset by Other Service Expenditure positive variances. A number of the staffing variances identified are ongoing and have therefore been included as part of the management savings reflected in the 2016/17 budget. Recognising the

reducing size of the organisation's staffing structure the approved budget for 2016/17 also includes a reduction in the corporate efficiency target to be achieved in future.

## **Other Service Expenditure**

Services have underspent against their non-staffing expenditure budgets by a net £345,000 which is an increased underspend from that reported at Q3 of £254,000. Contained within this net position are the following items:

*Main positive variances:*

- **ICT Contract and Corporate systems** – At Q3 an underspend of £87,000 was predicted for the year through a combination of reduced spend on the ICT Capita contract arising from lower service volumes and contract variations; and reduced maintenance costs for the voice and data networks. Ongoing elements of these savings were reflected in the budget approved for 2016/17. The final underspend for the year increased by a further £90,000 that related to projects yet to be completed and, has therefore been requested to be carried over into 2016/17. The projects concerned include: Phase 2 of development of the Council's website; and an upgrade to the Causeway House network for which preliminary investigations have taken longer to complete thereby delaying the commencement of works.
- **Council Tax Benefit** – recovery of overpaid benefit that was originally paid prior to April 2013 is retained by the Council rather than being offset against government subsidy. In the current year a credit of £106,000 has been generated.

*Offset by:*

- **Landscape Services** – The Council continues to receive claims for damage caused by tree roots. Whilst claims are challenged wherever possible, a risk exists that the Council is required to provide compensation. In 2015/16, £80,000 of unbudgeted costs was incurred (including setting aside a provision for on-going claims). Similar claims in 2014/15 resulted in a cost of £136,000.

## **External Income**

A significant proportion of the Council's budget is reliant on external income. Grants and subsidies from government, alongside income from business rates are major elements, totalling over £54 million. These income streams are either fairly predictable as they are determined at the start of the year as part of the annual Local Government Finance Settlement; or variations are largely offset by commensurate changes in expenditure, e.g. housing benefits.

The amount of business rates retained depends on the actual amounts collectable (taking into account changes in the Valuation List, exemptions and reliefs granted, and provisions for non-collection and rating appeals). For 2015/16 income was higher than originally projected – this extra income will be reflected in the balance on the Collection Fund and will be taken into account when calculating the proposed budget for 2017/18. There are, however, in-year consequential impacts: an increase in the levy payable to the Essex Business Rates Pool partially offset by additional government grant on the cost of discretionary reliefs (e.g. small business rate relief and retail relief). These in-year fluctuations are managed through the Business Rates Retention Reserve.

As a participant in the Essex Business Rates Pool the Council is entitled to a share of the extra business rates retained "locally" which will be rebated against the 2015/16 levy. The amount of

the share for 2015/16 has yet to be determined as it requires all Essex authorities to finalise their Collection Fund accounts, however the latest estimate for the Braintree share was £350,000.

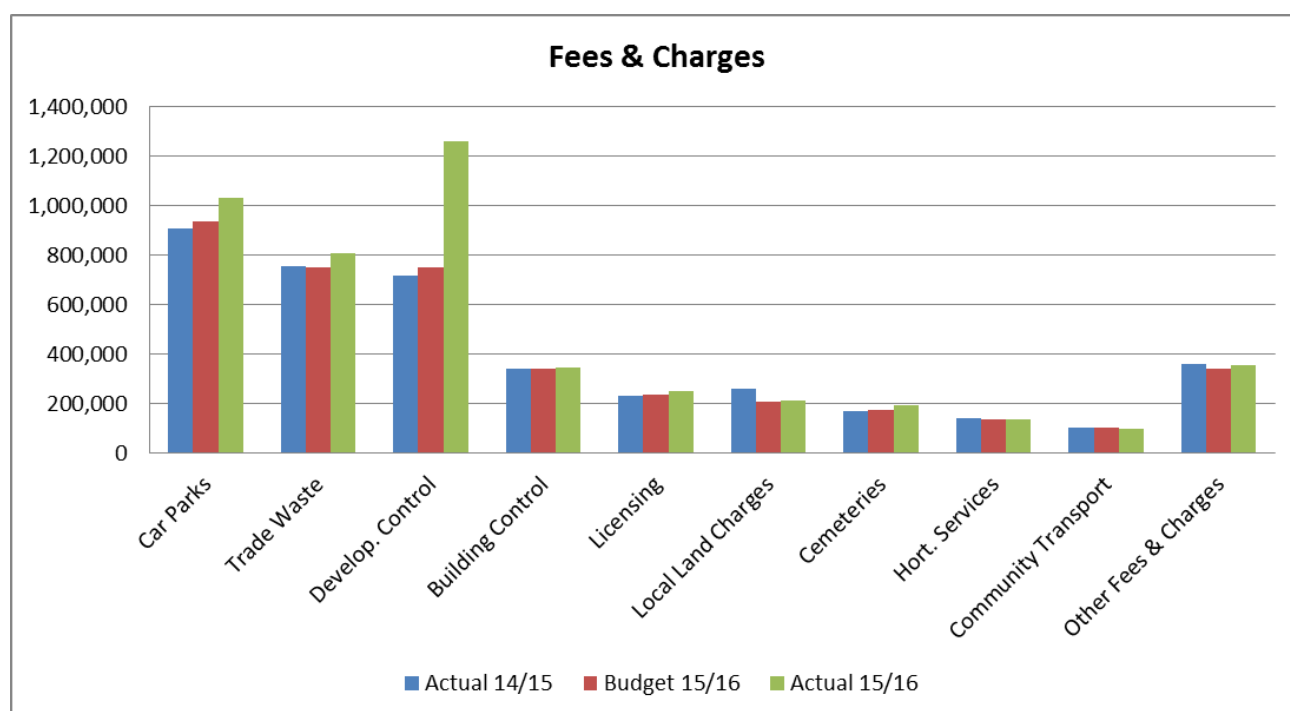
Other external income comes from a variety of sources that are subject to external demands and other influences, meaning these are more susceptible to variations against budget. Services have over performed against their income budgets by a net £1.533 million, as shown in the table below:

Other External Income								
Business Plan	Budget £'000	Adverse or (Positive) variance against budget						RAG Status
		Fees & Charges	Land & Property income	ECC Joint Financing & contribution	Sale of Recycling Materials	Other Income	Total	
		£'000	£'000	£000	£'000	£'000	£000	
Asset Management	(2,618)	(2)	(43)	-	-	(38)	(83)	G
Business Solutions	(114)	-	-	-	-	(12)	(12)	G
Community Services	(284)	7	-	-	-	(8)	(1)	G
Corporate Management	(230)	-	-	-	-	-	-	-
Cultural Services	(102)	14	-	-	-	(6)	8	A
Environment	(853)	(20)	-	-	-	(19)	(39)	G
Finance	(1,602)	-	-	-	-	(358)	(358)	G
Governance	(51)	3	-	-	-	(3)	-	-
Housing Services	(61)	(7)	3	-	-	(1)	(5)	G
Human Resources	0	-	-	-	-	(3)	(3)	G
Leisure Services	(466)	-	-	-	-	11	11	A
Marketing and Communications	(93)	(20)	-	-	-	(33)	(53)	G
Operations	(5,348)	(178)	18	(14)	103	(29)	(100)	G
Sustainable Development	(1,155)	(512)	0	0	0	(29)	(541)	G
<b>Service Total</b>	<b>(12,977)</b>	<b>(715)</b>	<b>(22)</b>	<b>(14)</b>	<b>103</b>	<b>(528)</b>	<b>(1,176)</b>	<b>G</b>
Corporate Financing	(345)	-	-	-	-	(357)	(357)	G
<b>Total</b>	<b>(13,322)</b>	<b>(715)</b>	<b>(22)</b>	<b>(14)</b>	<b>103</b>	<b>(885)</b>	<b>(1,533)</b>	<b>G</b>

RAG Status: G = positive or nil variance, A = up to 5% adverse variance or <£50k, R = adverse variance greater than 5% and >£50k at Individual Business Plan level

## Fees & Charges

The budget for income from fees & charges was £3.980 million, and has been over-achieved by £715,000. The following chart shows the main income streams:

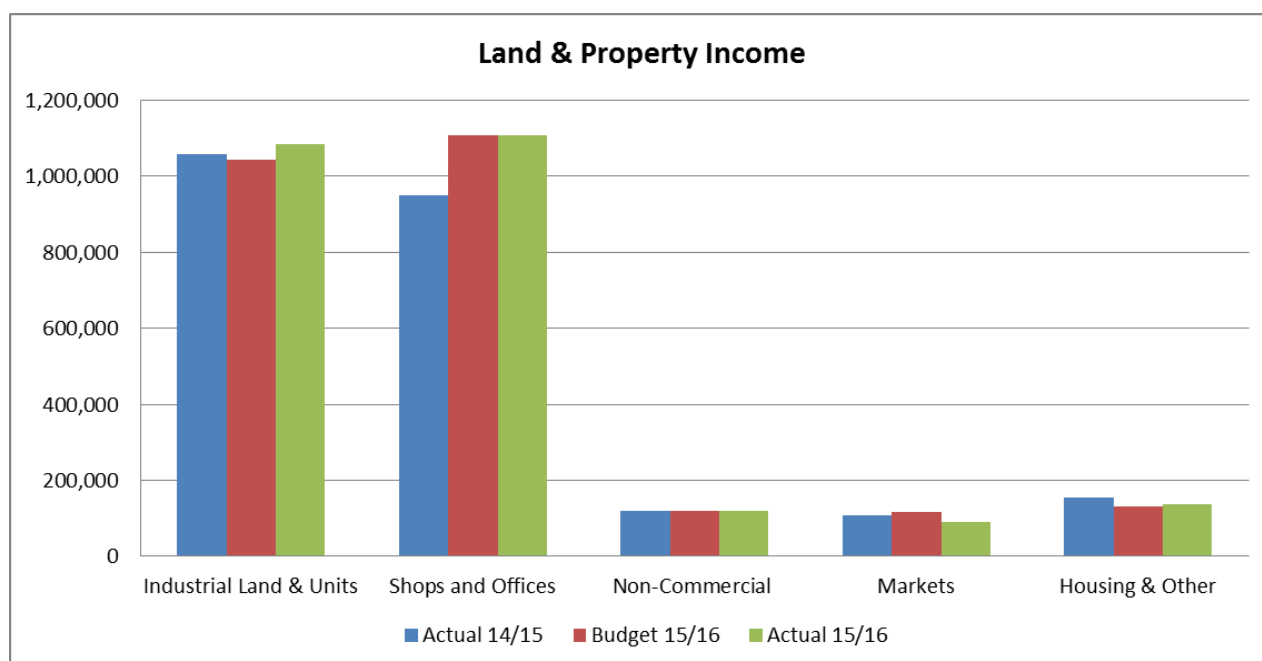


### **Commentary on Fees and Charges:**

- **Car parks** income was £95,000 higher than the original budget. Changes to tariffs were made in 2014/15 along with opening of a new car park at Easton Road contributing to an increase in Pay and Display income of £130,000 more than was received in 2014/15.
- **Trade Waste** income was £55,000 higher than budget, part of which will be offset by higher disposal costs reflected in Other Expenditure. The approved budget for 2016/17 incorporates an increase in expected income of £50,000.
- **Development Control** – The upturn in income experienced last year prompted an upward revision in budget by £150,000. The strengthening of the market has continued into the current year resulting in total income for the year of £1.259 million which is £510,000 higher than budget. A significant portion of this extra income relates to one-off applications, although with indications that some of this growth in budget can be sustained an upward revision of £100,000 was made to the approved budget for 2016/17. The increased number of applications has resulted in pressure on staffing resources within the service and therefore it has been proposed that £275,000 of the additional income is ring-fenced and carried over into 2016/17 to meet the costs of additional specialist support, including the temporary appointment of a Highways Planner by Essex County Council, to assist in dealing with the volume and complexity of applications.

### **Land & Property Income**

The budget for rental income from land & property was £2.518 million – comprising the investment property portfolio, markets, housing properties, and other let properties. Actual income for the year was £2,581 million, an overall over-achievement of £63,000.



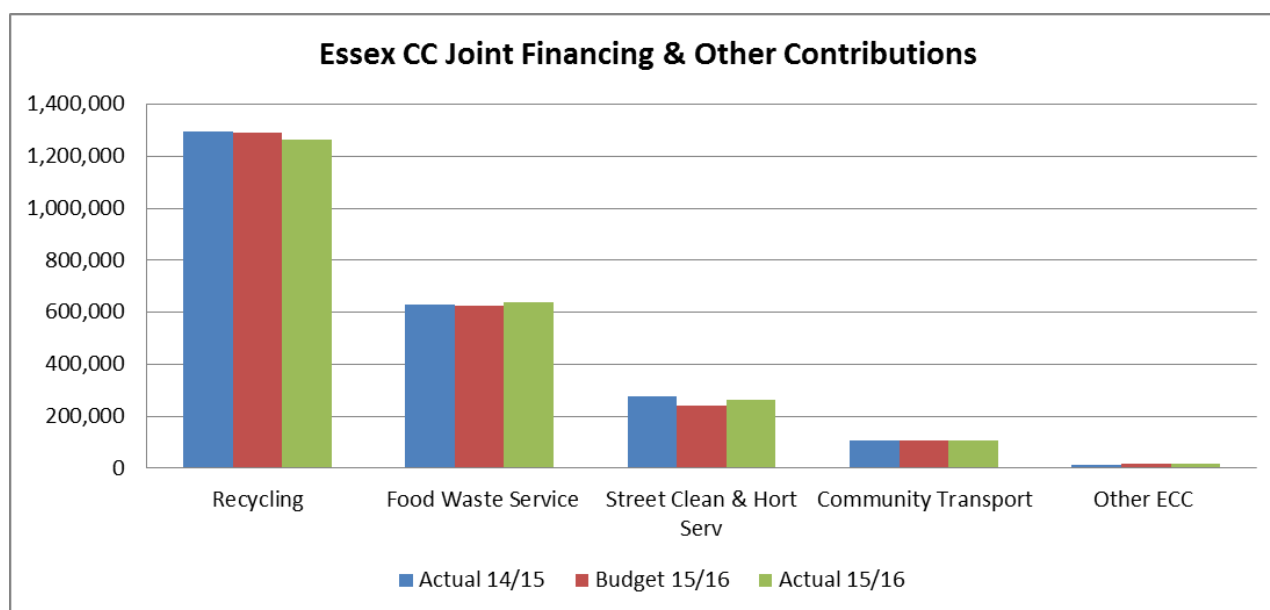
### **Commentary on Land & Property Income**

- **Industrial land and Units** – rental income is higher than budgeted by £44,000 – this is lower than the previous forecast of £82,000 as not all rent reviews that had previously been anticipated have been settled. The outturn also takes into account the acquisition of the head lease at 4 Crittall Drive, Springwood Drive, which was completed after the budget, was set and has led to a net increase in rental income of £16,000 per annum.

- **Shops and Offices** – income was expected to be higher this year (as also reflected in the original budget) due mainly to the full year impact of the additional income generated from the acquisition of 850 The Crescent, Colchester, which is let as offices.
- **Market rents** – income received to the end of the year is down on that for the previous year continuing the downward trend seen over recent years. Income achieved for the year was £90,000, a shortfall against budget of £27,000. The budget for 2016/17 makes allowance for a reduction in income of £20,000.

## Essex County Council Joint Financing & Contributions

The Council receives a significant amount of income from service arrangements with Essex County Council (ECC). The updated budget for the year is £2.274 million, against which actual income was £2.288 million leaving a net over-achievement of £14,000.



### Commentary on ECC Joint Financing and Other Contributions

- **Recycling** – ECC income from recycling activities (including the food waste service) was marginally lower than originally budgeted by a net £11,000, mainly due to fluctuation in tonnages collected for mixed dry and green waste.
- **Horticultural Services** – Net income from maintaining rural highway verges was higher by £25,000.

### Sale of Recycling Materials

The budget for income from the sale of recycling materials was £624,000 against which actual income received was £521,000 leaving a shortfall of £103,000, including a prior-year adjustment of £17,000. Income in this area is susceptible to the recycling market and demand/ supply of materials which ultimately influences pricing. During the year the prices for the sale of glass dropped by over 50% coupled with a reduction in the tonnage of material collected. Income from mixed dry materials was also lower due to a slight reduction in price and again reduction in tonnage collected. The level of future income from this activity is highlighted as a risk in the Council's medium term financial plans as future arrangements are being considered and other Essex councils are currently paying a gate fee for their recycled materials.

## Other Service & Corporate income

Total other income was £4.811 million, an over-achievement of £885,000 from the updated budget of £3.926 million.

The following areas contributed mainly to this over-achievement:

- **Council Tax Sharing Arrangement:** The final share for the Council under this arrangement was £658,000 or £362,000 higher than budget. The extra income is as a result of ongoing proactive reviews of council tax discounts and exemptions, including single person discounts and local council tax support scheme. The additional income received compared to an agreed baseline is dependent on finding discounts and exemptions which are no longer applicable and/ or through other in-year changes in the taxbase. The original budget had allowed for a small increase on the amount received in 2014/15 of £264,000. The benefits of this arrangement will continue until the end of the current agreement on 31 March 2018. Should a new agreement be negotiated from that date it is likely that a new baseline will be established.
- **Housing Benefits** – Subsidy is received by the Council to cover the cost of housing benefits which amounts to around £42 million. Adjustments in subsidy entitlement is made where overpayments are identified (which can arise due to a variety of reasons, including claimant and/ or local authority error). The reduction in subsidy in certain circumstances can be compensated for by recoveries the Council can make separately and for which staff resources have been directed. Forecasting these variables is difficult meaning the budget is set based on previous years' experience. Following the year-end subsidy reconciliation this has identified an overall positive variance of £206,000, including an additional £190,000 of overpayment recoveries received, which represents an overall variance of 0.5% against the housing benefit budget.

## Budget Carry Forwards

Service requests to carry forward unspent budgets/ additional income totalling £607,039, with a further £65,927 in respect of balances on carry forwards previously agreed in 2014/15, have been proposed to be carried forward and will be considered by Cabinet at their meeting on 23<sup>rd</sup> May 2016.

## Treasury Management

The Council's treasury management activity for the year is summarised in the table below:

Amount Invested at the Start of the Year	Activity for the year		Amount Invested at 31 March
	New Investments	Investments Sold or Matured	
£27.96m	£159.13m	£150.82m	£36.27m
Average amount invested over the year			£45.99m
Highest amount invested			£55.50m

In December the Council added a further £2 million to its long-term investments in Pooled Funds with £1 million placed with the CCLA property fund and £1 million with the Threadneedle UK equity fund taking the total amount invested in Pooled Funds to £12 million. Remaining investments have been in short-term instruments including call accounts and term deposits with UK and Non-UK banks, deposits with the UK Government Debt Management Office (DMO), and Money Market Funds (MMF).

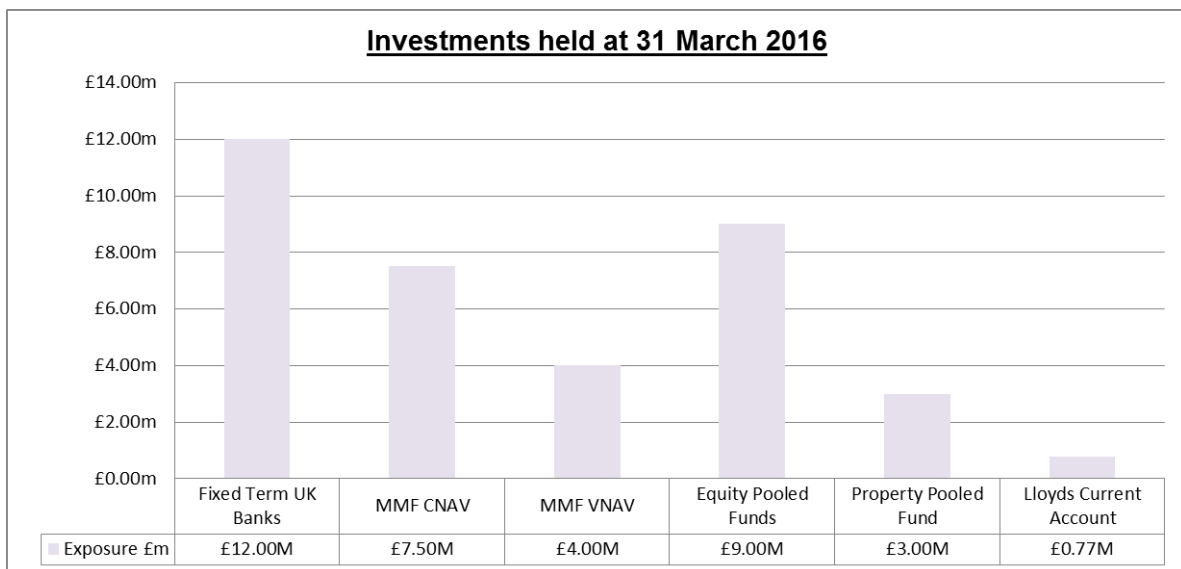


Interest and dividends earned for the year total £694,000, which is equivalent to an annualised rate of return of 1.51%:

Investments	Average Amount Invested	Interest & Dividends Earned	Annualised Return %
Long-Term Pooled Funds	£10.52m	£509,000	4.84%
Short-Term	£35.47m	£185,000	0.52%
<b>Total</b>	<b>£45.99m</b>	<b>£694,000</b>	<b>1.51%</b>

Investment returns have been increased by the dividend income from Pooled Funds, however, as these funds are also exposed to equity markets their market value can fluctuate. At the end of the year the market valuation for all funds was £11.818 million, representing an unrealised loss of £182,000 against the amount invested.

At the end of the year the Council's investment portfolio comprised the following:



CNAV = Constant Net Asset Value i.e. the Fund value is expected to remain constant  
VNAV = Variable Net Asset Value i.e. the Fund value and therefore amounts invested can fluctuate

## **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 outturn set out above, the movement on the General Fund balance is as follows:

	<b>£'000</b>
<b>Balance at 1 April 2015</b>	<b>7,829</b>
Less:	
Budgeted withdrawal	(894)
Add:	
Outturn variance (less carry forwards transferred to general carry forward reserve)	1,283
Unbudgeted Government New Burdens grant	203
<b>Balance at 31 March 2016</b>	<b>8,421</b>

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

- The budget approved by Council for 2015/16 included an anticipated drawdown from balances of £894,484.
- The outturn variance for the year was £1.830million and after allowing for new carry forward requests to be set aside in earmarked reserves, results in a net addition to General Fund balance of £1.283million.
- In April 2015, the Government announced it would be paying a New Burdens grant in respect of property search litigation claims settled by the Council for which provision had been made in prior years' budget outturns. The Council received £102,000 in July and a further £101,000 in November.

### **Earmarked Reserves**

The outturn reflects movement on earmarked reserves in accordance with their approved purpose. In summary, changes to reserves are as follows:

Category of Earmarked Reserve	Balance at 1 April 2015 £'000	Transfer Out £'000	Transfer In £'000	Balance at 31 March 2016 £'000
Capital Investment (incl.New Homes Bonus)	5,338	(405)	2,775	7,708
Risk Management	1,009	(340)	139	808
Service Reserves	5,499	(1,186)	2,135	6,448
Change Management	82	(114)	111	79
<b>Total</b>	<b>11,928</b>	<b>(2,045)</b>	<b>5,160</b>	<b>15,043</b>

Note: Movements on reserves are provisional as both capital accounts and business rates income (including the Essex Business Rates Pool) still need to be finalised

### ***Commentary on Earmarked Reserves***

- **Capital Investment** – the net addition mainly reflects the New Homes Bonus received in 2015/16, as well as the creation of a new Opportunity Purchase Fund which was agreed as part of the original budget.
- **Risk Management** – the movement for the year mainly reflects the transfer from the Business Rate Retention reserve to offset timing differences relating to business rate income recognised for the year.
- **Service Reserves** – transfers in includes amounts approved in the original budget for establishing the following reserves: Business Investment Fund (+£500,000); Planning Appeals (+£300,000); and Local Plan (+£480,000 of which £184,000 has been applied in-

year). The proposed new carry forwards for 2015/16 adds a further £607,039. Other transfers out include: application of Recycling Reward funds (-£148,000); costs of the 2015 local elections (-£104,000); and funding of projects approved from the Mi-Community fund (-£160,000).

## **Risks and Assumptions**

The outturn is subject to finalisation of the Council's Statement of Accounts which is scheduled to be completed by the end of May (the statutory deadline is 30<sup>th</sup> June). The Council's external auditors, Ernst & Young LLP are expected to commence their audit in July. The outcome of the audit could lead to changes in the outturn, details of which will be reported to the Governance Committee and Cabinet when receiving the audited financial statements.

The outturn will be reviewed to ensure that any on-going issues have either been/ will be addressed in the Medium Term Financial Strategy as detailed planning commences for the 2017/18 budget.

## **Capital Investment**

In February 2015, the Council approved new capital projects for 2015/16 totalling £3.187 million. Taking into account projects in progress carried forward from earlier years, the in-year approval of new projects, and the estimated timing of delivery of all projects, the overall amount expected to be spent on capital in the current year was £6.244 million. This is an increase of £344,000 since Q3 which relates mainly to items of capital being financed from revenue (including earmarked reserves) and/ or other third party contributions.

The capital investment programme is reported over two themes:

- General Fund Services – Spending on Council owned/ used 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:

	<b>Programme 2015/16</b>	<b>Actual Spend</b>	<b>Budget Remaining</b>	<b>Spend at End of Year %</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
General Fund Services	4,524	3,551	973	78%
Housing Investment	1,363	1,282	81	94%
Capital Salaries	357	267	90	75%
<b>Total</b>	<b>6,244</b>	<b>5,100</b>	<b>1,144</b>	<b>82%</b>

The General Fund Services programme for the year included:

- The main build phase of new business start-up units at Springwood Drive, Braintree
- A programme of planned maintenance and other refurbishment works to Council owned buildings and community facilities, including parks and open spaces, play areas, and car parks.
- Investment in new technology
- Horticultural machinery and leisure centre plant replacements
- New cycleways and footpaths

The housing investment programme included spending on provision of disabled facility grants, and financial support to social landlords to develop affordable home schemes.

Within the budget remaining at the end of the year amounts totalling £464,000 represent an underspend or resources no longer required as projects have been completed, including Witham Leisure Centre (£328,000) and capital salaries (£90,000). The balance of £680,000 is required to complete projects and therefore will be carried over into 2016/17.

Financing of the capital spend for the year is mainly from capital receipts (£2.312 million) and government grants (£1.595 million), with the balance coming from other external contributions and the Council's own revenue resources and earmarked reserves.

## **Capital resources**

The main sources of new capital resources anticipated for the year were the sale of assets (£2.415 million), preserved right-to-buy (RTB) receipts (£500,000) and the Council's share of the VAT shelter operating in conjunction with Greenfields Community Housing (£547,000).

The sale of the Forest Road, Witham site was completed in July providing a receipt of £500,000. Other anticipated sales which had previously been expected this year are now likely to complete in the 2016/17 financial year. Minor receipts totalled £81,000.

Greenfields reported that 23 RTB sales were completed by the end of the year generating £1.713 million for the Council, together with a further £83,000 being the Council's share of RTB discounts repaid. Whilst this represents an over achievement of the amount originally expected this is lower than the 39 sales and £2.353 million received for 2014/15. VAT shelter monies due to the Council for the year were £504,000, which is £43,000 lower than anticipated and £305,000 lower than received for 2014/15.

Grants received include £418,000 from the Better Care Fund via Essex County Council to part fund the Council's disabled facility grant programme, £69,000 Recycling Reward grant from the Department for Communities and Local Government, and the receipt of £8,000 of Repair and Renewal grant for flood defence works

<b>Key Financial Indicators – 31<sup>st</sup> May 2016</b>		<b>Agenda No: 6</b>
<b>Portfolio:</b>	<b>Finance and Performance</b>	
<b>Corporate Outcome:</b>	<b>A high performing organisation that delivers excellent and value for money services</b> <b>Delivering better outcomes for residents and businesses and reducing costs to taxpayers</b>	
<b>Report presented by:</b>	<b>Trevor Wilson – Head of Finance</b>	
<b>Report prepared by:</b>	<b>Trevor Wilson – Head of Finance</b>	
<b>Background Papers:</b>		<b>Public Report</b>
Agenda item 10, Audit Panel 21 <sup>st</sup> September 2006		
		<b>Key Decision: No</b>
<b>Executive Summary:</b> The attached schedule (Appendix A) of key financial indicators provides details of performance recorded for the financial year to 31 <sup>st</sup> May 2016.		
Commentary: <ul style="list-style-type: none"> <li>a) The net General Fund revenue budget for the year is £13.108million. The net expenditure incurred for the two months to 31<sup>st</sup> May was £2.934million. This represents a positive variance of £81,000 compared to the profiled budget of £3.015million; with the majority being due to the over-achievement of income. The first assessment of spend and income for the year will be undertaken at the end of the first quarter, this is because the Finance team are focussed on the closure of the accounts for 2015/16 until June.</li> <li>b) The total budget for Salaries for the year is £14.973million. Expenditure on salaries for the year to the end of May was £2.371million. This compares to a profiled budget of £2.421million. The positive variance of £50,000 is after allowing for £25,000 of the Efficiency Factor (£150,000 for the year).</li> <li>c) Expenditure on capital projects, to the end of May, was £0.092million against the Capital Programme of £6.080million. The main schemes, by budget, included in the programme are: Local Authority Social Housing Grants (£1.36m); Town Centres improvements (£1m); Disabled Facilities Grants (£0.92m); Planned maintenance of council assets (£0.65m) and John Ray Park improvements (£0.29m).</li> <li>d) The total Council Tax collectable debit for the year is £79.82million. The collection rate as at the end of May is 21.4% (£17.09million collected), which compares to a rate of 21.3% for the same period last year, a small improvement of 0.1%.</li> <li>e) The total Business Rates (National Non-Domestic Rates) collectable debit for the</li> </ul>		

year is £44.43million. The collection rate as at the end of May is 20.43% (£9.08million collected), which compares to a rate of 19.9% for the same period last year. The variance is 0.53% higher than the previous year; which was a low rate in the early part of the year before recovering during the later months of the year.

- f) A total of 245 write-offs of Council Tax, with a value of £26,048, have been authorised in the year to 31<sup>st</sup> May: 5 in respect of the current year and 245 in respect of previous financial years.
- g) A total of 16 write-offs of Business Rates, with a value of £19,812, have been authorised in the year to 31<sup>st</sup> May: all were 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 £3.038million, of which £1.626million was in respect of Housing Benefit overpayments. The target for 2016/17 is to reduce the debt outstanding, excluding Housing Benefit overpayments, Museum Trust debt and invoices raised in March in respect of 2017/18, to £600,000 or less by 31<sup>st</sup> March 2017.
- i) Sundry debts, excluding housing benefit overpayments, were £1.412million at the end of May. This reduces to £1.113million after allowing for large value invoices raised at the end of the month, the Museum Trust debt and charging orders.
- j) The rate of return achieved on investment of the Council's balances and funds in the year to-date is 0.64%. This return was achieved on an average amount invested of £36.46million and relates solely to monies placed with banks, building societies, the Debt Management Office and in Money Market Funds.
- k) No dividends were due to be received in the first two months of the year in respect of the investment of £12million in three equity funds (Threadneedle, M & G and Schroders) and one property fund (CCLA). The market values of these pooled funds show an unrealised net decrease in the principal sum of £91,126 as at 31<sup>st</sup> May 2016. These investments have been placed in the knowledge that their capital values will be subject to volatility but overall their trend has been positive over the medium term (i.e. over a minimum of 3 years).
- l) Detail of the Council's investments of surplus monies, totalling £48.43million as at 31<sup>st</sup> May 2016, is provided at Appendix B.

#### **Recommended Decision:**

Members are asked to accept the report of the Key Financial Indicators as at 31<sup>st</sup> May 2016.

#### **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.

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

<b>Financial:</b>	<p>The first assessment of the anticipated outturn for 2016/17 on the Council's revenue account will be undertaken as at the end of the first quarter, 30<sup>th</sup> June 2016.</p> <p>Collection rates on both council tax and business rates were both higher than that achieved at the same period last year.</p>
<b>Legal:</b>	None
<b>Safeguarding:</b>	None
<b>Equalities/Diversity:</b>	None
<b>Customer Impact:</b>	No direct impact but process of monitoring financial performance provides assurance of this element of the Council's governance arrangements.
<b>Environment and Climate Change:</b>	None
<b>Consultation/Community Engagement:</b>	None
<b>Risks:</b>	Regular consideration of a suite of Financial Health Indicators is recommended good practice.
<b>Officer Contact:</b>	Trevor Wilson
<b>Designation:</b>	Head of Finance
<b>Ext. No:</b>	2801
<b>E-mail:</b>	Trevor.wilson@braintree.gov.uk

**Key Financial Indicators at 31st May 2016**
**APPENDIX A**

	Full Year Budget 2016/17	Actual as at 31 May 2016	Profile to 31 May 2016	Variance from Profile	
	£'000	£'000	£'000	£'000	%
General Fund - Revenue (Controllable)	13,108	2,934	3,015	-81	-2.7%
Capital Programme (Excl. capital salaries incl. below)	6,080	92			
General Fund - Salaries	14,973	2,371	2,421	-50	-2.1%

	Full Year Target	Actual as at 31 May 2016	Actual as at 31 May 2015	Variance
Council Tax collection in year - %	98.00%	21.40%	21.30%	0.10%
Council Tax collection - income collected for year - £m	£79.82	£17.09	£16.07	£1.02
Write-offs in year (April to May) - £'000		£1	£2	-£1
Write-offs in year - (April to May) - number		5	10	-5
Write-offs all years (April to May) - £'000		£26	£24	£2
Write-offs all years - (April to May) - number		245	146	99
Business Rates collection in year - %	98.50%	20.43%	19.90%	0.53%
Business Rates collected for year - £m	£44.43	£9.08	£8.61	£0.47
Write-offs in year (April to May) - £'000		£0	£1	-£1
Write-offs in year - (April to May) - number		0	2	-2
Write-offs all years (April to May) - £'000		£20	£38	-£18
Write-offs all years - (April to May) - number		16	23	-7
Creditors - payment of invoices within 30 days of receipt	98.5%	99.3%	99.2%	0.10%

Debtors - Balance Outstanding	31-Mar-14	31-Mar-15	31-Mar-16	31-May-16	Variance May to Mar.
	£'000	£'000	£'000	£'000	%
Service Level Agreement charges - principally Tabor Academy and residents of Twin Oaks, Stisted	239	334	319	186	-41.7
Capital Projects - currently - development site, east of High Street, Halstead	4	8	8	8	0.0
Charges for services provided by: Democratic Services, Training Services, Procurement Services, etc.	24	37	143	21	-85.3
Charges for services provided by: ICT, Marketing, Offices, Elections, etc	156	1	10	29	190.0
Development	24	257	271	144	-46.9
Finance	360	36	61	80	31.1
Leisure	258	234	169	316	87.0
Operations	484	984	288	556	93.1
Housing	113	89	77	72	-6.5
Sub-Total - excluding Hsg. Benefits	1,662	1,980	1,346	1,412	4.9
Housing Benefits	1,188	1,620	1,647	1,626	-1.3
Total	2,850	3,600	2,993	3,038	1.5
Target for 2016/17 is for Debt Outstanding (excluding Housing Benefits, Museum Trust debt, charging orders and large value invoices raised in final days of the month-end) to be £0.6million by 31 March 2017.			505	1,113	
Profile by Recovery Stage:					
Invoice	1,238	2,078	1,377	1,518	
Reminder	291	254	275	182	
Final Notice	348	198	190	167	
Pre-legal	453	424	338	313	
Enforcement Agent	446	406	426	448	
Tracing Agent	33	15	4	2	
Charging Order	41	35	23	32	
Attachment to Benefits		190	360	376	
Total	2,850	3,600	2,993	3,038	
Write-offs in month - value - £'000	-£0.3	£1.8	£1.6	£1.1	
Write-offs in month - number	19	35	23	13	
Write offs in year - value - £000	£8.3	£28.0	£20.0	£1.0	
Write-offs in year - number	386	492	245	18	

**Progress on achieving Efficiency Savings Targets**

The amount of the Efficiency Savings target included in the budget for 2016/17 is a net amount of £150,000. The underspend on salaries of £50,000, recorded above, is after offsetting £25,000 of the target.

# INVESTMENT PORTFOLIO AS AT 31 MAY 2016

	Ref	£m	% rate	Type	Placed	Maturity
<b>UK Banks</b>		<b>10.93</b>				
<b>Santander Group</b>						
Santander UK PLC	1127	0.00	0.40%	Instant	Variable	Instant
Santander UK PLC	3265	3.00	0.67%	Fixed	12-Feb-16	12-Aug-16
<b>Lloyds TSB Group</b>						
Lloyds Current Account	N/A	1.93	0.40%	Instant	Variable	Instant
Bank of Scotland PLC	3217	2.00	0.80%	Fixed	21-Mar-16	21-Sep-16
Bank of Scotland PLC	3246	1.00	0.75%	Fixed	1-Mar-16	1-Sep-16
<b>Barclays Bank PLC</b>						
Barclays Bank PLC	3174	1.50	0.513%	Fixed	18-Mar-16	24-Jun-16
Barclays Bank PLC	3247	1.50	0.55%	Fixed	24-Feb-16	3-Jun-16
<b>UK Building Societies</b>		<b>5.00</b>				
<b>Nationwide Building Society</b>						
Nationwide Building Society	3159	2.00	0.71%	Fixed	21-Mar-16	21-Sep-16
Nationwide Building Society	3245	1.00	0.71%	Fixed	19-Feb-16	19-Aug-16
<b>Coventry Building Society</b>						
Coventry Building Society	3281	2.00	0.61%	Fixed	1-Apr-16	3-Oct-16
<b>Other Local Authorities</b>		<b>0.00</b>				
<b>UK Debt Management Office</b>		<b>0.00</b>				
UK Debt Management Office		0.00	0.25%	Fixed		
<b>Non UK Institutions</b>		<b>6.00</b>				
<b>Australia &amp; New Zealand Banking Corp</b>						
Australia & New Zealand Banking Corp	3280	3.00	0.52%	Fixed	1-Apr-16	1-Jul-16
Landesbank Hessen-Thuringen	3279	3.00	0.68%	Fixed	1-Apr-16	3-Oct-16
<b>Money Market Funds</b>		<b>14.50</b>				
Goldman Sachs	2651	4.00	Variable	Instant	16-Nov-09	Instant
Deutsche Sterling	2856	2.50	Variable	Instant	4-Aug-10	Instant
Standard Life Liquidity	2857	4.00	Variable	Instant	4-Aug-10	Instant
Royal London Cash Plus	3249	4.00	Variable	Instant	#####	Instant
<b>Pooled Funds</b>		<b>12.00</b>				
CCLA Property Fund	8228	3.00	Variable	Lterm	30-Oct-14	Lterm
Threadneedle UK Equity	8229	4.00	Variable	Lterm	3-Nov-14	Lterm
M & G Global Dividend	8230	2.50	Variable	Lterm	3-Nov-14	Lterm
Schroders Income Maximiser	8231	2.50	Variable	Lterm	3-Nov-14	Lterm
		<b>48.43</b>				

## APPENDIX B

Maturity Profile £m						
Liquid	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Longer
0.00			3.00			
1.93				2.00		
				1.00		
	1.50					
	1.50					
				2.00		
				1.00		
					2.00	
		3.00			3.00	
4.00						
2.50						
4.00						
4.00						
						3.00
						4.00
						2.50
						2.50
16.43	3.00	3.00	3.00	6.00	5.00	12.00



Internal Audit – Activity Report for the period to 31 <sup>st</sup> May 2016		Agenda No: 7
Portfolio:	Finance and Performance	
Corporate Outcome:	A high performing organisation that delivers excellent and value for money services	
Report presented by:	Lesley Day – Audit, Insurance and Fraud Manager	
Report prepared by:	Lesley Day – Audit, Insurance and Fraud Manager	
Background Papers: Internal Audit Assignments	Public Report	
	Key Decision: No	
<b>Executive Summary:</b> To provide Members with details of and outcomes from the audit assignments completed during the period 11 <sup>th</sup> March to 31 <sup>st</sup> May 2016. This includes for each assignment: <ul style="list-style-type: none"><li>the key controls covered</li><li>number of recommended action points and their priority</li><li>audit opinion</li><li>brief details of the high priority recommendations (if applicable)</li></ul> An update on the Reportable recommendations is also attached.		
<b>Recommended Decision:</b> To accept the activity report for the period 11 <sup>th</sup> March to 31 <sup>st</sup> May 2016.		
<b>Purpose of Decision:</b> To advise Members of the audit assignments completed for the period 11 <sup>th</sup> March to 31 <sup>st</sup> May 2016.		

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

<b>Financial:</b>	None
<b>Legal:</b>	None
<b>Safeguarding:</b>	None
<b>Equalities/Diversity:</b>	None
<b>Customer Impact:</b>	None
<b>Environment and Climate Change:</b>	None
<b>Consultation/Community Engagement:</b>	None
<b>Risks:</b>	None
<b>Officer Contact:</b>	Lesley Day
<b>Designation:</b>	Audit, Insurance and Fraud Manager
<b>Ext. No:</b>	2821
<b>E-mail:</b>	lesley.day@braintree.gov.uk

**INTERNAL AUDIT**  
**COMPLETED ASSIGNMENTS to 31<sup>st</sup> May 2016**

Type	Topic	Days Taken	Recommendations			Key Controls Covered	High Priority recommendations	Agreed Implementation date	Audit Opinion
			L	M	H				
2015/2016  Corporate	FOI & Complaints	4		2		<div>1. All departments submit complaints received to Business Solutions every month and these are input accurately on to the database.</div> <div>2. The quarterly reporting of complaints made is accurate.</div> <div>3. Complaints are responded to within published timescales.</div> <div>4. Freedom of Information requests responded to accurately, completely and within the required time period.</div>			We are satisfied that reliance can be placed on the key controls following implementation of the recommendations agreed in the Action Plan.
Non-core System	Procurement Hub	5.5	2			<div>1. An SLA is in place between The Hub and members, and subscriptions are paid as required.</div> <div>2. Staff are advised of frameworks available for the procurement of goods and services.</div> <div>3. Supplier rebates are invoiced and paid in a timely manner.</div> <div>4. Performance reports are made to Hub members.</div> <div>5. A contracts register is maintained.</div>			We are satisfied that reliance can be placed on the key controls following implementation of the recommendations agreed in the Action Plan.
Non-core System	Consultants	6			1	<div>1. Consultants are appointed in accordance with the Contract Procedure Rules as detailed in the Constitution.</div> <div>2. Appointed consultants are on Marketplace system.</div> <div>3. Following receipt and recording of quotes an official order is place via Marketplace system.</div> <div>4. Operational risk register reviewed.</div>	Procurement Manager to remind all staff of the necessity to obtain quotations for all consultants appointments as per the Contract Procedure Rules and the requirement to record on the Quotation Register	Implemented	We are satisfied that reliance can be placed on the key controls following implementation of the recommendation agreed in the Action Plan.

Corporate	Floats/Imprests	1	0	<ol style="list-style-type: none"> <li>1. To ensure that all petty cash floats and change floats are certified and accounted for on the 31<sup>st</sup> March 2016.</li> <li>2. All changes to petty cash and change floats during the financial year are accounted for.</li> <li>3. The end of year balance agrees to the totals on the appropriate efinancials code.</li> </ol>			We are satisfied that reliance can be placed on the key controls as described.
Non-core System	Abandoned Vehicles	3	0	<ol style="list-style-type: none"> <li>1. Relevant documentation is verified and receipts issued for the Responsible Vehicle Disposal Scheme.</li> <li>2. Adequate procedures are in place for when a vehicle is reported as abandoned.</li> <li>3. Procedures are in place to charge the legal owner the costs of disposing of an abandoned vehicle.</li> <li>4. The use of the salvage contractor complies with the Council's procurement policies.</li> <li>5. Verification of the payments made to the contractor for the completed collections.</li> <li>6. Operational risk register reviewed.</li> </ol>			We are satisfied that reliance can be placed on the key controls as described.
Corporate	Markets	1	0	<ol style="list-style-type: none"> <li>1. Receipt checks completed at the Braintree market (Saturday) and Witham market (Saturday).</li> <li>2. That all market traders were able to provide an official receipt issued by the Market Superintendent.</li> <li>3. That the carbon copies of the receipts agree to those issued to the traders.</li> <li>4. The fee paid is reasonable to the size of the pitch.</li> <li>5. The amount banked agrees to the total of receipts for that particular day.</li> <li>6. Operational Risk Register reviewed.</li> </ol>			We are satisfied that reliance can be placed on the key controls as described.

Non-core System	Car Allowances	5	0	<div><div>1. There is a corporate travel policy in place.</div><div>2. All mileage claims are bona fide, reasonable and authorised.</div><div>3. All vehicles used for business miles are insured for business use.</div><div>4. Mileage claims are paid at NJC Car Allowances or the locally agreed leased car rate; as applicable.</div><div>5. Operational risk register reviewed</div></div>			We are satisfied that reliance can be placed on the key controls as described.			
Non-core System	Insurance	9	0	<div><div>1. Appropriate background checks are made when new staff are appointed.</div><div>2. Assets held by the authority are clearly identified and recorded.</div><div>3. Claims are recorded correctly and the claim has been settled with full payment being received.</div><div>4. For claims still outstanding procedures are in place to ensure that regular monitoring takes place.</div><div>5. Insurance recharges are accurate and charged in accordance with the terms of the lease.</div><div>6. Strategic and operational risk registers are updated annually.</div><div>7. Appropriate levels of covers are in place for the council's insurance policies.</div></div>			We are satisfied that reliance can be placed on the key controls as described.			
Corporate	Performance Indicators and Data Quality	12	<table><tr><td></td><td>1</td><td>3</td></tr></table>		1	3	<div><div>1. Officers are aware of the Data Quality policy.</div><div>2. Performance Indicators are calculated in accordance with the definition.</div><div>3. Progress against Priority Area projects is reported accurately</div><div>4. Review of the Operational Risk Register</div></div>	<div><div>1. Monitor completion of compulsory Vision training modules by newly appointed officers.</div><div>2. Implement a routine of sample checking PIs published in the Annual Plan, and where poor quality data is identified agree a means of addressing with the relevant manager.</div><div>3. Provide advice on ensuring that projects as detailed in Service Business Plans are SMART.</div></div>	August 2016	We are satisfied that reliance can be placed on the key controls following implementation of the recommendations agreed in the Action Plan.
	1	3								

Non- core System	Fleet Management	10		3	4	<ol style="list-style-type: none"> <li>1. Fuel issue and usage is controlled and monitored by management.</li> <li>2. A daily register of keys issued is maintained.</li> <li>3. Standard daily vehicle checks are performed and defects promptly reported for rectification.</li> <li>4. Riverside Trucks Rental charges are in accordance with the Contract.</li> <li>5. The Operational Risk Register was reviewed.</li> </ol>	<ol style="list-style-type: none"> <li>1. Put in place an effective means of monitoring the rectification of vehicle defects.</li> <li>2. Perform random checks on PIs as reported by RTR to ensure accurate reporting</li> <li>3. Clarify responsibilities of notification of replacement vehicle details to Fleet and encourage proactivity of officers to help to ensure all vehicles are promptly insured.</li> <li>4. Review documents held within Fleet and on Fleet Management 's' drive and put in place an efficient filing system, deleting obsolete documents and information to enable an effective management and monitoring system. This applies to both manual and electronic files.</li> </ol>	August 2016	We are satisfied that reliance can be placed on the key controls following implementation of the recommendations agreed in the Action Plan.
2016/2017 Non-core System	Petty Cash	4		1		<ol style="list-style-type: none"> <li>1. Floats are issued correctly and allocated to a named employee.</li> <li>2. Receipts are submitted for all petty cash claims.</li> <li>3. Expenditure on petty cash items are appropriate and approved by an authorised signatory.</li> <li>4. The end of year float reconciliation has been completed with no discrepancies identified.</li> <li>5. Any request for new floats are received in writing and correctly authorised.</li> <li>6. For any floats repaid an official receipt is issued.</li> <li>7. Petty cash claim forms are kept securely.</li> <li>8. Financial records are updated promptly.</li> <li>9. Operational risk register reviewed.</li> </ol>			We are satisfied that reliance can be placed on the key controls following implementation of the recommendation agreed in the Action Plan.
On-core System	Travel & Subsistence	4		0		<ol style="list-style-type: none"> <li>1. Claim forms are completed for all expenditure.</li> <li>2. The claim form is approved by an authorised signatory.</li> <li>3. Supporting evidence i.e.</li> </ol>			We are satisfied that reliance can be placed on the key controls as

				receipts are submitted with the claim. 4. The correct cost code has been used. 5. Amounts claimed are in accordance with the Green Travel Policy and the Travel & Subsistence guidelines. 6. Claims forms are kept securely with restricted access. 7. Financial records are updated promptly. 8. Operational risk register reviewed.			described.
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H=High      A significant weakness which if not addressed, has the potential to undermine the financial and operational management due to risk of serious error, irregularity 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	Status
Housing Benefits	Remind receiving officers of the requirement to date stamp all supporting documents and to verify as original as necessary	Completed
Payroll	Ensure that key documents (references, identity means, application forms, applicable qualifications etc) are scanned accurately to staff personal files on Idox	Agreed to extend to August 2016
	Comply with the agreed process of filing sickness documents and certificates onto personal files, so available to Audit and Payroll Officers	Agreed to extend to August 2016
Parking Partnership	Put in place a process of reconciling machine collection totals to G\$S cash collection reports and monies banked	Implemented

There were no RIPA applications submitted for this period.

Internal Audit Annual Report 2015/2016		Agenda No: 8
Portfolio:	Finance and Performance	
Corporate Outcome:	A high performing organisation that delivers excellent and value for money services	
Report presented by:	Lesley Day – Audit, Insurance & Fraud Manager	
Report prepared by:	Lesley Day – Audit, Insurance & Fraud Manager	
Background Papers:		Public Report
Public Sector Internal Audit Standards		Key Decision: No
<b>Executive Summary:</b>		
The Public Sector Internal Audit Standards requires that the Head of Internal Audit must deliver an annual internal audit opinion and report that can be used by the organisation to inform its Annual Governance Statement. The annual audit opinion must conclude on the overall adequacy and effectiveness of the organisation’s control environment.		
<b>Recommended Decision:</b>		
To accept the Internal Audit annual report for 2015/2016.		
<b>Purpose of Decision:</b>		
To accept the Internal Audit annual report for 2015/2016 in support of the Annual Governance Statement.		



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

<b>Financial:</b>	None
<b>Legal:</b>	None
<b>Safeguarding:</b>	None
<b>Equalities/Diversity:</b>	None
<b>Customer Impact:</b>	None
<b>Environment and Climate Change:</b>	None
<b>Consultation/Community Engagement:</b>	None
<b>Risks:</b>	None
<b>Officer Contact:</b>	Lesley Day
<b>Designation:</b>	Audit, Insurance & Fraud Manager
<b>Ext. No:</b>	2821
<b>E-mail:</b>	lesley.day@braintree.gov.uk

# **INTERNAL AUDIT**

## **ANNUAL REPORT 2015/2016**

## **Purpose**

This is the annual report of the Head of Audit as required by the Public Sector Internal Audit Standards (PSIAS) for the period 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016 and includes:

- the Head of Audit's opinion on the overall adequacy and effectiveness of the organisation's risk management systems, internal control and governance processes
- the delivery of the annual audit plan
- implementation of agreed actions

## **Background**

The Accounts and Audit (England) Regulations 2011 require the Council to maintain an adequate and effective internal audit service in accordance with proper practices. The Public Sector Internal Audit Standards requires that the Head of Internal Audit must deliver an annual internal audit opinion which can be used to inform and support the Council's Annual Governance Statement. The annual audit opinion must conclude on the overall adequacy and effectiveness of the organisation's control environment.

Public Sector Internal Audit Standards (PSIAS) came into effect on 1<sup>st</sup> 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 as required by the Accounts and Audit (England) Regulations 2011.

In September 2013, the Governance Committee:

- approved the adoption of the PSIAS
- approved the Internal Audit Charter
- noted that the management of Insurance, Risk, Benefit Fraud, Cashiers, Mail Room and Business Continuity is to remain the responsibility of the Audit Manager
- noted that the Audit Manager does not hold a professional qualification required by the Standards but does possess the knowledge, skills and competence to manage and deliver the service
- approved the Committee's functional reporting responsibilities

## **ANNUAL REPORT & OPINION**

### ***The role of the Internal Audit service***

Internal Audit is an assurance function that primarily provides an independent and objective opinion to the Council on the control environment comprising risk management, internal control and governance by evaluating its effectiveness in achieving the Council's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

I, as the Audit, Insurance and Fraud Manager, continue to report functionally to the Governance Committee and maintain organisational independence. There are no constraints placed upon me in respect of determining the overall audit coverage, audit methodology, the delivery of the audit plan or recommending actions for improvement or forming opinions on individual audit reports issued.

## ***Internal Audit***

For 2015/2016, Internal Audit was provided by a team of 2.3 fte, consisting of an Audit Manager and 2 Auditors (the Audit Manager's time is also allocated to other responsibilities which accounts for an additional 0.7 fte)

An annual Audit Plan is produced in conjunction with a four-year rolling plan which is based on an assessment of the risks associated with each service / function / system and also takes into account the Council's strategic and operational risks.

The Audit Plan was divided into four categories as follows:

- Core systems and Income Streams
- Non-core systems
- Corporate
- Operational

In respect of core systems and non-core systems, a systems based approach is used to assess and evaluate the controls operating within each system and to provide an assurance of the adequacy of those controls. This approach may also apply to some topics within the corporate and operational category.

Upon completion of an assignment, any recommendations are discussed with the Service Unit Manager/Senior Manager and an Action Plan agreed.

## ***Governance Committee***

An activity report is presented regularly to the Governance Committee which details:

- each assignment
- the number of recommendations
- brief details of the high priority recommendations
- key controls covered
- audit opinion
- date of the follow-up review.

The Governance Committee is updated on the status of high priority recommendations as part of the activity reports. There were no high priority recommendations outstanding as at the end of the financial year.

## ***Operational Risk Management***

Operational Risks were reviewed by each Head of Service as part of their Business Plans for 2015/2016. There were 68 risks identified with 13 of them above the tolerance line which required an action plan in order to mitigate the risk. The Governance Committee received the report in July 2015.

## ***Strategic Risk Management***

The Risk Policy, Strategy and Implementation Plan were introduced in April 2006 which required a register of strategic risks i.e. those risks that may affect the ability of the Council to achieve its objectives, to be established.

The current Strategic Risk Register details the risks which have potential to impact on the delivery of the Corporate Strategy. The Register was reviewed twice during 2015/16:

Agreed by Cabinet on	28 <sup>th</sup> September 2015	- 9 risks with 7 above the tolerance line
	21st March 2016	- 9 risks with 7 above the tolerance line

The risks with a risk rating above the tolerance line have a Management Action Plan which is owned and monitored by a Corporate Director.

## ***Regulation of Investigatory Powers Act (RIPA)***

At the Audit Committee held on 8th January 2009 it was agreed that an annual report would be submitted by the RIPA Co-ordinating Officer detailing the use of surveillance for the financial year.

As the RIPA Co-ordinating Officer, I have received no applications for surveillance this year. Taking into account our past surveillance and subscriber information applications, it is doubtful that we will meet the new criteria or need JP approval, however, the ability remains for the Authority to do so.

## ***Information Security***

An Information Security Policy (supported by 15 Codes of Practice) was adopted in July 2009.

The objectives of this Policy are to ensure that

- All users are aware of their responsibilities in relation to information security
- All property, equipment and information are appropriately protected
- The availability, integrity and confidentiality of information is maintained
- A high level of awareness exists of the need to comply with the measures contained in the policy.

Heads of Service and Corporate Director direct reports have signed a declaration that certain requirements of the Policy have been met and that there have been / have not been any known breaches of information security during 2015/2016. There have been four information security incidents:

- A council Tax notice was incorrectly sent to a previous forwarding address
- Two incidents of attempted Ransomware on laptops, no servers were affected
- The Corporate Health & Safety file corrupted by infection on a user's laptop

There was no specific risk to this organisation's data.

## ***Corporate Quality & Compliance Reviews***

During the year the quality assurance auditors carried out 20 service unit reviews across most services. These were carried out by discussions with Service Unit Managers and members of staff and covered areas including:

<u>Corporate Health:</u>	Performance Reviews and PDP's Individual and Team performance Team Meetings Business & Service Planning Consultation Sickness Absence / Leave entitlements / Time recording Training Records
<u>Health &amp; Safety:</u>	Managers 6 monthly inspection Casual user's car insurance for business cover Workstation/Risk assessments PPE/COSHH Accident reporting/Violent Persons/Racial Incidents/ Safeguarding
<u>Performance:</u>	Complaints Performance Indicators/ Customer Service Standard Budget Monitoring / Payment of Invoices Customer Surveys
<u>General Compliance:</u>	Induction / Probation periods Gifts & Hospitality Fees and charges Use of electronic Quotations Register Equality Impact Assessments Data Protection Freedom of Information Governance – awareness of: <ul style="list-style-type: none"><li>• Policies</li><li>• Constitution</li><li>• Codes of Conduct</li><li>• Declaration of Interests</li><li>• Website and iconnect housekeeping</li><li>• Operational Risk Management</li></ul>

A summary of findings and recommended action points (as appropriate) have been issued to the relevant Service Unit Manager and a copy sent to the Head of Service for their information.

## ***Whistleblowing***

I am responsible for carrying out investigations on behalf of the Head of Finance, the Councils' designated Whistleblowing Officer. During 2015/16 there were no instances of Whistleblowing reported.

## ***Prevention of Money Laundering Procedures***

No Suspicious Activity Reports were submitted by the Money Laundering Reporting Officer (Head of Finance) to the Serious Organised Crime Agency during the year.

## **Audit assignments undertaken during 2015/2016**

	<u>Completion of planned assignments</u>	<u>Completion of additional unplanned assignments</u>
Core systems and Income Streams	100%	
Non-core systems	97%	3
Operational	100%	

We also carry out assignments and activities on Corporate subjects which, due to their nature, are impractical to count towards the annual overall target. eg, governance issues, ICT system security, NFI Data Matches etc.

## **Recommendations contained in Audit Assignments**

Number of Audit Assignments	Low Priority	Medium Priority	High Priority
50	2	17	30

## **Overall Opinion**

My opinion is based upon and restricted to the work that we have performed during the year.

In giving the opinion it should be noted that assurance can never be absolute and that the Internal Audit have not reviewed all risks and assurances relating to the Council's key business management, governance or service delivery processes during the year.

I concluded that my audit opinion is one of **adequate assurance** which means that there is a sound system of internal control adequately designed to meet the Council's objectives and, controls are generally being applied.

## **COUNTER-FRAUD ARRANGEMENTS**

As a result of the Audit Commission's publication – 'Protecting the Public Purse 2012' a Counter Fraud Strategy was produced which brings together all our current policies and procedures. This Strategy was approved by the Governance Committee on 20<sup>th</sup> March 2013 and remains in place.

A data matching exercise undertaken by the National Fraud Initiative during 2015/2016 resulted in a total of 343 matches to investigate:

- 300 Single Person Discounts (Electoral Registration v. Council Tax)
- 43 Rising 18's (from Electoral Registration records)

Work is continuing on the matches where further investigation is required.

***Housing Benefit, Council Tax Benefit, Local Council Tax Support Fraud:***

Administrative penalties      35      value of fraudulent overpayments      = £ 98,288.74

Completed Prosecutions      18      value of fraudulent overpayments      = £118,145.83

Cautions                              44      value of fraudulent overpayments      = £ 114,991.46

**The cumulative total overpayments for 2015/2016 where sanctions applied and resolved was £331,426.03**

It should be noted that on 1<sup>st</sup> September 2015, the Housing Benefit Fraud element was mandated to transfer over the Department for Work and Pensions along with one of our Fraud Investigators.

Investigations regarding Single Person Discount claimants have amounted to reductions of £55,055 during the year and dependent upon individual circumstance, £70 penalties were applied.

Lesley Day  
Audit, Insurance & Fraud Manager  
June 2016



Annual Governance Statement 2015/16		Agenda No: 9
Portfolio:	Finance and Performance	
Corporate Outcome:	A high performing organisation that delivers excellent and value for money services	
Report presented by:	Trevor Wilson – Head of Finance	
Report prepared by:	Trevor Wilson – Head of Finance	
Background Papers: 'Delivering Good Governance in Local Government – Framework' published by CIPFA and SOLACE 2007 and Addendum 2012		Public Report
Options: To make amendments or additions as required to the Annual Governance Statement and recommend for signing by the Leader of the Council and the Chief Executive.		Key Decision: No
<b>Executive Summary:</b> The annual review of the Council's governance, risk management and internal control arrangements has been undertaken to support the production of the Annual Governance Statement (the Statement) for 2015/16.  This review includes the established information and assurance gathering processes to ensure that the published Annual Governance Statement is correct as well as a review of the Council's Governance framework against a best practice framework devised by CIPFA/SOLACE.  The aim of the review process is to ensure that the Council has effective governance, risk management and internal control processes in place to assist with accountability and delivery of objectives. Any shortfalls identified in these arrangements through the review process are included as action points for the coming year.  The review process includes: <ul style="list-style-type: none"><li>• Obtaining assurance from Senior Managers, who report to a member of the Management Board, that key control systems have operated effectively within their areas of responsibility throughout the year</li><li>• Reviewing the Council's governance framework against the best practice framework devised by CIPFA/SOLACE</li><li>• Annual update of the Local Code of Corporate Governance, first adopted by the Audit Committee on 8<sup>th</sup> January 2009</li></ul>		

- Reviewing all External Audit and Inspection reports and Internal Audit reports
- The published statement is required to detail the governance and control framework in place in the Council during 2015/16 and up to the date of publication of the Statement. Where arrangements are not in line with best practice or are not working effectively, this should be recorded in the Statement together with action plans for improvement.

### **The Annual Governance Statement**

The process of preparing the Annual Governance Statement should itself add value to the corporate governance and internal control framework of the Council. The Statement should be approved by the end of June and should also be up-to-date at the time of publication. The best practice framework provides guidance on what the Statement should contain, including:

- Responsibilities for ensuring there is a sound system of governance (incorporating the system of internal control);
- An indication of the level of assurance that the systems and processes that comprise the Council's governance arrangements can provide;
- A brief description of the key elements of the governance framework;
- A brief description of the process that has been applied in maintaining and reviewing the effectiveness of the governance framework including reference to the roles of various Members/Officers in this process; and
- An outline of the actions taken, or proposed, to deal with significant governance issues, including an agreed action plan.

An update of the Local Code of Corporate Governance is included at Appendix A and a draft of the Statement is included at Appendix B for Members' consideration.

### **Decision:**

To agree:

1. the updated Local Code of Corporate Governance as detailed in Appendix A; and
2. the Annual Governance Statement for 2015/16, as detailed in Appendix B, for signing by the Leader of the Council and the Chief Executive.

### **Purpose of Decision:**

To evidence that the Council has conducted a review of the effectiveness of its system of internal control for 2015/16, ensure that the Annual Governance Statement for 2015/16 is correct and in order for the Leader of the Council and the Chief Executive to sign.

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

<b>Financial:</b>	None arising from this report.
<b>Legal:</b>	Meets requirement to undertake an annual review of the Council's Governance arrangements (Regulation 6(1) of the Accounts and Audit Regulations 2015).
<b>Safeguarding:</b>	None arising from this report.
<b>Equalities/Diversity:</b>	Various aspects of the Annual Governance Statement are directly relevant to diversity and social inclusion. Examples include arrangements to consult with and encourage the participation of all sections of the community, communications with stakeholders and the requirement for services to be provided in accordance with equality policies.
<b>Customer Impact:</b>	Review provides assurance of the adequacy of the Council's governance arrangements and identifies actions to be taken in the coming year to further improve the arrangements.
<b>Environment and Climate Change:</b>	None arising from this report.
<b>Consultation/Community Engagement:</b>	None arising from this report.
<b>Risks:</b>	The Council is legally required to 'conduct a review at least once in a year of the effectiveness of its system of internal control'.
<b>Officer Contact:</b>	Trevor Wilson
<b>Designation:</b>	Head of Finance
<b>Ext. No.</b>	2801
<b>E-mail:</b>	Trevor.wilson@braintree.gov.uk

## **BRAINTREE DISTRICT COUNCIL**

### **LOCAL CODE OF CORPORATE GOVERNANCE**

#### **INTRODUCTION**

The Corporate Governance framework comprises of the systems and processes, culture and values by which an organisation is directed and controlled. For local authorities this includes how a council relates to the community it serves.

Good Corporate Governance requires the authority to be open, transparent, effective, inclusive of all sectors of the community, accountable to the public it serves and to demonstrate integrity.

This Code is a public statement of the ways in which the Council will achieve good corporate governance.

*What is the purpose of Braintree District Council's Code of Corporate Governance and who should be complying with it?*

By publishing a Code of Corporate Governance, the Council is demonstrating its commitment to ensuring the high quality of its public services.

By promoting the principles of openness, accountability, integrity and effective governance, the Council encourages public trust.

The Code provides the public with greater awareness of the Council's arrangements and equips them with the knowledge to question the Council's plans and actions, thereby becoming more involved in the running of their council.

The Code provides officers with an overview of the Council's governance arrangements and with the principles of good governance that each service and employee should be ensuring are in place.

## THE PRINCIPLES OF CORPORATE GOVERNANCE

The CIPFA/SOLACE guidance “Delivering Good Governance in Local Authorities” identified six Core Principles against which local authorities should review their existing corporate governance arrangements and develop and maintain adopt a local code of governance. These principles are:

- *Focussing on the purpose of the Council and outcomes for the community and creating and implementing a vision for the local area;*
- *Members and officers working together to achieve a common purpose with clearly defined functions and roles;*
- *Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;*
- *Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;*
- *Developing the capacity and capability of members and officers to be effective; and*
- *Engaging with local people and other stakeholders to ensure robust public accountability*

This Code of Governance has been prepared in accordance with the Guidance and will be reviewed by the Governance Committee at Braintree District Council on an annual basis.

Additionally authorities are required to prepare and publish an annual governance statement in accordance with this framework under Part 2 Regulation 6 of the Accounts and Audit (England) Regulations 2015.

The Annual Governance Statement is a key corporate document. The Chief Executive and the Leader of the Council have joint responsibility as signatories for its accuracy and completeness.

## BRAINTREE DISTRICT COUNCIL: CODE OF CORPORATE GOVERNANCE

<b>Core Principle 1 - Focussing on the purpose of the Council and outcomes for the community and creating and implementing a vision for the local area</b>		
<b>Our aims in relation to focussing on the purpose of the Council and outcomes for the community and creating and implementing a vision for the local area are to:</b>		
1.1 Exercise strategic leadership by developing and clearly communicating the authority's purpose, vision and its intended outcome for citizens and service users 1.2 Ensure users receive a high quality service whether directly, or in partnership, or by commissioning 1.3 Ensure that the authority makes best use of resources and that tax payers and service users receive excellent value for money		
<b>In order to achieve our aims we have/will:</b>	<b>Source documents/Processes</b>	<b>Further work ongoing</b>
1.1.1 Develop and promote the Council's purpose and vision	Corporate Strategy 2012-2016 Corporate Strategy for the period 2016-2020 (agreed Council 22 Feb. 2016) Annual Plan Business/Service Plans Performance System links to objectives Policy Framework Council Website – <a href="http://www.braintree.gov.uk">www.braintree.gov.uk</a>	
1.1.2 Review on a regular basis the Council's vision for the local area and its impact on the authority's governance arrangements	Corporate Strategy 2012-2016 Corporate Strategy for the period 2016-2020 (agreed Council 22 Feb. 2016) Annual Corporate Action Plan Medium Term Financial Strategy covering four-year period. Local Code of Corporate Governance and Annual Governance Statement.	Annual update and roll-forward of the Medium Term Financial Strategy.
1.1.3 Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all parties	Constitution Individual partnership agreements	
1.1.4 Publish an annual report on a timely basis to communicate the authority's activities and achievements, its financial position and performance	Annual Report Statement of Accounts Council Website – <a href="http://www.braintree.gov.uk">www.braintree.gov.uk</a>	

In order to achieve our aims we have/will:	Source documents/Processes	Further work ongoing
1.2.1 Decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available	Annual Performance Plan Performance Management Framework People's Panel Residents Surveys Annual budget consultation Annual Audit Letter Mosaic customer research tool	
1.2.2 Put in place effective arrangements to identify and deal with failure in service delivery	Performance reporting and performance indicators Data Quality Policy Corporate Complaints Procedure Internal Audit service Corporate Management Board	Data Quality Policy to be reviewed and revised as appropriate during 2016/17.
1.3.1 Decide how value for money is to be measured and make sure that the authority or partnership has the information needed to review value for money and performance effectively. Measure the environmental impact of policies, plans and decisions	Performance reporting and performance indicators Procurement Strategy 2014 to 2018 Contract Procedure Rules (revised and agreed by Council 22 Feb. 2016) External Audit - Annual Audit Letter Individual partnership agreements Contracts Register.	

<b>Core Principle 2 - Members and officers working together to achieve a common purpose with clearly defined functions and roles</b>		
<b>Our aims in relation to Members and officers working together to achieve a common purpose with clearly defined functions and roles are to:</b>		
<p>2.1 Ensure effective leadership throughout the authority and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function</p> <p>2.2 Ensure that a constructive working relationship exists between authority members and officers and the responsibilities of members and officers and carried out to a high standard</p> <p>2.3 Ensure relationships between the authority, its partners and the public are clear so that each knows what to expect of the other</p>		
<b>In order to achieve our aims we have/will:</b>	<b>Source documents</b>	<b>Further work ongoing</b>
2.1.1 Set out a clear statement of the respective roles and responsibilities of the executive and of the executive's members individually and the authority's approach towards putting this into practice	Constitution (Cabinet terms of reference) Record of decisions and supporting materials Member/Officer Protocol Developing Democracy Group - Cabinet Sub-Group.	
2.1.2 Set out a clear statement of the respective roles and responsibilities of other authority members, members generally and of senior officers	Constitution (Statutory Officer positions, Terms of Reference for Committees, Member roles). Protocols on planning, the representational role of Members, Chairman, officer/members. Scheme of delegation. Conditions of employment. Council Website – <a href="http://www.braintree.gov.uk">www.braintree.gov.uk</a> Member induction programme for new members.	
2.2.1 Determine a scheme of delegation and reserve powers within the constitution, including a formal schedule of those matters specifically reserved for collective decision of the authority taking account of relevant legislation and ensure that it is monitored and updated when required	Constitution (Scheme of delegation). Statutory provisions.	



In order to achieve our aims we have/will:	Source documents/Processes	Further work ongoing
2.2.2 Make a chief executive or equivalent responsible and accountable to the authority for all aspects of operational management	Chief Executive designated Head of paid Service. Constitution (Head of Paid Service responsibilities). Conditions of employment. Scheme of delegation. Performance management system. Annual Governance Statement agreed by Chief Executive.	
2.2.3 Develop protocols to ensure that the leader and chief executive (or equivalent) negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained	Constitution. Member/Officer Protocol. Chief Executive and Leader meet weekly.	
2.2.4 Make a senior officer (usually the section 151 officer) responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control	Corporate Director has been nominated as the Council's Chief Financial Officer. Constitution (Statutory Officers). Job description. Report template requires consideration is given to financial implications of proposed recommendations. Corporate Director role is in accord with the CIPFA 'Statement on the role of the Chief Financial Officer'.	
2.2.5 Make a senior officer (other than the responsible financial officer) responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes, regulations are complied with (usually the monitoring officer)	Head of Governance has been nominated as the Council's Monitoring Officer (MO). Constitution (Statutory Officers.) Report template requires consultation is undertaken in relation to legal implications.	
2.3.1 Develop protocols to ensure effective communication between members and officers in their respective roles	Member / Officer protocol. Planning Protocol. Outside Bodies advice given to Members. New Member Code of Conduct agreed (meeting requirements of Localism Act 2011). Officer Code of Conduct.	

In order to achieve our aims we have/will:	Source documents/Processes	Further work ongoing
2.3.2 Set out the terms and conditions for remuneration of members and officers and an effective structure for managing the process including an effective remuneration panel (if applicable)	Pay and conditions policies and practices. Independent Remuneration Panel's Terms of Reference and Report. Verification of members allowances. Joint Staff Consultative Committee. Pay Policy agreed and published annually.	Recruitment of members for the Independent Remuneration Panel – by November 2016.
2.3.3 Ensure that effective mechanisms exist to monitor service delivery	Quarterly monitoring reports. Performance Reporting and Performance Indicators. Complaints Procedure. Service Plans. Corporate Management Board. Overview and Scrutiny Committee – work programme and supported by Task & Finish groups, as and when required.	
2.3.4 Ensure that the organisation's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated	Corporate Strategy 2012 to 2016 Corporate Strategy for the period 2016-2020 (agreed Council 22 Feb. 2016) Annual Plan Medium Term Financial Strategy covering four-year period. Asset Management Strategy. Performance Reporting and Performance Indicators. Consultation. Annual Performance Plan. Council Website – <a href="http://www.braintree.gov.uk">www.braintree.gov.uk</a> Channel Strategy.	Annual update and roll-forward of the Medium Term Financial Strategy.
2.3.5 When working in partnership ensure that members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the authority	Constitution (Standing Orders) Individual Partnership agreements. Service Level Arrangements. Advice given to members in relation to outside bodies. Members appointed to represent the Council on outside organisations are expected to provide a report to Council on an annual basis.	

In order to achieve our aims we have/will:	Source documents/Processes	Further work ongoing
<p>2.3.6 When working in partnership:</p> <ul style="list-style-type: none"> <li>- ensure that there is clarity about the legal status of the partnership</li> <li>- ensure that representatives or organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions.</li> </ul>	<p>Constitution. Individual Partnership agreements. Service Level Arrangements. Advice given to members in relation to outside bodies. Members appointed to represent the Council on outside organisations are expected to provide a report to Council on an annual basis.</p>	

<b>Core Principle 3 - Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour</b>		
<b>Our aims in relation to promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour are to:</b>  3.1 Ensuring authority members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance 3.2 Ensuring that organisational values are put into practice and are effective		
<b>In order to achieve our aims we have/will;</b>	<b>Source documents/Processes</b>	<b>Further work ongoing</b>
3.1.1 Ensure that the authority's leadership sets a tone for the organisation by creating a climate of openness, support and respect	Constitution (Standing Orders) Staff Survey Performance Reviews Governance Committee has an overall view of conduct issues with a Standards Sub Committee, which is called as and when required. Member Code of Conduct. Independent Persons appointed Officer Code of Conduct. Member/Officer Protocol. Whistle blowing Policy. Anti-Fraud and Corruption Policy. Freedom of Information policy and publication scheme. Monitoring Officer undertakes initial consideration of complaint. Protocol on Council's own planning applications. Planning Protocol. Officer Register of gifts and hospitality Member Register of Interests. Regular briefing for Managers led by member of Management Board.	

In order to achieve our aims we have/will;	Source documents/Processes	Further work ongoing
3.1.2 Ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the authority, its partners and the community are defined and communicated through codes of conduct and protocols	Members / officers code of conduct. Performance management system. Staff performance review scheme. Complaints procedures. Anti-Fraud and Corruption policy. Member / officer protocols. Whistle blowing Policy. Information and Communication Technology Security Policy. Annual internal audit report. Statement of Core Values and Behaviours.	
3.1.3 Put in place arrangements to ensure that members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice	Standing orders. Planning protocol. Member/Officer Codes of conduct. Financial Regulations. Contract Procedure Rules (revised and agreed by Council 22 Feb. 2016). Anti-Fraud and Corruption. Whistle blowing. Register of Interests (officers and members). Member declarations at meetings. Member and Officer induction and training.	
3.2.1 Develop and maintain shared values including leadership values both for the organisation and staff reflecting public expectations and communicate these with members, staff, the community and partners	Codes of Conduct. Statement of Core Values. Regular briefing for Managers led by a member of Management Board. People Strategy and Workforce Development Plan.	
3.2.2 Put in place arrangements to ensure that procedures and operations are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice	Codes of Conduct. Contract Procedure Rules (revised and agreed by Council 22 Feb. 2016). Anti-Fraud and Corruption. Whistle blowing. ICT Security Policy. Annual internal audit report. Housing Benefit service is fully compliant with the Housing Benefits Verification Framework.	Information Governance Review. To consider and review policies in relation to Data Protection, Freedom of Information and Environmental Information Regulations. To include consideration of wider information governance issues and data sharing initiatives.

In order to achieve our aims we have/will;	Source documents/Processes	Further work ongoing
3.2.3 Develop and maintain an effective standards committee (as amended by Localism Act 2011)	Governance Committee has an overall view of conduct issues with a Standards Sub Committee established and appointments made, which is called as and when required. Member Code of Conduct. Monitoring Officer undertakes initial consideration of complaint. Independent Persons appointed. The number of independent/parish members exceeds statutory minimum.	Appointment of Independent Persons for considering standards complaints – by November 2016.
3.2.4 Use the organisations shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the authority	Decision making practices. Corporate Plan. Member/Officer Codes of conduct. Regular meetings between Cabinet Portfolio holders and relevant Senior Manager(s).	
3.2.5 In pursuing the vision of a partnership, agree a set of values against which decision making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively	Individual Partnership agreements. Members appointed to represent the Council on outside organisations provide a report to Council on an annual basis.	

<b>Core Principle 4 – Taking informed and transparent decisions which are subject to effective scrutiny and managing risk</b>		
<p><b>Our aims in relation to taking informed and transparent decisions which are subject to effective scrutiny and managing risk are to:</b></p> <p>4.1 Being rigorous and transparent about how decisions are taken and listening and acting on the outcomes of constructive scrutiny</p> <p>4.2 Having good-quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs</p> <p>4.3 Ensuring that an effective risk management system is in place</p> <p>4.4 Using their legal powers to the full benefit of the citizens and communities in their area</p>		
<b>In order to achieve our aims we have/will</b>	<b>Source documents/Processes</b>	<b>Further work ongoing</b>
4.1.1 Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the organisation's performance overall and of any organisation for which it is responsible	Scrutiny is supported by robust evidence and data analysis. Overview & Scrutiny Committee and Task & Finish groups established as required. Governance Committee. Agenda and minutes. Work programme. Training on effective budget scrutiny. Successful outcomes of reviews. Annual Audit Letter. Internal control environment.	An external quality assessment on the effectiveness of the internal audit function.
4.1.2 Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based	Record of decisions and supporting materials. Report template. Internal control environment. Cabinet member decisions under delegated authority are recorded and reported.	
4.1.3 Put in place arrangements to safeguard members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice	Members Code of Conduct. Officers Code of Conduct. Officer/Member Register of Interests. Declaration of Interests. Code of Conduct Guidance to members/officers issued. Planning Protocol.	
4.1.4 Develop and maintain an effective audit committee ( or equivalent ) which is independent or make other appropriate arrangements for the discharge of the functions of such a committee	Governance Committee – Terms of Reference. Governance Committee – training for members to meet identified needs. Committee – agenda and minutes.	

In order to achieve our aims we have/will;	Source documents/Processes	Further work ongoing
4.1.5 Put in place effective transparent and accessible arrangements for dealing with complaints	Complaints procedure. Whistle blowing policy.	Implement Caseworks database system for the management of Freedom of Information enquiries and Complaints.
4.2.1 Ensure that those making decisions whether for the authority or partnership are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications	Report template. Members' induction scheme. Training for committee chairman.	
4.2.2 Ensure that professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately	Report template requires that consultation is undertaken with Monitoring Officer / Finance S151 officer before report considered by Members. Record of decision making and supporting materials.	
4.3.1 Ensure that risk management is embedded into the culture of the organisation , with members and managers at all levels recognising that risk management is part of their job	Risk Management Strategy. Cabinet Member with accountability for Risk Management. Financial standards and regulations. Corporate / service planning. Reviewed regularly by Governance Committee. Strategic and Operational Risk Registers.	
4.3.2 Ensure that arrangements are in place for whistle blowing to which staff and all those contracting with the authority have access	Whistle blowing policy (on website). Register of whistle blowing reports and actions taken. Information for contractors. Whistle blowing policy communicated to staff by leaflet.	
4.4.1 Actively recognise the limits of lawful activity placed on them by, for example the ultra vires doctrine but also strive to utilise powers to the full benefit of their communities	Constitution. Monitoring officer provisions. Statutory provision. Report templates. Internal control environment.	



In order to achieve our aims we have/will;	Source documents/Processes	Further work ongoing
4.4.2 Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on local authorities by public law	Monitoring Officer provisions. Section 151 Officer provisions. Planning protocol. Training for Committee chairman. Availability of professional legal advice. Internal control environment. External inspection reports	
4.4.3 Observe all specific legislative requirements placed upon them, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law – rationality, legality and natural justice into their procedures and decision making processes	Standing Orders Report template Constitution Statutory provision Procedure Rules Format for quasi judicial committees Monitoring Officer provisions Section 151 Officer provisions Planning protocol Internal control environment	

Core Principle 5 - Developing the capacity and capability of members and officers to be effective		
<p><b>Our aims in relation to developing the capacity and capability of members and officers to be effective are:</b></p> <p>5.1 Making sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles</p> <p>5.2 Developing the capability of people with governance responsibilities and evaluating their performance as an individual and as a group</p> <p>5.3 Encouraging new talent for membership of the authority so that best use can be made of individuals' skills and resources in balancing continuity and renewal</p>		
In order to achieve our aims we have/ will	Source documents/Processes	Further work ongoing
5.1.1 Provide induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis	Member Training and Development. Member and Staff Induction programme. Staff Performance Review. Workforce Development Action Plan.	
5.1.2 Ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the organisation	Staff Performance Review. Training – Continuing Professional Development requirement of posts. Induction. Manager's handbook. Employee policies. Monitoring Officer and Section 151 Officer provisions.	
5.2.1 Assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively	Staff Performance Review. Personal Development Plans. Talent Management framework for senior managers. Developing Democracy Cabinet Sub-Group. Workforce Development Action Plan. East of England Charter for elected Member Development re-awarded for an eighteen month period from the East of England Local Government Association on 28 <sup>th</sup> October 2014.	

In order to achieve our aims we have/ will	Source documents/Processes	Further work ongoing
5.2.2 Develop skills on a continuing basis to improve performance including the ability to scrutinise and challenge and to recognise when outside expert advice is needed	Staff Performance Review. Personal Development Plans. Talent Management framework for senior managers. Member Training and Development Group Developing Democracy Group - Cabinet Sub-Group. Workforce Development Action Plan.	
5.2.3 Ensure that effective arrangements are in place for reviewing the performance of the authority as a whole and of individual members and agreeing an action plan which might for example aim to address any training or development needs	Performance reporting and performance indicators. Staff Performance Review. People Strategy. Workforce Development Action Plan. Developing Democracy Cabinet Sub-Group	
5.3.1 Ensure that effective arrangements designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority	Local Compact with Voluntary Sector. Open opportunity for members of public to ask questions at committee and Council meetings.	
5.3.2 Ensure that career structures are in place for members and officers to encourage participation and development	Succession planning. Talent Management for senior managers. Management Development programme for managers run between 2013 and 2016.	

Core principle 6 - Engaging with local people and other stakeholders to ensure robust public accountability		
<p>Our aims in relation to <b>engaging with local people and other stakeholders to ensure robust public accountability</b> are to:</p> <p>6.1 Exercise leadership through a robust scrutiny function which engages effectively with local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships</p> <p>6.2 Take an active and planned approach to dialogue with and accountability to the public ensure effective and appropriate service delivery whether directly, in partnership or by commissioning</p> <p>6.3 Make best use of human resources by taking an active and planned approach to meet responsibility to staff</p>		
In order to achieve our aims we have/will	Source documents/Processes	Further work ongoing
6.1.1 Make clear to themselves, all staff and the community, to whom they are accountable and for what	Constitution. People's Panel. Targets and Performance monitoring. Satisfaction Surveys. Council Website – <a href="http://www.braintree.gov.uk">www.braintree.gov.uk</a>	
6.1.2 Consider those institutional stakeholders to whom they are accountable and assess the effectiveness of the relationships and any changes required	Overview and Scrutiny Committee reviews examples in 2015/16 include Health and managed Task and Finish groups investigating: apprentices for the Braintree District and Bus and Community Transport services in the Braintree District. Stakeholder identification. Statutory provisions. Stakeholder surveys.	
6.1.3 Produce an annual report on scrutiny function activity	Annual report produced to Full Council.	

In order to achieve our aims we have/will:	Source documents/Processes	Further work ongoing
6.2.1 Ensure that clear channels of communication are in place with all sections of the community and other stakeholders including monitoring arrangements to ensure that they operate effectively	Council Website – <a href="http://www.braintree.gov.uk">www.braintree.gov.uk</a> Contact publication – communicates the Council's vision and priorities and was published seven times in 2015/16. Town Team for each of the three principal towns. Channel Strategy Use of social media to increase interaction and engagement with customers (with 17,000 followers).	<b>Channel Strategy</b> – continue to implement the channel strategy to improve access to services.  <b>Web Strategy</b> – continue to implement the actions outlined in the web strategy
6.2.2 Hold meetings in public unless there are good reasons for confidentiality	Public Question Time. Constitution. Access to information rules.	
6.2.3 Ensure arrangements are in place to enable the authority to engage with all sections of the community effectively. These arrangements should recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands	Corporate Strategy 2012-2016. Corporate Strategy for the period 2016-2020 (agreed Council 22 Feb. 2016) Business Plans. Budget and Priorities Consultation. Customer surveys. Equality Impact Assessments. Customer Service Excellence Standard achieved for all frontline services. Channel Strategy. Use of social media to increase interaction and engagement with customers (with 17,000 followers).	
6.2.4 Establish a clear policy on the types of issues they will meaningfully consult on or engage with the public and service users including a feedback mechanism for those consultees to demonstrate what has changed as a result	Budget and Priorities Consultation. Web casts of Council and Cabinet meetings on the Council's website.	

In order to achieve our aims we have/will	Source documents/Processes	Further work ongoing
6.2.5 On an annual basis, publish a performance plan giving information on the authority's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users in the previous period	Annual report. Annual financial statements. Annual business plan. Annual Plan.	
6.2.6 Ensure that the authority as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so	Constitution. Customer Service Excellence Standard. Freedom of Information Act/Publication Scheme. Officer Code of Conduct. Member Code of Conduct. Training undertaken. Whistle blowing Policy. Anti-Fraud and Corruption Policy. ICT Security Policy. Local Government Transparency Code of Practice.	
6.3.1 Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making	Joint Staff Consultative Committee. Management of Change process.	

## **Braintree District Council – Annual Governance Statement**

### **1. Scope of Responsibility**

- 1.1 Braintree District Council (“the Council”) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging these overall responsibilities, the Council is responsible for putting in place proper arrangements for the governance of its affairs, and facilitating the effective exercise of its functions, including arrangements for the management of risk.
- 1.3 The Council has previously approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code is on our website at [www.braintree.gov.uk](http://www.braintree.gov.uk) or can be obtained from the Head of Finance at Braintree District Council.
- 1.4 This statement explains how the Council delivers good governance and reviews the effectiveness of these arrangements. It also meets the requirements of regulation 6 (1) of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance statement.

### **2. Purpose of the Governance Framework**

- 2.1 The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled, and by which it accounts to, engages with and leads the community. It includes arrangements to monitor the achievement of its strategic objectives and to consider whether this has led to the delivery of appropriate, cost-effective services.
- 2.2 The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an on-going

process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

- 2.3 The governance framework has been in place at Braintree District Council for the year ended 31 March 2016 and up to the date of the approval of the Statement of Accounts.

### **Our Governance Framework**

#### **3. Determining the Council's purpose, its vision for the local area and intended outcomes for the Community**

- 3.1 The Council aims to deliver high quality services that provide value for money and which are aligned to the needs and priorities of the local community.
- 3.2 The Council sets out the vision and priorities for the Braintree District in its Corporate Strategy which covers the four-year period 2016 to 2020 was agreed by Full Council on 22<sup>nd</sup> February 2016. The Strategy is based on: public opinion about what is important in the district; issues which Members know to be of importance; data and research into key issues which affect the quality of life; and issues of national importance which need to be implemented at a local level.
- 3.3 The priorities reflect the vision for the District Council which focus on six key themes:
- **Environment & Place** – A sustainable environment and a great place to live, work and play
  - **Health & Communities** – Residents live well in healthy and resilient communities where residents feel supported
  - **Economic Development** – A prosperous district that attracts business growth and provides high quality employment opportunities
  - **Finance & Performance** – A high performing organisation that delivers excellent and value for money services
  - **Strategic Growth & Infrastructure** – A well connected and growing district with high quality homes and infrastructure
  - **Overall Strategy & Direction** – Delivering better outcomes for residents and businesses and reducing costs to taxpayers



- 3.4 An Annual Plan details the agreed projects and initiatives to deliver each of the priorities of the Corporate Strategy in the forthcoming year, as well as details of how we plan to measure progress against these objectives.
- 3.5 There are Business Plans for each service area, these include clear identification of objectives and targets, reflect Corporate Strategy priorities and include the identification of risks to meeting the objectives. They are updated annually and incorporate the financial plans for the year ahead for the service areas.
- 3.6 The Council has a range of performance indicators used to measure progress against its key priorities in the Corporate Strategy. Targets are contained in the Annual Plan and Business Plans. Progress of the delivery of the projects and of performance against targets has been reported quarterly during 2015/16 to the Cabinet and the Governance Committee.
- 3.7 Teams within the Business Solutions Department seek to encourage and support improvements in project management, business processes, delivery of major projects and improve performance management arrangements.
- 3.8 The Council has shown that its performance has improved consistently through target setting and made improvements to service delivery.
- 3.9 The Data Quality Policy sets out the Council's approach to data quality in relation to non-financial performance data to ensure that high standards are clearly set, achieved and maintained.
- 3.10 The Council has a Medium Term Financial Strategy (MTFS), Workforce Plan, Asset Management Plan and Capital Programme; these identify how resources are aligned to priorities. The budget process incorporates consideration of the allocation of resources for the Corporate Strategy priorities. The MTFS allows annual strategic review in the context of performance against Corporate Strategy priorities, and sets targets for efficiency improvement, enabling resources to be recycled. Quarterly monitoring reports for the revenue budget and the Capital Programme were submitted to Management Board, the Cabinet and the Governance Committee during the year.
- 3.11 Priorities for service improvement have been identified and there have been a range of reviews which have identified efficiencies for the next financial year(s). The Council has a number of corporate processes, programmes

and projects designed to improve efficiency including the Procurement Strategy, the Channel Strategy and the Workforce Development Action Plan.

- 3.12 The Council has a procedure for handling complaints and uses this to identify areas where service quality is not satisfactory and to take action to improve.

**4. Members and Officers working together to achieve a common purpose with clearly defined functions and roles**

- 4.1 The Council aims to ensure that the roles and responsibilities for governance are defined and allocated so that accountability for decisions made and actions taken are clear. It does this by having a Leader of the Council and Cabinet. The Leader appoints the members to serve on the Cabinet and allocates the portfolio responsibilities. The Council appoints a number of committees to discharge the Council's regulatory and scrutiny responsibilities. These leadership roles, and the delegated responsibilities of officers, are set out in the Constitution.
- 4.2 The Constitution includes a Member/Officer protocol which describes and regulates the way in which Members and Officers should interact to work effectively together.
- 4.3 All Committees have clear terms of reference that set out their roles and responsibilities and work programmes.
- 4.4 The Governance Committee is independent of the Cabinet and scrutiny functions and acts as the responsible body charged with governance on behalf of the Council. The Committee provides independent assurance on: the adequacy of the risk management framework and the associated control environment; scrutiny of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment; the financial reporting process and approves the Statement of Accounts.
- 4.5 The Overview and Scrutiny Committee monitors the decisions of the Cabinet.
- 4.6 Members of the Management Board and the Cabinet, the Joint Executive Team, meet regularly during the year. Meetings are also held regularly between the Cabinet Portfolio Member and the relevant Director and/or Head of Service(s) to discuss service delivery performance, progress against Business Plan objectives and targets.

- 4.7 The Council's Chief Executive (Head of Paid Service) leads the Council's officers and chairs the Management Board.
- 4.8 All staff, including senior management, have clear conditions of employment and job profiles which set out their roles and responsibilities.
- 4.9 The Corporate Director, as s151 Officer appointed under the Local Government Act 1972, carries overall responsibility for the financial administration of the Council. The Corporate Director's role is in accord with the CIPFA Statement on the role of the Chief Financial Officer. A central finance function provides support to all departments and determines the budget preparation and financial monitoring processes.
- 4.10 The Monitoring Officer (Head of Governance) carries overall responsibility for legal compliance and his staff work closely with departments to advise on requirements. The Monitoring Officer is responsible for keeping the Constitution under review and reporting any proposed changes to Council.
- 4.11 A published Pay Policy 2015/16 was in place in accordance with the section 38 of the Localism Act 2011.

## **5. Promoting our Values and Upholding High Standards of Conduct and Behaviour**

- 5.1 The Council supports a culture of behaviours based on its statement of Core Values. This guides both how the long-term vision is put into effect and how Members and officers behave in their day-to-day work.
- 5.2 Member and officer behaviours are governed by Codes of Conduct which include a requirement for 'declarations of interest' to be completed by all Members. Members of staff who work in sensitive areas are required to complete declarations of interest and all staff are required to complete a conflict of interest form, as and when appropriate.
- 5.3 The Council has a Standards Sub Committee reporting direct to the Governance Committee.
- 5.4 The Monitoring Officer is the appointed Proper Officer to receive complaints for failure of a Member to comply with the Code of Conduct. The Monitoring Officer has delegated power, after consultation with the Independent Person, to determine whether a complaint merits formal investigation and to arrange such investigation. Where an investigation finds evidence of a failure to comply with the Code of Conduct and a resolution either cannot be

agreed, or it is not appropriate to be agreed by the Monitoring Officer, the Monitoring Officer will report the investigation findings to the Standards Sub Committee.

- 5.5 The Council takes fraud, corruption and maladministration very seriously and has adopted a Counter Fraud Strategy which aims to prevent or deal with such occurrences and incorporates the following policies:

- a) Fraud, Corruption and Dishonesty Policy
- b) Whistleblowing Policy
- c) Anti-Money Laundering Policy
- d) Information Security Policy
- e) HR policies regarding the disciplining of staff involved in such incidents

These policies are reviewed periodically and details of a) to c) above are provided on the Council's website and d) and e) are available to staff and members on the Council's intranet.

- 5.6 A complaints procedure is in place for the Council to receive and investigate any complaint made against it or a member of staff.
- 5.7 The Council's Housing Benefit Service is fully compliant with the Housing Benefits Verification Framework.

## **6. Taking informed and Transparent Decisions and Managing Risk**

- 6.1 The Council's Constitution sets out how the Council operates and the process for policy and decision-making.
- 6.2 Full Council sets the policy and budget framework. Within this framework, the Cabinet makes all key decisions. Cabinet meetings are open to the public (except where items are exempt under Part 1 of Schedule 12(A) of the Local Government Act 1972) and meetings are webcast. The Leader's Forward Plan of key decisions to be taken and committee agenda items for decision over the next four months is published regularly on the Council's website.
- 6.3 All decisions made by Cabinet are made on the basis of written reports, including assessments of legal, financial, customer impact, safeguarding, equalities and diversity, environmental and climate change implications and consideration of the risks involved and how these will be managed.

- 6.4 The decision-making process is scrutinised by the Overview and Scrutiny Committee which has the power to call-in decisions. Specific meetings of the Overview and Scrutiny Committee are held in November and then January for Members (in public) to scrutinise the proposed budget and Medium-Term Financial Strategy. The Overview and Scrutiny Committee also undertakes some policy development work, by means of Task and Finish Groups.
- 6.5 Other decisions are made by Cabinet Portfolio holders and officers under delegated powers. Authority to make day-to-day operational decisions is detailed in the Responsibility for Functions in the Constitution.
- 6.6 The Council maintains an Internal Audit Section, which operates to the standards set out in the 'Code of Practice for Internal Audit in Local Government in the UK'. The Audit, Insurance and Fraud Manager supports the Governance Committee and reviews its effectiveness on an annual basis.
- 6.7 Policies and procedures governing the Council's operations include Financial Regulations, Procurement Rules and a Risk Management Policy. Ensuring compliance with these policies is the responsibility of the Directors, Heads of Service and their managers across the Council. The Internal Audit Section checks that policies are complied with. Where incidents of non-compliance are identified, appropriate action is agreed and implemented.
- 6.8 The Council's Risk Management Policy requires that consideration of risk is embedded in all key management processes. These include policy and decision-making, service delivery planning, project and change management, revenue and capital budget management and partnership working. Strategic risks are reviewed a minimum of twice per annum and are detailed in the Corporate Risk Register. A Risk Register of operational risks is maintained by the Audit, Insurance and Fraud Manager and is reviewed annually with Heads of Service as part of the business planning process in February/March.
- 6.9 The Cabinet approves the Corporate Risk Register and the Governance Committee oversees the effectiveness of risk management arrangements and provides assurance to the Council in this respect.
- 6.10 The Council has an Information Security policy. The Governance Committee receives details of compliance in the Audit, Insurance and Fraud Manager's annual report.
- 6.11 The system of internal financial control is based upon a framework of regular management information, financial regulations, administrative procedures and a structure of delegation and accountability. The MTFS is updated each year and includes a risk assessment of budget options; the MTFS is agreed by Full Council.

- 6.12 Financial monitoring reports are submitted monthly to service managers and quarterly to Management Board, Cabinet and the Governance Committee.
- 6.13 Performance against a suite of key financial indicators is reported to each meeting of the Governance Committee.
- 6.14 The Council's arrangements for providing economy, efficiency and effectiveness are reviewed by the external auditors on an annual basis.
- 6.15 An activity report of the Overview and Scrutiny Committee is presented annually to Full Council.
- 6.16 Details of Council spending with suppliers, value in excess of £500, are published monthly on the Council's website. A register of the Council's contracts is also available on the Council's website.
- 6.17 Details of senior managers' remuneration and Member's allowances and expenses are published annually in the Council's Statement of Accounts.

**7. Effective Management – Capacity and Capability of Members and Officers**

- 7.1 The Council aims to ensure that Members and managers of the Council have the skills, knowledge and capacity they need to discharge their responsibilities and recognises the value of well trained and competent people in effective service delivery. All new Members and staff undertake an induction programme to familiarise them with the protocols, procedures, values and aims of the Council. New Members elected during the 4-year term of an administration are given 1-2-1 induction training and specialised training as appropriate.
- 7.2 The Council holds the East of England Charter for elected Member Development, from the East of England Local Government Association. The Charter was re-awarded, for a period of eighteen months, following a re-assessment on 28<sup>th</sup> October 2014.
- 7.3 Political groups have a primary role in encouraging new talent and representatives of all sections of the community to stand for election as Members of the Council.

- 7.4 The Council has developed its own scheme of key management competencies and expected values and behaviours which support the Council's core values.
- 7.5 Annual Performance Reviews of all staff ensure performance is managed and development needs for each member of staff are identified and monitored. For the Chief Executive and Corporate Directors, performance reviews are carried out by a panel of Members which include the Leader and/or appropriate Cabinet members and the Chairman of the Overview and Scrutiny Committee.

**8. Engaging with Local People and Other Stakeholders to ensure robust accountability**

- 8.1 The Council's planning and decision-making processes are designed to include consultation with stakeholders and the submission of views by local people.
- 8.2 The Council has a People's Panel with participants providing feedback on a number of subjects by means of surveys. Customer satisfaction surveys are undertaken annually using various methods to track data and trends.
- 8.3 The Council's newsletter 'Contact' communicates the Council's vision and priorities. The newsletter is published seven times in the year – once in hardcopy to all households and six times electronically to those residents requesting this media format.
- 8.4 Extensive use of social media to increase interaction and engagement with customers. The Council currently has a number of social media accounts with over 17,000 followers.
- 8.5 The Council has signed a Local Compact for joint working with the voluntary and community sectors in the district.
- 8.6 The Council consults on its annual budget proposals with council taxpayers, customers and the business community, as appropriate. Consultation was undertaken between 7<sup>th</sup> December 2015 and 15<sup>th</sup> January 2016 and was promoted in the Contact magazine. Opportunity to participate was also given directly to all volunteers on the People's Panel. In addition, consultation was also held directly with organisations affected by proposed budget reductions.
- 8.7 Members are informed of significant issues or events planned or proposed for their ward. In addition, Members receive a weekly Councillor Update by email.

## **9. Review of Effectiveness of the Governance Framework**

- 9.1 The Council reviews annually the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by managers within the Council who have responsibility for the development and maintenance of the governance environment, the work of the internal auditors and by comments made by the external auditors and other inspection agencies.
- 9.2 Both in-year and year-end review processes have taken place. In-year review mechanisms include:
- The Cabinet is responsible for monitoring overall financial and performance and receives comprehensive reports on a quarterly basis. Budgetary reports provide details of income and expenditure against profile together with a prediction of the financial position at the year-end. Key Performance Indicators and progress of projects are also included in the quarterly reports.
  - Report by the Corporate Director (Section 151 Officer) on the robustness of the budget and the adequacy of balances.
  - Updates of the Constitution were agreed by Council: Members Allowances scheme in December 2015 and Contract Procedure Rules in February 2016.
  - The work programme of the Overview & Scrutiny Committee included reviews of the Medium Term Financial Strategy and Budget Proposals for 2016/17; and of Health; and managed Task and Finish groups investigating: Apprentices for the Braintree District and Bus and Community Transport services in the Braintree District.
  - There were no complaints referred to the Standards Sub Committee during the year. There were also no complaints against Members under the Code of Conduct that required action by the Monitoring Officer.
  - The Governance Committee provided independent assurance to the Council in relation to the effectiveness of the risk management framework and internal control environment. The Committee met four times during the year receiving regular reports on risk management, internal control and governance matters.
  - The Governance Committee agreed, on 18<sup>th</sup> September 2013, to the adoption of the Public Sector Internal Audit Standards and an Internal Audit Charter. In agreeing these the Committee acknowledged that: the Audit Manager does not hold the professional qualification required by the Standards, but does possess the knowledge, skills and competence to manage and deliver the service; and the Audit Manager has other managerial responsibilities including Insurance, Risk, Benefit Fraud, Cashiers, Mail Room and Business Continuity and that arrangements are in place to ensure that the post holder is not involved in audit reviews



of these areas and accepts any recommendations resulting from the audit reviews in order to maintain independence.

- Internal Audit, as an independent and objective assurance service to the management of the Council, completed a programme of reviews throughout the year to provide an opinion on the internal control, risk management and governance arrangements. The effectiveness of Internal Audit was assessed as satisfactory for 2015/16: a review was undertaken as required under the Accounts and Audit (England) Regulations 2011.
- The external auditors reviewed the Council's arrangements for:
  - Preparing accounts in compliance with statutory and other relevant requirements
  - Ensuring the proper conduct of financial affairs and monitoring their adequacy and effectiveness in practice
  - Managing performance to secure economy, efficiency and effectiveness in the use of resources
 The results of the review, which included: an unqualified true and fair opinion of the financial statements; and satisfactory conclusion with the Annual Governance Statement, Whole of Government Accounts and Value for Money arrangements for 2014/15, were presented to the Governance Committee on 16<sup>th</sup> September 2015.
- A positive Annual Audit Letter for 2014/15 was received from the External Auditor with no significant issues to be raised with Members, key stakeholders or members of the public.
- Management Board and Members of Cabinet reviewed strategic risks in July 2015 and January 2016. The Governance Committee received details of Management Board's action plans to manage those strategic risks which have a high risk rating.

### 9.3 The year-end review of the governance arrangements and the control environment included:

- Signed assurances from Senior Managers, who report to a member of the Management Board, that key elements of the control framework were in place during the year in their areas of responsibility.
- The Audit, Insurance and Fraud Manager's Annual Report for 2015/16 to the Governance Committee on 30 June 2016. Her report concluded a satisfactory opinion, as Head of Audit, on the overall adequacy and effectiveness of the Council's risk management systems, internal control and governance processes. The report revealed that there had been four information security incidents, however, there was no specific risk to the Council's data.

**10. Governance Issues**

- 10.1 There are no significant internal control issues to be reported for the year. However, there are some areas of continuous improvement or development planned that will provide a more robust process of assurance for 2016/17.
- 10.2 The improvements/developments planned are:
- Information Governance Review. To consider and review policies in relation to Data Protection, Freedom of Information and Environmental Information Regulations. To include consideration of wider information governance issues and data sharing initiatives;
  - Implement Caseworks database system for the management of Freedom of Information enquiries and Complaints; and
  - An external quality assessment on the effectiveness of the internal audit function.

**11. Certification**

- 11.1 We have been advised on the implications of the review of the effectiveness of the governance framework and the revision and update of the Local Code of Corporate Governance by the Governance Committee at their meeting on 30 June 2016.
- 11.2 We undertake over the coming year to continue to monitor our governance arrangements to ensure they remain fit for purpose. We are satisfied that they were effective in 2015/16, and will reflect and report on their operation and effectiveness as part of our next annual review.

Graham Butland  
Leader of the Council

Nicola Beach  
Chief Executive

<b>Strategic Risk Management</b>		<b>Agenda No: 10</b>
<b>Portfolio:</b>	<b>Corporate Services and Asset Management</b>	
<b>Corporate Outcome:</b>	<b>A high performing organisation that delivers excellent and value for money services</b>	
<b>Report presented by:</b>	<b>Trevor Wilson – Head of Finance</b>	
<b>Report prepared by:</b>	<b>Trevor Wilson – Head of Finance</b>	
<b>Background Papers:</b>		<b>Public Report</b>
Cabinet agenda and minutes 21 <sup>st</sup> March 2016		
		<b>Key Decision: No</b>
<b>Executive Summary:</b>		
The report provides detail of the review of and updating of the Council’s Strategic Risk Register as agreed by the Cabinet at its meeting on 21 <sup>st</sup> March 2016.		
The Strategic Risk Register agreed by the Cabinet on 28 <sup>th</sup> September 2015 was reviewed by Cabinet Members and the Corporate Management Team in January 2016; the outcome is the updated register.		
The register details the risks which have potential to impact on the delivery of the Corporate Strategy over the medium-term. In addition to undertaking this review of the register, the Management Board ensures that the register continues to be current by regularly reviewing and updating the strategic risks, as necessary.		
The strategic risk register forms one part of the Council’s overall approach to risk management, other facets include:		
<ul style="list-style-type: none"><li>• processes for identifying and recording operational risks,</li><li>• risk registers for major projects,</li><li>• business continuity planning, and</li><li>• emergency planning.</li></ul>		
The number of strategic risks identified continues to be nine, although the narrative for each of the risks has been updated. The updated register is attached at Appendix B.		
The number of risks above the Risk Tolerance Line (See Appendix A) and therefore requiring active management continues to be seven.		
A summary of the risk ratings made at the review is shown in the table below:		

<b>Risk Rating</b>	<b>Reviewed July 2015</b>	<b>Reviewed January 2016</b>
<b>B2</b> ( <i>High likelihood/ Critical impact</i> )	1	1
<b>C2</b> ( <i>Significant likelihood/ Critical impact</i> )	6	6
<b>D2</b> ( <i>Low likelihood/ Critical impact</i> )	2	2
<b>Total number of risks on Strategic Register</b>	9	9

Management Action Plans for managing each of the seven risks above the risk tolerance line are owned and maintained by a Corporate Director. Details of the risks together with the Management Action Plans are provided at Appendix B.

#### **Recommended Decision:**

Members are asked to note and endorse the Strategic Risk Register and the Action Plans for managing the high rated risks.

#### **Purpose of Decision:**

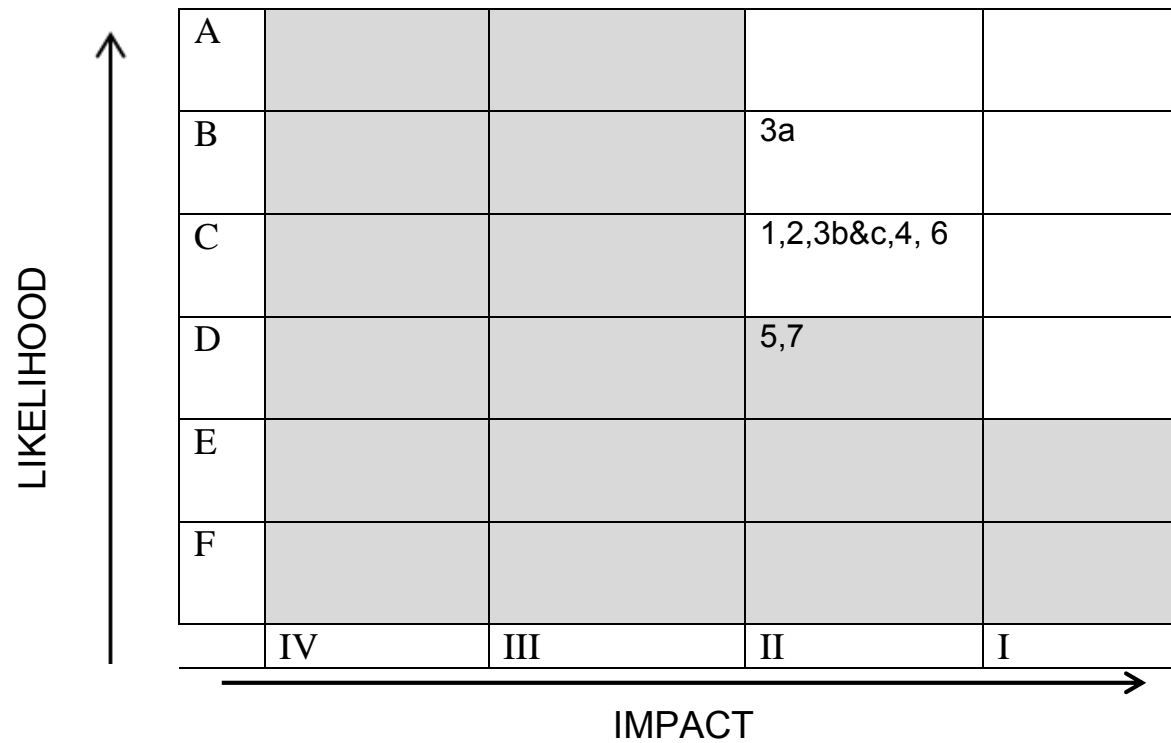
For Members of the Governance Committee to be assured that the Council's strategic and operational risks, with a high risk rating, are being actively managed.

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

<b>Financial:</b>	Risks and associated management action plans concerning the Council's finances are highlighted in risks numbers 1 and 7.
<b>Legal:</b>	There are no specific risks of a legal nature at this time.
<b>Safeguarding:</b>	There are no specific risks regarding safeguarding at this time.
<b>Equalities/Diversity:</b>	The Council's processes and approach to equalities and diversity are well developed and are not regarded as a risk.
<b>Customer Impact:</b>	The potential impact on a proportion of residents in the district, in particular vulnerable groups, of the Government's Welfare Reforms is identified at risk number 4. A management action plan is included detailing the actions taken and planned to reduce the risk.
<b>Environment and Climate Change:</b>	Risk concerning the Council's approach to climate change is identified as an operational risk by the relevant services.
<b>Consultation/Community Engagement:</b>	No specific risk identified concerning consultation and community engagement however these are important elements in a number of the strategic risks on the register e.g. Local Plan and Community Resilience.
<b>Risks:</b>	A robust Risk Management process is an important element of the Council's governance arrangements.
<b>Officer Contact:</b>	Trevor Wilson
<b>Designation:</b>	Head of Finance
<b>Ext. No.</b>	2801
<b>E-mail:</b>	Trevor.wilson@braintree.gov.uk

Braintree District Council – Reviewed in January 2016

## APPENDIX A



**KEY:**

Likelihood:

A – Very High  
B – High  
C – Significant  
D – Low  
E – Very Low  
F – Almost impossible

Impact:

I – Catastrophic  
II – Critical  
III – Marginal  
IV – Negligible

**Medium-Term Financial Strategy – 1**

Risk Rating C2 (C2 July 15)

Management Board Owner – Corporate Director (CF)

Vulnerability	Trigger	Consequence
<p>The Council sets a Medium-Term Financial Strategy (MTFS), covering a four-year period, which is reviewed and updated annually.</p> <p>Assumptions are made about anticipated changes on the revenue account e.g. government grant levels, income levels, inflation, pay awards, council tax collection rates, etc. together with planned and anticipated efficiency savings, council tax levels and the use of balances.</p> <p>Assumptions are also made regarding capital resources with a capital programme being planned and agreed against these resources.</p> <p>The Government issued, on 17<sup>th</sup> December 2015, provisional Settlement Funding Assessment allocations for the Council the four-year period 2016/17 to 2019/20. The reduction on 2015/16 is £2.55million or 44.7%. (Final settlement provided some additional funding and allowed a Council Tax increase of up to £5).</p> <p>The Government has issued proposals to change the New Homes Bonus from 2017/18 which are aimed at reducing the amounts payable to councils.</p> <p>Consultation closed on 10th March 2016.</p>	<ul style="list-style-type: none"> <li>Other organisations which provide significant contributions to the Council face their own funding pressures and may require greater reductions than expected.</li> <li>Circumstances change which render the planned savings unachievable.</li> </ul> <p>Other financial assumptions prove incorrect. Including income budgets not achieved, particularly interest receivable from the £12m invested in equity and property funds.</p> <ul style="list-style-type: none"> <li>Economic conditions and market fluctuations cause changes at or before contract renewal e.g. contract for sale of recyclates.</li> <li>Capital receipts are not received as planned.</li> <li>Capital resources insufficient to finance capital programme.</li> <li>Business rates collected are less than expected due to successful appeals being greater than the provision made.</li> </ul>	<ul style="list-style-type: none"> <li>Priorities and projects are not delivered.</li> <li>Cuts necessary to services</li> <li>Rushed decisions to find other savings</li> <li>Staff unsettled and de-motivated.</li> <li>Financial savings are not achieved; balances used more than planned.</li> <li>Assets not fit for purpose</li> <li>Satisfaction levels with the Council fall</li> </ul>

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
<p>Robust budget review and setting process involving Management Board and Cabinet Members developed over a number of years</p> <p>Unallocated balances significantly exceed minimum level of £1.5million.</p> <p>Regular Budgetary Control and monitoring processes in place, including:</p> <ul style="list-style-type: none"> <li>• Amount of council tax support awarded</li> <li>• awards made from the Exceptional Hardship Fund; and</li> <li>• Business rates and council tax collection rates.</li> </ul> <p>Action Plan developed and agreed following Peer Challenge, managed by the Local Government Association, in October 2013.</p>	<p>Continue work to improve financial modelling for business rates income, cashflow and New Homes Bonus grant.</p> <p>Improve monitoring and forecasting of income.</p> <p>Delivery against the workstreams contained in the Action Plan consisting of:</p> <ul style="list-style-type: none"> <li>• Commercialisation and 'Better at Business';</li> <li>• Grow our economy – increase business rate pot and secure external funds;</li> <li>• Finance and Investment Strategy;</li> <li>• Review contracts and procurement;</li> <li>• Increase our income;</li> <li>• Management and Service Reviews; and</li> <li>• Sharing services or joint work.</li> </ul>	Corporate Director (CF)	<p>Financial savings delivered on time and as budgeted.</p> <p>Setting a balanced base budget and having plans to meet funding shortfalls in subsequent years of MTFS.</p> <p>Service and performance levels delivered as planned.</p> <p>Collection rates of council tax and business rates achieve planned levels.</p>	Monthly	Feb. 2016 – Full Council sets council tax and budgets for 2016/17	<p>MTFS updated with the final financial settlement figure for 2016/17.</p> <p>MTFS provides a plan to provide a balanced base budget with the proposed increase in council tax for 2016/17 at £162.72 (Band D). For planning purposes an increase in council tax of 2% is included for 2017/18 onwards.</p> <p>Estimated unallocated balance as at 31<sup>st</sup> March 2017 is £8.249million.</p> <p>Investment Strategy reviewed with £12m invested in equity and property funds and utilising borrowed monies, of £6m, to fund investments (e.g. commercial property and solar panels) to achieve improved rate of return over the medium-term.</p>



Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
Monitoring of investment counter-parties and returns on investments by Arlingclose, the Council's Treasury Management advisor.			Budget variations reported in timely manner with explanation and action plan, where appropriate			

**Infrastructure (formerly Economic Development) – 2**

Risk rating C2 (C2 July 15)

Management Board Owner – Corporate Director (JH)

Vulnerability	Trigger	Consequence
<p>The Council has identified Economic Development as a key Corporate priority for the District as set out in the Corporate Strategy.</p> <p>The District is looking for inward investment, job creation, business growth and investment in infrastructure. There is also a programme to sustain/grow our town centres.</p>	<p>Lack of investment in infrastructure prevents business growth and job creation.</p>	<ul style="list-style-type: none"><li>• Reduction in new jobs</li><li>• Loss of revenue / growth in business rates</li><li>• Less employment</li><li>• Lower inward investment</li><li>• Fewer new businesses being created</li><li>• Disinvestment by existing businesses creating job losses</li><li>• Less investment in infrastructure as a result of less development</li></ul>

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
<p>Strong working relationship with Essex County Council, Haven Gateway, the South East Local Enterprise Partnership (LEP), and the Essex Business Board on key priorities for economic development.</p> <p>Working with the Haven Gateway Partnership, Essex County Council and Highways England on establishing a business case for improvements to the A120, and supporting technical work on route options</p> <p>District Economic Development Prospectus agreed, setting clear economic priorities</p> <p>District Investment into capital/revenue projects to create business growth in the District.</p> <p>Working in partnership with providers to provide new business start-ups and to grow businesses.</p>	<p>Continuing to develop a strong relationship with strategic businesses and working with them to lobby the South East LEP; Highways Agency; Network rail etc. to invest in the District's economic priorities</p> <p>Developing our inward investment offer through an Investment Prospectus and website</p> <p>Ensuring that we have a realistic delivery plan and maximising the use of available resources to lever investment in delivery, including New Homes Bonus</p> <p>Delivering regeneration programmes in the Districts three Town Centres to support the vitality of those centres and the work of the Town Teams</p>	Corporate Director (JH)	<p>Creation of new jobs</p> <p>New Business starts</p> <p>Business growth in the District</p> <p>Inward Investment in the District</p> <p>Investment into District infrastructure</p>	Quarterly		<p>Business community consulted on District Economic Development Prospectus, which sets clear economic priorities for the period to 2026, and is to be refreshed in 2016/17</p> <p>Work to ensure that key infrastructure projects are included in the Essex and LEP Strategic Plans.</p> <p>Completion of Springwood Drive Enterprise Centre extension Completion of feasibility , specification and business planning studies for Witham Enterprise Centre</p> <p>Delivery of town centre infrastructure improvement projects in Braintree, Halstead and Witham underway</p> <p>Allocation of £5m of New Homes Bonus funds to infrastructure projects agreed.</p>

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
Close engagement with strategic businesses in partnership with Essex Chambers, through a range of activity including Business Forums, the District Business Leaders Board, and direct contact with businesses						<p>Creation of a £500,000 Business Growth Loan Fund</p> <p>£250,000 investment in the Superfast Essex programme to provide additional connectivity for premises</p>

### Local Plan – 3

Risk Ratings: a) – B2 (B2 July 2015) and b) & c) – C2 (C2 July 15) Management Board Owner – Corporate Director (JH)

Vulnerability	Trigger	Consequence
<p>Braintree District Council has an adopted Core Strategy and is in the process of preparing a new Local Plan. In line with government policy this will need to deliver a substantially higher target for housing numbers than is currently set out in the Core Strategy, as set out at Local Plan Committee in September 2014, this is likely to be in the range of 750-950 new homes each year.</p> <p>The Local Plan will be subject to an examination in 2016/17 and if found sound will hold full weight in planning decisions, up till this point it will hold limited weight based on its progress and the level of unresolved objections.</p> <p>Whilst the Local Plan is being produced, the Council may be at risk of being challenged by developers on its housing numbers.</p>	<p>a) Land owners submitting planning applications on unallocated sites.</p> <p>b) Lack of housing or economic growth leading to failure of allocated sites to deliver.</p> <p>c) Local Plan being found unsound when submitted for examination by the Planning Inspector.</p>	<p>a) &amp; c)</p> <ul style="list-style-type: none"><li>• Council may have to approve planning applications on sites outside of those proposed resulting in development which conflicts with the agreed spatial strategy</li><li>• Loss of appeals on planning applications for development on unallocated sites outside of development boundaries.</li></ul> <p>b) &amp; c)</p> <ul style="list-style-type: none"><li>• Infrastructure requirements of new developments may not be sufficiently met.</li><li>• Lack of new jobs in the District and failure to deliver job target</li><li>• Inability to attract inward investment or business growth</li><li>• Inability to attract skilled workers to the District</li><li>• Council not able to meet its objectively assessed need for housing including affordable housing</li></ul>

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
<p>Engaging at a regional level.</p> <p>Joint working with other authorities.</p> <p>Good working relationships with Town and Parish Councils and community groups.</p> <p>Infrastructure implications will be a key part of the new Plan.</p> <p>Programme of reporting and decision making through Local Plan Sub Committee.</p> <p>Strong working relationship with major developers on key housing/commercial sites in the District.</p> <p>An Interim Planning Policy Statement which supports the development of proposed allocated sites in the Site Allocations and Development Management Plan and removes the phasing from the Core Strategy growth location sites.</p>	<p>Work programme keeps to timetable to ensure adoption of the Local Plan in line with the project plan.</p> <p>Close working relationship with major landowners and agents in the District to work together on delivery rather than in opposition.</p>	Corporate Director (JH)	<p>Ensuring Local Plan process is adopted/ approved on target.</p> <p>Outcome of appeal decisions relating to non-allocated sites.</p>	Quarterly	Ongoing	<p>Core Strategy adopted 2011 pending adoption of new Local Plan</p> <p>Statement of Community Involvement adopted</p> <p>Approval of Interim Planning Policy Statement September 2014</p> <p>New Local Plan Issues and Scoping document consultation completed March 2015</p> <p>Local Plan evidence base commissioned</p> <p>Sustainability Appraisal underway</p> <p>Development Management Policies approved by Council</p> <p>Site selection process underway</p> <p>The District Council is working in partnership with 3 other Authorities to explore Garden communities options as a possible solution to delivering the Districts growth. DCLG has recently awarded £640,000 of funding to carry out this work.</p>

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
<p>A specific Local Plan budget of £480,000 has been agreed for 2015/16 to ensure the funds are available to provide the necessary evidence base documents and other work required to produce the Local Plan in the timescales proposed.</p> <p>An Appeals reserve fund of £300,000 has been agreed in the budget for 2015/16 to ensure the Council has sufficient funds to refuse applications which we consider unacceptable.</p>						

**Community Resilience – 4**

Risk Rating C2 (C2 July 15)

Management Board Owner – Corporate Director (CF)

<b>Vulnerability</b>	<b>Trigger</b>	<b>Consequence</b>
<p>There is a small proportion of the district's population that is affected by the recent changes to welfare reforms. The Summer Budget 2015 outlined the Government's intention to make further reforms to Welfare payments with the aim to achieve £12billion of savings by 2019/20. These changes will commence in 2016 and are in addition to a number of the previously notified changes some of which are still working through and the impacts are uncertain. Universal Credit was introduced under a phased approach in the Braintree District from October 2015 and we expect it to be operational for all single claimants in 2017/18. The role out to families is also expected to commence in 2017/18 with introduction of the digital system.</p> <p>We expect the Total Benefit Cap to be implemented in 2016/17, outside London the benefit cap for people under pensionable age will be £20,000 for couples/families and £14,000 for single person.</p> <p>In the 2015 Autumn Statement there were a number of announcements that impact on social/affordable housing:-</p> <ul style="list-style-type: none"><li>- Local housing allowance rates will apply to social housing tenants from April 2018 if they became social housing tenants after April 2016. This also impacts on supported housing schemes.</li><li>- Local housing allowance is frozen from 2016/17 for four years.</li></ul> <p>There are a number of deprived areas in the district with children in poverty, health inequalities, lack of skills and higher unemployment.</p>	<p>Demand for services from the Council and other public sector organisations increases which exceed supply.</p>	<ul style="list-style-type: none"><li>• Some people do not receive the help they need.</li><li>• Increase in homelessness, increased demand for temporary and potential use of bed &amp; breakfast accommodation.</li><li>• Increased demands on the Council's Housing and Customer Services.</li><li>• Increased health inequalities.</li><li>• Increase in number of households in fuel poverty</li><li>• Increase in number of children in poverty.</li><li>• Requests for Discretionary Housing Payments and/or Exceptional Hardship Fund payments exceed resources allocated.</li></ul>



Vulnerability	Trigger	Consequence
<p>A number of the schools in the district are low rated and educational attainment in the district (based on English and Maths GCSE results) is low compared to the rest of the county.</p> <p>There is a growing population of elderly people, within the district and nationally, a proportion of whom will require public services.</p>		

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
<p>Additional staff taken on in Housing, Revenues and Benefits and Customer Services to meet increased demand for services and assistance as a consequence of welfare reforms.</p> <p>Increased partnership working with Citizens Advice Bureau, Greenfields CH, Department for Work and Pensions and Fusion to assist those affected by the welfare changes.</p> <p>Discretionary Housing Payments allocation from the Government of £162,654 in 2015/16. This is intended as short-term assistance available to tenants facing difficulty with their rent.</p>	<p>Revised action plan to be prepared by Officer Welfare Reform group.</p> <p>Regular reviews of the impact the changes are having on those affected.</p> <p>Work jointly with Job Centre Plus to agree a formal partnership agreement regarding Universal Credit.</p>	Corporate Director	<p>Services able to meet increased demand</p> <p>Funding sufficient to support those residents in extreme financial difficulties with council tax and/or rent.</p> <p>Increased number of residents in employment.</p>	Quarterly		<p>Service Level Agreement with Citizens Advice Bureau to provide money advice service to residents, extended to 31<sup>st</sup> March 2017.</p> <p>Discretionary Housing Payments – allocation of £207,638 for 2016/17.</p> <p>Exceptional Hardship Fund of £14,200 for 2016/17. Short-term support available to council tax support claimants facing financial hardship.</p> <p>Health and Wellbeing Panel for the District established and working with a range of partners.</p> <p>Meetings held with Job Centre plus regarding the working arrangements for the roll-out of Universal Credit in the Braintree District.</p>

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
						<p>Issuing Essential Living Fund pay cards to claimants in the District on behalf of Essex CC.</p> <p>Jobs Fair to be held at Causeway House 12<sup>th</sup> February 2016.</p>

## Service Resilience and Workforce planning – 5

Risk Rating D2 (D2 July 15)

Management Board Owner – Corporate Director (CF)

Vulnerability	Trigger	Consequence
Reduced resources impact on the Council's ability to deliver good quality services. Service delivery and resilience requires a well managed and motivated workforce. The Council has recognised the important challenges around workforce planning and talent management for the future.	<p>Key people leave or are unavailable for work (small teams or specialist areas are most vulnerable).</p> <p>Competitive recruitment markets particularly in relation to the growth agenda.</p> <p>The organisation is stretched too far and resulting in service delivery failure</p>	<ul style="list-style-type: none"><li>• Service failure or performance declines</li><li>• Mistakes made and corners cut</li><li>• Customer satisfaction falls</li><li>• Employees are demoralised.</li><li>• Loss of good people.</li><li>• Increased key person dependency</li><li>• Loss of corporate memory</li><li>• Failure to deliver Council's priorities and Annual Plan</li><li>• Remaining staff fail to cope</li><li>• Change programmes difficult to implement</li></ul>

**Affordable Housing – 6**

Risk rating C2 (C2July 15)

Management Board Owner – Corporate Director (JH)

Vulnerability	Trigger	Consequence
<p>Although the number of new homes is likely to be significant over the next Local Plan period, there are a number of issues that may limit the number of new affordable homes we can deliver:</p> <ul style="list-style-type: none"><li>• There are no large-scale developments with affordable homes currently on site, apart from Premdor, Sible Hedingham (which is progressing very slowly).</li><li>• The 1% rent cut for social housing has reduced the available resources for providers and led to reduced offers to developers.</li><li>• Developers are becoming more and more likely to challenge the provision of affordable housing on the basis of viability.</li><li>• The Housing and Planning Bill is likely to give greater discretion to developers to increase the proportion of 'starter homes'.</li><li>• The HCA is likely to divert funding from new rented housing schemes to forms of shared ownership.</li></ul> <p>In addition a number of other changes are putting pressure on LAs and providers. These include:</p> <ul style="list-style-type: none"><li>• Right to Buy entitlement to assured tenants of Housing Associations.</li><li>• The benefit cap reduced from £26,000 to £20,000 means that most providers are unwilling to consider building or buying new 4 bed homes.</li></ul>	<p>Potential number of affordable houses not provided</p>	<ul style="list-style-type: none"><li>• Affordable housing need not met</li><li>• Homeless households remain longer in temporary accommodation as fewer rented homes become available for letting through 'Gateway to Homechoice'</li><li>• Cost to the Council of temporary accommodation increases</li><li>• Young people/key workers leave the district</li><li>• Some housing associations withdraw from higher-risk accommodation, such as supported housing schemes</li><li>• Inability to find suitable affordable accommodation for larger families</li></ul>

Vulnerability	Trigger	Consequence
<p>Local Housing Allowance (LHA) rates and conditions will apply to social housing from 2018 but will apply to all tenants who took up residence after April 2016. We expect to struggle to provide supported housing as a result (as rents are normally above LHA rates). The change will also affect under 35s, who will not receive enough benefit to cover the rent for self-contained accommodation.</p>		

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
<p>New Housing Strategy drafted and adopted early in 2016/17</p> <p>Up-to-date viability assessment and updated 'toolkit' to undertake individual assessments.</p> <p>Work with Greenfields to make best use of Community Housing Investment Partnership (CHIP) fund to support affordable housing development in the district.</p> <p>Work with a range of housing associations to ensure that we can meet the varied needs of local residents and make sure we do not miss out on affordable housing opportunities.</p> <p>Underwriting schemes and purchase of land for affordable housing developments as opportunity and finance allow.</p> <p>Working with other providers.</p>	<p>Housing Research and Development Team continue to look for innovative ways of increasing affordable housing with developers and Registered Social Landlords.</p> <p>Use of Stat Nav toolkit to help identify need across the District.</p> <p>Build working relationships with developers to deliver affordable housing through S.106 agreements.</p>	Corporate Director (JH)	Local target for an average 100 dwellings per annum	Quarterly		<p>Local Plan in progress. Affordable Housing Viability Study has been completed.</p> <p>Housing Strategy update completed and ready for consultation</p> <p>Meetings arranged with Greenfields to consider use of resources, including terms of transfer agreement.</p> <p>Regular meetings with all housing associations with local development programmes.</p> <p>StatNav data updated each year</p> <p>84 completions of new affordable homes expected in 2015/16. We expect low levels of completions in 2016/17 (54-68 homes expected) but over 100 starts expected on Greenfields sites in Braintree, Kelvedon and Hatfield Peverel.</p>

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
						Authority delegated to Cabinet Members for Planning and Property and Performance and Efficiency to agree acquisitions and funding commitments within the overall affordable housing budget in order to allow timely decisions to be taken and prevent opportunities being lost.



**Investment Strategy (formerly Investment of Surplus Monies) – 7**

Risk Rating D2 (D2 July 15)

Management Board Owner – Corporate Director (CF)

Vulnerability	Trigger	Consequence
<p>The Council has an Investment Strategy which seeks to optimise use of available resources by investing in property, housing and other assets as well as investing surplus monies with financial institutions to achieve a reasonable rate of return.</p> <p>The security of the money invested is paramount but the Investment Strategy distinguishes between the investment of monies available only in the short-term due to cashflow requirements and monies (core funds) which are available for investment over the medium to long-term.</p> <p>£10million of the Council's core funds were invested in pooled funds (equities and property) in October/November 2014 with the aim of achieving higher rates of return and capital growth over the medium term (3 to 5 years).</p> <p>The limit on investments in pooled funds was increased to £15million (Council 19<sup>th</sup> October 2015). An additional sum of £2million was invested in pooled funds in December 2015.</p>	<p>Failure of investment counterparty.</p> <p>Tenant ceases trading leading to void period and requirement to find a new tenant.</p> <p>Collapse in the equity market at a time when the Council needs to release money by selling the equity pooled funds.</p> <p>Funds are needed to be recalled at short notice.</p>	<ul style="list-style-type: none"><li>• Loss of the principal sum and / or interest due</li><li>• Loss of rental income and increased costs (e.g. unoccupied business rates)</li><li>• Unplanned service cuts and / or use of balances</li><li>• Decline in Council reputation</li></ul>

Vulnerability	Trigger	Consequence
<p>The impact of the current economic climate on financial institutions makes the selection of: a strong counterparty, with which to invest; the selection of an asset, to purchase, and the tenant, to occupy and rent property, crucial.</p> <p>Regular monitoring of investment counterparties is essential and this is currently undertaken by Arlingclose, our Treasury Advisors.</p>		

Operational Risks		Agenda No: 11
Portfolio:	Corporate Services and Asset Management	
Corporate Outcome:	A high performing organisation that delivers excellent and value for money services	
Report presented by:	Lesley Day – Audit, Insurance & Risk Manager	
Report prepared by:	Lesley Day – Audit, Insurance & Risk Manager	
Background Papers:		Public Report
Risk Policy, Strategy and Implementation Plan – Council 19 <sup>th</sup> April 2006		Key Decision: No
Executive Summary:		
Operational risks are those risks which managers and staff are likely to encounter in the day-to-day work situations.		
On an annual basis, Heads of Service are requested to update their risk register which is then included in the Annual Business Plan for their service. The individual service’s risk register is then amalgamated to form the Corporate Operational Risk Register. (Appendix 1)		
Prior to this update, there were 68 operational risks of which 13 were above the tolerance line which required an additional action plan to be produced and implemented. The current review has identified 69 operational risks of which 13 are above the tolerance line:		

<b>Recommended Decision:</b>
Members are asked to note the updated status of the Council's Corporate Operational Risks.
<b>Purpose of Decision:</b>
To demonstrate that the Council regularly updates the operational risks which may affect the achievement of service objectives and actively manages them as appropriate.

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

<b>Financial:</b>	Any financial implications are detailed within the individual service risks.
<b>Legal:</b>	None
<b>Safeguarding:</b>	None
<b>Equalities/Diversity:</b>	None
<b>Customer Impact:</b>	None
<b>Environment and Climate Change:</b>	None
<b>Consultation/Community Engagement:</b>	None
<b>Risks:</b>	A robust Risk Management process is an important element of the Council's governance arrangements
<b>Officer Contact:</b>	Lesley Day
<b>Designation:</b>	Audit, Insurance & Fraud Manager
<b>Ext. No:</b>	2821
<b>E-mail:</b>	lesley.day@braintree.gov.uk

## APPENDIX 1

### ENVIRONMENTAL & LEISURE

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Leisure Services	E1	A2	A2	Yes	The closure of Braintree swim centre for any prolonged period due to latent defects	Pool having to be shut for more than 5 days	Loss of service and credibility and financial consequences if unable to claim against the warrantees.

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
Pursuing the original firms involved in the construction of Braintree Swim centre to make them aware of the defects in attempt to get them rectified asap.	To maintain momentum in pursuing the companies concerned to get a successful conclusion.	Joby Humm Lee Crabb	All latent defects resolved by the end of this year	Monthly	Ongoing	Prepare report for corporate review and decision on how to proceed

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Leisure Services	E2	E2	D2	No	The loss of the Leisure Contracts Manager for any significant period will place the service at risk with the loss of knowledge expertise.	The Leisure Contracts Manager being off for more than 4 weeks.	Possible service failure

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Housing and Pollution	E3	E2	E2	No	The possibility that we come across a large unknown contaminated land site that either belongs to BDC or is an "orphan Site".	Discovered whilst undertaking inspection regime	Bad reputation for organisation Unplanned expenditure of unknown value

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Pest Control	E7 (new)	C3	n/a	No	Demand for the service increases beyond the capability of the service. One pest officer unable to cope with demand or is off sick long term and adequate temporary arrangement is unable to be secured especially for commercial contracts.	Pest Officer sick leave	Loss of income Staff and vehicle resource implications Implication on fixed service costs and overheads Loss of business credibility

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Licensing	E4	E2	D3	No	Part of the legislation requires councils to advertise any increase in Hackney Carriage fees above £25. This Council has failed to do this in the past and therefore the trade could ask for the repayment of old fees back as they have done in Colchester and Chelmsford.	The local trade becomes aware of what is happening elsewhere and decide to research if we advertised the increase in the fees.	Repayment of fees of £100,000

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Leisure	E5	F1	F1	No	Loss of life/severe disablement of a member of the public using BDC's leisure facilities	Death Disablement/severe injury Health & Safety procedures and assessments not completed and actioned upon	Investigation by HSE. Corporate Manslaughter Act may apply. Legal action / Public Liability Insurance claim. Possible uninsured fine. Adverse PR. Increased insurance premiums. Impact on business

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Leisure	E6	B2	C3	Yes	Financial risk with the JUA negotiations breaking down with Ramsey and Tabor Academy	School failing to make further payments to BDC for JUA costs	BDC left with loss of income

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
Meetings are underway with both the academies at Tabor and Ramsey to resolve the outstanding issues. At Ramsey we are looking to replace the JUA with a hirers agreement and with Tabor we are involving ECC to arbitrate	To maintain a dialogue with the two academies to ensure a successful outcome	Joby Humm Lee Crabb	Both JUA issues will be resolved by the start of the new academic year	Monthly	September 2016	Meetings organised with both academies this month



<b>Service</b>	<b>Risk Number</b>	<b>Current Risk Rating</b>	<b>Previous Risk Rating</b>	<b>Above Tolerance?</b>	<b>Vulnerability</b>	<b>Trigger</b>	<b>Consequence</b>
Sustainability	E8 (new)	C3	n/a	No	Financial risk with Uttlesford DC pulling out of the SLA which pays towards the salaries of members of the sustainability team	Uttlesford DC approach BDC wanting to terminate the SLA	BDC left with loss of income

<b>Service</b>	<b>Risk Number</b>	<b>Current Risk Rating</b>	<b>Previous Risk Rating</b>	<b>Above Tolerance?</b>	<b>Vulnerability</b>	<b>Trigger</b>	<b>Consequence</b>
Housing and Pollution	E9 (new)	D2	n/a	No	Not meeting the requirement to inspect all HMO's in the district which have been flagged to exist and there is a fatality / serious incident	Serious incident in a HMO	Legal action Insurance claim Possible fine Adverse PR Impact on business

## HR/ODL

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
HR & ODL	HR1	C3	C3	No	Corporate talent management and succession planning	Loss of skilled and experienced staff through ageing workforce. Increasing market competition	Deterioration in service standards and failures to deliver statutory duties and key services

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
HR & ODL	Hr2	D2	D2	No	HR/ODL system is shared with Colchester Borough Council	Colchester BDC inadvertently corrupts the system or causes the system to be unavailable for an extended period	New starters/leavers may not be actioned and possibly not paid/over paid Current personal information may not be accessible Current training records may not be accessible

## CHIEF EXECUTIVES

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Chief Executives	CE1	E2	E2	No	Staff absence due to sickness long-term & leaving organisation	Long-term sickness and staff leaving	Delivery of service would need to be-assessed. Should any of the 'wider' team be absent for any period of time, this would have a similar impact as CE team would have to pick up Directors' work.

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Chief Executives	CE2	E2	E2	No	Loss of outside venue for civic event.	Bankruptcy, damage e.g. flood/fire, severe weather rendering venue inaccessible.	Event may need to be cancelled at the last minute. Loss of money, need to pay outside contractors

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Chief Executives	CE3	C3	C3	No	Instruction from central government to host and organise events e.g. Land Army presentation, Armed Forces Day, Commonwealth flag raising event	Contact from central government	Impact on staffing and financial resources

## OPERATIONS

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Operations	OP1	C2	C2	Yes	Loss of external income from trade waste.	Loss of customers i.e. cancelation of contracts.	Loss of customers. Reduction of income to the Council. Potential increase in cost to customers which may result in loss of competitiveness.

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
Operations & Business Support Manager & Team in place to review and promote service and make service changes to promote recycling to trade customer premises.	Constant review of customer base. Regular customer liaison. Develop business opportunities and increase customer base.	Operations & Business Support Manager.	Retention of existing trade customers. Identifying and taking on new customers. Introduction of recycling service to new and existing customers.	On-going	April 2016	New staff structure now at consultation stage. Advert for new Business Development Manager is imminent. This new post is critical and needs to be filled by April 2016.

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Operations	OP2	D2	B2	No	a) Rise in fuel and utility costs in excess of base budget.  b) Fuel Drivers Strike or Fuel Blockade preventing delivery of fuel to site.	Increase in fuel prices and gas, electricity and water charges.  Industrial action undertaken by trade unions.	a) Increase required in base budget otherwise unable to provide front line services.  b) Fuel depletion affecting service delivery – potential non delivery of services.

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Operations	OP3	C2	C2	Yes	Fluctuation in the income received for glass recyclate only.	Global market saturation. PRN's. Changes to legislation.	Gate fee/haulage may increase, resulting in reduction in income against proposed budgets. May have to stockpile glass, which will require additional storage facilities. Glass going to landfill (contrary to national local targets). Negative customer perception and adverse PR.

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
Annual contract with glass re-processor that can only be varied by agreement.	Formalise current arrangements to a contract.	Operations and Business Support Manager.	Maximise income for sale of material or zero gate fee/lowest fee achievable.	Annually	Annually (TBC)	Reviewed/compared glass prices with other authorities and global market.

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Operations	OP4	C2	C2	Yes	Failure by contractors to deliver grave digging - loss of service arising single service provider (no back-up).	Default in performance of the contractor for whatever reason.	Burial services postponed. Distress to relatives. Adverse publicity. More pressure on staff.

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
Contact details kept for local service providers who can offer back up support in times of crisis.	Contract to be re-tendered with improved specification.	Parks & Open Spaces Manager	Ability to maintain services and fulfil statutory obligations.	Annually	June 16	On target.

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Operations	OP5	D2	D2	No	Ability to maintain front-line services.	High levels of recurring or long-term sickness absence.	Increased pressure and stress on staff affects morale and motivation. Additional cost in having to recruit temporary staff. Failure to meet service standards.

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Operations	OP6	D2	D2	No	Service continuity and resilience - capacity, skills, knowledge and experience.	Loss of key personnel arising from resignation, early retirement, long-term sick, etc.	Impact on ability to deliver services; increased pressure on remaining staff; ability to comply with statutory requirements and fulfil legal obligations.

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Operations	OP7	B3	B3	No	Demand for allotments exceeds supply.	Increased demand from residents.	Inability to comply with statutory duty to provide allotments in Braintree

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Operations	OP8	E3	E3	No	Termination of Parking Partnership in relation to off-street parking.	Dissolution of North Essex Parking Partnership.	BDC would have to fund and manage the operation of off-street parking. Need to recruit staff. Initial adverse impact on service delivery.

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Operations	OP9	D2	D2	No	Loss of external income from schools grounds maintenance service.	Market forces. SLA renewal and schools testing competitiveness of our service.	Loss of income. Staff and vehicle resource implications (redundancy).

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Operations	OP10	C2	C2	Yes	Loss of income from Markets.	Reduction in market traders. Current economic downturn. Adverse weather.	Loss of income. Affects prosperity of town centres. Reduction in customer satisfaction.

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
Parks & Open Spaces Manager working with Market Team to review and develop service and relationships	Increase market traders and income through additional publicity and incentives to attract new traders onto markets	Parks & Open Spaces Manager.	Increase interest in markets. Develop customer growth and footfall and increase income.	On-going	March 2016	Markets under review by Economic Development (Stephen Wenlock).

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Operations	OP11	C2	C2	Yes	Loss of external SLA with Greenfields and the associated income re: Cordons Farm.	Termination of SLA.	Loss of circa. £80k income.  Need to increase base budget to provide service if Greenfields requested a decrease in costs for Cordons Farm SLA.

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
On-going quarterly SLA meetings.	Maintain partnership and uphold communication.	Operations & Business Support Manager.	Improved partnership working and continued service provision under SLA.	Quarterly	TBC	SLA on-going. Robust partnership and continued excellent service provisions. Extension of SLA agreed in principle.



Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Operations	OP12	D2	C2	No	Loss of ground maintenance contract with Fusion	Fusion terminate contract.  We are unsuccessful on retender of the contract.	Loss of income. Staff and vehicle resource implications (redundancy).

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Operations	OP13	C2	C2	Yes	Reduction in IAA funding from ECC.	ECC can no longer afford to fund the agreement.	Significant financial impact on food waste service and ability to deliver this without a significant increase in base budget.

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
Some reductions built into base budget.	Refute/refuse any further revenue reduction by ECC as this will impact on service delivery.	P Partridge & Waste Operations Manager	Maintain same levels of funding from ECC.	On-going	Dec 2016	A neighbouring council is disputing the revenue reductions through legal process. BDC will await the outcome of this.

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Operations	OP14	D2	C2	No	Failure by contractors to deliver fleet maintenance service.	Default in performance of the contractor for whatever reason.	Major disruption to the refuse and recycling service. Failure to meet obligations in relation to operator's licence. Potential for increased costs.

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Operations	OP15	E3	E3	No	Termination of partnership with Essex County Council re: Gt Notley Country Park.	ECC may decide not to continue with the partnership agreement.	BDC would have to manage and operate the service for which an increase in budget would be required.

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Operations	OP16	B2	D2	Yes	ICDC efficiencies not realised. Impact on staff both in Operations and CSC. No change in customer service – no change of behaviour after implementation, i.e. no reduction in missed bin complaints.	Level of paper trail and paperwork generation remains unchanged.  Implementation.	Efficiency savings not realised. Service is no further forward.  Customer dissatisfaction.

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
2 x vehicles put back into routes.  Review routes and working practices e.g. District wide task and finish; normal working on bank holidays.	Secured funding in base budget.  Discuss reduced level of efficiency savings payment to ECC	Paul Partridge & Waste Operations Manager	High level of customer satisfaction, and realisation of efficiency savings.	Ongoing	March 2016	2 x vehicles put back into new routes.  Review working practices in consultation with the unions to improve efficient working.  Implement Operations Re-structure plan as part of the above.

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Operations	OP17	A2	C2	Yes	Reduction or loss of revenue for dry recycling.	.At the end of the current contract with Viridor	Loss of income to BDC Affecting costs of the service to householders and a requirement to increase base budget.

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
Check market price trends. Compare situation of other contracts that have recently been let.	Market testing/procurement exercise from 2015 on the anniversary of the contract, to check market price trends. Possibly links to ECC and county wide waste disposal/contract with incumbent contractor.	Operations & Business Support Manager.	Maintain revenue stream	On-going	April 2016	Regular market price checked as stated by MRW and WRAP. Review contract developments external to BDC.

## SUSTAINABILITY

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Development Management and Planning Policy	SD1	D3	C3	No	Lowering in S.106 contributions & developers seeking to re-negotiate.	Change in government policies Reduction in number of applications. Continuing economic depression.	Reduction in number of affordable housing units provided. Reduction in finance for infrastructure.

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Planning Policy	SD2	D2	D2	No	Government Policy	Changes in Government regulations.	Additional policy staff time (eg assisting local community plan preparation and preparation of CIL). Staffing impact.

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Economic Development	SD 3 (New)	D2	N/A	No	Failure to secure necessary funding for new enterprise units.	Unsuccessful funding bids	Need to identify alternative funding arrangements.

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Economic Development	SD 4 (New)	D2	N/A	No	Successful rail franchise doesn't include increased frequency/ reliability on Braintree/Witham branch	Rail franchise decision	Progress delivery through developing alternative investment options

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Economic Development	SD 5 (New)	D2	N/A	No	Lack of need/demand for business growth loan funding	Failure to secure proposals	Failure to deliver new jobs through loan fund

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Economic Development	SD 6 (New)	D2	N/A	No	Ignite Business Enterprise doesn't deliver business start-up and job targets	Underperformance and/or failure to monitor adequately	Business start-up and job creation targets not achieved

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Asset Management	SD7	D3	C3	No	Decline in economic conditions.	Higher voids, reduction in rental values and values realised in the disposal of surplus assets.	Reduction in revenue and capital income.

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Asset Management	SD8	D3	D3	No	Henry Boot not proceeding with the redevelopment of the Town Centre site.	Planning permission not submitted by April 2015.	Timescales can be renegotiated to assist Henry Boot in coming forward with a planning application.

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Asset Management	SD9	D3	D3	No	Land East of High Street, Halstead not being sold.	Purchaser not proceeding	If purchaser does not proceed then site re-marketed for residential development.

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Asset Management	SD 10 (New)	D2	N/A	No	Failure to release covenant attaching to land off Springwood Drive where new business units under construction.	Beneficiaries of covenant do not agree terms for its release.	Construction could be forced to stop while matter resolved resulting in significant financial claims from the contractor.

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Asset Management	SD 11 (New)	E2	N/A	No	Large investment properties being damaged or destroyed by an uninsured risk and BDC do not, in this situation, have insurance cover to reinstate the building or cover the loss of rent.	Large investment properties damaged or destroyed by an uninsured risk e.g., terrorism	BDC would not receive the rental income from the property which would leave a large shortfall in its revenue budgets and BDC may not be in a position to fund the reinstatement of the asset which would mean the rental income is no longer available.

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Strategic Housing	SH3	C3	C3	No	<p>Affordable Housing Development Risks</p> <p>Although the number of new homes is likely to be significant over the next Local Plan period, there are no large-scale developments with affordable homes currently on site, apart from Premdor, Sible Hedingham (which is progressing very slowly) and developers are becoming more and more</p>	<ul style="list-style-type: none"> <li>General economic market conditions.</li> <li>Government intervention (aimed at increasing housing numbers and increasing home ownership rates) reduces affordable housing numbers on development sites in the future.</li> </ul>	<ul style="list-style-type: none"> <li>Lower proportion of rented housing through s106 agreements on mainstream developments</li> <li>Unable to meet homelessness need</li> <li>Additional funding needed to secure temporary and/or permanent rented accommodation</li> </ul>

					<p>likely to challenge the provision of affordable housing on the basis of viability. In addition, the 1% rent cut for social housing has reduced the available resources for providers and led to reduced offers to developers.</p> <p>The Housing and Planning Bill is likely to give greater discretion to developers to increase the proportion of 'starter homes'.</p>		
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## GOVERNANCE

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Governance	G1	D2	D2	No	Insufficient persons to resource elections, specifically Presiding Officers, Poll Clerks and Counters	Low level of expressions of interest	Failure to deliver an election with subsequent issue of an Election Petition Judicial intervention Adverse PR for authority Loss of public confidence in Democracy

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Governance	G2	E1	E1	No	Failure of printing of ballot papers and associated documentation	Failure of print suppliers	Failure to deliver an election with subsequent issue of an Election Petition Judicial intervention Adverse PR for authority Loss of public confidence in Democracy

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Governance	G3	D2	D2	No	Unable to achieve minimum statutory/legal requirements due to lack of skilled resources	Staff turnover levels Lack of skilled staff	Failure to deliver an election with subsequent issue of an Election Petition Judicial intervention Financial impact of obtaining short term cover and replacement staff Adverse PR



Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Governance	G4	C3	C3	No	Printing of major committee reports such as Council and Cabinet leading to the non-delivery of the printed papers	Failures within print room or printing resources	Failure to deliver paper copies in a timely fashion Potential for additional cost from using local printers

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Governance	G5	E2	E2	No	Loss of meeting rooms in relation to a pre-booked meeting	Loss of room	Need to find alternative venue

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Governance	G6	D2	D2	No	Loss of IT resources – Election system Legal case management system Committee system	Loss of IT resources Loss of internet for Committee system	Reduced ability to function as a service Potential for missed deadlines and penalties resulting from this Key resources may be unavailable Where practical, paper alternatives are in existence however this is a risk we must manage and live with

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Governance	G7	D3	D2	No	Economic downturn – effect on number of house sales	Reduction in the number of land charge searches	Impact on base budget and MTFS Staffing impact

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Governance	G8	D2 (new)	n/a	No	Limited number of staff able to carry out the full Land Charges service which can impact on the service able to be delivered	Staff loss due to sickness, absence or leaving the authority	Impact on the property market in the District Impact on the Land Charges budget Impact on the staff remaining in the team

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Governance	G9	C2	D2	Yes	Government proposals for HM Land Registry to be responsible for Land Charges register.	Although the Infrastructure Act is now in law this has yet to be implemented; implementation will trigger this risk.	Divide searches between HM Land Registry and local authorities.

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
Liaison established with Land Registry to maintain flow of information. Staff involved fully briefed with any information we receive.	Study proposed secondary legislation when released to assess opportunities and constraints.  Opportunities fully investigated through better at business agenda.	Ian Hunt	Consideration of requirements in transition plan.	As appropriate when updates from government .	Transition plan to be produced by Land Registry; not available at this time.	Meeting held with Land Registry and email communication established. Regular staff briefings including with HR where appropriate.

## FINANCE

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Financial Services	F1	D2	D2	No	The Council invests its surplus monies with financial institution and in pooled funds. The impact of the current economic climate on financial institutions makes the selection of a strong counterparty, with which to invest, crucial.	Failure of a counterparty. Significant number of people with mortgage under LAMS default on repayments. Repayment from pooled fund required which would incur a loss.	Loss of the principal sum and/or interest due. Unplanned service cuts and/or use of balances. Decline in Council reputation.

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Financial Services	F2	D2	D2	No	Payroll system is shared with Colchester Borough Council	Colchester BC inadvertently corrupts the system or causes the system to be unavailable for an extended period.	Staff and members not paid on time; Compensation claims if bank charges incurred by staff and members;

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Financial Services	F3	C2	C2	Yes	Maintaining the service and performance levels with reducing staff numbers	Staff leaving- including in advance of potential change e.g. implementation of Universal Credit.	All services in Finance Department

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
<ul style="list-style-type: none"> <li>Health and Wellbeing programme available to staff.</li> <li>Business Planning process and performance reviews.</li> <li>Sickness management policy.</li> <li>Endeavour to ensure resilience with cover arrangements - training available for staff.</li> <li>Staff kept informed - meetings and other communications with staff</li> </ul>	<ul style="list-style-type: none"> <li>Review of Internal Audit Service following notice of Auditor's intention to retire in Aug. 2016 – confirmation in writing awaited.</li> <li>Assess Housing Benefit staffing requirements during the phased introduction of Universal Credit and for the benefits service that the Council will continue to provide.</li> </ul>	Service Managers and Head of Finance	Service standards and performance maintained	Ongoing	October 2016 (budget process commences)	Information from DWP regarding the roll-out of Universal Credit shared in timely manner with staff.

## HOUSING & COMMUNITY

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Homeless – ness	HC1	B2	B2	Yes	<p>Increase in number of households homeless leading to an unmanageable increase in temporary housing.</p> <p>BVPI's Stats Homelessness Acceptances:- 07/09 = 283 08/09 = 195 09/10 = 103 10/11 = 93 11/12 = 137 12/13 = 164 13/14 = 166 14/15 = 140 15/16 =</p>	Housing Benefit Changes/Welfare Reforms – see below.	<p>Less private rented accommodation is now within housing benefit levels; Increased demand on rent deposit/bonds scheme; Increased demand for discretionary housing benefit Increase in applications to the Housing Register Need for additional staffing in both the Housing Assessment and Housing options Team If access to the private rented sector becomes more difficult it may lead to the need for additional temporary accommodation as part of the Councils statutory homelessness duties. Possible use of Bed &amp; Breakfast accommodation. The further reduction of the benefit cap will impact on more households particularly. Those in the private sector and housing association tenants in properties at affordable rent level may be more at risk of losing their home. Potentially more demands on DHP funding pot, the amount is uncertain form year to year. If DHP reduced more people may need to move.</p>

- April 11 - LHA limited to a max 4 bed home
- LHA Cap for new tenants and phased in for existing tenants from 1 January 2012, 30th percentile of rents from October 2011
- January 12 - LHA threshold for the shared rate for single people increased from 25 to 35
- Other benefit changes:-
- Personal Independent Payment (PIP)
- Universal Credit for first time single claimants introduced in the Braintree District October 2015.
- The introduction of universal credit may mean more private landlords will not accept applicants on benefits.
- We expect the Total Benefit Cap to be implemented in 2016/17, outside London the benefit cap for people under pensionable age will be £20,000 for couples/families and £14,000 for single person.
- In the 2015 Autumn Statement there were a number of announcements that impact on social/affordable housing:-
  - Local housing allowance rates will apply to social housing tenants from April 2018 if they became social housing tenants after April 2016. This also impacts on supported housing schemes.
  - Local housing allowance is frozen from 2016/17 for four years.

Housing benefit for people under 35 to be limited to LHA rates in the social sector, also impacts on viability of supported housing schemes.

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
Homelessness Review and Strategy 2013 to 2018.  Homelessness Strategy Action Plan for 14/15.  BDC Welfare Reform Officer Working Group.  Jobs Fair organised by the Benefits Team at Causeway House – February 2016, further now being planned for September 2016	Housing Service monthly review of homelessness activity  Quarterly update also produced  Keep under close review.	Joanne Albini/Donna Goodchild	NI156, BV213,BV183a, BV183b, BV202, BV203	Monthly		A new Homelessness Strategy for 2013 to 2018 has been agreed by Cabinet 30 September 13. Multi agency Homeless Strategy Steering Group meets at least twice a year.  Landlord Select scheme has been set up to help promote the work we do with private sector landlords.  An additional Housing Options Officer has been appointed on fixed term contract.  Participation in peer review process 2014, with our first 'Gold Standard' application in January 15. The process is designed to

						<p>help local authorities deliver more efficient and cost effective homelessness prevention services. Bronze Standard achieved 2015.</p> <p>New Senior Housing Options Officer appointed from April 2015.</p>
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Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Affordable Housing	HC2	C3	C3	No	<p>Although the number of new homes is likely to be significant over the next Local Plan period, there are no large-scale developments with affordable homes currently on site, apart from Premdor, Sible Hedingham (which is progressing very slowly) and developers are becoming more and more likely to challenge the provision of affordable housing on the basis of viability. In addition, the 1% rent cut for social housing has reduced the available resources for providers and led to reduced offers to</p>	<p>General economic market conditions.</p> <p>Government intervention (aimed at increasing housing numbers and increasing home ownership rates) reduces affordable housing numbers on development sites in the future.</p>	<p>Lower proportion of rented housing through s106 agreements on mainstream developments</p> <p>Unable to meet homelessness need</p> <p>Additional funding needed to secure temporary and/or permanent rented accommodation</p>

					<p>developers.</p> <p>The Housing and Planning Bill is likely to give greater discretion to developers to increase the proportion of 'starter homes'.</p>		
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Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Strategic Housing	HC3	C3	C3	No	Maintaining service and performance levels under increased demand for services.	Sickness levels increase including stress related illnesses Staff leaving/ retirement Diversion of resources Insufficient capacity for peak workloads	Decrease in staff morale Backlog in work Effect on PI outturns Non-delivery of other departments projects

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Strategic Housing	HC4	D2	D2	No	Relationship between BDC and Greenfields becomes strained.	Ability to sustain Service Level Agreements after initial contract period.  Potential contradiction with BDC Housing Strategy and GCH Business Plan	Use of Bed & Breakfast facilities for housing the homeless Cost implications Staff under increased pressure (sickness levels rise) Difficulty in working with GCH in other areas such as new development.



<b>Service</b>	<b>Risk Number</b>	<b>Current Risk Rating</b>	<b>Previous Risk Rating</b>	<b>Above Tolerance?</b>	<b>Vulnerability</b>	<b>Trigger</b>	<b>Consequence</b>
Community Transport	HC5	D2	D2	No	Significant funding reductions, not expected in 2016/17.	Annual SLA with ECC a key funder. Significant funding reduction would threaten viability of current service.	Reduction in service.  Note: - We will be undertaking a review of our Community Transport Service in 2016/17.

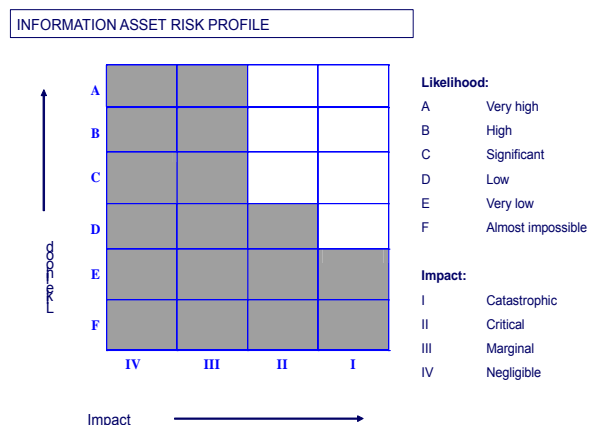
## BUSINESS SOLUTIONS

Service	Risk Number	Current Risk Rating	Previous Risk Rating	Above Tolerance?	Vulnerability	Trigger	Consequence
Business Solutions	BS1	D2	D2	No	Total failure of IT systems *There is also risk of partial failure of systems, but the impact and likelihood would depend on the failure	Mains power/UPS failure Software / hardware failure Air conditioning failure Viruses Human error	Staff unable to work Reduction in customer service provision across the authority No access to information/loss of data Adverse PR
Business Solutions	BS2	D3	D3	No	Failure of telephone system	Mains power/UPS failure Human error Loss of telephone line and other external actors Software/ hardware failure	No communications Reduction in customer service provision across the authority Impact on staff working
Business Solutions	BS3	E3	E3	No	Website failure	Unavailability of hosted website Loss of ability to update website Hacking of website	Reduction in customer service Adverse PR Possible effect on income levels dependent on duration of loss
Business Solutions	BS4	D2	D2	No	Data (IT) security breach	Loss/theft of data Security breach on laptops or removable media Insecure mail Hacking	Adverse PR and reputation of the Authority Legal proceedings
Business Solutions	BS5	D2	D2	No	Out of hours lone working	Injury caused by accident, ii-health or security breach	No security, possible fatality due to no contact with CSDO No emergency customer service
Business Solutions	BS6	D2	D2	No	Building Security	Security breach	Confidential data loss due to security breach.

							Injury to lone worker
Business Solutions	BS7	D2 (new)	n/a	No	Resilience of staff resources	Staff sickness/Annual leave Resignations in small teams Resignation of key workers Reliance on Apprentices to provide resilience	Services not adequately resourced to meet deadlines Unable to provide support to key service areas
Business Solutions	BS8	D3 (new)	n/a	No	Data accuracy and quality	Inability to provide robust performance information Audit of performance indicator information	I Incorrect performance information provided Unreliable management information
Business Solutions	BS9	D3 (new)	n/a	No	Relationship Management	Lack of communication between teams on support required throughout the year Lack of consultation	Not enough support provided for key projects Reduced customer satisfaction and performance Conflicting priorities

Corporate Information Asset Risks		Agenda No: 12
Portfolio:	Corporate Services and Asset Management	
Corporate Outcome:	A high performing organisation that delivers excellent and value for money services	
Report presented by:	Lesley Day – Audit, Insurance & Risk Manager	
Report prepared by:	Lesley Day – Audit, Insurance & Risk Manager	
Background Papers:		Public Report
Information Asset Risk Register		Key Decision: No
<b>Executive Summary:</b>		
The compilation of an Information Asset Risk Register is considered to be of best practice in relation to the Council's information governance and assurance framework.		
The Register has been compiled and includes:		
<ul style="list-style-type: none"><li>• Data source</li><li>• Service area</li><li>• Information held</li><li>• Access controls and security measures where appropriate</li><li>• Storage method</li><li>• Categories of information held:<ul style="list-style-type: none"><li>❖ Personal</li><li>❖ Economic</li><li>❖ Spatial</li><li>❖ Management</li></ul></li><li>• Method of data transmission</li><li>• Risk rating</li></ul>		
Assessing the risk rating of individual information assets involves evaluating two factors:		
<ul style="list-style-type: none"><li>• The impact to the organisation should the information asset be threatened by malice or accidental error, fraud, privacy violation, service interruption, theft or disaster.</li><li>• The likelihood of the risk being realised, taking into account the working environment, access controls and security measures, storage methods and data submission (if involved).</li></ul>		

Each information asset has been assessed using the Corporate Risk Profile:



Any risk ratings that fall above the tolerance line (white boxes) will require an action plan to be produced in order to mitigate the risk. Any action plans will need to be monitored and reviewed on a regular basis by the relevant Head of Service and Director.

At present, we have no risks that are above the tolerance line.

A copy of the Corporate Information Asset Risk Register is available.

**Recommended Decision:**

Members are asked to note the compilation of the Corporate Information Asset Risk Register.

**Purpose of Decision:**

To demonstrate that the Council applies best practice in relation to the Council's information governance and assurance framework

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

<b>Financial:</b>	None
<b>Legal:</b>	None
<b>Safeguarding:</b>	None
<b>Equalities/Diversity:</b>	None
<b>Customer Impact:</b>	None
<b>Environment and Climate Change:</b>	None
<b>Consultation/Community Engagement:</b>	None
<b>Risks:</b>	A robust Risk Management process is an important element of the Council's governance arrangements
<b>Officer Contact:</b>	Lesley Day
<b>Designation:</b>	Audit, Insurance & Fraud Manager
<b>Ext. No:</b>	2821
<b>E-mail:</b>	lesley.day@braintree.gov.uk

Treasury Management Annual Report 2015/16		Agenda No: 13
Portfolio:	Finance and Performance	
Corporate Outcome:	A high performing organisation that delivers excellent and value for money services	
Report presented by:	Phil Myers – Financial Services Manager	
Report prepared by:	Phil Myers – Financial Services Manager	
Background Papers:		Public Report
Treasury Management Strategy Statement 2015/16 – approved by Full Council on 16 <sup>th</sup> February 2015.		Key Decision: No
<b>Executive Summary:</b>		
<p>The Council’s treasury management activities are regulated by statutory requirements and by a Code of Practice (“the Code”) issued by the Chartered Institute of Public Finance (CIPFA).</p> <p>One of the key requirements of the Code is that, along with an annual strategy to be approved prior to the commencement of the financial year, the Council should also receive an annual report after the financial year-end.</p> <p>The Treasury Management Strategy Statement (TMSS) is approved annually by the Council in February as part of the overall Budget and Council Tax setting for the forthcoming financial year. The TMSS approved in February 2015, reflected the following circumstances:</p> <ul style="list-style-type: none"><li>• A fully funded capital programme, largely reliant on capital receipts.</li><li>• The availability of cash balances for investment – the assumption was that whilst these would remain significant there was an expectation that cash balances would be lower than in previous years</li><li>• No new borrowing would be required other than via lease type arrangements for vehicles and plant obtained through the Riverside Truck Rental contract.</li><li>• Diversification and maintaining a longer-term view on investments to counter the risks associated with banking regulatory changes and other credit conditions</li></ul> <p>At the 31 March 2016, the Council’s treasury management position comprised:</p> <ul style="list-style-type: none"><li>• Financial Liabilities: amounting to £10.526 million, including two £3 million Lender Option, Borrower Option (LOBO) type market loans, finance lease commitments, and a repayable advance from Essex County Council</li><li>• Financial assets: amounting to £38.167 million, comprising mainly of investments</li></ul>		

- and deposits, and cash & bank balances.
- Net financial assets of £27.641 million

The annual report includes an economic and market commentary of the year, highlighting those key issues which influenced treasury management activities, including the prolonged period of low interest rates. Regulatory changes were completed with the transposition of two European Union Directives into UK legislation effectively bringing in the “bail-in” regime which has shifted the burden of rescuing failing banks onto unsecured institutional investors, including local authorities. Credit quality improved amongst a number of the banks which feature on the Council’s lending list resulting in overall credit quality of the Council’s investment portfolio remaining fairly consistent.

The Council’s Capital Financing Requirement (or CFR) – a balance sheet measure of the Council’s need to borrow for capital purposes – reduced slightly in the year as the capital programme was fully funded. The small reduction represented the expected repayments on invest to save projects undertaken in previous years, and the annual repayments of finance lease obligations. At 31 March 2016, the CFR was £8.429 million, compared to actual debt of £10.759 million. Included in the level of debt is £3.526 million of finance lease obligations which are effectively funded via the revenue budget. Taking this into account means the underlying difference between borrowing and the CFR is negative by £1.429 million providing some headroom to incur additional borrowing before impacting on the revenue account in terms of the statutory requirement to make Minimum Revenue Provision (an annual sum that must be set aside from revenue to repay debt).

The TMSS contains the Council’s Annual Investment Strategy (AIS) which is based on the key priorities of:

- Security – minimising the risk of cash not being repaid; and
- Liquidity – having cash available when it is required.

Only when these two priorities are met does the Council consider highest yield.

At the time of setting the AIS it was envisaged that the level of cash balances would continue the downward trend of previous years. However, cash balances actually increased during the year through a combination of re-profiling of capital programme spending, a revenue underspend (and overachievement of income) against budget, and a general increase in provisions and reserves, including New Homes Bonus.

Funds have typically been placed with banks and building societies meeting the Council’s definition of “highly credit rated”, along with Pooled Funds and other Money Market Funds (MMFs), and the Debt Management Office (UK Government).

With the higher level of cash balances and following a review of performance, opportunity was taken to increase the amount invested for the long-term in Pooled Funds with a further £2 million spread equally between the Threadneedle UK Equity Fund and the CCLA Property Fund, taking the overall amount invested in Pooled Funds to £12 million. To facilitate this increase full Council were requested to approve an increase of £5 million in the long-term investment limit leaving some margin for further investment if this is deemed appropriate.



The average amount invested across the year was £45.99 million, generating interest and dividend income of £694,000, an overall return of 1.51%. This total includes dividends earned from the Pooled Funds amounting to £509,352, a return equivalent to 4.84%. As expected the market value of the Pooled Funds, particularly where invested in equities, varied over the course of the year, ending at 31 March 2016 with an overall market valuation of £11.818 million, representing a net unrealised loss of £182,000. This loss has no immediate impact on the Council's finances as changes in market valuations (+ or -) are only realised at the time investments are sold.

**Recommended Decision:**

To recommend to Cabinet acceptance of the Treasury Management Annual Report 2015/16 prior to its submission to Full Council.

**Purpose of Decision:**

The Council has adopted the CIPFA Code of Practice for Treasury Management in Public Services which requires that the Council receives an annual report on the treasury management function. This report is to be considered first by the Governance Committee in order to exercise its responsibility for scrutiny over treasury management activities. The report will then be considered by Cabinet before submission to Full Council with the benefit of any proposed changes or comments of the Governance Committee.

<b>Any Corporate implications in relation to the following should be explained in detail.</b>	
<b>Financial:</b>	No new financial implications – the report is a summary of activity during the year the outcome of which is reflected in the 2015/16 Outturn Financial position which was reported to Cabinet at its meeting on 23 May 2016.
<b>Legal:</b>	The Council's treasury management activities are subject to regulation by a number of professional codes, statutes, and related guidance. There are no new legal implications from this report.
<b>Safeguarding:</b>	None
<b>Equalities/Diversity:</b>	None
<b>Customer Impact:</b>	None
<b>Environment and Climate Change:</b>	None
<b>Consultation/Community Engagement:</b>	None
<b>Risks:</b>	No new risks introduced. The objective of the treasury management strategy and related activity is the management of risk.
<b>Officer Contact:</b>	Phil Myers
<b>Designation:</b>	Financial Services Manager
<b>Ext. No:</b>	2810
<b>E-mail:</b>	phimy@braintree.gov.uk

## **Treasury Management Annual Report 2015/16**

### **1. Background**

- 1.1. The Council's treasury management activities are regulated by statutory requirements and by a Code of Practice ("the Code") issued by the Chartered Institute of Public Finance (CIPFA).
- 1.2. One of the key elements of the Code is that, along with an annual strategy to be approved prior to commencement of the financial year, the Council should also receive an annual report after the financial year-end.
- 1.3. The Council invests substantial sums of money and continues to hold legacy borrowing and is therefore exposed to a range of financial risks. The successful identification, monitoring and control of risk are therefore central to the Council's Treasury Management Strategy.

### **2. Treasury Management Strategy**

- 2.1. The Treasury Management Strategy Statement (TMSS) is approved annually by the Council in February as part of the Budget and Council Tax Setting for the forthcoming financial year.
- 2.2. The TMSS approved in February 2015, reflected the following circumstances:
- A fully funded capital programme, largely reliant on capital receipts.
  - The availability of cash balances for investment – the assumption was that whilst these would remain significant there was an expectation that cash balances would be lower than in previous years.
  - No new borrowing would be required other than via lease type arrangements for vehicles and plant obtained through the Riverside Truck Rental (RTR) contract.
  - Diversification and maintaining a longer-term view on investments to counter the risks associated with banking regulatory changes and other credit conditions.

### **3. Treasury Management Position**

- 3.1. The treasury management position at the year-end (with the previous year shown for comparison) is set out below:

	<b>31 Mar 2015 Principal £'000</b>	<b>31 Mar 2016 Principal £'000</b>
Market Loans	6,000	6,000
Finance Lease Liabilities	3,759	3,526
Other Long-Term Liability	1,000	1,000
<b>Financial Liabilities</b>	<b>£10,759</b>	<b>£10,526</b>

	<b>31 Mar 2015 Principal £'000</b>	<b>31 Mar 2016 Principal £'000</b>
Investments and Deposits	25,000	35,500
Local Authority Mortgage Scheme (LAMS) Repayable Advance	2,000	2,000
Cash & Cash Equivalents	2,901	648
Escrow Account	72	-
Impaired Deposit	30	19
<b>Financial Assets</b>	<b>£30,003</b>	<b>£38,167</b>
<b>Net Financial Assets</b>	<b>£19,244</b>	<b>£27,641</b>

- 3.2. Market loans comprise two Lender's Option, Borrower's Option (LOBO) type loans of £3 million each, which give the lender the option to vary the interest rate at six month intervals, subject to the Council then having the option to repay the loans without penalty. To date the lender has not sought to exercise this option – the loans currently run at an average interest rate of 4.7% and have 26 years remaining until maturity. The opportunity to redeem earlier (at a negotiated penalty) is kept under review.
- 3.3. Finance Lease Liabilities relate to the outstanding principal element of leases used to acquire property, vehicles, and plant. Annual payments are made to repay these liabilities over the lease term. A new lease was recognised in 2015/16 relating to the provision of a replacement vehicle through RTR.
- 3.4. Other Long-Term Liability relates to funding previously received from Essex County Council's towards the Braintree Local Authority Mortgage Scheme (LAMS). A deposit of £2 million was made to the LAMS provider (Lloyds Bank) which is shown under Financial Assets.
- 3.5. Investments and Deposits include amounts placed with UK and Non-UK banks and building societies; and Pooled Funds and other Money Market Funds.
- 3.6. Cash and Cash Equivalents is money held in call accounts with immediate access, balances held on the Council's current bank accounts, and petty cash floats.
- 3.7. The Escrow account related to the sterling equivalent of distributions made by the insolvent Icelandic bank, Glitnir. These funds were transferred to a third party during the year with the Council receiving an agreed settlement.
- 3.8. Impaired deposit relates to the carrying value of amounts still expected to be received from the insolvent Icelandic bank, Kaupthing, Singer and Friedlander. A further dividend of £12,860 was received in the year.

#### 4. **External Context to the 2015/16 Financial Year**

4.1. **Appendix A** provides an economic and market commentary covering the 2015/16 financial year written by Arlingclose, the Council's treasury management advisors.

4.2. In summary:

- UK growth slowed in 2015 and inflation remained low hovering around zero percentage with deflationary spells in April, September, and October.
- The slowdown in the Chinese economy added to the global economic risks and heightened volatility in the equity markets. Uncertainty persists with the outcome of the US presidential election and the consequences of the UK referendum on membership of the EU.
- The Bank of England's Monetary Policy Committee made no change to policy, maintaining the Bank Rate at 0.5% (its eighth consecutive year in March 2016), and asset purchases (Quantitative Easing) at £375bn. On interest rates the Bank has continued to stress that future rate movements will be gradual and lower than previous economic cycles.
- UK Government Gilt yields across all periods ended the year lower than at the start of the year with the upward trend in the first quarter being reversed due to the global uncertainties and consequential impacts on stock markets and the price of oil and other commodities.

4.3. The table below summarises market interest rates during the financial year:

	Bank Rate	Overnight LIBID	7-day LIBID	1-MTH LIBID	3-MTH LIBID	6-MTH LIBID	12-MTH LIBID
<b>Average</b>	<b>0.50</b>	<b>0.38</b>	<b>0.45</b>	<b>0.43</b>	<b>0.54</b>	<b>0.76</b>	<b>0.99</b>
Maximum	0.50	0.48	0.58	0.57	0.66	0.92	1.02
Minimum	0.50	0.17	0.35	0.43	0.51	0.55	0.84
Spread	-	0.31	0.23	0.14	0.15	0.37	0.18

LIBID = London Interbank Bid Rate

#### 5. **Capital Financing Requirement**

5.1. The Capital Financing Requirement (CFR) is a balance sheet derived amount which measures the extent to which the Council has invested in capital but has not resourced it from internal resources (e.g. capital receipts from asset sales, grants etc.). It is therefore a measure of the amount of borrowing the authority could potentially justify as being required to meet its capital expenditure requirements. Actual borrowing may differ from the CFR, e.g. if the Council has used its own cash balances instead of borrowing, and therefore where the CFR differs to actual borrowing the circumstances should be understood.

5.2. The change in CFR is shown in the table below:

	<b>2015/16 Actual £'000s</b>
<b>CFR at start of the year</b>	<b>8,823</b>
<b>Capital expenditure in the year</b>	<b>5,127</b>
<b>Resourced by:</b>	
Capital receipts	(2,287)
Capital grants and contributions	(1,838)
Sums set aside from revenue	(889)
<b>Sub-total resources applied</b>	<b>(5,014)</b>
Change in Long-Term Debtor	(2)
Minimum Revenue Provision	(505)
<b>Net decrease in CFR in the year</b>	<b>(394)</b>
<b>CFR at end of the year</b>	<b>8,429</b>

5.3. The CFR reduced as capital expenditure was largely funded from internal resources other than one new lease entered into for a replacement vehicle. Minimum revenue provision included £159,000 repayment of internal borrowing on past invest to save projects, with the balance represented by the principal element of lease repayments.

5.4. The comparison of the CFR with actual debt is shown below:

	<b>2015/16 Actual £'000s</b>
<b>Closing CFR</b>	<b>8,429</b>
Actual borrowing and other liabilities	10,526
<b>Difference between actual debt and CFR</b>	<b>2,097</b>

5.5. Whilst actual debt is greater than the CFR, over the last few years this gap has been reducing in line with the Council's policy of utilising its cash balances for invest to save projects, rather than investing in banks and financial institutions. This approach has resulted in an improved rate of return on cash balances whilst also mitigating credit risk. Excluding outstanding finance lease liabilities of £3.526 million, the comparison between the borrowing CFR and debt is negative by £1.429 million providing some headroom to incur additional capital expenditure without the requirement to charge a Minimum Revenue Provision (or MRP) – a statutory sum set aside to repay debt - to the General Fund revenue account.

5.6. Taking account of the balance of investments at 31 March 2016, the Council's net investment position is £27.641 million meaning that the Council complies with the requirement that net borrowing should not exceed the CFR.

## **6. Borrowing and Finance Lease Liabilities**

6.1. The following table shows the change in actual borrowing and other liabilities in the 2015/16 financial.

	<b>Borrowing</b>	<b>Finance Leases</b>	<b>Other Long-Term Liability</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance 1 April 2015</b>	<b>6,000</b>	<b>3,759</b>	<b>1,000</b>	<b>10,759</b>
Additions	-	114	-	114
Repayments	-	(347)	-	(347)
<b>Balance 31 March 2015</b>	<b>6,000</b>	<b>3,526</b>	<b>1,000</b>	<b>10,526</b>

6.2. In 2016/17 the estimated amount of debt to be repaid is £325,000, being the principal element of finance lease rentals.

6.3. The Council approved borrowing limits within the TMSS, including an Operational limit to cover potential borrowing and other liabilities – the limit for 2015/16 was set at £11 million. Actual debt could fluctuate around this limit. An Authorised limit was also set which could not be breached without prior Council approval. This limit was set at £15 million for 2015/16. Actual debt was contained within these limits.

## **7. Investments**

7.1. The Treasury Management Strategy Statement includes the Annual Investment Strategy (AIS), approved by Council in accordance with statutory guidance issued by the Department for Communities and Local Government. The AIS sets out the parameters used by the Council when selecting suitable counterparties for investment along with any limits on duration and amounts.

7.2. The AIS is based on investment priorities being:

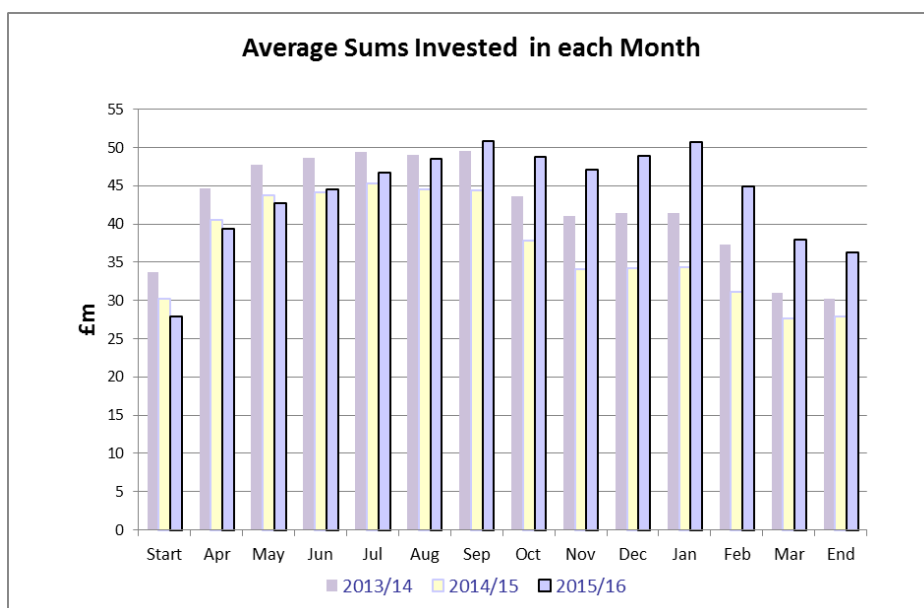
- Security – minimising the risk of cash not being repaid
- Liquidity - having cash available when it is required

7.3. Only when having ensured these two priorities are met is highest yield considered.

### **Cash Balances for Investment**

7.4. Investment activity is dependent upon the level of cash balances and requirement for liquid funds to meet day-to-day spending needs. A level of “core” cash is available for the medium-longer term, reflected in revenue and capital reserves.

7.5. Over the 2015/16 year, cash balances for investment averaged £45.99 million (an increase on the previous year of £7.47 million), and operated within a range of daily totals of between £35.52 million and £55.50 million:



7.6. Cash balances have increased through a combination of re-profiling of capital programme spending, underspends (over achievement of income) against the revenue budget, and a general increase in provisions and reserves, including New Homes Bonus.

### Investment Policy

7.7. The investment policy sets the parameters over what types of investments will be used by the Council, what criteria potential counterparties must meet, and what limits (amounts/ duration) will be applied.

7.8. The policy was approved at Full Council in February 2015.

7.9. Applying the investment policy, funds placed during the year were typically:

- Fixed term deposits with the major UK and non-UK banks and building societies, which met the Council's criteria of "high credit quality".
- Deposits on call or instant access accounts with major UK banks
- AAA rated Constant Net Asset Value (CNAV) Money Market Funds, where the value of principal invested is expected to remain constant – funds used are: Standard Life Liquidity, Deutsche Managed Sterling, and Goldman Sachs Asset Management.
- A new Variable Net Asset Value (VNAV) Money Market Fund, where small fluctuations in the principal invested can occur – the fund used is with Royal London Asset Management
- Pooled Funds – equity and property funds (see paragraphs 7.14 to 7.16 below)



- Direct with the UK Government via the Debt Management Office for short-term deposits to accommodate timing differences between receipt and payment of monies
- Lloyds Bank held in current accounts as the main banking services provider.

## Investment Activity & Returns

7.10. The change in investment balances<sup>1</sup> during 2015/16 is shown in the table below.

	Balance 01/04/15 £000	Investments:		Balance 31/03/16 £000
		Made £000	Mature d/ Sold £000	
<b>Pooled Funds (Equity and Property)</b>	<b>10,000</b>	<b>2,000</b>	<b>-</b>	<b>12,000</b>
<b><i>Fixed Term Deposits:</i></b>				
UK Banks & Building Societies	5,000	41,000	-34,000	12,000
Non UK Banks	-	12,000	-12,000	-
Debt Management Office	-	82,500	-82,500	-
<b>Sub-Total</b>	<b>5,000</b>	<b>135,500</b>	<b>-</b>	<b>12,000</b>
<b><i>Instant Access Deposits:</i></b>				
Money Market Funds – CNAV	10,000	16,500	-19,000	7,500
Money Market Funds – VNAV	-	4,000	-	4,000
UK Banks Call Accounts	2,000	1,000	-3,000	-
Lloyds Current Account*	960	-	-190	770
<b>Sub-Total</b>	<b>12,960</b>	<b>21,500</b>	<b>-22,190</b>	<b>12,270</b>
<b>Total</b>	<b>27,960</b>	<b>159,000</b>	<b>-</b>	<b>36,270</b>
			<b>150,690</b>	

\*Net Movement

7.11. Interest and dividends earned on investments was £694,000 equating to an overall average rate of return of 1.51%. The return comprised the following:

	Average Invested during the year £000	Interest & Dividends £000	Annualise d Return %
Pooled Funds	10,520	509	4.84%
UK Banks & Building Societies	12,030	74	0.61%
Non-UK Banks	3,710	22	0.60%
Debt Management Office	2,540	6	0.25%
Money Market Funds – CNAV	11,260	50	0.44%
Money Market Funds – VNAV	3,300	22	0.67%
UK Banks Call Accounts	980	4	0.41%
Lloyds Current Account	1,650	7	0.41%
<b>Total</b>	<b>45,990</b>	<b>694</b>	<b>1.51%</b>

<sup>1</sup> For this purpose investment balances excludes the deposit for LAMS, escrow account and impaired deposit, and bank accounts held for operational reasons and other petty cash.

7.12. Investment income was higher than the updated budget of £596,000 by £98,000 due to cash balances being higher than originally anticipated.

7.13. The continued rate of return on the Council's short-dated money market investments continues to reflect the prevailing low interest rate environment.

### Pooled Funds

7.14. In 2014/15 the Council invested £10million into four Pooled Funds to achieve a greater diversified portfolio of underlying securities than the Council could individually manage at a reasonable price. These investments were made on the basis that, if held for the medium-long term, they would offer the potential for enhanced returns whilst recognising there could be short-term volatility in their market pricing. The distributing share class was selected for each of the funds in order to receive regular income.

7.15. A further £2million was added to Pooled Funds after Full Council approved an increase in the limit on long-term investments of £5million, taking to the total limit to £15million. The position for each fund is shown in the table below:

<b>Fund</b>	<b>Initial Invested £000</b>	<b>Amount Added £000</b>	<b>Total Invested 31/3/16 £000</b>	<b>Market Value 31/3/16 £000</b>	<b>Dividend Income £</b>	<b>Income Yield %</b>
<b>Schroder UK Income Maximiser:</b> Seeks to provide income and capital growth with target income of 7% p.a. by investing in mainly UK equities	£2,500	-	£2,500	£2,226	£183,243	7.3%
<b>Threadneedle UK Equity Income:</b> Steady growth in income and acceptable capital growth. Aims for a yield greater than 110% of the FTSE All Share	£3,000	£1,000	£4,000	£4,127	£135,068	4.1%
<b>M&amp;G Global</b>	£2,500	-	£2,500	£2,450	£78,126	3.1%

<b>Fund</b>	<b>Initial Invested £000</b>	<b>Amount Added £000</b>	<b>Total Invested 31/3/16 £000</b>	<b>Market Value 31//3/16 £000</b>	<b>Dividend Income £</b>	<b>Income Yield %</b>
<b>Dividend Fund:</b> Aims to deliver income yield above market average and aims to grow distributions over the long-term.						
<b>CCLA Local Authorities Property Fund:</b> Aims to provide long-term capital and income return. The fund must pay out the income it generates.	£2,000	£1,000	£3,000	£3,015	£112,915	5.0%
<b>All Funds</b>	<b>£10,000</b>	<b>£2,000</b>	<b>£12,000</b>	<b>£11,818</b>	<b>£509,352</b>	<b>4.84%</b>

7.16. At the end of the year the Pooled Funds had an overall market valuation of £11.818 million which represents a net unrealised loss of £182,000. This comprised two funds with a total positive market valuation of +£142,000 and two with a total negative market valuation of -£324,000. Market valuations will fluctuate in response to changing market conditions and may vary between funds as each fund operates to its own stated objectives.

## **8. Credit Developments and Credit Risk Management**

8.1. Counterparty credit quality was assessed and monitored with reference to credit ratings; credit default swaps; GDP of the country in which the institution operates; the country's net debt as a percentage of GDP and share price. The minimum long-term counterparty credit rating set by the Council has been A- based on the three leading rating agencies: Fitch, Standard & Poor's (S&P), and Moody's. This is supplemented by other market intelligence.

8.2. The transposition of two European Union Directives into UK legislation placed the burden of rescuing failing EU banks disproportionately onto unsecured institutional investors which include local authorities. During the year, all three credit rating agencies reviewed their ratings to reflect the loss of government support for most financial institutions and the potential for loss given default as a result of new bail-in

regimes. Despite reductions in government support many institutions saw upgrades due to an improvement in their underlying strength and an assessment that the level of loss given default is low.

8.3. In July, the Council's treasury management advisors, Arlingclose, advised an extension of recommended durations for unsecured investments in certain UK and European institutions following improvements in the global economic situation and the receding threat of another Eurozone crisis. A similar extension was advised for some non-rated UK building societies and non-European banks in September.

8.4. In December the Bank of England released the results of its latest stress tests on the seven largest UK banks and building societies which showed that the Royal Bank of Scotland and Standard Chartered Bank were the weakest performers. However, the regulator did not require either bank to submit revised capital plans, since both firms had already improved their ratios over the year.

8.5. The first quarter of 2016 was characterised by financial market volatility and weakening outlook for global economic growth. In March 2016, following publication of many banks' full-year results, Arlingclose advised the suspension of Deutsche Bank and Standard Chartered Bank from the counterparty list for unsecured investments. This change did not affect the Deutsche Sterling Money Market Fund which is ring-fenced from the parent Bank.

8.6. The end of bank bail-outs, the introduction of bail-ins, and the preference being given to depositors other than local authorities means that the risk of making unsecured deposits continues to be elevated relative to other investment options. The Council has therefore continued to favour diversified alternatives such as Money Market Funds and other Pooled Funds over unsecured bank and building society deposits.

8.7. The Council's counterparty credit quality has remained fairly consistent as demonstrated by the Credit Score Analysis<sup>2</sup> summarised below.

Quarter Ending	Value Weighted Average Credit Rating	Time Weighted Average Credit Rating	Average life of portfolio (days)
31/03/2015	A+	A	17
30/06/2015	A+	A	23
30/09/2015	A+	A+	68
31/12/2015	A+	A	39
31/03/2016	A+	A	80

8.8. The value and time weighted credit ratings are based on the following range of investment ratings:

<b>AAA*</b>	<b>AA+</b>	<b>AA</b>	<b>AA-</b>	<b>A+</b>	<b>A</b>	<b>A-</b>	<b>BBB+</b>	<b>BBB</b>	<b>BBB-</b>
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\* Highest credit rating achievable

<sup>2</sup> Excludes Pooled Funds which are not credit rated.

9. **Treasury Management Advisors**

- 9.1 The Council has continued to employ Arlingclose as treasury management advisors. Regular communications and updates on related matters have been received by officers during the year and a strategy meeting held involving Members.

## **Appendix A - Economic and Market Commentary**

**Growth, Inflation, Employment:** The UK economy slowed in 2015 with GDP growth falling to 2.3% from a robust 3.0% the year before. CPI inflation hovered around 0.0% through 2015 with deflationary spells in April, September and October. The prolonged spell of low inflation was attributed to the continued collapse in the price of oil from \$67 a barrel in May 2015 to just under \$28 a barrel in January 2016, the appreciation of sterling since 2013 pushing down import prices and weaker than anticipated wage growth resulting in subdued unit labour costs. CPI picked up to 0.3% year/year in February, but this was still well below the Bank of England's 2% inflation target. The labour market continued to improve through 2015 and in Q1 2016, the latest figures (Jan 2016) showing the employment rate at 74.1% (the highest rate since comparable records began in 1971) and the unemployment rate at a 12 year low of 5.1%. Wage growth has however remained modest at around 2.2% excluding bonuses, but after a long period of negative real wage growth (i.e. after inflation) real earnings were positive and growing at their fastest rate in eight years, boosting consumers' spending power.

**Global influences:** The slowdown in the Chinese economy became the largest threat to the South East Asian region, particularly on economies with a large trade dependency on China and also to prospects for global growth as a whole. The effect of the Chinese authorities' intervention in their currency and equity markets was temporary and led to high market volatility as a consequence. There were falls in prices of equities and risky assets and a widening in corporate credit spreads. As the global economy entered 2016 there was high uncertainty about growth, the outcome of the US presidential election and the consequences of June's referendum on whether the UK is to remain in the EU. Between February and March 2016 sterling had depreciated by around 3%, a significant proportion of the decline reflecting the uncertainty surrounding the referendum result.

**UK Monetary Policy:** The Bank of England's MPC (Monetary Policy Committee) made no change to policy, maintaining the Bank Rate at 0.5% (in March it entered its eighth year at 0.5%) and asset purchases (Quantitative Easing) at £375bn. In its *Inflation Reports* and monthly monetary policy meeting minutes, the Bank was at pains to stress and reiterate that when interest rates do begin to rise they were expected to do so more gradually and to a lower level than in recent cycles.

Improvement in household spending, business fixed investment, a strong housing sector and solid employment gains in the US allowed the Federal Reserve to raise rates in December 2015 for the first time in nine years to take the new Federal funds range to 0.25%-0.50%. Despite signalling four further rate hikes in 2016, the Fed chose not to increase rates further in Q1 and markets pared back expectations to no more than two further hikes this year.

However central bankers in the Eurozone, Switzerland, Sweden and Japan were forced to take policy rates into negative territory. The European Central Bank also announced a range of measures to inject sustained economic recovery and boost domestic inflation which included an increase in asset purchases (Quantitative Easing).

**Market reaction:** From June 2015 gilt yields were driven lower by the a weakening in Chinese growth, the knock-on effects of the fall in its stock market, the continuing fall

in the price of oil and commodities and acceptance of diminishing effectiveness of central bankers' unconventional policy actions. Added to this was the heightened uncertainty surrounding the outcome of the UK referendum on its continued membership of the EU as well as the US presidential elections which culminated in significant volatility in equities and corporate bond yields.

10-year gilt yields moved from 1.58% on 31/03/2015 to a high of 2.19% in June before falling back and ending the financial year at 1.42%. The pattern for 20-year gilts was similar, the yield rose from 2.15% in March 2015 to a high of 2.71% in June before falling back to 2.14% in March 2016. The FTSE All Share Index fell 7.3% from 3664 to 3395 and the MSCI World Index fell 5.3% from 1741 to 1648 over the 12 months to 31 March 2016.

## Money Market Data

**Table: Bank Rate, Money Market Rates**

Date	Bank Rate	O/N LIBID	7-day LIBID	1-month LIBID	3-month LIBID	6-month LIBID	12-month LIBID
01/04/2015	0.50	0.35	0.46	0.43	0.51	0.76	0.97
30/04/2015	0.50	0.35	0.48	0.43	0.52	0.74	0.98
31/05/2015	0.50	0.43	0.50	0.43	0.52	0.75	0.98
30/06/2015	0.50	0.35	0.45	0.43	0.52	0.79	0.99
31/07/2015	0.50	0.32	0.43	0.43	0.53	0.79	1.01
31/08/2015	0.50	0.42	0.40	0.43	0.54	0.82	1.02
30/09/2015	0.50	0.37	0.41	0.43	0.54	0.74	1.00
31/10/2015	0.50	0.36	0.41	0.43	0.54	0.77	1.00
30/11/2015	0.50	0.30	0.42	0.43	0.54	0.88	1.00
31/12/2015	0.50	0.43	0.35	0.43	0.54	0.76	1.01
31/01/2016	0.50	0.43	0.42	0.43	0.54	0.71	0.99
29/02/2016	0.50	0.25	0.43	0.43	0.54	0.73	0.99
31/03/2016	0.50	0.30	0.44	0.52	0.62	0.71	0.93
<b>Average</b>	<b>0.50</b>	<b>0.38</b>	<b>0.45</b>	<b>0.43</b>	<b>0.54</b>	<b>0.76</b>	<b>0.99</b>
<b>Maximum</b>	<b>0.50</b>	<b>0.48</b>	<b>0.58</b>	<b>0.57</b>	<b>0.66</b>	<b>0.92</b>	<b>1.02</b>
<b>Minimum</b>	<b>0.50</b>	<b>0.17</b>	<b>0.35</b>	<b>0.43</b>	<b>0.51</b>	<b>0.55</b>	<b>0.84</b>
<b>Spread</b>	<b>--</b>	<b>0.31</b>	<b>0.23</b>	<b>0.14</b>	<b>0.15</b>	<b>0.37</b>	<b>0.18</b>

Forward Look – Twelve months to March 2017		Agenda No: 14
Portfolio:	Finance and Performance	
Corporate Outcome:	A high performing organisation that delivers excellent and value for money services Delivering better outcomes for residents and businesses and reducing costs to taxpayers	
Report presented by:	Trevor Wilson – Head of Finance	
Report prepared by:	Trevor Wilson – Head of Finance	
Background Papers:	Public Report	
	Key Decision: No	
<b>Executive Summary:</b> To present to the 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.  There may be ad-hoc reports added, either at the request of Members, the external auditor or from officers, during the year.		
<b>Recommended Decision:</b> Members are asked to note the report schedule for the next twelve month period.		
<b>Purpose of Decision:</b> To agree the work and reports which will be undertaken and presented to the Governance Committee over the coming 12 months.		



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

<b>Financial:</b>	None
<b>Legal:</b>	None
<b>Safeguarding:</b>	None
<b>Equalities/Diversity:</b>	None
<b>Customer Impact:</b>	None
<b>Environment and Climate Change:</b>	None
<b>Consultation/Community Engagement:</b>	None
<b>Risks:</b>	None
<b>Officer Contact:</b>	Trevor Wilson
<b>Designation:</b>	Head of Finance
<b>Ext. No:</b>	2801
<b>E-mail:</b>	Trevor.wilson@braintree.gov.uk

## Report Schedule

<b>Date</b>	<b>Report</b>	<b>Summary</b>
<b>8<sup>th</sup> September 2016</b>	Member Training event: Understanding the Statement of Accounts	The session to be facilitated by Ian Fifield, LG Futures, will provide Members of the Governance Committee with an explanation of the various elements of the Council's accounts and provide guidance on the key areas for Members to consider and question when the accounts and the external auditor's report are received on 28 <sup>th</sup> September 2016. The event, although aimed primarily at Members of the Governance Committee, is open to all Councillors to attend.
<b>28<sup>th</sup> September 2016</b>	Receipt of the Statement of Accounts for 2015/16 together with the External Auditor's Final report to Governance Committee	To consider and approve the Statement of Accounts for 2015/16, which will have been subject to external audit. The draft Statement of Accounts is due to be certified by Corporate Director, by 30th June 2016. 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 are reported 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 advising of progress on projects, performance indicators and 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	To present a mid-year report on the delivery and performance of the Treasury Management Strategy for 2016/17.

	Financial Indicators report	To present details of key financial indicators for the year to end of August 2016.
<b>11<sup>th</sup> January 2017</b>	Annual Audit Letter 2015/16	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 31 <sup>st</sup> March 2016	To receive external auditor's report.
	Draft Treasury Management Strategy 2017/18	To present the draft Treasury Management Strategy for 2017/18. 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 2017.
	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 end of November 2016.
	Quarterly Performance Report	To provide a copy for information of the Cabinet Report advising of progress on projects, performance indicators and 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.
	Standards Annual Monitoring Officers Report on the Standards Framework	Report from the Head of Governance on the activity of the Standards Sub-Committee for 2016/17.

<b>22<sup>nd</sup> March 2017</b>	Internal Audit Plan 2017/18	To present the Internal Audit Plan for the 2017/18.
	External Audit Work Plan	To receive the audit work plan from Ernst & Young, the Council's external auditor.
	Internal Audit Activity report	To present details of the completed audit assignments.
	Governance Committee Annual Report	To consider and approve the Committee's Annual report for 2016/17 to be presented to full Council.
	Governance Committee self-assessment	For Members to undertake an evaluation of the Committee's effectiveness and identify any training needs.
	Financial Indicators report	To present details of key financial indicators for the year to end of February 2017.
	Quarterly Performance Report	To provide a copy for information of the Cabinet Report advising of progress on projects, performance indicators and the forecast position on revenue spending and the capital programme.
<b>June 2017 (tbc)</b>	Annual Governance Statement 2016/17	To present for approval the Annual Governance Statement for incorporation in the Statement of Accounts. Regulation 6 (1) of the Accounts and Audit Regulations 2015 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 2016/17.
	Financial Indicators report	To present details of key financial indicators for the year to end of May 2017.
	Risk Management – Operational Risks & Information Asset Risks	Details of the annual review of the Council's Operational Risks and Information Asset Risks.
	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.

	Quarterly Performance Report	To provide a copy for information of the Cabinet Report advising of progress on projects, performance indicators and the forecast position on revenue spending and the capital programme.
	Treasury Management Strategy	To present a year-end report on the delivery and performance of the Treasury Management Strategy for 2016/17.