

GOVERNANCE COMMITTEE AGENDA

Wednesday, 28th September 2016 at 07:15 PM

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

THIS MEETING IS OPEN TO THE PUBLIC
(Please note this meeting will be audio recorded)

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Members of the Governance Committee are requested to attend this meeting to transact the business set out in the Agenda.

Membership:-

Councillor M Dunn	Councillor Miss V Santomauro (Vice Chairman)
Councillor J Elliott (Chairman)	Councillor Mrs M Thorogood
Councillor J Goodman	Councillor R van Dulken
Councillor D Hufton-Rees	

Members unable to attend the meeting are requested to forward their apologies for absence to the Governance and Members Team on 01376 552525 or email demse@braintree.gov.uk by 3pm on the day of the meeting.

N BEACH
Chief Executive

INFORMATION FOR MEMBERS - DECLARATIONS OF INTERESTS

Declarations of Disclosable Pecuniary Interest, Other Pecuniary Interest or Non-Pecuniary Interest

Any member with a Disclosable Pecuniary Interest, other Pecuniary Interest or Non-Pecuniary Interest must declare the nature of their interest in accordance with the Code of Conduct. Members must not participate in any discussion of the matter in which they have declared a Disclosable Pecuniary Interest or other Pecuniary Interest or participate in any vote, or further vote, taken on the matter at the meeting. In addition, the Member must withdraw from the chamber where the meeting considering the business is being held unless the Member has received a dispensation from the Monitoring Officer.

Question Time

The Agenda allows for a period of up to 30 minutes when members of the public can speak. Members of the public wishing to speak are requested to register by contacting the Governance and Members Team on 01376 552525 or email demse@braintree.gov.uk no later than 2 working days prior to the meeting. The Council reserves the right to decline any requests to register to speak if they are received after this time. Members of the public can remain to observe the public session of the meeting.

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PUBLIC SESSION	Page
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 30th June 2016 (copy previously circulated).	
3 Public Question Time (See paragraph above)	
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	
5 First Quarter Performance Management Report 2016-17	5 - 30
6 Empty Homes Update	31 - 34
7 Key Financial Indicators – 31st August 2016	35 - 39
Audit and Governance	
8 Internal Audit – Activity Report for the period to 8th September 2016	40 - 45
9 Statement of Accounts 2015-16 and the External Auditor's Audit Results Report	46 - 68
10 Treasury Management Mid-Year Report 2016-17	69 - 86
11 Future Appointment of External Auditors	87 - 94

Committee Operation

12	Reference from Overview and Scrutiny Committee 8th June 2016 – Braintree District Council Investment Policy 2016-2017	95 - 96
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13	Forward Look – Twelve months to September 2017	97 - 101
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14	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.	
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15	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.	
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At the time of compiling this agenda there were none.

PRIVATE SESSION

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16	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.	
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First Quarter Performance Management Report 2016/17		Agenda No: 5
Portfolio: Finance and Performance Corporate Outcome: A high performing organisation that delivers excellent and value for money services Report presented by: Tracey Headford, Performance and Improvement Manager Report prepared by: Tracey Headford, Performance and Improvement Manager		
Background Papers: First Quarter Performance Management Report 2016/17		Public Report:
Options: To note the report		Key Decision: No
Executive Summary: <p>The purpose of the attached report is to summarise the performance of the Council at the end of the first quarter (April to June 2016).</p> <p>As at the end of the first quarter, two projects have been completed and 42 are on track to meet their target dates. Three projects have been delayed due to dedicated resource not being available in the first quarter to start the projects. Once resources are allocated, if changes are required to the scope or timescales of the projects following the initial delays, the correct change control process will be adhered to.</p> <p>For performance indicators at the end of the quarter, 14 have met or exceeded target, one performance indicator has missed target by less than 5% and three have missed target by more than 5%.</p> <p>Performance in the first quarter of the year has got off to a good start as we enter the first year of our new Corporate Strategy and the new key priorities for the District.</p> <p>Under performance has been noted in the following areas:</p> <p><u>Percentage of household waste sent for reuse, recycling and composting</u> Meeting the recycling performance target continues to remain a challenge. In the first quarter of the year. We have achieved a recycling rate of 54.13% against the target of 56.05%, which is still a high recycling rate and the third best in the county.</p> <p><u>Tonnage of residual waste not recycled</u> This links to the above performance indicator not meeting target. There has been a high increase in the tonnage of residual waste not recycled and this is being monitored to understand the reasons. In the meantime, we continue to doorstep customers to encourage recycling and a number of campaigns and activities are underway working with the Essex Waste Partnership and other local authorities to address the issue.</p>		

Percentage of District on high speed broadband

The target set for this is 95% which is a two year target to be delivered by Superfast Essex. The first phase of the project is complete and coverage is where it is expected to be at 73%. This performance indicator is not expected to meet target until the project is completed.

Time taken to process housing benefit claim changes

Claim changes are usually processed within the timescales set of 6 days. However, in the first quarter of the year, there was a significant increase in the number of claims received due to the changes to pension credit resulting in the time taken to process claims rising to 6.41 days. Additional resources have been allocated to deal with the increase and performance is expected to improve over the year and target met.

Financial Performance

The financial information in the performance management report details the financial position as at the end of June 2017 providing an updated review of the financial position for the year. It examines the latest forecast for spending on day-to-day service provision compared to the budget for the year. Also included is a summary of treasury management activities; projected movements on the General Fund balance; and a summary of spending to date on capital investment projects.

Summary:

- An overall positive variance for the year is forecast of £204,000 (-1%) against the budget of £13.107million.
- Income is forecast to be overachieved by £98,000; and there is a projected net underspend of £106,000 on staffing and other expenditure.

For a detailed explanation of the financial performance, please refer to page 15 onwards of the full report.

Decision:

Members are asked to note the report

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

Financial:	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.
Legal:	There are no legal issues raised by this report.
Safeguarding	There are no safeguarding issues raised by this report.
Equalities/Diversity	Equalities and diversity issues are considered fully in the Council's key projects, where appropriate.
Customer Impact:	Performance of front line services, including Customer Services, Housing Benefits and Planning, for the quarter is provided. A summary of complaints received in the quarter, analysed by outcome (justified, partially justified or not justified) is provided.
Environment and Climate Change:	The report provides details of progress in the delivery of the Council's key projects, including: installation of solar panels at the sports centres, 'Love Essex' litter campaign, campaign encouraging recycling, and promotion of the Essex energy switching scheme.
Consultation/Community Engagement:	Consultation is considered fully in the Council's key projects, as appropriate.
Risks:	Risks regarding the assumptions used in determining the predicted financial outturn for the year are identified.
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FIRST QUARTER PERFORMANCE MANAGEMENT REPORT



1ST APRIL TO 30TH JUNE 2016

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Section 1: Introduction and Summary






Purpose of the Report

The purpose of the report is to demonstrate the performance of the Council at the end of the first quarter in relation to the publication of the 'Annual Plan 2016/17'. This sets out the key activities and measures used to check our performance for the year and along with the Corporate Strategy 2016-20 sets out the priorities we are working towards. Further detail is given in relation to a set of business performance indicators covering finances, customer focus, our people and health and safety.






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

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

The following table provides updates for the end of the first quarter in relation to the key activities in the 'Annual Plan 2016/17'




Corporate Priorities	Status of projects and actions				
					
Environment and Place	-	7	1	-	-
Strategic Growth and Infrastructure	1	7	-	-	-
Economic Development	-	8	1	-	-
Health and Communities	-	9	1	-	-
Finance and Performance	1	4	-	-	-
Overall Strategy and Direction	-	7	-	-	-
TOTAL	2	42	3	-	-

KEY:




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

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

The following table shows the performance for the end of the first quarter in relation to the quarterly and annually reported Performance Indicators that have targets set as defined in the 'Annual Plan 2016/17'.

Corporate Priorities	Status of indicators			
				Data Only
Environment and Place	1	1	1	-
Strategic Growth and Infrastructure	2	-	-	-
Economic Development	2	-	1	-
Health and Communities	3	-	-	-
Finance and Performance	6	-	1	-
TOTAL	14	1	3	-

KEY:

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

Summary Position

It has been a good start to the first year of our new Corporate Strategy and the new key priorities for the District. Two projects are completed and 42 projects are progressing well. Three projects have experienced delays due to dedicated resource not being available in the first quarter to start the projects. Once resources have been allocated, if the delays affect the end date of the project, the correct change control process will be adhered to.

Fourteen of our key performance indicators set to measure the success of our new priorities have met target, one performance indicator has missed target by less than 5% and three performance indicators have missed target by more than 5%. It is anticipated that any areas of downturn in performance will be mitigated throughout the year as service areas focus their resources to deliver and achieve our corporate objectives. Reasons for not meeting targets are detailed in the report together with any action being taken to turn performance around.



Environment and Place

Project description and comments	Target Date	Status
Expand the recycling waste service to all flats where suitable and introduce food waste recycling at participating primary schools within the District		
The recycling waste service has now been expanded to 201 blocks and 2563 flats. 32 junior and infant schools have signed up to the food recycling scheme. A scheme will be launched in October to encourage new users to recycle.	March 2017	▶
Expand our trade waste collection service to businesses across the District		
Work has commenced on the trade waste operational plan to market and develop the trade waste service.	March 2017	▶
Work with other Essex Councils on waste minimisation campaigns to reduce residual waste		
Analysis of the recent food waste recycling trial funded by Essex County Council has shown an increase in participation across the pilot area in Braintree. Further evaluation will be taking place by Essex County Council regarding an Essex wide roll out. The Essex Waste Management Partnership has established a work stream around waste prevention and further initiatives to reduce waste are being looked into.	March 2017	▶
Refurbish two play areas at Goldingham Drive, Braintree and Milton Avenue, Braintree to improve local play provision		
The project has been delayed whilst a new project officer is identified to move the project forward.	February 2017	▲
Repair and resurface the path network to our open spaces, sports grounds and cemeteries in Braintree and Witham providing a better and safer environment for visitors		
Site visits have been completed and plans drawn up. Quotations for the works are now being sought.	November 2016	▶
Help residents and businesses lower the costs of their energy bills and reduce energy consumption through our energy switching schemes		
An energy switching scheme for both residents and businesses in the district is due to take place in July 2016 and will run until October 2016.	March 2017	▶
Encourage residents to take pride in the District by reporting litter hotspots and litterbugs under the 'see-it, report-it' initiative		
In the first quarter of the year, residents have reported 726 incidents under the 'see-it, report-it' initiative.	March 2017	▶
Run a change in behaviour campaign to reduce litter and keep the District clean and tidy		
A new campaign is due to be launched in August 2016 in partnership with a number of businesses and local authorities across Essex.	March 2017	▶



Strategic Growth and Infrastructure

Project description and comments	Target Date	Status
Produce a draft Local Plan to ensure new homes, sustainable growth and economic development for the District		
The background evidence base studies that feed into the Local Plan have been completed for the preferred options draft. The infrastructure delivery plan, viability and water cycle study will be completed shortly.	September 2016	▶
The draft local plan has been approved by the Local Plan Sub-Committee and by Council. An eight week consultation period is now taking place across the district.	February 2017	▶
Support the development of planning applications relating to the delivery of major sites in the District		
Two major planning applications have been determined in the first quarter of the year providing a total of 395 homes.	March 2017	▶
Help make sure housing needs of the District are met over the next 5 years		
The new Housing Allocations Policy which sets out the requirements for allocating affordable housing has been agreed by Cabinet and is now published on the Gateway to Homechoice website.	August 2016	✓
Consultation on the draft version of the new Housing Strategy commenced in June and runs until August 2016. This will establish aims and priorities to ensure needs are met over the next five years.	March 2017	▶
Work with partner agencies to continue to drive forward strategic improvements to the A12/A120 and the Braintree to Witham rail link		
A project has been set up to progress delivery of the A120 slip road. Highways England have commissioned a study for west facing slip roads between the A120 and B1018 to the south east of Braintree to reduce congestion at Galleys Corner roundabout and improve access to the Town Centre.	December 2016	▶
Braintree District Council continues to lobby for improvements to the frequency and reliability of the Braintree/Witham rail link. Discussions have been held with Essex County Council and Network Rail to explore the potential for bringing forward service improvements which has resulted in Network Rail producing a specification for a GRIP (Governance for Railway Investment Projects) study which is currently being costed to consider whether to jointly commission the study with Essex County Council.	March 2017	▶
Work with Essex County Council to reduce congestion at Springwood Drive roundabout		
Following a meeting with local businesses on Springwood Industrial Estate in June, suggestions for improvements to congestion will be submitted to the Local Highways Panel for consideration.	March 2017	▶



Economic Development

Project description and comments	Target Date	Status
Complete a programme of improvements to key industrial estates and business parks to support business growth and attract investment to the District		
Industrial estate improvements at Springwood Drive in Braintree are progressing. A meeting was held in June with Essex County Council Highways and local businesses to discuss congestion issues and long term mitigation plans.	March 2017	▶
Estimated costs for priority improvement works in Witham have been received from Witham Industrial Watch. Discussions are ongoing with Essex County Council regarding funding allocations.	March 2017	▶
To strengthen business engagement by delivering a programme of events in collaboration with Essex Chambers of Commerce		
A special business breakfast consultation on the local plan will be taking place in July with local businesses and an Essex Chambers of Commerce Business breakfast has been scheduled for September.	March 2017	▶
Support 77 business start-ups in conjunction with IGNITE		
The extension to Springwood Drive Enterprise Centre has been completed and the Ignite Chairman has signed the lease agreement taking possession of the building providing support to additional business start-ups.	March 2017	▶
Support the establishment of a District education and skills board to address educational attainment and employment skills needs within the District		
Braintree District Council is in the process of appointing a manager whose key priority will be to assess resource needs of the service. This will include capacity to develop proposals for the District Education and Skills board.	March 2017	▲
Work with a range of partners and stakeholders to improve the three town centres in the District		
Braintree Town Centre – A masterplan for a package of public realm, pedestrianisation and highway improvements is currently being scoped in partnership with Essex County Council.	March 2017	▶
Halstead Town Centre –the Masterplan regeneration proposals have been presented at workshops for local residents, businesses and the Town Council. Plans are now being prepared for consultation.	October 2016	▶
Witham Town Centre - the Masterplan regeneration proposals have been presented at workshops for local residents, businesses and the Town Council. Plans are now being prepared for consultation.	October 2016	▶
Maximise superfast broadband coverage across the District by working with Superfast Essex		
Superfast Essex has confirmed current district coverage levels at 73% at the end of phase one. Discussions are due to take place in July on the allocation of funding and alternative delivery options to secure coverage levels of 95% by the end of Phase 2 of the programme.	March 2018	▶



Health and Communities

Project description and comments	Target Date	Status
Work with Active Braintree Network to increase access to new sporting opportunities and activities		
The Bocking Blackwater Festival took place in June bringing together a host of activities for all to enjoy. The 'Get Outdoors' campaign was launched by Fusion at the Festival to encourage activity outside during the summer.	September 2017	
Encourage residents to be more active by developing a 'Be-Well' strategy		
The production of the 'Be-well' strategy will take place when Sport England and Active Essex have published their strategies in the Autumn to mirror the Governments Sporting Future – A new strategy for an Active Nation.	March 2017	
Ensure the football pitches on the Deanery Gardens sports ground and the rugby pitch on King George V playing field are in year-round condition through the installation of a piped drainage system		
The project has been delayed as the original project engineer is unavailable to take on the design of the drainage scheme and new legislation on sustainable drainage systems (SUDS) will have an impact on the project. Once a project manager has been appointed, the project will go through the correct change control procedures to amend the end date of the project.	September 2016	
Address the priorities for the District in a co-ordinated way through the Braintree District Health and Wellbeing Panel		
A healthy eating recipe book is being created for the summer which will be published and promoted through the Livewell website	September 2016	
The childhood obesity project called Livewell Child aimed at key stage one children has started. Ten primary schools across the District have shown an interest in the project and six schools have so far been visited. The schools are working towards achieving a healthy school status which will be incorporated into the project	March 2017	
Invest in local health facilities to help provide primary care services that can meet current and future needs as the District grows		
The District Investment Strategy agreed at Cabinet in May sets out the proposals to invest in local health facilities across the district. A further report will be presented to Cabinet in July requesting approval for the purchase of premises at Braintree College to convert to a Doctors Surgery.	March 2017	
Improve the living conditions, access to services and the health and wellbeing of vulnerable people on low incomes		
Braintree District Council are currently exploring the availability of grants to improve the thermal efficiency of caravans	February 2017	
Run a winter warmth campaign to provide advice to residents on improving energy efficiency to help keep warm during the winter months		
Project due to commence in September 2016	February 2017	Not Yet Started
Work towards making the District dementia friendly through the work of our Braintree District Dementia Action Alliance		
A dementia awareness week was held in May to increase the support currently being provided. Braintree District Council has been officially	March 2017	

recognised for the work it is doing to achieve a dementia friendly status		
Support community groups to deliver local projects and activities through the introduction of a Councillor Community Grant Scheme		
A report was taken to Full Council in June on the new Councillor Community Grant scheme to provide Councillors with £1,500 each per year which they can allocate to community projects and initiatives in their local area.	September 2016	▶
Engage with young people by developing a young person's on-line forum helping them to have a voice on topics and concerns that affect them		
An action plan is being developed on a way forward to engage with young people through the development of an on-line forum.	March 2017	▶



Finance and Performance

Project description and comments	Target Date	Status
Continue to review how we deliver our services ensuring we provide value for money and focus our resources on what is important to those living and working in our District		
A schedule of planned service reviews is currently being updated to inform reviews planned for 2016/17 with the aim of minimising the budget gap	March 2017	▶
Develop commercial opportunities to generate income and identify further opportunities for income growth		
Strategic resource has been procured from the East of England Local Government Association (EELGA) to deliver the skills required and a Business Development Manager has been appointed to support the development of commercial opportunities. Business cases and options appraisals are being developed for identified projects which will be assessed using the Council's internal Investment Tool.	March 2017	▶
Use our Investment Strategy to maximise income and strengthen the Councils financial independence, supporting our ability to invest in the District		
Cabinet agreed in May a District Investment Strategy with resources of £28million identified for investment projects. Projects will be considered and approved on an individual basis. Three investment opportunities will be considered by Cabinet and Council in July.	March 2017	▶
Improve customer focused services by delivering a programme of continuous improvement and achieve the Customer Service Excellence Standard for the third year		
Customer Service Excellence accreditation has been achieved for a further year with just one area of partial compliance and six areas achieving compliance plus. A further assessment is planned to take place in June 2017.	June 2016	✓
Improve our services through the use of technology to make sure they are easy and convenient to use		
Following the launch of the new responsive website in March, the information on the website is being reviewed and improvements implemented to the ways in which customers access information. Work has also started on a module enabling customers to view their council tax bills securely on line.	March 2016	▶













Overall Strategy and Direction









Project description and comments	Target Date	Status
Continue to work in partnership with other Essex Authorities and other public and private sector organisations to develop devolution proposals for Essex to achieve greater local control of decisions and funds to deliver better outcomes for residents and businesses across the County and District		
The Devolution Board met in May and all fifteen local authorities across Greater Essex were represented. The meeting focused on governance and a mayor-led combined authority. A vote was held to say yes or no to continuing to explore devolution on the basis of the mayor; this vote was very close with the result being 8 voting no and 7 voting yes. A second vote was then held asking Leaders to say yes or no to continuing to explore devolution without a mayor, this was a unanimous yes. As a next step, it was agreed at the meeting that a letter would be sent to the Minister setting out Gt. Essex's position and seeking a meeting to explore options and a possible way forward.	March 2017	
Contribute to the work of the Essex Waste Management Partnership to lower collection and disposal costs across Essex		
The Essex waste officers delivery group have established work streams around Biodegradable waste, waste prevention, procurement and the review of the joint municipal waste strategy	March 2017	
Work with other local authorities in Essex to establish a building control shared service across the county which will deliver higher standards of customer service, retain and attract staff to reduce costs		
A revised business case has been approved by SEAX board for the remaining partner authorities to make a decision on whether they join the shared building control service by August 2016.	March 2017	
Drive forward economic growth and infrastructure improvements in the District and surrounding areas by continuing to work with the Haven Gateway Partnership		
Braintree District Council supported Haven Gateway to deliver a business engagement event in June 2016 which was attended by 100 business representatives, and involved the Braintree MP James Cleverly.	March 2017	
Work with Essex County Council, Highways Agency and other Essex District councils on the options for the new A120 route		
Braintree District Council is actively participating in a number of different forums that Essex County Council and their consultants have set up. The options for the new A120 route have been discussed at the recent business engagement event attended by Braintree MP James Cleverly.	March 2017	
Continue to work with key partners including neighbouring councils on the strategic planning for the housing and economic growth required in the District to support the work in the new Local Plan		
Meetings are held on a regular basis with neighbouring councils. The consultation on the Local Plan commenced in June and key partners including neighbouring councils have been contacted to request their input.	March 2017	
Develop and deliver a District Investment Strategy that invests in improved and new infrastructure, economic growth and regeneration projects and new health facilities to meet the needs of the District now and in the future		
In May, the Council approved its £28 million District Investment Strategy to help improve the district and support current and future growth. A number of reports will be going to Cabinet in July to obtain approval to deliver a mixed use regeneration scheme including health facilities on the site behind the Town Hall	March 2017	

in Braintree and to deliver and fund two schemes acquiring new premises to lease to health providers in Braintree and Witham.		
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Section 3: Managing the Business

Our Performance Indicators in Detail

Performance Indicator	2016/17						Comments
	Q1 Outturn	Q2 Outturn	Q3 Outturn	Q4 Outturn	Target for the Quarter	Status at the end of the Quarter	
Environment and Place							
Percentage of land that falls below cleanliness standards for litter	n/a				6%	n/a	Recorded 3 times a year – July, November and March
Percentage of household waste sent for reuse, recycling and composting	54.13%				56.05%		The increase in tonnage is being monitored to understand the reasons for the increase. In the meantime, we continue to door step customers to encourage participation in recycling.
Tonnage of residual household per household waste not recycled	120kgs				99kgs		
Percentage of fly tips cleared within 24 hours of being reported	100%				100%		Represents 133 fly-tips
Number of fuel poverty and domestic energy reduction installations carried out							Annually reported
Strategic Growth and Infrastructure							
Number of affordable homes delivered	8				8		
Number of homes granted planning permission	571				215		Two large developments have been determined in the first quarter of the year which accounts for 395 homes
Economic Development							
Number of new business start-ups in the District created in partnership with Ignite Business	22				20		Figures provided by Ignite
Number of jobs created through business advice and support	30				28		Figures provided by Ignite
Percentage of District on high speed broadband connection	73%				95%		Target is a two year target to be delivered by Superfast Essex.
Health and Communities							
Number of Disabled Facilities Grants processed	42				37		
Total number of visits to our Leisure facilities	262,357				251,736		

Performance Indicator	2016/17						Comments
	Q1 Outturn	Q2 Outturn	Q3 Outturn	Q4 Outturn	Target for the Quarter	Status at the end of the Quarter	
Number of passenger journeys on the Community Transport Scheme	14,168				13,937		
Finance and Performance							
Average call answer time in the Customer Service Centre	13 seconds				15 seconds		
Time taken to process housing benefit/council tax benefit new claims	17.75 days				18 days		
Time taken to process housing benefit claim changes	6.41 days				6 days		The changes to pension credit have increased the number of claim changes received over the first quarter. It is expected that target will be met in the future as resources are allocated to deal with the increase in workload.
Percentage of Stage 1 complaints responded to within target	98.59%				90%		
Collection rate for Council Tax	30.81%				30.70%		
Collection rate for Business Rates	31.25%				30.20%		
Percentage of invoices paid within 30 days of receipt	99.40%				98.50%		

Complaints

The quarterly complaints analysis for the first quarter of 2016/17 is detailed below. This is compared with 2015/16 figures shown in brackets. The figures represent all three stages of the complaints process.

Complaint Category	Q1 2016/17	Q2 2016/17	Q3 2016/17	Q4 2016/17	TOTAL
Justified	112 (83)	(90)	(108)	(125)	(406)
Not Justified	71 (45)	(65)	(70)	(101)	(281)
Partially Justified	31 (17)	(30)	(21)	(24)	(95)
Not known	1 (0)	(1)	(1)	(0)	(2)
Total	215 (145)	(186)	(200)	(250)	(784)

Comments

The number of complaints received in the first quarter of 2016/17 is higher than the number of complaints received when comparing against the first quarter of 2015/16. The number of

complaints steadily increased throughout 2015/16 and we are now starting to see a reduction on the number of complaints received compared with the end of the previous quarter (250 complaints).

The beginning of the first quarter in 2016/17 saw a high number of complaints in the Operations service area relating to missed waste collections and deliveries of recycling sacks. Information has been added to our website regarding the annual delivery of recycling sacks which commenced in June to keep customers informed and information is being gathered from customers requesting additional recycling sacks to further understand demand. The service is monitoring any issues with missed waste collections.

In the first quarter of 2016/17, of the 215 complaints received:

- 213 are stage one complaints
- 2 are stage two complaints
- No stage three complaints received.

A summary of Local Government Ombudsman cases:

In the first quarter of 2016/17 the LGO has received three complaints. One complaint was received by the LGO prior to the customer going through the Councils complaints process and was not investigated. Investigations for the two other complaints received did not find any maladministration.

Our Organisation

The following is a selection of our people performance measures:

People: Indicators of Performance	Q1 16/17	Q2 16/17	Q3 16/17	Q4 16/17	Change on previous period	Yearly Target
Total headcount	466				- 4	-
Total number of posts	476				- 7	-
Number of temporary staff	44				- 4	-
Total staff FTE	420.36				- 2.53	-
Level of employee turnover	2.78%				+ 1.38%	-
Number of vacant posts	Currently unavailable				-	-
Number of leavers	13				+ 6	-
Number of starters	9				+ 1	-
Working days lost to sickness per employee	2.7 days				+ 0.5 days	8.0 days
Percentage of staff with nil sickness	74%				+ 8%	-
Number of learning hours	9140.50				- 510.50	-
Number of delegates	192				+ 3	-
Number of apprentices	19				0	-

Year on Year Headcount Analysis	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	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.

Health & Safety: Indicators of Performance	Q1	Q2	Q3	Q4	
	(2015/16 figure in brackets)				
Total number of reported accidents/ incidents, calculated from:	11 (6)	(12)	(5)	(11)	
<i>Accidents/ incidents to employees</i>	8 (4)	(9)	(5)	(9)	The majority of accidents involved waste operatives.
<i>Accidents/ incidents to contractors</i>	1 (2)	(1)	(0)	(2)	Agency worker employed by Operations injured their back attempting to move a heavy bin.
<i>Accidents/ incidents to non-employees</i>	2 (0)	(1)	(0)	(0)	Two incidents involving members of the public attending the Town Hall. The first involved cleaning fluid in a vending machine and the second was a member of public tripping on a step to the entrance door
Time lost in days due to employee accidents/ incidents	105 (3)	(76)	(42)	(5)	There were four incidents resulting in lost days which occurred in Waste Management. Two of the incidents involved ankle injuries which accounts for 97 of the 105 lost days.
Number of reported verbal/ physical incidents to employees	1 (0)	(1)	(0)	(2)	A member of staff was subjected to verbal abuse from a member of public who was sitting on a bench in the Braintree museum playground.
Number of near miss incidents	0 (1)	(0)	(1)	(0)	
Number of Accidents/ incidents registered resulting in insurance/ compensation claim	0 (1)	(0)	(0)	(0)	
Number of claims settled	0 (0)	(2)	(0)	(0)	

Financial Performance

This part of the report provides an updated review of the financial position for the year. It examines the latest forecast for spending on day-to-day service provision compared to the budget for the year. Also included is a summary of treasury management activities; projected movements on the General Fund balance; and a summary of spending to date on capital investment projects.

Summary:

- An overall positive variance for the year is forecast of £204,000 (-1%) against the budget of £13.107million.
- Income is forecast to be overachieved by £98,000; and there is a projected net underspend of £106,000 on staffing and other expenditure.

Revenue Spending by Services

Business Plan Service	Budget £'000	Projected Spend £'000	Adverse (Positive) variance against budget				RAG Status
			Staffing £'000	Other Expenditure £'000	Gross Income £'000	Total £'000	
Asset Management	(1,917)	(1,905)	12	2	(2)	12	A
Business Solutions	1,841	1,799	(8)	(22)	(12)	(42)	G
Community Services	563	547	(8)	(9)	1	(16)	G
Corporate Management Plan	1,362	1,329	(2)	(31)	-	(33)	G
Cultural Services	240	240	-	-	-	-	G
Environment	627	628	(31)	1	31	1	A
Finance	1,350	979	(72)	(1)	(298)	(371)	G
Governance	987	1,008	0	21	0	21	A
Housing Services	769	757	14	(25)	(1)	(12)	G
Human Resources	309	316	1	6	-	7	A
Leisure Services	(54)	(55)	(3)	2	-	(1)	G
Marketing and Communications	432	408	2	(6)	(20)	(24)	G
Operations	4,277	4,492	23	(76)	268	215	A
Sustainable Development	668	694	(14)	5	35	26	A
Service Total	11,454	11,237	(86)	(133)	2	(217)	G
Corporate Financing	1,803	1,679	-	(24)	(100)	(124)	G
Efficiency target	(150)	(13)	137	-	-	137	
Total	13,107	12,903	51	(157)	(98)	(204)	G

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	Projected Spend £'000	Adverse/ (Positive) variance £'000	RAG Status
Asset Management	298	310	12	A
Business Solutions	843	835	(8)	G
Community Services	345	337	(8)	G
Corporate Management Plan	1,166	1,164	(2)	G
Cultural Services	189	189	-	G
Environment	1,314	1,283	(31)	G
Finance	2,387	2,315	(72)	G
Governance	453	453	-	G
Housing Services	731	745	14	A
Human Resources	314	315	1	A
Leisure Services	138	135	(3)	G
Marketing and Communications	285	287	2	A
Operations	4,872	4,895	23	A
Sustainable Development	1,813	1,799	(14)	G
Service Total	15,148	15,062	(86)	G
Efficiency target	(150)	(13)	137	
Net Total	14,998	15,049	51	A

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 are expected to be achieved through a combination of vacant posts, reductions in hours worked, appointments being made at lower grade/ scale points, and through other service restructures and efficiency reviews. Based on the information known at the end of the Quarter it is projected that across all services there will be a net underspend of £86,000 for the year against staffing budgets. The approved budget provided for a corporate efficiency target of £150,000 to be achieved from in-year staffing variances. Taking into account the projected net underspend across services and a corporate saving of £13,000 from the implementation of an annual leave purchase scheme for staff, it is currently anticipated that there will be a shortfall in meeting this target for the year by £51,000.

Asset management is predicting an overspend due to temporary external cover being extended whilst a restructure of the service is completed. **Housing Services** have had to put in place arrangements to cover a long-term sickness.

The projected overspend on **Operations** is £23,000. This is comprised of a projected overspend on the **refuse and recycling** service of £110,000 where additional agency support is being required to cover a combination of factors: abnormally high sickness levels, holiday cover, and vacancies. The service is closely monitoring the position and taking action where possible to contain costs. The suspension of the green waste service during December to February may provide opportunity to reduce the need for agency staff as directly employed staff can be redirected during this period. Mitigating this position the service has a projected underspend of £72,000 within **management & administration** where external funding is being applied to meet the costs of certain posts, and vacancies held over.

Other Service Expenditure

Services are currently forecast to underspend against their non-staffing expenditure budgets by a net £157,000. Contained within this net position are the following items:

Main positive variances:

- **Waste Management:** currently there is a projected underspend for this service of £78,000, which is mainly due to the cost of fuel continuing at a lower level than anticipated due to the prolonged reduction in global oil prices, and lower purchase costs of refuse sacks due to both price reductions and a lower number of sacks being used than was allowed for when setting the original budget. The Council has been promoting to the public the proper use of the recycling sacks provided to households and introduced measures to monitor their use.
- **Corporate systems:** forecast underspend totalling £25,000 on voice and data networks, and spend on the Capita contract where service volumes have reduced.
- **Corporate Costs:** External audit fees are expected to be lower than budget by £25,000 coupled with a further reduction in bank charges (£5,000).

Offset by:

- **Governance:** a projected net overspend of £21,000, which includes £20,000 of additional costs being incurred for the hiring of sound system equipment for the committee areas which has been necessary pending the procurement of a new system.

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 £52 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 can be largely offset by commensurate changes in expenditure, e.g. subsidy received on housing benefits is related to the level of payments made.

The amount of business rates ultimately 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). Variances are accounted for via the Collection Fund and taken into account when determining future budgets and council tax setting. Fluctuations from those elements which have a direct impact on the General Fund revenue account, e.g. the levy payable on growth or grants received from Government to fund certain discretionary reliefs, are managed via the business rate 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 2016/17 levy. The determination and receipt of the actual amount of the Council's share will be made after year-end returns have been collated from each of the participating authorities and as such no estimate of the amount was included in the original budget.

Other external income for which the Council has budgeted £13.217million comes from a variety of sources that are subject to external demands and other influences, meaning these are more susceptible to variations against budget. It is currently forecast that services will over achieve against their income budgets by a net £98,000, as shown in the table below:

Business Plan	Approved Budget £000	Joint Financing & Other Reimburs.	Sales, Fees & Charges	Rents	Other Income	Total	RAG status
		4,611	5,237	2,543	826	13,217	
		<i>Adverse (Positive) Variance £000 against Budget :</i>					
Asset Management	2,579	-	-	(2)	-	(2)	G
Business Solutions	15	(12)	-	-	-	(12)	G
Community Services	210	(7)	7	-	1	1	A
Corporate Management Plan	-	-	-	-	-	-	G
Cultural Services	108	-	-	-	-	-	G
Environment	803	-	(3)	-	34	31	A
Finance	2,139	(142)	-	-	(156)	(298)	G
Governance	34	-	-	-	-	-	G
Housing	33	-	(2)	1	-	(1)	G
Human Resources	-	-	-	-	-	-	G
Leisure Services	324	-	-	-	-	-	G
Marketing & Communications	27	-	(5)	-	(15)	(20)	G
Operations	5,297	20	250	(2)	-	268	A
Sustainable Development	1,222	-	35	-	-	35	A
Service Total	12,791	(141)	282	(3)	(136)	2	A
Corporate Financing	426	(100)	-	-	-	(100)	G
Total	13,217	(241)	282	(3)	(136)	(98)	G

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

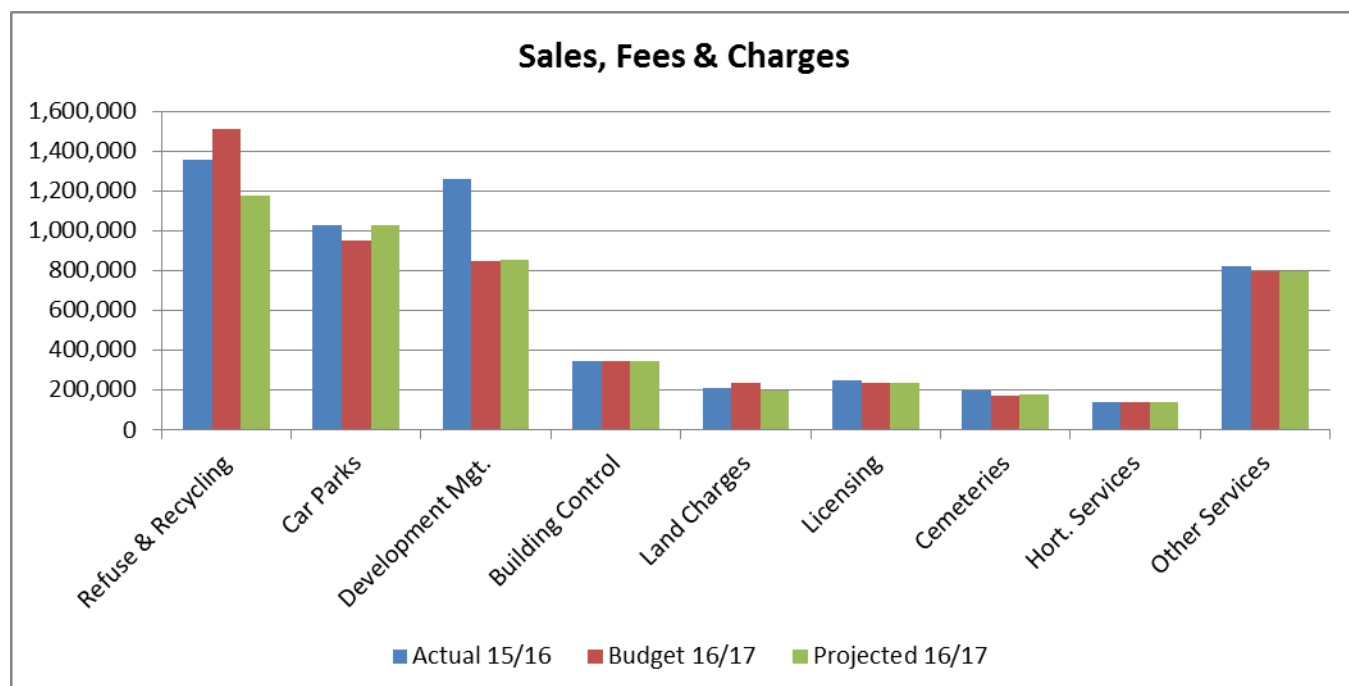
Joint Financing & Other Reimbursements

The total budget for income from joint financing and other reimbursements is £4.611million, against which it is currently predicted to be over-achieved by £241,000. The main sources of income and forecast outturn are:

- **Essex County Council:** a £2.274million budget for contributions towards services such as community transport, horticultural services, food waste service, and recycling. An adverse variance of £13,000 is currently forecast.
- **Procurement Hub:** subscriptions from participating authorities along with commission's receivable from the use by other organisations of the procurement frameworks set-up by the Hub give a total budget of £543,000. Arrangements with the participating authorities provide for rebates (shown as expenditure) against their subscriptions based on the overall financial performance of the Hub in the year.
- **Council Tax sharing and other collection investment arrangements:** £426,000 was provided in the budget as Braintree's share from the major precepting bodies of the additional council tax being collected. Based on last year's performance it is expected that income growth will continue into 2016/17 giving a projected over-achievement of £100,000. In addition, the Council has budgeted for arrangements with the major precepting bodies to provide £112,000 towards improving council tax collection arrangements, including prevention and detection of fraud, and partial funding towards the exceptional hardship fund.
- **Benefit overpayment recoveries and administrative penalties:** based on last year's outturn it is anticipated that recoveries will be higher than the original budget allowance of £284,000 by £148,000.

Sales, Fees & Charges

The budget for income from sales, fees & charges is £5.237million. The current projection is for an overall under achievement of £282,000. The following chart shows the main income streams:



Commentary on Fees and Charges:

- **Refuse & Recycling - Sale of Recycling Materials:** The budget for income from sales is £624,000. The Council has recently agreed a 5-year extension to its current contract for mixed dry materials, the financial arrangements of which involve the income receivable for the current year being reduced by 50%. This will then be recovered over the following two years by a reduction in the gate fee charged by the contractor. The market for recyclable materials has deteriorated over recent months such that local authorities are now paying a gate fee rather than receiving income for disposal of recyclable materials. The impact in the current year is a reduction in income of £270,000. In addition, the Council is receiving a lower price for glass materials than was provided in the original budget following on from the reductions experienced over the 2015/16 financial year giving a predicted shortfall of £59,000.
- **Car Parks:** Early indications suggest income from pay and display car parks will be higher than the budget in line with the outturn for 2015/16 providing additional income of £73,000.
- **Development Management:** In 2015/16 the Council experienced a significant spike in planning application fee income. The approved budget for 2016/17 reflected an element of this growth with an addition to base budget of £125,000. Based on the amount of income received in the first quarter and using past experience, service management are confident that income is on track to achieve at least the higher budgeted amount. Achieving similar levels of income to the previous year is uncertain as income is subject to the actions of developers, which could be influenced by the recent changes in the economic climate.
- **Land Charges:** Income for the first quarter is currently around 20% down from the same period last year partly impacted by reduced capacity within the service due to long-term sickness and vacancies. Initial indications suggest income for the year could be around £200,000, including a one-off major receipt, which would result in an underachievement against budget of £38,000.

Rental Income

The budget for rental income from land & property is £2.543million – comprising the investment & commercial property portfolio, markets, housing properties, and other let properties. The forecast for the year is currently for a small positive variance.

Other Service & Corporate Income

Total budgeted Other Income is £826,000 which comprises mainly the following streams:

- **Investment & Other Interest Income:** The budgeted amount is £621,000, but is now expected to be higher by £86,000 as an extra £2million was added to the Council's long-term pooled funds in December 2015.
- **Solar Panel Feed-in-Tariffs:** the budget provides for an expected £124,000 of income from investment in solar panels at various Council facilities. However, due to changes by the Government in the tariff arrangements the Council halted its investment in panels at the George Yard car park and its extension of the installation at Witham Leisure Centre. Consequently, it is predicted that, after taking account of slightly better returns on existing schemes, there will be a net shortfall against the budget of £34,000.
- **Government grant:** included in the overall variance is an additional £66,000 of government grant towards administration of the Local Council Tax Support scheme, for

which details of entitlement were not announced until after the Council had agreed the budget for 2016/17.

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 30 June
	New Investments	Investments Sold or Matured	
£36.27m	£28.66m	£14.69m	£50.24m
Average amount invested to end of quarter			£49.49m
Highest amount invested			£54.01m

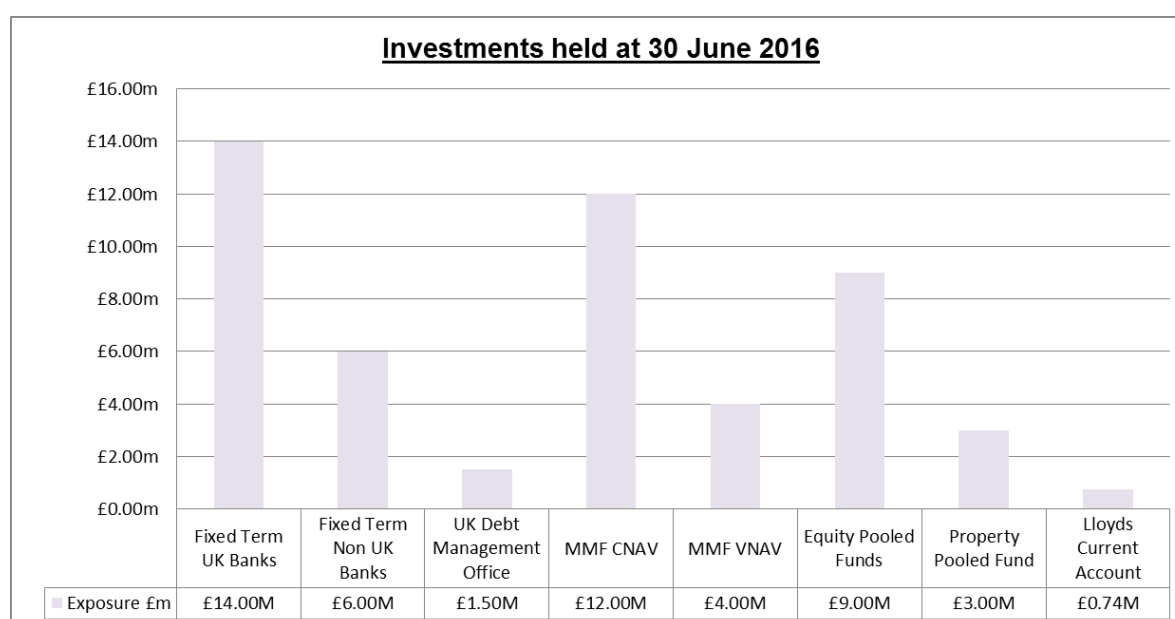
The Council has £12million invested for the long-term in a mixture of property and equity funds. Remaining investments have been in short-term instruments including call accounts and term deposits with UK and Non-UK banks, deposits with the UK Government Debt Management Office (DMO), and Money Market Funds (MMF).

Interest and dividends earned for the quarter total £235,000, which is equivalent to an annualised rate of return of 1.90%:

Investments	Average Amount Invested	Interest & Dividends Earned	Annualised Return %
Long-Term Pooled Funds	£12.00m	£180,000	6.00%
Short-Term	£37.49m	£55,000	0.58%
Total	£49.49m	£235,000	1.90%

Investment returns have been increased by the dividend income from the long-term investments; however, as the funds are exposed to market conditions their value can fluctuate. At the end of the quarter the market valuation for all funds was £11.780million, representing an unrealised loss of £220,000 against the amount invested.

At the end of the quarter 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 projected movement on the General Fund balance is as follows:

	£'000
Balance at 1 April 2016	8,421
Add:	
Budgeted addition	526
Projected variance at Q1	204
Less:	
Allocated to Investment Strategy	5,000
Start-up costs of shared service	250
Est. Balance at 31 March 2017	3,901

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

- The budget approved by Council for 2016/17 included an anticipated addition to balances of £526,234.
- The projected outturn variance for the year is currently results in an addition of £204,000.
- Cabinet approved a district investment strategy at its meeting on 23 May 2016, which included proposals to allocate £5million of the General Fund unallocated balances.
- At the meeting of Full Council on 27 June 2016, it was approved that any start-up costs associated with a potential shared services for building control would be met from the unallocated General Fund balance (See comments under risks & assumptions)

Risks and Assumptions

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

External income is inherently difficult to predict as it is substantially demand led and impacted by external factors.

At present the quarterly review has not included any revenue impact from the decision by Full Council to approve the discharge of the building control function by Colchester Borough Council under a shared service arrangement. Implementation of the shared service is subject to final confirmation of the participating authorities and establishment of the final business case. The Council's share of the estimated one-off costs that would be incurred in setting up the shared service were agreed to be met from the unallocated General Fund balance.

Capital Investment

In February 2016 the Council approved new capital projects for 2016/17 totalling £1.993million. 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 is £3.789 million.

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:

	Programme 2016/17	Actual spend	Grants approved not yet paid	Budget remaining	Spend & grants approved at end of Quarter
	£'000	£'000	£'000	£'000	%
General Fund Services	2,258	205	-	2,053	9%
Housing Investment	1,260	196	192	872	31%
Capital Salaries	271	68	-	203	25%
Total	3,789	469	192	3,128	17%

The General Fund Services programme for the year includes:

- 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.
- Purchase of replacement vehicles for operational services
- Investment in new technology
- New cycleways and footpaths

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

At its meeting held on 23 May 2016, the Cabinet approved a District Investment Strategy which would utilise a combination of new borrowing, New Homes Bonus, and currently unallocated reserves giving a total of £28million to support the District's strategic growth ambitions. As individual projects are developed and approved, these will be added into the overall capital programme.

Capital resources

The main sources of new capital resources anticipated for the year are the sale of assets (£3.515million), preserved right-to-buy (RTB) receipts (£500,000) and the Council's share of the VAT shelter operating in conjunction with Greenfields Community Housing (£589,000).

Greenfields has reported that 14 RTB sales were completed by the end of the Quarter generating £1.356million for the Council, which already exceeds the amount anticipated by £856,000. This compares to 23 sales and £1.713million received for the whole of 2015/16. VAT shelter monies due to the Council up to the end of the Quarter is £55,000, suggesting that the level of works being undertaken by Greenfields is lower than previously anticipated and may

result in a shortfall against the amount budgeted for the year. Clarification is being sought from Greenfields about its programme of future works.

Under the housing transfer agreement with Greenfields the Council has received £97,000 under clawback arrangements where land transferred from the Council has now been sold.

Grants received include £730,000 from the Better Care Fund via Essex County Council to part fund the Council's disabled facility grant programme. This is an increase of £312,000 against the budgeted sum of £418,000.

Empty Homes Update		Agenda No: 6
Portfolio:	Finance and Performance	
Corporate Outcome:	A high performing organisation that delivers excellent and value for money services	
Report presented by:	Tracey Headford, Performance and Improvement Manager	
Report prepared by:	Tracey Headford, Performance and Improvement Manager	
Background Papers: Empty Homes Briefing paper		Public Report
Options: To note the report		Key Decision: No
<p>In the Governance meeting on 30th June 2016, members requested additional information on the reasons for Empty Homes across the district to gain a better understanding of why the Performance Indicator measuring the number of properties brought back into use missed target and what actions are being taken to meet target in the future.</p> <p>The attached briefing note provides details on the:</p> <ul style="list-style-type: none">• Reasons for empty homes across the district• The number of empty homes across the district• The work of the Empty Homes Officer• Action being taken		
Decision: Members are asked to note the report		

Any Corporate implications in relation to the following should be explained in detail.	
Financial:	There are no financial issues raised by this report
Legal:	There are no legal issues raised by this report
Safeguarding	There are no safeguarding issues raised by this report.
Equalities/Diversity	There are no equalities/Diversity issues raised by this report
Customer Impact:	n/a
Environment and Climate Change:	n/a
Consultation/Community Engagement:	The Housing Strategy 2016 – 2021 currently being consulted on includes our approach to bringing properties back into use
Risks:	n/a
Officer Contact:	Tracey Headford
Designation:	Performance and Improvement Manager
Ext. No.	2442
E-mail:	tracey.headford@braintree.gov.uk

Empty Homes

Reasons for Empty Homes

Empty homes are a part of a functioning housing market and not all empty homes are problematic. Some properties will be on the market for sale or renting awaiting a new owner or tenant to move in. Where a property is not re-occupied within a year we need to look at what is happening. There are some common reasons why properties remain empty across the district including:

- When people die and someone has inherited a property;
- when owners of the property go into care;
- in between house moves;
- as a result of major upgrading and works;
- in between tenants.

In many cases, the empty properties are simply not owned by people who particularly want to rent them out.

Empty homes across the District

There are approximately 1,720 empty homes in the Braintree District. Of these, approximately 230 have been empty for more than 2 years and have a levy charged to the property. Around 500 properties have exemptions applied as they are either second homes, Housing Association properties, are going through probate or are vacant as the owners have been taken into care.

Work of the Empty Homes Officer

Braintree District Council employs an Empty Homes officer to encourage owners to bring properties back into use. They work in partnership with Colne Housing Society to lease suitable properties to those in need of housing. If owners do want to consider renting, they are put in touch with Colne Housing to see if the property can be brought up to a condition where it can be suitable for letting.

Unfortunately, our experience has been that many properties that have been empty for any length of time are not affordable for owners to renovate. Some properties have been empty for a considerable number of years and have fallen into such disrepair that they require significant works before they can be rented out and occupied.

Previous funding which has been matched by Braintree District Council is no longer available and houses that are brought back into use are done so due to the determination of the Empty Homes Officer and the encouragement provided to owners. However, it is not always possible to persuade owners to carry out necessary works to bring homes back into use especially where the rental income is much less through Colne Housing than they can receive privately and as previously said, quite often owners are unable to afford the costs of bringing the home up to a rentable standard.

Government funding dedicated to empty homes programmes ended in March 2015 and we are now unable to offer assistance to owners of empty properties with renovations to bring them back into use.

The Empty Homes officer has no powers to force a sale of a property. If the owner does not pay Council tax on a long term empty property, then they have the powers to force sale of the property to recover the monies owed and court costs associated with this but this is a laborious and time consuming process. If empty homes become untidy, then we are able to take enforcement action under Section 215 of the Town and County planning act 1990 but this is only to take steps requiring land to be cleaned up where the condition adversely affects the amenity of the area.

Action being taken

Offering advice and encouragement to owners of empty properties has a proven track record of ensuring properties are brought back into use and success in previous years can be attributed to this. The Empty Homes officer continually liaises with owners to offer advice and encouragement to bring properties back into use and will actively chase probate to expedite cases.

In the past, we have taken part in a national 'Empty Homes Week' used as an opportunity to increase the information provided so people in the district are aware of the advice and assistance available locally to tackle empty properties. The next 'Empty Homes Week' takes place at the end of November 2016.

Over the years, there has been a reduction in the number of long term empty properties; however, the number of exempt properties has slightly increased due to a higher number of properties going through probate or due to the owners going into care.

We continue to levy long term empty properties which has encouraged some owners to contact us for advice and assistance around bringing their property back into use.

Key Financial Indicators – 31 st August 2016		Agenda No:7
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
Agenda item 10, Audit Panel 21 st September 2006		Key Decision: No
Executive Summary:		
<p>The attached schedule (Appendix A) of key financial indicators provides details of performance recorded for the financial year to 31st August 2016.</p> <p>Commentary:</p> <ul style="list-style-type: none"> a) The net General Fund revenue budget for the year is £13.108million. The net expenditure incurred for the five months to 31st August was £4.537million. This represents a positive variance of £326,000 compared to the profiled budget of £4.863million. The predicted outturn for the year, conducted at the end of the first quarter, is a positive variance of £204,000; the variance is split evenly between an over-achievement of income and a reduced level of expenditure compared against budget. b) The total budget for Salaries for the year is £14.973million. Expenditure on salaries for the year to the end of August was £6.113million. This compares to a profiled budget of £6.165million. The positive variance of £52,000 is after allowing for £62,500 of the Efficiency Factor (£150,000 for the year). c) Expenditure on capital projects, to the end of August, was £0.829million against the Capital Programme of £3.658million. The main schemes, by budget, included in the programme are: Disabled Facilities Grants (£0.92m); Planned maintenance of council assets (£0.63m) and purchase of road sweepers (£0.31m). d) The total Council Tax collectable debit for the year is £80.05million. The collection rate as at the end of August is 49.64% (£39.74million collected), which compares to a rate of 49.32% for the same period last year, a small improvement of 0.32%. e) The total Business Rates (National Non-Domestic Rates) collectable debit for the year is £44.43million. The collection rate as at the end of August is 48.87% 		

(£21.74million collected), which compares to a rate of 48.78% for the same period last year, a small improvement of 0.09%.

- f) A total of 539 write-offs of Council Tax, with a value of £114,492, have been authorised in the year to 31st August: 46 in respect of the current year and 493 in respect of previous financial years.
- g) A total of 46 write-offs of Business Rates, with a value of £111,786, have been authorised in the year to 31st August: 5 in respect of the current year and 41 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 £3.286million, of which £1.637million 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 31st March 2017.
- i) Sundry debts, excluding housing benefit overpayments, were £1.649million at the end of August. This reduces to £1.157million 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 0.53%. This return was achieved on an average amount invested of £42.34million and relates solely to monies placed with banks, building societies, the Debt Management Office and in Money Market Funds.
- k) Dividends received/declared in the first five months of the year totalled £198,370 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 increase in the principal sum of £484,000 as at 31st August 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 £54.34million as at 31st August 2016, is provided at Appendix B.

Recommended Decision:

Members are asked to accept the report of the Key Financial Indicators as at 31st August 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.

Financial:	Actual income and expenditure as at the end of August shows a positive variance of £326,000 compared to the profiled budget of £4.863million. The predicted outturn for the year, conducted at the end of the first quarter, is a positive variance of £204,000. Collection rates on both council tax and business rates were both higher than that achieved at the same period last year.
Legal:	None
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	No direct impact but process of monitoring financial performance provides assurance of this element of the Council's governance arrangements.
Environment and Climate Change:	None
Consultation/Community Engagement:	None
Risks:	Regular consideration of a suite of Financial Health Indicators is recommended good practice
Officer Contact:	Trevor Wilson
Designation:	Head of Finance
Ext. No:	2801
E-mail:	Trevor.wilson@braintree.gov.uk

Key Financial Indicators at 31st August 2016
APPENDIX A

	Full Year Budget 2016/17	Actual as at 31 Aug 2016	Profile to 31 Aug 2016	Variance from Profile	
	£'000	£'000	£'000	£'000	%
General Fund - Revenue (Controllable)	13,108	4,537	4,863	-326	-6.7%
Capital Programme (Excl. capital salaries incl. below)	3,658	829			
General Fund - Salaries	14,973	6,113	6,165	-52	-0.8%

	Full Year Target	Actual as at 31 Aug 2016	Actual as at 31 Aug 2015	Variance
Council Tax collection in year - %	98.00%	49.64%	49.32%	0.32%
Council Tax collection - income collected for year - £m	£79.82	£39.74	£37.39	£2.35
Write-offs in year (April to August) - £'000		£14	£8	£6
Write-offs in year - (April to August) - number		46	70	-24
Write-offs all years (April to August) - £'000		£115	£47	£67
Write-offs all years - (April to August) - number		539	325	214
Business Rates collection in year - %	98.50%	48.87%	48.78%	0.09%
Business Rates collected for year - £m	£44.43	£21.74	£21.24	£0.50
Write-offs in year (April to August) - £'000		£16	£99	-£83
Write-offs in year - (April to August) - number		5	15	-10
Write-offs all years (April to August) - £'000		£112	£229	-£117
Write-offs all years - (April to August) - number		46	59	-13
Creditors - payment of invoices within 30 days of receipt	98.5%	99.3%	99.2%	0.06%

Debtors - Balance Outstanding	31-Mar-14	31-Mar-15	31-Mar-16	31-Aug-16	Variance Aug to Mar.
	£'000	£'000	£'000	£'000	%
Service Level Agreement charges - principally Tabor Academy and residents of Twin Oaks, Stisted	239	334	319	181	-43.3
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	31	-78.3
Charges for services provided by: ICT, Marketing, Offices, Elections, etc	156	1	10	28	180.0
Development	24	257	271	155	-42.8
Finance	360	36	61	90	47.5
Leisure	258	234	169	260	53.8
Operations	484	984	288	823	185.8
Housing	113	89	77	73	-5.2
Sub-Total - excluding Hsg. Benefits	1,662	1,980	1,346	1,649	22.5
Housing Benefits	1,188	1,620	1,647	1,637	-0.6
Total	2,850	3,600	2,993	3,286	9.8
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	1,157	
Profile by Recovery Stage:					
Invoice	1,238	2,078	1,377	1,571	
Reminder	291	254	275	551	
Final Notice	348	198	190	-	
Pre-legal	453	424	338	372	
Enforcement Agent	446	406	426	404	
Tracing Agent	33	15	4	4	
Charging Order	41	35	23	32	
Attachment to Benefits		190	360	352	
Total	2,850	3,600	2,993	3,286	
Write-offs in month - value - £'000	-£0.3	£1.8	£1.6	£0.9	
Write-offs in month - number	19	35	23	31	
Write offs in year - value - £000	£8.3	£28.0	£20.0	£2.2	
Write-offs in year - number	386	492	245	165	

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 £52,000, recorded above, is after offsetting £62,500 of the target.

APPENDIX B

INVESTMENT PORTFOLIO AS AT 31 AUGUST 2016

							Maturity Profile £m							
							Liquid	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	
UK Banks		9.84												
Santander Group														
Santander UK PLC	1127	0.00	0.40%	Instant	Variable	Instant	0.00							
Santander UK PLC	3265	3.00	0.46%	Fixed	12-Aug-16	13-Feb-17		3.00						
Lloyds TSB Group														
Lloyds Current Account	N/A	0.84	0.40%	Instant	Variable	Instant	0.84							
Bank of Scotland PLC	3217	2.00	0.80%	Fixed	21-Mar-16	21-Sep-16		2.00						
Bank of Scotland PLC	3246	1.00	0.75%	Fixed	1-Mar-16	1-Sep-16		1.00						
Barclays Bank PLC														
Barclays Bank PLC	3286	1.50	0.455%	Fixed	29-Jun-16	5-Oct-16			1.50					
Barclays Bank PLC	3247	1.50	0.487%	Fixed	3-Jun-16	9-Sep-16		1.50						
UK Building Societies		6.00												
Nationwide Building Society														
Nationwide Building Society	3159	2.00	0.71%	Fixed	21-Mar-16	21-Sep-16		2.00						
Nationwide Building Society	3245	1.00	0.40%	Fixed	19-Aug-16	20-Feb-17			1.00					
Coventry Building Society														
Coventry Building Society	3281	2.00	0.61%	Fixed	1-Apr-16	3-Oct-16			2.00					
Coventry Building Society	3290	1.00	0.42%	Fixed	11-Jul-16	17-Oct-16			1.00					
Other Local Authorities		0.00												
UK Debt Management Office		4.50												
UK Debt Management Office	3298	3.00	0.15%	Fixed	15-Aug-16	7-Sep-16		3.00						
UK Debt Management Office	3299	1.50	0.15%	Fixed	31-Aug-16	19-Sep-16		1.50						
Non UK Institutions		6.00												
Australia & New Zealand Banking Corp														
Landesbank Hessen-Thuringen	3280	3.00	0.53%	Fixed	1-Jul-16	17-Oct-16			3.00					
	3279	3.00	0.68%	Fixed	1-Apr-16	3-Oct-16			3.00					
Money Market Funds		16.00												
Goldman Sachs	2651	4.00	Variable	Instant	16-Nov-09	Instant	4.00							
Deutsche Sterling	2856	4.00	Variable	Instant	4-Aug-10	Instant	4.00							
Standard Life Liquidity	2857	4.00	Variable	Instant	4-Aug-10	Instant	4.00							
Royal London Cash Plus	3249	4.00	Variable	Instant	15-May-15	Instant	4.00							
Pooled Funds		12.00												
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								

Internal Audit – Activity Report for the period to 8th September 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 and Fraud Manager	
Report prepared by:	Lesley Day, Audit Insurance and Fraud Manager	
Background Papers:		Public Report
Internal Audit Assignments		Key Decision: No
Executive Summary:		
<p>To provide Members with details of and outcomes from the audit assignments completed during the period 1st June to 8th September 2016. This includes for each assignment:</p> <ul style="list-style-type: none">the key controls coverednumber of recommended action points and their priorityaudit opinionbrief details of the high priority recommendations (if applicable) <p>An update on the Reportable recommendations is also attached.</p>		
Recommended Decision:		
To accept the activity report for the period 1 st June to 8 th September 2016		
Purpose of Decision:		
To advise Members of the audit assignments completed for the period 1 st June to 8 th September 2016		

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

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

INTERNAL AUDIT
COMPLETED ASSIGNMENTS to 8th September 2016

Type	Topic	Days Taken	Recommendations			Key Controls Covered	High Priority recommendations	Agreed Implementation date	Audit Opinion
			L	M	H				
Non- core system	Commercial Properties	13		1	2	<ol style="list-style-type: none"> 1. There is a commercial property management policy in place. 2. Acquisitions and disposals are authorised by Council in accordance with Financial Regulations. 3. All negotiations in respect of leases are undertaken in accordance with legislation and best practice. 4. References and credit checks are required for all new tenants. 5. Revenues and Insurance sections are notified of all changes of tenants, changes to rent levels etc. 6. Insurance is in place for all council owned properties. 7. Property rental values are regularly reconciled to invoices raised. 	<ol style="list-style-type: none"> 1. Ensure corporate credit checks are completed for all potential tenants. 2. Add Other Income to the circulation list for all rent reviews, new tenant, assignments etc. 	December 2016	We are satisfied that reliance can be placed on the key controls following implementation of the recommendations agreed in the Action Plan.
Core system	Cash & Bank	8	0			<ol style="list-style-type: none"> 1. Cash and other cashable orders are held securely. 2. All remittances received are properly recorded. 3. All cash income is properly accounted for and banked in full. 4. Payments are properly authorised. 5. .Cash balances are accurate and agree to recorded cash transactions. 6. There is adequate segregation in the cash receipting, recording and authorising process. 7. Fraud & Corruption checklist. 8. Information security management. 9. Operational Risk Register reviewed. 			We are satisfied that reliance can be placed on the key controls as described.

Core system	Sundry Debtors	12	<table><tr><td></td><td></td><td>2</td></tr></table>			2	<div><div><div>1. Chargeable services provided are goods dispatched are identified and billed at the correct amounts.</div><div>2. All income due is invoiced and correctly recorded.</div><div>3. Credit control and debt recovery processed are adequate.</div><div>4. Credit notes and refunds are valid and are properly authorised.</div><div>5. The write-off of uncollectable debt is properly authorised.</div><div>6. There is adequate segregation in the invoicing and receipting functions.</div><div>7. Fraud & Corruption checklist.</div><div>8. Operational Risk Register reviewed.</div><div>9. Information Technology Management.</div></div></div> <div><div>1. Ensure that the correct price is charged for the hire of amenity vehicles and ensure previously raised invoices are corrected.</div><div>2. Remind staff of the responsibility to complete the IT Security course on eLearning.</div></div>	October 2016	We are satisfied that reliance can be placed on the key controls following implementation of the recommendations agreed in the Action Plan.
		2							
Non-core system	Reprographics	6	<table><tr><td></td><td>2</td><td></td></tr></table>		2		<div><div><div>1. Orders to external suppliers are raised in compliance with Contract Procedure Rules.</div><div>2. External customers are invoiced in a timely manner.</div><div>3. Internal customers are recharged for all design and printing works.</div></div></div> <div></div>		We are satisfied that reliance can be placed on the key controls following implementation of the recommendations agreed in the Action Plan.
	2								
Non-core system	Refuse Collection	10	<table><tr><td></td><td>1</td><td>2</td></tr></table>		1	2	<div><div><div>1. The Echo system provides complete and accurate route information for crews.</div><div>2. The use of agency staff is strictly controlled and claims approved by senior management.</div><div>3. A signed Trade Waste Agreement and Duty of care form are held for all customers.</div><div>4. Trade Waste charges are approved annually.</div><div>5. There are robust systems in place to ensure invoices are raised accurately and promptly and service is withdrawn if customers do not pay.</div><div>6. Returns are made to Essex County Council as required.</div><div>7. The Operational Risk Register was</div></div></div> <div><div>1. Ensure new customers sign and return their Trade Waste Agreement.</div><div>2. Reconcile 2nd Green Bin records between Siebel and Echo to ensure correct invoicing.</div></div>	September 2016	We are satisfied that reliance can be placed on the key controls following implementation of the recommendations agreed in the Action Plan.
	1	2							

				reviewed.						
Non-core system	Town Hall	5	<table><tr><td>1</td><td></td><td></td></tr></table>	1			<ul style="list-style-type: none">1. Income and expenditure is monitored by the appropriate officers.2. All bookings made are recorded3. The rate charged for each booking agrees to the stated charge.4. Invoice request forms are raised promptly and before the booking takes place.5. Invoices are raised promptly on receipt of the invoice request form.6. Payment is received within the correct timescale or the appropriate recovery action is taken.7. Operational Risk Register reviewed.			We are satisfied that reliance can be placed on the key controls following implementation of the recommendations agreed in the Action Plan.
1										
Non-core system	Building Control	10	0	<ul style="list-style-type: none">1. Building Control fees and charges are approved by Cabinet and Full Council.2. Applications have been processed within the correct timescales.3. The correct fee is made in support of each application.4. Invoices for inspection fees are correct and raised within the appropriate timescale.5. All income has been receipted correctly and allocated to the correct income code.6. Refund of fees have been made correctly7. Applications for demolition notices have been processed correctly8. Reconciliation of income between the Uniform and efinancial systems.9. Operational Risk Register reviewed			We are satisfied that reliance can be placed on the key controls as described.			

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		
Payroll	Ensure that key documents (references, identity means, application forms, applicable qualifications etc) are scanned accurately to staff personal files on Idox	Completed
	Comply with the agreed process of filing sickness documents and certificates onto personal files, so available to Audit and Payroll Officers	Completed
Performance Indicators and Data Quality	Monitor completion of compulsory Vision training modules by newly appointed officers.	To be reviewed October
	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.	To be reviewed October
Fleet Management	Put in place an effective means of monitoring the rectification of vehicle defects.	To be reviewed October
	Perform random checks on PIs as reported by RTR to ensure accurate reporting	To be reviewed October
	Clarify responsibilities of notification of replacement vehicle details to Fleet and encourage proactivity of officers to help to ensure all vehicles are promptly insured.	To be reviewed October
	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.	To be reviewed October

There we no RIPA applications submitted for this period.

Statement of Accounts 2015/16 and the External Auditor's Audit Results Report		Agenda No: 9
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
Braintree District Council's Statement of Accounts 2015/16 https://www.braintree.gov.uk/downloads/file/5760/statement_of_accounts_2015-16_unaudited Accounts and Audit (England) Regulations 2015		Key Decision: No
Executive Summary: A draft set of Statement of Accounts for the financial year to 31 March 2016, were compiled by 31 May 2016 as a "dry-run" exercise towards planning for changes to the statutory deadlines that will become effective from the 2017/18 accounts. Following an internal review these accounts were then signed as representing a 'true and fair view' by Chris Fleetham, Corporate Director, on 22 June 2015, ahead of the statutory date of 30 June 2016. The Statement of Accounts is available to view on the Council's website at: https://www.braintree.gov.uk/downloads/file/5760/statement_of_accounts_2015-16_unaudited The Council's External Auditor, Ernst & Young LLP (EY), commenced the audit of the accounts on Monday 18 July 2016; the findings from the audit are set out in the Audit Results Report appended to this report. It is anticipated that the auditor will issue an unqualified opinion on the accounts. The External Auditor's report contains a request at Appendix D for the Council to provide a Letter of Representation to be signed by the Corporate Director and Chair of the Governance Committee. A letter of Representation has been prepared and covers the matters identified by the External Auditor. This will be available at the meeting. At the time of preparing this report the findings of the External Auditor were still being considered, therefore, any changes that may be required to the Statement of Accounts prior to final publication will be reported verbally to the Committee. The accounts were available for public inspection between 24 June and 4 August 2016. During this time no requests to inspect the accounts or any questions for the external auditor were received.		

A Member's seminar on Understanding the Statement of Accounts was held on 8 September 2016, giving a fuller explanation of the accounts and the various key statements and notes contained within them, as well as providing opportunity for Members to raise any queries.

The statutory deadline for publication of the audited Statement of Accounts is 30 September 2016.

Recommended Decision:

1. To receive and note the External Auditor's Audit Results Report for the year ended 31 March 2016
2. To approve certification of the Letter of Representation by the Corporate Director and Chair of the Governance Committee.
3. To approve the Council's Statement of Accounts 2015/16

Purpose of Decision:

To comply with the Audit and Accounts Regulations that Members approve the Council's Statement of Accounts with the benefit of the External Auditor's report to the Governance Committee.

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

Financial:	No new financial implications. The Provisional Financial Outturn 2015/16 was reported to Cabinet at the meeting held on 23 May 2016, and this position has not changed as a result of the preparation and audit of the Statement of Accounts.
Legal:	The approval process for the Statement of Accounts is required under statutory rules set out in the Accounts and Audit Regulations. For 2015/16 the audited and approved Statement of Accounts must be published by 30 September 2016.
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	None
Environment and Climate Change:	None
Consultation/Community Engagement:	The draft Statement of Accounts was made available for public inspection over the period 24 June to 4 August 2016. A Member's seminar on the Statement of Accounts was held on 8 September 2016.
Risks:	None
Officer Contact:	Phil Myers
Designation:	Financial Services Manager
Ext. No:	2810
E-mail:	Phil.myers@braintree.gov.uk

Braintree District Council

Audit Results Report - ISA (UK and Ireland) 260
for the year ended 31 March 2016

Sept 2016

Ernst & Young LLP



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In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued “Statement of responsibilities of auditors and audited bodies 2015-16”. It is available from the Chief Executive of each audited body and via the PSAA website (www.psaa.co.uk)

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

The ‘Terms of Appointment from 1 April 2015’ issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of responsibilities. This report is intended solely for the use of the Members of the audited body. We, as appointed auditor, take no responsibility to any third party.

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

1. Executive summary

The National Audit Office's Code of Audit Practice (the Code) requires us to report to those charged with governance – the Governance Committee – on the work we have carried out to discharge our statutory audit responsibilities together with any governance issues identified. This report summarises the findings from the 2015/16 audit which is substantially complete. It includes messages arising from our audit of your financial statements and the results of the work we have undertaken to assess your arrangements to secure economy, efficiency and effectiveness in your use of resources.

Below are the results and conclusions on the significant areas of the audit process.

Status of the audit	<p>We have substantially completed our audit of the financial statements of Braintree District Council for the year ended 2015/16.</p> <p>The following areas of our work programme remain to be completed as of the date of this report (Appendix A sets out more detail):</p> <ul style="list-style-type: none"> • completion of subsequent events review; • completion of manager and director review procedures; • approval of the revised financial statements; and • receipt of the signed management representation letter. <p>We have performed the procedures outlined in our Audit Plan and anticipate issuing an unqualified opinion on the Authority's financial statements.</p> <p>We have concluded that you have put in place proper arrangements to secure value for money in your use of resources.</p> <p>We have performed the procedures required by the National Audit Office (NAO) regarding the Whole of Government Accounts submission</p> <p>We expect to issue the audit certificate at the same time as the audit opinion.</p>
Audit differences	<p>Our audit identified a small number of audit differences which our team have highlighted to management for amendment. These primarily relate to disclosure and presentational matters and have been corrected during the course of our work. There were no audit differences greater than our revised reporting threshold of £75,000.</p>
Scope and materiality	<p>In our audit plan, presented at the Governance Committee meeting on 23 March, we communicated that our audit procedures would be performed using a materiality of £1.587 million.</p> <p>We have reassessed this based on the actual results for the financial year and there has been a small decrease to £1.519 million. The basis of our assessment is 2% of gross operating expenditure, which has remained consistent with prior years.</p> <p>The threshold for reporting audit differences which impact the financial statements has also reduced slightly to £75,000.</p> <p>We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas, the areas identified and audit strategy applied include:</p> <ul style="list-style-type: none"> • Remuneration disclosures including any exit packages and termination benefits: Reduced materiality level of £5,000 is applied to our testing of

disclosures for completeness and accuracy. This is in line with the bandings reported in the accounts;

- Related party transactions: Reduced materiality level of £50,000 is applied to testing of disclosures for completeness and accuracy.
- Members allowances: review and test all transactions to supporting evidence and approvals

We carried out our work in accordance with our Audit Plan.

Significant audit risks

We identified the following significant audit risks during the planning phase of our audit, and reported these to you in our audit plan:

- Risk of fraud in revenue recognition
- Risk of management override.

The 'addressing audit risks' section of this report sets out how we have gained audit assurance over the significant issues.

Other reporting issues

We have no other matters we wish to report.

Control observations

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.

We would like to take this opportunity to thank the Council's staff for their assistance during the course of our work.

Kevin Suter

Executive Director For and on behalf of Ernst & Young LLP

2. Responsibilities and purpose of our work

The Council's responsibilities

The Council is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement (AGS). In the AGS, the Council reports publicly on the extent to which it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.

The Council is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Purpose of our work

Our audit was designed to:

- Express an opinion on the 2015/16 financial statements and the consistency of other information published with them;
- Report on an exception basis on the Annual Governance Statement;
- Consider and report any matters that prevent us being satisfied that the Council had put in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources (the value for money conclusion); and
- Discharge our statutory duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

In addition, this report contains our findings related to the areas of audit emphasis and any views on significant deficiencies in internal control or the Council's accounting policies and key judgments.

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review and the nature of our report are specified by the National Audit Office.

3. Financial statements audit

Addressing audit risks

We identified the following audit risks during the planning phase of our audit, and reported these to you in our Audit Plan. Here, we set out how we have gained audit assurance over those issues.

A significant audit risk in the context of the audit of the financial statements is an inherent risk with both a higher likelihood of occurrence and a higher magnitude of effect should it occur and which requires special audit consideration. For significant risks, we obtain an understanding of the entity's controls relevant to each risk and assess the design and implementation of the relevant controls.

Significant Risks (including fraud risks)	Audit procedures performed	Assurance gained and issues arising
<p>Risk of management override</p> <p>As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p>	<ul style="list-style-type: none"> Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements; Reviewed accounting estimates for evidence of management bias; Evaluated the business rationale for any significant unusual transactions; and 	<ul style="list-style-type: none"> We selected a number of journals to review based on our risk assessment. We have agreed these to other areas of our audit work or other supporting evidence. We have no concerns to raise. Our review of estimates has not identified evidence of management bias. We have not identified any unusual business transactions.
<p>Risk of fraud in revenue recognition</p> <p>Under ISA240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue.</p> <p>In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p> <p>For local authorities the potential for the incorrect classification of revenue spend as capital is a particular area where there is a risk of incorrect recognition, and also management override.</p>	<ul style="list-style-type: none"> Reviewed and tested revenue and expenditure recognition policies; Developed a testing strategy to test material revenue and expenditure streams including payroll, housing benefits, rents repairs and maintenance accounts payable and accounts receivable; and Reviewed and tested revenue cut-off at the period end date. Reviewed capital expenditure on property, plant and equipment to ensure it meets the relevant accounting requirements to be capitalised. 	<ul style="list-style-type: none"> We have tested revenue recognition and cut off as part of income and expenditure testing and have not identified any issues with the classification or recognition of expenditure. Our testing did not identify expenditure which had been inappropriately capitalised..

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we are required to communicate to you significant findings from the audit and other matters that are significant to you oversight of the Council's financial reporting process, including the following:

- Qualitative aspects of your accounting practices; estimates and disclosures;
- Matters specifically required by other auditing standards to be communicated to those charged with governance. For example, issues about fraud, compliance with laws and regulations, external confirmations and related party transactions;
- Any significant difficulties encountered during the audit; and
- Other audit matters of governance interest

We have no matters we wish to report.

Control themes and observations

It is the responsibility of the Council to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Council has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

We have tested the controls of the Council only to the extent necessary for us to complete our audit. We are not expressing an opinion on the overall effectiveness of internal control.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.

We have reviewed the Annual Governance Statement and can confirm that it not misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council.

Request for written representations

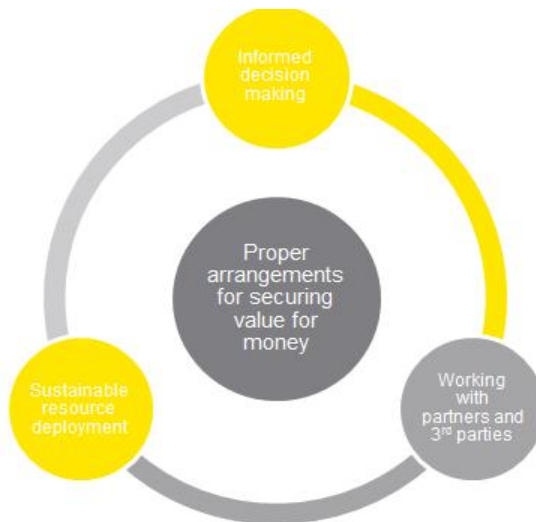
We have requested a management representation letter to gain management's confirmation in relation to a number of matters. We have not requested any specific representations in addition to the standard representations. Our request for such a letter is outlined in Appendix D.

Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review and the nature of our report are specified by the National Audit Office.

We have concluded our work in this area and have no matters to report to the Governance Committee.

4. Value for money



We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

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

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

Significant risks

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

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

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

Our risk assessment did not identify any significant risks which we view as relevant to our value for money conclusion.

Overall conclusion

We have performed the procedures outlined in our audit plan. We did not identify any significant weaknesses in the Council's arrangements.

We have therefore concluded that you have put in place proper arrangements to secure value for money in your use of resources.

Appendix A – Outstanding matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report

Item	Actions to resolve	Responsibility
Management representation letter	Receipt of signed letter of representation.	Management, and Governance Committee
Approval of the revised Financial statements	<ul style="list-style-type: none"> • Incorporation of EY audit adjustments. • Accounts re-certified by the s151 officer. • Approval of accounts by Governance Committee. 	Management and Governance Committee
Subsequent events review	Completion of the subsequent events procedures to the date of signing the audit report.	EY and management
Final review procedures	Completion of final audit review procedures ahead of issuing the audit opinion.	EY

Appendix B – Independence

We confirm there are no changes in our assessment of independence since our confirmation in our Audit Plan dated 23 March 2016.

We complied with the Auditing Practices Board's Ethical Standards for Auditors and the requirements of the Public Sector Audit Appointments Ltd (PSAA)'s Terms of Appointment. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We confirm that we are not aware of any relationships that may affect the independence and objectivity of the firm that we are required by auditing and ethical standards to report to you.

We consider that our independence in this context is a matter that should be reviewed by both you and ourselves. It is therefore important that you consider the facts of which you are aware and come to a view. If you wish to discuss any matters concerning our independence, we will be pleased to do so at the forthcoming meeting of the Governance Committee on 28 July 2016.

We confirm that we have met the reporting requirements to the Governance Committee, as 'those charged with governance' under International Standards on Auditing (UK and Ireland) 260 – Communication with those charged with governance. Our communication plan to meet these requirements was set out in our Audit Plan of 23 March 2016.

Appendix C – Auditor fees

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

Description	Proposed final Fee 2015/16 £'s	Scale Fee 2015/16 £'s	Variation comments
Total Audit Fee – Code work (Note 1)	59,756	59,756	
Certification of claims and returns – work not yet completed (Note 2)	12,728	12,728	

** Our certification of the Housing Benefit claim will be completed to the 30 November 2016 deadline, and the final fee concluded at that time.*

Note 1 - Our actual audit fee is in line with the scale fee set by the PSAA at this point in time, subject to satisfactory clearance of the outstanding work.

Note 2 - Certification of claims and returns. We have not commenced our work in this area. We will report the results of our work and the final fee with you in our Annual Certification Report.

Appendix D– Management representation letter

International Standards on Auditing set out guidance on the use by auditors of management representations (ISA (UK&I) 580) and on possible non-compliance with laws and regulations (ISA (UK&I) 250). I have interpreted this guidance as it affects Local Government bodies and I expect the following points to apply:

- auditors may wish to obtain written representation where they are relying on management's representations in respect of judgemental matters (for example the level of likely incidence of a claim), which may not be readily corroborated by other evidence;
- auditors are likely to request written representations on the completeness of information provided;
- auditors may wish to obtain written representation on issues other than those directly related to the Statement of Accounts;
- the letter is dated on the date on which the auditor signs the opinion and certificate;
- the letter is signed by the person or persons with specific responsibility for the financial statements; and
- the letter is formally acknowledged as having been discussed and approved by the Civic Affairs, as those charged with governance of the Council.

I would be grateful if you could provide a letter of representation, which is appropriately signed and dated (by the s151 officer and Chair of Governance Committee) on the proposed audit opinion date (28 Sept 2016) on formal headed paper.

I would expect the letter of representation to include the following matters.

That the letter of representations is provided in connection with our audit of the financial statements of Braintree District Council ("the Council") for the year ended [balance sheet date]. That you recognise that obtaining representations from you concerning the information contained in this letter is a significant procedure in enabling us to form an opinion as to whether the financial statements give a true and fair view of the Council financial position of Braintree District Council as of 31 March 2016 and of its income and expenditure for the year then ended in accordance with [CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16].

You understand that the purpose of our audit of your financial statements is to express an opinion thereon and that our audit is conducted in accordance with International Standards on Auditing (UK and Ireland), which involves an examination of the accounting system, internal control and related data to the extent we considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, you make the following representations, which are true to the best of your knowledge and belief, having made such inquiries as you considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. That you have fulfilled your responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the CIPFA Code of Practice on Local Authority Accounting (CIPFA Code).
2. That you acknowledge your responsibility for the fair presentation of the financial statements. You believe the financial statements referred to above give a true and fair view of the financial position, financial performance and cash flows of the Council in accordance with the CIPFA Code and are free of material misstatements, including omissions. You have approved the financial statements.
3. You confirm that the Responsible Officer has:
 - Reviewed the accounts
 - Reviewed all relevant written assurances relating to the accounts, and
 - Made other enquiries as appropriate.
4. That the significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
5. As members of management of the Council, we believe that the Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, that are free from material misstatement, whether due to fraud or error
6. You believe that the effects of any unadjusted audit differences, summarised in Appendix 1, if relevant, accumulated by us during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Please specify the reasons for not correcting these misstatements.

B. Fraud

You acknowledge that you are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud

You have disclosed to us the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

3. That you have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the Council internal controls over financial reporting. In addition, you have no knowledge of any fraud or suspected fraud involving other employees in which the fraud could have a material effect on the financial statements. You have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by “whistleblowers”) which could result in a misstatement of the financial statements or otherwise affect the financial reporting of the Council.

C. Compliance with Laws and Regulations

1. You have disclosed to us all known actual or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

D. Information Provided and Completeness of Information and Transactions

1. You have provided us with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters as agreed in terms of the audit engagement.
 - Additional information that we have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom we determined it necessary to obtain audit evidence.
2. That all material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. That you have made available to us all minutes of the meetings of the Council and its relevant committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 28 July 2016.
4. That you confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Council related parties and all related party relationships and transactions of which you are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. That you believe that the significant assumptions you used in making accounting estimates, including those measured at fair value, are reasonable.
6. That you have disclosed to us, and the Council has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

E. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to us and are appropriately reflected in the financial statements.
2. That you have informed us of all outstanding and possible litigation and claims,

whether or not they have been discussed with legal counsel.

3. That you have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in the financial statements all guarantees that you have given to third parties.

F. Subsequent Events

1. That other than described in the financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

G. Accounting Estimates

1. That you believe that the significant assumptions you used in making accounting estimates, including those measured at fair value, are reasonable.
2. In respect of accounting estimates recognised or disclosed in the financial statements:
 - That you believe the measurement processes, including related assumptions and models, you used in determining accounting estimates is appropriate and the application of these processes is consistent.
 - That the disclosures relating to accounting estimates are complete and appropriate in accordance with the applicable financial reporting framework.
 - That the assumptions you used in making accounting estimates appropriately reflects your intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures.

That no subsequent event requires an adjustment to the accounting estimates and disclosures included in the financial statements.

H. Segmental reporting

1. That you have reviewed the operating segments reported internally to the Council and that you are satisfied that it is appropriate to aggregate these as, in accordance with IFRS 8: Operating Segments, they are similar in each of the following respects:
 - The nature of the products and services
 - The nature of the production processes
 - The type or class of customer for their products and services
 - The methods used to distribute their products

I. Going Concern

1. That you have made us aware of any issues that are relevant to the Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

J. Retirement Benefits

1. That on the basis of the process established by you and having made appropriate enquiries, you are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with your knowledge of the business. That all significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

K. Use of management experts

1. That you agree with the findings of the experts engaged to evaluate the values of the Council's land and buildings and have adequately considered the qualifications of the experts in determining the amounts and disclosures included within the Council's financial statements and the underlying accounting records. That you did not give or cause any instructions to be given to the experts with respect to the values or amounts derived in an attempt to bias their work, and that you are not otherwise aware of any matters that have had an effect on the independence or objectivity of the experts.

L. Specific Representations

We do not require any specific representations in addition to those above.

Appendix E – Required communications with the Governance Committee

There are certain communications that we must provide to the Governance Committee. These are detailed here:

Required communication	Reference
Planning and audit approach Communication of the planned scope and timing of the audit, including any limitations.	Audit Plan
Significant findings from the audit <ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit Results Report
Going concern Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	No conditions or events were identified, either individually or in aggregate, that indicated there could be doubt about Braintree District Council's ability to continue as a going concern for the 12 months from the date of our report.
Misstatements <ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ In writing, corrected misstatements that are significant 	Audit Results Report
Fraud <ul style="list-style-type: none"> ▶ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ A discussion of any other matters related to fraud 	We have made enquiries of management and the Governance Committee. We have not become aware of any fraud or illegal acts during our audit.
Related parties Significant matters arising during the audit in connection with the entity's related parties including, when applicable: <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	We have no matters we wish to report regarding related parties.

Required communication	Reference
External confirmations <ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	We have received all requested confirmations, other than where outlined in Appendix A.
Consideration of laws and regulations <ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▶ Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of 	We have not identified any material instances of non-compliance with laws and regulations.
Independence Communication of all significant facts and matters that bear on EY's objectivity and independence Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence 	Audit Plan and Audit Results Report
Significant deficiencies in internal controls identified during the audit	Audit Results Report
Fee Information <ul style="list-style-type: none"> ▶ Breakdown of fee information at the agreement of the initial audit plan ▶ Breakdown of fee information at the completion of the audit 	Audit Plan Audit Results Report Annual Audit Letter if considered necessary
Certification work <ul style="list-style-type: none"> ▶ Summary of certification work undertaken 	Certification Report

EY | Assurance | Tax | Transactions | Advisory

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Treasury Management Mid-Year Report 2016/17		Agenda No: 10
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 2016/17 – approved by Full Council on 22 February 2016.		Key Decision: No
Executive Summary:		
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 requirements of the Code is that, along with an annual strategy to be approved prior to the commencement of the financial year and an annual report after the financial year-end, the Council should also receive at least one mid-year report on its treasury management activities.		
2. Treasury Management Strategy		
2.1 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 2016, reflected the following circumstances:		
<ul style="list-style-type: none">• A fully funded capital programme, largely reliant on capital receipts.• The availability of cash balances for investment – the assumption was that these would remain fairly constant over the medium-term• No specific new borrowing would be required other than that via lease type arrangements typically used for vehicles and plant. However, provision was made to increase borrowing capacity ahead of the Council considering future capital investment options.• Diversification and maintaining a longer-term view on investments to counter the risks associated with both a prolonged period of low interest rates and changes in the banking regulatory framework		

3. Treasury Management Position

3.1 At the 31 August 2016, the Council's treasury management position comprised:

- Financial Liabilities: amounting to £10.391million, including two £3million Lender Option, Borrower Option (LOBO) type market loans, finance lease commitments, and a repayable advance from Essex County Council
- Financial assets: amounting to £56.361million, comprising mainly of investments and deposits, and cash & bank balances. At this point in the year the level of cash balances would be expected to be at their highest due to in-year cash flows, after which balances would normally be expected to reduce as we move towards the year-end.
- Net financial assets of £45.970million

4. External Context

4.1 The mid-year report includes an up to date economic and market commentary on the year so far, provided by the Council's treasury management advisors, Arlingclose, which can be summarised as follows:

- Following an upturn in the preliminary estimate for UK growth at Q2 2016, the outlook changed significantly following the outcome of the referendum vote on membership of the European Union (EU).
- The Bank of England's Monetary Policy Committee (MPC) initiated substantial monetary policy easing at its August meeting, including a cut in Bank Rate to 0.25%, further gilt and corporate bond purchases (Quantitative Easing), and cheaper funding for banks to maintain the supply of credit to the economy.
- In response to the Bank of England's policy announcement, money market rates and bond yields declined to new record lows, with very short-dated periods (overnight to 1 month) falling to between 0.1% and 0.2%. The rates for the Debt Management Account Deposit Facility (i.e. the account used for deposits placed by local authorities with the UK Government) reduced to 0.15% for periods up to 3 months and to 0.10% for 4 to 6 month deposits. The interest rate outlook from Arlingclose has now progressed from 'lower for longer' to 'even lower for the indeterminable future'.
- Following the referendum result gilt yields fell sharply across the maturity spectrum which was reflected in the fall in Public Works Loan Board (PWLb) borrowing rates for local authorities

5. Capital Financing Requirement

5.1 The Council's Capital Financing Requirement (or CFR) – a balance sheet measure of the Council's need to borrow for capital purposes – is forecast to increase by the year-end. This is due to the decision of the Corporate Director (Finance) after a financial appraisal to switch funding used to acquire replacement vehicles from lease type arrangements to traditional borrowing. In the short-term this increase in borrowing requirement will be met from internal borrowing. In the longer-term new external borrowing may be required as cash balances are used on other capital investment projects.

5.2 At the end of the year the CFR will be very close to the actual borrowing and other liabilities.

6. Borrowing and Finance Lease Liabilities

6.1 The TMSS approved in February 2016, provided for an increase in borrowing limits ahead of consideration of investment opportunities. In May the Cabinet approved a District Investment Strategy of £28million to support the District's strategic growth ambitions and which would utilise a combination of new borrowing (£14.5million), New Homes Bonus (£8.5million), and a portion of the unallocated reserves (£5million). As individual projects are developed and approved, these will in time lead to both an expected increase in CFR along with a commensurate increase in the amount of borrowing undertaken.

6.2 In considering any new borrowing the Council's objectives will be to strike a balance between securing low interest costs and achieving cost certainty, which is likely to result in internal resources being used in the short-term.

7. Investments

7.1 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.

7.2 At the time of setting the AIS it was envisaged that the level of cash balances would remain fairly constant over the medium-term. At the end of the 2015/16 financial year cash balances were higher than originally anticipated which has carried over into the 2016/17 year. For the period April to end August cash balances averaged £51.45million, operating within a range of daily totals of between £45.43million and £57.99million. However, the expectation is that cash balances will reduce over the remainder of the year with a year-end forecast balance of around £35million.

7.3 Within the overall average amount invested to date, £12million has been maintained in long-term investments (Pooled Funds), with the remaining £39.45million in short-term investments, typically UK and Non-UK bank deposits, money market funds, and the Debt Management Account Deposit Facility. New investments made to the end of August totalled £46.07million, with £28million of investments maturing or being sold. Interest earned on short-term investments to the end August was £87,000 equating to a return of 0.53%. In addition, the Council has earned a further £198,000 of dividends from its Pooled Funds up to the end of August. This represents a return so far this year of 1.65% which is lower than the 1.81% achieved for the same period last year. At the end of August the total market value of all the funds amounted to £12.484million, an unrealised gain of £484,000 against the original sum invested and an improvement since the start of the financial year of £666,000.

8. Treasury Management Advisors

Following the outcome of EU referendum vote there has been some volatility in the markets, and uncertainty persists; however, thus far this has not prompted any change in credit advice received from Arlingclose who, in conjunction with the Council, will continue to monitor events and issue advice as appropriate.

Recommended Decision:

To recommend to Cabinet acceptance of the Treasury Management Mid-Year Report 2016/17 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 at least one mid-year 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.

Any Corporate implications in relation to the following should be explained in detail.	
Financial:	No new financial implications – the report is a summary of activity so far this year.
Legal:	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.
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	None
Environment and Climate Change:	None
Consultation/Community Engagement:	None
Risks:	No new risks introduced. The objective of the treasury management strategy and related activity is the management of risk.
Officer Contact:	Phil Myers
Designation:	Financial Services Manager
Ext. No:	2810
E-mail:	phimy@braintree.gov.uk

Treasury Management Mid-Year Report 2016/17

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 the commencement of the financial year and an annual report after the financial year-end, the Council should also receive at least one mid-year report on its treasury management activities.
- 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 2016, 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 these would remain fairly constant over the medium-term
 - No specific new borrowing would be required other than possibly via lease type arrangements typically used to finance vehicles and plant. However, provision was made to increase borrowing capacity ahead of considering future capital investment options.
 - Diversification and maintaining a longer-term view on investments to counter the risks associated with both a prolonged period of low interest rates and changes in the banking regulatory framework

3. Treasury Management Position

- 3.1. The treasury management position is set out below:

	31 Mar 2016 Principal £'000	31 Aug 2016 Principal £'000
Market Loans	6,000	6,000
Finance Lease Liabilities	3,526	3,391
Other Long-Term Liability	1,000	1,000
Financial Liabilities	10,526	10,391

	31 Mar 2016 Principal £'000	31 Aug 2016 Principal £'000
Investments and Deposits	35,500	53,500
Local Authority Mortgage Scheme (LAMS) Repayable Advance	2,000	2,000
Cash & Cash Equivalents	648	842
Impaired Deposit	19	19
Financial Assets	38,167	56,361
Net Financial Assets	27,641	45,970

- 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 25 ½ 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.
- 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. Amounts held at the end of August is typically the peak period for in-year cash flows, after which it is expected that balances will reduce as the year progresses to the year-end.
- 3.7. Impaired deposit relates to the carrying value of amounts still expected to be received from the insolvent Icelandic bank, Kaupthing, Singer and Friedlander. No further dividends have been declared during the current year.
- 3.8. The amount of investments and deposits held at the end of August reflects the expected peak in cash balances from in-year cash flows, and these will be expected to reduce moving towards the year-end.

4. External Context

4.1. **Appendix A** provides an economic and market commentary covering the current financial year to the end of August written by Arlingclose, the Council's treasury management advisors.

4.2. In summary:

- Following an upturn in the preliminary estimate for UK growth at Q2 2016, the outlook changed significantly following the outcome of the referendum vote on membership of the European Union (EU).
- The Bank of England's Monetary Policy Committee (MPC) initiated substantial monetary policy easing at its August meeting, including a cut in Bank Rate to 0.25%, further gilt and corporate bond purchases (Quantitative Easing), and cheaper funding for banks to maintain the supply of credit to the economy.
- In response to the Bank of England's policy announcement, money market rates and bond yields declined to new record lows, with very short-dated periods (overnight to 1 month) falling to between 0.1% and 0.2%. The rates for the Debt Management Account Deposit Facility (i.e. the account used for deposits placed by local authorities with the UK Government) reduced to 0.15% for periods up to 3 months and to 0.10% for 4 to 6 month deposits. The interest rate outlook of Arlingclose has now progressed from 'lower for longer' to 'even lower for the indeterminable future'.
- Following the referendum result gilt yields fell sharply across the maturity spectrum which was reflected in the fall in Public Works Loan Board (PWLb) borrowing rates for local authorities.

4.3. The table below summarises the level of market interest rates for the period 1 April to 31 August 2016:

	Bank Rate	Overnight LIBID	7-day LIBID	1-MTH LIBID	3-MTH LIBID	6-MTH LIBID	12-MTH LIBID
Average	0.45	0.29	0.40	0.44	0.55	0.68	0.86
Maximum	0.50	0.43	0.55	0.61	0.72	0.83	1.04
Minimum	0.25	0.02	0.15	0.18	0.36	0.50	0.66
Spread	0.25	0.41	0.40	0.43	0.36	0.33	0.38

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 currently expected during 2016/17 is shown in the table below:

	2016/17 Actual £'000s
CFR at start of the year	8,429
Capital programme for the year	3,789
Acquisition of replacement refuse freighters	1,500
Capital resources applied	(3,789)
Net Change due to Capital Spend	1,500
Mortgage principal repaid	(2)
Minimum revenue provision – invest to save projects	(159)
Minimum revenue provision – finance lease liabilities	(325)
Est. net increase (decrease) in CFR in the year	1,014
Est. CFR at end of the year	9,443

5.3. There is currently an expected net increase in the CFR due to the Corporate Director (Finance) agreeing to switch the source of funding used to acquire replacement refuse freighters from lease type arrangements to using traditional borrowing. In the short-term this increase in borrowing requirement will be met from internal borrowing (i.e. by reducing the cash balances currently available to invest in banks and other financial institutions). In the longer-term new borrowing may be required as cash balances are applied to other capital investment projects.

5.4. The comparison of the estimated closing CFR with expected debt at the year-end is shown below:

	2016/17 Actual £'000s
Est. Closing CFR	9,443
Expected borrowing and other liabilities	10,201
Difference between est. debt and CFR	758

5.5. The above table shows that the forecast for borrowing and other liabilities at the year-end is expected to be close to the CFR, with the small positive balances adding to the Council's cash balances. This difference has been reducing for a number of years as the Council has sought to invest its cash balances in ways other than just placing funds with banks and other financial institutions.

6. **Borrowing and Finance Lease Liabilities**

6.1. The following table shows the expected borrowing and other liabilities in the 2016/17 financial year.

	Borrowing	Finance Leases	Other Long-Term Liability	Total
	£000	£000	£000	£000
Balance 1 April 2016	6,000	3,526	1,000	10,526
Additions	-	-	-	114
Repayments	-	(325)	-	(347)
Est. Balance 31 March 2017	6,000	3,201	1,000	10,201

6.2. The Council approved borrowing limits within the TMSS, including an Operational limit to cover potential borrowing and other liabilities – the limit for 2016/17 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 £25million on the basis this provided some headroom to undertake new borrowing for invest to save schemes.

6.3. In May the Cabinet approved a District Investment Strategy which would utilise a combination of new borrowing (£14.million), New Homes Bonus (£8.5million), and a portion of the current unallocated reserves (£5million) giving a total of £28million to support the District's strategic growth ambitions. As individual projects are developed and approved, these will be added to the capital programme which will in time lead to both an expected increase in CFR along with a commensurate increase in the amount of borrowing undertaken.

6.4. In considering any new borrowing the Council's objectives are to strike a balance between securing low interest costs and achieving cost certainty over the period for which funds are likely to be required, with the flexibility to renegotiate loans should plans change being a secondary objective.

6.5. Affordability and the "cost of carry" remain important influences on the Council's borrowing strategy to be adopted for the District Investment Strategy. Any new borrowing, if undertaken ahead of need, means the proceeds would have to be invested in the money markets at rates of interest significantly lower than the cost of borrowing. As short-term rates have remained, and are likely to remain for a significant period, lower than long-term rates, it is currently more cost effective in the short-term to use internal resources instead.

7. **Investments**

7.1. The Treasury Management Strategy Statement includes the Annual Investment Strategy (AIS), approved by the 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

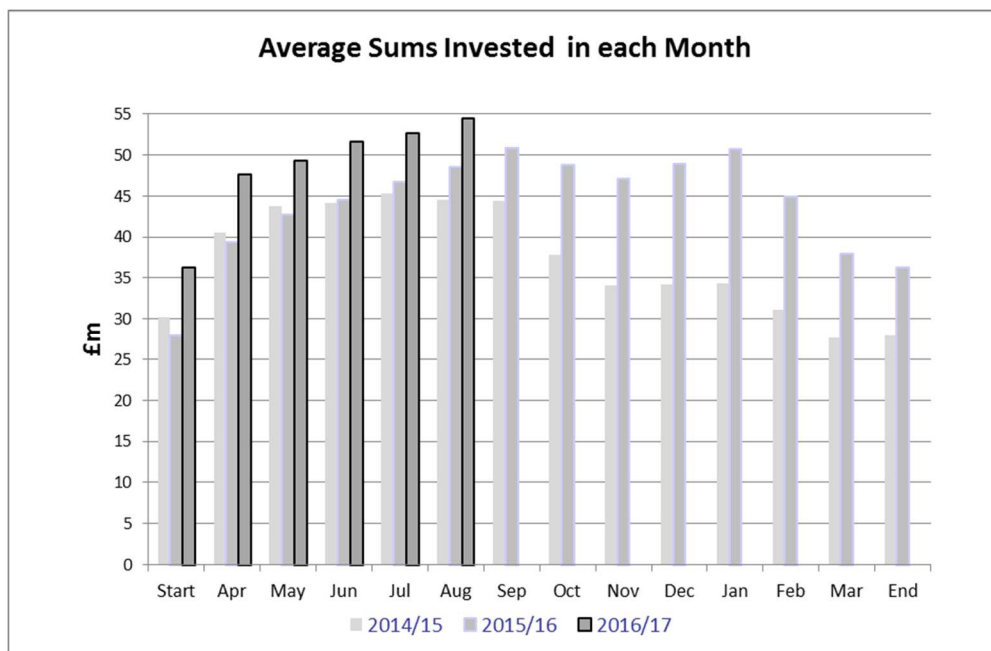
7.3. Only when having ensured these two priorities are met is highest yield considered.

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. The Council ended the 2015/16 financial year with cash balances higher than originally anticipated at the time of approving the TMSS by £7.29million. This included balances and reserves which were higher by £2.22million, and provisions and other working capital (including council tax and business rates held on behalf of the Government and other major precepting bodies) which added a further £5.07million of additional cash. Provisions held at 31 March 2016, included £4.741million set aside for potential refunds of business rates arising from the settlement of appeals against the Rating List. These higher cash balances have carried over into current financial year.

7.6. For the period April to end August cash balances for investment have averaged £51.45million (an increase on the previous year of £6.89 million), and operated within a range of daily totals of between £45.43million and £57.99million. However, as seen in previous years, August/ September is normally a peak for in-year cash flows and, therefore, the expectation is that cash balances will reduce over the remainder of the year ending the year around £35million.



7.7. Within the overall average amount invested for the period April to end August £12million has been maintained in long-term investments (Pooled Funds) and £39.45m in short-term investments (i.e. up to one-year duration).

Investment Policy

7.8. 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. The current policy was approved by Full Council in February 2016.

7.9. Applying the investment policy, funds managed so far this year have been invested as follows:

- 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 Variable Net Asset Value (VNAV) Money Market Fund, where small fluctuations in the principal invested can occur – the fund used is managed by Royal London Asset Management
- Pooled Funds – equity and property funds
- Direct with the UK Government via the Debt Management Account Deposit Facility (DMADF) 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 balances¹ is shown in the table below.

	Investments:			Balance 31/08/16 £000
	Balance 01/04/16	Made	Matured/ Sold	
	£000	£000	£000	
Pooled Funds (Equity and Property)	12,000	-	-	12,000
Fixed Term Deposits:				
UK Banks & Building Societies	12,000	4,500	1,500	15,000
Non UK Banks	-	6,000	-	6,000
DMADF	-	28,500	24,000	4,500
Sub-Total	12,000	39,000	25,500	25,500
Instant Access Deposits:				
Money Market Funds – CNAV	7,500	7,000	2,500	12,000
Money Market Funds – VNAV	4,000	-	-	4,000
Lloyds Current Account*	770	70	-	840
Sub-Total	12,270	7,070	2,500	16,840
Total	36,270	46,070	28,000	54,340

*Net Movement

¹ For this purpose investment balances excludes the deposit for LAMS, escrow account and impaired deposit, and petty cash.

7.11. Interest earned on short-term investments up to end of August was £87,000 equating to an average rate of return of 0.53%. The return comprised the following:

	Average Invested to end August £000	Interest £000	Annualised Return %
UK Banks & Building Societies	14,290	39	0.65
Non-UK Banks	6,000	15	0.60
Debt Management Office	2,090	2	0.23
Money Market Funds – CNAV	11,380	21	0.45
Money Market Funds – VNAV	4,000	8	0.45
Lloyds Current Account	1,690	3	0.36
Total	39,450	87	0.53

7.12. The rate of return on the Council's short-dated money market investments continued to reflect the prevailing low interest rate environment. Forecasts of the Bank Rate suggest further cuts cannot be discounted which will in term lower market rates.

Pooled Funds

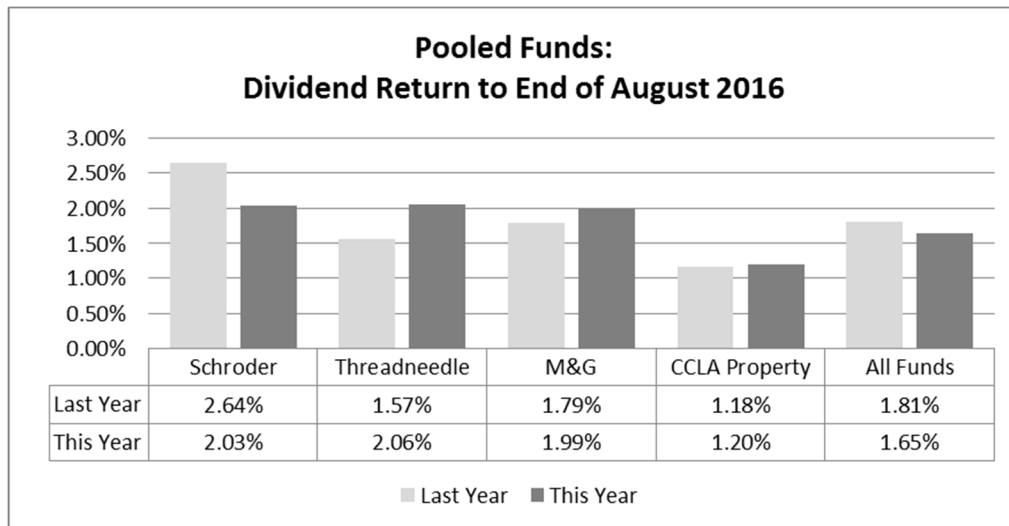
7.13. The Council continues to hold £12million as long-term investments across four pooled funds. Funds were previously chosen to achieve a greater diversified portfolio of underlying securities than the Council could individually manage at a reasonable price. These investments were made on the basis that, if held for the longer term they would offer the potential for enhanced returns albeit recognising there could be volatility in their market pricing. The distributing share class was selected for each of the funds in order to receive regular income.

7.14. The following funds were selected:

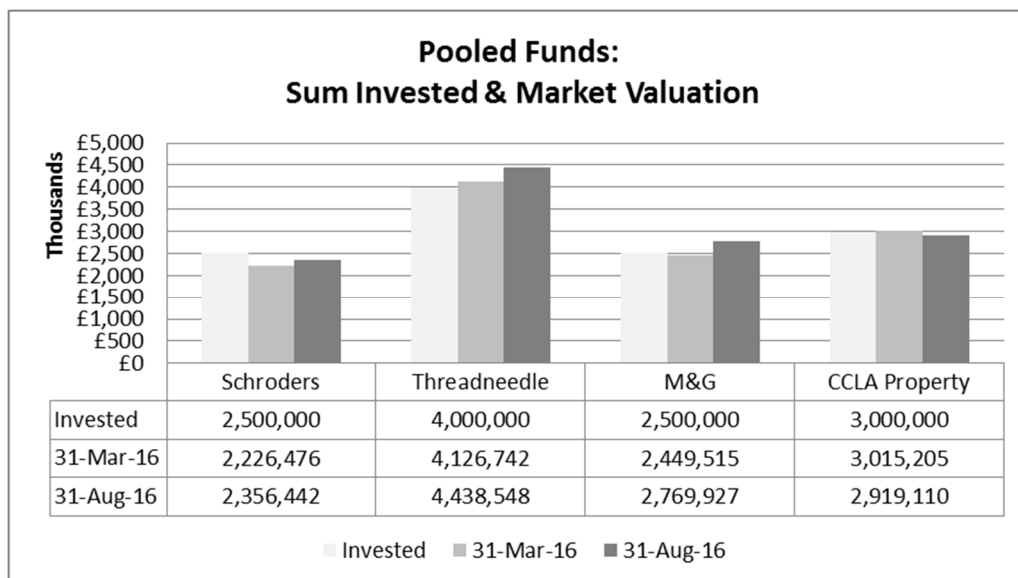
Fund	Total Invested end August £m
Schroder UK Income Maximiser: Seeks to provide income and capital growth with target income of 7% p.a. by investing in mainly UK equities	£2.5
Threadneedle UK Equity Income: Steady growth in income and acceptable capital growth. Aims for a yield greater than 110% of the FTSE All Share	£4.0
M&G Global Dividend Fund: Aims to deliver income yield above market average and aims to grow distributions over the long-term.	£2.5
CCLA Local Authorities Property Fund: Aims to provide long-term capital	£3.0

Fund	Total Invested end August £m
and income return. The fund must pay out the income it generates.	
All Funds	£12.0

7.15. At the end of the August the dividends received or declared totalled £198,000, which represents an in-year return of 1.65% across all funds. This is lower than the return achieved last year for the same period:



7.16. At the end August the market value of all funds amounted to £12.484million, representing an unrealised gain of £484,000 over the original sum invested, and an overall improvement since the 31 March 2016 of £666,000:



8. Credit Developments and Credit Risk Management

- 8.1. Counterparty credit quality is assessed and monitored with reference to credit ratings; credit default swaps; Gross Domestic Product (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. Various indicators of credit risk reacted negatively to the result of the referendum on the UK's membership of the European Union (EU). UK bank credit default swaps saw a modest rise but bank share prices fell sharply, on average by 20%, with UK-focused banks experiencing their largest falls. Non-UK bank share prices were not immune although the fall in their share price was less pronounced.
- 8.3. Fitch downgraded the UK's sovereign rating by one notch to AA from AA+, and S&P downgraded its corresponding rating by two notches to AA from AAA. Fitch, S&P, and Moody's have a negative outlook on the UK. Similar action has also been taken on bonds guaranteed by the UK Government.
- 8.4. Moody's affirmed the ratings of nine UK banks and building societies and revised the outlook to negative for those banks and building societies that it perceived to be exposed to a more challenging operating environment arising from the vote to leave the EU.
- 8.5. There was no immediate change to the credit advice received from Arlingclose on UK banks and building societies as a result of the referendum result, but as our advisors do believe that the uncertainty over the UK's future trading prospects will bring forward the timing of the next UK recession, they have indicated a review of all UK based institutions with a view to issuing further credit advice.
- 8.6. The European Banking Authority released the results of its 2016 round of stress tests on the single market's 51 largest banks after markets closed on Friday 29 July. The stress tests give a rather limited insight into how the large banks might fare under a particular economic scenario. The Royal Bank of Scotland made headline news as one of the worst performers as its ratios fell by some of the largest amounts, but from a relatively high base. Barclays Bank ended the test with Common Equity Tier 1 (CET1) ratios below the 8% threshold, and would be required to raise more capital should the stressed scenario be realised. The tests support a cautious approach on these banks.

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 was held in early September involving Members.

10. Outlook for the remainder of 2016/17

- 10.1 Following the UK's vote to leave the EU, the economic outlook for the UK has immeasurably altered. The long-term position of the UK economy will be largely dependent on the agreements the government is able to secure with the EU, particularly with regard to Single Market access.
- 10.2 The short-term outlook is easier to predict; economic and political uncertainty will likely dampen investment intentions and tighten credit availability, prompting lower activity levels and potentially a rise in unemployment. The downward trend in growth apparent on the run up to the referendum will continue through the second half of 2016.
- 10.3 Arlingclose has changed its central case for the path of Bank Rate over the next three years. Arlingclose believes any currency-driven inflationary pressure will be looked through by the Bank of England policymakers. The central case for Bank Rate is currently 0.25%, but there is a strong possibility that the rate is cut further towards zero.
- 10.4 Global interest rate expectations have been pared back considerably. A further rise in the US Federal Funds rate appears less likely, although there remains a possibility that the Federal Reserve will wait until after November's presidential election, and probably hike interest rates in December 2016 if economic conditions warrant.
- 10.5 Arlingclose believes that the Government and the Bank of England have both the tools and the willingness to use them to prevent any immediate market-wide problems leading to bank insolvencies. The cautious approach to credit advice means that the banks currently on the Council's counterparty list have sufficient equity buffers to deal with any localised problems in the short-term.

Appendix A - Economic and Market Commentary

The preliminary estimate of Q2 2016 GDP showed strong growth as the economy grew 0.6% quarter-on-quarter, as compared to 0.4% in Q1 and year/year growth running at a healthy pace of 2.2%. However the UK economic outlook changed significantly on 23 June 2016. The surprise result of the referendum on EU membership prompted forecasters to rip up previous projections and dust off worst-case scenarios. Growth forecasts had already been downgraded as 2016 progressed, as the very existence of the referendum dampened business investment, but the crystallisation of these downside risks and the subsequent political turmoil prompted a sharp decline in household, business and investor sentiment.

The repercussions of this plunge in sentiment on economic growth were judged by the Bank of England to be severe, prompting the MPC to initiate substantial monetary policy easing at its August meeting to mitigate the worst of the downside risks. This included a cut in Bank Rate to 0.25%, further gilt and corporate bond purchases (QE) and cheap funding for banks to maintain the supply of credit to the economy. MPC members also played on expectations, suggesting that many members of the Committee supported a further cut in Bank Rate to near-zero levels (the Bank, however, does not appear keen to follow peers into negative rate territory) and more QE should the economic decline worsen.

In response to the Bank of England's policy announcement, money market rates and bond yields declined to new record lows. Banks are being heavily encouraged to pass on the reduction in rates to customers – great for borrowers, although the outlook for savers is now rather more downbeat. Since the onset of the financial crisis over eight years ago, Arlingclose's rate outlook has progressed from 'lower for longer' to 'even lower for even longer' to, now, 'even lower for the indeterminable future'.

The new members of the UK government, particularly the Prime Minister and Chancellor, are likely to follow the example set by the Bank of England. After six years of fiscal consolidation, the Autumn Statement is likely to witness fiscal loosening to support activity and confidence. Infrastructure investment is a highly likely element of whatever package is presented, but works all too slowly. Tax cuts or something similar cannot be ruled out. Supported by both monetary and fiscal stimulus, the economic fallout from the referendum vote and the subsequent negotiations may well not be as sharp or prolonged as feared, although the brightly lit uplands envisaged by some Brexit supporters are likely somewhat more distant than envisaged. Whilst the economic growth consequences of BREXIT remain speculative, there is uniformity in forecasts that the outlook in the near-term will be one characterised by lower growth.

Neither the new Prime Minister nor Chancellor support the goal of the previous holders of their respective office of achieving a Budget surplus by 2020; and new Chancellor is open to borrowing to "invest wisely... and get a return on that investment that will be a benefit to the Exchequer" which suggests fiscal loosening is a possibility in the near future.

Meanwhile, inflation is expected to pick up due to a rise in import prices, dampening wage growth and real investment returns. The August Quarterly Inflation Report from the Bank of England forecast a rise in CPI to 0.6% before it increases to 0.8% and

ends 2016 at 0.9%. As outlined in the Report and by Governor Mark Carney this will be driven by the pace of transmission into prices of the higher cost of imports arising from the post-Brexit vote depreciation in sterling implying that there is scope for the rise in inflation to be less linear than the Bank's forecasts suggest.

Market reaction: Following the referendum result gilt yields fell sharply across the maturity spectrum on the view that Bank Rate would remain extremely low for the foreseeable future. The yield on the 10-year benchmark gilt fell from 1.37% on 23rd June to 0.52% in August, a quarter of what they were at the start of 2016. The yield on 2- and 3-year gilts briefly dipped into negative territory intra-day on 10th August to -0.1% as prices were driven higher by the Bank of England's bond repurchase programme. The fall in gilt yields was reflected in the fall in PWLB borrowing rates.

On the other hand, after an initial sharp drop, equity markets appeared to have shrugged off the result of the referendum and bounced back despite warnings from the IMF on the impact on growth from 'Brexit' as investors counted on QE-generated liquidity to drive risk assets.

The most noticeable fall in money market rates was for very short-dated periods (overnight to 1 month) where rates fell to between 0.1% and 0.2%

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	2-yr SWAP Bid	3-yr SWAP Bid	5-yr SWAP Bid
01/4/2016	0.50	0.36	0.36	0.39	0.46	0.61	0.88	0.78	0.83	0.98
30/4/2016	0.50	0.36	0.36	0.38	0.47	0.62	0.90	0.86	0.95	1.13
31/5/2016	0.50	0.35	0.37	0.39	0.46	0.61	0.89	0.82	0.92	1.09
30/6/2016	0.50	0.35	0.36	0.39	0.43	0.55	0.80	0.49	0.49	0.60
31/7/2016	0.50	0.15	0.45	0.42	0.52	0.64	0.77	0.47	0.47	0.54
31/8/2016	0.25	0.11	0.18	0.21	0.39	0.54	0.76	0.43	0.43	0.50
Average	0.45	0.29	0.40	0.44	0.55	0.68	0.86	0.64	0.68	0.80
Maximum	0.50	0.43	0.55	0.61	0.72	0.83	1.04	0.88	0.99	1.20
Minimum	0.25	0.02	0.15	0.18	0.36	0.50	0.66	0.38	0.37	0.42
Spread	0.25	0.41	0.40	0.43	0.36	0.33	0.38	0.50	0.62	0.78

Future Appointment of External Auditors		Agenda No:11
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
Local Audit and Accountability Act 2014		Key Decision: No
Executive Summary:		
<ol style="list-style-type: none"> 1. The Local Audit and Accountability Act 2014 brought to a close the Audit Commission and established transitional arrangements for the appointment of external auditors and the setting of audit fees for all local government and NHS bodies in England. On 5th October 2015 the Secretary of State for the Department of Communities and Local Government (DCLG) determined that the transitional arrangements for local government bodies would be extended by one year to also include the audit of the accounts for 2017/18. 2. The Council's current external auditor is Ernst & Young LLP, this appointment having been made under a contract let by the Audit Commission. Following closure of the Audit Commission the contract is currently managed by Public Sector Audit Appointments Limited (PSAA), a transitional body set up by the Local Government Association (LGA) with delegated authority from the DCLG. 3. During recent years the Council has benefited from a reduction in fees compared with historic levels. This has been the result of a combination of factors including new contracts negotiated nationally with the firms of accountants and savings from the closure of the Audit Commission. 4. When the current transitional arrangements come to an end on 31st March 2018 the Council will be able to move to local appointment of its external auditor. 5. There are three broad options open to the Council under the Local Audit and Accountability Act 2014: <ol style="list-style-type: none"> I. To make a stand-alone appointment. The Council will need to set up an Auditor Panel. The members of the Panel must be wholly or a majority of independent members as defined by the Act. 		

<p>II. Set up a Joint Auditor Panel/local joint procurement arrangements. The Council would join with other authorities to establish a Joint Auditor Panel. Again this will need to be constituted of wholly or a majority of independent appointees.</p> <p>III. Opt-in to a Sector Led Body (SLB). The SLB has the ability to negotiate contracts with the firms nationally, maximising the opportunities for the most economic and efficient approach to procurement of external audit on behalf of the whole sector.</p> <p>6. The Council has until December 2017 to make an appointment. In practical terms this means that one of the options outlined in this report will need to be in place by Spring 2017 in order that the contract negotiation process can be carried out during 2017.</p> <p>7. On 17th August 2016 the Council received notification that the PSAA has been successful in its application to be specified as an appointing person for auditor appointments at principal local government bodies.</p> <p>8. The PSAA, as the SLB, is currently working on the details of the scheme. The date by which councils will need to opt into the appointing person arrangement has not as yet been finalised. However, the PSAA's aim is to award contracts to audit firms by June 2017, giving six months to consult on appointments with authorities before the 31 December 2017 deadline. The PSAA anticipates that invitations to opt in will be issued before December 2016.</p>
<p>Recommended Decision: To Recommend to Full Council that the 'Opt-in to the Sector Led Body' option, with Public Sector Audit Appointments Limited, for the procurement of future external audit contracts be agreed.</p>
<p>Purpose of Decision: To inform Members of changes to the arrangements for appointing external auditors following the closure of the Audit Commission, the end of the transitional arrangements at the conclusion of the 2017/18 audits and the need to consider options available and put in place new arrangements in time to make a first appointment by 31st December 2017.</p>

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

Financial:	<p>The cost of establishing a local or joint Auditor Panel outlined in options 1 and 2 will need to be estimated and included in the Council's budget. This will include the cost of recruiting independent appointees, servicing the Panel, operating a bidding and tender evaluation process, letting a contract and paying fees and allowances.</p> <p>Opting-in to a national SLB provides maximum opportunity to limit the extent of any increases by entering in to a large scale collective procurement arrangement and would remove the costs of establishing an Auditor Panel.</p>
Legal:	<p>Section 7 of the Local Audit and Accountability Act 2014 (the Act) requires a relevant authority to appoint a local auditor to audit its accounts for a financial year not later than 31st December in the preceding year. Section 8 governs the procedure for appointment including that the authority must consult and take account of the advice of its auditor panel on the selection and appointment of a local auditor.</p> <p>Section 12 makes provision for the failure to appoint a local auditor. In this event the authority must immediately inform the Secretary of State, who may direct the authority to appoint the auditor named in the direction or appoint a local auditor on behalf of the authority.</p> <p>Section 17 gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 (SI 192) and this gives the Secretary of State the ability to enable a Sector Led Body to become the appointing person.</p>
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	None
Environment and Climate Change:	None
Consultation/Community Engagement:	None

Risks:	There is no immediate risk to the Council, however, early consideration by the Council of its preferred approach will enable detailed planning to take place so as to achieve successful transition to the new arrangement in a timely and efficient manner.
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Designation:	Head of Finance
Ext. No:	2801
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1. Purpose of Report

- 1.1 To inform Members of changes to the arrangements for appointing external auditors following the closure of the Audit Commission, the end of the transitional arrangements at the conclusion of the 2017/18 audits and the need to consider options available and put in place new arrangements in time to make a first appointment by 31st December 2017.

2. Information and Analysis

- 2.1 The Local Audit and Accountability Act 2014 brought to a close the Audit Commission and established transitional arrangements for the appointment of external auditors and the setting of audit fees for all local government and NHS bodies in England. On 5th October 2015 the Secretary of State for the Department of Communities and Local Government (DCLG) determined that the transitional arrangements for local government bodies would be extended by one year to also include the audit of the accounts for 2017/18.
- 2.2 The Council's current external auditor is Ernst & Young LLP, this appointment having been made under a contract let by the Audit Commission. Following closure of the Audit Commission the contract is currently managed by Public Sector Audit Appointments Limited (PSAA), a transitional body set up by the Local Government Association (LGA) with delegated authority from the DCLG.
- 2.3 The PSAA is an independent, not-for-profit company limited by guarantee. It carries out a number of functions in relation to auditor appointments under powers delegated by the Secretary of State for Communities & Local Government. However, those powers are time-limited and will cease when current contracts with audit firms expire with the completion of the 2017/18 audits for local government bodies, and the completion of the 2016/17 audits for NHS bodies and smaller bodies.
- 2.4 During recent years the Council has benefited from a reduction in fees compared with historic levels. This has been the result of a combination of factors including new contracts negotiated nationally with the firms of accountants and savings from the closure of the Audit Commission. The Council's external audit fee for 2016-17 is £52,756 and £13,778 for Housing Benefit Subsidy claim certification work.
- 2.5 When the current transitional arrangements come to an end on 31st March 2018 the Council will be able to move to local appointment of its external auditor.
- 2.6 There are a number of routes by which this can be achieved, each with varying risks and opportunities. Current fees are based on discounted rates offered by the firms in return for substantial market share. When the contracts were last negotiated nationally by the Audit Commission they covered NHS and local government bodies and offered maximum economies of scale.
- 2.7 The scope of the audit will still be specified nationally, the National Audit Office (NAO) is responsible for writing the Code of Audit Practice which all firms appointed to carry out the Council's audit must follow. Not all accounting firms

will be eligible to compete for the work, they will need to demonstrate that they have the required skills and experience and be registered with a Registered Supervising Body approved by the Financial Reporting Council. The registration process has not yet commenced and therefore the number of firms is not known, but it is reasonable to expect that the list of eligible firms may include the top 10 or 12 firms in the country, including our current auditor. It is unlikely that small, local independent firms will meet the eligibility criteria.

3. Options for local appointment of External Auditors

3.1 There are three broad options open to the Council under the Local Audit and Accountability Act 2014 (the Act):

3.2 Option 1 - To make a stand-alone appointment

3.2.1 In order to make a stand-alone appointment the Council will need to set up an Auditor Panel. The members of the Panel must be wholly or a majority of independent members as defined by the Act. Independent members for this purpose are independent appointees, this excludes current and former Members (or officers) and their close families and friends. This means that Members will not have a majority input to assessing bids and choosing which firm of accountants to award a contract for the Council's external audit. A new independent auditor panel established by the Council will be responsible for selecting the auditor.

3.2.2 Advantages/benefits

Setting up an auditor panel allows the Council to take maximum advantage of the new local appointment regime and have some local input to the decision.

3.2.3 Disadvantages/risks

Recruitment and servicing of the Auditor Panel, running the bidding exercise and negotiating the contract is estimated by the LGA to cost in the order of £15,000 plus on-going expenses and allowances.

The Council will not be able to take advantage of reduced fees that may be available through joint or national procurement contracts.

The assessment of bids and decision on awarding contracts will be taken by independent appointees and not solely by Members.

3.3 Option 2 - Set up a Joint Auditor Panel/local joint procurement arrangements

3.3.1 The Act enables the Council to join with other authorities to establish a Joint Auditor Panel. Again this will need to be constituted of wholly or a majority of independent appointees. Further legal advice will be required on the exact constitution of such a Panel having regard to the obligations of each Council under the Act and the Council would need to liaise with other local authorities to assess the appetite for such an arrangement.

3.3.2 Advantages/benefits

The costs of setting up the Panel, running the bidding exercise and negotiating the contract will be shared across a number of authorities.

There is greater opportunity for negotiating some economies of scale by being able to offer a larger, combined contract value to the firms.

3.3.3 *Disadvantages/risks*

The decision making body will be further removed from local input, with potentially no input from Members where a wholly independent Panel is used or possible only one Member representing each Council, depending on the constitution agreed with the other bodies involved.

- 3.3.4 The choice of auditor could be complicated where individual councils have independence issues. An independence issue occurs where the auditor has recently or is currently carrying out work such as consultancy or advisory work for that council. Where this occurs some auditors may be prevented from being appointed by the terms of their professional standards. There is a risk that if the Panel choose a firm that is conflicted for this Council then the Council may still need to make a separate appointment with all the attendant costs and loss of economies possible through joint procurement.

3.4 **Option 3 - Opt-in to a sector led body**

- 3.4.1 Councils will be able to 'opt-in' to a Sector Led Body (SLB), which has been specified as an appointing person by the Secretary of State for Communities and Local Government. The SLB has the ability to negotiate contracts with the firms nationally, maximising the opportunities for the most economic and efficient approach to procurement of external audit on behalf of the whole sector.

3.4.2 *Advantages/benefits*

The costs of setting up the appointment arrangements and negotiating fees would be shared across all opt-in authorities.

By offering large contract values the firms would be able to offer better rates and lower fees than are likely to result from local negotiation.

Any conflicts at individual authorities would be managed by the SLB who would have a number of contracted firms to call upon.

The SLB will act in the collective interests of the 'opt-in' authorities.

3.4.3 *Disadvantages/risks*

Individual Members will have less opportunity for direct involvement in the appointment process other than through the LGA and/or stakeholder representative groups.

- 3.5 In order for the SLB to be viable and to be placed in the strongest possible negotiating position the SLB will need councils to indicate their intention to opt-in before final contract prices are known.

4. The Way Forward

- 4.1 The Council has until December 2017 to make an appointment. In practical terms this means that one of the options outlined in this report will need to be in place by Spring 2017 in order that the contract negotiation process can be carried out during 2017.
- 4.2 On 17th August 2016 the Council received notification that the PSAA has been successful in its application to be specified as an appointing person for auditor appointments at principal local government bodies. In preparing its application to the DCLG the PSAA had received expressions of interest from over 200 local authorities supporting the approach.
- 4.3 The PSAA is currently working on the details of the scheme. The date by which councils will need to opt into the appointing person arrangement has not as yet been finalised. However, the PSAA's aim is to award contracts to audit firms by June 2017, giving six months to consult on appointments with authorities before the 31 December 2017 deadline. The PSAA anticipates that invitations to opt in will be issued before December 2016.
- 4.4 The PSAA has published a prospectus for the new scheme: a copy of this can be viewed on its website <http://www.psaa.co.uk/wp-content/uploads/2016/08/PSAA-A5-web-portrait-August-2016.pdf>.
- 4.5 From a best value perspective it is recommended that the Council agrees to the 'Opt-in to the Sector Led Body' option, with Public Sector Audit Appointments Limited, for the procurement of future external audit contracts. The Council to respond accordingly to the invitation to opt-in with the PSAA when received later this calendar year.

Reference from Overview and Scrutiny Committee		Agenda No:12
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:		Public Report
Minute 5 of Overview and Scrutiny Committee 8th June 2016		Key Decision: No
Executive Summary:		
Members are asked to give consideration to the following item referred to this Committee:		
At the Overview and Scrutiny Committee meeting held on 8th June 2016 it was agreed that:		
Minute 5 – Annual Work Programme for 2016-18		
4. That the topic submission of Braintree District Council Investment Policy in 2016/2017 regarding long and short term investments be referred to the Governance Committee.		
This topic was suggested by Councillor Horner. The relevant Scrutiny Topic Proposal form included the following comments:		
'We had an excellent meeting with Arlingclose some years ago; and We were given full information on long and short investments and the proportion of funds needed to be kept in hand'.		
The role of the Governance Committee includes consideration of the following:		
<ul style="list-style-type: none">• The draft Treasury Management Strategy, including the Investment Policy, for the ensuing year prior to it being agreed by Full Council;• The Year-end and Mid-Year Treasury Management reports for endorsement prior to being agreed by Full Council.		
Members will be aware that the Council has engaged Arlingclose to provide advice and guidance on treasury management matters.		
If Members are minded a training session can be arranged for Arlingclose to present on treasury management issues, challenges and risks.		

Recommended Decision:

Members are asked to consider whether they wish to pursue an enquiry into the Council's long and short term investments and if so to determine the nature and scope of the work to be undertaken.

Purpose of Decision:

To determine a reference made to the Committee by the Overview and Scrutiny Committee.

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

Financial:	No financial consequence for Arlingclose to provide a training session for Members as this is included within the current contract terms.
Legal:	None
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	None
Environment and Climate Change:	None
Consultation/Community Engagement:	None
Risks:	None
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Forward Look – Twelve months to September 2017		Agenda No:13
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	
Executive Summary:		
<p>To present to Governance Committee the report schedule for the year with a brief summary of each report so that Members can see the routine audit and accounts business that will come before the Committee in each cycle together with the annual cycle of governance reports.</p> <p>There may be ad-hoc reports added, either at the request of members, the external auditor or from officers, during the year.</p>		
Recommended Decision:		
<p>Members are asked to note the report schedule for the next twelve month period.</p>		
Purpose of Decision:		
<p>To agree the work and reports which will be undertaken and presented to the Governance Committee over the coming 12 months.</p>		

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

Financial:	None
Legal:	None
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	None
Environment and Climate Change:	None
Consultation/Community Engagement:	None
Risks:	None
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E-mail:	Trevor.wilson@braintree.gov.uk

Report Schedule

Date	Report	Summary
11th January 2017	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 st March 2016	To receive external auditors 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.
22nd March 2017	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.
June 2017 (tbc)	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
September 2017	Receipt of the Statement of Accounts for 2016/17 together with the External Auditor's Final report to Governance Committee	To consider and approve the Statement of Accounts for 2016/17, which will have been subject to external audit. The draft Statement of Accounts is due to be certified by Corporate Director, by 30th June 2017. 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 2017/18.
	Financial Indicators report	To present details of key financial indicators for the year to August 2017.