

Governance Committee AGENDA



THE PUBLIC MAY ATTEND THIS MEETING

Please note this meeting will be audio recorded.

Date: Wednesday, 14th January 2015

Time: 7.15pm

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

Membership:

Councillor S Canning
Councillor H D Johnson
Councillor J M Money
Councillor I C F Parker

Councillor D E A Rice
Councillor V Santomauro
Councillor L Shepherd
Councillor C M Thompson

Invitees: Keith Stubbings, Independent Person under Agenda item 5, Monitoring Officer's Annual Standards Report for 2014.

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

PUBLIC SESSION

1 Apologies for Absence

2 Declarations of Interest

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

3 Minutes of the Previous Meeting

To approve as a correct record the minutes of the meeting of the Governance Committee held on 17th September 2014 (copy previously circulated).

4 Public Question Time (See paragraph below)

Standards

- | | | |
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| 5 | Monitoring Officer's Annual Standards Report for 2014 | 5 - 11 |
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Monitoring and Finance

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Audit and Governance

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| 9 | Internal Audit – Activity Report for the period to 12th December 2014 | 57 - 66 |
| 10 | Annual Audit Letter 2013-2014 | 67 - 77 |
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| 12 | Strategic Risk Management | 80 - 94 |
| 13 | Single Fraud Investigation Service (SFIS) | 95 - 96 |

Committee Operation

- | | | |
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| 14 | Forward Look – Twelve months to January 2016 | 97 - 100 |
| 15 | Urgent Business - Public Session
To consider any matter which, in the opinion of the Chairman should be considered in public by reason of special circumstances (to be specified) as a matter of urgency. | |
| 16 | Exclusion of the Public and Press
To agree the exclusion of the public and press for the consideration of any items for the reasons set out in Part 1 of Schedule 12(A) of the Local Government Act 1972. | |

At the time of compiling this agenda there were none.

PRIVATE SESSION

17 Urgent Business - Private Session

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

E WISBEY
Governance and Member Manager

Contact Details

If you require any further information please contact the Governance and Members Team on 01376 552525 or email demse@braintree.gov.uk

Public Question Time

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

Members of the public wishing to speak should contact the Governance and Members Team on 01376 552525 or email demse@braintree.gov.uk at least 2 working days prior to the meeting.

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

Health and Safety

Any persons attending meetings at Causeway House are requested to take a few moments to familiarise themselves with the nearest available fire exit, indicated by the fire evacuation signs. In the event of a continuous alarm sounding during the meeting, you must evacuate the building immediately and follow all instructions provided by a Council officer who will identify him/herself should the alarm sound. You will be assisted to the nearest designated assembly point until it is safe to return to the building.

Mobile Phones

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

Comments

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

Please let us have your comments setting out the following information

Meeting Attended..... Date of Meeting

Comment.....

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Contact Details:

Monitoring Officer's Annual Standards Report for 2014		Agenda No: 5
Corporate Priority: Performance Report presented by: Ian Hunt, Head of Governance and Monitoring Officer Report prepared by: Emma Wisbey, Governance and Member Manager and Deputy Monitoring Officer		
Background Papers: None		Public Report
Options: To note the report		Key Decision: No
Executive Summary: This is the Annual Report of the standards regime for the Governance Committee which includes the activities of the Monitoring Officer for the period from January to December 2014.		
Decision: To note the report.		
Purpose of Decision: The Monitoring Officer is required to report to the Governance Committee on the discharge of the standards regime.		

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

Financial:	None arising directly out of this report
Legal:	None arising directly out of this report
Equalities/Diversity	None arising directly out of this report
Customer Impact:	None arising directly out of this report
Environment and Climate Change:	None arising directly out of this report
Consultation/Community Engagement:	None arising directly out of this report
Risks:	None arising directly out of this report
Officer Contact:	Emma Wisbey
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Annual Report of the Monitoring Officer

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

This is the second report of the Monitoring Officer on the running of the scheme and covers the period of January to December 2014.

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

Standards Sub-Committee

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

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

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

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

Independent Person: Anthony French or Keith Stubbings (Deputy)

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

During the period of January to December 2014, there have been no referrals to the Sub-Committee.

Independent Persons

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

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

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

The Independent Persons' appointment is for a period of 4 years and they may serve no more than 3 terms.

Code of Conduct

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

There has been a light touch review of the Code of Conduct. Members' views were sought on the Code of Conduct as a part of the Member Survey which took place in November 2014.

The Member Survey indicated that, on the whole, Members considered that the Code of Conduct was clear, understandable and was appropriate in content. There was no indication Members wished to see the Code updated.

2 comments were received during the Member Survey, but these did not relate to the Code itself. The first comment was in respect of the Declaration of Interests in the case of double or triple "hatted" Councillors, querying the need to declare their Membership of Parish and County Council and of the Fire Authority. The second comment was in respect of the availability of the Code of Conduct on the Member's Portal and regular reminders of Members obligations.

Members continue to proactively contact the Monitoring Officer to seek guidance on interests with around 2 enquires per week on average. Contact with the Monitoring Officer frequently coincides with the publication of meeting Agenda. All published Agendas remind Members to take advice of the Monitoring Officer prior to a meeting.

Following the elections in May 2015, the Monitoring Officer and the Governance Team will provide training sessions to District Councillors on the Code of Conduct as part of the Member Development programme. Training will also be provided to Parish/Town Councils. At the time of preparing this report the format of the training to the Parish/Town Councils has not been determined; however, it is likely that training will take the format of a series of training sessions at Causeway House, with invitations to all Parish/Town Councillors, Parish Clerks, Braintree Association of Local Councils (BALC) and the National Association of Local Councils (NALC).

Registers of Interest

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

All District Councillors have completed their register of interest and these are held by the Deputy Monitoring officer on behalf of the Monitoring Officer.

To comply with the statutory requirements for publication; the District Council and Parish/Town Councils' Registers are available online in directories which can be searched by individual Member's name, the case of District Councillors; and Parish/Town Councillors are grouped and can be searched by the Parish/Town Council name.

http://www.braintree.gov.uk/info/200140/councillors/708/members_registers_of_interest

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

Both District and Parish Members routinely provide updates to their Registers of Interest. The Monitoring Officer has provided advice on a number of occasions in relation to the register of Member Interests. We are unaware of any outstanding issues.

Following the 2015 Elections, Section 34 of the Localism Act 2011 comes into full effect. Section 34 makes it a criminal offence for a Member to fail to declare a Disclosable Pecuniary Interest (DPIs) or to fail to complete their Register of Interests. Complaints made in respect of Members failing to declare DPIs are not complaints which the Monitoring Officer can investigate and will be referred to the Police for investigation and potential prosecution by the Director of Public Prosecutions in accordance with the Localism Act.

A Member found guilty of an offence will be liable on summary conviction to a fine not exceeding Level 5 of the Standard Scale (£5,000 at present) and may be disqualified by the Court from being a Member for a period not exceeding 5 years.

This will be an area of training for Members following the elections.

Complaints

Whilst the Monitoring Officer has received a number of enquires in respect of the Code of Conduct and Member conduct, there has been a marked reduction in the number of complaints formally received this year.

Queries which have been raised mainly relate to the conduct and decisions of Parish Council as whole which are outside the jurisdiction of the Monitoring Officer.

The Monitoring Officer has received two valid complaints during the period of January and December 2015.

The table below set out a summary of the formal matters which the Monitoring officer has dealt with.

Complaint 1

This is a complaint in respect of a Parish Councillor. The Complainant was a fellow Councillor

There were two allegations set out in the complaint. 1) that the Councillor was acting in a breach of confidence and therefore acted in an unprofessional manner and 2) that that the Councillor failed to declare an interest.

It was alleged that the Parish Councillor disclosed information given at a confidential meeting in respect of a development and they failed to declare an interest in respect of that development.

Outcome. No action by the Monitoring Officer.
The Assessment Criteria for complaints made in respect the Code of Conduct states that a complaint which would not normally be referred for investigation includes those which relate to someone no longer a Councillor.

Since the complaint was made the Parish Councillor has resigned from the Parish Council and therefore is no longer subject to the Code of Conduct. The Monitoring Officer has exercised his discretion to discontinue investigating this matter as it is not in the wider public interest to do so.

Complaint 2

This is a Complaint in respect of a Parish Councillor. There were two Complainants, both fellow Parish Councillors.

It was alleged that the Parish Councillor used words/phrases which failed to treat others with respect and acted in a matter which bullied others.

Outcome: No Action by the Monitoring Officer.

The Assessment Criteria for complaints made in respect the Code of Conduct states that complaint which would not normally be referred for investigation includes those which appear to be simply motivated by malice, is "tit-for-tat" or politically motivated.

The Monitoring Officer has exercised his discretion to discontinue investigating this matter as it appears from the information available to him that this complaint is politically motivated and is "tit for tat" and it is not in the wider public interest to do so.

Dispensations

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

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

Stisted and Ridgewell Parish Councils have delegated responsibility of determining applications to the District Council and the Monitoring Officer.

The Monitoring Officer received 1 application for dispensation. This application was a joint application from 5 Members of Ridgewell Parish Council.

The applications were made in connection to the Management of the Village Hall Trust. The applications were granted by the Monitoring Officer subject to limitation and will for the period the Parish Council is the Trustee of the Village Hall, but no more than 4 years.

The reasons for granting applications for dispensations was that the Parish Council is the sole Trustee for the Village Hall and it is in the public interest for the effective management of the hall as a community asset.

Comments of the Independent Persons on the last 12 months.

In preparing this report the Monitoring Officer has invited the Independent Persons (IPs) for their comments.

The Independent Persons have commented on the level of complaints received in the last 12 months. Whilst pleased, there is a concern by the IPs if the Council is being sufficiently proactive in informing the public of the complaints procedure or whether there is a perception that the system is toothless and therefore no worth making a complaint.

The main concern of the IPs is communication between the Monitoring Officer and themselves. This is an area of improvement which the Monitoring Officer will address going forward. Further concerns are whether the role of the IPs person is a tick box exercise and the lack of feedback on complaints. The Monitoring Office is required to consult with IPs, however, this year there has been little work to consult with the IPs.

The Monitoring Officer has considered the comments; and would note that the system is advertised in the same way that it has been for a number of years. The impact of the changes to sanctions may be having an impact on how members of the public view the system.

Given the limited number of complaints there has been a limited need for consultation; however the comments are noted and we will work with the IPs to move forward on this with more regular communication.

Second Quarter Performance Management Report 2014/15		Agenda No: 6
Corporate Priority:	Performance	
Report presented by:	Tracey Headford – Performance Improvement Officer	
Report prepared by:	Tracey Headford	
Background Papers:	Public Report:	
Second Quarter Performance Management Report 2014/15		
Options:	Key Decision:	
To note the report		NO
Executive Summary: The purpose of the report is to summarise the performance of the Council at the end of second quarter 2014/15 in relation to the publication of ‘Our plans for the District 2014/2015’ which sets out our key activities and measures used to check our performance for the forthcoming year and along with the Corporate Strategy 2012-2016 sets out the priorities we are working towards.		
<i>In summary at the end of the second quarter: Projects</i> <ul style="list-style-type: none">• There are 47 projects in total of which:<ul style="list-style-type: none">○ 12 projects are completed○ 31 projects are on track○ 4 projects have an amber status		
<i>In summary at the end of the second quarter: Performance Indicators</i> <ul style="list-style-type: none">• There are 16 performance indicators reported on of which:<ul style="list-style-type: none">○ 11 performance indicators have achieved target○ 3 performance indicator has missed target by less than 5%○ 2 performance indicators have missed target by more than 5%		
Progress in the second quarter has been good with twelve projects now complete and the majority of the remaining projects are on track and progressing well. Four projects are amber as part of the project requires attention and either the scope or timescales may need amending to bring the project back on course.		
Performance has slightly improved in the second quarter and although not all performance indicators have met target, the increase in demand on some service areas is being closely monitored and performance is expected to improve over the year.		
Decision: Members are asked to note the report.		

Corporate implications [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 second quarter of the year. This aspect is discussed as a separate agenda item.
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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SECOND QUARTER PERFORMANCE MANAGEMENT REPORT

1ST JULY 2014 TO
30TH SEPTEMBER 2014

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Section 1: Introduction and Summary






Purpose of the Report

The purpose of the report is to demonstrate the performance of the Council at the end of the second quarter in relation to the publication of 'Our plans for the District 2014/15'. This sets out the key activities and measures used to check our performance for the year and along with the Corporate Strategy 2012-16 sets out the priorities we are working towards. Further detail is given in relation to a set of business performance indicators covering finances, customer focus, our people and health and safety.






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

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

The following table provides updates for the end of the second quarter in relation to the key activities in 'Our plans for the District 2014/15'




Corporate Priorities	Status of projects and actions				
					
Place	1	9	2	0	0
People	3	4	1	0	0
Prosperity	5	7	0	0	0
Performance	2	4	0	0	0
Partnership	1	7	1	0	0
TOTAL	12	31	4	0	0

KEY:




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

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

The following table shows the performance for the end of the second quarter in relation to the quarterly and annually reported Performance Indicators that have targets set as defined in 'Our plans for the District 2014/15'.

Corporate Priorities	Status of indicators			
				Data Only
Place	2	1	0	0
People	3	0	0	0
Prosperity	2	0	1	0
Performance	4	2	1	0
TOTAL	11	3	2	0

KEY:

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

Summary Position

Progress in the second quarter has been good with twelve projects now complete and the majority of the remaining projects are on track and progressing well. Four projects are amber as part of the project requires attention and either the scope or timescales may need amending to bring the project back on course.






Performance has slightly improved in the second quarter and although not all performance indicators have met target, they are closely monitored and performance is expected to improve over the year.



Our Priorities

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

Project description and comments	Target Date	Status
Maintain cleanliness standards across the Braintree District by continuing a seven day cleaning programme in the town centres, including the use of barrow beats to litter pick, street washing and mechanical sweeping		
This work is an integral part of the day to day work of the team and work continues to maintain a high standard of cleanliness and reduce the levels of litter.	March 2015	▶
Continue to encourage the 'See-it, Report-it' initiative to take action against litter bugs		
In the second quarter, there have been 740 'see-it, report-it' calls received regarding waste and litter around the district	March 2015	▶
Join forces with all Essex Authorities to deliver an Essex wide campaign to reduce litter by 50%		
The 'Love Essex' campaign went live on 2 nd June with extensive media coverage. Currently evaluating the effectiveness of the campaign and early indications show a reduction in litter across the county. Monitoring continues to take place and a further campaign is being proposed at the next meeting of the Cleaner Essex Group in December.	March 2015	▶
Introduce a further recycling doorstepping campaign to offer residents practical advice and guidance to help them recycle more, with the aim of diverting an extra 400 tonnes of recyclable waste from landfill		
Currently working with Greenfields Estate Managers to develop an installation programme in ten identified areas to help residents living in flats recycle their waste which they are currently unable to do. Recycling advisors have started door-stepping areas of low participation in recycling across the district.	March 2016	▶
Introduce a new household and commercial refuse and recycling routes including extending the commercial waste recycling service to support local businesses, particularly in rural areas, and improve customer service across the district from 2015		
The in-cab technology contract has been awarded and work is progressing to design and configure the new system ready for implementation in February. Waste collection routes continue to be tested by crews.	March 2015	▶
Commence a three year car park improvement plan, including introducing cashless/flexible payments, resurfacing and redecoration works, new bay markings and improving disability bays and access to blue badge holders		
The schedule of improvement works to meet the Disability Discrimination Act (DDA) compliance for all car parks in Braintree and Witham is now complete. Improvement works for the car parks at Lockram Lane and Newlands Drive in Witham are out for tender	March 2015	▶
Complete the extension of Bocking Cemetery and increase the space available for burials and cremated remains at Braintree Cemetery		
The extension to Bocking Cemetery is now complete increasing the space available for burials and cremated remains.	May 2014	✓



Create new allotments at Church Lane Braintree to increase the number of plots available that can be self-managed by an Allotment Association		
A lease agreement has been drafted and will be sent to the Allotment Association for signing. Once this has been signed, cultivation of the site can begin. The installation of an access road, relocation of the underground services and fencing has all been completed.	February 2015	
Update the Council's commitment to climate change, by addressing the wider issues of carbon emissions, energy usage, and fuel poverty by producing a new climate local strategy and delivering its associated action plan, which will also focus on building resilience against the impacts of climate change across the District		
There are a number of investment opportunities in alternative energy which need to be considered which may influence the Council's Climate local strategy. The impact on the strategy is being re-assessed before going out to public consultation.	October 2014	
Develop and maintain a collective energy switching scheme to help reduce residents energy bills		
Essex County Council decided not to proceed with a further campaign in the Autumn. Press releases are currently being prepared to go out in November to encourage residents to sign up to switch their energy tariffs. The online auction will take place in early February 2015 enabling residents to switch to lower costing tariffs to save on their energy bill addressing fuel poverty.	March 2015	
Complete the installation of Solar panels on the roofs of the Braintree Swim and Halstead Leisure Centres		
The contract has been awarded for the installation of the solar panels which will start in mid-November.	December 2014	
Develop a district wide Local Heritage List to enable the community to nominate buildings of local architectural interest		
The LDF sub-committee has agreed the selection criteria and the first tranche of approximately 30 nominated buildings to be considered as a pilot for inclusion on the new local list.	April 2015	



Our Priorities

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




Project description and comments	Target Date	Status
Complete the transfer of the Allotment, Public Convenience and Car Park to Earls Colne Parish Council and the rural car parks at Coggeshall and Hatfield Peverel to the Parish Councils		
The transfer of all facilities is progressing and the Coggeshall car park draft legal agreement is with the Parish Councils Solicitors with the aim of completing the transfer by the end of October. The project has experienced delays in dealing with the Parish Council and the end date of the project has been amended accordingly.	November 2014	
Work in partnership with Braintree District Museum Trust Ltd to complete a feasibility study into options for the future operation of Braintree District Museum, Braintree Town Hall and the Warner Textile Archive		
Consultants have been commissioned and work on the feasibility study is progressing.	March 2015	
Work with the tour organisers and Essex County Council to make the 3rd stage of the Tour de France a success in our District in July 2014		
The Tour was a complete success. All our communities embraced the tour coming through their village along with thousands of visitors.	July 2014	
Open the new Witham Leisure Centre in summer 2014		
Witham Leisure centre opened to the public on 12 th August and was delivered under budget. Fusion is now managing the leisure centre and held a launch event in September to celebrate the opening. There has been a 28% increase in membership since opening the doors to the public.	August 2014	
Set up a Braintree Health and Wellbeing Panel along with our partners in the NHS and Greenfields Housing Association, to work towards reducing overall health inequalities in the District and tackling two major public health issues affecting the district: adult obesity and hip fractures in the over 65's		
The 'Live Well' campaign was launched in September with a new website promoting the live well programme which focuses on working with partners to inform residents on local initiatives to improve on health issues with particular focus being on obesity and hip fractures.	September 2014	
Coordinate the work of partners to develop the Our Witham project, improving the health and wellbeing, employment and skills outcomes in the Witham area of young people		
The process for allocating funding has been agreed with the chairs of the working groups. The Our Witham operational plan is nearing completion with draft requirements of all partners currently being discussed with key members.	March 2015	










Develop a new Housing Strategy for the Braintree District for 2014 to 2019 to ensure that resources are directed to meet the housing needs of the district		
Consultation to assess the housing need in the district will start in the Autumn.	March 2015	
Refurbish 4 play areas across the District - King George V Playing Field Braintree, Fisher Field Braintree, Glebe Avenue Braintree and Church Street Bocking and create a new one at Windsor Close Witham.		
Windsor Close, Witham - due to feedback received at the initial consultation stage, the site is being redesigned and there will be further consultation carried out. Bocking Church Street and Glebe Avenue - All quotes have been received and orders can now be placed to carry out refurbishment works. Fisher Field and King George Playing Field, Braintree - Initial quotes received but the specification need to be changed to reflect current condition of play areas	March 2015	



Our Priorities

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

Project description and comments	Target Date	Status
Offer up to 50 mortgages to residents under the Local Authority Mortgage scheme to help first time buyers onto the housing ladder		
Thirteen mortgage loans have been completed in the first six months of the scheme. The total value of the mortgage loans is £3,090,975 of which £639,229 is indemnified by the Council	March 2015	
Publish an Investment Prospectus promoting the Districts strengths as a business location and marketing the Prospectus to attract inward investment and create businesses and jobs growth		
Discussions are progressing with Haven Gateway in relation to the production of an inward investment strategy. Resource issues have pushed this project back to March 2015.	March 2015	
Work in partnership with IGNITE Business Enterprise to provide 75 new business start-ups in the District through the provision and management of business start-up space and the provision of business advice, training and support		
In the second quarter of 2014/15 a total of 22 business start-ups were supported creating a total of 41 jobs	March 2015	

Produce a guide to broadband for District Businesses and promoting the guide to businesses to enable them to make informed choices in purchasing broadband and improve their competitiveness		
Superfast Essex are undertaking further design work on the Broadband Delivery UK (BDUK) roll out programme following a successful bid for funding	March 2015	
Establish a District Business Leaders Board to engage effectively with strategic businesses and hold an annual business conference in partnership with the Board and IGNITE Business Enterprise		
A District Business Leaders Board has been established which meets on a quarterly basis to discuss events and interests in the District.	June 2014	
The Annual Business Conference event will be taking place on the 22 nd October at Braintree College	October 2014	
Appoint a Business Liaison manager to improve access for businesses to Council services and ensure that those services are 'business friendly'		
A business liaison manager commenced in post on 14 th July 2014.	July 2014	
Continue the '10p after 3pm' car parking initiative and offer parking at a flat rate evening charge to support the night-time economy		
The '10p after 3pm' parking initiative has been extended until March 2015 but will now run from 3pm to 7pm Monday to Saturday and all day on Sunday. This comes into effect from the 1st July together with a slight increase in some short stay tariffs.	March 2015	
Complete improvement works to St Michaels fountain in Braintree		
The area around St Michaels Fountain has been transformed and is now a space for people to sit, spend time and enjoy..	July 2014	
Develop a programme of work experience placement at Braintree District Council		
A policy is now in place together with guidelines for managers so work experience requests can be dealt with on a structured basis supporting youth employment and returners to work	March 2015	
Continue our corporate apprenticeship programme		
Adverts for new cohort of apprentices closed on the 21st of September with over 40 applications received. Interviews will be held at the beginning of October. Five current apprentices will be developing onto their NVQ Level 3.	March 2015	
Deliver a business apprenticeship support campaign for 30 apprenticeship placements with 25 businesses across the district		
A campaign called '30 in 30' will be launched at the Business Conference event in October. The aim of this campaign is to secure 30 apprenticeships across the district within 30 days of launching.	December 2014	



Our Priorities




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

Project description and comments	Target Date	Status
Deliver a balanced budget over the next four years by continuing to review how we deliver and commission services and focussing our resources on what is important to our customers		
The 2014/15 review programme will have a slightly wider focus than individual service reviews. The East of England Local Government Association (EELGA) has been commissioned to work with the Authority to identify potential commercial opportunities for our services. The first workshop with staff took place in September to look at ways we can be better at business.	March 2015	▶
Business Efficiency reviews have now been completed and are defined in the Mid Term Financial Strategy. Savings have been identified and reported to the business efficiency review board.	March 2015	✓
Use a range of new technology to improve the way we deliver services and make our services easier to access for our customers		
Work continues on our website to make it easier for customers to access our services using their mobile and tablet devices. The Public Access Module for Licensing went live in April providing customers access to view and comment on new licensing applications on-line.	March 2015	▶
Maintain high levels of customer satisfaction, seeking feedback from customers to identify where we can improve services		
The 2014/15 customer satisfaction survey has been sent to all residents in the Contact magazine and over 300 responses have been received so far. The existing methods of consulting with residents continue to be reviewed to ensure consultation is effective and improvements to services are based on resident's views.	March 2015	▶
Review our investment strategy to maximise income		
The investment strategy has been reviewed and an action plan agreed to place a proportion of the Council's monies in investments with a longer term time horizon. The investments will be in pooled funds which are covered by the current investment policy.	June 2014	✓
Improve the operational efficiency of the waste collection service and reduce costs by £200,000 per year		
The in-cab technology contract has been awarded and work is progressing to design and configure the new system ready for implementation in February.	February 2015	▶













The majority of our services and improvements are provided in partnership with others, whether it is with community groups, voluntary organisations, public sector or private sector organisations.







Project description and comments	Target Date	Status
Economic Growth and Infrastructure:		
Lobbying campaign to secure funding for A120 improvements		
The Economic Impact Study has been completed. A campaign document has now been produced and will be launched in October	March 2015	▶
Feasibility study into highway and junction improvements to the A120 at Galleys Corner		
An options study has been completed and discussions are now underway with Essex County Council's Highways department and the Highways Agency on the economic impact study. Awaiting Government's announcement on funding for route based strategies which will inform further work	Sept 2014	✔
Lobbying campaign to improve the frequency and reliability of the Braintree/Witham rail link		
A revised East Anglia Rail Prospectus has been issued for consultation, which includes the need to improve the Braintree/Witham rail link. A supportive consultation response has been submitted.	March 2015	▶
Production of a handbook/web resource for businesses on options for improving broadband access		
Superfast Essex are undertaking further design work on the Broadband Delivery UK (BDUK) roll out programme following a successful bid for funding	March 2015	▶
Health Improvements		
Engaging with key partners to support the integration of health and social care and improvements to local health services		
Living Safe and Well - Mid Essex Living Safe and Well transformation programme involving Braintree, Maldon, Chelmsford, Mid Essex Clinical Commissioning Group and voluntary services has been set up to focus on outcomes to reduce the preventable causes of ill-health and provide people and organisations with the information they need to live safe and well. The group have agreed the delivery programme and are now identifying projects and work streams to be actioned by the group.	March 2015	▶
Promoting healthier communities - A systematic approach to promoting healthier communities and health facilities is on-going through the planning process which involves consulting with the NHS on the health impacts for large developments ensuring a high quality local health, social care and wellbeing service provision. Work has commenced on a new Local Plan to set out the Council's planning policies for the next 15 years and is likely to see an increase in development. This presents an opportunity to develop a new leisure strategy and the provision of open space, indoor and outdoor leisure facilities.	March 2015	▶

<p>Active Braintree District Network (ABDN) has been launched to set up a number of sport, physical and health related activities across the District. In the second quarter of the year. The following projects were delivered:</p> <ul style="list-style-type: none"> • Commonwealth Games Sports Festival at Braintree Leisure centre • Park Run started at Great Notley Country Park attracting an average of 110 runners per week • Instructor lead health ride ran weekly with an average of 16 rider per week • Braintree Walkabout group was set up in September and offered 4 walks per week including a buggy walk for new mums in Silver end. • Started work with Essex Cares on disability carpet bowls sessions • Witham Boys Brigade delivered rounder's and multisport session across Witham 	<p>March 2015</p>	
<p>Young People, Skills and Education</p>		
<p>Work with key partners to influence change and improvement to the Educational attainment and aspiration of young people in the district, including the promotion of apprenticeships, partnership with business and boosting employability skills.</p>		
<p>A District Employment and Skills Board has been established which meets on a quarterly basis to discuss events and interests in the District. A review of the employment and skills across the district is currently being carried out and will be reported to the Board in October.</p> <p>The Board has endorsed a business apprenticeship support campaign to secure commitment from businesses across the district for 30 apprenticeship placements and a campaign called '30 in 30' will be launched at a future Business Conference event.</p>	<p>March 2015</p>	
<p>Parishes</p>		
<p>To work with the Rural Community Council for Essex to assist communities</p>		
<p>Options are currently being considered before signing a new service level agreement with the RCCE. Groups currently receiving support have been notified of the delays.</p>	<p>March 2015</p>	

Section 3: Managing the Business

Our Performance Indicators in Detail

Performance Indicator	2014/15						Comments
	Q1 Outturn	Q2 Outturn	Q3 Outturn	Q4 Outturn	Target for the Quarter	Status at the end of the Quarter	
Place							
Percentage of land that falls below cleanliness standards for litter	n/a	5%			7%		Recorded 3 times a year – July, November and March
Percentage of household waste sent for reuse, recycling and composting	58.74%	57.73%			60%		Recycling & composting has increased by 92 tonnes compared to the same period last year. However, this is offset by an increase in waste to landfill of 405 tonnes. The latter is a trend seen in other Authorities across the County.
Percentage of fly tips cleared within 24 hours of being reported	100%	100%			100%		Represents 210 fly tips cleared within 24 hours of being reported
Public Satisfaction with parks and open spaces	Annually reported indicator				88%	n/a	
People							
Total number of visits to our leisure facilities	214,999	233,814			201,042		
Number of visitors to our leisure facilities from under-represented groups	188,307	182,528			159,427		
Number of passenger journeys on the Community Transport Scheme	17,127	14,812			14,095		
Percentage of Mi Community projects successfully completed	Annually reported indicator				100%	n/a	
Prosperity							
Number of empty homes in the district returned to use	24	21			19		
Number of affordable homes delivered	3	51			66		There was slippage in the handover of some units in September. It is expected that the total number of affordable homes delivered for the year will be approx 173 and we are on target to achieve and exceed the target set for 2014/15.
Number of new business start-ups in the district created in partnership with IGNITE Business	11	22			20		
Performance							
Percentage of enquiries resolved at first point of contact within the Customer Service Centre	94.6%	95.8%			85%		Represents 13513 out of 14105 calls resolved at first point of contact

Performance Indicator	2014/15						Comments
	Q1 Outturn	Q2 Outturn	Q3 Outturn	Q4 Outturn	Target for the Quarter	Status at the end of the Quarter	
Time taken to process housing benefit/council tax benefit new claims	19.1 days	16.37 days			18 days		
Time taken to process housing benefit claim changes	6.53 days	7.52 days			6 days		There has been an increase in the number of cases for the second quarter and the time taken to process a change in a claimant's circumstance is dependent on the receipt of all evidence of the change from the claimant
Percentage of minor planning applications processed within 8 weeks	61.34%	75.82%			72%		This represents 69 out of 91 planning applications determined within timescales or agreed extensions to timescales in the second quarter of the year. Cumulative outturn is 69.3%
Percentage of stage 1 complaints responded to within target	90.32%	92%			90%		Represents 149 out of 162 complaints responded to within 7 working days. Cumulative outturn is 91.4%
Collection rate for Council Tax	30.81%	59.30%			59.35%		Performance is marginally below that achieved for the same period last year. The target of 98% for the year is expected to be achieved.
Collection rate for business rates	31.80%	58.63%			60.77%		Performance is down against the same period for last year this is due to the introduction of an option for businesses to pay over 12 instalments rather than the previously mandatory 10 instalments. With payments now due in February and March 2015 it is expected that the target for the year will be achieved

Customer Services & Views

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

Customer Service: Indicators of Performance					
	Q1	Q2	Q3	Q4	Target
Average telephone response time in the Customer Service Centre	21 seconds	17 seconds			15 Seconds
Number of transactions carried out via the Council website	28,195	28,210			21,250
Number of unique visitors to the Council website	104,032	105,922			95,000
Percentage of avoidable contacts (collected twice a year)	n/a	n/a			Data only

Complaints

The quarterly complaints analysis for the second quarter of 2014/15 is detailed below. This is compared with 2013/14 figures shown in brackets. The figures represent all three stages of the complaints process.

Complaint Category	Q1 2014/15	Q2 2014/15	Q3 2014/15	Q4 2014/15	TOTAL
Justified	36 (45)	39 (45)	(29)	(49)	(168)
Not Justified	48 (58)	105 (62)	(45)	(62)	(227)
Partially Justified	12 (11)	22 (7)	(13)	(15)	(46)
Not known	0 (0)	2 (0)	(0)	(2)	(2)
Total	96 (114)	168 (114)	(87)	(128)	(443)

Comments

The number of complaints received in the second quarter of 2014/15 has increased. This is due to the high volume of customers complaining about the disruption to the waste collection service arising from industrial action.

Of the complaints received in the second quarter, 54 of them related to the industrial action. The majority of customers were unhappy regarding the length of time they would have to wait for their grey bin to be collected especially in the height of summer when we were experiencing good weather. At the time of the industrial action, messages were put on our website and social media sites informing customers of the level of disruption. It has been recognised that the effect on customers was below the usual high standards set and the contingency plan would be reviewed in light of this.

In the second quarter of 2014/15, of the 168 complaints received:

- 162 are stage one complaints
- 5 are stage two complaints
- 1 is a stage three complaints

A summary of Local Government Ombudsman cases:

In the second quarter of 2014/15 the Local Government Ombudsman (LGO) has received two complaints.

One complaint is currently under investigation and the other complaint the LGO declined to investigate as it was outside the jurisdiction of the LGO.

Our Organisation

The following is a selection of our people performance measures:

People: Indicators of Performance	Q1 14/15	Q2 14/15	Q3 14/15	Q4 14/15	Change on previous period	Yearly Target
Total headcount	479	473			- 6	-
Total number of posts	490	484			- 6	-
Number of temporary staff	43	45			+ 2	-
Total staff FTE	433.88	429.67			- 4.21	-
Level of employee turnover	2.0%	2.5%			+ 0.5%	-
Number of vacant posts	14	19			+ 5	-
Number of leavers	10	12			+ 2	-
Number of starters	9	6			- 3	-
Working days lost to sickness per employee	2.1 days	2.0			- 0.1 days	8.0 days
Percentage of staff with nil sickness	77%	70%			- 7%	-
Number of learning hours	1166	900			- 266	-
Number of delegates	200	173			- 27	-
Number of apprentices	15	15			-	-

Year on Year Headcount Analysis	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
	567	541	503	485	466	478

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 legal 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	
	(2013/14 figure in brackets)				
Total number of reported accidents/ incidents, calculated from:	10 (14)	6 (14)	(11)	(9)	Main causes of accidents are slips, trips and falls.
<i>a. Accidents/ incidents to employees</i>	8 (9)	5 (10)	(9)	(7)	There were five accidents resulting in lost days during the second quarter four of which were in Operations.
<i>b. Accidents/ incidents to contractors</i>	2 (2)	1 (2)	(0)	(2)	The one reported incident to a contractor was as a result of a cut finger on a hacksaw blade.
<i>c. Accidents/ incidents to non-employees</i>	0 (3)	0 (2)	(1)	(0)	
Time lost in days due to employee accidents/ incidents	5 (23)	27 (8)	(38)	(7)	There has been a decrease in the number of accidents reported but an increase in the number of days lost due to the nature of the accident.
Number of reported verbal/ physical incidents to employees	1 (2)	0 (1)	(0)	(0)	
Number of near miss incidents	0 (2)	0 (0)	(1)	(2)	
Number of Accidents/ incidents registered resulting in insurance/ compensation claim	1 (0)	0 (1)	(1)	(1)	
Number of claims settled	0 (0)	0 (0)	(0)	(0)	

Financial Performance

This part of the report provides an updated review of the financial position for the financial year 2014/15. It examines the forecast spending on day-to-day service provision compared to the budget for the year. Also included is a summary position for treasury management at the end of September; projected movements on General Fund balances; and a summary of spending to date on capital investment projects.

First Quarter Financial Position Statement

Key Points:

- A budget variance of -£421,000 (-3%) is currently forecast against the budget of £15.199 million.
- The main reason for the variance is a projected over achievement of income of £627,000.
- An underspend across service staffing budgets is projected to be £210,000; however, after allowing for the corporate efficiency target of £325,000, this results in a projected shortfall in achieving the target by £115,000.
- Other expenditure budgets are projected to be overspent by £91,000.
- The budget variance is £273,000 higher than that reported at Q1 (-£148,000) due mainly to increased income projected for Finance and Sustainable Development.

Financial Forecast of Revenue Spending by Services

Business Plan Service	Budget £'000	Forecast Spend £'000	Adverse (positive) variance against budget				RAG Status
			Staffing £'000	Other Expenditure £'000	Gross Income £'000	Total £'000	
Asset Management	(1,518)	(1,651)	0	(1)	(132)	(133)	-9%
Business Solutions	1,927	1,902	(42)	0	17	(25)	-1%
Community Services	501	435	(46)	(8)	(12)	(66)	-13%
Corporate Management Plan	1,325	1,314	(8)	(3)	0	(11)	-1%
Cultural Services	269	289	19	10	(9)	20	7%
Environment	956	1,014	(20)	(37)	115	58	6%
Finance	1,499	1,250	(25)	19	(243)	(249)	-17%
Governance	1,045	1,030	(4)	4	(15)	(15)	-1%
Housing Services	712	651	(22)	(32)	(7)	(61)	-9%
Human Resources	325	326	(1)	2	0	1	-
Leisure Services	808	808	0	0	0	0	-
Marketing and Communications	419	412	4	(6)	(5)	(7)	-2%
Operations	4,227	4,178	30	34	(113)	(49)	-1%
Sustainable Development	950	734	(95)	102	(223)	(216)	-23%
Service Total	13,445	12,692	(210)	84	(627)	(753)	-6%
Corporate Financing	2,079	2,086	0	7	0	7	-
Efficiency target	(325)	0	325	0	0	325	
Total	15,199	14,778	115	91	(627)	(421)	-3%

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

Staffing

Based on known staffing changes to date there is a projected salary underspend of £210,000 across all services. A corporate efficiency target was set at £325,000 that would normally be met through staff turnover and other efficiencies. Therefore, after allowing for the projected salary underspend, there is a shortfall currently predicted against this target of £115,000 (£234,000 at Q1).

Business Plan – Salary Budgets	Budget	Forecast Spend for the year	Adverse/ (positive) variance	RAG Status
	£'000	£'000	£'000	
Asset Management	260	260	-	-
Business Solutions	866	824	(42)	-5%
Community Services	437	391	(46)	-11%
Corporate Management Plan	1,232	1,224	(8)	-1%
Cultural Services	262	281	19	7%
Environment	1,580	1,560	(20)	-1%
Finance	2,308	2,283	(25)	-1%
Governance	353	349	(4)	-1%
Housing Services	660	638	(22)	-3%
Human Resources	286	285	(1)	-
Leisure Services	93	93	-	-
Marketing and Communications	271	275	4	1%
Operations	4,590	4,620	30	1%
Sustainable Development	1,450	1,355	(95)	-7%
Service Total	14,648	14,438	(210)	-1%
Efficiency target	(325)		325	
Net Total	14,323	14,438	115	1%

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

Commentary on staffing variations:

- Contributing to the overall underspend on staffing there have been two service changes: (1) the post of Head of Housing has been redesignated Head of Housing and Community from 1 October 2014, subsuming responsibility for the community safety and community development functions within Community Services and leading to an overall saving in management cost of £50,000 in 2014/15 with on-going savings of £67,000 from 2015/16; and (2) decision not to recruit to a Head of Planning post leading to a saving in the current year of £72,000, and to restructure the Planning Policy team the outcome of which is currently expected to deliver around £36,000 of on-going savings from next year. The on-going savings from both of these changes represent early achievement of the £210,000 of management savings that had been planned for the 2015/16 base budget.
- Other savings on staff costs have occurred due to delaying filling vacant posts, appointments being made at lower salary grade points, and some reductions in working hours.
- Services showing an overspend on staffing costs is due to either cover for maternity leave and long-term sickness, or where additional staff resources have been employed to generate off-setting income. An overspend on staffing in Operations is in part due to agency cover backfilling for staff involved in testing of new waste collection routes.

Other Service Expenditure

Overall there is a forecast overspend against non-staffing expenditure budgets of £91,000. The main service area contributing towards this position is Sustainable Development:

- Development Control** - The Council is engaged in a number of planning appeals, including a potentially significant retail appeal. In 2013/14 actual spend on this activity was £96,000, compared to a base budget of £52,000. As legal and other specialist

advice is required, and outcomes may result in some compensation payments, service management is currently predicting a total spend this year of around £87,000, a potential overspend of £35,000.

- **Landscape & Countryside** - A number of claims regarding damage caused by tree root have been received. Whilst claims are challenged wherever possible there is a chance that in some instances the Council may be required to provide compensation which is not covered under insurance. The projections currently provide for an unbudgeted potential spend of £40,000.

Whilst the spend in both of these areas are expected to result in an overspend in the service, the unpredictable nature of the spend makes setting a reasonable budget difficult. Set too high and most years an underspend would be recorded and the possibility that other budget heads may have been cut unnecessarily. It is in these circumstances that it is reasonable for this type of overspend to be met either from underspends across all service areas, or if none, from the unallocated General Fund balance. With regard to planning appeals there is a proposal to establish an earmarked reserve in the 2015/16 budget.

The Operations service is also currently forecasting an overspend of £34,000, which includes £20,000 expected to be spent on essential unplanned maintenance of play areas. The service is currently prioritising maintenance requirements to try and reduce this variance by the end of the year.

External Income

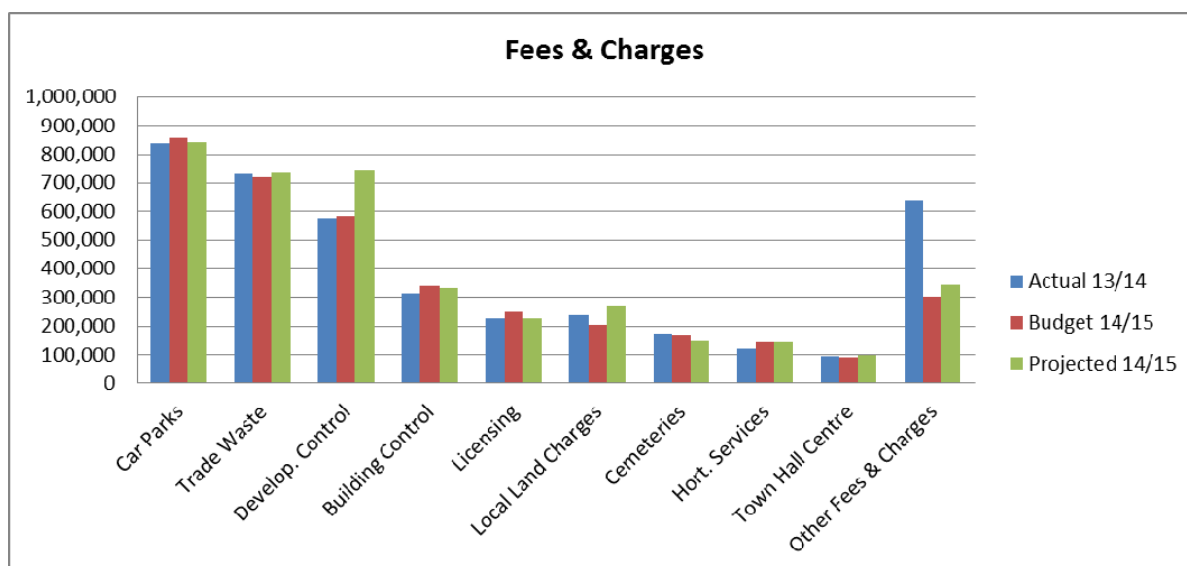
A significant proportion of the Council's budget is reliant on external income. Grants and subsidies from Government, alongside income from business rates are major elements, totalling over £53 million for 2014/15. The amount of business rates ultimately retained will vary depending on the actual amounts collectable. Other external income comes from a variety of sources that are subject to external demands and influences, meaning these income sources are susceptible to variations against budget. It is currently forecast that services will over achieve against their income budgets by £627,000, as shown in the table below:

Other External Income	Budget £'000	Adverse (positive) variance against budget						RAG Status
		Fees & Charges £'000	Land & Property income £'000	ECC Joint Financing & contributions £000	Sale of Recycling Materials £'000	Other Income £'000	Total £000	
Asset Management	(2,206)	(17)	(115)	-	-	-	(132)	6%
Business Solutions	(15)	-	-	-	-	-	-	-
Community Services	(271)	(6)	-	-	-	(6)	(12)	4%
Corporate Management Plan	-	-	-	-	-	-	-	-
Cultural Services	(98)	(9)	-	-	-	-	(9)	9%
Environment	(796)	40	-	-	-	45	85	-11%
Finance	(1,401)	-	-	-	-	(243)	(243)	17%
Governance	(4)	(11)	-	-	-	(4)	(15)	375%
Housing Services	(67)	-	22	-	-	(29)	(7)	10%
Human Resources	-	-	-	-	-	-	-	-
Leisure Services	(259)	-	-	-	-	-	-	-
Marketing and Communications	(20)	5	-	-	-	(10)	(5)	25%
Operations	(5,106)	2	6	(71)	(3)	(47)	(113)	2%
Sustainable Development	(858)	(223)	-	-	-	-	(223)	26%
Service Total	(11,101)	(219)	(87)	(71)	(3)	(294)	(669)	6%
Corporate Financing	(289)	-	-	-	-	-	-	-
Staff costs recharged to capital projects	(354)	-	-	-	-	47	47	-13%
Total	(11,744)	(219)	(87)	(71)	(3)	(247)	(627)	3%

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

Fees & Charges

The budget for income from fees & charges is £3.668 million, and is projected to be over achieved by £219,000, an increase of £107,000 from the position reported at Q1. The following chart shows the main income streams:



Forecast highlights:

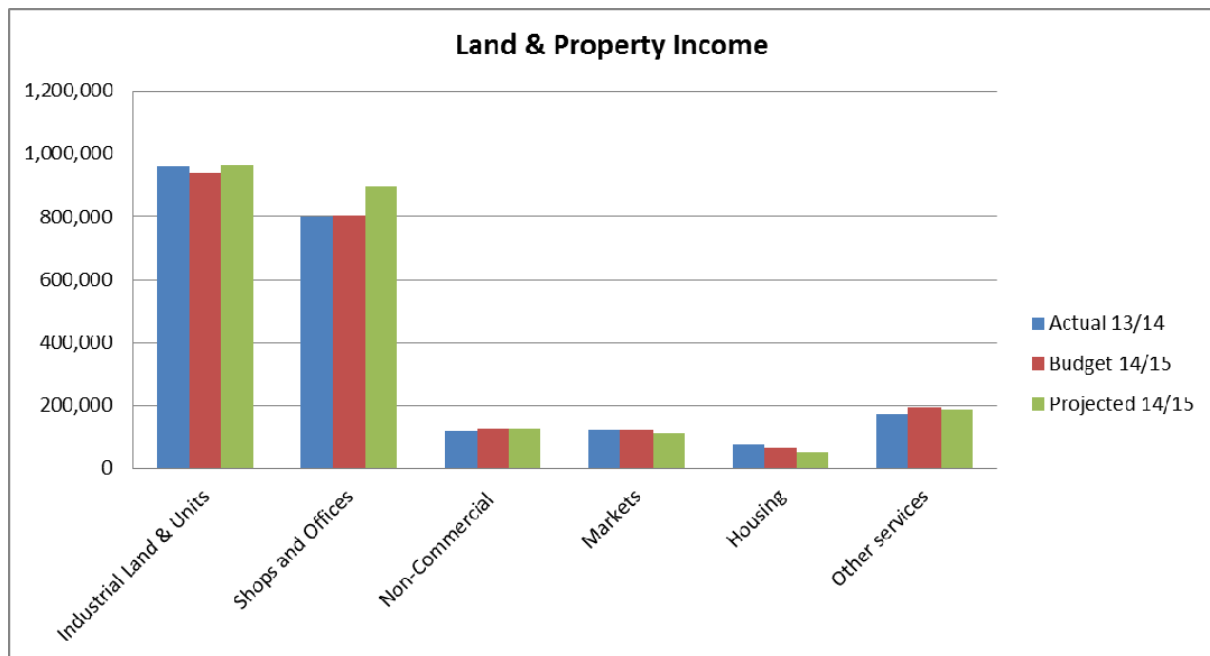
- Fee income from services operating in the property and development areas continues to show improvement.
- Development Control is forecasting an over achievement of £150,000 against a budget of £556,000. The projection is based on a range of forecasts generated using previous trends but also includes provision for anticipated new housing developments within the districts major growth locations.
- Land Charges search fee income is projected at £269,000 for the year compared to £237,000 achieved last year, and represents a forecast overachievement of £66,000 against budget. The demand from this service continues to be higher than last year with the main fee earning activities up by more than 14%.
- Building Control continues to show improvement over 2013/14 with the shortfall between budget and forecast now £8,000 compared to £18,000 at Q1.

Note on Other Fees and Charges in 2013/14

The amount shown includes £261,000 of one-off recharges to third parties which were largely matched by expenditure incurred by the Council.

Land & Property Income

The budget for rental income from land & property is £2.258 million – comprising the investment property portfolio, markets, housing properties, and other let properties. The forecast for the year is an overall over achievement of £87,000.

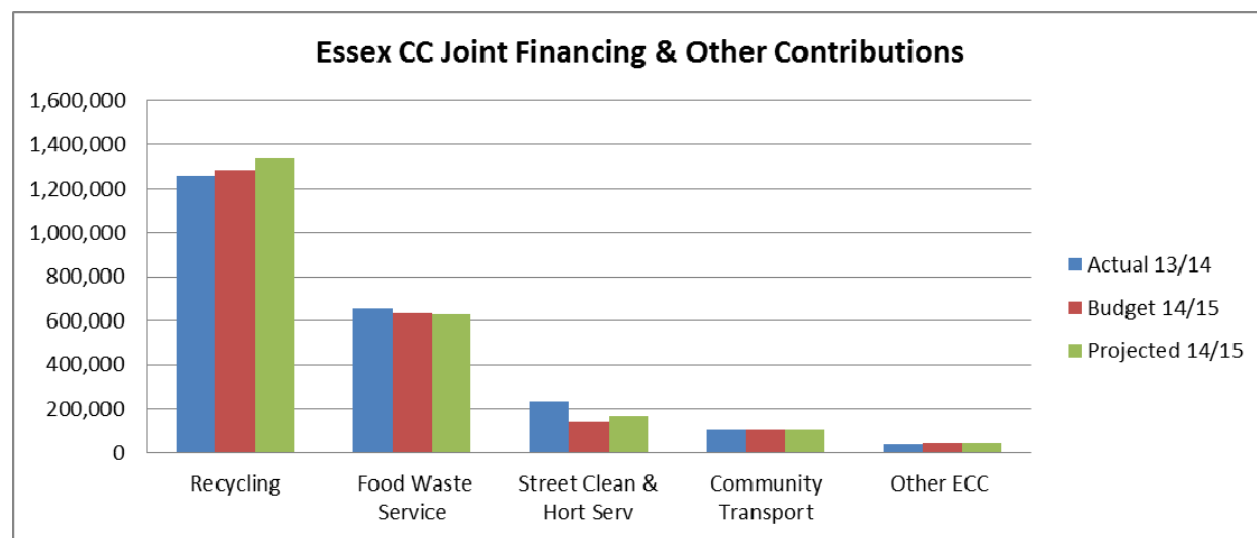


Forecast highlights:

- The forecast allows for the recent acquisition of 850 The Crescent, Colchester Business Park in September 2014. The Council became aware of this investment opportunity after the original budget was approved, therefore, whilst the revenue impact is in line with the business case approved by Members, there is a net increase in rental income over budget of £92,000 in the current year.
- There is a further £25,000 of net additional income from the Council's commercial property portfolio which is mainly due to the level of void periods being lower than assumed when setting the budget.
- Income on Housing properties will be lower due to the recent transfer of Craig House to Family Mosaic. This reduced income should be partially offset by lower operating costs for the remainder of the year.

Essex County Council Joint Financing & Contributions

The Council receives a significant amount of income from service arrangements with Essex County Council (ECC). The total budget for the year is £2.226 million. The current forecast for the year is an over-achievement of £71,000.



Forecast highlights:

- Income from recycling activities is projected to be higher than budget by £47,000, mainly due to higher recycling credits for material diverted from landfill and increased tipping away payments to reimburse the estimated additional cost to this Council incurred from having to take its green waste to another recycling centre.
- The Horticultural Service continues to undertake ECC rural verges work on a sub-contracted basis providing unbudgeted income estimated at £72,000 less additional direct costs, resulting in a net income variance of £28,000.

Sale of Recycling Materials

The budget for income from the sale of recycling materials is £617,000 and is projected to be over achieved by £3,000 (a reduction from Q1 of £15,000). Forecast tonnage has been reducing: estimated at 13,185 against 13,835 assumed in the budget and 13,423 at Q1; however, this has been offset by an overall increase in average price per ton received of around 5% due to a change in the price received for glass.

Other Service & Corporate income

Total budgeted other income is £2.975 million, with a current forecast net over achievement of £247,000, which includes £143,000 relating to Treasury Management on which further details are provided below. The balance of £104,000 is mainly the result of higher than expected recoveries of benefit overpayments and related penalties.

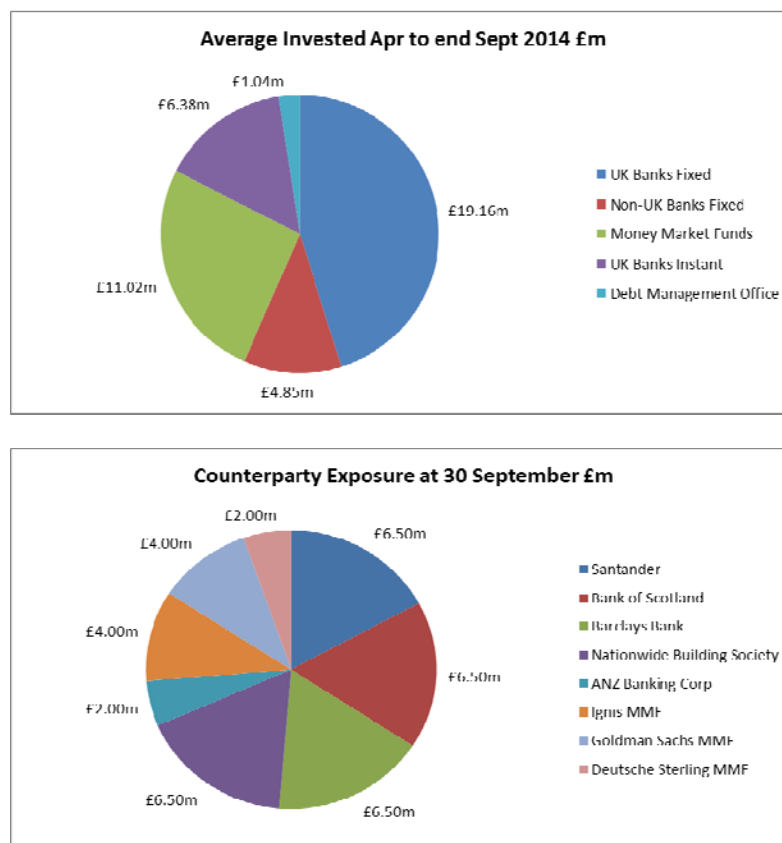
Staff costs charged to capital projects (and therefore not funded from the General Fund revenue account) were budgeted for the year at £354,000. At present there is a forecast adverse variation of £47,000 which is partly offset by a reduction in related staff costs due to vacancies. However, changes in staffing arrangements in the Engineering Service means that there is likely

to be an ongoing reduction in charges to capital schemes and, therefore, this will be reviewed by service management as part of the 2015/16 budget process.

Treasury Management

The average cash balance invested in the period to the end of September was £43.8 million (this compares to £48.2 million for the same period last year and reflects the expected downward trend in cash balances as capital resources are spent). Balances have ranged between £36.5 million and £50.1 million. Interest secured to date amounts to £166,750 at a rate of 0.60%. With interest rates remaining low a review was undertaken to identify investment opportunities that will yield a higher return for an acceptable level of risk resulting in proposals to invest up to £10 million into pooled funds (1 property fund and 3 equity funds). The estimated overall return on these funds is 5%, which potentially contributes an extra £143,000 of investment income in the current year. However, the return on these investments need to be considered a “long-term return” with funds having to be typically invested for 3-7years, therefore, actual returns year-on-year will be expected to vary +/- from this rate.

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



General Fund Balances

General Fund balances are held for the following reasons:

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

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

	£'000
Balance at 1 April 2014	8,244
Less:	
Approved budgeted withdrawal	(485)
Match funding for flood management	(50)
Business rate retention in-year variance	(81)
Add:	
Projected variance at this quarter	421
VAT refund	74
Est. Balance at 31 March 2015	8,123

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

- The budget approved by Council for 2014/15 included an anticipated drawdown from balances of £484,608.
- Cabinet agreed at their meeting held in September 2014 to match fund money available by Essex County Council to increase flood management work in the District.
- At the end of September there was a projected variance on net income from the business rates retention scheme of £81,000 which is to be accounted for in 2014/15. This amount is likely to change over the remainder of the year.
- Projected full-year variance as per this quarter's review of £421,000.
- VAT refund – a claim made in respect of VAT charged on trade waste income during the period February 2007 to September 2010 has recently been settled by HMRC resulting in a one-off refund to the Council of £74,000.

Risks and Assumptions

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

Other external income is inherently difficult to predict as it is substantially demand led and impacted by external factors. New car parking charges came into force from 1st July and 1st October and therefore it is still too early to be able to assess the overall impact. Projections for Development Control income have been based on a range of possibilities and with some anticipated growth linked to housing growth areas. With signs of economic recovery, Central Government's objective to simplify and speed up the planning process, and the recent set aside of the Council's Local Development Framework (LDF) it is difficult to be precise about the level of applications. The set aside of the LDF could lead to more speculative applications (and fees), but could also lead to more appeal costs at a later date.

The Community Service function has recently been subject to a management structure review leading to functions being grouped under a new post of Head of Housing and Community Services realising on-going savings which have been reflected in the Q2 position. The service also has an unallocated service budget of £52,000 which remains unspent at the end Q2 but is the subject of consultation with the Community Safety Partnership. The outcome of these discussions may mean some or all of this budget is no longer required and realise further savings.

The Leisure Services budget includes a £100,000 allowance for contract variations and there are further funds set aside in an earmarked reserve to deal with a combination of service issues that are currently ongoing. Depending upon the outcome of these issues this will determine whether

there will be any budget variation in the year and the extent that a drawdown from reserve is required. Therefore, currently no variance is projected for this service area.

The Council has received a number of claims in respect of structural damage to properties caused by trees on land owned by the Council. These claims are being reviewed and, where management consider it appropriate, settlements are being offered. However, there is a risk of litigation along with the associated costs which may not also be covered by insurance. The projections include some allowance for these claims based on the expectation of service management at the present time.

Capital Investment

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

Approved New Programme for 2014/15	£'000s 5,014
<u>Add:</u>	
Projects approved previously where spending is profiled into the current year	6,081
Projects approved in-year	5,554
<u>Less:</u>	
2014/15 projects profiled into future years	(1,000)
Programme for 2014/15	15,649

There has been a net reduction in the programme for 2014/15 of £90,000 since Q1 due to the following changes: addition for the purchase of an investment property and development site; less re-profiling of spend into later years for town centre improvements, Springwood Drive business start-up units, social housing grants, and spending on parks and open spaces.

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:

	Planned Spend 2014/15 £000	Actual Spend to end Sept £'000	Grants committed £'000	Spend/ Committed to date %
General Fund Services	13,422	8,586	-	64%
Housing Investment	1,853	690	57	40%
Capital Salaries	354	177	-	50%
Total	15,649	9,453	57	61%

The General Fund Services programme for the year includes:

- Final phase of construction of the new Witham Leisure Centre which opened in August
- Improvement works to other leisure facilities and the redevelopment of the former Bramston Sport Centre site
- Construction of new business units on the Springwood Industrial Estate

- A programme of planned maintenance on other Council buildings and provision of a new vehicle and plant workshop
- Acquisition of investment property which will generate additional income for the Council
- Town centre improvements
- Upgrades to the Council's telephone system and computer servers, and the introduction of in-cab technology for waste service vehicles

Actual spend during Q2 was £7.36 million, of which £5.367 million was on the acquisition of 850 The Crescent, Colchester Business Park (an investment property) and land off Chapel Hill as a site for potential future development.

Whilst the level of spend on projects across the original programme is expected to be £568,000 less than anticipated this has enabled part of these resources to be directed to other schemes which are now contained in the programme.

The housing investment programme includes: £635,000 for disabled facility grants, of which £334,000 has been spent with a further £57,000 committed; and £1.104 million for social housing grants, of which £340,000 has been spent with the balance pledged as 'in principle' support allowing social landlords to develop schemes which may in turn attract other funding sources.

Capital resources

The main source of new capital resources anticipated for the year are from preserved right-to-buy receipts (£750,000) and the Council's share of the VAT shelter operating in conjunction with Greenfields Community Housing (£522,000).

Greenfields have reported that there were 30 right-to-buy sales completed in the first six months generating £1.73 million for the Council. The increase in sales is most likely to be due to recent increases to the level of discounts available to eligible purchasers, together with the introduction of Government assisted mortgage schemes. Provisional figures indicate £393,000 being the Council's share of the VAT shelter generated during the first six months. A Government grant of £331,000 has been received towards part funding the disabled facility grant programme.

Key Financial Indicators – 30th November 2014		Agenda No: 7
Corporate Priority: Deliver excellent, cost effective and valued services Report presented by: Trevor Wilson, Head of Finance Report prepared by: Trevor Wilson, Head of Finance		
Background Papers: Agenda item 10 Audit Panel 21 st September 2006		Public Report
Options: To accept or request further clarification on the financial performance indicators recorded as at 30 th November 2014.		Key Decision: NO
Executive Summary: The attached schedule (Appendix A) of key financial indicators provides details of performance recorded for the financial year to 30 th November 2014. Commentary: a) The net General Fund revenue budget for the year is £15.2million. The net expenditure incurred for the first eight months was £8.655million. This represents an underspend of £406,000 compared to the profiled budget of £9.061million. It is anticipated that the underspend will be approximately £421,000 by the year end. b) The total budget for Salaries for the year is £14.321million. Expenditure on salaries for the first eight months of the year was £9.490million. This compares to a profiled budget of £9.482million. The small overspend of £8,000 is after allowing for £216,420 of the Efficiency Factor (£325,000 for the year). c) Expenditure on capital projects, to the end of November, was £10.345million against the Capital Programme for 2014/15 of £14.321million. The majority of the expenditure has been on the following three projects: £2.22million on the new Leisure facility in Witham; £4.14million on the purchase of 850 The Crescent, Colchester Business Park; and £1.26million on the purchase of land off Chapel Hill, Braintree. d) The total Council Tax collectable debit for the year is £74.63million. The collection rate as at the end of November is 77.86% (£58.11million collected), which compares to a rate of 78.09% for the same period last year, a marginal decrease of 0.23%. e) The total Business Rates (National Non-Domestic Rates) collectable debit for the year is £41.51million. The collection rate as at the end of November is 76.36% (£31.7million), which compares to a rate of 79.79% for the same period last year. The rate is 3.43% lower than the previous year and this is due mainly to the introduction in 2014/15 of 12 instalments, rather than the previous maximum of 10.		

- f) A total of 792 write-offs of Council Tax, with a value of £136,000, have been authorised in the year to 30th November: 94 in respect of the current year and 698 in respect of previous financial years. The majority of the write-offs of current year council tax are due to bankruptcy, small balances and no trace of the former occupier and also awards from the exceptional hardship fund, which are categorised as write-offs within the system. The high number of write-offs regarding previous years' council tax is due to a specific review of small outstanding balances, which have been through our recovery process but with no success.
- g) A total of 154 write-offs of Business Rates, with a value of £271,000, have been authorised in the year to 30th November: 27 in respect of the current year and 127 in respect of previous financial years.
- h) The amount of sundry debts owed to the Council, i.e. monies other than for Council Tax and NNDR, was £2.867million, of which £1.395million was in respect of Housing Benefit overpayments. The target for 2014/15 is to reduce the debt outstanding, excluding Housing Benefit overpayments and the Museum Trust debt, to £575,000 or less by 31st March 2015.
- i) Sundry debts, excluding housing benefit overpayments, were £1.472million at the end of November. This reduces to £0.891million after allowing for invoices raised at the end of the month, the museum 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 0.59%. The average amount invested over the first eight months was £41.8million.
- k) During October and November a total of £10million was invested in three equity funds (Threadneedle, M & G and Schroders) and one property fund (CCLA). These investments have been placed on the basis that the monies will not be required for at least 3 years. It is anticipated that the return on these investments will average 5% per annum over the longer-term.
- l) Detail of the Council's investments of surplus monies, totalling £33.77million as at 30th November 2014, is provided at Appendix B.

Decision:

Members are asked to accept the report of the Key Financial Indicators as at 30th November 2014.

Purpose of Decision:

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

Corporate implications [should be explained in detail]	
Financial:	Contained in the report.
Legal:	None
Equalities/Diversity	None
Customer Impact:	No direct impact but process of monitoring financial performance provides assurance of this element of the Council's governance arrangements.
Environment and Climate Change:	None
Consultation/Community Engagement:	None
Risks:	Regular consideration of a suite of Financial Health Indicators is recommended good practice
Officer Contact:	Trevor Wilson
Designation:	Head of Finance
Ext. No.	2801
E-mail:	Trevor.wilson@braintree.gov.uk

Key Financial Indicators at 30th November 2014
APPENDIX A

	Full Year Budget	Actual as at 30 Nov 2014	Profile to 30 Nov 2014	Variance from Profile	
	£'000	£'000	£'000	£'000	%
General Fund - Revenue (Controllable)	15,200	8,655	9,061	-406	-4.5%
Capital Programme (Excl. capital salaries incl. below)	15,309	10,345			
General Fund - Salaries	14,321	9,490	9,482	8	0.1%

	Full Year Target	Actual as at 30 Nov 2014	Actual as at 30 Nov 2013	Variance
Council Tax collection in year - %	98.00%	77.86%	78.09%	-0.23%
Council Tax collection - income collected for year - £m		£58.11	£57.50	£0.61
Write-offs in year (April to Nov) - £'000		£25	£14	£11
Write-offs in year - (April to Nov) - number		94	111	-17
Write-offs all years (April to Nov) - £'000		£136	£47	£89
Write-offs all years - (April to Nov) - number		792	455	337
Business Rates collection in year - %	98.50%	76.36%	79.79%	-3.43%
Business Rates collected for year - £m		£31.70	£32.84	-£1.14
Write-offs in year (April to Nov) - £'000		£75	£23	£52
Write-offs in year - (April to Nov) - number		27	22	5
Write-offs all years (April to Nov) - £'000		£271	£142	£129
Write-offs all years - (April to Nov) - number		154	85	69
Creditors - payment of invoices within 30 days of receipt	98.5%	99.2%	99.2%	0.0%

Debtors - Balance Outstanding	31-Mar-13	31-Mar-14	31-Jul-14	30-Nov-14	Variance July to Nov.
	£'000	£'000	£'000	£'000	%
Service Level Agreement charges - principally Tabor Academy and residents of Twin Oaks, Stisted	17	239	185	183	-1.1
Capital Projects - currently - development site, east of High Street, Halstead	3	4	6	8	33.3
Charges for services provided by: Democratic Services, Training Services, Procurement Services, etc.	9	24	51	82	60.8
Charges for services provided by: ICT, Marketing, Offices, Elections, etc	5	156	138	7	-94.9
Development	23	24	34	63	85.3
Finance	411	360	345	345	0.0
Leisure	261	258	274	240	-12.4
Operations	785	484	721	452	-37.3
Housing	89	113	90	92	2.2
Sub-Total - excluding Hsg. Benefits	1,603	1,662	1,844	1,472	-20.2
Housing Benefits	851	1,188	1,235	1,395	13.0
Total	2,454	2,850	3,079	2,867	-6.9
Target for 2014/15 is for Debt Outstanding (excluding Housing Benefits, Museum Trust debt, charging orders and large value invoices raised in final days of March 2015) to be £0.575million by 31 March 2015.			575		
Profile by Recovery Stage:					
Invoice	1,526	1,238	1,100	1,117	
Reminder	210	291	568	350	
Final Notice	164	348	323	167	
Pre-legal	105	453	529	462	
Enforcement Agent	403	446	409	521	
Tracing Agent	4	33	18	14	
Charging Order	42	41	34	39	
Attachment to Benefits			98	197	
Total	2,454	2,850	3,079	2,867	
Write-offs in month - value - £'000	£0.2	-£0.3	£1.1	£0.2	
Write-offs in month - number	7	19	21	5	
Write offs in year - value - £000	£43	£8.3	£8.5	£16.4	
Write-offs in year - number	533	386	57	117	

Progress on achieving Efficiency Savings Targets

The amount of the Efficiency Savings target included in the budget for 2014/15 is a net amount of £324,630. The overspend on salaries of £8,000, recorded above, is after offsetting £216,420 (i.e. 8/12th's) of the target.

INVESTMENT PORTFOLIO AS AT 30 NOVEMBER 2014
APPENDIX B

							Maturity Profile £m							
Ref	£m	% rate	Type	Placed	Maturity		Liquid	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	Longer
UK Banks														
Santander Group														
Santander UK PLC	1127	2.00	0.40%	Instant	Variable	Instant	2.00							
Lloyds TSB Group														
Lloyds Current Account	N/A	0.27	0.40%	Instant	Variable	Instant	0.27							
Bank of Scotland PLC	3201	1.00	0.57%	Fixed	17-Oct-14	2-Feb-15					1.00			
Bank of Scotland PLC	3227	1.50	0.65%	Fixed	3-Sep-14	2-Feb-15					1.50			
Bank of Scotland PLC	3228	1.00	0.70%	Fixed	3-Sep-14	4-Mar-15						1.00		
Bank of Scotland PLC	3217	1.50	0.95%	Fixed	15-Apr-14	14-Apr-15							1.50	
Barclays Bank PLC														
Barclays Bank PLC	3174	1.50	0.815%	Fixed	1-Apr-14	4-Mar-15						1.50		
Barclays Bank PLC	3208	2.50	0.848%	Fixed	3-Mar-14	2-Mar-15						2.50		
Barclays Bank PLC	3209	1.00	0.71%	Fixed	3-Mar-14	3-Dec-14			1.00					
UK Building Societies														
Nationwide Building Society														
Nationwide Building Society	3028	2.50	0.77%	Fixed	20-Jun-14	19-Mar-15						2.50		
Nationwide Building Society	3159	2.50	0.81%	Fixed	20-Mar-14	19-Mar-15						2.50		
Other Local Authorities														
UK Debt Management Office														
UK Debt Management Office		0.00	0.00%	Fixed	-	-								
Non UK Institutions														
Australia & New Zealand Banking Corp														
Australia & New Zealand Banking Corp	3211	2.00	0.46%	Fixed	1-Oct-14	31-Dec-14			2.00					
Money Market Funds														
Goldman Sachs	2651	2.00	Variable	Instant	16-Nov-09	Instant	2.00							
Deutsche Sterling	2856	0.00	Variable	Instant	4-Aug-10	Instant	0.00							
Ignis Liquidity	2857	2.50	Variable	Instant	4-Aug-10	Instant	2.50							
Pooled Funds														
CCLA Property Fund	8228	2.00	Variable	Lterm	30-Oct-14	Lterm								2.00
Threadneedle UK Equity	8229	3.00	Variable	Lterm	3-Nov-14	Lterm								3.00
M & G Global Dividend	8230	2.50	Variable	Lterm	3-Nov-14	Lterm								2.50
Schroders Income Maximiser	8231	2.50	Variable	Lterm	3-Nov-14	Lterm								2.50
							6.77	0.00	3.00	0.00	2.50	10.00	1.50	0.00

Draft Treasury Management Strategy Statement		Agenda No: 8
Corporate Priority: Providing value for money Report presented by: Phil Myers, Financial Services Manager Report prepared by: Phil Myers, Financial Services Manager		
Background Papers: None		Public Report
Options: To comment on proposed changes to the Treasury Management Strategy Statement.		Key Decision: NO
Executive Summary: Local authorities are required to determine on an annual basis the following: <ul style="list-style-type: none"> • Treasury Management Strategy (incorporating an annual investment strategy) • Prudential Indicators – limits and summary of expectations over capital and treasury management activities • Minimum Revenue Policy (MRP) – the basis on which provision for repayment of debt is made (if required) <p>All of these areas will be covered in the Treasury Management Strategy Statement (TMSS) which will be considered by Full Council on 16 February 2015 as part of the overall budget and council tax setting report.</p> <p>This report focuses on what will be the key aspects of the TMSS and the main changes being proposed. Subject to the views of the Governance Committee, a draft TMSS will be presented to Cabinet for consideration and recommendation on to Full Council, which will include the detailed financial metrics.</p> <p>Current forecasts suggest that the first official rise in interest rates by the Bank of England's Monetary Policy Committee will be in August 2015, with a gradual pace of increases thereafter. Forecasts also suggest that the normalised level of Bank Rate post financial crisis is likely to be lower than historically.</p> <p>The implementation of two European Union directives into UK legislation in the coming months will place the burden of rescuing failing European banks disproportionately onto unsecured investors, including local authorities. Therefore, whilst generally there are improvements in credit conditions, the credit risk associated with making unsecured bank deposits has shifted in emphasis from one focused on complete bank failure to that of risk of restructure where bail-in legislation</p>		

would apply. This means that the Council's treasury management strategy needs to adapt to this new risk environment.

In a local context the Council is predicted to continue to have cash funds available for investment, albeit lower than recent past due to spending on the capital programme and a deliberate policy of utilising cash from legacy borrowing to fund "invest to save" projects and asset acquisitions.

The proposed capital programme for 2015/16 and anticipated requirements for 2016/17 to 2018/19 can be self-funded based on future sales of assets and other projected capital resources. In the event that there is delay in receipt of these resources the Council does have the option to borrow either temporarily, or longer-term where the revenue consequences can be met from savings or increased income from the relevant project(s). Borrowing for "invest to save" projects will be considered on a case by case basis and, as well as making a financial return, will need to be clearly linked to delivery of the Council's corporate strategy and key priorities. Limits to be set by Council will need to accommodate possible temporary borrowing, whereas approval for long-term borrowing can be separately considered as part of any business case approval.

Borrowing will be from the Public Works Loan Board or other local authorities, or banks and financial institutions that are authorised by the appropriate regulatory bodies to operate in the UK.

The Council's primary objectives for investments will remain security, liquidity and then yield. With the regulatory changes being introduced alternative methods of investment will be required which seek to further diversify and, where possible, make investments on a secured basis. However, in practical terms unsecured investments will continue to be a feature of the Council's portfolio and therefore limits are being proposed which recognises the inherent risk.

In the current year the Council has already placed £10 million in strategic investments in four Pooled Funds (3 equity based, 1 property) which are intended for the medium-longer term. The remaining cash balances will therefore be mainly invested short-term (i.e. up to one year), utilising a range of instruments and counterparties, including both Constant and Variable Net Asset Value Money Market Funds, and potentially secured investments (e.g. covered bonds) where custodian facilities will be required.

Investments will be in both Specified and Non-Specified categories as defined by the Department for Communities and Local Government. A limit of £20 million is proposed for Non-Specified Investments to cover both the Pooled Funds and investments which are with a counterparty or security that is not rated at least A-. This change recognises that a number of the major UK and Non-UK banks are likely to see their support and therefore overall ratings downgraded due to the removal of implicit government support, even though individually their financial strength has generally improved.

It is the Council's revenue reserves which must absorb any loss on investments. Over the medium term these are forecast to average around £16 million, within which the General Fund unallocated balance comprises around £8 million. It is, therefore, proposed to set a maximum limit of £4 million being lent to any one group or individual organisation (other than the UK Government/ other local authorities). This

is a reduction from the current investment policy where the limit is the higher of 15% of cash balances or £5 million.

The budgetary impact of the proposed investment strategy is estimated to generate around £575,000 of investment income. However, returns from Pooled Funds could be variable over the short-term. As part of the Medium Term Financial Strategy the approach has been to equalise the amount of investment income credited to the revenue budget. This equalisation is achieved by adding/ withdrawing from the Treasury Management reserve and it is proposed that this approach is continued within the current strategy.

It is not intended that the Council changes its policy on the use of financial derivatives.

The contract with Arlingclouse Ltd to provide on-going treasury management advice and information has been renewed for a further 3 years from November 2014, following a competitive quotation process. This service is separate to the services of brokers who are occasionally used for investment or borrowing transactions.

Decision:

The Committee is asked to:

- a) review the proposed key elements and changes to the Treasury Management Strategy Statement as outlined in the report; and
- b) inform the Cabinet that, following its review and any proposed amendments, the Committee supports the proposals.

Purpose of Decision:

The purpose of the decision is to demonstrate appropriate scrutiny over the Council's Treasury Management Strategy Statement prior to approval by Full Council.

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

Financial:	The financial implications of treasury management activities are set out in the TMSS.
Legal:	Local authorities' treasury management activities operate within a statutory framework which refers to a requirement to follow certain professional codes issued by the Chartered Institute of Public Finance and Accountancy and statutory guidance issued by the Department for Communities and Local Government.
Equalities/Diversity	None
Customer Impact:	None direct but the outcomes of treasury management activities impact on the financial resources of the Council to deliver its priorities and service objectives.
Environment and	None

Climate Change:	
Consultation/Community Engagement:	Consultation on the TMSS is via the Governance Committee prior to consideration by Cabinet and ultimately Full Council.
Risks:	<p>The TMSS seeks to set a framework to manage the inherent risks around treasury management activities, which effectively comprise:</p> <ul style="list-style-type: none"> • Security – ensuring investments are repaid • Liquidity – ensuring that cash is available for both capital and revenue purposes when required and where borrowing is necessary this is done on a basis that is prudent, sustainable, and affordable. • Interest rate – limiting exposure to fixed and variable interest rates, and refinancing risks of both debt and maturing investments.
Officer Contact:	Phil Myers
Designation:	Financial Services Manager
Ext. No.	2810
E-mail:	Phil.myers@braintree.gov.uk

Draft Treasury Management Strategy Statement

Background

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

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

All of these areas are covered in the Treasury Management Strategy Statement (TMSS) which will be considered by Full Council on 16 February 2015, as part of the overall budget and council tax setting report.

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

Economic and Interest Rate Outlook

Although two committee members have been voting for an increase of 0.25% in recent months, the Bank of England's Monetary Policy Committee (MPC) continues to keep the Bank Rate unchanged at 0.5% and to maintain Asset Purchases (Quantitative Easing) at £375 billion. The minutes of the MPC set out the Committee's view that when they do start to raise the Bank Rate, this would be gradual and the rate is likely to remain below average historical levels for some time to come.

Key features of the UK economy and outlook at the time of the November MPC were:

- UK GDP growth returning to around historical averages
- Signs of a slowing down in the housing market
- Business investment remaining buoyant, coupled with sustained consumer spending growth
- Employment data remains strong with unemployment continuing to fall
- Indications that wage growth was picking-up, particularly in the private sector
- CPI inflation to remain low with all probability being that it would temporarily fall below 1% at some point over the coming six months before returning to the 2% target by the end of the Bank's three-year forecasts. The outlook for inflation in the medium term supports maintaining the current stance of monetary policy.

The Council's treasury management advisor, Arlingclose, currently forecasts the first official rise in interest rates in August 2015, with a gradual pace of increases thereafter, with an average rate of around 0.75% for 2015/16. The forecast also suggests that the normalised level of Bank Rate post financial crisis could be between 2.5% and 3.5%.

Credit Outlook

The implementation of two European Union directives into UK legislation in the coming months will place the burden of rescuing failing EU banks disproportionately onto unsecured investors, including local authorities. The *Bank Recovery and Resolution Directive* promotes the interests of individual and small businesses covered by the Financial Services Compensation Scheme and similar European schemes, while the recast *Deposit Guarantee Schemes Directive* includes large companies into these schemes. The combined effect of these two changes is to leave public authorities and financial organisations as the only senior creditors likely to incur losses in a failing bank after July 2015.

The continued global economic recovery has led to a general improvement in credit conditions since last year. This is evidenced by a fall in the credit default swap spreads of banks and companies around the world. However, due to the above legislative changes, the credit risk associated with making unsecured bank deposits has shifted in emphasis from one focused on complete bank failure to that of risk of restructure where bail-in legislation is applied. Unsecured investments such as call accounts, term deposits, certificates of deposits (or CD's), and unsecured bonds therefore have an increased risk relative to the risk of other investment options available to the Council. This means that the Council's treasury management strategy needs to adapt to this new risk environment.

Local Context

At the 31 March 2014, the Council had £10.595 million of borrowings and Other Long-Term Liabilities, and £30.426 million of investments (including cash held at bank). Forecast changes in these sums are shown in the balance sheet analysis in the table below (Note: these are provisional amounts subject to finalisation of the revenue and capital budget proposals for 2015/16 and Medium Term Financial Strategy).

	31 Mar 14	31 Mar 15	31 Mar 16	31 Mar 17	31 Mar 18	31 Mar 19
	Actual £m	Est. £m	Est. £m	Est. £m	Est. £m	Est. £m
Capital Financing Requirement (CFR)	4.372	8.333	7.887	7.467	7.037	4.596
Less: Other Long-Term Liabilities	-3.595	-3.293	-3.020	-2.774	-2.518	-2.251
Borrowing CFR	0.777	5.040	4.867	4.693	4.519	2.345
Less: External Borrowing	-7.000	-7.000	-7.000	-7.000	-7.000	-6.000
Borrowing in excess of CFR	-6.223	-1.960	-2.133	-2.307	-2.481	-3.655
Less: Usable Reserves	-27.235	-18.606	-19.332	-20.184	-18.207	-18.898
Plus: Working Capital	3.032	2.852	2.639	2.425	2.190	1.872
Investments (Long and Short-Term)	30.426	17.714	18.826	20.066	18.498	20.681

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources for investment. The total CFR includes the value of assets acquired on finance lease arrangements, the liability for which is shown on the Balance Sheet within Other Long-Term Liabilities. These liabilities are ultimately met

from the annual lease payments charged against the appropriate service revenue budget.

The Borrowing CFR reflects the amount of capital expenditure incurred which has not been financed from capital receipts or other resources and, therefore, is an indicator of the level of borrowing required for capital purposes. The table above shows that actual borrowing is greater than the Borrowing CFR – this excess borrowing contributes to the cash balances available for investment. The table shows that at the end of the current year the excess will have reduced from £6.223 million at 31 March 2014 to £1.960 million estimated at 31 March 2015. This reflects the Council's deliberate policy to utilise the previous excess borrowing to invest in assets or projects that generate an annual return to the Council, after repayment of the capital, that is better than would otherwise be achieved by placing funds with banks and other financial institutions. These include:

- Supporting the implementation of the Braintree Local Authority Mortgage Scheme (LAMS);
- Acquisition of the former Eckard House site to redevelop into the new Easton Road car park, providing additional parking facilities whilst also generating extra income;
- Installation of solar panels on the Council's leisure facilities generating cost savings;
- Building a new vehicle maintenance workshop to support the Council's Operational Services and generating revenue savings; and
- Acquisition of 850 The Crescent, Colchester Business Park – an investment property.

As these projects repay the capital sum invested over the life of the underlying assets the difference between the Borrowing CFR and actual borrowing increases recognising the cash that is being set aside for future debt repayment.

External borrowing is made up of £6 million of LOBO (Lender's Option, Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at six monthly intervals, following which the Council has the option to either accept the new rate or repay the loan at no additional cost. Whilst under the current interest rate environment it is unlikely that the lender will exercise their option, there remains an element of refinancing risk. The Council will take the option to repay the LOBO loans at no cost if the opportunity arises, or if a premium can be negotiated which is considered to offer fair value. The remaining £1 million of borrowing is the Essex County Council contribution towards the Braintree LAMS which is repayable in January 2019, subject to the conditions of the LAMS.

Usable reserves comprise both revenue reserves (the General Fund balance and earmarked reserves), and capital reserves (capital receipts and other grants and contributions). These reserves are projected to reduce in the current year due mainly to funding of the capital programme, incorporating major projects such as completion of the Witham Leisure Centre and "invest to save" projects. Over the medium term revenue balances are expected to be maintained at a similar level as annual receipts of New Homes Bonus are set aside for future spending on major infrastructure and other economic development projects. It is from these medium term projections that opportunity has been taken to invest £10 million in the current year into 4 pooled funds (3 equity based funds and 1 property fund) which offer enhanced returns over the longer term.

Working capital reflects the level of debtors and creditors, including future receipts under lease arrangements. The net effect of in-year cash flows is typically positive, therefore, whilst the projected year-end balance of investments over the medium term is around £19 million, with the addition of the in-year cash flows, it is estimated that the average amount invested over the medium term will be circa £25 million per annum.

Borrowing Strategy

The proposed capital programme for 2015/16 and anticipated capital requirements for 2016/17 to 2018/19 can be self-funded based on future sales of assets and other projected capital resources, including those receivable via sharing arrangements with Greenfields Community Housing. In the event that these capital resources are not generated in the timescales planned then the Council does have the option to borrow either temporarily, or longer-term where the revenue consequences can be met from either savings or increased income from the relevant project(s). Borrowing for “invest to save” projects will be considered on a case by case basis and, as well as making a financial return, will need to be clearly linked to delivery of the Council’s corporate strategy and key priorities. The potential for borrowing on a temporary basis will be reflected in the proposed limits for Council to authorise in February. Borrowing for the longer term will be subject to specific consideration and where a revision to the authorised limit is necessary this will be part of the business case approval.

An objective when borrowing will be to strike a balance between securing low interest costs and achieving cost certainty over the period to which funds are required. The flexibility to renegotiate loans should the Council’s long-term plans change will also be considered.

As an alternative to external borrowing for capital investment the Council has the option to utilise internal borrowing by using the cash resources held as balances and reserves and currently invested. In the current interest rate environment internal borrowing is likely to be more cost-effective in the short-term as the reduction in investment income is likely to be outweighed by avoiding borrowing costs. This approach also has the advantage of reducing overall treasury risk. However, the position will be kept under review for the potential of incurring additional costs by deferring borrowing into future years when long-term interest rates are forecast to rise.

The Council may borrow short-term to cover any unexpected cash flow shortage, although the likelihood of this is low as typically the Council holds a portion of its investment balances in liquid assets.

Borrowing will be from the Public Works Loan Board or other local authorities, or banks and financial institutions that are authorised by the appropriate regulatory bodies to operate in the UK.

Annual Investment Strategy

The Council continues to hold significant invested funds, mainly due to the balances and reserves held and from funds linked to legacy borrowing. In 2013/14 the average sum invested in the year was £44 million, with balances peaking at £54 million. In the current year the average level of investment balances up to end

November has been £42 million, with a high of £50 million. Balances for 2015/16 are expected to be lower (averaging circa £25 million) as capital resources have been applied in the current year against completion of some high spend capital projects and asset acquisitions.

The Council's main objective is to invest prudently, with the priority being the security of the investment, followed by liquidity and then yield achieved. A balance needs to be struck between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

Given the increasing regulatory risk and continuing low returns from short-term unsecured bank investments, the Council has sought to diversify into more secure and/ or higher yielding asset classes (e.g. money market funds and pooled funds) in 2014/15, and this approach will be maintained during 2015/16. The increased risk posed to local authorities from the regulatory changes means that when placing investments direct with a bank or other financial institution the Council will seek, where appropriate, to make investments on a secured basis which would limit potential losses in the unlikely event of insolvency, and would be exempt from bail-in. Secured investments will require the Council to have a custodian facility and would enable the Council to make use of other investment instruments, such as government bonds and treasury bills, or certificates of deposit.

However, in practical terms unsecured investments will continue to be a feature of the Council's portfolio and therefore limits are being proposed which recognises the inherent risk. Further diversification will also be achieved by making greater use of Variable Net Asset Value (V-NAV) Money Market Funds (where capital preservation is an objective but pricing of units can see marginal fluctuations on a day-to-day basis) as well as the existing Constant Net Asset Value (C-NAV) funds as alternatives to placing unsecured deposits directly with institutions.

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

Specified Investments

Specified investments are defined as those that are:

- Denominated in pounds sterling;
- Due to be repaid within 12 months of arrangement;
- Not defined as capital expenditure by legislation; and
- Invested with either: the UK Government; a UK local authority, parish council or community council; or a body or investment scheme of "high credit quality".

It is proposed that the Council's definition of "high credit quality" is organisations or securities that have a long-term credit rating of A- or higher that are either domiciled in the UK, or a foreign country with a sovereign rating of AA+ or higher. Previously the Council has included a support rating (from sovereign or strong parent) of either 1 or 2 in the definition; however, as implicit government support is being removed from many of the UK and Non-UK major banks through the regulatory changes taking place across the European Union, support ratings are diminishing for individual organisations despite improvements in their underlying financial strength. Therefore, this factor is being removed from the proposed definition.

Non-Specified Investments

Any investment not meeting the definition of a Specified investment is classed as Non-Specified. The Council does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure, e.g. acquisition of company shares. Non-specified investments will therefore be limited to long-term investments i.e. those that are due to mature 12 months or longer from arrangement, or where the intention is to hold for longer than one year; and investments with bodies and schemes not meeting the Council's definition of high credit quality. With rating agencies signalling that many of the banks and other financial institutions are likely to see further reductions in their credit ratings due to the regulatory changes, sticking with the some of the same organisations currently used by the Council would mean the investments would in future be classified as Non-Specified. The proposed limit on use of Non-specified investments are out below:

	Cash Limits
Long-Term Investments	£10 million
Investments in organisations or securities without a credit rating or having a rating of less than A-	£10 million
Total	£20 million

Investment Counterparty Limits

The Council may invest its surplus funds with any of the counterparty types set out in the table below, subject to the cash and duration limits.

Credit Rating	Financial Institutions: Unsecured	Financial Institutions/ Securities: Secured	Government/ Local Authorities	Registered Providers e.g. Housing Associations
UK Govt./ Local Authorities			Unlimited	
A or higher	£3m 13 months	£4m 5 years		£4m 5 years
A-	£3m 6 months	£4m 2 years		
BBB+	£2m 100 days	£3m 6mths		
BBB or BBB-	£1m overnight/ call	£2m 100 days		
Unrated Building Societies	£1m 6 months			
MMF & Pooled Funds	£4m per fund			

The above limits will also be subject to any reductions advised by the Council's treasury management advisors due to prevailing market conditions or other information on creditworthiness.

Counterparty risk will continue to be monitored using a variety of information, not solely based on credit ratings although these will remain an important factor. When deteriorating financial market conditions affect the creditworthiness of all organisations the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with the

prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other UK local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

In the event of a loss on investment it is the Council's revenue reserves which must absorb the financial impact. Over the medium term these are forecast to average around £16 million, within which the General Fund unallocated balance comprises around £8 million. It is, therefore, proposed to set a maximum limit of £4 million being lent to any one group or individual organisation (other than the UK Government/ other local authorities). This is a reduction from the current investment policy where the limit is the higher of 15% of cash balances or £5 million.

The above limits are for investment purposes and are in addition to any sums held with the Lloyds Bank PLC for the purpose of day-to-day banking activity. The limits also exclude the deposit with Lloyds which has been placed as a cash-backed indemnity for the Braintree LAMS and is treated as a repayable capital advance.

Budgetary Impact of the proposed Investment Strategy

The strategic investment of £10 million made in the current year into Pooled Funds is estimated to yield an average return over the long-term of 5% or £500,000 per annum, albeit returns on these funds are likely to be more volatile over the short-term. The residual balance of cash for investment will comprise capital and revenue reserves earmarked for spending in the short-medium term, and in-year cash flows. Under the current interest rate environment these funds are estimated to yield a return of around 0.5% or £75,000 per annum as these funds will be concentrated in investments of relatively short periods, for example, call accounts, money market funds, and held with own bank.

As part of the Medium Term Financial Strategy the approach has been to equalise the amount of investment income credited to the revenue budget. This equalisation is achieved by adding/ withdrawing from the Treasury Management reserve and it is proposed that this approach is continued within the current strategy.

Use of Financial Derivatives

Financial derivatives may be embedded into loans and investments both to reduce interest rate risk and to reduce costs (or increase income), examples being LOBO's or callable deposits. These instruments have been used by the Council in the past and remain options for future transactions.

The Council will not use standalone financial derivatives. The Council may be exposed indirectly to the use of financial derivatives by the investments made into Pooled Funds and the risks these present will be managed in line with the overall treasury management strategy.

Treasury Management Advisory Services

The contract with Arlingclouse Ltd to provide on-going treasury management advice and information has been renewed for a further 3 years from November 2014, following a competitive quotation process. This service is separate to the services of brokers who are occasionally used for investment or borrowing transactions.

Internal Audit – Activity Report for the period to 12th December 2014		Agenda No: 9
Corporate Priority: An organisation that delivers value Report presented by: Lesley Day, Audit Insurance & Fraud Manager Report prepared by: Lesley Day, Audit Insurance & Fraud Manager		
Background Papers: Internal Audit Assignments		Public Report
Options: N/a		Key Decision: No
Executive Summary: To provide Members with details of and outcomes from the audit assignments completed during the period 22 nd August 2014 to 12 th December 2014. This includes for each assignment: <ul style="list-style-type: none"> • the key controls covered • number of recommended action points and their priority • audit opinion • brief details of the high priority recommendations (if applicable) An update on the Reportable recommendations is also attached.		
Decision: To accept the activity report for the period 22 nd August 2014 to 12 th December 2014		
Purpose of Decision: To advise Members of the audit assignments completed for the period 22 nd August 2014 to 12 th December 2014		

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

Financial:	N/a
Legal:	N/a
Equalities/Diversity	N/a
Customer Impact:	N/a
Environment and Climate Change:	N/a
Consultation/Community Engagement:	N/a
Risks:	N/a
Officer Contact:	Lesley Day
Designation:	Audit, Insurance & Fraud Manager
Ext. No.	2821
E-mail:	lesley.day@braintree.gov.uk

INTERNAL AUDIT
COMPLETED ASSIGNMENTS to 12th December 2014

Type	Topic	Days Taken	Recommendations			Key Controls Covered	High Priority recommendations	Agreed Implementation date	Audit Opinion
			L	M	H				
Core System	Council Tax	13		3	1	<ol style="list-style-type: none"> 1. The Council Tax billing list is accurate and amendments are up to date. 2. Relief and allowances claimed by ratepayers are valid. 3. Annual billing and amendments are properly calculated. 4. Credit control and arrears recovery processes are adequate. 5. Refunds of overpayments are valid and properly authorised. 6. Write-offs of debt are properly authorised. 7. Council Tax Benefits received are properly recorded. 8. Amounts due are properly recorded. 9. There is adequate segregation in the Council Tax billing and cash receipting functions. 10. Fraud & Corruption checklist 11. Information Security Management 12. Operational Risk Register reviewed 	Put in place a process for approval of refunds back to cards by an authorised signatory – print off weekly list for signature in place of electronic instruction.	December 2014	We are satisfied that reliance can be placed on the key controls following implementation of the recommendations agreed in the Action Plan.
Core System	Main Accounting	4.5	0			<ol style="list-style-type: none"> 1. All direct journal inputs to the general ledger are complete, accurate and properly authorised. 2. Transactions posted from feeder systems are complete and accurate. 3. Unrecognised accounts or suspense balances are reviewed and cleared on a timely basis. 4. Information Security Management. 5. Operational Risk Register reviewed 			We are satisfied that reliance can be placed on the key controls as described.

Core System	Cash & Bank	7	<table><tr><td></td><td>1</td><td></td></tr></table>		1		<div>1. Cash and other cashable orders are held securely.</div> <div>2. All remittances received are properly recorded.</div> <div>3. All cash income is properly accounted for and banked in full.</div> <div>4. Payments are properly authorised.</div> <div>5. Cash balances are accurate and agree to recorded cash transactions.</div> <div>6. There is adequate segregation in the cash receipting, recording and authorising process.</div> <div>7. Fraud & Corruption checklist</div> <div>8. Information management</div> <div>9. Operational Risk Register reviewed</div>			We are satisfied that reliance can be placed on the key controls following implementation of the recommendation agreed in the Action Plan.
	1									
Core System	Treasury Management	2	0	<div>1. Investments are made only in accordance with the approved Policy and limits.</div> <div>2. All investment income due and the repayment of principal is properly accounted for.</div> <div>3. Investments are properly recorded.</div> <div>4. Fraud & Corruption checklist.</div> <div>5. Information Security Management.</div> <div>6. Operational Risk Register reviewed</div>			We are satisfied that reliance can be placed on the key controls as described.			
Non-core system	VAT	5	0	<div>7. Where VAT is payable all invoices processed for payment have a valid VAT number.</div> <div>8. Where VAT is received all credit notes processed have a valid VAT number.</div> <div>9. Sundry Debtor invoices raised have the correct element of VAT on the invoice.</div> <div>10. The correct split of the invoice or credit note for the VAT/non VAT element has been correctly completed.</div> <div>11. The correct VAT indicator code is being used in respect of all invoices.</div> <div>12. VAT returns are completed</div>			We are satisfied that reliance can be placed on the key controls as described.			

				correctly and within the appropriate timescales 13. Documentation is retained to support the details entered on to the VAT return 14. Operational Risk Register reviewed			
Non-core system	Contracts - invitation to tender	2	0	1. Records maintained for each contract to show all invitations to tender 2. Tender instructions and guidelines are issued to all contractors 3. Contractors confirmed in writing that they received all the tender documentation 4. Any changes to the tender process are recorded in the contract file 5. Fraud and corruption checklist			We are satisfied that reliance can be placed on the key controls as described
Non-core system	Contracts - receipt, opening of tenders acceptance	2	0	1. Tenders received are processed correctly 2. Tenders are kept securely until they are opened 3. Details of the tenders opened are recorded in the tenders register 4. Tender documents are checked for accuracy 5. All tenderers are notified of the outcome of the tender process 6. Contract documents are signed by all parties 7. Contract documents are held securely 8. Fraud and corruption checklist			We are satisfied that reliance can be placed on the key controls as described
Non-core system	Contracts - Monitoring & records	2	0	1. Records are maintained for the progress of the works 2. Expenditure is monitored against the overall budget for the work 3. Any variations to the contract are recorded on the contract administrators sheets 4. Fraud and corruption checklist			We are satisfied that reliance can be placed on the key controls as described

Non-core system	Contracts - administration & document security	2	0	<ol style="list-style-type: none"> 1. The organisations reporting and supervisory arrangements are recorded 2. Appropriate records are maintained for and on behalf of the organisation 3. Fraud and corruption checklist 			We are satisfied that reliance can be placed on the key controls as described
Non-core system	Contracts - documentation	2	0	<ol style="list-style-type: none"> 1. Contract documentation and/or official orders completed in all cases 2. The tender documentation issued includes all relevant material 3. Evidence of the contractors insurance has been provided 4. Formal contract documentation is completed before work commences 5. Contract documentation is signed by an approved officer 6. Fraud and corruption checklist 			We are satisfied that reliance can be placed on the key controls as described
Non-core system	Building Control	10	0	<ol 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 correctly 7. Applications for demolition notices have been processed correctly 8. 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

Corporate	Mi-Community	10	0	<ol style="list-style-type: none"> 1. Review of the processes for applications under the scheme ensuring they have been examined using set criteria 2. Application forms are completed in all cases 3. Applications reviewed by the appropriate officers 4. Approval of the grant applications by the correct officers 5. Approval of the grants by the Mi-Community Working Group 6. Legal agreements signed by the applicant and the council 7. Grant money paid directly to the name stated on the application 8. When approved appropriate review processes in place to ensure that grant money is spent in accordance with the legal agreement 9. Operational Risk Register reviewed 			We are satisfied that reliance can be placed on the key controls as described
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H=High A significant weakness which if not addressed, has the potential to undermine the financial and operational management due to risk of serious error, irregularity or inefficiency

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

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

Reportable Recommendations - Update

Area of review	Reported recommendations	Due Date	Status

There we no RIPA applications submitted for this period.

Annual Audit Letter 2013/2014		Agenda No: 10
Corporate Priority: Providing Value for Money Report presented by: BDO, External Auditor Report prepared by: BDO, External Auditor		
Background Papers:		Public Report:
Annual Audit Letter 2013/2014		Yes
Options: N/a		Key Decision: NO
Executive Summary: <p>The purpose of the Annual Audit Letter is to summarise the key issues arising from the work carried out by BDO, the Council's external auditors, during the financial year 2013/2014. A copy of the letter is attached as an appendix.</p> <p>The key areas covered within the letter are:</p> <ul style="list-style-type: none"> • Statement of Accounts – an unqualified true and fair opinion was issued on the 2013/2014 financial statements. • Use of Resources – an unqualified value for money opinion was issued as the auditor was satisfied, in all significant respects, that the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. • Satisfied that the Annual Governance Statement is not inconsistent or misleading with other information that the external auditor was aware of from their audit of the financial statements and complied with Delivering Good Governance in Local Government (CIPFA/SOLACE). • Grant claims and returns certification – awaiting final report from our external auditors 		
Decision: To receive the Annual Audit Letter for 2013/2014		
Purpose of Decision: For Members to receive the Annual Audit Letter for 2013/2014		

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

Financial:	None
Legal:	A positive report from the external auditor regarding the work carried out for 2013/2014 confirming an unqualified opinion on the Council's Accounts for 2013/2014 and determining that arrangements are in place to achieve value for money
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	None
Environment and Climate Change:	None
Consultation/Community Engagement:	None
Risks:	None
Officer Contact:	Trevor Wilson
Designation:	Head of Finance
Ext. No.	2801
E-mail:	trevor.wilson@braintree.gov.uk



BRAINTREE DISTRICT COUNCIL

Annual Audit Letter 2013/14

October 2014



EXECUTIVE SUMMARY

Background

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

Responsibilities of auditors and the council

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business and that public money is safeguarded and properly accounted for.

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

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

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

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

BDO LLP
28 October 2014

STATEMENT OF ACCOUNTS

1

We issued an unqualified true and fair opinion on the financial statements on 30 September 2014.
Some material disclosure misstatements in relation to the financial instruments note were identified and corrected in the financial statements. No other material misstatements were identified.
We did not identify any significant deficiencies in internal controls during the course of the audit.

USE OF RESOURCES

2

We are satisfied that, in all significant respects, the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
We issued an unqualified value for money conclusion on 30 September 2014.

OTHER MATTERS

3

We are satisfied that the Annual Governance Statement was not inconsistent or misleading with other information we were aware of from our audit of the financial statements and complied with Delivering Good Governance in Local Government (CIPFA / SOLACE).
The Council's WGA is below the threshold for review and we were required only to review the total amounts included in the Data Collection Tool for property, plant and equipment and for the net pension liability. We reported two instances where the WGA Data Collection Tool was not consistent with the audited financial statements.

GRANT CLAIMS AND RETURNS CERTIFICATION

4

Our work on the Housing Benefits subsidy claim for 2013/14 is in progress.
We will report the findings from this work in January 2015.

STATEMENT OF ACCOUNTS

1

OPINION

We issued an unqualified true and fair opinion on the financial statements on 30 September 2014.

Financial performance

The Council reported a surplus on the provision of services of £83,000.

After adjusting for items in the Movement in Reserves Statement, the Council reported a surplus on the General Fund of £2.4 million before transfers to earmarked revenue reserves of £1.8 million.

Financial statements

The draft financial statements were presented to audit on 30 June 2014. The statements were of good quality with few amendments required.

The following misstatements were identified and corrected during the audit:

- On commencement of our audit we were advised that an error had been identified by the auditor of the Essex County Council Pension Fund in relation to the valuation of properties within the Pension Fund portfolio. The error resulted in an amendment of £525,000. The error was subsequently rectified and a new actuary statement was issued. The Council's financial statements were updated to reflect the correct pension figures.
- Some presentation amendments were required to the financial instrument disclosure to ensure that it conformed to IAS 32, 39 and IFRS 7. This resulted in some material disclosure amendments, which were adjusted for in the financial statements.

There was one unadjusted audit difference identified during the course of the audit and one unadjusted audit difference identified in the prior year and impacting on the current year that would increase the draft surplus on the provision of services by £584,000 if corrected.

The Council chose to disclose the split of the collection fund surplus/deficit for Council Tax and Business Rates and the split of precepts by individual bodies in the notes to the Collection Fund rather than on the face of the statement as required by the 2013/14 Code.

We consider that these misstatements did not have a material impact on our opinion on the financial statements.

Significant judgements and estimates

Fair value of land and buildings

The calculation of the fair value of land and buildings is subject to a high level of estimation uncertainty that requires the exercise of judgement in determining the appropriate assumptions underlying the valuation. The Council engaged Wilks, Head & Eve as a management expert to provide information on asset values and market trends.

Through our audit work and testing we identified that Wilks, Head & Eve had incorrectly valued specialist assets that are valued on a depreciated replacement cost basis in prior years. We concluded that the error impacting on the prior year was immaterial and the assets were correctly valued as at 31 March 2014. Overall we were satisfied the value of assets reported in the published financial statements are materially correct.

Actuarial assumptions

The actuarial assumptions used for pension valuations are subject to a high degree of estimation uncertainty that requires the exercise of judgement in determining the appropriate assumptions underlying the valuation.

Essex County Council Pension Fund engaged Barnett Waddingham as a management expert. We were satisfied that the actuary was independent of the Council, objective and was experienced in undertaking this work. Our review of the assumptions applied in estimating the pension liability suggest that these are not significantly different from those being applied by the actuaries of other local authorities.

Internal controls

We did not identify any significant deficiencies in internal controls during the course of the audit.

USE OF RESOURCES

2

CONCLUSION

We issued an unqualified value for money conclusion on 30 September 2014.

We are required to be satisfied that proper arrangements have been made to secure economy, efficiency and effectiveness in the use of resources (value for money).

AUDIT COMMISSION SPECIFIED CRITERIA

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

This is based on the following two reporting criteria:

- The organisation has proper arrangements in place for securing financial resilience.

The focus of the criteria is that the Council has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.

- The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

The focus of the criteria is that the Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

We draw sources of assurance relating to their value for money responsibilities from:

- the Council's system of internal control as reported on in its annual governance statement
- the results of the work of the Commission, other inspectorates and review agencies
- any work mandated by the Commission
- any other locally determined risk-based value for money work that auditors consider necessary to discharge their responsibilities.

We have reviewed the Council's arrangements against risk indicators and key issues facing the sector including the Government's spending review, funding over the medium term, risks arising from welfare reform and risks from the localisation of business rates.

FOCUS OF REVIEW

We did not identify any significant risk areas, however the following areas were identified for particular attention when completing the use of resources work as follows:

- Compliance with the Public Sector Internal Audit Standards that came into effect from 1 April 2013
- The Council's commitment to the cash backed Local Authority Mortgage Scheme (LAMS).

Financial resilience

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

The Council maintains healthy levels of earmarked reserves and balances, with the level of reserves increasing since the prior year and the balances remaining within the minimum level of reserves set by the Council. As at 31 March 2014, the General Fund balance was £8.244 million which provides significant headroom over the minimum level of £1.5 million required by the Council's policy. Earmarked reserves were £8.597 million.

The final spend for 2013/14 was £15.194m compared to a budget of £15.841m, with an overall underspend against the budget of £647,000 for the year.

The Medium Term Financial Strategy (MTFS) was updated during the year to cover the four year period to 2017/18. The MTFS details planned overall use of balances of £425,000 in total over 2014/15 to 2017/18, although it may become necessary for the Council to further utilise its general reserves if it is unable to achieve the £2.6m savings required to ensure a balanced budgets for 2014/15 to 2017/18. However, any shortfalls are not likely to be significant in light of the £16.8m revenue reserves currently held by the Council and will not result in a breach of the Council's policy on the minimum level of reserves to be retained of £1.5m. We have reviewed the assumptions used in developing the MTFS and have found these to be reasonable.

We specifically considered the Council's compliance against the Public Sector Internal Audit Standards (PSIAS) that were introduced with effect from 1 April 2013.

As reported to the Governance Committee in September 2013 and included within the Head of Internal Audit's Annual Report for 2013/14, there are some areas of non-compliance against these standards. These areas of non-compliance have also been noted in the Annual Governance Statement.

Challenging economy - efficiency - effectiveness

The Council continues to challenge the resource allocation in the next round of budget and medium term financial planning. Members have a clear understanding of the Council's financial challenges and are being supportive of officers in the budgetary process.

The Council demonstrated its openness to challenge by requesting that the Local Government Association undertake a Peer Challenge during the year to provide an external view of the organisation and to assess its plans to meet identified challenges and opportunities for the district. This was completed in October 2013. Feedback was positive; with the review commenting that the Council is well-led and has a robust financial position. The Council accepted the review team's conclusions and has already introduced plans to ensure that the key recommendations around clarifying its long-term ambitions and developing creative solutions for future challenges are implemented.

The Council set a savings plan target of £1.695m for 2013/14, which was achieved. A large proportion of the savings came from negotiating a new management contract for the Leisure centres along with reviewing the IT service contract and other service areas within the Council.

We specifically reviewed the Council's arrangements for implementing the Local Authority Mortgage Scheme (LAMS), which was introduced in January 2014, and considered these to be satisfactory.

OTHER MATTERS

3

REPORT BY EXCEPTION

We have no other matters to report.

Annual Governance Statement

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

Whole of Government Accounts

The Council's WGA is below the threshold for review and we are required only to review the total amounts included in the Data Collection Tool for property, plant and equipment and for the net pension liability. We reported two inconsistencies where the WGA Data Collection Tool was not consistent with the audited financial statements. This was in relation to the following:

- The net pension fund balance did not agree to the audited financial statements by £541k. This was in relation to the audit adjustment that was made to the financial statements during the course of the audit as a result of late information being received from the Actuary.
- Although the reported total for property, plant and equipment was consistent with the audited financial statements, the Council did not separately show the values for land and building, which is required by the Data Collection Tool.

GRANT CLAIMS AND RETURNS CERTIFICATION

4

CERTIFICATION WORK

The 2012/13 Housing and Council Tax Benefit subsidy claim was subject to qualification.

Certification findings 2012/13

We issued our most recent Grant claims and returns certification report in December 2013, which included the results of the audited returns for 2012/13. We certified two returns amounting to over £92 million.

The Housing and Council Tax Benefit subsidy audit highlighted a number of errors that resulted in a qualification. Recommendations were made and management have taken action to address issues highlighted.

Work in progress for 2013/14

Our work on the Housing Benefits subsidy claim for 2013/14 is in progress.


We will report the findings from this work in January 2015.

APPENDIX

Reports issued

We issued the following reports in respect of the 2013/14 financial year.

REPORT	DATE
Planning letter	March 2013
Grant Claims and Returns Certification Report	December 2013
Audit Plan	March 2014
Final Audit Report	September 2014
Annual Audit Letter	October 2014



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

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Public Sector Internal Audit Standards – Internal Audit Budget 2015/2016		Agenda No: 11	
Corporate Priority:	An organisation that delivers value		
Report presented by:	Lesley Day, Audit Insurance & Fraud Manager		
Report prepared by:	Lesley Day, Audit Insurance & Fraud Manager		
Background Papers:	Public Report		
The PSIAS and the Local Government Application Note			
Options:	Key Decision:		
N/a	NO		
Executive Summary:			
<p>The Public Sector Internal Audit Standards (PSIAS) came into effect on 1st April 2013 and replaced the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006. The PSIAS now form the proper practices for Internal Audit required by the Accounts and Audit (England) Regulations 2011.</p> <p>To comply with these Standards, the Governance Committee on 18th September 2013, agreed their functional reporting responsibilities which included approving the Internal Audit budget and resource plan. The Governance Committee should make appropriate enquiries of management and the Audit Manager as to whether there is inappropriate scope or resource limitations.</p> <p>The Internal Audit budget (see below) indicates an increase in salary with on-cost due to a pay award.</p> <p>In my opinion, as there is no change in staff resources for 2015/2016, this will not affect the delivery of the Strategic Audit Plan.</p>			
<u>Internal Audit Controllable Costs</u>			
	Budget 2014/15	Budget 2015/016	Budget Change
Salary with on-cost	144,860	146,530	1,670
New equipment & furniture	200	200	0
Stationery	190	190	0
Security services	1,860	1,900	40

Computer paper & materials	110	110	0
Mobile Phones	150	150	0
Subsistence	100	100	0
Casual Car Allowance	240	240	0
Total Controllable	147,710	149,420	1,710
Decision:			
To approve the Internal Audit budget and resource plan 2015/2016			
Purpose of Decision:			
To ensure that there is compliance with the Public Service Internal Audit Standards which forms part of the statutory responsibility to maintain an adequate and effective internal audit.			

Any Corporate implications in relation to the following should be explained in detail	
Financial:	None
Legal:	The Council has a statutory responsibility to maintain an adequate and effective internal audit. Compliance with the PSIAS forms part of that statutory responsibility
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 & Fraud Manager	
Ext. No.	
2821	
E-mail:	
lesley.day@braintree.gov.uk	

Strategic Risk Management		Agenda No: 12
Corporate Priority: Delivering excellent customer service Report presented by: Trevor Wilson, Head of Finance Report prepared by: Trevor Wilson, Head of Finance		
Background Papers: Risk Policy, Strategy and Implementation Plan – Council 19 th April 2006. Strategic Risk Management report to Cabinet on 29 th September 2014		Public Report
Options: To agree or suggest amendments to the Council's approach to Risk Management.		Key Decision: NO
Executive Summary: <p>The report provides detail of the review of and updating of the Council's Strategic Risk Register as agreed by the Cabinet at its meeting on 29th September 2014.</p> <p>The Strategic Risk Register agreed by the Cabinet on 3rd February 2014 was reviewed by Members attending the Members Evening on 28th May 2014; the outcome was an updated draft register which was subsequently agreed by the Cabinet on 29th September 2014.</p> <p>The register details the risks which have potential to impact on the delivery of the Corporate Strategy over the medium-term. In addition to undertaking this review of the register the Management Board ensures that the register continues to be current by regularly reviewing and updating the strategic risks, as necessary.</p> <p>The strategic risk register forms one part of the Council's overall approach to risk management, other facets include: processes for identifying and recording operational risks, risk registers for major projects, business continuity planning and emergency planning.</p> <p>The number of strategic risks identified is seven, a reduction of one from the eight risks identified at the last review conducted in December 2013. The reduction is due to the deletion from the register of the risk: Sustainability (risk number 10) this is now incorporated in operational risks and the management of this is regarded as 'business as usual'.</p> <p>The number of risks above the Risk Tolerance Line (See Appendix A) requiring active management has remained at five with the risk rating for all five continuing to be C2 (Significant Likelihood and Critical Impact).</p>		

A summary of the changes to the risk ratings made at the reviews are shown in the table below:

Risk Rating	December 2013	May/July 2014
B2 (<i>High likelihood/ Critical impact</i>)	0	0
C2 (<i>Significant likelihood/ Critical impact</i>)	5	5
D2 (<i>Low likelihood/ Critical impact</i>)	2	2
D3 (<i>Low likelihood/ Marginal impact</i>)	1	0
Total number of risks on Strategic Register	8	7

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

Decision

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

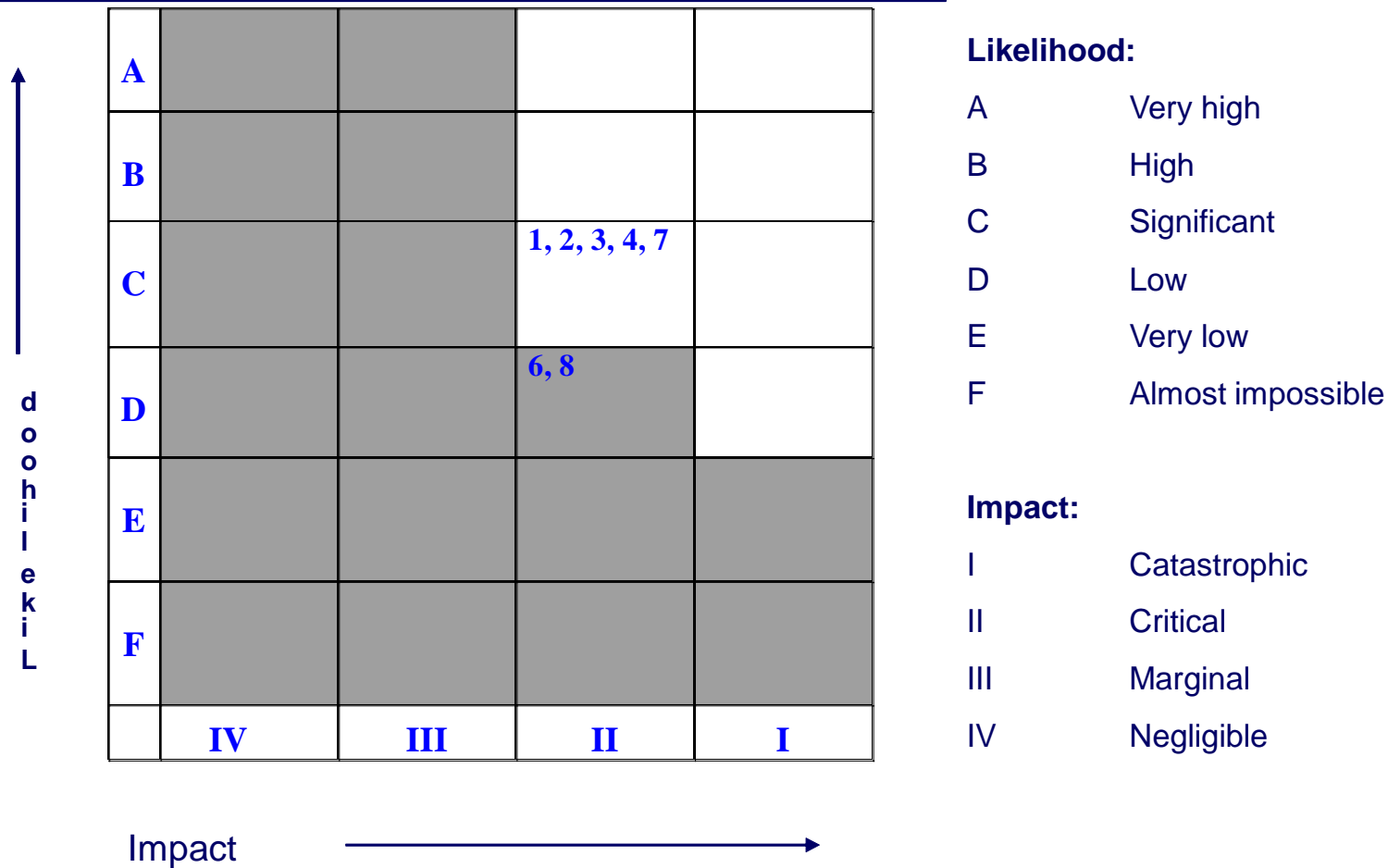
Purpose of Decision:

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

Any Corporate implications in relation to the following should be explained in detail	
Financial:	Risks and associated management action plans concerning the Council's finances are highlighted in risks numbers 1 and 8.
Legal:	There are no specific risks of a legal nature at this time.
Safeguarding	There are no specific risks regarding safeguarding at this time.
Equalities/Diversity	The Council's processes and approach to equalities and diversity are well developed and are not regarded as a risk.
Customer Impact:	The potential impact on a proportion of residents in the district, in particular vulnerable groups, of the Government's Welfare Reforms is identified at risk number 4. A management action plan is included detailing the actions taken and planned to reduce the risk.
Environment and Climate Change:	Although the risk concerning the Council's approach to climate change (risk number 10) is to be removed from the Strategic Register it will continue to be identified as an operational risk by the relevant services.
Consultation/Community Engagement:	No specific risk identified concerning consultation and community engagement however these are important elements in a number of the strategic risks on the register e.g. Local Development framework and Community Resilience.
Risks:	A robust Risk Management process is an important element of the Council's governance arrangements.
Officer Contact:	Trevor Wilson
Designation:	Head of Finance
Ext. No.	2801
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STRATEGIC RISK PROFILE

Braintree District Council May/July 2014



Strategic Risk Register including Management Action Plans (where appropriate)

Medium-Term Financial Strategy – 1

Risk Rating C2 (C2 December 13)

Management Board Owner – Corporate Director (CF)

Vulnerability	Trigger	Consequence
<p>The Council sets a Medium-Term Financial Strategy (MTFS), covering a four-year period, which is reviewed and updated annually.</p> <p>Assumptions are made about anticipated changes on the revenue account e.g. government grant levels, income levels, inflation, pay awards, council tax collection rates, etc. together with planned and anticipated efficiency savings, council tax levels and the use of balances.</p> <p>Assumptions are also made regarding capital resources with a capital programme being planned and agreed against these resources.</p> <p>The Government's Spending Review 2013 and Autumn Statement announced in June and December 2013, respectively, confirmed the continued reduction in funding to local government and reinforces the commitment to its deficit reduction plan and to returning the public finances to a sustainable position.</p>	<ul style="list-style-type: none"> • Government funding settlements are reduced by more than anticipated. • Other organisations which provide significant contributions to the Council face their own funding pressures and may require greater reductions than expected. • Circumstances change which render the planned savings unachievable. • Other financial assumptions prove incorrect. Including income budgets not achieved. • Capital receipts are not received as planned. • Capital resources insufficient to finance capital programme. 	<ul style="list-style-type: none"> • Priorities and projects are not delivered. • Cuts necessary to services • Rushed decisions to find other savings • Staff unsettled and de-motivated. • Financial savings are not achieved; balances used more than planned. • Assets not fit for purpose • Satisfaction levels with the Council fall • Cannot implement low council tax strategy

Appendix B

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
<p>Robust budget review and setting process involving Management Board and Cabinet members developed over a number of years</p> <p>Unallocated balances significantly exceed minimum level of £1.5million.</p> <p>Regular Budgetary Control and monitoring processes in place.</p> <p>Programme of efficiency reviews and Member Board to monitor progress of reviews.</p>	<p>Continue work to improve financial modelling for business rates income and New Homes Bonus grant.</p> <p>Improve monitoring and forecasting of income.</p>	Corporate Director (CF)	<p>Financial savings delivered on time and as budgeted.</p> <p>Setting a balanced base budget and having plans to meet funding shortfalls in subsequent years of MTFS</p> <p>Service and performance levels delivered as planned.</p> <p>Collection rates of council tax and business rates achieve planned levels.</p> <p>Budget variations reported in timely manner with explanation and action plan, where appropriate</p>	Monthly	Feb 2015	<p>MTFS updated with the final financial settlement figure for 2014/15 and takes account of the revised regulations and guidance on the business rates retention scheme.</p> <p>MTFS provides a plan to provide a balanced budget with the agreed reduction of 1% in council tax for 2014/15 and no increase for 2015/16. Shortfalls to be addressed for 2016/17 of £0.7m and 2017/18 of £0.6m.</p> <p>Unallocated balance as at 31st March 2014 is £8.244million.</p> <p>Action plan developed following Peer Challenge, managed by the Local Government Association, in October 2013.</p> <p>Increased monitoring of:</p> <ul style="list-style-type: none"> Amount of council tax support awarded awards made from the Exceptional Hardship Fund; and Business rates and council tax collection rates. <p>Reviewed Investment Strategy. Taking longer-term view over a proportion of the Council's investments and utilising borrowed monies to fund investments (e.g. commercial property and solar panels) to achieve improved rate of return.</p>

Economic Development – 2

Risk rating C2 (C2 December 13)

Management Board Owner – Corporate Director (JH)

Vulnerability	Trigger	Consequence
<p>The Council has identified Economic Development as a key Corporate priority for the District as set out in the Corporate Strategy.</p> <p>The District is looking for inward investment, job creation, business growth and investment in infrastructure. There is also a programme to sustain/grow our town centres.</p>	<p>Lack of investment in economic development and infrastructure prevents business growth and job creation.</p> <p>Delay or cessation of the Superfast Broadband for Essex programme in the district (currently scheduled for 2014 to 2016).</p>	<ul style="list-style-type: none"> • Reduction in new jobs • Loss of revenue / growth in business rates • Less employment • Lower inward investment • Fewer new businesses being created • Less investment in infrastructure as a result of less development

Appendix B

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
<p>Strong working relationship with Essex County Council, Haven Gateway and the South East Local Enterprise Partnership (LEP) on key priorities for economic development. The LEP is moving to a federated model with an Essex sub board offering the opportunity for stronger influence</p> <p>Partnership with Essex County Council, Colchester and Tendring Councils and the Highways Agency on establishing a business case for improvements to the A120.</p> <p>District Economic Development Prospectus agreed, setting clear economic priorities</p> <p>District Investment into capital/revenue projects to create business growth in the District.</p> <p>Working in partnership with Ignite business to provide new business start-ups and to grow businesses.</p> <p>Close engagement with strategic businesses through a District Business Leaders Board</p>	<p>Continuing to develop a strong relationship with strategic businesses and working with them to lobby the South East LEP; Highways Agency; Network rail etc. to invest in the District's economic priorities</p> <p>Developing our inward investment offer through an Investment Prospectus and website</p> <p>Ensuring that we have a realistic delivery plan and maximising the use of available resources to lever investment in delivery, including New Homes Bonus</p> <p>Supporting Town Teams to develop a clear vision and ensuring that they have the capacity to deliver town centre regeneration</p>	Corporate Director (JH)	<p>Creation of new jobs</p> <p>New Business starts</p> <p>Business growth in the District</p> <p>Inward Investment in the District</p> <p>Investment into District infrastructure</p>	Quarterly		<p>Capacity of Economic Development Team strengthened to support delivery.</p> <p>Business community consulted on District Economic Development Prospectus, which sets clear economic priorities for the period to 2026.</p> <p>Work to ensure that key infrastructure projects are included in the Essex and LEP Strategic Plans.</p> <p>Springwood Drive Enterprise Units extension approved and ICS/ Growth Area Funding secured.</p> <p>Delivery of town centre infrastructure improvement projects underway (South Street, St. Michaels Fountain).</p> <p>Range of Portas Pilot initiatives delivered in three towns Gateway partnership.</p> <p>Allocation of 5 key projects as part of the Integrated County Strategy.</p> <p>Investment in Town Centres and award from Government of Portas Pilot status.</p> <p>Allocation of £5m of New Homes Bonus funds to infrastructure projects agreed.</p>

Local Plan – 3

Risk Rating C2 (C2 December 13)

Management Board Owner – Corporate Director (JH)

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

Appendix B

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
<p>Engaging at a regional level.</p> <p>Joint working with other authorities.</p> <p>Good working relationships with Town and Parish Councils and community groups.</p> <p>Infrastructure implications will be a key part of the new Plan.</p> <p>Programme of reporting and decision making through Local Plan Sub Committee.</p> <p>Strong working relationship with major developers on key housing/commercial sites in the District.</p>	<p>Work programme keeps to timetable to ensure adoption of the Local Plan in line with the project plan.</p> <p>Close working relationship with major landowners and agents in the District to work together on delivery rather than in opposition.</p> <p>An Interim Planning Policy Statement which supports the development of proposed allocated sites in the Site Allocations and Development Management Plan and removes the phasing from the Core Strategy growth location sites.</p>	Corporate Director Sustainable Development	Ensuring Local Plan process is adopted/ approved on target	Quarterly	Ongoing	<p>Adoption of Core Strategy.</p> <p>Adoption of new Statement of Community Involvement.</p> <p>Interim Planning Policy Statement being considered by Council in September.</p>

Community Resilience – 4

Risk Rating C2 (C2 December 13)

Management Board Owner – Corporate Director (CF)

Vulnerability	Trigger	Consequence
<p>There is a small proportion of the district's population that is affected by current changes to welfare reforms. However, many of the changes are still working through and the impacts are uncertain.</p> <p>There are a number of deprived areas in the district with children in poverty, health inequalities, lack of skills and higher unemployment.</p> <p>Educational attainment in the district (based on English and Maths GCSE results) is low compared to the rest of the county.</p> <p>There is a growing population of elderly people, within the district and nationally.</p>	<p>Break-down in family and community resilience.</p> <p>Council and other public sector organisations are not able to meet demand for services.</p>	<ul style="list-style-type: none"> Some people do not receive the help they need. Increase in homelessness Increased demands on the Council's Housing and Customer Services Increased health inequalities Increase in number of households in fuel poverty Increase in number of children in poverty Requests for Discretionary Housing Payments and/or Exceptional Hardship Fund payments exceed resources allocated.

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
<p>Officer Welfare Reform group established.</p> <p>Additional staff taken on in Housing, Revenues and Benefits and Customer Services.</p> <p>Increased partnership working with Citizens Advice Bureau, Greenfields CH, Department for Work and Pensions and Fusion to assist those affected by the welfare changes.</p>	<p>Delivery of action plan prepared by Officer Welfare Reform group.</p> <p>Regular reviews of the impact the changes are having on those affected.</p> <p>A cost/benefit analysis of money advice SLA with the CAB and of the temporary Collections Support Officer to be undertaken to assist in 2015/16 Budget decision making.</p>	Corporate Director	<p>Services able to meet increased demand</p> <p>Funding sufficient to support those residents in extreme financial difficulties with council tax and/or rent.</p> <p>Increased number of residents in employment</p>	Quarterly		<p>Two-year Service Level Agreement with Citizens Advice Bureau, commenced April 2013, to provide money advice service to residents.</p> <p>Discretionary Housing Payments – allocation of £204,936 for 2014/15. In 2013/14 awards totalling £194,819 were made.</p> <p>Exceptional Hardship Fund of £16,400 for 2014/15. In 2013/14 awards totalling £14,245 were made.</p> <p>Health and Wellbeing Panel for the District established and working with a range of partners.</p>

Service Resilience and Workforce planning – 6

Risk Rating D2 (D2 December 13)

Management Board Owner – Corporate Director (CF)

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

Affordable Housing – 7

Risk rating C2 (C2 December 13)

Management Board Owner – Corporate Director (JH)

Vulnerability	Trigger	Consequence
The Council has challenging affordable housing needs. There are a declining number of sites for development in the district and the value of housing is intrinsically high. Increasing gap between the availability of affordable housing and those needing them.	Potential number of affordable houses not provided	<ul style="list-style-type: none"> Affordable housing need not met Homeless households remain longer in temporary accommodation as fewer rented homes become available for letting through 'Gateway to Homechoice' Cost to the Council of temporary accommodation increases Young people/key workers leave the district

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
<p>Affordable Housing Strategy 2009-14 adopted</p> <p>Affordable Housing Strategy Action Plan for 2011/12</p> <p>Reviewed planning policy to ensure opportunities are maximised</p> <p>The Community Housing Investment Partnership (CHIP) fund was established as part of the transfer agreement. Currently £7m of this fund is available to invest into the delivery of further affordable housing.</p> <p>Underwriting schemes and purchase of land for affordable housing developments as opportunity and finance allow.</p>	<p>Housing Research and Development Team continue to look for innovative ways of increasing affordable housing with developers and Registered Social Landlords.</p> <p>Use of Stat Nav toolkit to help identify need across the District.</p> <p>Build working relationships with developers to deliver Affordable housing through S.106 agreements.</p>	Corporate Director (JH)	Local target for an average 100 dwellings per annum	Quarterly		<p>Local Development Framework in progress.</p> <p>Investment of CHIP fund to deliver more than 50 homes in next financial year. StatNav toolkit now up and running on BDC web-site</p> <p>In 2013/14 the affordable housing delivery target of 50 new homes at the end of 2013 this has already been exceeded.</p> <p>Over 200 new affordable homes started on site during 2013/14.</p> <p>Authority delegated to Cabinet Members for Planning and Property and Performance and Efficiency to agree acquisitions and funding commitments within the overall affordable housing budget in order to allow timely decisions to be taken and prevent opportunities being lost.</p>

Investment Strategy (formerly Investment of Surplus Monies) – 8

Risk Rating D2 (D2 December 13)

Management Board Owner – Corporate Director (CF)

Vulnerability	Trigger	Consequence
<p>The Council has an Investment Strategy which seeks to optimise use of available resources by investing in property and other assets as well as investing surplus monies with financial institutions to achieve a reasonable rate of return.</p> <p>The security of the money invested is paramount but the Investment Strategy distinguishes between the investment of monies available only in the short-term due to cashflow requirements and monies (core funds) which are available for investment over the medium to long-term.</p> <p>The impact of the current economic climate on financial institutions makes the selection of: a strong counterparty, with which to invest; the selection of an asset, to purchase, and the tenant, to occupy and rent property, crucial.</p> <p>Regular monitoring of investment counterparties is essential and this is currently undertaken by Arlingclose, our Treasury Advisors.</p>	<p>Failure of an investment counterparty.</p> <p>Tenant ceases trading leading to void period and requirement to find a new tenant.</p>	<ul style="list-style-type: none"> • Loss of the principal sum and / or interest due • Loss of rental income and increased costs (e.g. unoccupied business rates) • Unplanned service cuts and / or use of balances • Decline in Council reputation

Sustainability – 10

Risk Rating DELETE (D3 December 13)

Management Board Owner – Corporate Director (AW)

Vulnerability	Trigger	Consequence
<p>Climate Change The services provided by the Council are reliant on access to all parts of the district by Council operated vehicles and the ability of staff to travel to their place of work.</p> <p>Operations, services and estate plans need to include preparation for extreme weather events associated with the changing climate.</p>	<ul style="list-style-type: none"> • Increase in the frequency, severity and duration of extreme weather events i.e. flooding, storms, heatwaves, snow and freezing temperatures 	<ul style="list-style-type: none"> • Failure to maintain/deliver services due to the impact of extreme climatic conditions • Increased financial costs for Council due to insurance excesses and pressures on service delivery • Decline in Council reputation

Single Fraud Investigation Service (SFIS)		Agenda No: 13
Corporate Priority: An organisation that delivers value Report presented by: Lesley Day, Audit Insurance & Fraud Manager Report prepared by: Lesley Day, Audit Insurance & Fraud Manager		
Background Papers:		Public Report
Options: N/a		Key Decision: No
Executive Summary: <p>At the Governance Committee meeting in January 2014, Members were informed of the future implementation of the Single Fraud Investigation Service (SFIS).</p> <p>SFIS brings together into a single service the combined expertise of Welfare Benefit Fraud investigation work undertaken by Department for Work and Pensions (DWP) Fraud Investigation Service (FIS), Local Authority (LA) Benefit Fraud Investigators and Her Majesty's Revenue and Customs (HRMC) in relation to Tax Credits into a single service.</p> <p>SFIS will operate to a single set of policies and procedures and will provide a nationally flexible service to tackle all benefit welfare fraud. Prosecutions arising from SFIS investigations will be conducted by the Crown Prosecution Service.</p> <p>SFIS will be launched within DWP as a single organisation and implementation will be on a phased basis from October 2014 to March 2016. Braintree District Council's transfer date is 1st September 2015.</p> <p>The investigation of Housing Benefit and Council Tax Benefit suspected frauds will transfer to the DWP upon the transfer date.</p> <p>The investigation of Local Council Tax Support suspected fraud will remain the responsibility of this Authority. In addition the investigation of discounts and exemptions continue to be required which is shown as a considerable risk in the recently published Protecting the Public Purse 2014 which will be reported in full at the Governance Committee meeting in March 2015.</p> <p>A business case is currently being produced which will cover the required resources for fraud investigation post transfer to the SFIS on 1st September 2015.</p>		
Decision: <p>To note the current situation regarding transfer to Single Fraud Investigation Service on 1st September 2015.</p>		

Purpose of Decision:

To be aware of the current situation regarding transfer to Single Fraud Investigation Service on 1st September 2015

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

Financial:	The Councils Housing Benefit Fraud service consists of two Investigators and one part-time Administration Officer. Whilst the Investigators will be able to transfer to the new SFIS, management is currently assessing the requirements for a fraud investigation service post transfer of the Housing Benefit and Council Tax benefit fraud cases to the SFIS on 1 st September 2015. Funding for the current fraud service is included in the proposed 2015/16 budget.
Legal:	N/a
Equalities/Diversity	N/a
Customer Impact:	N/a
Environment and Climate Change:	N/a
Consultation/Community Engagement:	Consultation with the relevant members of staff will be undertaken in accordance with the Council's Management of Change process.
Risks:	Without adequate resources suspected fraud will not be investigated and would be financially detrimental to the Authority.
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Forward Look – Twelve months to January 2016		Agenda No: 14
Corporate Priority: An organisation that delivers value Report presented by: Trevor Wilson, Head of Finance Report prepared by: Trevor Wilson, Head of Finance		
Background Papers: None		Public Report
Options:		Key Decision: No
Executive Summary: 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. There may be ad-hoc reports added, either at the request of members, the external auditor or from officers, during the year.		
Decision: Members are asked to note the report schedule for the next twelve month period.		
Purpose of Decision: To agree the work and reports which will be undertaken and presented to the Governance Committee over the coming 12 months.		

Any Corporate implications in relation to the following should be explained in detail	
Financial:	None
Legal:	None
Equalities/Diversity	None
Customer Impact:	None

Environment and Climate Change:	None
Consultation/Community Engagement:	None
Risks:	None
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Report Schedule

Date	Report	Summary
25th March 2015	Strategic Audit Plan 2015/19	To present the Strategic Internal Audit Plan for the four year period.
	Internal Audit Activity report	To present details of the completed audit assignments.
	Governance Committee Annual Report	To consider the Committee's Annual report for 2014/15
	Governance Committee self-assessment	For members to undertake an evaluation of the Committee's effectiveness.
	Financial Indicators report	To present details of key financial indicators for the year to February 2015.
	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.
	External Audit Plan 2014/2015	To receive the external auditors proposed Audit Plan and fees for 2014/2015.
June/July 2015	Annual Governance Statement 2014/15	To present for approval the Annual Governance Statement for incorporation in the Statement of Accounts. Regulation 4 of the Accounts and Audit Regulations 2003 requires "The relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk".

	Internal Audit Annual Report	To present the Annual Report on Internal Audit for 2014/15
	Financial Indicators report	To present details of key financial indicators for the year to May 2015.
	Risk Management – Operational Risks	Details of the annual review of the Council's Operational 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.
September 2015	Receipt of the Statement of Accounts for 2014/15 together with the External Auditor's Final report to Governance Committee	To consider and approve the Statement of Accounts for 2014/15, which will have been subject to external audit. The draft Statement of Accounts is due to be certified by Corporate Director, by 30 th June 2015. 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 – review of 2014/15 and current year to date	To present a year-end report and mid-year report on delivery and performance of the Treasury Strategy for 2014/15 and 2015/16.

	Financial Indicators report	To present details of key financial indicators for the year to July 2015.
January 2016	Annual Audit Letter 2014/15	To present the Annual Audit Letter covering the Council's financial audit. The Committee receives the report on behalf of the Council and may make observations to Cabinet who can decide to take action to make improvements based on the external auditor's assessment.
	Grant Claim Certification for year ended 31st March 2015	To receive external auditors report
	Draft Treasury Management Strategy 2016/17	To present the draft Treasury Management Strategy for 2016/17. 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 2016.
	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 November 2015.
	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	