

Governance Committee AGENDA



THE PUBLIC MAY ATTEND THIS MEETING

Please note this meeting will be audio recorded.

Date: Wednesday, 13 January 2016

Time: 7.15pm

**Venue: Committee Room1, Braintree District Council, Causeway House,
Bocking End, Braintree, Essex, CM7 9HB**

Membership:

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

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

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

Page

PUBLIC SESSION

1 Apologies for Absence

2 Public Question Time

(See paragraph below)

3 Minutes of the Previous Meeting

To approve as a correct record the minutes of the meeting of the Governance Committee held on 16th September 2015 (copy previously circulated).

4 Declarations of Interest

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

Monitoring and Finance

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| 5 | Second Quarter Performance Management Report 2015-16 | 5 - 34 |
| 6 | Key Financial Indicators – 30th November 2015 | 35 - 41 |
| 7 | Draft Treasury Management Strategy Statement 2016-17 | 42 - 61 |

Audit and Governance

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| 8 | Annual Audit Letter 2014-2015 | 62 - 81 |
| 9 | Internal Audit – Activity Report for the period to 14th December 2015 | 82 - 89 |
| 10 | Strategic Risk Management | 90 - 105 |

Standards

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| 11 | Monitoring Officer's Annual Standards Report For 2015 | 106 - 112 |
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Committee Operation

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| 12 | Forward Look – Twelve months to January 2017 | 113 - 117 |
| 13 | 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. | |
| 14 | 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

- | | | |
|-----------|--|--|
| 15 | Urgent Business - Private Session
To consider any matter which, in the opinion of the Chairman, should be considered in private by reason of special circumstances (to be specified) as a matter of urgency. | |
|-----------|--|--|

E WISBEY
Governance and Member Manager

Contact Details

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

Question Time

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

Members of the public wishing to speak should contact the Council's Governance and Members team on 01376 552525 or email demse@braintree.gov.uk 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.....

.....

.....

Contact Details:

Second Quarter Performance Management Report 2015/16		Agenda No: 5
Corporate Priority:	Performance	
Report presented by:	Tracey Headford – Performance and Improvement Manager	
Report prepared by:	Tracey Headford	
Background Papers: Second Quarter Performance Management Report 2015/16		Public Report:
Options: To note the report		Key Decision: No
Executive Summary: The purpose of the attached report is to summarise the performance of the Council at the end of the second quarter (July to September 2015). As at the end of September 2015, seven projects have been completed and 32 projects are on track to meet their target dates. One project has an amber status which is in respect of delivering 75 new business start-ups in conjunction with Ignite due to resource issues restricting the delivery and support available. The number of businesses supported is slightly under target. For performance indicators at the end of the second quarter, nine have met target and seven haven't met target. Of the seven performance indicators that have not met target, four have missed target by less than 5% and three have missed target by more than 5%. The processing of planning applications achieved 69.33% against a target of 72%. The lower level of performance is a consequence of a higher than usual level of staff turnover. A recruitment exercise was carried out in the summer and posts are starting to be filled. It is expected that performance will continue to be affected in the third quarter as new staff familiarise themselves with the district and deal with a back log of cases. The collection rates for Council Tax and Business Rates missed target in the second quarter by less than 1%. Council tax amounting to £44.98million was collected in the first half of the year which is £504k higher than last year. The collection of Business Rates amounted to £25.31million in the first half of the year which compares favourably to the amount collected last year of £24.35million for the same period. It is expected that both performance indicators will achieve the target collection rate as the year progresses. Meeting the recycling performance target remains a challenge. The tonnage for dry waste recycling and garden waste is down by 1000 tonnes in comparison with the same quarter last year. The lower recycling rate achieved is a trend reflected across the county and recycling rates are continuing to reduce. Action is being taken to increase recycling rates by introducing recycling to flats and schools across the district.		

The number of passenger journeys on the community transport scheme has not met target in the second quarter. There has been a reduction in all journey types for varying reasons which are being looked into to ensure additional promotion of the scheme can target identified areas to increase the number of people using the scheme.

The number of empty homes returned to use has not met target as the figures reflect the number of properties within the Braintree District. However, the work of the empty homes officer includes returning empty homes to use work outside of the district and a further three empty properties have been returned to use (outside of the district) in the second quarter achieving the target of 17.

Although not all performance indicators have met target, they are closely monitored. Performance is expected to improve over the year as we strive to deliver our corporate objectives whilst focusing our resources to maximise the benefit to the community and businesses in the months ahead.

Financial Performance

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

Summary:

- An overall positive variance is forecast for the year of £738,000 (-5%) against the budget of £15.624 million.
- Income is projected to be overachieved by £781,000, offsetting a predicted net shortfall of £43,000 on staffing and other expenditure.
- The overall projected variance has improved from that reported at the first quarter (Q1) by £629,000 mainly due to an increase in predicted income from Development Control fees and the council tax sharing agreement with major preceptors; along with an overall improvement towards achieving the in-year corporate efficiency target.

For a detailed explanation of the financial performance, please refer to page 17 onwards of the full report.

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.
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.
Officer Contact:	Tracey Headford
Designation:	Performance and Improvement Manager
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SECOND QUARTER PERFORMANCE MANAGEMENT REPORT

1ST JULY TO 30TH
SEPTEMBER 2015



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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 2015/16'. This sets out the key activities and measures used to check our performance for the year and along with the Corporate Strategy 2012-16 sets out the priorities we are working towards. Further detail is given in relation to a set of business performance indicators covering finances, customer focus, our people and health and safety.






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

Summary of the Corporate Projects current position for the end of the 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 2015/16'




Corporate Priorities	Status of projects and actions				
					
Place	1	7	0	0	1
People	4	5	0	0	0
Prosperity	2	5	1	0	0
Performance	0	4	0	0	0
Partnership	0	11	0	0	0
TOTAL	7	32	1	0	1

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 2015/16'.

Corporate Priorities	Status of indicators			
				Data Only
Place	2	1	0	0
People	2	0	1	0
Prosperity	1	0	2	0
Performance	4	3	0	0
TOTAL	9	4	3	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 of the year has been steady with seven projects now complete and the majority of the remaining projects on track and progressing well.



Performance has slightly improved in the second quarter and although not all performance indicators have met target, they are closely monitored. Performance is expected to improve over the year as we strive to deliver our corporate objectives whilst focusing our resources to maximise the benefit to the community and businesses in the months ahead.



Our Priorities

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





Project description and comments	Target Date	Status
Continue a seven day cleaning programme in the town centres, including mechanical sweeping and targeted litter picking		
Work is on-going in all town centres to maintain a high standard of cleanliness and reduce the levels of litter including the use of barrow beats to litter pick, street washing and mechanical sweeping.	March 2016	
Maintain a programme of mechanical sweeping in rural areas on a quarterly basis		
The new programme of mechanical sweeping commenced in July. This work is an integral part of the day to day work of the team to maintain a high standard of cleanliness and reduce the levels of litter	March 2016	
Continue to support an anti-litter campaign across Essex		
A new anti-litter campaign was launched in August with over 300 businesses involved across Essex. The campaign will run for 6 weeks.	March 2016	
As part of the Essex waste partnership, participate in campaigns that aim to reduce waste and boost recycling		
The Essex Waste Partnership has put together a strategic development plan which suggests key areas of work to minimise waste, increase recycling and efficiency.	March 2016	
Expand our recycling waste service in flats to an additional 50 sites		
This project has been boosted by funding from the DCLG Recycling Reward Scheme and we are now aiming to expand our recycling waste service to round 300 sites. 96% of these sites have been surveyed.	March 2016	
Expand our trade waste recycling service to businesses in rural areas		
This project will commence in October 2015 as some rural waste collection routes are being changed. Once monitoring of the new routes has been completed work will commence on expanding our trade waste service.	March 2016	Not Yet Started
Install additional solar panels in Witham Leisure Centre and new solar panels on the Discovery Centre and George Yard car park, and replace the wind turbine at the Discovery Centre to improve the energy efficiency of Council assets.		
Due to a change in Government policy, a favourable feed in tariff will not be achieved and it is therefore no longer economically viable to install additional solar panels at Witham Leisure Centre and at George Yard car park.	March 2016	
Following the Government's decision to review the feed in tariff, the installation of the solar panels at Unit 9 in Lakes Road and at the Discovery Centre has been fast tracked and installation will be completed in October. Options for replacement of the wind turbine will be presented to the project board next quarter.	March 2016	






Working with Essex County Council Highways, install directional signage in Braintree and Witham to increase customer awareness and accessibility to car parks and leisure facilities		
The outcomes from the signage audit carried out by Essex County Council will be presented to the Economic Development Working Group in October.	September 2015	
Work with Essex County Council on developing a new Adventure Sky Line visitor attraction at Great Notley Country Park that will open this summer		
The skyline visitor attraction opened to the public in July. The 9.5m high rope course and smaller junior course will give visitors the chance to get a unique bird's eye view of the park as they traverse various ropes, bridges and beams	September 2015	



Our Priorities

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

Project description and comments	Target Date	Status
Reduce hip fractures amongst older residents by working with Housing Improvement Agency and other agencies to introduce a 'Handyman service' to help frail residents and other partners to build resilience to the community		
The falls prevention group has identified the need to pull together the winter warmth campaign alongside the project to fund a handyman service and falls prevention service and the project has been extended accordingly. Vulnerable residents across the district are being identified from varying forms of data to distribute a newly designed 'tumbles' leaflet advising on falls prevention.	November 2015	
Reduce obesity levels across the District by working with Health and Wellbeing panel partners to deliver local activities to enable residents to eat well and increase activity levels		
A targeted takeaway healthy eating project was set up to help tackle obesity issues in the district. 50 takeaways have been visited and were invited to be part of a scheme to ensure positive action is taken to reduce excessive fat, salt and sugar consumption. Disappointingly, there has been a lack of take up by the businesses.	September 2015	
A '30 minutes a day' project in partnership with Active Braintree and Fusion has been set up to encourage residents to exercise for 30 minutes a day. All activities are promoted through the Livewell website.	December 2015	
An exercise referral scheme has been launched and promoted on the Livewell website in partnership with Provide, health professionals and Fusion. The scheme provides a 12 week program designed to guide and support individuals wishing to increase activity levels.	June 2015	

Refurbish three play areas at: Rosebay Close, Witham, John Ray Park, Braintree and Tabor Field, Braintree		
The public consultation period ended in August. The designs for the refurbishment of the play areas are currently being drawn up.	February 2016	
Work with 'Active Braintree District' partner organisations to increase access to sports and activities so that the District becomes a place where all individuals and communities have the opportunity to take part in their chosen activity		
A number of activities continue to be very successful with numbers of participants increasing. The Halstead walking football team are champions of Essex at a recent tournament. Taster sessions were attended by over 900 people in Witham and at Halstead Leisure Centre in the second quarter which targeted inactive people to try new sports.	March 2016	
Deliver the second stage start of the Friends Life Women's Tour and follow up Festival to encourage cycling and other physical activities		
A successful start to stage 2 of the race took place on the 18 th June. The tour started in Braintree Town Centre and passed through Halstead, Sible Hedingham, Castle Hedingham, Great Yeldham and the Belchamps before eventually finishing in Clacton. To celebrate the visit of the Aviva Women's Tour, a 'Pedal in the Park' family festival took place on the 20 th June to celebrate cycling, sport and activity.	June 2015	
Deliver an improvement programme to preserve, interpret and promote the unique Archive, Museum and District's heritage for the public benefit through a sustainable partnership with Braintree Museum Trust Ltd		
New directors have been recruited to the Museum Trust including the appointment of Councillor Jo Beavis to represent Braintree District Council. A successful Guitar concert, WWII exhibition and summer holiday activities have been held at the museum in the second quarter and visitors to the museum and Warner Textile Archive have exceeded targets. The Warner Textiles archive collection has been promoted at a recent event held at the Victoria and Albert Museum	March 2016	
Supporting community groups to deliver local projects through the Mi Community fund		
More than £160,000 has been awarded to twenty one local community projects in the fourth round of funding from Braintree District Council's Mi Community programme. Eighteen grants have been paid in full and the council remains in contact with the remaining three applicants regarding the progress of their grants not yet paid.	March 2016	



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
Complete the Springwood Drive Enterprise Centre extension, improving business start-up and growth support for new businesses in the District		
Construction of the Springwood Drive Enterprise Centre extension continues to make good progress.	February 2016	
Deliver 75 new business start-ups in conjunction with IGNITE		
Since April, IGNITE have delivered 32 new business start-up and 122 advice and training sessions which have assisted in creating 44 jobs. This is slightly under target for the year due to resource issues restricting the delivery and support available. Business numbers will be verified in the next quarter.	March 2016	
Deliver two area business forums providing business support and helping to improve District Council services to businesses		
Two area Business Forums are being planned in Braintree for October 2015 and Witham for February 2016 involving constituency MP's. Information regarding the event in October has been sent to business.	March 2016	
Promote inward investment through a dedicated website and increased marketing activities		
A dedicated webpage for businesses has been launched in June to provide more effective service delivery. A further version of the website will be launched later in the year suitable for use on a range of devices.	June 2015	
Deliver an industrial estate improvement scheme supporting business growth across the District		
The first phase of the scheme on the Witham Industrial Estates is complete. The programme of improvement works to Springwood Drive Industrial Estate in Braintree is underway with a view to consulting businesses on the estate in November 2015 and finalising the scheme design in December 2015. The survey works on Bluebridge Industrial Estate in Halstead will be completed in April 2016 with consultation and scheme designs being completed by the summer of 2016. The end date of the project has been amended to reflect the revised improvement programme to the industrial estates.	March 2016	
Produce a draft District Local Plan providing sustainable housing and employment growth for the future		
All sites put forward have been assessed and are now undergoing a sustainability appraisal.	September 2016	
Invest £500,000 in a business loan scheme to help the District's businesses expand and grow to create new jobs and support enterprise in town and rural areas		
The Business Growth Loan fund was launched in September with £500,000 made available to businesses across the district to support economic growth across the district.	September 2015	
Work with Housing Associations to enable the delivery of 70 affordable homes as part of our four year target to build 400 affordable homes by March 2016		
The affordable housing completions are on track to meet the expected 70 completions for this financial year.	March 2016	



Our Priorities






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

Project description and comments	Target Date	Status
Work with our public sector partners to review the use of property assets across the District to ensure they are providing the best value for money for the taxpayer		
As part of the Governments One Public Estate initiative, the council together with other public sector partners carried out a review of all public sector land and property within the Braintree district. With the assistance of the East of England Local Government Association (EELGA), 291 sites were inspected with a view to identifying underutilised assets, opportunities for sharing or disposing of assets and the potential for developing sites for additional housing. The Asset Management team are currently working with partners to identify delivery opportunities in relation to identified sites.	March 2016	▶
Increase income from our services by identifying commercial opportunities that will generate revenue to support us in addressing the District's priorities		
Projects to generate potential income are being developed together with a training programme to ensure staff have the range of skills required to successfully deliver the better at business programme.	March 2016	▶
Continue to use a range of new technologies to improve the way that we deliver services and ensure that they are easier to access for our customers		
Work continues on the redesign of our website to provide a responsive website improving access on a range of devices for our customers. The Council Tax department are exploring how they can provide customers with the option of viewing their council tax bills online.	March 2016	▶
Continue to review our investments to ensure that they are generating the maximum income		
The Council's funds available for investment are kept under review to identify whether further monies, that are not expected to be needed over the medium term (3 years +), could be added to the Council's investments in pooled funds. On the basis of the latest review the Cabinet at its meeting on 28th September agreed to recommend: an increase of £5million to the limit on long-term investments, to £15million, and for the maximum amount which can be placed in a pooled fund to be increased from £4million to £5million.	March 2016	▶










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
Work in partnership with other Essex Authorities and other public sector organisations to develop a devolution proposal for greater Essex which will enhance local government in Greater Essex with the possible transfer from central Government of powers and funds to a Combined Authority		
A high level submission was made to Government on the 4 th September 2015 to confirm the Greater Essex Partnership's continued interest in a devolution deal. The letter was signed by all fifteen Leaders across Greater Essex.	March 2015	▶
Continue to work in partnership with key partners such as local business leaders, Haven Gateway Partnership, Essex local Authorities and Stansted Airport to continue to drive forward economic growth and infrastructure improvements in the District and surrounding area. In particular try to ensure that the South East Local Enterprise Partnership is more responsive to the priorities of the District and surrounding areas		
Highways England and Essex County Council are leading that work which will include a study on options for dualling the A120 between Braintree and Marks Tey. Essex County Council has commissioned an options study into the possible route options for the A120.	March 2016	▶
The council is lobbying to improve the frequency and reliability of the Braintree/Witham rail link. All bidders have been written to confirming our aspirations for improvement which they need to take into account when submitting their franchise bids which are due in by December 2015.	March 2016	▶
Work with neighbouring Essex (and Suffolk) Districts, Essex County Council and other partners such as the Health and Education sectors on strategically planning for the significant housing and economic growth required in the District with the necessary supporting infrastructure to support the work on the new Local Plan.		
Discussions have taken place with Highways England and Essex County Councils Highways department regarding the need to provide the necessary infrastructure to support the Housing and Economic growth in the Local Plan	March 2016	▶
We will continue to work with health partners, including the mid-Essex Clinical Commissioning Group, and other organisations to create a Living safe and wellbeing partnership. This will support individuals and communities to act for themselves, helping to improve residents health and independence, thereby reducing the pressure on the local NHS system		
The council is piloting a Social Prescribing Model for the residents of the district. The model will connect people to non-medical sources of support including linking them up to activities in the community that they will benefit from to relieve the pressure on the local health and social care system. Partners have been identified to take part in a soft launch of the model in October.	September 2016	▶
An IT referral and sign posting portal for 'Mid Essex' is being developed to sign post residents and professionals to the local groups available to provide support. Organisations are signing up as members of the portal and training on the new database will commence in October.	September 2016	▶

A damp, cold and mould campaign has commenced which aims to improve community health by securing better housing conditions. Advisory literature is being produced advising households on damp and mould.	February 2016	
In partnership with the RCCE, continue to work with Parish and Town Councils to support their local priorities		
The RCCE were appointed on the 1st April 2015 and they continue to work with Parishes and Town Councils on neighbourhood plans. They are currently working on four neighbourhood plans.	March 2016	
Work with ECC and local schools and academies to improve the educational standard and attainment of young people in the District		
Discussions underway with Essex County Council on the formation of an Education Improvement Board for the District.	March 2016	
Participate in Business Rates pooling arrangement with nine Essex Authorities. This will increase the amount of business rates retained within Essex, of which the Council will receive a proportion to spend in the District		
Business Rates pooling arrangement approved and established for 2015/16. The financial benefit will not be determined until after year end.	March 2016	
Work with other local authorities in Essex to develop a business case for establishing a building control shared service across the Authority		
Eight authorities have committed to moving to the next stage of the process following consideration of the business case. Two authorities have expressed an interest in being the host authority and their applications will be assessed in November by an evaluation panel.	March 2016	

Section 3: Managing the Business

Our Performance Indicators in Detail

Performance Indicator	2015/16						Comments
	Q1 Outturn	Q2 Outturn	Q3 Outturn	Q4 Outturn	Target for the Quarter	Status at the end of the Quarter	
Place							
Percentage of land that falls below cleanliness standards for litter	n/a	6%			6%		Recorded 3 times a year – July, November and March
Percentage of household waste sent for reuse, recycling and composting	56.16%	55.10%			57.00%		The tonnage of green and dry waste recycling collected in July and August was down by 1,000 tonnes in comparison to the same quarter last year. This trend is reflected across the County, as levels of recycling continue to reduce
Percentage of fly tips cleared within 24 hours of being reported	100%	100%			100%		Represents 264 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	246,800	251,181			249,962		
Number of visitors to our leisure facilities from under-represented groups	210,994	213,173			196,775		
Number of passenger journeys on the Community Transport Scheme	15,181	13,736			14,800		There has been a reduction in all journey types and various factors contributing to the reduction. The scheme will receive additional promotion to increase the number of people using the scheme.
Percentage of Mi Community projects successfully completed	Annually reported indicator				100%	n/a	
Prosperity							
Number of empty homes in the district returned to use	15	14			17		The figures provided represent the empty homes returned to use within the district. However, we actively assist in returning empty homes to use outside the district. To date, a total of 38 empty properties have been returned to use including the properties outside the district.

Performance Indicator	2015/16						Comments
	Q1 Outturn	Q2 Outturn	Q3 Outturn	Q4 Outturn	Target for the Quarter	Status at the end of the Quarter	
Number of affordable homes delivered	18	0			0		There were no affordable homes delivered in the second quarter which is as expected. Completions will be taking place in the third and fourth quarters and is on track to meet the expected 70 completions for this financial year.
Number of new business start-ups in the district created in partnership with IGNITE Business	16	16			18		Resource issues have restricted the delivery and support available. Business numbers will be verified in the next quarter.
Performance							
Percentage of enquiries resolved at first point of contact within the Customer Service Centre	96.26%	96%			85%		
Time taken to process housing benefit/council tax benefit new claims	16.08 days	16.76 days			18 days		
Time taken to process housing benefit/council tax claim changes	4.78 days	4.88 days			6 days		
Percentage of minor planning applications processed within 8 weeks	71.60%	69.33%			72%		Represents 52 out of 75 applications determined within timescales. Resourcing remains an issue within the department and posts were filled in September. It is expected that performance will slowly improve
Percentage of stage 1 complaints responded to within target	89.40%	90.50%			90%		Represents 162 out of 179 stage 1 complaints dealt with in seven working days.
Cumulative collection rate for Council Tax	30.70%	59.24%			59.30%		Council tax amounting to £44.98million was collected in the first half of the year whilst this is £504k higher than last year the collection rate is marginally lower. It is anticipated that the target collection rate for the year will be achieved.
Cumulative collection rate for business rates	30.20%	58.22%			58.63%		The collection rate has improved since May as the new businesses commence payment. A total of £25.31million has been collected in the first half year, this compares to £24.35million for the same period last year. It is expected that the collection rate will improve as the year progresses and that the target 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	16 seconds	13 seconds			15 Seconds
Number of transactions carried out via the Council website	28,698	26,899			28,750
Number of unique visitors to the Council website	119,136	105,153			95,000
Percentage of avoidable contacts (collected half yearly)	n/a	9.63%	n/a		Data only

Comments

Performance around answering times has improved throughout the second quarter and has exceeded target.

The number of transactions carried out via the website has missed target. There has been a drop in the number of customers reporting issues online and a drop in the number of choice based letting bids which cannot be attributed to any one thing. It is usual to see a drop in the number of transactions over the summer and this could be attributed to school holidays. Profiling of the targets is being looked into to take account of trends.

Avoidable contact is recorded across the organisation twice a year to help us understand why our customers currently access and use our services and to assist in reviewing how we deliver services. The most recent sample of recording avoidable contact took place in September and involved the Customer Service Centre, Environmental Health and Protection, Building Control, Licensing, Planning, Housing and the Revenues and Benefits teams.

Complaints

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

Complaint Category	Q1 2015/16	Q2 2015/16	Q3 2015/16	Q4 2015/16	TOTAL
Justified	83 (36)	90 (39)	(32)	(189)	(296)
Not Justified	45 (48)	65 (105)	(44)	(81)	(278)
Partially Justified	17 (12)	30 (22)	(13)	(26)	(73)
Not known	0 (0)	1 (2)	(0)	(0)	(2)
Total	145 (96)	186 (168)	(89)	(296)	(649)

Comments

The number of complaints received in the second quarter of 2015/16 is higher than the number of complaints received in the first quarter of 2015/16.

The majority of complaints received relate to missed waste collections due to a number of customers being affected by the re-routing of the district following the introduction of in-cab technology to all waste vehicles. Following monitoring of the changes in the last 6 months, adjustments are being made to collections on 'narrow access' routes which will improve service delivery in these areas. The changes to the service will take effect from October 2015.

In the second quarter of 2015/16, of the 186 complaints received:

- 179 are stage one complaints
- 5 are stage two complaints
- 2 are stage three complaints

A summary of Local Government Ombudsman cases:

In the second quarter of 2015/16 the LGO has not received any complaints.

Our Organisation

The following is a selection of our people performance measures:

People: Indicators of Performance	Q1 15/16	Q2 15/16	Q3 15/16	Q4 15/16	Change on previous period	Yearly Target
Total headcount	470	461			- 9	-
Total number of posts	480	473			- 7	-
Number of temporary staff	49	42			- 7	-
Total staff FTE	425.25	416.62			- 8.63	-
Level of employee turnover	2.6%	4.6%			+ 2%	-
Number of vacant posts	16	22			+ 6	-
Number of leavers	12	21			- 9	-
Number of starters	10	12			+ 2	-
Working days lost to sickness per employee	2.3 days	2.6 days			-0.3 days	8.0 days
Percentage of staff with nil sickness	74%	72%			- 2%	-
Number of learning hours	3997.5	7071			+ 3073.50	-
Number of delegates	125	196			+ 71	-
Number of apprentices	14	26			+ 12	-

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

Health & Safety

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

Health and safety is a crucial responsibility of everyone within the organisation. This information is used to improve the management of health and safety of staff, our customers, residents and other non-employees we come into contact with. Monitoring is undertaken by the corporate health and safety committee and action plans will be put in place where necessary.

Health & Safety: Indicators of Performance	Q1	Q2	Q3	Q4	
	(2014/15 figure in brackets)				
Total number of reported accidents/ incidents, calculated from:	6 (11)	12 (6)	(9)	(14)	Whilst there were a number of reports, these were all minor in nature with all bar one resulting in no lost days.
<i>Accidents/ incidents to employees</i>	4 (9)	9 (5)	(5)	(13)	Mainly bruises as a result of trips or operatives hitting objects.
<i>Accidents/ incidents to contractors</i>	2 (2)	1 (1)	(3)	(1)	Agency employee working in Waste Management pulled their shoulder whilst manoeuvring a heavy bin.
<i>Accidents/ incidents to non-employees</i>	0 (0)	1 (0)	(1)	(0)	A member of the public tripped up the steps leading into the main entrance of the Town Hall and suffered minor bruising.
Time lost in days due to employee accidents/ incidents	3 (5)	76 (27)	(17)	(61)	The lost days are attributed to an employee in Waste Management whose injury was diagnosed as a repetitive strain Injury. Investigations are still underway to establish if the injury is work related. (At present we are including this in the accident figures).
Number of reported verbal/ physical incidents to employees	0 (2)	1 (1)	(0)	(0)	A verbal altercation between two members of the public and two employees emptying the glass waste recycling bins.
Number of near miss incidents	0 (1)	0 (0)	(0)	(2)	
Number of Accidents/ incidents registered resulting in insurance/ compensation claim	1 (1)	0 (0)	(0)	(0)	
Number of claims settled	0 (0)	2 (0)	(0)	(0)	

Financial Performance

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

Summary:

- An overall positive variance is forecast for the year of £738,000 (-5%) against the budget of £15.624 million.
- Income is projected to be overachieved by £781,000, offsetting a predicted net shortfall of £43,000 on staffing and other expenditure.
- The overall projected variance has improved from that reported at the first quarter (Q1) by £629,000 mainly due to an increase in predicted income from Development Control fees and the council tax sharing agreement with major preceptors; along with an overall improvement towards achieving the in-year corporate efficiency target.

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	(1,809)	(1,884)	-	4	(79)	(75)	-4%
Business Solutions	1,965	1,895	(11)	(59)	-	(70)	-4%
Community Services	560	534	(20)	(6)	-	(26)	-5%
Corporate Management Plan	1,319	1,325	(1)	7	-	6	<1%
Cultural Services	266	266	-	-	-	-	-
Environment	968	918	(41)	(5)	(3)	(49)	-5%
Finance	1,258	1,117	(102)	(36)	(45)	(183)	-14%
Governance	948	945	(1)	(2)	-	(3)	<-1%
Housing Services	741	735	(1)	(6)	1	(6)	<-1%
Human Resources	365	365	-	-	-	-	-
Leisure Services	(22)	(22)	-	-	-	-	-
Marketing and Communications	458	425	(2)	(8)	(23)	(33)	-7%
Operations	3,943	3,966	(5)	33	(6)	22	<1%
Sustainable Development	2,164	1,634	(54)	37	(513)	(530)	-24%
Service Total	13,124	12,219	(238)	(41)	(668)	(947)	-7%
Corporate Financing	2,834	2,667	-	(12)	(113)	(125)	-4%
Efficiency target	(334)	-	334	-	-	334	
Total	15,624	14,886	96	(53)	(781)	(738)	-5%

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

Staffing

Across service business plans there are projected salary underspends of £238,000. The corporate efficiency target was set at £334,000 for the year, which for a number of years had been met through staff turnover, although over the last three years this has not happened and the efficiency factor has been covered by additional income and underspends on other expenditure. Based on known staffing changes to date, there is a projected shortfall against meeting the target solely from staffing budgets for the year of £96,000; however, this is an improvement over Q1 where a shortfall of £204,000 had been predicted.

Business Plan – Salary Budgets	Budget	Forecast	Adverse/	RAG
	Spend for the	year	(positive)	Status
	£'000	£'000	variance	
			£'000	
Asset Management	265	265	-	-
Business Solutions	817	806	(11)	-1%
Community Services	415	395	(20)	-5%
Corporate Management Plan	1,125	1,124	(1)	<-1%
Cultural Services	186	186	-	-
Environment	1,548	1,507	(41)	-3%
Finance	2,384	2,282	(102)	-4%
Governance	426	425	(1)	<-1%
Housing Services	716	715	(1)	<-1%
Human Resources	282	282	-	-
Leisure Services	139	139	-	-
Marketing and Communications	276	274	(2)	<-1%
Operations	4,590	4,585	(5)	<-1%
Sustainable Development	1,665	1,611	(54)	-3%
Service Total	14,834	14,596	(238)	-2%
Efficiency target	(334)		334	
Net Total	14,500	14,596	96	<1%

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

Commentary on staffing variations:

- **Business Solutions** – This service recently completed a restructure which identified staff savings of £25,000, along with a further £10,000 of savings from other service budgets. The review identified an anticipated reduction in staff time spent on capital projects hence the savings have been applied to reduce the on-going base budget for recharges to capital. The review has enabled a structure to be implemented that better supports the Council and its services whilst being financially neutral to the General Fund revenue account.
- **Financial Services** – currently predicting an underspend of £102,000. Efficiency savings are expected after reviewing staffing requirements in Housing Benefits, Revenues and System Support, and Insurance Administration. A one-off saving of £21,000 is included following the transfer of one member of staff to the Department for Work and Pension's new Single Fraud Investigation Service. In future years it is expected that the Council will receive less Housing Benefit Administration grant.
- **Environment** – An underspend in the current year mainly due to two posts being subject to retirement arrangements and where these have resulted in an overall efficiency in staffing resources required by the service.
- **Operations** – Whilst staffing costs overall are projected to be within budget, additional labour resources are being required to support implementation of the new integrated commercial and domestic waste collection routes but these have been more than offset by vacancies in management and other functional areas within the Operations service.
- **Sustainable Development** – a predicted net underspend on staffing costs of £54,000, including a saving of £42,000 (£53,000 in a full-year) following deletion of an Area Manager post which contributes towards the overall management savings target previously agreed by the Council as part of the Medium Term Financial Strategy. The service has been undergoing a comprehensive staffing restructure to meet the increased demand on the service, and whilst attempts are being made to appoint to a variety of roles, recruitment difficulties have resulted in additional agency support being required on a temporary basis to maintain service delivery.

Other Service Expenditure

Services are currently forecast to underspend against their non-staffing expenditure budgets by a net £35,000. Contained within this net position are the following items:

- **ICT Contract and Corporate systems** – a forecast underspend against budget of £56,000, mainly on spending on the ICT Capita contract (-£38,000) due to a reduction in both charges linked to service volumes and contract variations; along with reduced maintenance costs for the voice and data networks.
- **Council Tax Benefits** – recovery of overpaid benefit that was originally paid prior to April 2013 is retained by the Council rather than been offset against government subsidy. In the current year a credit of £35,000 has been generated.
- **Cash receipting transaction costs** – Following changes made by Visa to its charging structure the Council has seen a significant increase in certain transaction costs resulting in a projected overspend in the current year of £27,000. A review of the Council's current contractual arrangements is being undertaken and options for competitive market testing of this service are to be considered.
- **Insurance Premia** – following a recent competitive tender new insurance supplier arrangements have been agreed which will provide a saving in the current year of £20,000 (£40,000 per annum in a full-year).
- **Sustainable Development** – To assist in delivering against Planning Performance Agreements and providing a pro-active pre-application advice service it has been necessary to engage some additional external support (£20,000) the cost of which will be recovered from the additional fee income charged for these services. The staffing restructure combined with other staff changes during the year has also led to some additional one-off unbudgeted costs being incurred on training expenses (£18,000).

External Income

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

The final amount of business rates retained will depend on the actual amounts collectable (taking into account changes in the Valuation List and exemptions and reliefs). In the current year income is currently higher than originally projected – the extra income will be reflected in the balance on the Collection Fund to be taken into account when setting the 2016/17 Budget and Council Tax. Changes in the amounts owed to/ from Government for the business rate growth levy and other related grants will be adjusted against the Business Rates Retention reserve. Under the Essex Business Rates Pool sharing arrangement it was originally estimated that the Council could receive an additional amount of business rates of approximately £250,000. The determination and receipt of the actual amount of the Council's share will be made after year-end returns have been collated from each of the authorities participating in the Pool.

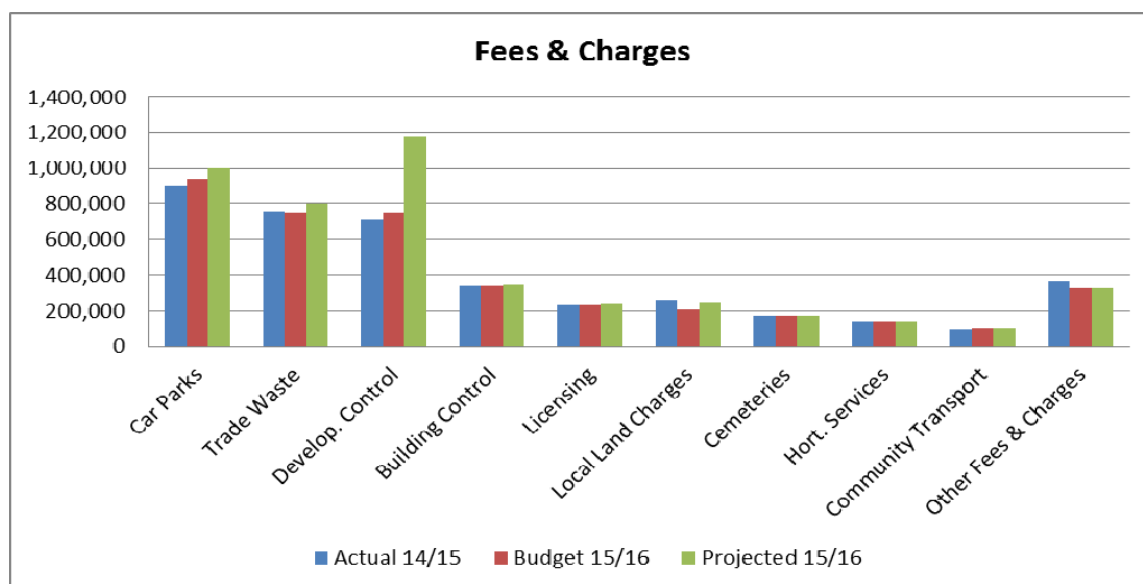
Other external income comes from a variety of sources that are subject to external demands and other influences, meaning these are more susceptible to variations against budget. It is currently forecast that services will over achieve against their income budgets by a net £781,000, as shown in the table below:

Other External Income								
Business Plan	Budget	Adverse or (Positive) variance against budget						RAG Status
		Fees & Charges	Land & Property income	ECC Joint Financing & contributions	Sale of Recycling Materials	Other Income	Total	
	£'000	£'000	£'000	£000	£'000	£'000	£000	
Asset Management	(2,607)	7	(75)	-	-	(11)	(79)	3%
Business Solutions	(32)	-	-	-	-	-	-	-
Community Services	(257)	-	-	-	-	-	-	-
Corporate Management	-	-	-	-	-	-	-	-
Cultural Services	(102)	-	-	-	-	-	-	-
Environment	(818)	(7)	-	-	-	4	(3)	<1%
Finance	(1,399)	-	-	-	-	(45)	(45)	3%
Governance	(34)	-	-	-	-	-	-	-
Housing Services	(47)	(2)	3	-	-	-	1	-2%
Human Resources	-	-	-	-	-	-	-	-
Leisure Services	(408)	-	-	-	-	-	-	-
Marketing and Communications	(20)	(5)	-	-	-	(18)	(23)	115%
Operations	(5,239)	(118)	17	9	96	(10)	(6)	<1%
Sustainable Development	(1,155)	(462)	-	-	-	(51)	(513)	44%
Service Total	(12,118)	(587)	(55)	9	96	(131)	(668)	6%
Corporate Financing	(338)	-	-	-	-	(113)	(113)	33%
Total	(12,456)	(587)	(55)	9	96	(244)	(781)	6%

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

Fees & Charges

The budget for income from fees & charges is £3.966 million, and is projected to be over achieved by £587,000. The following chart shows the main income streams:



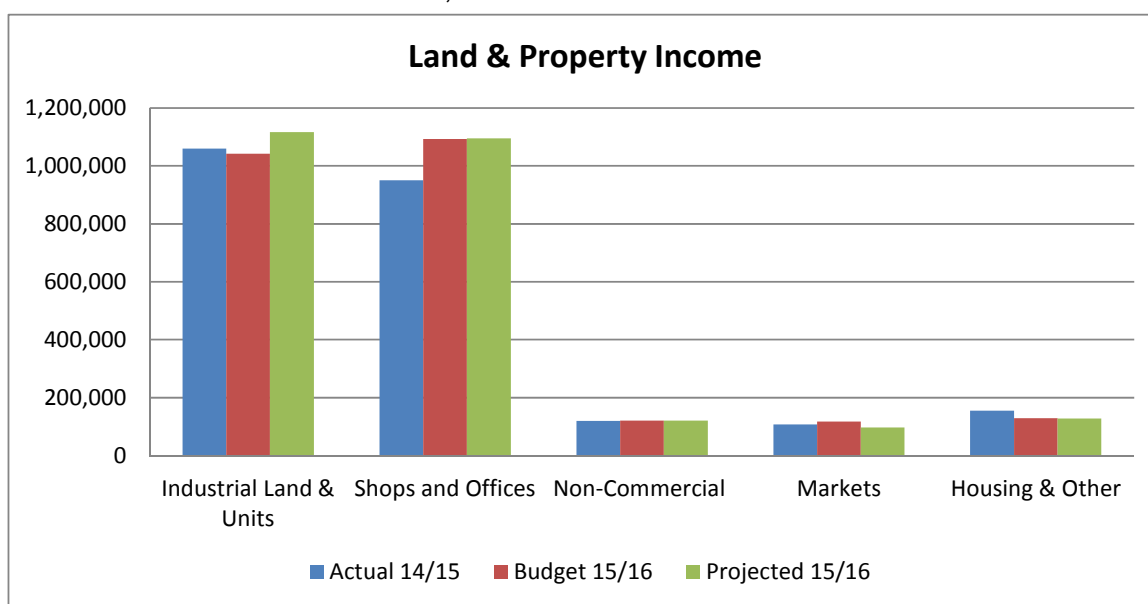
Commentary on Fees and Charges:

- Car parks** income is projected to be £65,000 higher than budget (and £97,000 higher than that achieved in 2014/15) an improvement from the forecast at Q1 by £40,000. Changes to tariffs were made last year along with the opening of the new car park at Easton Road, both contributing towards income from pay and display being around 25% higher than the same period last year.

- **Trade Waste** income is predicted to be £49,000 higher than budget based on amounts billed to date, part of which will be offset by higher disposal costs reflected in Other Expenditure. This is a small improvement over the Q1 position.
- **Development Control** – The upturn in income experienced last year prompted an upward revision in budget by £150,000. The strengthening of the market has continued into the current year with a spike in receipts of income meaning the budget of £741,660 has already been exceeded. Service management have reviewed prospective major applications expected in the latter half of the year, and combined with a general overall improvement in application income, are currently projecting total income for the year of around £1.177 million, which is £428,000 higher than budget. A significant portion of this extra income relates to one-off applications, although indications are that some growth in budget can be sustained going forward.
- **Land Charges** search fee income for the year is currently projected to be £242,000, which is £34,000 higher than the budget. Whilst currently this is down on last year's outturn of £260,000, the number of requests for searches has improved over the second quarter.

Land & Property Income

The budget for rental income from land & property is £2.502 million – comprising the investment property portfolio, markets, housing properties, and other let properties. The forecast for the year is an overall over achievement of £55,000.



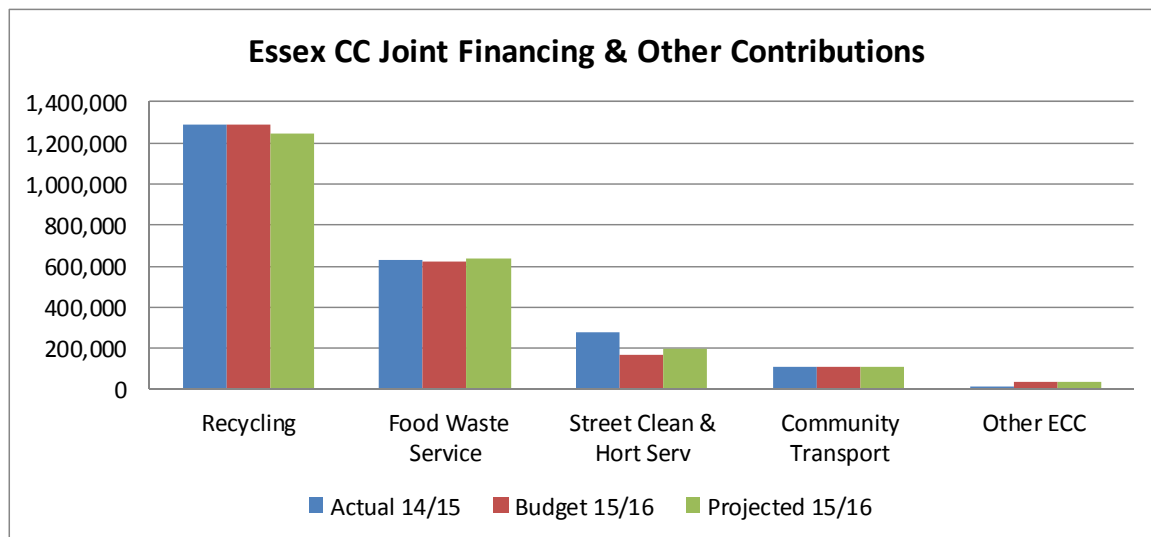
Commentary on Land & Property Income

- **Industrial land and Units** – rental income is forecast to be higher than budgeted by £75,000. This is due in part to the impact of rent reviews (which also includes a backdated one-off element of £10,000) and a lower level of empty units which has reduced the overall void provision required from around 4% to 2% of expected income:- this is the equivalent of an increase in collectable rent of £40,000. The forecast also takes into account the acquisition of the head lease at 4 Crittall Drive, Springwood Drive, which was completed after the budget was set and has led to a net increase in rental income of £16,000 per annum.
- **Market rents** – income received to the end of the quarter is down on that for the same period last year continuing the downward trend seen over recent years. The current projection is for income to be £97,000 for the year, a shortfall against budget of £20,000.

- **Shops and Offices** – income is expected to be higher this year than the previous year outturn (as also reflected in the original budget) due mainly to the full year impact of the additional income generated from the acquisition of 850 The Crescent, Colchester, which is let as offices.

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 £2.223 million and the current forecast is that this will be £9,000 under budget.



Commentary on ECC Joint Financing and Other Contributions

- **Recycling** – ECC income from recycling activities is predicted to be lower than originally budgeted by a net £46,000, mainly due to lower tonnages collected for mixed dry and green waste.
- **Horticultural Services** – Net income from maintaining rural highway verges is projected to be higher by £25,000.

Sale of Recycling Materials

The budget for income from the sale of recycling materials is £624,000 against which there is currently a projected shortfall of £96,000, including a prior-year adjustment of £17,000. Income in this area is susceptible to the recycling market and demand/ supply of materials which ultimately influences pricing. A reduction in the price received for glass accounts for the £52,000 of the overall variance with the average price received per tonne being reduced by over 50% from around £33 to almost £15. The variance on mixed dry materials is a combination of a slight reduction in price combined with a predicted reduction in tonnage collected. The level of future income from this activity has been highlighted as a risk in the Council's medium term financial plans.

Other Service & Corporate income

Total budgeted other income is £3.140 million, with a current forecast net over achievement of £244,000. The main income streams budgeted within this category, includes: £661,000 of

benefit and local tax recoveries and penalties; £500,000 relating to the Procurement Hub; £339,000 from a sharing arrangement with major precepting authorities where additional council tax is collected as a result of changes in discounts and exemptions; £259,000 from the leisure management partnership and joint-use agreements, including the Council's financial return on past capital improvements; and £393,000 under a number of third party arrangements.

The following areas contribute mainly to the forecast variance:

- **Council Tax Sharing Arrangement:** an over achievement of £130,000 is currently projected. The extra income is anticipated as a result of ongoing proactive reviews of council tax discounts and exemptions, including single person discounts and local council tax support scheme. As the additional income received is dependent on finding discounts and exemptions which are no longer applicable no provision was made in the original budget, however, once identified the shared benefit is ongoing under the agreement with preceptors.
- **Development Control Pre-Application Advice Income:** As a way of demonstrating a positive and proactive service the Council provides pre-application advice on prospective planning applications. Charges are made for this discretionary service which are based on the principle of cost recovery. Use of this service had been steady since its introduction in 2010, with income averaging around £50,000 per annum. A new charging structure was introduced from April 2014, and combined with an increase in take-up, service income increased to over £87,000 in 2014/15. As reported at the first quarter, service management continue to predict that use of this service will grow and estimate income for the year of £120,000, which exceeds the base budget by £50,000. Part of this income will be offset by increased costs incurred on obtaining external support to deliver this service.
- **Department for Work and Pensions (DWP) Universal Credit Delivery Partnership -** The Council has agreed to be a delivery partner supporting both claimants and the DWP during the introduction of the Universal Credit Live Service in the Braintree district. Funding provided is linked to the delivery of agreed services and activities part of which is related to the volume of cases assisted. Estimated funding to be received is currently £22,000, however, the agreement makes provision for up to £34,000.

Treasury Management

The Council's treasury management activities up to the end of the Q2 are summarised in the table below:

Amount Invested at the Start of the Year	Activity up to end of the Quarter		Amount Invested at 30 September
	New Investments	Investments Sold or Matured	
£27.96m	£110.69m	£89.00m	£49.65m
Average amount invested during the period			£45.26m
Highest amount invested			£53.29m

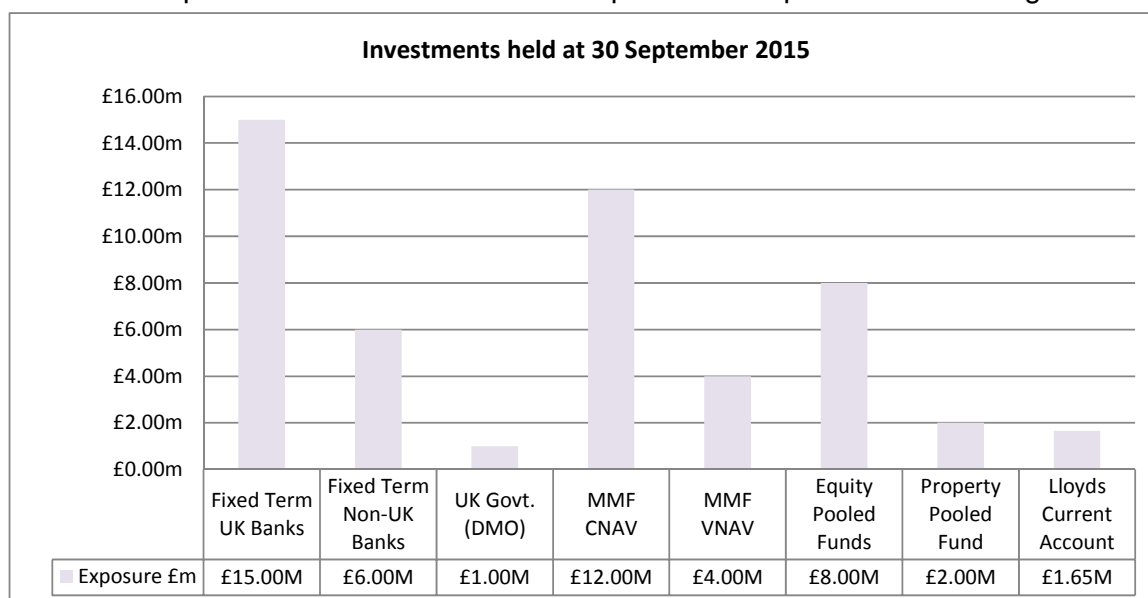
The amount invested includes £10 million of long-term investments placed into three equity funds and one property fund. These investments are intended to yield higher returns over the long-term but may experience short-term volatility in terms of value i.e. at the end of the Quarter their market value was £9.404 million. Remaining investments are in short-term instruments including call accounts and term deposits with UK and Non-UK banks, deposits with the UK Government Debt Management Office (DMO), and Money Market Funds (MMF).

Interest and dividends earned to the end of the Quarter total £368,000, which is equivalent to an annualised rate of return of 1.62%:

Investments	Average amount invested	Interest & Dividends earned	Annualised Return %
Long-Term Pooled Funds	£10.00m	£286,000	5.71%
Short-Term	£35.26m	£82,000	0.46%
Total	£45.26m	£368,000	1.62%

Whilst cash balances available for investment will reduce over the latter half of the year, based on the income achieved to date it is currently projected that the Council will achieve its budget for investment income of £570,000.

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



CNAV = Constant Net Asset Value i.e. the Fund value is expected to remain constant

VNAV = Variable Net Asset Value i.e. the Fund value and therefore amounts invested can fluctuate

General Fund Balances

General Fund balances are held for the following reasons:

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

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

	£'000
Balance at 1 April 2015	7,829
Less:	
Budgeted withdrawal	(894)
Add:	
Projected variance at this quarter	738
Unbudgeted Government New Burdens grant	203
Est. Balance at 31 March 2016	7,876

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

- The budget approved by Council for 2015/16 included an anticipated drawdown from balances of £894,484.
- Projected full-year variance as per this quarter's review of £738,000
- In April 2015 the Government announced it would be paying a New Burdens grant in respect of property search litigation claims settled by the Council for which provision had been made in prior years' budget outturns. The Council received £102,000 in July and has since been advised that a further payment is due to be made in November amounting to £101,000

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. Planning application fee projections are based on the available information as to when developers may submit plans for the growth locations across the district.

New Burdens grant funding has been received to compensate for costs arising out of the property search litigation with indications that there could be further monies to be received. As provision for these costs had originally been made from corporate resources any contributions are being added back to General Fund balances

Waste management collection tonnages and associated recycling credits and sales income are subject to fluctuation. Green waste is weather dependent and mixed dry materials may alter once recycling is introduced to flats in the Autumn. The introduction of the new integrated commercial and domestic waste collection routes has led to some operational issues and additional staffing and vehicle costs.

Fuel costs for the fleet are significantly below budget due primarily to lower pump prices. However, as prices are subject to many external factors these costs are susceptible to change.

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 of drawdown from reserve required. Therefore, currently no variance is projected for this service area.

Capital Investment

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

Approved New Programme for 2015/16	£'000s 3,187
Add:	
Projects approved previously where spending is profiled into the current year	3,938
Projects approved in-year	248
Less:	
2015/16 projects profiled into future years	-
Programme for 2015/16	7,373

The programme has increased by £90,000 since Q1 due to approval to provide up to £50,000 towards project development costs associated with a new Halstead Community Centre (allocated from the original provision of £650,000), and £40,000 for replacement CCTV equipment funded from resources carried over from the last financial year.

The capital investment programme is reported over two themes:

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

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

	Programme 2015/16	Actual spend	Grants approved but not yet claimed	Budget Remaining	Spend/ Grants approved at end of Quarter
	£'000	£'000	£'000	£'000	%
General Fund Services	5,208	1,172	-	4,036	23%
Housing Investment	1,808	668	257	883	49%
Capital Salaries	357	161	-	196	45%
Total	7,373	2,001	257	5,115	31%

The General Fund Services programme for the year includes:

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

The programme also included £638,500 for investment into solar panels at a number of Council facilities. However, due to proposed changes to feed-in-tariffs these schemes are no longer considered financially viable and, after allowing for some expenditure at the Discovery Centre, will mean around £586,000 of the capital budget is no longer required.

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

Capital resources

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

The sale of the Forest Road site was completed in July providing a receipt of £500,000. Other anticipated sales totalling £1.4 million which had previously been expected this year are now likely to complete early in the 2016/17 financial year.

Greenfields have reported that 9 RTB sales were completed in the first half year generating £978,000 for the Council. Whilst this represents an over achievement of the amount originally expected this is still lower than the 23 sales and £1.73 million recorded for the same period last year. VAT shelter monies due to the Council for the half year is £265,000, indicating that the estimated full year income is likely to be achieved.

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

Key Financial Indicators – 30th November 2015		Agenda No: 6
Corporate Priority: Provide value for money and deliver excellent customer service 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 2015.		Key Decision: No
Executive Summary: <p>The attached schedule (Appendix A) of key financial indicators provides details of performance recorded for the financial year to 30th November 2015.</p> <p>Commentary:</p> <p>a) The net General Fund revenue budget for the year is £15.62million. The net expenditure incurred for the eight months to 30th November was £8.24million. This represents an underspend of £760,000 compared to the profiled budget of £9.0million. The assessment of spend and income for the year, undertaken at the end of the second quarter, shows an expected underspend of £738,000. This is a product of an overachievement of income of £781,000, offset partially by a predicted net shortfall of £43,000 against achieving the corporate efficiency target.</p> <p>b) The total budget for Salaries for the year is £14.425million. Expenditure on salaries for the year to the end of November was £9.573million. This compares to a profiled budget of £9.606million. The underspend of £33,000 is after allowing for £217,250 of the Efficiency Factor (£325,880 for the year). This is due primarily to a number of vacancies in the Development and Finance Departments.</p> <p>c) Expenditure on capital projects, to the end of November, was £2.914million against the Capital Programme for 2015/16 of £9.294million. The majority of the expenditure has been on: the construction of the new units at Springwood Drive, Braintree; Social Housing Grant regarding Crossman House, Braintree; Bocking Blackwater cycleway, Disabled Facility Grants and computer hardware and software.</p> <p>d) The total Council Tax collectable debit for the year is £75.98million. The collection rate as at the end of November is 77.92% (£59.20million collected), which compares to a rate of 77.86% for the same period last year, a small increase of 0.06%.</p> <p>e) The total Business Rates (National Non-Domestic Rates) collectable debit for the</p>		

year is £43.48million. The collection rate as at the end of November is 76.14% (£33.11million collected), which compares to a rate of 76.36% for the same period last year. The variance of 0.22% lower than the previous year has been reducing as the year progresses. The reason for the larger difference earlier in the year was the increase in the number of business premises added to the Rating List, for which payment plans cover outstanding rates from previous years (where backdating applicable) plus an element toward the 2015/16 liability.

- f) A total of 466 write-offs of Council Tax, with a value of £56,617, have been authorised in the year to 30th November: 122 in respect of the current year and 344 in respect of previous financial years.
- g) A total of 81 write-offs of Business Rates, with a value of £150,163, have been authorised in the year to 30th November: 21 in respect of the current year and 60 in respect of previous financial years.
- h) The amount of sundry debts owed to the Council, i.e. monies other than for Council Tax and NNDR, was £3.091million, of which £1.59million was in respect of Housing Benefit overpayments. The target for 2015/16 is to reduce the debt outstanding, excluding Housing Benefit overpayments, Museum Trust debt and invoices raised in March in respect of 2016/17, to £600,000 or less by 31st March 2016.
- i) Sundry debts, excluding housing benefit overpayments, were £1.501million at the end of November. This reduces to £1.088million after allowing for large value 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 0.52%. This return was achieved on an average amount invested of £36.363million and relates solely to monies placed with banks, building societies, the Debt Management Office and in Money Market Funds.
- k) Dividends received in the year to end of November total £331,265 in respect of the investment of £10million in three equity funds (Threadneedle, M & G and Schroders) and one property fund (CCLA). The market values of these pooled funds show an unrealised net decrease in the principal sum of £142,492 as at 30th November 2015. These investments have been placed in the knowledge that their capital values will be subject to volatility but overall their trend has been positive over the medium term (i.e. over a minimum of 3 years).
- l) Detail of the Council's investments of surplus monies, totalling £47.36million as at 30th November 2015, is provided at Appendix B.
- m) The Council, together with a number of other councils, participated in a group sale of its Icelandic Krona, held in an escrow account in Icelandic Bank, to Deutsche Bank. The amount received was £78,182, against a book value of £81,190. This now leaves only the final dividend payments (estimated at £30,000) to be received from the winding-up of Kaupthing, Singer and Friedlander bank.

Decision:	
Members are asked to accept the report of the Key Financial Indicators as at 30 th November 2015.	
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	
Financial:	<p>The first assessment of the anticipated outturn for 2015/16 on the Council's revenue account has been undertaken as at the end of the first quarter, 30th June 2015 and this will be reported to the Cabinet on 28th September. The prediction is for a net underspend of £109,000 against the original budget.</p> <p>Collection rate for business rates started the year behind that achieved at the same period last year, however, these have been improving over the last few months and is expected to meet the target by the year-end.</p>
Legal:	None
Safeguarding:	None
Equalities/Diversity	None
Customer Impact:	No direct impact but process of monitoring financial performance provides assurance of this element of the Council's governance arrangements.
Environment and Climate Change:	None
Consultation/Community Engagement:	None
Risks:	Regular consideration of a suite of Financial Health Indicators is recommended good practice
Officer Contact:	
Designation:	Trevor Wilson
Ext. No.	Head of Finance
E-mail:	2801
	Trevor.wilson@braintree.gov.uk

Key Financial Indicators at 30th November 2015
APPENDIX A

	Full Year Budget 2015/16	Actual as at 30 Nov 2015	Profile to 30 Nov 2015	Variance from Profile	
	£'000	£'000	£'000	£'000	%
General Fund - Revenue (Controllable)	15,624	8,240	9,000	-760	-8.4%
Capital Programme (Excl. capital salaries incl. below)	9,294	2,914			
General Fund - Salaries	14,425	9,573	9,606	-33	-0.3%

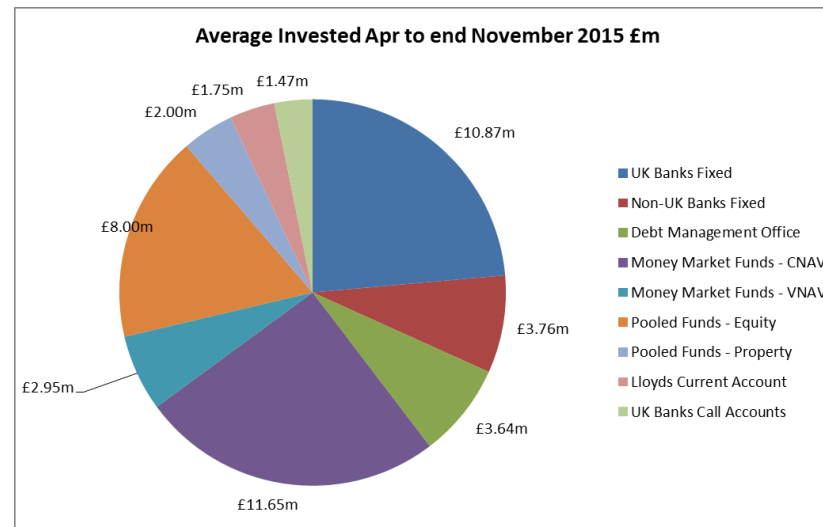
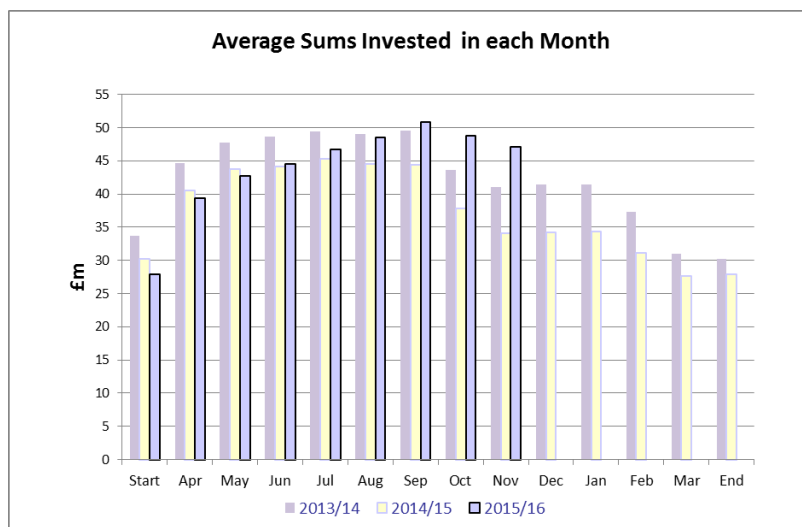
	Full Year Target	Actual as at 30 Nov 2015	Actual as at 30 Nov 2014	Variance
Council Tax collection in year - %	98.00%	77.92%	77.86%	0.06%
Council Tax collection - income collected for year - £m		£59.20	£58.11	£1.09
Write-offs in year (April to Nov) - £'000		£20	£25	-£5
Write-offs in year - (April to Nov) - number		122	94	28
Write-offs all years (April to Nov) - £'000		£57	£136	-£79
Write-offs all years - (April to Nov) - number		466	792	-326
Business Rates collection in year - %	98.50%	76.14%	76.36%	-0.22%
Business Rates collected for year - £m		£33.11	£31.70	£1.41
Write-offs in year (April to Nov) - £'000		£12.70	£75	-£62
Write-offs in year - (April to Nov) - number		21	27	-6
Write-offs all years (April to Nov) - £'000		£150	£271	-£121
Write-offs all years - (April to Nov) - number		81	154	-73
Creditors - payment of invoices within 30 days of receipt	98.5%	99.1%	99.2%	-0.06%

Debtors - Balance Outstanding	31-Mar-14	31-Mar-15	31-Jul-15	30-Nov-15	Variance Mar. to Nov.
	£'000	£'000	£'000	£'000	%
Service Level Agreement charges - principally Tabor Academy and residents of Twin Oaks, Stisted	239	334	193	181	-45.8
Capital Projects - currently - development site, east of High Street, Halstead	4	8	11	8	0.0
Charges for services provided by: Democratic Services, Training Services, Procurement Services, etc.	24	37	34	61	64.9
Charges for services provided by: ICT, Marketing, Offices, Elections, etc	156	1	95	111	11000.0
Development	24	257	212	184	-28.4
Finance	360	36	70	84	133.3
Leisure	258	234	203	203	-13.2
Operations	484	984	604	596	-39.4
Housing	113	89	84	73	-18.0
Sub-Total - excluding Hsg. Benefits	1,662	1,980	1,506	1,501	-24.2
Housing Benefits	1,188	1,620	1,589	1,590	-1.9
Total	2,850	3,600	3,095	3,091	-14.1
Target for 2015/16 is for Debt Outstanding (excluding Housing Benefits, Museum Trust debt, charging orders and large value invoices raised in final days of March 2016) to be £0.6million by 31 March 2016.				1,088	
Profile by Recovery Stage:					
Invoice	1,238	2,078	1,470	1,426	
Reminder	291	254	354	335	
Final Notice	348	198	234	205	
Pre-legal	453	424	397	386	
Enforcement Agent	446	406	351	392	
Tracing Agent	33	15	14	5	
Charging Order	41	35	37	33	
Attachment to Benefits		190	238	309	
Total	2,850	3,600	3,095	3,091	
Write-offs in month - value - £'000	-£0.3	£1.8	£3.0	£1.2	
Write-offs in month - number	19	35	23	6	
Write offs in year - value - £000	£8.3	£28.0	£9.8	£17.3	
Write-offs in year - number	386	492	110	164	

Progress on achieving Efficiency Savings Targets

The amount of the Efficiency Savings target included in the budget for 2015/16 is a net amount of £325,880. The underspend on salaries of £33,000, recorded above, is after offsetting £217,250 of the target.

Treasury Management Monthly Monitor for the period April – November 2015



- **Average sum invested** in the month **£47.121m** (Last year £34.124m)
- **Average sum invested for the year to date** **£46.096m** (Last year £41.833m)
- **Actual sum invested** at end of period **£47.363m** (Last year £33.772m)
- **Interest secured on instant access accounts, fixed term deposits, and MMFs** to the end of the period **£150,195** (compared to a full year Budget of £70,000) - a **return of 0.52%** (Note 3mth LIBID 0.53%).
- **Dividends** earned (received or declared) from Pooled Funds total **£331,265** (compared to full year Budget of £500,000)
- **Market valuation** at end of the period for long-term Pooled Funds is a **net -£143,492** since initial investment – an **improvement over last month of +£107,508**.
- **Strategy meeting held on 4 November** – the outcome to feed into meeting of Investment Strategy Group - it is proposed to increase exposure in long-term pooled funds (CCLA Property and Threadneedle Equity)

Appendix B

Investment Activity		Previous Months		This Month		
	01-Apr 2015 £m	Made £m	Sold £m	Made £m	Sold £m	30-Nov 2015 £m
<i>Long-Term Investments:</i>						
Property Fund	2.00	-	-	-	-	2.00
Equity Funds	8.00	-	-	-	-	8.00
Sub-Total	10.00	-	-	-	-	10.00
<i>Fixed Term Deposits:</i>						
UK Banks & Building Societies	5.00	26.00	-16.00	1.50	-1.50	15.00
Non UK Banks	0.00	9.00	-3.00	3.00	-3.00	6.00
UK Debt Management Office	0.00	72.00	-72.00	0.00	0.00	0.00
Sub-Total	5.00	107.00	-91.00	4.50	-4.50	21.00
<i>Instant Access Deposits:</i>						
Money Market Funds - CNAV	10.00	2.00	-3.00	3.00	-1.00	11.00
Money Market Funds – VNAV	-	4.00	-	-	-	4.00
UK Bank Instant Access Account	2.00	1.00	-3.00	-	0.00	0.00
Lloyds Current Account*	0.96	0.22	0.00	0.18	0.00	1.36
Sub-Total	12.96	7.22	-6.00	3.18	-1.00	16.36
Total	27.96	114.22	-97.00	7.68	-5.50	47.36

* Net Movement in period

Appendix B

INVESTMENT PORTFOLIO AS AT 30 NOVEMBER 2015							Maturity Profile £m				
	Ref	£m	% rate	Type	Placed	Maturity	Liquid	Dec-15	Feb-16	Mar-16	Longer
UK Banks		10.36									
Santander Group											
Santander UK PLC	1127	0.00	0.40%	Instant	Variable	Instant	0.00				
Santander UK PLC	3265	3.00	0.71%	Fixed	13-Aug-15	12-Feb-16			3.00		
Lloyds TSB Group											
Lloyds Current Account	N/A	1.36	0.40%	Instant	Variable	Instant	1.36				
Bank of Scotland PLC	3217	2.00	0.57%	Fixed	19-Oct-15	21-Mar-16				2.00	
Bank of Scotland PLC	3246	1.00	0.70%	Fixed	19-Aug-15	1-Mar-16				1.00	
Barclays Bank PLC											
Barclays Bank PLC	3174	1.50	0.53%	Fixed	9-Sep-15	9-Dec-15		1.50			
Barclays Bank PLC	3247	1.50	0.528%	Fixed	19-Nov-15	24-Feb-16			1.50		
UK Building Societies		6.00									
Nationwide Building Society											
Nationwide Building Society	3159	2.00	0.66%	Fixed	21-Sep-15	21-Mar-16				2.00	
Nationwide Building Society	3245	1.00	0.66%	Fixed	19-Aug-15	19-Feb-16			1.00		
Coventry Building Society											
Coventry Building Society	3270	3.00	0.61%	Fixed	1-Sep-15	1-Mar-16				3.00	
Other Local Authorities		0.00									
UK Debt Management Office		0.00									
UK Debt Management Office		0.00	0.25%	Fixed							
Non UK Institutions		6.00									
Australia & New Zealand Banking Corp											
Landesbank Hessen-Thuringen	3248	3.00	0.50%	Fixed	12-Nov-15	1-Feb-16			3.00		
	3267	3.00	0.73%	Fixed	21-Aug-15	22-Feb-16			3.00		
Money Market Funds		15.00									
Goldman Sachs	2651	4.00	Variable	Instant	16-Nov-09	Instant	4.00				
Deutsche Sterling	2856	3.00	Variable	Instant	4-Aug-10	Instant	3.00				
Standard Life Liquidity	2857	4.00	Variable	Instant	4-Aug-10	Instant	4.00				
Royal London Cash Plus	3249	4.00	Variable	Instant	15-May-15	Instant	4.00				
Pooled Funds		10.00									
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
		47.36					16.36	1.50	11.50	8.00	10.00

Draft Treasury Management Strategy Statement 2016/17		Agenda No: 7
Portfolio	Finance and Performance	
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	
	Key Decision: No	
Executive Summary:		
<p>The Council has adopted the Chartered Institute of Public Finance and Accountancy's <i>Treasury Management in the Public Services: Code of Practice</i> (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year.</p> <p>The CIPFA <i>Prudential Code for Capital Finance in Local Authorities</i> (the Prudential Code) requires the Council to ensure that its capital investment plans are affordable, prudent, and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Council has fulfilled these objectives, the Prudential Code requires that a number of indicators are approved by the Council and monitored each year.</p> <p>In addition, the Department for Communities and Local Government (CLG) has previously issued <i>Guidance on Local Council Investments</i> that requires the Council to approve an investment strategy before the start of each financial year, and <i>Guidance on Minimum Revenue Provision</i> (MRP) which requires the Council to approve an annual MRP statement setting out its policy on the methodologies adopted for making provision for the repayment of debt.</p> <p>The Treasury Management Strategy Statement (TMSS) seeks to fulfil the Council's legal obligation under the <i>Local Government Act 2003</i> to have regard to both the CIPFA Codes and the CLG Guidance. This report encompasses the draft TMSS for 2016/17, to be used as the basis for scrutiny of its contents by the Committee. At this stage the draft TMSS contains a number of financial indicators which are provisional and will need to be updated in line with the final capital and revenue budget proposals and Medium Term Financial Strategy that will be considered by Full Council at its meeting on 22 February 2016. Whilst it is expected that changes will be necessary to the financial metrics these are unlikely to result in a change in the overall borrowing and investment strategies and</p>		

the approach to managing the inherent treasury risks.

The TMSS is set within an external context of UK and global economic conditions and regulatory changes that drive both interest rate expectations and the general credit outlook. The Council's treasury advisor Arlingclose projects the first 0.25% increase in UK Bank Rate in the third quarter of 2016, rising by 0.5% a year thereafter, finally settling between 2% and 3% in several years' time. Bail-in legislation continues to mean that credit risk associated with making unsecured bank deposits is increased relative to the risk of other investment options available to the Council, although this does not appear to be adequately reflected in the returns from cash deposits.

The proposed capital programme for 2016/17 and anticipated requirements for 2017/18 through to 2019/20 are expected to be self-funded from capital resources without the need to undertake new borrowing. However, the TMSS has been drafted and limits proposed which will allow additional borrowing where opportunities for "invest to save schemes" are identified. Proposals would have to be able to demonstrate an ability to repay the associated interest and loan repayments (applying the Council's policy on Minimum Revenue Provision) as well as providing a saving or additional income to the Council.

The Council's primary objectives for investment of cash balances are security, liquidity and then yield. In the low interest rate environment coupled with a changing regulatory framework, diversification and lengthening the investment horizon has been the Council's response to these changes over recent years and this remains a key element of the strategy going forward. In 2014, the Council invested £10 million into four pooled funds (three equity funds and a property fund) as medium to long term investments. Based on the performance of these funds and revised cash flow projections, Full Council approved an increase in limits at its meeting in October 2015, allowing up to a further £5 million to be invested in pooled funds. In December 2015, an extra £2 million was invested shared equally between the Threadneedle UK Equity Income Fund and the CCLA Local Authority Property Fund.

In the event of a default (or assessed likelihood of default) on investments it is the Council's revenue reserves which must absorb any financial loss. Over the medium term these are forecast to be around £22 million, within which the General Fund unallocated balance comprises around £8 million. On this basis and to be consistent with the revised limits set by Full Council in the current year, the draft TMSS provides for a maximum limit of £5 million being lent to any one group, or individual financial institution (including money market funds and other pooled funds).

The budget for investment income in 2016/17 is £671,000 (including £586,000 of estimated dividend income to be received from long-term pooled fund investments). The budget for debt interest to be paid in 2016/17 is £282,000, with a further £167,000 estimated interest payable within the annual rental payment made on finance leases. The budget is also required to reflect any Minimum Revenue Payment (MRP) required under the Council's MRP policy which is estimated at £493,300 in 2016/17. The Council will receive £60,800 interest on its deposit with Lloyds for the Braintree LAMS of which

Essex County Council is paid half.

Decision

The Committee is asked to:

1. Review the draft Treasury Management Strategy Statement; and
2. To consider whether the Committee would like to propose any amendment or provide comments or observations which the Cabinet Member for Finance and Performance can take into account when presenting the final Treasury Management Strategy Statement to Cabinet and Full Council

Purpose of Decision:

The Council's Constitution requires that prior to consideration by Cabinet and Full Council, the draft Treasury Management Strategy Statement is reviewed and scrutinised by the Governance Committee.

Any Corporate implications in relation to the following should be explained in detail	
Financial:	The financial implications of the treasury management activities are set out in the tables and indicators contained in the TMSS.
Legal:	The Treasury Management Strategy Statement (TMSS) fulfils the Council's legal obligation under the <i>Local Government Act 2003</i> to have regard to the guidance issued by the Chartered Institute of Public Finance and Accountancy and the Department for Communities and Local Government.
Safeguarding	None
Equalities/Diversity	None
Customer Impact:	None direct but the outcomes of the treasury management activities impact on the Council's financial resources to meet its priorities and service objectives
Environment and Climate Change:	None
Consultation/Community Engagement:	Consultation on the TMSS is via the Governance Committee prior to its consideration by Cabinet and 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 and minimising the potential for loss through diversification. * Liquidity – ensuring that cash is available for both capital and revenue purposes when required, and where borrowing is considered 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

Treasury Management Strategy Statement 2016/17

1. Introduction

- 1.1. The Council has adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year.
- 1.2. The CIPFA *Prudential Code for Capital Finance in Local Authorities* (the Prudential Code) requires the Council to ensure that its capital investment plans are affordable, prudent, and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Council has fulfilled these objectives, the Prudential Code requires that a number of indicators are approved by the Council and monitored each year.
- 1.3. In addition, the Department for Communities and Local Government (CLG) has previously issued *Guidance on Local Council Investments* that requires the Council to approve an investment strategy before the start of each financial year, and *Guidance on Minimum Revenue Provision* (MRP) which requires the Council to approve an annual MRP statement setting out its policy on the methodologies adopted for making provision for the repayment of debt.
- 1.4. This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Codes and the CLG Guidance.
- 1.5. Through its treasury management activities the Council is exposed to a range of financial risks and the successful identification, monitoring and control of these risks are therefore central to the Council's treasury management strategy.

2. External Context

- 2.1. **Economic background:** Domestic demand has grown robustly, supported by sustained real income growth and a gradual decline in private sector savings. Low oil and commodity prices were a notable feature of 2015, and contributed to the low annual CPI inflation. Wages are growing at 3% a year, and the unemployment rate has dropped to 5.4%. Mortgage approvals have risen to over 70,000 a month and annual house price growth is around 3.5%. These factors have boosted consumer confidence, helping to underpin retail spending and hence GDP growth, which was an encouraging 2.3% a year in the third quarter of 2015. Although speeches by the Bank of England's Monetary Policy Committee (MPC) members sent signals that some were willing to countenance higher interest rates, the MPC held policy rates at

0.5% for the 81st consecutive month at its meeting in November 2015. Quantitative easing (QE) has been maintained at £375bn since July 2012.

- 2.2. The outcome of the UK general election, which was largely fought over the parties' approach to dealing with the deficit in the public finances, saw some big shifts in the political landscape and put the key issue of the UK's relationship with the EU at the heart of future politics. Uncertainty over the outcome of the forthcoming referendum could put downward pressure on UK GDP growth and interest rates.
- 2.3. China's growth has slowed and its economy is performing below expectations, reducing global demand for commodities and contributing to emerging market weakness. US domestic growth has accelerated but the globally sensitive sectors of the US economy have slowed. Strong US labour market data and other economic indicators however suggest recent global turbulence has not knocked the American recovery off course. The Federal Reserve did not raise policy rates at its meetings in October and November, but the statements accompanying the policy decisions have made a rate hike in December 2015 a real possibility. In contrast, the European Central Bank finally embarked on QE in 2015 to counter the perils of deflation.
- 2.4. **Credit outlook:** The varying fortunes of different parts of the global economy are reflected in market indicators of credit risk. UK Banks operating in the Far East and parts of mainland Europe have seen their perceived risk increase, while those with a more domestic focus continue to show improvement. The sale of most of the government's stake in Lloyds and the first sale of its shares in RBS have generally been seen as credit positive.
- 2.5. Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the UK, USA and Germany. The rest of the European Union will follow suit in January 2016, while Australia, Canada and Switzerland are well advanced with their own plans. Meanwhile, changes to the UK Financial Services Compensation Scheme and similar European schemes in July 2015 mean that most private sector investors are now partially or fully exempt from contributing to a bail-in. The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Council, although this does not appear to be adequately reflected in the returns from cash deposits.
- 2.6. **Interest rate forecast:** The Council's treasury advisor Arlingclose projects the first 0.25% increase in UK Bank Rate in the third quarter of 2016, rising by 0.5% a year thereafter, finally settling between 2% and 3% in several years' time. Persistently low inflation, subdued global growth and potential concerns over the UK's position in Europe mean that the risks to this forecast are weighted towards the downside.

2.7. A shallow upward path for medium term gilt yields is forecast, as continuing concerns about the Eurozone, emerging markets and other geo-political events weigh on risk appetite, while inflation expectations remain subdued. Arlingclose projects the 10 year gilt yield to rise from its current 2.0% level by around 0.3% a year. The uncertainties surrounding the timing of UK and US interest rate rises are likely to prompt short-term volatility in gilt yields.

2.8. A more detailed economic and interest rate forecast provided by Arlingclose is attached at **Appendix A**.

3. **Local Context**

3.1. At 31 March 2015, the Council had £10.759 million of borrowing and other long-term liabilities, and £28.003 million of investments (including cash and cash equivalents). This is set out in further detail at **Appendix B**. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance Sheet Summary and Forecast

	31-Mar-15 Actual £m	31-Mar-16 Estimate £m	31-Mar-17 Estimate £m	31-Mar-18 Estimate £m	31-Mar-19 Estimate £m	31-Mar-20 Estimate £m
CFR	8.822	8.663	8.504	8.345	6.186	6.027
Less other long-term liabilities *	-4.759	-4.759	-4.759	-4.759	-3.759	-3.759
Borrowing CFR	4.063	3.904	3.745	3.586	2.427	2.268
External borrowing	-6.000	-6.000	-6.000	-6.000	-6.000	-6.000
Borrowing in excess of CFR	-1.937	-2.096	-2.255	-2.414	-3.573	-3.732
Usable reserves	-27.845	-24.344	-23.693	-22.086	-20.480	-20.460
Working capital	1.779	1.779	1.779	1.779	1.779	1.779
Investments	28.003	24.661	24.169	22.721	22.274	22.413

* Includes amounts owed on finance leases and a repayable advance from Essex County Council as part funding towards the Braintree Local Authority Mortgage Scheme

3.2. 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 available for investment.

3.3. 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 – a position that has been created from activity in the past when the Council borrowed to fund capital investment. This excess borrowing contributes to the cash balances available for investment and in recent years has enabled the Council to acquire investment property assets as well as undertake a number of “invest to save” projects which have generated additional revenue income or savings on expenditure.

3.4. CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Council expects to comply with this recommendation.

4. **Capital Expenditure and Borrowing Strategy**

4.1. The Council's planned capital expenditure and financing plans are set out in the table below with further detail provided in the draft capital programme section of report on the *Council Budget and Council Tax 2016/17 and Medium-Term Financial Strategy 2016/17 to 2019/20*.

Table 2: Capital Expenditure and Financing Plans

	2015/16 Latest £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
Capital Programme	6.315	6.261	5.113	1.933	1.878
Funded by:					
Capital Receipts	(3.670)	(4.676)	(1.497)	(1.485)	(1.430)
Better Care Funding	(0.418)	(0.418)	(0.418)	(0.418)	(0.418)
Growth Area Funding	(1.165)	(0.555)	0.000	0.000	0.000
Third Party Contributions	(0.386)	(0.100)	0.000	0.000	0.000
New Homes Bonus	(0.561)	(0.480)	(3.168)	0.000	0.000
Revenue & Reserves	(0.115)	(0.032)	(0.030)	(0.030)	(0.030)
Total Finance	(6.315)	(6.261)	(5.113)	(1.933)	(1.878)
Change in CFR	0.000	0.000	0.000	0.000	0.000

4.2. Table 2 shows that the Council's capital expenditure plans are expected to be self-funded resulting in no increase in the underlying need to borrow. In the event that capital resources raised are lower than estimated, or their receipt delayed, the Council has the option to borrow either temporarily or on a longer-term basis, subject to this being affordable, prudent, and sustainable.

4.3. In response to the Peer Challenge, undertaken in October 2003, an action plan was developed which would focus the Council's actions in addressing its projected budget shortfall. The action plan is based around three work streams: commercialisation; growing our economy; and investment strategy. It has been recognised that in advancing opportunities identified under each of these work streams there may be a need to undertake new borrowing on the basis of "invest to save".

4.4. The following tables set out the Prudential Indicators required to support the Council's view that its current capital expenditure plans are affordable and sustainable in terms of their impact on the revenue account and Council Tax:

Table 3: Ratio of Financing Costs to Net Revenue Stream

	2015/16 Latest £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
Ratio	-1.10%	-2.01%	-2.16%	-2.19%	-2.10%

4.5. The above ratio identifies the trend in net financing cost (i.e. the cost of borrowing and other long term liabilities, less interest and dividend income from investments) against the Council's budget (or net revenue stream). The estimates of net financing costs include current and planned commitments and demonstrate that over the medium term investment income is expected to exceed borrowing costs. As an indicator of affordability, Table 4 shows the incremental impact of capital investment decisions on Council Tax. The incremental impact is the difference between the total revenue budget requirement of the current approved capital programme and the budget requirement arising from the proposed capital programme (i.e. the impact of new schemes added to the capital programme).

Table 4: Incremental Impact of Capital Expenditure Plans on Council Tax

	Proposed Budget 2016/17	Forward Projection 2017/18	Forward Projection 2018/19	Forward Projection 2019/20
Incremental Impact	£7,000	£13,000	£19,000	£26,000
Band D Equivalent	£0.13	£0.26	£0.38	£0.49

4.6. The incremental impact on Council Tax takes account of any direct revenue costs that the capital projects might incur along with the opportunity cost of funding i.e. the reduction in interest income that would otherwise be obtained from investment; offset by any savings or additional income that proposed capital projects are expected to generate.

4.7. The figures in Table 3 and 4 above do not provide for any new borrowing arising from “invest to save” projects; however, before such borrowing is undertaken the relevant schemes will have to be able to demonstrate that they can at least repay the associated interest and loan repayments (applying the Council's policy on Minimum Revenue Provision) and therefore should at a minimum have an overall neutral impact on the Council's budget.

4.8. The Council currently holds £6 million of loans. The balance sheet forecast in Table 1 and capital expenditure plans in Table 2 shows that, subject to any future “invest to save projects” the Council does not anticipate increasing its borrowing in 2016/17. Capital finance may be raised by utilising operating and finance leases for short-life assets (e.g. replacement vehicles and plant).

4.9. The Council's current borrowing is in the form of two £3 million LOBO (Lender's Option Borrower's Option) type loans where the lender has the option to propose an increase in the interest rate at set intervals that, if exercised, means the Council has the option to either accept the new rate or to repay the loan at no additional cost. The loan agreements provide for these options at six monthly intervals (March and September) providing a potential refinancing risk; however, in the current low interest rate environment it is unlikely that the lender will exercise their option. In certain circumstances the Council may be able to negotiate premature redemption terms with the lender. The Council, in conjunction with Arlingclose continues to keep this option under review but will only proceed where any exit penalty is considered fair value and leads to an overall cost saving or a reduction in risk.

4.10. The Council is required to approve limits on borrowing activity by setting two indicators:

The Authorised Limit – this is the maximum (statutory) level of external borrowing determined by the Council. A total limit of £25 million will apply for 2016/17 and each subsequent year covered by the latest Medium Term Financial Strategy (MTFS), comprising both borrowing and other long-term liabilities. This limit provides some headroom to undertake new borrowing for invest to save schemes where this can be supported by a fully costed business case.

The Operational Boundary – this is the probable level of external debt during the course of a year. Actual external debt could vary above or below this boundary for short periods, therefore, it is used as a means of monitoring debt to ensure that the authorised limit is not breached. The boundary is set by reference to the estimates of capital expenditure, the capital financing requirement, and cash flow requirements. An overall limit of £11 million will apply for 2016/17 and each subsequent year of the MTFS comprising both borrowing and other long-term liabilities.

5. Annual Minimum Revenue Provision Policy 2016/17

5.1. Where a local authority has financed capital expenditure by debt, it must put aside revenue resources to repay that debt in later years. The amount charged to the revenue budget (and hence against Council Tax) is known as Minimum Revenue Provision (or MRP) and it is this requirement that ensures borrowing is affordable and sustainable.

5.2. Statutory guidance requires that the Council sets an annual policy with regards to the basis on which MRP is determined. The broad aim of the Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits (or where borrowing is supported by Government funding, MRP is aligned with the period over which grant will be received). There are

different methodologies for calculating MRP depending upon circumstances, and the following are those that will be applied by this Council:

Regulatory method – applies Regulations to any pre-2008 capital expenditure. As the Council's CFR on pre-2008 expenditure is negative there is no requirement for MRP to be made on this past expenditure (i.e. effectively the Council has over provided for past debt).

Asset life method – for new unsupported borrowing. MRP will be determined by charging the expenditure over the expected useful life of the relevant assets in equal instalments (or where appropriate on an annuity basis calculated using an annual interest rate equivalent to any related loan). MRP on purchases of freehold land will be charged over a maximum of 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over a maximum of 20 years.

Lease life method – for assets acquired using finance lease arrangements. MRP will match the portion of the annual lease payment used to write-down the lease liability.

Capital loans – where capital loans are made to other bodies no MRP will be charged as there is an expectation of a subsequent repayment. If loans have been financed by borrowing then capital receipts generated by any annual repayments will be set aside to repay debt.

5.3. Based on the Council's latest estimates of its CFR on 31 March 2016, the budget for MRP has been set as follows:

Table 5: Budget for MRP 2016/17

	31-Mar-16 Est. CFR £m	2016/17 Est. MRP £
Capital Expenditure before 01-04-2008	-0.933	-
Unsupported Capital Expenditure after 31-03-2008	4.330	159,300
Finance Leases *	3.425	334,000
Loans to Other Bodies	2.000	-
Total	8.822	493,300

* MRP on finance leases is included in the budgeted annual lease rentals

6. Investment Strategy

6.1. The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In 2014/15 the average sum invested across the year was £38.52 million and peaked at just over £50 million. In the current year the estimated average invested is currently around £46 million with a peak of over £54 million. Similar levels are expected to be maintained in the forthcoming year.

6.2. Objectives: Both the CIPFA Code and the CLG Guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

6.3. Strategy: Given the increasing risk and continued low returns from short-term unsecured bank investments, the Council has diversified into more secure and/or higher yielding asset classes during 2014/15 a position that will be maintained throughout 2015/16 and into future years.

6.4. Approved Counterparties: The Council may invest its surplus funds with any of the counterparty types shown in the table below, subject to the cash limits (per counterparty) and the time limits shown.

Table 6: Approved Investment Counterparties and 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	£5m 5 years		£5m 5 years
A-	£3m 6 months	£4m 2 years		
BBB+	£2m 100 days	£3m 6mths		
BBB	£1m overnight/ call	£2m 100 days		
Unrated Building Societies	£1m 6 months			
MMFs & Pooled Funds	£5m per fund			

This table must be read in conjunction with the notes below

6.5. Credit Rating: Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used.

6.6. Financial Institution Unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.

6.7. Financial Institution Secured: Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building

societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one financial institution will not exceed the cash limit for secured investments.

6.8. UK Government/ local authorities : Loans, bonds and bills issued or guaranteed by the UK Government or local authorities. These investments are not subject to bail-in, and there is an insignificant risk of insolvency. Deposits will be placed with the Debt Management Office where insufficient other counterparties are available and/ or for short-term cash flow.

6.9. Registered Providers: Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing, formerly known as Housing Associations. These bodies are tightly regulated by the Homes and Communities Agency and, as providers of public services, they retain a high likelihood of receiving government support if needed.

6.10. Money Market Funds (MMF) and Pooled Funds: Shares in diversified investment vehicles consisting of different investment instruments, including equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Pooled Funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

6.11. Risk Assessment and Credit Ratings: Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and

- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as “rating watch negative” or “credit watch negative”) so that it may fall below the approved rating criteria, then only investments that can be withdrawn at short notice will be made with that organisation until the outcome of the review is announced. This policy will not apply to “negative outlooks”, which indicate a long-term direction of travel rather than an imminent change of rating.

6.12. Other Information on the Security of Investments: Regard will be given to other available information on the credit quality of organisations in which the Council invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.

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 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 with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

6.13. Specified Investments: The CLG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
 - the UK Government,
 - a UK local Council, parish council or community council, or
 - a body or investment scheme of “high credit quality”.

The Council defines “high credit quality” organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher.

6.14. 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 by legislation, such as acquisition of company shares. Non-specified investments will therefore be limited to long-term investments, i.e. those that are contractually due to mature 12 months or longer from the date of arrangement, or are held with the intention of being long-term even where shorter notice can be given; or investments with bodies and schemes not meeting the Council's definition of high credit quality. Limits on non-specified investments are shown in the table below.

Table 7: Non-Specified Investment Limits

	Cash limit
Total long-term investments	£15m
Total investments without credit ratings or rated below the Council's definition of high credit quality	£10m
Total Non-Specified Investments	£25m

6.15. Investment Limits: The Council's revenue reserves available to cover investment losses are forecast to be around £22 million over the medium-term, within which the General Fund unallocated balance is expected to be around £8 million. On this basis the maximum that will be lent to any one organisation (other than the UK Government or other local authority) will be £5 million, which leaves a buffer on the General Fund balance of circa £3 million which is double the current minimum level assessed as required by the Corporate Director. A group of banks under the same ownership will be treated as a single organisation for limit purposes.

Limits are for investment purposes and are in addition to any sums held with Lloyds Bank Plc (Lloyds) for the purposes of day-to-day banking activities. These sums will normally be held at no more than £1.5million, however, for practical purposes sums maybe higher for short periods to meet cash flow requirements. Limits also exclude the deposit with Lloyds held as a cash-backed indemnity for the Braintree Local Authority Mortgage Scheme.

6.16. Liquidity Management: The Council prepares a summarised cash flow forecast linked to its medium term financial strategy to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to these forecasts.

A detailed in-year cash flow statement is maintained to manage short-term liquidity requirements

7. Treasury Management Indicators

7.1. The Council measures and manages its exposures to treasury management risks using the following indicators.

7.2. **Interest Rate Exposures:** This indicator is set to control the Council's exposure to interest rate risk and applies for 2016/17 and the subsequent three financial years. In determining the limits the following local circumstances have been taken into account:

7.3. The Council's outstanding borrowing is currently subject to six monthly call options when the interest rate could be varied; consequently this debt is treated as being at variable rate. The interest rate on lease finance and other long-term liabilities is set at the time of entering into the arrangement and therefore these are deemed fixed rate.

7.4. Investments are treated as variable where the period to maturity of an investment is up to 364 days, or have no set maturity date e.g. money market funds and pooled funds. Investments with a known maturity date greater than 364 days will be deemed fixed.

7.5. The following limits shall apply:

- The upper limit on exposure to fixed interest rates will be 100% for debt, and £5 million for investments.
- The upper limit on exposure to variable interest rates will be 80% for debt and 100% for investments.

7.6. **Principal Sums Invested for Periods Longer than 364 days:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limit on the long-term principal sum invested to final maturities beyond 364 days, or where the intention is to hold the investment for more than one-year, will be £15m.

8. Other Items

8.1. **Policy on Use of Financial Derivatives:** Financial derivatives may be embedded into loans and investments entered into by the Council where the objective is either to reduce interest rate risk and/ or to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits).

8.2. The Council does not intend to use standalone financial derivatives (such as swaps, forwards, futures and options) unless it can be clearly demonstrated that their use reduces the overall level of financial risks and only having taken appropriate specialist advice.

- 8.3. **Treasury Management Training:** The Corporate Director (Finance) will ensure that all Members with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities.
- 8.4. Relevant Members will be involved in strategy and other meetings with the Council's external treasury advisors; and provided with information and guidance as is deemed appropriate by the Corporate Director.
- 8.5. Senior staff with responsibility for the treasury management function have a professional responsibility to ensure that they are aware of, and apply the Codes and Guidance covering the treasury management function. In addition, all are subject to mandatory continuing professional development requirements.
- 8.6. The Council's external treasury advisor provides regular training events and workshops covering a variety of treasury management and related matters which officers attend. These events also provide opportunities to network with other local authorities and share best practice.
- 8.7. **Investment Advisers:** The Council has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues.

9. Financial Implications

- 9.1. The budget for investment income in 2016/17 is £671,000 (including £586,000 estimated dividend income to be received from long-term pooled fund investments). The budget for debt interest to be paid in 2016/17 is £282,000, with a further £167,000 estimated interest payable within the annual rental payment made on finance leases.
- 9.2. The Council will receive £60,800 interest on its deposit with Lloyds for the Braintree LAMS of which Essex County Council is paid half.

Appendix A – Arlingclose Economic & Interest Rate Forecast November 2015

Underlying assumptions:

- UK economic growth softened in Q3 2015 but remained reasonably robust; the first estimate for the quarter was 0.5% and year-on-year growth fell slightly to 2.3%. Negative construction output growth offset fairly strong services output, however survey estimates suggest upwards revisions to construction may be in the pipeline.
- Household spending has been the main driver of GDP growth through 2014 and 2015 and remains key to growth. Consumption will continue to be supported by real wage and disposable income growth.
- Annual average earnings growth was 3.0% (including bonuses) in the three months to August. Given low inflation, real earnings and income growth continue to run at relatively strong levels and could feed directly into unit labour costs and households' disposable income. Improving productivity growth should support pay growth in the medium term. The development of wage growth is one of the factors being closely monitored by the MPC.
- Business investment indicators continue to signal strong growth. However the outlook for business investment may be tempered by the looming EU referendum, increasing uncertainties surrounding global growth and recent financial market shocks.
- Inflation is currently very low and, with a further fall in commodity prices, will likely remain so over the next 12 months. The CPI rate is likely to rise towards the end of 2016.
- China's growth has slowed and its economy is performing below expectations, which in turn will dampen activity in countries with which it has close economic ties; its slowdown and emerging market weakness will reduce demand for commodities. Other possible currency interventions following China's recent devaluation will keep sterling strong against many global currencies and depress imported inflation.
- Strong US labour market data and other economic indicators suggest recent global turbulence has not knocked the American recovery off course. Although the timing of the first rise in official interest rates remains uncertain, a rate rise by the Federal Reserve seems significantly more likely in December given recent data and rhetoric by committee members.
- Longer term rates will be tempered by international uncertainties and weaker global inflation pressure.

Forecast:

- Arlingclose forecasts the first rise in UK Bank Rate in Q3 2016. Further weakness in inflation, and the MPC's expectations for its path, suggest policy tightening will be pushed back into the second half of the year. Risks remain weighted to the downside. Arlingclose projects a slow rise in Bank Rate, the appropriate level of which will be lower than the previous norm and will be between 2 and 3%.

- The projection is for a shallow upward path for medium term gilt yields, with continuing concerns about the Eurozone, emerging markets and other geo-political events, weighing on risk appetite, while inflation expectations remain subdued.
- The uncertainties surrounding the timing of UK and US monetary policy tightening, and global growth weakness, are likely to prompt short term volatility in gilt yields.

	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
Official Bank Rate													
Upside risk		0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.50	0.50	0.50	0.75	0.75	1.00	1.00	1.25	1.25	1.50	1.50	1.75	1.75
Downside risk				-0.25	-0.25	-0.50	-0.50	-0.75	-0.75	-1.00	-1.00	-1.25	-1.25
3-month LIBID rate													
Upside risk	0.20	0.30	0.30	0.30	0.35	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40
Arlingclose Central Case	0.55	0.60	0.70	0.80	0.95	1.05	1.15	1.30	1.40	1.55	1.65	1.80	1.85
Downside risk		-0.20	-0.30	-0.45	-0.55	-0.65	-0.80	-0.90	-1.05	-1.10	-1.20	-1.20	-1.20
1-yr LIBID rate													
Upside risk	0.25	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.45	0.45	0.45	0.45	0.45
Arlingclose Central Case	1.10	1.20	1.35	1.45	1.55	1.70	1.80	1.95	2.00	2.10	2.15	2.15	2.15
Downside risk	-0.15	-0.25	-0.35	-0.50	-0.60	-0.70	-0.85	-0.95	-1.10	-1.15	-1.25	-1.25	-1.25
5-yr gilt yield													
Upside risk	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
Arlingclose Central Case	1.50	1.55	1.60	1.70	1.80	1.90	2.00	2.10	2.20	2.25	2.30	2.35	2.35
Downside risk	-0.35	-0.45	-0.55	-0.60	-0.70	-0.80	-0.90	-1.00	-1.10	-1.15	-1.20	-1.25	-1.25
10-yr gilt yield													
Upside risk	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
Arlingclose Central Case	2.00	2.05	2.10	2.20	2.30	2.40	2.50	2.60	2.65	2.70	2.75	2.80	2.80
Downside risk	-0.35	-0.45	-0.55	-0.60	-0.70	-0.80	-0.90	-1.00	-1.10	-1.15	-1.20	-1.25	-1.25
20-yr gilt yield													
Upside risk	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
Arlingclose Central Case	2.45	2.50	2.55	2.55	2.60	2.65	2.70	2.75	2.80	2.85	2.90	2.95	2.95
Downside risk	-0.30	-0.40	-0.50	-0.55	-0.65	-0.75	-0.85	-0.95	-1.05	-1.10	-1.15	-1.20	-1.20
50-yr gilt yield													
Upside risk	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
Arlingclose Central Case	2.45	2.50	2.55	2.60	2.65	2.70	2.75	2.80	2.85	2.90	2.95	3.00	3.00
Downside risk	-0.25	-0.35	-0.45	-0.50	-0.60	-0.70	-0.80	-0.90	-1.00	-1.05	-1.10	-1.15	-1.15

Appendix B – Investment & Debt Portfolio Position

	31-Mar-15 Actual Portfolio £'000	30-Nov-15 Actual Portfolio £'000
External Borrowing:		
LOBO Loans	(6,000)	(6,000)
Total External Borrowing	(6,000)	(6,000)
Other Long Term Liabilities:		
Finance Leases	(3,759)	(3,536)
Other Long Term Liability	(1,000)	(1,000)
Total Gross External Debt	(10,759)	(10,536)
Investments:		
<i>Managed in-house</i>		
Impaired Investment	20	20
Short-term investments	5,082	21,000
Cash & cash equivalents	2,901	1,363
<i>Managed externally</i>		
Money Market Funds	10,000	15,000
Pooled Equity Funds	8,000	8,000
Property Fund	2,000	2,000
Total Investments	28,003	47,383
Net Investments	17,244	36,847

Annual Audit Letter 2014/2015		Agenda No: 8
Corporate Priority: Providing Value for Money Report presented by: BDO, External Auditor Report prepared by: BDO, External Auditor		
Background Papers: Annual Audit Letter 2014/2015, Grant Claims and Returns Certification for year ended 31 st March 2015		Public Report:
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 2014/2015. A copy of the letter is attached at appendix A.</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 2014/2015 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). <p>The Annual Audit Letter was produced prior to the completion of the work to certify the Council's 2014/2015 Housing Benefits subsidy claim. This work was completed before the 30th November 2015 deadline and the subsequent report of findings is attached at Appendix B. The certification report was qualified as a small number of errors had been identified but this resulted in an increase in the subsidy due to the Council. An action plan has been agreed by management to address the recommendations made by BDO.</p>		

Decision: To receive the Annual Audit Letter for 2014/2015
Purpose of Decision: For Members to receive the Annual Audit Letter for 2014/2015

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 2014/2015 confirming an unqualified opinion on the Council's Accounts for 2014/2015 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 2014/15

27 October 2015

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 financial statements
- 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
27 October 2015

FINANCIAL STATEMENTS

1

We issued an unqualified true and fair opinion on the financial statements on 29 September 2015.

No material misstatements were identified as a result of our audit work which had an impact on the reported deficit. However we identified a material disclosure matter in relation to the cash flow statement, which was corrected by Management.

There were no unadjusted differences identified by our audit.

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

USE OF RESOURCES

2

While there is a recognised funding gap in the MTFS, the Council has appropriate arrangements to continue to remain financially sustainable over the period of the MTFS and we were satisfied that, in all significant respects, the Council had put in place proper arrangements to secure economy efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

We issued an unqualified value for money conclusion on 29 September 2015.

OTHER MATTERS (REPORT BY EXCEPTION)

3

We have not exercised our statutory powers and have no matters to report.

We issued the audit certificate to close the audit for the year ended 31 March 2015 on 29 September 2015.

GRANT CLAIMS AND RETURNS CERTIFICATION

4

Our review of grant claims and returns is in progress and the results will be reported upon completion of this work.

FINANCIAL STATEMENTS

1

OPINION

We issued an unqualified true and fair opinion on the financial statements on 29 September 2015.

Financial performance

The Council reported a deficit on the provision of services of £269,000.

After adjusting for items in the Movement in Reserves Statement, the Council reported a surplus on the General Fund of £2.9 million before transfers to earmarked revenue reserves of £3.3 million, resulting in a net decrease to the General Fund balance of £415,000. The general fund balance as at 31 March 2015 was £7.8 million.

Financial statements

The draft Statement of Accounts was prepared and provided to us for audit on 29 June 2015. A comprehensive file of audit working papers was also provided.

The draft financial statements presented for audit were of a good standard.

No material misstatements were identified as a result of our audit work which had an impact on the reported deficit. However we identified a material disclosure matter in relation to the cash flow statement, which was corrected by management. This was in relation to investment purchases and sales which were shown gross rather than as a net position of movements in investments. This resulted in the purchases of investments being shown as (£87,500,000) and the sale of investments being shown as £87,076,000. The net position of these two figures is £424,000 and is the figure that had been included in the draft financial statements. An amendment was also required to the prior year cash flow to correctly show the gross position of the movement in investments. This amendment had no impact on the reported cash flow for the year.

No unadjusted differences were identified by our audit.

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.

No issues were identified from our testing. We were satisfied that the value of assets reported were 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 were 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.

FINANCIAL STATEMENTS

Annual Governance Statement

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

Narrative reporting

Local authorities are required to include an explanatory foreword in the Statement of Accounts to provide an explanation of the financial position and to assist in the interpretation of the financial statements.

We were satisfied that the information given in the explanatory foreword for the financial year for which the financial statements are prepared was consistent with the financial statements.

CIPFA is considering how local authorities can develop their narrative reporting requirements, such as including management commentary or strategic reporting, but has postponed this review until the legislative requirements for the sector are resolved. However, CIPFA's consultation on 'Telling the Story' will propose introducing a reconciliation from the reported outturn in the financial statements to the Council's management accounts.

USE OF RESOURCES

2

CONCLUSION

We issued an unqualified value for money conclusion on 29 September 2015.

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

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

Financial resilience

The Council has a good track record of achieving their budgets and savings plans and has effective budget monitoring arrangements in place.

The finance team is well resourced and established, with a good level of qualified and experienced staff members in the team. The Corporate Director, Head of Finance and the Financial Services Manager are all prominent members of senior management and there is good interaction between the leadership team and finance which demonstrates a good awareness of both current and future financial issues.

The Council continues to maintain a healthy level of earmarked reserves and balances, with the level of reserves remaining within the minimum level of reserves set by the Council. As at 31 March 2015, the General Fund balance was £7.8m which provides significant headroom over the minimum level of £1.5 million required by the Council's policy. Earmarked reserves were £11.9m.

The final spend for 2014/15 was £14.7m compared to a budget of £15.2m, with an overall underspend against the budget of £547,000 for the year.

The Medium Term Financial Strategy (MTFS) (as at February 2015) details planned overall use of balances of £485,000 in 2014/15 and £894,000 in 2015/16, although it may become necessary for the Council to further utilise its general reserves if it is unable to achieve the £1.4m savings required to ensure a balanced budgets for 2016/17 to 2018/19. However, any shortfalls are not likely to be significant in light of the £19.8m 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 reviewed the assumptions used in developing the MTFS and found them to be reasonable.

Challenging economy, efficiency, effectiveness

As in previous years, 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 is forward thinking and can demonstrate that it routinely seeks ways to further improve its performance and has a good track record of reviewing and re-negotiating contracts to ensure that they are always getting value for money.

The Council are also continually looking at new ways to increase their investment income, which worked in their favour in year when their pooled investment fund and the purchase of an investment property gave them greater returns than were originally anticipated by c£258,000.

Performance towards key projects underpinning achievement of the Council's four cross cutting themes is regularly monitored by the Cabinet through the quarterly Performance Management Report where performance is challenged and remedial action is directed if necessary. A review of the Council's year end Performance Report did not identify any significant matters in terms of value for money.

OTHER MATTERS

3

REPORT BY EXCEPTION

We have no other matters to report.

Whole of Government Accounts

Auditors are required to review Whole of Government Account (WGA) information prepared by component bodies that are over the prescribed threshold of £350 million in any of: assets (excluding property, plant and equipment); liabilities (excluding pension liabilities); income or expenditure.

The Council falls below the threshold for review and there is no requirement for further work other than to submit the section on the WGA Assurance Statement to the WGA audit team with the total values for assets, liabilities, income and expenditure. This was done on 30 September 2015.

Use of statutory powers

We have not exercised our statutory powers and have no matters to report.

Audit certificate

We issued the audit certificate to close the audit for the year ended 31 March 2015 on 29 September 2015.

GRANT CLAIMS AND CERTIFICATION

4

CERTIFICATION WORK

Our review of grant claims and returns is in progress and the results will be reported upon completion of this work.

Housing benefit subsidy claim

Public Sector Audit Appointments Ltd has a statutory duty to make arrangements for certification by the appointed auditor of the annual housing benefit subsidy claim.

Our audit of the 2013/14 housing benefits subsidy claim found some errors in relation to the following:

- Incorrect application of child tax and working tax credits in the benefit calculation. An extrapolated error was reported in the 2013/14 qualification letter.
- Incorrect classification of some non-HRA properties. This was corrected in the 2013/14 subsidy claim form.
- Incorrect treatment within modified schemes where overpayments were incorrectly off-set against expenditure. This is a known system issue that was reported by Civica to the Council in November 2014. This was corrected in the 2013/14 subsidy claim form.

Our work on the 2014/15 housing benefits subsidy claim is currently in progress and will be completed ahead of the submission deadline of 30 November 2015.

APPENDIX

Reports issued

We issued the following reports in respect of the 2014/15 financial year.


REPORT	DATE
Planning letter	April 2014
Grant Claims and Returns Certification Report (2013/14)	January 2015
Audit Plan	March 2015
Final Audit Report	September 2015
Annual Audit Letter	October 2015

Fees update

We reported our original fee proposals in our Audit Plan issued in March 2015. Our fees to date and any variance to the original proposal are shown below.

AUDIT AREA	PROPOSED FEES £	FEES UPDATE £
Code audit fee	79,674	79,674
Certification of housing benefit subsidy claim	18,370	⁽¹⁾ 18,370
Total fees for audit services	98,044	98,044

Note 1 - Our work on the assurance reviews of the grant claims and other returns for 2014/15 is in progress and we will report the findings from this work and the final fees separately.



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 organisation and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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BRAINTREE DISTRICT COUNCIL

GRANT CLAIMS AND RETURNS CERTIFICATION

Year ended 31 March 2015



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INTRODUCTION

THE PURPOSE OF THIS REPORT

This report summarises the main issues arising from the certification of Housing and Council Tax Benefit Subsidy Return for the financial year ended 31 March 2015.

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

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

A summary of the fees charged for certification work for the year ended 31 March 2015 is shown to the right.

Appendix I of this report (page 5) shows the Council's progress against the action plan included in our 2013/14 Grant Claims and Returns Certification report (presented to the Governance Committee on 25 March 2015).

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

FEES	PLANNED SCALE FEE (£)	OUTTURN FEE (£)
Housing benefit subsidy	18,370	18,370
TOTAL FEES	18,370	18,370

KEY FINDINGS

Summary of high level findings

CLAIM OR RETURN	VALUE (£)	QUALIFIED?	AMENDED?	IMPACT OF AMENDMENTS
Housing benefit subsidy	42,926,095	Yes	Yes	£843 decrease in subsidy payable

Detailed Findings

Below are details of the Housing and Council Tax Benefit Subsidy Return, which was the only return subject to certification by us for the financial year to 31 March 2015. Where our work identified issues which resulted in either an amendment or a qualification (or both), further information is provided. An action plan in respect of these matters is included at Appendix II of this report on page 6.

Housing benefit subsidy	Findings and impact on return
<p>Local authorities responsible for managing housing benefit schemes are able to claim subsidies towards the cost of these benefits from central government. The final value of subsidy to be claimed by the Council for the financial year is submitted to central government on form MPF720A (the subsidy claim), which is subject to certification.</p> <p>Our work on this claim includes verifying that the Council is using the correct version of its benefits software and that this software has been updated with the correct parameters. We also agree the entries in the claim to underlying records and test a sample of cases from each benefit type to confirm that benefit has been awarded in accordance with the relevant legislation and is shown in the correct cell on the subsidy claim. The methodology and sample sizes are prescribed by the Audit Commission and the Department for Work and Pensions (DWP). We have no discretion over how this methodology is applied.</p> <p>Guidance requires auditors to undertake extended 40+ testing if initial testing identifies errors in the benefit entitlement calculation or in the classification of expenditure. Such testing is also undertaken as part of our follow-up of prior year issues reported. This additional testing, combined with the original testing where there has been an overpayment of benefit is extrapolated (or extended) across the population. Where the error can be isolated to a small population, the whole population can be tested and the claim form amended if appropriate. Where there is no impact on the subsidy claim for example where the error always results in an underpayment of benefit, we are required to report this within our qualification letter.</p>	<p>We identified some errors in our initial sample testing. This resulted in 2 areas of 40+ testing, 1 area of additional testing and 2 amendments to the claim form. The details are as follows:</p> <ul style="list-style-type: none">• Incorrect child and working tax credit information used in the benefit calculation for a rent allowance case (note: this is the same issue that has been raised in the past 2 years). 40+ testing was undertaken to quantify the results and an extrapolation was included within the Qualification Letter. The level of errors continues to improve in this area and the errors identified were small in value. If DWP decide to adjust for the extrapolated error reported, this would have a decrease on subsidy of £16,153.• An incorrect amount for private pension income was used in the benefit calculation for a rent allowance case. 40+ testing was undertaken to quantify the results and an extrapolation was included within the Qualification Letter. The level of error was small in value. If DWP decide to adjust for the extrapolated error reported, this would have a decrease on subsidy of £6.• In the prior year an error was identified with a modified scheme case whereby an overpayment had been incorrectly off-set against expenditure for the claimant. This is a known system issue that was reported by Civica to the Council in November

2014 and it was expected that a fix would be issued. However from our testing we identified that this same problem existed in the current year and, as a result, all modified scheme cases where an over or under payment had occurred were reviewed and the subsidy claim form was amended for the error. This amendment resulted in a £737 decrease in subsidy payable.

- Also from our testing of modified scheme cases we identified that the incorrect amount of war pension income was used in the benefit calculation. As a result the entire population of modified scheme cases was reviewed (15 in total). No further errors were found. The initial error, amounting to £82 being underpaid, will be corrected in the 2015/16 subsidy claim form.
- An amendment was made to the claim form to correct an incorrect negative balance of £106 between non-HRA rent rebates and rent allowances. This resulted in a £106 decrease in subsidy payable.

The 40+ testing and additional testing completed on modified scheme cases was completed by Council officers. We agreed with the Council's conclusions during our re-performance testing in all cases and were able to rely on the work performed.




APPENDICES

APPENDIX I: STATUS OF 2013/14 RECOMMENDATIONS

RECOMMENDATIONS	PRIORITY	MANAGEMENT RESPONSE	RESPONSIBILITY	TIMING	PROGRESS	STATUS
HOUSING AND COUNCIL TAX BENEFIT SUBSIDY						
Complete a sense check on the claim form and ensure that the properties that were classified as rent rebate properties in previous years are correctly classified as short-term leased or self-contained accommodation.	Medium	Future manual adjustments to the claim form in relation to these cases will be Management checked prior to submission. With regard to these particular cases, we no longer hold them with effect from 29/09/14 as they have now moved to Rent Allowance.	Revenues & Benefits Manager	April 2015	Sense check completed and the error did not re-occur in 2014/15.	Implemented.
Run all relevant system fixes to ensure that the issue with modified scheme cases is rectified and does not re-occur in future years.	Medium	This was a Civica system issue outside of officers' control, which we were unaware of, until the bulletin issued in November 2014 by Civica. Any future fixes issued by Civica will be appropriately actioned.	Revenues & Benefits Manager	April 2015	Civica did not issue a fix and therefore the error re-occurred in 2014/15. All other relevant fixes were run on the system.	Re-recommended to discuss issue with Civica.

APPENDIX II: 2014/15 ACTION PLAN

CONCLUSIONS FROM WORK	RECOMMENDATIONS	PRIORITY	MANAGEMENT RESPONSE	RESPONSIBILITY	TIMING
<p>An issue was identified in the prior year with a modified scheme case where an overpayment was incorrectly off-set against expenditure. An amendment was made to the subsidy claim form for all cases affected. Civica were aware of this issue and were due to issue a fix to ensure that this did not occur in the future.</p> <p>However our initial testing in 2014/15 identified that the issue had not been rectified and the Council confirmed that a fix had not been issued by Civica. As a result all affected claims were identified and tested to quantify the total error and an amendment was made to the subsidy claim form.</p>	<p>Discuss with Civica how the issue with the off-setting of modified scheme expenditure can be rectified so that it does not re-occur in future years.</p> <p>If the issue cannot be fixed, manually review the cases to ensure that they are correctly reflected in the subsidy claim form.</p>	Medium	<p>Revenues & Benefits Manager</p> <p>The Civica patch was loaded into the system during April 2015; however it would appear that the fix did not correct all cases as there were still some incorrect adjustments. Therefore the Manager has contacted Civica to ensure that all future years' assessments are correctly offset. Also, as Braintree has a small number of cases (15) each case will be audited prior to the 2015/16 subsidy return.</p>	J Rigby	01.04.2016
<p>Our testing identified some cases where the incorrect income information (working tax credits (WTC)/child tax credits (CTC) and pension income) had been used in benefit calculations. This resulted in additional testing being required.</p>	<p>Continue to remind staff the importance of ensuring that the correct income information is used in benefit calculations. Provide targeted training for staff that repeatedly make such errors.</p>	Medium	<p>Revenues & Benefits Manager</p> <p>Targeted training was delivered to all staff in 2013 and again in 2014, however this will be delivered again in January 2016.</p> <p>The 40+ testing on claims selected by BDO actually resulted in over 300 CTC/WTC awards being checked during the selection, due to the volume of changes in tax credits, which those 40 customers had during the 2014/15 year. The 2 errors were found within those 300 awards.</p>	J Rigby	31.01.2016



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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Internal Audit – Activity Report for the period to 14th December 2015		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 1 st September 2015 to 14 th December 2015. 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 1 st September 2015 to 14 th December 2015.		
Purpose of Decision: To advise Members of the audit assignments completed for the period 1 st September 2015 to 14 th December 2015.		

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
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INTERNAL AUDIT
COMPLETED ASSIGNMENTS to 14th December 2015

Type	Topic	Days Taken	Recommendations			Key Controls Covered	High Priority recommendations	Agreed Implementation date	Audit Opinion
			L	M	H				
Core system	Sundry Debtors	10.5			6	<ol style="list-style-type: none"> 1. All chargeable services provided and goods dispatched are identified and billed at the correct amounts. 2. All income due is invoiced and correctly recorded. 3. Credit control and debt recovery processes are adequate. 4. Credit notes and refunds are valid and are properly authorised. 5. Write-off of uncollectable debt is properly authorised. 6. There is adequate segregation in the invoicing and receipting functions. 7. Fraud & Corruption checklist 8. Operational Risk Register review 9. Information Technology Management 	<ol style="list-style-type: none"> 1. Remind the Other Income Officer of the requirement for a correctly authorised Credit Note request form or a replacement invoice if correcting a data entry error. 2. Remind the responsible officers to follow corporate process for checking credit notes raised reports. 3. Run and review regularly Recovery Control reports to identify any unprinted invoices. 4. Remind managers of the need for their staff to complete the IT Security module on Vision. 5. Put in place a process that ensures external customers, both Street Scene and Horticultural Services, are invoiced promptly and accurately. Review hourly rate used to calculate costs of works. 6. Ensure bank references are received and corporate credit checks are requested prior to the acceptance of new tenants. 	December 2015	We are satisfied that reliance can be placed on the key controls following implementation of the recommendations agreed in the Action Plan.
Core system	NNDR	8.5			3	<ol style="list-style-type: none"> 1. The NNDR 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. 	<ol style="list-style-type: none"> 1. Investigate and resolve the differences in property numbers between Civica and Valuation Office systems. 2. Ensure retention of sample accounts checking prior to bulk bill production. 3. Produce and review a 'recovery inhibited' report on 	February 2016	We are satisfied that reliance can be placed on the key controls following implementation of the recommendations agreed in the

				5. Refunds of overpayments are valid and properly authorised. 6. Write – off of debt is properly authorised. 7. Amounts due are properly recorded. 8. There is adequate segregation in the NNDR billing and cash receipting function. 9. Information Security Management 10. Fraud & Corruption checklist 11. Operational Risk Register reviewed.	a monthly basis.		Action Plan.			
Core system	Creditors	6	0	1. Only authorised staff may commit the organisation to expenditure. 2. Invoices are processed only when the goods or services have been received and at the correct amount. 3. All expenditure incurred is accurately and completely recorded. 4. Payments are made only in respect of approved invoices and for the correct amounts. 5. There is adequate segregation in the ordering, receiving and payment functions. 6. Fraud & Corruption checklist 7. Information Technology management 8. Operational Risk register review			We are satisfied that reliance can be placed on the key controls as described.			
Core system	Cash and Bank	7.5	<table><tr><td></td><td>1</td><td></td></tr></table>		1		1. Cash and other cashable orders are held securely. 2. All remittances received are properly recorded. 3. All cash income is properly accounted for and banked in full. 4. Payments are properly authorised. 5. Cash balances are accurate and agree to recorded cash transactions. 6. There is adequate segregation in the cash receipting, recording and authorising process.			We are satisfied that reliance can be placed on the key controls following implementation of the recommendation agreed in the Action Plan.
	1									

				7. Fraud & Corruption checklist 8. Information security management. 9. The Operational Risk Register was reviewed.						
Core system	Main Accounting	4.5	0	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 account codes or suspense balances are reviewed and cleared on a timely basis. 4. Information security management. 5. The Operational Risk Register was reviewed.			We are satisfied that reliance can be placed on the key controls as described.			
Non-core system	Horticulture	10.5	<table><tr><td></td><td></td><td>2</td></tr></table>			2	1. Contracts with external customers are regularly reviewed to ensure costs are covered. 2. Procurement of external consultants is in accordance with the Contract Procedure Rules. 3. Income from roundabout sponsorship is complete and in accordance with the contract. 4. The Operational Risk Register was reviewed.	1. Put in place a robust system to ensure all works carried out for external customers by both BDC employees and sub-contractors are promptly recharged and all costs are covered. 2. Review all quotes issued since April for acceptance and completion of works by direct employees, and the prompt raising of an invoice.	December 2015	We are satisfied that reliance can be placed on the key controls following implementation of the recommendations agreed in the Action Plan.
		2								
Non-core system	Pest Control	6	0	1. Pest control charges are approved by committee 2. Commercial and domestic customers are charged the correct fee 3. Contracts exist for all commercial customers 4. All expenditure relates to the Pest Control service 5. Operational risk register reviewed			We are satisfied that reliance can be placed on the key controls as described.			

Non-core system	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.
Non-core system	Allotments	3	0	<ol style="list-style-type: none"> 1. An agreement is completed for the use of allotments 2. Payments are raised annually 3. Satisfactory arrangements exist for the termination of the tenancy by the allotment holder 4. Expenditure on allotments is appropriate and approved by an authorised signatory 5. Operational risk register reviewed 			We are satisfied that reliance can be placed on the key controls as described.
Non-core system	Energy and Utilities	4	0	<ol style="list-style-type: none"> 1. That expenditure and accompanying details for gas, electricity and water usage are: <ul style="list-style-type: none"> • accurately recorded and coded • relate to locations which are the Council's responsibility 2. That meter readings are taken and used to ensure the charges are correct 3. Charges in accordance with current contracts for supply 4. Expenditure for each location is reasonable 			We are satisfied that reliance can be placed on the key controls as described.

				5. Payments made are approved by an authorised signatory 6. Operational risk register reviewed			
Non-core system	VAT	5	0	1. Where VAT is payable all invoices processed for payment have a valid VAT number 2. Where VAT is received all credit notes processed have a valid VAT number 3. Sundry Debtor invoices raised have the correct element of VAT on the invoice 4. The correct split of the invoice or credit note for the VAT/non VAT element has been correctly completed 5. The correct VAT indicator code is being used in respect of all invoices 6. VAT returns are completed correctly and within the appropriate timescales 7. Documentation is retained to support the details entered on to the VAT return 8. Operational Risk Register reviewed			We are satisfied that reliance can be placed on the key controls as described.
				1.			
				1.			

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,

M=Medium irregularity or inefficiency.
 L=Low Where improvements in control are needed to further reduce the risk of undetected errors or irregularities occurring.
 To strengthen the overall control environment by building upon existing controls in place or to improve to comply with best practice guidance.

Reportable Recommendations - Update

Area of review	Reported recommendations	Status
Sundry Debtors	1. Undertake a reconciliation of invoices raised to schedules received for all requests submitted in this format. 2. Only process credit notes on receipt of a correctly authorised credit note request form. 3. Ensure refund proformas are approved within signatory limits 4. Do not process the writing off of a debt prior to receipt of an approved form	Completed Implemented Implemented Implemented
Payroll	1. Ensure a fully completed and authorised Resourcelink form is received in respect of all starters & leavers. Action should not be taken without these. 2. Overtime claim forms should not be authorised unless they have been signed by the claimant. 3. Ensure a fully completed and authorised Resourcelink form is received in respect of all changes to pay rates or contracted hours. Action should not be taken without these. 4. Authorised Recruitment Forms should be received for all new posts, whether approved under restructuring or not. 5. Maintain comprehensive electronic personal files, indexed in a date format as previously agreed with Payroll.	Implemented A revised system of claiming has been proposed in respect of overtime payments for Operational staff Implemented Implemented Partially implemented at present
NNDR	1. Clarify position in regard to withdrawing discretionary reliefs granted dependent on circumstances 2. Ensure write offs are approved within delegated limits prior to processing.	Completed Implemented
Performance Indicators and Data Quality	1. Provide training to officers responsible for compiling Performance Indicators including clarification of definitions and importance of data quality 2. Review definitions/guidance published on Covalent for confirmation it is the latest issued 3. Perform checks on a sample of Performance Indicators submitted each quarter 4. Discuss with the Corporate Director regarding the unreliability of data supplied by Ignite together with the requirement for supporting evidence	Implemented Planned Implemented Completed

There we no RIPA applications submitted for this period.

Strategic Risk Management		Agenda No:10
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 28 th September 2015		Public Report
Options: None		Key Decision: No
<p>Executive Summary:</p> <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 28th September 2015.</p> <p>The Strategic Risk Register agreed by the Cabinet on 30th March 2015 was reviewed by Members attending the Members Development evening on 28th July 2015; the outcome is an updated register.</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:</p> <ul style="list-style-type: none"> • processes for identifying and recording operational risks, • risk registers for major projects, • business continuity planning, and • emergency planning. <p>The number of strategic risks identified has been increased from seven to nine, due to the risk regarding the Local Plan being divided into three elements based on the three triggers which have been identified could apply to the Local Plan. The reason for the division is that the likelihood of the triggers occurring and the associated consequences are different and warrant an individual risk rating.</p> <p>The number of risks above the Risk Tolerance Line (See Appendix A) and therefore requiring active management has increased to seven, with one of the three risks regarding the Local Plan being assessed as a B2 risk rating (High Likelihood and Critical Impact). The risk ratings of the other risks remain unaltered.</p>		

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

Risk Rating	Feb. 2015	July 2015
B2 (<i>High likelihood/ Critical impact</i>)		1
C2 (<i>Significant likelihood/ Critical impact</i>)	5	6
D2 (<i>Low likelihood/ Critical impact</i>)	2	2
Total number of risks on Strategic Register	7	9

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

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:	Risk concerning the Council's approach to climate change is 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 Plan 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
E-mail:	Trevor.wilson@braintree.gov.uk

STRATEGIC RISK PROFILE

Braintree District Council July 2015

<div>↑</div> <div>likelihood</div>	A				
	B			3a	
	C			1, 2, 3b&c, 4, 6	
	D			5, 7	
	E				
	F				
		IV	III	II	I

Impact →

Likelihood:

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

Impact:

I	Catastrophic
II	Critical
III	Marginal
IV	Negligible

Strategic Risk Register including Management Action Plans (where appropriate)

Medium-Term Financial Strategy – 1

Risk Rating C2 (C2 Feb. 15)

Management Board Owner – Corporate Director (CF)

Vulnerability	Trigger	Consequence
<p>The Council sets a Medium-Term Financial Strategy (MTFS), covering a four-year period, which is reviewed and updated annually.</p> <p>Assumptions are made about anticipated changes on the revenue account e.g. government grant levels, income levels, inflation, pay awards, council tax collection rates, etc. together with planned and anticipated efficiency savings, council tax levels and the use of balances.</p> <p>Assumptions are also made regarding capital resources with a capital programme being planned and agreed against these resources.</p> <p>The Government's Summer Budget announced on 8th July 2015 and the notice of the 2015 Spending Review both confirm the intention to identify £20billion of savings from the public sector by 2019/20. HM Treasury has invited government departments to set out plans for budget reductions using two scenarios, of 25% and 40% savings in real terms by 2019/20. The Government also announced that it would be increasing spend on Health and Defence and protecting the spend on Official Development Assistance and schools funding.</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, particularly interest receivable from the £10m invested in equity and property funds. • Economic conditions and market fluctuations cause changes at or before contract renewal e.g. contract for sale of recyclates. • 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

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
<p>Robust budget review and setting process involving Management Board and Cabinet members developed over a number of years</p> <p>Unallocated balances significantly exceed minimum level of £1.5million.</p> <p>Regular Budgetary Control and monitoring processes in place, including:</p> <ul style="list-style-type: none"> • Amount of council tax support awarded • awards made from the Exceptional Hardship Fund; and • Business rates and council tax collection rates. <p>Action Plan developed and agreed following Peer Challenge, managed by the Local Government Association, in October 2013.</p> <p>Monitoring of investment counter-parties and returns on investments by Arlingclose, the Council's Treasury Management advisor.</p>	<p>Continue work to improve financial modelling for business rates income, cashflow and New Homes Bonus grant.</p> <p>Improve monitoring and forecasting of income.</p> <p>Delivery against the workstreams contained in the Action Plan consisting of:</p> <ul style="list-style-type: none"> • Commercialisation and 'Better at Business'; • Grow our economy – increase business rate pot and secure external funds; • Finance and Investment Strategy; • Review contracts and procurement; • Increase our income; • Management and Service Reviews; and • Sharing services or joint work. 	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	<p>Sept. 2015 – commence budget process for 2016/17</p> <p>Feb. 2016 – Full Council sets council tax and budgets for 2016/17</p>	<p>MTFS updated with the final financial settlement figure for 2015/16.</p> <p>MTFS provides a plan to provide a balanced base budget with the proposed freeze in council tax for 2015/16 at £159.57 (Band D). For planning purposes an increase in council tax of 2% is included for 2016/17 onwards.</p> <p>Estimated unallocated balance as at 31st March 2016 is £6.935million.</p> <p>Investment Strategy reviewed with £10m invested in equity and property funds and utilising borrowed monies, of £6m, to fund investments (e.g. commercial property and solar panels) to achieve improved rate of return over the medium-term.</p> <p>Revised MTFS reported to Cabinet 28th September 2015</p>

Infrastructure (formerly Economic Development) – 2

Risk rating C2 (C2 July 14)

Management Board Owner – Corporate Director (JH)

Vulnerability	Trigger	Consequence
<p>The Council has identified Economic Development as a key Corporate priority for the District as set out in the Corporate Strategy.</p> <p>The District is looking for inward investment, job creation, business growth and investment in infrastructure. There is also a programme to sustain/grow our town centres.</p>	<p>Lack of investment in infrastructure prevents business growth and job creation.</p>	<ul style="list-style-type: none">• 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

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, e South East Local Enterprise Partnership (LEP), and the Essex Business Board on key priorities for economic development.</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 the 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 under construction and due to be completed by March 2016.</p> <p>Feasibility study underway for Witham Enterprise Centre</p> <p>Delivery of town centre infrastructure improvement projects in Braintree, Halstead and Witham underway</p> <p>Range of Portas Pilot initiatives delivered in three towns</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 Ratings: a) – B2 and b) & c) – C2 (C2 Feb. 15)

Management Board Owner – Corporate Director (JH)

Vulnerability	Trigger	Consequence
<p>Braintree District Council has an adopted Core Strategy and is in the process of preparing a new Local Plan. In line with government policy this will need to deliver a substantially higher target for housing numbers than is currently set out in the Core Strategy, as set out at Local Plan Committee in September 2014, this is likely to be in the range of 750-950 new homes each year.</p> <p>The Local Plan will be subject to an examination in 2016/17 and if found sound will hold full weight in planning decisions, up till this point it will hold limited weight based on its progress and the level of unresolved objections.</p> <p>Whilst the Local Plan is being produced, the Council may be at risk of being challenged by developers on its housing numbers.</p>	<p>a) Land owners submitting planning applications on unallocated sites.</p> <p>b) Lack of housing or economic growth leading to failure of allocated sites to deliver.</p> <p>c) Local Plan being found unsound when submitted for examination by the Planning Inspector.</p>	<p>a) & c)</p> <ul style="list-style-type: none">• Council may have to approve planning applications on sites outside of those proposed resulting in development which conflicts with the agreed spatial strategy• Loss of appeals on planning applications for development on unallocated sites outside of development boundaries. <p>b) & c)</p> <ul style="list-style-type: none">• 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

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
<p>Engaging at a regional level.</p> <p>Joint working with other authorities.</p> <p>Good working relationships with Town and Parish Councils and community groups.</p> <p>Infrastructure implications will be a key part of the new Plan.</p> <p>Programme of reporting and decision making through Local Plan Sub Committee.</p> <p>Strong working relationship with major developers on key housing/commercial sites in the District.</p> <p>An Interim Planning Policy Statement which supports the development of proposed allocated sites in the Site Allocations and Development Management Plan and removes the phasing from the Core Strategy growth location sites.</p> <p>A specific Local Plan budget of £480,000 has been agreed for 2015/16 to ensure the funds are available to provide the necessary evidence base documents and other work required to produce the Local Plan in the timescales proposed.</p> <p>An Appeals reserve fund of £300,000 has been agreed in the budget for 2015/16 to ensure the Council has sufficient funds to refuse applications which we consider unacceptable.</p>	<p>Work programme keeps to timetable to ensure adoption of the Local Plan in line with the project plan.</p> <p>Close working relationship with major landowners and agents in the District to work together on delivery rather than in opposition.</p>	Corporate Director (JH)	<p>Ensuring Local Plan process is adopted/ approved on target.</p> <p>Outcome of appeal decisions relating to non-allocated sites.</p>	Quarterly	Ongoing	<p>Core Strategy adopted 2011 pending adoption of new Local Plan</p> <p>Statement of Community Involvement adopted</p> <p>Approval of Interim Planning Policy Statement September 2014</p> <p>New Local Plan Issues and Scoping document consultation completed March 2015</p> <p>Local Plan evidence base in process of being commissioned</p> <p>Call for sites completed and assessment underway</p>

Community Resilience – 4

Risk Rating C2 (C2 Feb. 15)

Management Board Owner – Corporate Director (CF)

Vulnerability	Trigger	Consequence
<p>There is a small proportion of the district's population that is affected by the recent changes to welfare reforms. The Summer Budget 2015 outlined the Government's intention to make further reforms to Welfare payments with the aim to achieve £12billion of savings by 2019/20. These changes will commence in 2016 and are in addition to a number of the previously notified changes some of which are still working through and the impacts are uncertain, in particular, Universal Credit is due to be introduced under a phased approach in the Braintree district from October 2015 and to be fully operational by 2017.</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>A number of the schools in the district are low rated and educational attainment in the district (based on English and Maths GCSE results) is low compared to the rest of the county.</p> <p>There is a growing population of elderly people, within the district and nationally, a proportion of whom will require public services.</p>	<p>Demand for services from the Council and other public sector organisations increases which exceed supply.</p>	<ul style="list-style-type: none">• Some people do not receive the help they need.• Increase in homelessness and potential use of bed & breakfast accommodation• 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>Additional staff taken on in Housing, Revenues and Benefits and Customer Services to meet increased demand for services and assistance as a consequence of welfare reforms.</p> <p>Increased partnership working with Citizens Advice Bureau, Greenfields CH, Department for Work and Pensions and Fusion to assist those affected by the welfare changes.</p> <p>Discretionary Housing Payments allocation from the Government of £204,936 in 2014/15. Short-term assistance available to tenants facing difficulty with their rent.</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>Work jointly with Job Centre Plus to agree a formal partnership agreement regarding Universal Credit.</p>	Corporate Director	<p>Services able to meet increased demand</p> <p>Funding sufficient to support those residents in extreme financial difficulties with council tax and/or rent.</p> <p>Increased number of residents in employment</p>	Quarterly		<p>Service Level Agreement with Citizens Advice Bureau to provide money advice service to residents, extended to 31st March 2016.</p> <p>Discretionary Housing Payments – allocation of £162,654 for 2015/16.</p> <p>Exceptional Hardship Fund of £15,240 for 2015/16. Short-term support available to council tax support claimants facing financial hardship.</p> <p>Health and Wellbeing Panel for the District established and working with a range of partners.</p> <p>Meetings held with Job Centre plus regarding the working arrangements for the roll-out of Universal Credit in the Braintree District.</p> <p>Issuing Essential Living Fund pay cards to claimants in the District on behalf of Essex CC.</p>

Service Resilience and Workforce planning – 5
 Risk Rating D2 (D2 Feb. 15)
 Management Board Owner – Corporate Director (CF)

Vulnerability	Trigger	Consequence
<p>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>	<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 – 6

Risk rating C2 (C2 Feb. 15)

Management Board Owner – Corporate Director (JH)

Vulnerability	Trigger	Consequence
<p>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.</p> <p>The Government is proposing to extend the Right to Buy entitlement to assured tenants of Housing Associations.</p>	<p>Potential number of affordable houses not provided</p>	<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 Plan in progress. Affordable Housing Viability Study has been commissioned.</p> <p>Housing Strategy update in progress.</p> <p>Proposal to share the balance of the CHIP fund equally between the Council and Greenfields, being considered by both parties.</p> <p>StatNav toolkit now up and running on BDC web-site</p> <p>Over 200 new affordable homes started on site during 2013/14. In 2014/15, 173 affordable homes were completed. In 2015/16 we are expecting around 70 completions.</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) – 7

Risk Rating D2 (D2 Feb. 15)

Management Board Owner – Corporate Director (CF)

Vulnerability	Trigger	Consequence
<p>The Council has an Investment Strategy which seeks to optimise use of available resources by investing in property and other assets as well as investing surplus monies with financial institutions to achieve a reasonable rate of return.</p> <p>The security of the money invested is paramount but the Investment Strategy distinguishes between the investment of monies available only in the short-term due to cashflow requirements and monies (core funds) which are available for investment over the medium to long-term.</p> <p>£10million of the Council's core funds were invested in pooled funds (equities and property) in October/November 2014 with the aim of achieving higher rates of return and capital growth over the medium term (3 to 5 years).</p> <p>The 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 investment counterparty.</p> <p>Tenant ceases trading leading to void period and requirement to find a new tenant.</p> <p>Collapse in the equity market at a time when the Council needs to release money by selling the equity pooled funds.</p>	<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

Monitoring Officer's Annual Standards Report For 2015		Agenda No: 11
Portfolio	Corporate Services and Asset Management	
Corporate Priority:	Delivering excellent customer service	
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:	Public Report	
None	Key Decision: No	
Executive Summary:		
This is the Annual Report of the standards regime for the Governance Committees which includes the activities of the Monitoring Officer for the period from January to December 2015.		
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 from this report.
Legal	None arising from this report.
Safeguarding	None arising from this report.
Equalities/Diversity	None arising from this report.
Customer Impact	None arising from this report.
Environment and Climate Change	None arising from this report.
Consultation/Community Engagement	None arising from this report.
Risk	None arising from this report.
Officer Contact:	Emma Wisbey
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Ext. No.	2610
E-mail:	emma.wisbey@braintree.gov.uk

Annual Report of the Monitoring Officer

This is the Monitoring Officer's report on the running of the Council's adopted Code of Conduct and covers the period of January to December 2015. The Council has adopted its Code of Conduct further to the Localism Act 2011.

The Council is responsible for managing the framework for its own Members, as well as the Members of the 54 Town/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, should it be necessary to either 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 and there is a breach of the Code of Conduct indicated by an investigation.

The Standards 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 up to 2 non-voting Parish/Town Council Representatives (appointed by Braintree Association of Local Councils) and 1 Independent Person.

District Councillors: Councillors J Pell, S Wilson, J O'Reilly-Cicconi, and 3 substitutes: Councillors Bolton, Mann and Santomauro.

Parish/Town Representatives: Parish Councillor Don Smith (Chairman of Braintree Association of Local Councils).

Independent Person: Anthony French or Keith Stubbings (Deputy)

During the period of January to December 2015, there have been no referrals to the Sub-Committee.

Independent Persons

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

In October 2012, Anthony French and Keith Stubbings 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.

Independent Persons' appointment is for a period of 4 years and they may serve no more than 3 terms. The first term will expire during 2016 and a further report will be provided on reappointing during 2016.

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.

Members for both the District Council and the Parishes continue to proactively contact the Monitoring Officer to seek guidance on interests with around 2 enquiries 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 provided training sessions to District Councillors on the Code of Conduct as part of the Member Development programme. Training was also provided to Parish/Town Councils. Training sessions for Parish/Town Councils took the format of a series of sessions at Causeway House and Queens Hall, Halstead, with invitations sent 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 a 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 Registers of Interests 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.

Following the 2015 Elections, Section 34 of the Localism Act 2011 came into full effect. Section 34 made 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 consideration and potential prosecution 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.

Training regarding the above was provided to Members following the elections.

Complaints

During January 2015 to December 2015, the Monitoring Officer has resolved eight formal complaints in respect of Member conduct in accordance with the Code of Conduct.

In addition, there have been a number of occasions where complaints have been rejected as they were not matters to which the Code of Conduct could apply. Principally, this has been where the complaint relates to decisions and policies of Parish Councils or the actions of a Parish Clerk (who are not subject to the code).

The details below set out a summary of the matters which the Monitoring Officer has completed.

Complaint 1

This was a complaint in respect of Parish Councillors by a member of the Public.

It was alleged that the Parish Councillors 1) brought the Parish Council into disrepute, 2) conducted an abuse of process (use of Chairman's casting vote) and 3) failed to declare interests

Outcome: Upon initial assessment - No Action.
Parish Councillors issued apologies prior to complaint, there was no evidence of misuse/abuse of Parish Council's Standing Orders for Chairman's casting vote and Pecuniary interests were declared at the beginning of the meeting.

Complaint 2

This was a complaint in respect of a District Councillor by a Parish Clerk.

It was alleged that the District Councillor had an aggressive manner in which they addressed people.

Outcome: Upon Initial Assessment - No Action
Not a complaint in which the Code of Conduct applies. District Councillor was not acting in capacity as a Councillor but as a resident.

Complaint 3

This was a complaint in respect of a Parish Councillor by a Parish Councillor.

It was alleged that the Councillor had breached the Code of Conduct for Members as they did not declare an interest in a matter in which they had an existing interest in.

Outcome: Upon Initial Assessment - No Action
No evidence that the Parish Councillor failed to declare an interest – records within the public domain showed a relevant declaration by the Parish Councillor.

Complaint 4

This was a complaint in respect of a Parish Councillor by a member of the public.

It was alleged that the Parish Councillor 1) failed to treat others with respect in the use of Standing Orders, 2) failed to answer questions relating to previous employment and 3) failed to declare interest.

Outcome: Upon Initial Assessment – No Action
No evidence of misuse of Standing Orders, however guidance was given by the Monitoring Officer to assist with the future use of Standing Orders. Failing to respond to questions was not a matter for the Code of Conduct. No evidence that the Parish Councillor failed to declare an interest – records within the public domain showed relevant declaration by Parish Councillor.

Complaint 5

This was a complaint in respect of Parish Councillors by a member of the public.

This complaint was concerned with the appropriateness, legality or otherwise of the decisions made or proposed to be made by the Parish Council and the conduct of an employment dispute which was considered by the complainant to be aggressive.

Outcome: Upon Initial Assessment – No Action
Complaints outside the Code of Conduct and powers of the Monitoring Officer, although words of advice were given.

Complaint 6

This was a complaint in respect of a Parish Councillor by a Parish Councillor.

It was alleged that the Parish Councillors failed to treat others with respect and acted in a manner which would be regarded to be bullying or intimidating.

Outcome: Upon Initial Assessment – No Action
Complaint appeared to be motivated by animosity and politically motivated. Records within the public domain supported assessment of complaint. Guidance was given by the Monitoring Officer to assist in the future engagement of the Parish Councillor during public meetings.

Complaint 7

This was a complaint in respect of a Parish Councillor by a member of the public.

This complaint was concerned with the appropriateness of the use of Standing Orders by the Chairman of the Parish Council, the right of a Parish Councillor to

submit a representation to a planning application as a private resident and the conduct of the Parish Clerk.

Outcome: Upon Initial Assessment – No Action
Complaints outside the Code of Conduct and powers of the Monitoring Officer.

Complaint 8

This was a complaint in respect of a Parish Council by a member of the public.

This complaint was concerned with the appropriateness of the activities of a Parish Councillor in relation to the implementation of parking controls by the Village Hall Management Committee.

Outcome: Upon Initial Assessment – No Action
Complaints outside the Code of Conduct and powers of the Monitoring Officer.

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.

Reflection and Improvements

Following comments made in the course of managing complaints, where complaints are purported to be on behalf of an organisation, including Town and Parish Councils, the Monitoring Officer will seek to obtain evidence of authority of the individual to make the complaint on behalf of the organisation. This arose from a complaint which was apparently made on behalf of an organisation, which turned out to be an individual acting alone. The complaints will still be considered, however it is accepted that context can be important.

It will remain the discretion of the Monitoring Officer to dispense with seeking evidence of authority where the allegation sets out a sufficiently serious complaint and/or there is the potential for that to seek authority would either inflame a situation or jeopardise the prospects of a successful investigation.

Forward Look – Twelve months to January 2017		Agenda No: 12
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: <p>To present to Governance Committee the report schedule for the year with a brief summary of each report so that Members can see the routine audit and accounts business that will come before the Committee in each cycle together with the annual cycle of governance reports.</p> <p>There may be ad-hoc reports added, either at the request of members, the external auditor or from officers, during the year.</p>		
Decision: <p>Members are asked to note the report schedule for the next twelve month period.</p>		
Purpose of Decision: <p>To agree the work and reports which will be undertaken and presented to the Governance Committee over the coming 12 months.</p>		

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

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

Report Schedule

Date	Report	Summary
23rd March 2016	Strategic Audit Plan 2016/2020	To present the Strategic Internal Audit Plan for the four year period.
	External Audit Work Plan	To receive the audit work plan from Ernst & Young, the Council's new external auditor.
	Internal Audit Activity report	To present details of the completed audit assignments.
	Governance Committee Annual Report	To consider and approve the Committee's Annual report for 2015/16 to be presented to full Council.
	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 end of January 2016.
	Quarterly Performance Report (Q3 2015/16)	To provide a copy for information of the Cabinet Report advising of progress on projects, performance indicators and the forecast position on revenue spending and the capital programme.
June/July 2016 (to be decided)	Annual Governance Statement 2015/16	To present for approval the Annual Governance Statement for incorporation in the Statement of Accounts. Regulation 6 (1) of the Accounts and Audit Regulations 2015 requires "The relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk".
	Internal Audit Annual Report	To present the Annual Report on Internal Audit for 2015/16
	Financial Indicators report	To present details of key financial indicators for the year to end of May 2016.
	Risk Management – Operational Risks & Information Asset Risks	Details of the annual review of the Council's Operational Risks and Information Asset Risks
	Risk Management – Strategic Risks Report	To provide a copy for information of the Cabinet Report on the Council's Strategic Risk Register which details significant business risks being monitored and managed by Management Board in line with the Council's Risk Management Strategy.
	Quarterly Performance Report	To provide a copy for information of the Cabinet Report advising of progress on projects, performance indicators and the forecast position on revenue spending and the capital programme.
	Treasury Management Strategy	To present a year-end report on the delivery and performance of the Treasury Management Strategy for 2015/16

September 2016	Receipt of the Statement of Accounts for 2015/16 together with the External Auditor's Final report to Governance Committee	To consider and approve the Statement of Accounts for 2015/16, which will have been subject to external audit. The draft Statement of Accounts is due to be certified by Corporate Director, by 30th June 2016. The external auditor's report provides a summary of the work the external auditor has carried out during their audit of accounts. The conclusions they have reached and the recommendations they have made to discharge their statutory audit responsibilities are reported to those charged with governance at the time they are considering the financial statements. In preparing their report, the Code of Audit Practice requires them to comply with the requirements of International Standards on Auditing (United Kingdom & Ireland) – ISA (UK&I) - 260 'Communication of Audit Matters to Those Charged With Governance'.
	Quarterly Performance Report	To provide a copy for information of the Cabinet Report advising of progress on projects, performance indicators and the forecast position on revenue spending and the capital programme.
	Internal Audit Activity report	To present details of the completed audit assignments.
	Treasury Management Strategy	To present a mid-year report on the delivery and performance of the Treasury Management Strategy for 2016/17.
	Financial Indicators report	To present details of key financial indicators for the year to end of July 2016.
January 2017	Annual Audit Letter 2015/16	To present the Annual Audit Letter covering the Council's financial audit. The Committee receives the report on behalf of the Council and may make observations to Cabinet who can decide to take action to make improvements based on the external auditor's assessment.
	Grant Claim Certification for year ended 31st March 2016	To receive external auditors report
	Draft Treasury Management Strategy 2017/18	To present the draft Treasury Management Strategy for 2017/18. The Governance Committee to review and make observations on the draft to the Cabinet, which will then present the Strategy to Full Council for approval in February 2017.
	Internal Audit Activity report	To present details of the completed audit assignments.
	Financial Indicators report	To present details of key financial indicators

		for the year to end of November 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	Report from the Head of Governance on the activity of the Standards Sub-Committee for 2016/2017.