



EAST CAMBRIDGESHIRE DISTRICT COUNCIL

THE GRANGE, NUTHOLT LANE,
ELY, CAMBRIDGESHIRE CB7 4EE
Telephone: 01353 665555

MEETING: **RESOURCES AND FINANCE COMMITTEE**
TIME: **4.30pm**
DATE: Thursday 29 November 2018
VENUE: Council Chamber, The Grange, Nutholt Lane, Ely
ENQUIRIES REGARDING THIS AGENDA: Tracy Couper
DIRECT DIAL: (01353) 665555 EMAIL: tracy.couper@eastcambs.gov.uk

Membership:

Conservative Members

Cllr David Ambrose-Smith
Cllr Ian Bovingdon
Cllr Mike Bradley
Cllr David Brown
[Chairman]
Cllr Steve Cheetham
Cllr Mark Goldsack
Cllr Chris Morris
Cllr Alan Sharp [Vice-
Chairman]

Liberal Democrat Members

Cllr Lorna Dupré
[Spokesperson]

Substitutes:

Cllr Christine Ambrose-
Smith
Cllr Allen Alderson
Cllr Jo Webber

Substitutes:

Cllr Sue Austen
Cllr Christine Whelan

Lead Officer:

John Hill, Chief Executive

Quorum: 5 Members

A G E N D A

1. Public Question Time

The meeting will commence with up to 15 minutes public question time

2. Apologies and Substitutions

3. Declarations of Interest

To receive declarations of interest from Members for any items on the Agenda in accordance with the Members Code of Conduct.

4. Minutes

To confirm as a correct record the Minutes of the meeting of the Committee held on 26 July 2018.

5. Chairman's Announcements

AUDIT & PERFORMANCE ITEMS AND ITEMS FOR DECISION

6. External Audit – Annual Audit Letter

7. External Audit – Sector Update & Finance Manager's Response

8. Six Month Performance Monitoring Service Delivery Plans

Due to being A3 colour documents, the Service Delivery Plans Six Month Performance Monitoring Reports have been circulated separately to the Agenda. A copy is available on the Council's website www.eastcambs.gov.uk and on request from Democratic Services.

9. Internal Audit Progress Report

10. Local Council Tax Reduction Scheme (LCTRS) and Business Rates Discretionary Policies 2019-20

11. Community Infrastructure Levy (CIL) Funding Requests

12. Treasury Operations Mid-Year Report

ITEMS FOR INFORMATION

13. Section 106 & CIL: Income and Expenditure Update

14. Budget Monitoring Report

15. Anglia Revenues and Benefits Partnership Joint Committee Minutes

To receive the Minutes of the Anglia Revenues and Benefits Partnership Joint Committee meetings held on 25 September 2018.

16. Forward Agenda Plan

EXCLUSION OF THE PUBLIC INCLUDING REPRESENTATIVES OF THE PRESS

That the press and public be excluded during the consideration of the remaining item no(s). 17 - 18 because it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during the items there would be disclosure to them of exempt information of Category 1, 2 & 3 of Part I Schedule 12A to the Local Government Act 1972 (as amended).

17. Write-Offs of Unrecoverable Debts

18. Appointments, Transfers, Resignations

NOTES:

1. Members of the public are welcome to attend this meeting. There are a number of schemes aimed at encouraging public participation in the Council's activities and meetings. These include public question times and a process to enable petitions to be submitted. Details of these can be obtained by calling any of the telephone numbers below or by logging onto the Council's website.

The maximum capacity for meetings in the Council Chamber has been set by the Fire Officer at 100 persons. Allowing for Member/Officer attendance and room layout constraints, this will normally give a capacity for public attendance of approx 60 people.

Admittance to the Council Chamber is on a "first come, first served" basis and public access will be from 15 minutes before the start time of the meeting.

2. Fire instructions for meetings:

- If the fire alarm sounds please make your way out of the building by the nearest available exit - i.e. the back staircase or the fire escape in the chamber. Do not to use the lifts.
- The fire assembly point is in the front staff car park by the exit barrier.
- This building has an auto-call system to the fire services, so there is no need for anyone to call the fire services.

The Committee Officer will sweep the area to ensure that everyone is out of this area.

3. Reports are attached for each agenda item unless marked "oral".

4. If required all items on the agenda can be provided in different formats (e.g. large type, Braille or audio tape, or translated into other languages), on request, by calling Main Reception on (01353) 665555 or e-mail: translate@eastcamb.gov.uk

5. If the Committee wishes to exclude the public and press from the meeting a resolution in the following terms will need to be passed:

"That the press and public be excluded during the consideration of the remaining items no. X because it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during the item there would be disclosure to them of exempt information of Categories X Part I Schedule 12A to the Local Government Act 1972 (as Amended)."



EAST
CAMBRIDGESHIRE
DISTRICT COUNCIL

RESOURCES AND FINANCE COMMITTEE

Minutes of a Meeting of the Resources and Finance Committee held in the Council Chamber, The Grange, Nutholt Lane, Ely, on Thursday, 26th July 2018 at 4.30pm.

PRESENT

Councillor David Brown (Chairman)
Councillor Christine Ambrose Smith (as a Substitute)
Councillor David Ambrose Smith
Councillor Ian Bovingdon
Councillor Mike Bradley
Councillor Steve Cheetham
Councillor Lorna Dupré
Councillor Mark Goldsack
Councillor Alan Sharp
Councillor Jo Webber (as a Substitute)

In attendance

John Hill – Chief Executive
Ian Smith – Finance Manager & S151 Officer
Adrian Scaites-Stokes – Democratic Services Officer
Melanie Richardson – Audit Manager, External Audit, Ernst and Young
Rachel Ashley-Caunt – Head of Audit, LGSS

24. **PUBLIC QUESTION TIME**

No questions were submitted by the members of the public.

25. **APOLOGIES AND SUBSTITUTIONS**

Apologies for absence were received from Councillor Morris.

It was noted that Councillor Webber would substitute for Councillor Morris for the duration of the meeting.

26. **DECLARATIONS OF INTEREST**

There were no declarations of Personal or Prejudicial Interests by Members of the Committee.

27. **MINUTES**

Councillor Lorna Dupré thought there was a failure in procedures, as there was no agenda item to follow up actions agreed by the Committee. A case in point related to the Valuation Office and the Swinford Paddocks Hotel. This matter was open for the Council to pursue if it considered anything untoward had occurred. Had the Council done that and had it taken all reasonable steps to contact the Valuation Office to make it aware of the facts?

The Finance Manager reminded Members that the Valuation Office had been tardy over the Hotel, though it had not upheld the complaint whilst acknowledging a failure of its processes. He was not aware that the Anglia Revenues Partnership had done anything to facilitate the situation.

It was resolved:

That the Minutes of the meeting of the Committee held on 18th June 2018 be confirmed as a correct record and be signed by the Chairman.

28. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman informed Members that the Conservative Group had discussed the appointment of a Member to the CIL Joint Strategy Group, that appointment being himself.

29. **EXTERNAL AUDIT – LOCAL GOVERNMENT SECTOR UPDATE**

The Committee received a report (reference T59, previously circulated) providing an update on the Council's position regarding the local government sector.

The Chairman offered thanks to the Finance Manager for providing answers to the questions previously posed by Members.

It was resolved:

That the report be noted.

30. **EXTERNAL AUDIT – AUDIT RESULTS REPORT**

The Committee received the Audit Results Report from Ernst & Young detailing the progress of the independent audit carried out.

The Audit Manager advised the Committee that the report set out the current state of the Audit, with the exception of the Officers' Remuneration which had now been completed. The Committee was reminded that 18 months ago it was stated that the audit would be difficult to complete within the new contracted timetable. This meant that there was a strong possibility that it would not be completed by the 31st July deadline. Additional resources had been provided to assist this endeavour. If the Audit was not completed by the end of July, then the Council had to publish a notice on its website stating this.

There would be no penalty if the deadline was missed nor any effect on future funding.

Councillor Bradley acknowledged that this was the first year this had been done to the new timetable and hoped that next year the Audit would be completed on time. The Audit Manager stated that a lot had been learnt this year, so improvements could be made to help next year.

31. **ANNUAL GOVERNANCE STATEMENT 2017/18**

The Committee considered a report (reference T61, previously circulated) giving the final version of the Annual Governance Statement for 2017/18.

The Head of Audit reminded the Committee that it had considered this issue a few weeks ago. Changes following that meeting had been highlighted in the report and it also reflected some updates. Everything else was as before.

Councillor Bradley noted that the reference to the Shareholder Committee only related to the Trading Company, when in fact there were two, so the reference should be to 'companies'. Officers agreed to amend the wording to suit.

It was resolved:

That the Annual Governance Statement for 2017-18 be approved.

32. **2017/18 ANNUAL FINANCIAL REPORT/STATEMENT OF ACCOUNTS**

The Committee considered a report (reference T62, previously circulated) which presented the 2017/18 Statement of Accounts for approval.

The Finance Manager advised the Committee that it had been difficult to produce the report due to the condensed timetable. The Finance department had been dealing with queries raised by the Audit and aimed to complete it by 31st July. Thanks were given to the Audit team for their help over the last few weeks to help, hopefully, achieve publication before the deadline.

There were two issues that needed highlighting. The first related to a missed accrual for last year. This was for the sum of £294K for a Section 31 grant related to business rates, which should have been included in last year's figures. This meant that last year's underspend was greater than reported.

The second related to the Pensions Valuation by the Actuaries. This had affected all councils in Cambridgeshire. This would require a new valuation, which would be subject to future work. As a result the recommendation in the report needed re-wording to include "in consultation with the Committee Chairman" as part of the authorisation process.

Councillor Bradley questioned the big difference in value of assets and liabilities and wanted to know why this had occurred. Would there be any future risk over pensions' liability? The Finance Manager replied that difference was mostly due to the new leisure centre. The Council relied on the Actuaries to advise on potential liabilities but predicting the future was difficult.

In response to Councillor Bovingdon's query about the Building Control figures, which showed a profit, the Finance Manager explained that the figures were correct but were affected by indirect costs. If the total costs for overheads was taken into account the figures would be lower.

Councillor Sharp noted that Note 12, relating to property, plant and equipment, was missing and asked that it be sent round.

Councillor Dupré noticed that £50K had been allocated for an options appraisal for Council offices and asked if that had been done. There was also a commitment to investigate modular housing provision but had that been reported to Council anywhere? The Chief Executive stated that the timetable for The Grange was being reviewed, as the Cambridgeshire and Peterborough Combined Authority was providing resources for Market Towns studies. With regards modular housing, it was likely that opportunities to provide it would go through the East Cambs Trading Company. At the moment there had been no reports received by the Board of any opportunities that Palace Green Homes wished to pursue. The East Cambs Trading Company would continue to explore any opportunities identified, which would go to the Trading Company Board and then the Shareholder Committee.

Councillor Bovingdon informed the Committee that there had been sites that modular house companies had purchased but Palace Green Homes had not been interested. The Trading Operations from the past two years showed an overall increase in turnover in the second year but a reduction in surplus, so had something failed? The Chief Executive could give no comment about the modular housing issue without knowing the sites involved. The Finance Manager would have to revisit the figures for the Trading Operations to find an answer.

It was resolved:

That the 2017/18 Statement of Accounts as set out in Appendix 1 be approved subject to the Section 151 Officer, in conjunction with Ernst & Young (EY), being authorised to make any final changes, as required, prior to final sign-off by EY by 31st July 2018.

33. **INTERNAL AUDIT PROGRESS REPORT**

The Committee considered a report (reference T63, previously circulated) which advised Members of the work of Internal Audit completed during the period April to June 2018, and the progress against the Internal Audit Plan.

The Head of Audit pointed out the new format of the report, which aimed to provide key information in an easier format. A new template had also been included which was intended to give full details of the implementation of audit recommendations, so the Committee could challenge where necessary. These new formats would be first included for the September meeting. Any issues in the 'high' or 'medium' priority categories would be brought to the attention of the Committee.

Taxi licensing had been audited and a good level of assurance had been found, was a minor risk and safeguarding was a positive outcome. Additional work on Bank Reconciliations had been carried out and it was categorised as having a minor organisational impact.

It was resolved:

That the Internal Audit progress report be noted.

34. **CORPORATE RISK MANAGEMENT**

The Committee considered a report (reference T64, previously circulated) updating Members on the key risks facing the Council and the associated mitigating actions.

The Head of Audit advised the Committee that the report was positive and had incorporated a number of changes since last being reviewed. This demonstrated some engagement in the process with new risks being recognised and actions identified to mitigate those risks. Pages 4 and 5 of the report set out the identified risks, with an additional (C6) relating to governance. This had been discussed with the Risk Management Group, so it was happy with what was being done. Staff recruitment and retention was another highlighted issue.

Councillor Dupré was not convinced that the cause listed for the housing strategy (Risk number A3) was correct and asked why this had been stated rather than other factors. With regard to the partnership with Peterborough City Council, did this relate to planning staffing issues or would it be taking on homes? The shortage of a 5-year supply of houses was not shown in this Council's or Peterborough's figures.

The Chief Executive confirmed that this was one way the 5-year supply could be addressed. The Council had a robust plan by agreement with Peterborough. The Finance Manager explained that the Council had been given extra responsibility to tackle homelessness following the Homelessness Reduction Act and had to provide homes at an increased rate. The Chief Executive agreed to look at the effects and controls relating to affordable homes and there was an opportunity to revise A3.

It was resolved:

That the proposed amendments to the Corporate Risk Register be endorsed and the Chief Executive be authorised to revise (Risk number) A3.

35. **APPOINTMENTS TO INTERNAL DRAINAGE BOARDS**

The Committee considered a report (reference T65, previously circulated) regarding representation on Internal Drainage Boards.

Councillor Brown offered thanks to the parish councils which had found volunteers to fill the vacancies.

Councillor Dupré questioned the number of nominations, as they appeared to have been made by the parish councils, although this Committee was supposed to make the decision to appoint. It was a surprise that the nominees for Padnal and Waterden was equally split between Ely and Littleport and it should be asked how that decision was made. It was also not clear how Mr Moss-Eccardt had been nominated, as his application was not received in time, or who authorised it. This raised questions about the practice of asking parish councils to fill vacancies. Assurance was needed that all the nominations received were reported to this Committee, as it should determine the representation.

Councillor Webber explained that when the question had been raised at a Littleport Parish Council meeting only two volunteers came forward.

The Chief Executive informed that Committee that there had been no intention to split representation on the Padnal and Waterden IDB evenly and the Committee had received all the nominations that had come forward.

It was resolved:

To make the following appointments to the Internal Drainage Boards as nominated:

Cawdle Fen: Councillor Ian Lindsay (City of Ely Council)
Councillor Alison Arnold (City of Ely Council)
Jeremy Friend-Smith (City of Ely Council)
Rupert Moss-Eccardt (City of Ely Council)

Padnal and Waterden: Councillor Clive Webber (Littleport Parish Council)
Councillor Sue Kerridge (Littleport Parish Council)
Councillor Michael Rouse (City of Ely Council)
Councillor Richard Hobbs (City of Ely Council)

36. **FINANCE REPORT**

The Committee received a report (reference T66, previously circulated) that provided budget monitoring information for services under the

Committee's remit and the Council as a whole. This included an additional recommendation subsequently circulated prior to the meeting.

The Finance Manager advised the Committee that the current forecast for 2018/19 was for an underspend of £42K on the revenue budget, but with a capital overspend of £402K, for the Council overall. An additional recommendation was tabled which proposed increasing Building Control fees by 13% to cover additional responsibilities following the Grenfell Tower disaster. These fees had not increased since 2012.

Councillor Dupré asked whether the capital overspend was due to the new leisure centre and how it was being funded by CIL contributions. General development contributions went into this and could it have been free for use on other purposes if not used for the centre? This funding could have been used on other community projects. If recovery of the centre's costs was not successful the proportion of CIL funding would increase. This would mean no additional pressure on the Council's budget. How was the recovery process going and who received updates about this?

The Finance Manager revealed that this CIL money had not initially been allocated to the centre but was allocated later. A claim against a third party had been made to recover the money. As work proceeded on this matter this Committee would be updated, due to the financial issues involved.

Councillor Bovingdon questioned the figures in bullet points one and two under paragraph 2.1. It was explained that the first figures related to the Committee's remit, whilst the second related to the Council as a whole.

Councillor Goldsack asked for clarification about the additional 13% fee increase and how the mathematics worked out, as it was a high increase. Building Control created a profit so could increase that by a further £7K. The Finance Manager confirmed that the increase was to only to cover additional costs, such as that for new training, and not to generate additional income.

It was resolved:

- (i) To note that the projected yearend overspend of £18,000 compared to its approved revenue budget of £5,344,17;
- (ii) To note that overall the Council has a projected yearend underspend of £42,000 compared to its approved revenue budget of £13,099,778;
- (iii) To note that this Committee currently had three capital projects linked to it, each of which was forecast to come in on budget at this time;
- (iv) To note that the overall position for the Council on Capital is projected outturn of £11,983,305, which was an overspend of £402,595;

- (v) That an increase in Building Control Fees of 13% be approved with immediate effect.

37. **OUTSTANDING ANNUAL REPORTS OF REPRESENTATIVES ON OUTSIDE BODIES**

The Committee considered a report (reference T67, previously circulated) which included the outstanding Annual Reports from appointed Council representatives on Outside Bodies.

Councillor Dupré was disappointed that the reports did not cover the key issues addressed by the Outside Bodies during the year, nor what they did. The Local Government Association (LGA) report amounted to its terms of reference only. Councillor Brown thought the Committee had to accept the reports as they were, unless it wished to dictate what Members included in their reports. The Chief Executive advised the Committee that the LGA was going through a review and the outcome would be reported.

It was resolved:

That the outstanding Annual Reports from appointed Council representatives on the activities and manner in which funding was spent by the outside bodies within the responsibility of the Resources & Finance Committee be noted.

38. **ANGLIA REVENUES AND BENEFITS PARTNERSHIPS JOINT COMMITTEE MINUTES**

The Committee received a copy of the Anglia and Revenues Benefits Partnership Joint Committee minutes from the meeting held on 26 June 2018.

Councillor Brown hoped that future minutes would give details of which authorities the various Councillors were representing.

Councillor Ambrose Smith disclosed that different local authorities would be amalgamating and information would be brought to the Committee.

39. **FORWARD AGENDA PLAN**

The Committee received its Forward Agenda Plan.

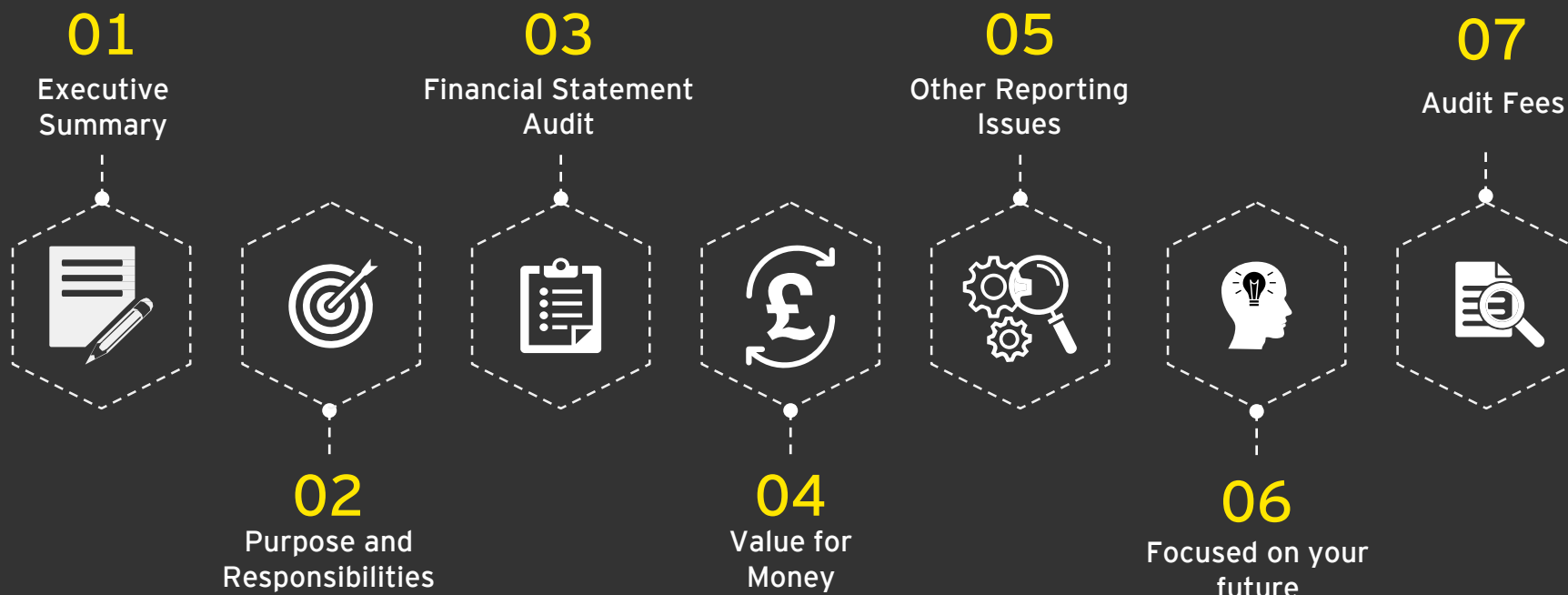
The meeting closed at 5:27pm.

**East Cambridgeshire
District Council**

Annual Audit Letter for the year
ended 31 March 2018

August 2018

Contents



Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psa.co.uk)

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

The 'Terms of Appointment (updated 23 February 2017)' issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit Letter is prepared in the context of the Statement of responsibilities. It is addressed to the Members of East Cambridgeshire District Council, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

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



01 Executive Summary

Executive Summary

We are required to issue an annual audit letter to East Cambridgeshire District Council (the Council) following completion of our audit procedures for the year ended 31 March 2018. Below are the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
Opinion on the Council's:	Unqualified - the financial statements give a true and fair view of the financial position of the Council as at 31 March 2018 and of its expenditure and income for the year then ended
▶ Financial statements	
▶ Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with the Annual Accounts
Concluding on the Council's arrangements for securing economy, efficiency and effectiveness	We concluded that you have put in place proper arrangements to secure value for money in your use of resources

Area of Work	Conclusion
Reports by exception:	
▶ Consistency of Governance Statement	The Governance Statement was consistent with our understanding of the Council
▶ Public interest report	We had no matters to report in the public interest
▶ Written recommendations to the Council, which should be copied to the Secretary of State	We had no matters to report
▶ Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report

Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the Council's Whole of Government Accounts return (WGA).	We had no matters to report

Executive Summary (cont'd)

As a result of the above we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of the Council communicating significant findings resulting from our audit.	Our Audit Results Report was presented to the Resources and Finance Committee on 26 July 2018
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	Our certificate was issued on 3 August 2018

Fees

Throughout the year we have engaged early and effectively with the finance team on matters relating to the Council's accounts. The finance team have been very receptive to our engagement and we have valued their openness. During the course of the year end audit we did however experience some issues with the Council's preparation of working papers and overall coordination of dealing with the audit. Consequently we were required to input additional time to complete the audit procedures necessary to issue the auditor's report. As a result we have agreed an additional fee with the Section 151 Officer which we outline in Section 7.

Later this year we will also issue a report to the Resources and Finance Committee summarising the certification work we have undertaken, once this work has been completed.

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

Suresh Patel

Associate Partner

For and on behalf of Ernst & Young LLP

Encl



02

Purpose and Responsibilities

Purpose and Responsibilities

The Purpose of this Letter

The purpose of this annual audit letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Council.

We have already reported the detailed findings from our audit work in our 2017/18 Audit Results Report to the 26 July 2018 Resources and Finance Committee, representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Council.

Responsibilities of the Appointed Auditor

Our 2017/18 audit work has been undertaken in accordance with the Audit Plan that we issued on 29 January 2018 and is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

- ▶ Expressing an opinion:
 - ▶ On the 2017/18 financial statements; and
 - ▶ On the consistency of other information published with the financial statements.
- ▶ Forming a conclusion on the arrangements the Council has to secure economy, efficiency and effectiveness in its use of resources.
- ▶ Reporting by exception:
 - ▶ If the annual governance statement is misleading or not consistent with our understanding of the Council;
 - ▶ Any significant matters that are in the public interest;
 - ▶ Any written recommendations to the Council, which should be copied to the Secretary of State; and
 - ▶ If we have discharged our duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on you Whole of Government Accounts return. The Council is below the specified audit threshold of £500m. Therefore, we did not perform any audit procedures on the return.

Responsibilities of the Council

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

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



03

Financial Statement Audit

Financial Statement Audit

Key Issues

The Council's Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.

We audited the Council's Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office and issued an unqualified audit report on 3 August 2018.

Our detailed findings were reported to the 26 July 2018 Resources and Finance Committee.

The key issues identified as part of our audit were as follows:

Significant Risk	Conclusion
<p>Risk of Fraud in Revenue and Expenditure Recognition</p> <p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p>	<p>We assessed that we were able to rebut the presumed fraud risk of revenue income/expenditure not being appropriately recognised with one exception: the risk that revenue expenditure could be charged against capital resources rather than to the general fund.</p> <p>We performed mandatory procedures, including:</p> <ul style="list-style-type: none">▶ Reviewing and testing revenue and expenditure recognition policies;▶ Reviewing and discussing with management any accounting estimates on revenue or expenditure recognition for evidence of bias;▶ Developing a testing strategy to rest material revenue and expenditure streams; and▶ Reviewing and testing revenue cut-off at the period end date. <p>Our testing did not identify any material misstatements from revenue and expenditure recognition.</p> <p>Overall our audit work did not identify any material issues or unusual transactions to indicate any misreporting of the Council's financial position.</p>

Financial Statement Audit (cont'd)

The key issues identified as part of our audit were as follows: (cont'd)

Significant Risk	Conclusion
<p>Misstatements due to fraud or error</p> <p>As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.</p> <p>We identify and respond to this fraud risk on every audit engagement.</p>	<p>ISA 240 mandates we perform procedures on: accounting estimates, significant unusual transactions and journal entries to ensure they are appropriate and in line with expectations of the business.</p> <p>We are also required to identify specific additional risks of management override. The specific additional risk identified is with regards to manipulation of accounting estimates with the estimates most likely to be subject to management override of controls being non-routine income and expenditure accruals and provisions and specifically the Non Domestic Rates (NDR) appeals Provision.</p> <p>We performed mandatory procedures, including:</p> <ul style="list-style-type: none">▶ Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;▶ Reviewing accounting estimates for evidence of management bias;▶ Evaluating the business rationale for significant unusual transactions; and▶ Reviewing managements specialist, Wilks, Head and Eve, who provide information to support the NDR appeals provision, testing the assumptions applied in the provision for reasonableness and ensuring it has been prepared in accordance with IAS37. <p>Our testing did not identify any material misstatements from management override.</p> <p>We did not identify any instances of inappropriate judgements being applied.</p> <p>We did not identify any material issues or unusual transactions to indicate the misreporting of the Authority's financial position.</p>

Financial Statement Audit (cont'd)

The key issues identified as part of our audit were as follows: (cont'd)

Area of Audit Focus	Conclusion
<p>Property, Plant and Equipment Valuation</p> <p>Property, Plant and Equipment (PPE) represents a material balance in the Council's accounts and are subject to valuation changes, impairment reviews and depreciation charges.</p> <p>Material judgemental inputs and estimation techniques are required to calculate the year-end fixed assets balances held in the balance sheet. This is carried out by an expert valuer and is based on a number of complex assumptions. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>	<p>We:</p> <ul style="list-style-type: none"> ▶ Considered the reliance placed on management's valuation experts and undertook a review of the valuer's work. This included comparison to industry valuation trends and reliance on our own valuation experts; ▶ Considered the annual cycle of valuations to ensure that assets had been valued within a 5 year rolling programme as required by the Code for PPE. We have also considered if there were any specific changes to assets that have occurred and that these have been communicated to the valuer; ▶ Reviewed assets not subject to valuation in 2017/18 to confirm that the remaining asset base is not materially misstated by using market indices to assess movements from last revaluation dates; ▶ Tested the accounting treatment of valuations made in the year, including the assessment and treatment of impairments. <p>Our testing did not identify any material misstatements from property, plant and equipment valuation.</p> <p>Our consideration of the annual cycle of valuations did not identify any issues with the implemented plan or with the movement on assets not revalued in year.</p> <p>The Authority agreed to include a disclosure note in respect of the valuation of Paradise Swimming Pool given the decision to demolish the pool was agreed during 2017/18 and works have now started.</p>

Financial Statement Audit (cont'd)

The key issues identified as part of our audit were as follows: (cont'd)

Area of Audit Focus	Conclusion
<p>Pension Liability Valuation</p> <p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Cambridgeshire County Council.</p> <p>The Council's pension fund deficit is a material and sensitive item and the Code requires that this liability be disclosed on the Council's Balance Sheet. At 31 March 2018 this totalled £22.4m.</p> <p>The information disclosed is based on the IAS19 report issued to the Council by the actuaries to the administering body.</p> <p>Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf.</p> <p>ISAs 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>	<p>We have:</p> <ul style="list-style-type: none"> ▶ Liaised with the auditors of Cambridgeshire Pension Fund, and obtained assurances over the information supplied to the actuary in relation to East Cambridgeshire District Council; ▶ Assessed the work of the Pension Fund actuary (Hymans Robertson) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by National Audit Office for all Local Government sector auditors, and considered any relevant reviews by the EY actuarial team; and ▶ Reviewed and tested the accounting entries and disclosures made within the Council's financial statements in relation to IAS19. <p>We have reviewed the assessment of the pension fund actuary by PWC and EY pensions and have undertaken the work required with no issues identified.</p> <p>A movement on the total fund asset between the estimated year end balance and the actual was identified by the pension fund auditor. The impact of this was an understatement of the Council's pension assets by £0.49 millions.</p> <p>We did not identify any issues with the accounting entries and disclosures made within the financial statements.</p>

Financial Statement Audit (cont'd)

The key issues identified as part of our audit were as follows: (cont'd)

Area of Audit Focus	Conclusion
<p>Assessment of the Group Boundary</p> <p>The Council has a number of joint arrangements which necessitate the preparation of group accounts.</p> <p>As previously, the Council needs to assess each arrangement to determine what falls within the group boundary and therefore requires consolidating into the Council's financial statements.</p> <p>The Council needs to ensure its consolidation procedures capture all the relevant information and enable it to meet the accounting and disclosure requirements for the Code.</p> <p>There is a risk that associate group changes may go undetected, and that the required disclosures are not made in accordance with the Code.</p>	<p>Our approach focused on the reasonableness of the Council's assessment by:</p> <ul style="list-style-type: none"> ▶ Reviewing the Council's determination of where overall control lies with regard to the operation and delivery of services of the potential group bodies; ▶ Reviewing the consolidation procedures applied by the Council to those bodies that lie within the group boundary; and ▶ Engaging early with the auditors of East Cambs Trading Company and reviewing the financial information prepared by the Council in respect of the Business Centre to gain the necessary assurances for our audit of the group financial statements. <p>The Council has consolidated East Cambridgeshire Business Centres Limited and East Cambs Trading Company Limited. We concurred with the Council's assessment.</p> <p>We received our required deliverables from Price Bailey. No issues were identified from our work on group accounts.</p>

Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	We determined planning materiality to be £0.9m (2016/17 £0.8m), which is 2% of gross expenditure on provision of services reported in the accounts. We consider gross expenditure on provision of services to be one of the principal considerations for stakeholders in assessing the financial performance of the Council.
Reporting threshold	We agreed with the Resources and Finance Committee that we would report to the Committee all audit differences in excess of £43k (2016/17 £40k).



04 Value for Money

Value for Money

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

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

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

We identified one significant risk in relation to these criteria which we outline below. We have performed the procedures outlined in our audit plan. We did not identify any significant weaknesses in the Council's arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

Significant Risk

Pressure from Economic Downturn - Balanced budgets have been set for 2017/18 and 2018/19. We anticipate that the budget pressures facing the Council in 2019/20 will be significant. Work is underway developing the Medium Term Financial Plan for the coming 4 year period.

Conclusion

Our approach focused on:

- The adequacy of the Council's budget monitoring process, comparing budget to outturn;
- The robustness of the Council's arrangements for preparing and updating the Medium Term Financial Strategy, including how these arrangements take into account Council decisions over prioritising resources whilst maintaining services;
- The Council's arrangements for delivering savings/efficiencies over the medium term.

In 2017/18 the Council continued its track record of meeting its annual budget, delivering a surplus of £0.82 million. The general fund balance stands at £1 million as at 31 March 2018, total earmarked reserves at £10.804 million, and the capital receipts reserve at £0.769 million. Total useable reserves are £12.573 million. The 2018/19 budget is balanced, through the use of efficiencies and income plans. Although it is still relatively early in the financial year, we assessed these as reasonably based taking into account the Council's track record of delivering savings over the recent financial periods. While incrementally savings can become harder to achieve over time, the Council's performance in delivering its plans gives confidence that it can continue to do so.

We also reviewed the key assumptions in the budget and MTFS (published in February 2018), which adequately took into account the economic environment at that time for business rate projections, and the forecast for reduced central government funding and the potential four year settlement. The budget gaps for 2018/19 and 2019/20 have been closed as a result of proactive action taken by management to reduce costs and generate new sources of funding. However there are significant budget gaps remaining in subsequent years. In 2020/21 the Council has to find savings of £2.267 million, rising to £3.284 million in 2021/22.

After 2021 the budget gaps become larger. Compared to a gross expenditure of approximately £45 million per annum, and historic performance of closing the gap, we assess the Council to have adequate arrangements, based on the known information as at the end of the financial year.



05

Other Reporting Issues



Other Reporting Issues

Whole of Government Accounts

The Council is below the specified audit threshold of £500 million. Therefore, we did not perform any audit procedures on the consolidation pack.

Annual Governance Statement

We are required to consider the completeness of disclosures in the Council's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading. We did not identify any matters to report.

Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Council or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.

Objections Received

We did not receive any objections to the 2017/18 financial statements from members of the public.

Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

Independence

We communicated our assessment of independence in our Audit Results Report to the Resources and Finance Committee on 26 July 2018. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

Control Themes and Observations

Our audit did not identify any controls issues to bring to the attention of the Resources and Finance Committee.



06

Focused on your future



Focused on your future

The Code of Practice on Local Authority Accounting in the United Kingdom introduces the application of new accounting standards in future years. The impact on the Council is summarised in the table below. The Council will need to keep these standards under continued focus during 2018/19.

Standard	Issue	Impact
IFRS 9 Financial Instruments	<p>Applicable for local authority accounts from the 2018/19 financial year and will change:</p> <ul style="list-style-type: none"> ▶ How financial assets are classified and measured; ▶ How the impairment of financial assets are calculated; and ▶ The disclosure requirements for financial assets. <p>There are transitional arrangements within the standard and the 2018/19 Accounting Code of Practice for Local Authorities has now been issued, providing guidance on the application of IFRS 9. In advance of the Guidance Notes being issued, CIPFA have issued some provisional information providing detail on the impact on local authority accounting of IFRS 9, however the key outstanding issue is whether any accounting statutory overrides will be introduced to mitigate any impact.</p>	<p>Although the Code has now been issued, providing guidance on the application of the standard, along with other provisional information issued by CIPFA on the approach to adopting IFRS 9, until the Guidance Notes are issued and any statutory overrides are confirmed there remains some uncertainty. However, what is clear is that the Council will have to:</p> <ul style="list-style-type: none"> ▶ Reclassify existing financial instrument assets; ▶ Re-measure and recalculate potential impairments of those assets; and ▶ Prepare additional disclosure notes for material items.
IFRS 15 Revenue from Contracts with Customers	<p>Applicable for local authority accounts from the 2018/19 financial year. This new standard deals with accounting for all contracts with customers except:</p> <ul style="list-style-type: none"> ▶ Leases; ▶ Financial instruments; ▶ Insurance contracts; and ▶ For local authorities; Council Tax and NDR income. <p>The key requirements of the standard cover the identification of performance obligations under customer contracts and the linking of income to the meeting of those performance obligations.</p>	<p>As with IFRS 9, some provisional information on the approach to adopting IFRS 15 has been issued by CIPFA in advance of the Guidance Notes. Now that the Code has been issued, initial views have been confirmed; that due to the revenue streams of Local Authorities the impact of this standard is likely to be limited.</p> <p>The standard is far more likely to impact on Local Authority Trading Companies who will have material revenue streams arising from contracts with customers. The Council will need to consider the impact of this on their own group accounts when that trading company is consolidated.</p>



Focused on your future (cont'd)

Standard	Issue	Impact
IFRS 16 Leases	<p>It is currently proposed that IFRS 16 will be applicable for local authority accounts from the 2019/20 financial year.</p> <p>Whilst the definition of a lease remains similar to the current leasing standard; IAS 17, for local authorities who lease a large number of assets the new standard will have a significant impact, with nearly all current leases being included on the balance sheet.</p> <p>There are transitional arrangements within the standard and although the 2019/20 Accounting Code of Practice for Local Authorities has yet to be issued, CIPFA have issued some limited provisional information which begins to clarify what the impact on local authority accounting will be. Whether any accounting statutory overrides will be introduced to mitigate any impact remains an outstanding issue.</p>	<p>Until the 2019/20 Accounting Code is issued and any statutory overrides are confirmed there remains some uncertainty in this area.</p> <p>However, what is clear is that the Council will need to undertake a detailed exercise to identify all of its leases and capture the relevant information for them. The Council must therefore ensure that all lease arrangements are fully documented.</p>



07

Audit Fees

Audit Fees

As part of our reporting on our independence, we set out below a summary of the fees paid for the year ended 31 March 2018.

We confirm we have not undertaken any non-audit work outside the PSAA Code requirements.

	Final Fee 2017/18	Planned Fee 2017/18	Scale Fee 2017/18	Final Fee 2016/17
	£	£	£	£
Audit Fee - Code work	41,500	41,500	41,500	41,500
Additional Code work:				
- Audit of group accounts	5,025	5,000	-	3,897
- Trial balance and analytics issues	-	-	-	1,000
- Impact of issues with working papers and coordination of the audit (note 1)	6,125	-	-	-
Total Audit Fee	52,650	46,500	41,500	46,397
Total non-audit services - Housing Benefit Subsidy (note 2)	tbc	12,004	12,004	15,632
Total Fees	tbc	58,504	53,504	62,029

Note 1:

We are seeking to agree this fee with the Section 151 Officer and is then subject to approval by the PSAA.

Note 2:

The final fee for the Housing Benefit Subsidy certification will be confirmed upon completion by the 30 November deadline. We will report the final fee in our annual grant certification report.

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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ED None

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ey.com

EXTERNAL AUDIT - LOCAL GOVERNMENT SECTOR UPDATE

Committee: Resources and Finance Committee

Date: 29th November 2018

Author: Finance Manager

[T134]

1. ISSUE

1.1 Ernst and Young (EY), the Council's external auditors, produce regular briefing notes, detailing their view of the local government sector and raise key questions that the audit committee need to be considering. As previously agreed at the Corporate Governance and Finance Committee, this note provides Members of this Committee (as the Council's audit committee) details of the Council's position with regard to these key questions.

2. RECOMMENDATION (S)

2.1 Members are requested to note the report.

3. BACKGROUND/OPTIONS

3.1 EY's full report is attached as appendix 1 to this report.

3.2 This raises nine key questions for the audit committee to consider on page 10 of the report.

3.3 Question 1 - Brexit

Has your authority considered the implications of Brexit? What plans does your authority have in plan to mitigate potential risks associated with Brexit?

The Council has not specifically assessed the impact of Brexit, although it is thought that any implications will be indirect, as opposed to direct. A full understanding will clearly not be known until the Brexit "divorce" deal is finalised and approved (or not) and indeed the subsequent trade deal drafted. However, some areas where it may have an impact are, suppliers finding it difficult to recruit staff, reduced foreign investment, changes in legislation and the regulatory framework, such as GDPR, state aid, public procurement etc., and the voting rights of EU nationals in local elections.

3.4 Question 2 – CIPFA Financial Resilience Index

Does the proposed CIPFA financial resilience index provide your authority with the support needed to achieve a balanced budget?

The exact format of the Financial Resilience Index remains unclear, but hopefully it will provide a further advisory tool for Council's to assess their financial position. The Index is expected to be more backwards facing, rather than forward looking, which is of some concern, but until the final product is unveiled it is difficult to assess its full value.

3.5 Question 3 – Consultation on the adoption of IFRS 16

How prepared is your authority for the changes in process, systems and data collection as a result of CIPFA implementation of IFRS 16?

IFRS 16 is not due to be introduced until 2019-20. While the consultation on its implementation is now closed, guidance notes have not yet been published and so the exact workings and how it will impact on authorities remains unclear.

However the accounting standard relates to operating leases, where the local authority is the leasee. East Cambs currently has no operating leases as leasee and so at this point, we are not expecting this to have any material impact on our accounting.

3.6 Question 4 – Consultation on proposed statutory overrides for IFRS 9

How has the authority assessed the impact of the new accounting standard IFRS 9 Financial Instruments and the potential statutory overrides on your budget?

This Council has few investments that would be impacted by the new accounting standard, although the investment we hold in East Cambs Business Centres, is, I believe, one such investment.

The Statutory Override has now been granted for local authorities and will be in place for a minimum of five years. Therefore if at any point during this period the value of the Company was calculated to be less than the historic cost invested, this would prevent the need for this cost to be charged onto Council Tax payers.

The agreement with East Cambs Trading Company is a loan, not an investment, and so I believe, this to be outside the scope of this accounting standard.

3.7 Question 5 – LEP Governance

Is your local authority part of a LEP? If so, what arrangements are in place to ensure that the authority has sufficient assurance over the governance of the LEP?

The Greater Cambridgeshire and Greater Peterborough LEP was replaced by a new "Business Board" in September 2018 and is fully integrated into the governance of the Cambridgeshire and Peterborough Combined Authority

(CPCA). East Cambridgeshire District Council is a full constituent member of the CPCA.

The governance of the CPCA (including the Business Board) is overseen by the CPCA Audit Committee and the Business Board has its own Assurance Framework owned by the CPCA and Business Board. This has been developed in response to the Government's National Assurance and Framework guidance on governance and transparency (reference DCLG November 2010).

3.8 Question 6 – Social Care

Given the spending pressures on social care and the sustainability of funding sources, what is the authority's strategy to ensure the sustainability of social care? How does the authority ensure that it maximises value for money from its social care service and ensures that the quality of care provided is appropriate?

As a district council we are not responsible for Social Care and as such this question is not directed at us. However members should be aware that with the Spending Review / Fair Funding Review taking place in 2019, to impact from 2020-21, there must be concerns that more local government funding will be directed to councils that have social care responsibilities, which would (assuming the local government financial quantum remains the same) be at the detriment of district councils.

3.9 Question 7 – Social Housing

What plans does your local authority have to ensure that there is sufficient social housing in the area? Has your authority responded to the Governments green consultation paper?

This Council is not a provider of social housing and as such, has not responded to the green paper.

3.10 Question 8 - Transformation

Is your local authority considering or does your local authority have plans to transform its business? If so, how will the audit committee exercise good governance over these arrangement? Have you used the NAO transformational guidance?

There are no plans at this point to undertake any major transformation in the Council. Recent transformation has taken place via the Council's trading companies, which are monitored by the Council through the Shareholder Committee. We have not used the NAO transformational guidance.

3.11 Question 9 – EY Cybersecurity Strategies

Is your organisation still thinking about cyber security as a defensive approach or a source of transformation and distinct advantage?

I think it is probably true that we continue to think of cybersecurity as a process for protecting our systems, but we are trying to be proactive in this. Indeed senior officers and officers from IT have attended a cybercrime awareness session earlier today from the East Midland Cyber Crime Unit.

4 ARGUMENTS/CONCLUSIONS

The Council is already fully aware of and has undertaken steps where necessary to address the issues highlighted in the paper as they impact on district councils.

5 FINANCIAL IMPLICATIONS / EQUALITY IMPACT ASSESSMENT

5.1 There are no financial implications linked to this report at this time.

5.2 Equality Impact Assessment (INRA) not required.

6 APPENDICES

6.1 Appendix 1 – EY Report – Local government audit committee briefing

<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
EY Report – Local government audit committee briefing (as attached as appendix 1)	Room 104 The Grange Ely	Ian Smith Finance Manager Tel: (01353) 616470 E-mail: ian.smith@eastcambs.gov.uk

An aerial photograph of the London skyline, featuring the Gherkin in the foreground on the left and The Shard on the right. The sky is filled with dramatic, dark clouds. A large yellow banner is positioned in the upper right corner, containing the title text.

Local government audit committee briefing




EY

Building a better
working world



Contents at a glance





This sector briefing is one of the ways that we support you and your organisation in an environment that is constantly changing and evolving.

It covers issues which may have an impact on your organisation, the Local Government sector, and the audits that we undertake.

The briefings are produced by our public sector audit specialists within EY's national Government and Public Sector (GPS) team, using our public sector knowledge, and EY's wider expertise across UK and international business.

The briefings bring together not only technical issues relevant to the Local Government sector but wider matters of potential interest to you and your organisation.

Links to where you can find out more on any of the articles featured can be found at the end of the briefing.

We hope that you find the briefing informative and should this raise any issues that you would like to discuss further, please contact your local audit team.



Government and economic news

EY ITEM Club – Local Government Economic Briefing Q3

The outlook for the UK economy appears to be worsening in 2018, as challenges continue for consumption, investment and trade. Local authorities are increasingly under pressure to deliver local economic growth and improved services within this uncertain environment.

A cloudier outlook for the UK economy may impact local authority MTFPs

The UK has witnessed a recovery in services output and consumer activity, partially in response to the sunny weather and the World Cup; however, weaker overseas growth (exacerbated by escalating fears of global trade disputes) has contributed to a slowing momentum in some sectors.

The ultimate impact is a continued slowdown in real GDP growth during 2018, with the EY ITEM Club revising its forecast for GDP growth to 1.4% in July 2018, down from the 1.6% expected in April 2018. The increasingly uncertain global outlook has led the EY ITEM Club to also renew its interest rate position, predicting that there will be only one rate rise in 2018 rather than the two

forecasted previously. Local authority short-term borrowing increased by 31% in 2017/18, meaning that such a delay in interest rate hikes will likely be positive news to many local authorities. On August 2018, the Bank of England has since raised the interest rate by a quarter of a percentage point, from 0.5% to 0.75% – the highest level since March 2009, which will be re-considered by the EY ITEM Club in our next forecast.

Whilst it is still early days as far as predicting 2018/19's fiscal performance, a downgraded forecast for GDP growth this year and next, compared to the expectation three months ago, implies a bigger fiscal deficit.

On the whole, a weaker outlook for the UK economy should signal caution for local authorities. Increased pressure on real incomes and affordability has dampened activity in the housing market, with house price inflation slowing to 2%. However the ratio of prices to average earnings is still stretched by historical standards. Despite a record high employment rate, annual pay growth has not responded in turn, falling to 2.5% in April. These dynamics suggest that pressure on social housing will continue in the medium-term.

Slower growth should be considered in the light of local authorities' proposed or existing commercial activity. Dampened economic activity may also impact local businesses, leading to an

increase in high street vacancies. Furthermore, local authorities should also factor a more negative economic outlook into its supply chain risk assessments, with the potential of it increasing the chances of firms collapsing.

How do local authorities respond to the struggling retail sector?

As the retail sector undergoes significant structural change, local authorities need to consider how they can respond to this and adapt both their regeneration and investment plans accordingly.

The increasing drive towards online shopping along with rising operating costs for retailers has led to decreasing footfall in shopping centres and high streets as well as record levels of shop closures. Noteworthy retailers, including House of Fraser, Poundworld, Maplin and Toys R Us as well as a number of chain restaurants, have proposed restructures or shop closures, or have fallen into administration. There are concerns that the number of shops is too high as sustained vacancy rates continue.

Over the past two years, local authorities in England have made debt funded investment of around £1.7bn in commercial property assets. This has included a number of investments in shopping centres and other retail focused assets. These investments are likely to see a period of underperformance, with estimations suggesting a potential 10% fall in shopping centre capital value, driven by higher vacancy rates. Yields are likely to be lower than anticipated, along with there being a requirement for an increase in active management of these units, further eating into returns.

Local authorities need to consider the changing retail sector in light of their regeneration plans. There is a consensus that too much high street and town centre space is dedicated to retail. The think tank Centre for Cities has stated that shops take up twice as much space as offices in struggling town centres, whilst successful town centres tend to have three times as much office space than retail. Local authorities need to ensure that regeneration plans have appropriately considered the medium and longer term outlook for the retail sector.

The structural changes evident in the retail sector shouldn't deter local authorities from maintaining an active role in driving town centre regeneration nor in retail investment. Rather, local authorities should be integral to undertaking active investment ensuring the aim is focused on socio-economic regeneration as opposed to merely revenue generation. It is vital that local authorities are at the helm of repurposing town centres, ensuring that the public realm centres on public spaces, homes and community assets, rather than retail. This will help to ensure the sustainability of our town centres, whilst at the same time helping local authorities to achieve their regeneration and financial goals.

Brexit

A CIPFA survey has found that three quarters of public service leaders feel that central government is not engaged or has not communicated sufficiently over Brexit. CIPFA's Brexit Advisory Commission has commented that in order for local authorities to plan effectively and identify opportunities, communication channels need to be open between the government and public service leaders. Anticipating an increase in cost, public service leaders are purchasing more from suppliers now to prevent potential higher costs in the future.

Public service leaders are also anticipated a staffing pressures. Nationally it is estimated that 7% of the social care sector's workforce are non-UK EU nationals. However, in some regions of the UK non-UK EU nationals make up a significantly larger proportion.

Another major concern is regarding replacement of EU funding which is currently worth £8.4bn. In a recent white paper the Government has proposed a UK Shared Prosperity Fund (UKSPF) to replace the existing EU regional funding. Details of how local authorities can bid to secure this funding has yet to be determined.



Accounting, auditing and governance

EY's response to CIPFA consultation on its proposed local authority financial resilience index

On 24 August CIPFA closed its consultation on its plans to launch an authoritative measure of local authority financial resilience through the creation of a new index. CIPFA's proposals include using a range of indicators for the index and a dashboard enabling comparison with similar authorities. CIPFA has reported that it has had an unprecedented number of responses- not a surprise given the current profile of local authority financial resilience and the noise in the sector over CIPFA's proposals. We summarise EY's response below.

Whilst we support CIPFA's ambition to support senior officers and members with an early warning system for financial resilience issues we are unconvinced that the proposed indicators provide sufficient depth and sophistication to reflect the complexities of local authorities. In particular it is unclear how the indicators take account of the different type of reserves (earmarked, un-earmarked, usable and unusable), general fund and housing balances, income generated from other sources and borrowing plans (including recognising the different types of borrowing). Reference should also be made to the scale of borrowing to

invest in commercial property, as well as exposure to material outsourcing contracts and associated supplier risk, noting that current focus on the risk that these issues are generating in the sector. There is no reference to how the culture of an organisation impacts its financial plans and its appetite for risk. In addition, many authorities work significantly in partnership with others. In our experience, whilst the proposed indicators may provide a crude indication of financial resilience, senior officers and members would value an output that takes into account these other major influencers of financial resilience.

We have suggested that the proposed index could be treated as the first step to developing a more sophisticated index, using some of the same principles but taking into account the complexities outlined above. While CIPFA have stated that the index is not designed to predict financial issues, we would welcome the development of forward looking indicators using information from an authority's medium term financial plan as well as taking into account historic performance in achieving planned savings, unplanned use of un-earmarked reserves as well as an assessment of forward looking demographic and economic forecasts for a locality. In addition, a developing index can incorporate important changes in the way local authorities operate, for example greater integration between health and social care and the impact of CQC reviews on local health systems.

We supported the proposal for a single dashboard showing the individual authority and the relevant comparator group performance. However, we questioned the use of the terms 'best' and 'worst' performers if the index is to avoid 'naming and shaming' authorities.

We look forward to seeing CIPFA's response to the consultation and will share our views of their next steps.

EY's response to CIPFA consultation on implementation of the new adoption of IFRS 16

On 7 September CIPFA closed its consultation on proposals for developing the new edition of the Local Authority Accounting Code for 2019/20 in relation to implementing the new leasing accounting standard, IFRS 16.

IFRS 16 aims to increase the transparency of financial reporting on leases. It removes the previous lease classifications of operating and finance leases for lessees and it requires that a right-of-use asset (i.e., a lessee's right to use an asset over the life of a lease) be recognised for all leases (there are exemptions for short-term and low value leases) with a corresponding lease liability representing the lessee's obligation to make lease payments for the asset. This will be a significant change for local authorities and present practical challenges for processes, systems and data collection.

IFRS 16 will mean that current value depreciation and depreciation is charged to the Surplus or Deficit on the Provision of Services. It will also impact on the statutory reporting and capital finance requirements for leased assets which currently refer to finance leases. The recognition of right-to-use assets will bring leases into the scope of the Prudential Framework. The cost (on initial recognition) of the right-to-use asset will meet the definition of capital expenditure in contrast to the current revenue treatment of operating leases.

We generally support the CIPFA proposals with the following matters to highlight:

- ▶ **Clarification of what 'low value' is.** There are exemptions under IFRS 16 for 'low value' leases but there is no clear definition. The proposals do not make reference to assets that may be of low value, but are only used or used to maximum

effect by being part of a network e.g., photocopiers can be used off-line but are more usually used on-line; laptops could have a similar position. The Code needs to clarify what low value is and what being part of a network is as this would be a potential area of disagreement and inconsistency. A number of clients have suggested using their de minimis level for capitalisation as the 'low value'. The Code should emphasise that these are two different concepts.

- ▶ **Measurement of the lease liability.** The lease liability is calculated from the present value of the lease payments payable over the lease term. This is discounted at the interest rate implicit in the lease or the authority's incremental borrowing rate. In our experience many authorities do not have information on the rate implicit in their operating leases. For consistency and cost effectiveness mandating the use of the incremental borrowing rate for all leases would be a positive step.
- ▶ **Subsequent measurement.** To measure the right-of-use asset we support the approach of current value measurement with materiality based practical expedients. This would be consistent with the current approach for PPE assets. It would be unsupportable to have different valuation models for the same asset types based on whether they were controlled directly or controlled via lease.
- ▶ **Housing authorities and the Capital Financing Requirement (CFR).** The HRA CFR was effectively capped following HRA self-financing under Regulation. As many HRA authorities are at their HRA CFR limit the addition of right-of-use assets would lead to breaches of the HRA CFR cap. Given the categorisation of such assets as capital in nature this change will restrict the ability of HRA authorities to enter such leases which in some cases may severely impact on their 30 year HRA financial plan. Amending Regulations could be laid that allow the HRA CFR cap to be increased by the value of any right-of-use assets identified. This would maintain the integrity of the current system regarding capital expenditure but also maintain the current flexibility in respect of operating leases. We have suggested that CIPFA should seek discussions with the Ministry of Housing, Communities and Local Government to address this issue.

Consultation on proposed statutory overrides for IFRS 9

Local authorities will be required to implement the new IFRS 9 Financial Instruments standard for the 2018/19 financial year. The sector has made representations to government on the anticipated negative impacts of the new standard which could result in income statement volatility, earlier recognition of impairment losses on receivables and loans and significant new disclosure requirements. Ministry of Housing Communities and Local Government (MHCLG) has set a response date of 28 September 2018 for the following matters:

Time limited statutory override on fair value movements for pooled investment funds

One of the consequences of IFRS 9 is that fair value changes in pooled investments fund will be accounted for at fair value through profit and loss which will impact non-ringfenced revenue reserves, annual balanced budget calculations and ultimately mean there is less money available to fund services.

MHCLG is proposing a three year grace period to adapt to the accounting changes, requiring local authorities to reverse out fair value movements on pooled investments to unusable reserves until 1 April 2021. MHCLG believes this should give local authorities sufficient time to divest themselves of these types of funds or alternatively build up sufficient revenue reserves to mitigate the impact. To aid in transparency, fair value movements relating to IFRS 9 should be separately disclosed in the Unusable Reserves note.

Earlier recognition of impairments on loans and trade receivables

MHCLG does not intend to mitigate the impact of early impairment recognition of loans and receivables, owing any substantial impairment a direct result to the authorities risk appetite. Local authorities will need to keep a close eye on the budgetary position to accommodate this accounting change.

Disclosure Requirements

MHCLG does not intend to reduce any disclosure requirements, despite the administrative burden that may arise in first time implementation, as the new and enhanced disclosure requirements will benefit the users of the accounts.

The first year of local government faster close

After almost two years preparation, numerous discussions between auditors and finance teams, several reminders to audit committees and a significant amount of hard work, the end of July, the new deadline for local authorities to publish audited accounts, came and went. Across the 150 EY local authority audit portfolio, the new deadline was met at 132 authorities (88%). Nationally, we hear, and it's an unaudited figure, the outcome was 15% missed the earlier deadline, compared with 5% that missed the previous year's end of September deadline.

Auditors are already meeting with finance teams to de-brief and learn lessons for FY19. We outline below our immediate views on the key factors for both authorities and auditors that contributed to meeting the faster close deadlines.

- 1. Project management:** Authorities with a clear, well thought through, detailed and actively managed action plan, involving their auditors, were more likely to be successful in delivering closedown, accounts preparation and the audit to time. Project plans that made preparation of supporting working papers an integral part of the process resulted in better quality financial statements. When things were going off track, decisive action was taken to make a change and get progress moving in the right direction. Often project management resided with one or two key individuals in finance and audit teams who had the ability to influence others and make decisions on priorities and resource allocation.
- 2. Communication:** Early and honest communication on progress, key judgements and potential problems enabled officers and auditors to find solutions and agree on matters promptly and efficiently rather than having limited time to deal with late and unexpected issues.
- 3. Capacity and contingency:** The shorter period between accounts preparation and publication of audited accounts increased pressure on teams and squeezed the time to deal with late issues. Successful delivery was more likely where officers and auditors built capacity and contingency into their respective scheduling plans.

4. Dealing with accounting estimates: Authorities and auditors need to be clearer on their approach to preparing and auditing accounting estimates. Notably in respect of the two biggest estimates an authority makes relating to pensions and the valuation of property, plant and equipment. Both rely on the work of a specialist and are determined by an authority as part of closedown. Both are also estimates that auditors will always challenge and draw on the latest available information.

5. Streamlining the accounts: We were surprised that we didn't see much evidence of authorities using the opportunity to review their accounts and taking out non-material disclosures. This may be an area that authorities and auditors would find it helpful to discuss as part of planning for 2018/19.

We encourage audit committees to consider the five key factors in relation to their plans for preparing their 2018/19 statement of accounts and supporting the associated audit.

CIPFA Governance Guidance for LEPs

Over the years, the amount of public expenditure that Local Enterprise Schemes (LEPs) are responsible for has increased and the role of the section 151 officer has become of greater importance in the LEP assurance model. CIPFA, in collaboration with the Cities and Local Growth Unit, has developed five key principles for LEP section 151 officers which would result in more proportional financial governance for LEPs. The five key principles are as follows:

1. Enshrining a corporate position for the section 151 officer in LEP assurance.

- ▶ This will result in a shared responsibility arrangement between the chair, the chief executive, and the section 151 officer. Section 151 officers will also be required to provide an Annual Assurance Statement.

2. Creating a formal/structured mandate for the section 151 officer.

- ▶ This will allow the section 151 officer to attend board meetings and provide recommendations on financial administration.

3. Embedding good governance into decision making.

- ▶ This will result in section 151 officers taking an active role in the financial and risk-based decision making.

4. Ensuring effective review of governance.

- ▶ Internal audit will need to include a risk-based audit plan which will provide assurance to the board and the section 151 officer. Where there are serious concerns, such as non-compliance with legal requirements or fraud, the section 151 officer will be required to report these to the Cities and Local Growth Unit.

5. Appropriate skills and resourcing.

- ▶ This will ensure LEPs have the appropriate skills and resources, including audit, to enable the Section 151 officer to carry out their function.



Other

Social Care Spending

Age UK has published a report on a study conducted by health policy and communication specialists, Incisive Health, which shows that the social care system in the England 'lags behind' other countries. The report states that countries such as Germany and Japan have made sustainable social care policy changes in 1995 and 2000, respectively; whilst the social care system in England has remained largely unchanged despite several government consultations and green or white papers.

In response to this report, the Local Government Association (LGA) has attributed the delay in progression of adult social care system to underfunding, a rise in demand and increased cost for care and support. The LGA has estimated that there is a £3.5bn funding gap facing adult social care by 2025 to maintain the existing standards of care.

Research conducted by the Association of Directors of Adult Social Services has estimated that English councils in 2018/19 have cut social care spending by £700m which is equivalent to 5% of the total £14.5bn budget and that since 2010 social care spending has decreased by £7bn. The survey also found that half of councils in England overspent on adult social care budgets in 2017/18, half of which have drawn on council reserves to meet overspends. This is a concerning statistic given that the National Audit Office (NAO) has warned that 10% of councils will exhaust their reserves at the current rate of use.

To help bridge the funding gap, the LGA is currently consulting on its own proposals which includes an increase to national insurance by 1% on the basic rate and an additional social care premium for over-40s.

Social housing

There are 1.2 million people on waiting lists for social housing and for these people affordable housing is becoming more and more unaffordable as their incomes are squeezed. To address this issue the Government has released a consultation green paper which has proposed the building of new affordable housing by 'exploring flexibilities' on how local authorities spend the money from homes sold under the Right to Buy (RTB) scheme. Current funding allows for local authorities to keep one third of each RTB receipt to build a replacement RTB home; but does not allow authorities to borrow money to make up the shortfall for financing the replacement RTB home. The green papers also contains proposals to allow tenants to purchase as little as 1% of their property each year through shared ownership.

The LGA response to the Government's green paper was that the consultation showed positive signs, however the government could do much more for example allowing local authorities to keep all of the RTB receipts to allow councils to more easily finance replacement RTB homes and scraping the housing borrowing cap. The current proposals do not directly allocate funding to local authorities to build more social housing.

Organisational Transformation Guidance for Audit Committees

Transformation plans of any organisation can be highly complicated and risky, even more so for large organisations. Transformation plans can be broad in scope, evolve over time and it can be difficult to measure the impact of transformational change. The exercising of good governance by Audit Committees is essential for the success of major transformation projects. To aid Audit Committees, the NAO has issued guidance which sets out the initial questions that could be asked of officers in the 'set up' phase, 'delivery' phase and 'live running and benefit realisation' phase.

Further details of this guidance can be found through the link in the [Find out more](#) section below.

EY cybersecurity strategies

There's a new way of thinking about cybersecurity. New security approaches are moving from thinking about cybersecurity as a defensive approach, to thinking about it as a source of transformation. Here are some ways to position your cybersecurity strategies for a distinct advantage.

Make it a team sport that everyone is a part of

The number one cause of large security breaches remains phishing, according to the EY 2017/18 Global Information Security Survey of over 1,200 companies. On mobile devices, phishing attacks have increased by an average of 85% year on year for the last seven years, so you are still more likely to be made vulnerable by a member of staff opening a rogue email than anything else.

This is often the result of a lack of cybersecurity awareness – whether about generic malware, scams related to fake LinkedIn profiles, or hacks on public Wi-Fi.

Therefore, developing a culture where staff at all levels understand how to protect data and systems, including mobile devices, through up-to-date training, drills and regular communication, will help build and maintain a cybersecurity advantage.

Cyber policies are vital as a living, breathing reference to help manage a fraught and fast-moving situation, yet these aren't effective if staff outside of the cyber function don't know about them.

Embedding a cyber conscious culture that heightens awareness and behaviours amongst all employees can help you pull ahead of the competition, instead of scoring an own goal.

Keep to a small window for damage control

The UK's national cyber security centre recently described a need to act collaboratively and collectively against cyber threats, urging organisations to raise the bar.

Cyber threats don't respect borders, jurisdictions or organisational boundaries, and there is a small window in which to minimise the damage.

Under GDPR, the new mandatory 72-hour breach reporting could be too long a timeline in the court of public opinion, and focusing on the first 2 to 5 hours instead could provide a much needed advantage.

Outlining key stages of your breach response in the first few hours across functions from IT, security, PR to legal, and identifying at which points to get an external view, could make the difference between a forgiving public or not.

As we start to see more threats and regulations emerge across the world, how organisations come together, under extreme time pressures, will provide much needed collaborative gains.

Use different approaches for evolving risks

Cyber risks aren't constant. The nature of the risks are always changing – which means resources to fight them can't be allocated on a set basis.

Increasingly, cybersecurity requires bringing together a wide range of capabilities to deliver value.

Whether that be through enhancing cyber resources with new skillsets, leveraging emerging technology from hardware authentication, virtualised intrusion detection, or using AI and machine learning.

With cybersecurity increasingly becoming a competitive battleground, that's all the more reason to start thinking about how your organisation can build an effective cybersecurity advantage.

Key questions for the Audit Committee

Brexit

Has your authority considered the implications of Brexit? What plans does your authority have in plan to mitigate potential risks associated with Brexit?

CIPFA Financial Resilience Index

Does the proposed CIPFA financial resilience index provide your authority with the support needed to achieve a balanced budget?

Consultation on the adoption of IFRS 16

How prepared is your Fire Authority for the changes in processes, systems and data collection as a result of CIPFA implementation of IFRS 16?

Consultation on proposed statutory overrides for IFRS 9

Has your authority assessed the impact of the new accounting standard IFRS 9 Financial Instruments and the potential statutory overrides on your budgets?

LEP Governance

Is your local authority part of a LEP? If so, what arrangements are in place to ensure that the authority has sufficient assurance over the governance of the LEP?

Social Care

Given the spending pressures on social care and the sustainability of funding sources, what is the authority's strategy to ensure the sustainability of social care? How does the authority ensure that it maximises value for money from its social care services and ensures that the quality of care provided is appropriate?

Social Housing

What plans does your local authority have to ensure that there is sufficient social housing in the area? Has your authority responded to the Government's green paper consultation?

Transformation

Is your local authority considering or does your local authority have plans to transform its business? If so, how will the audit committee exercise good governance over these arrangements? Have you used the NAO transformational guidance?

EY cybersecurity strategies

Is your organisation still thinking about cybersecurity as a defensive approach or a source of transformation and distinct advantage?

Find out more

EY Item Club

<https://www.ey.com/uk/en/issues/business-environment/financial-markets-and-economy/item---forecast-headlines-and-projections>

Brexit

<https://www.publicfinance.co.uk/news/2018/06/government-failing-engage-over-brexit>

<https://www.publicfinance.co.uk/news/2018/07/brexit-will-hit-public-finances-conference-hears>

<https://www.local.gov.uk/about/news/lga-responds-brexit-white-paper>

CIPFA consultation on its proposed local authority financial resilience index

<https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/cipfa-launches-consultation-on-new-index-to-measure-councils%E2%80%99-financial-resilience>

Consultation on the adoption of IFRS 16

<https://www.cipfa.org/policy-and-guidance/technical-panels-and-boards/cipfa-lasaac-local-authority-code-board/local-authority-leasing-briefings>

Consultation on proposed statutory overrides for IFRS 9

<https://www.gov.uk/government/consultations/local-authority-budget-setting-mitigating-the-impact-of-fair-value-movements-on-pooled-investment-funds>

LEP Governance Guidance

<https://www.cipfa.org/policy-and-guidance/reports/principles-for-section-151-officers-working-with-leps>

Social care

<https://www.publicfinance.co.uk/news/2018/08/england-lags-behind-other-countries-social-care>

<https://www.local.gov.uk/about/news/lga-responds-age-uk-report-care-funding-comparison>

<https://economia.icaew.com/news/august-2018/lga-proposes-tax-increase-to-support-social-care>

<https://www.theguardian.com/society/2018/jun/12/adult-social-care-services-collapse-survey-england-council>

Social Housing

<https://www.local.gov.uk/about/news/lga-responds-social-housing-green-paper>

<https://www.publicfinance.co.uk/news/2018/08/social-housing-paper-fails-provide-cash-needed-homes1>

Transformation Guidance (from the NAO)

<https://www.nao.org.uk/report/transformation-guidance-for-audit-committees/>

EY cybersecurity strategies

<https://www.ey.com/uk/en/services/advisory/cybersecurity/ey-four-cybersecurity-strategies>

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PERFORMANCE MANAGEMENT – SIX MONTH REPORT UPDATES

To: Resources and Finance Committee

Date: 29th November 2018

From: Hetty Thornton – Performance Management Officer

[T135]

1.0 ISSUE

1.1 To update Resources and Finance Committee on the progress made over the previous six months within the Service Delivery Plans (2018/2019) for the following:

- Performance Management
- Financial Services
- Legal Services
- Democratic Services
- Infrastructure and Strategic Housing
- Strategic Planning
- Customer Services
- Reprographics Services
- Human Resources
- ICT

2.0 RECOMMENDATIONS

2.1 Resources and Finance Committee are asked;

- To note the progress made against the priorities of the Council including areas where the service has been under achieving and where outstanding performance was delivered.
- To note the comments made by Service Delivery Champions.

3.0 BACKGROUND

3.1 Performance management continues to play a key role within the Council.

3.2 All services are required to highlight outcomes and outputs against the Council's Corporate Priorities and service level performance measures.

3.3 The six month update reports provide Councillors with the opportunity to understand how each service is achieving against their priorities.

4.0 ARGUMENT AND CONCLUSIONS

4.1 Monitoring performance enables the Council to highlight key outcomes against the main priorities. It provides an opportunity to identify under and over performance and forward plan effectively.

5.0 FINANCIAL IMPLICATIONS

5.1 There are no financial implications other than officer time attributed to this report and assessing the Service Delivery Plan updates.

6.0 EQUALITY IMPACT ASSESSMENT

6.1 All Service Delivery Plan updates, where there are direct impacts on equality and diversity will have corresponding equality impact assessments against them.

7.0 APPENDICES

Appendix A – J: Six month update reports for the following Services:

- Performance Management
- Financial Services
- Legal Services
- Democratic Services
- Infrastructure and Strategic Housing
- Strategic Planning
- Customer Services
- Reprographics Services
- Human Resources
- ICT

<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
None	Room The Grange Ely	Hetty Thornton Performance Management Officer (01353) 616233 Email- hetty.thornton@eastcambs.gov.uk


Commitments towards our Vision

Performance Management Service- 2018/19 six month update



Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner	Status (at 6 month stage)	Outcome or output (at 6 month stage)
Promote the achievements of East Cambridgeshire District Council against the Corporate Plan and wider Corporate Priorities	Delivering a financially sound and well managed Council	Produce an end of year Council report which promotes the achievements made against the Corporate Plan. To be designed, completed and printed by June 2018. Distributed to every household by end of August 2018.	1 produced Delivered to every household	Hetty Thornton-Performance Management Officer		1 x End of year Council report designed and distributed to every household across East Cambridgeshire (equating to approximately 37,300 homes)
Contribute to an ethos of continuous improvement within the Council		Develop the understanding of Lean System thinking within the Council. Work with at least 2 services throughout the year to embed new processes to enable efficiencies of time and money by November 2018	Completed February 2018- worked with Care and Repair, Building Control and Environmental Services.	Hetty Thornton-Performance Management Officer		Completed a Lean Six Sigma review on Care and Repair and Environmental Health. The Markets Team have recently completed the review with the report currently being assessed by the service. This included carrying out training on Lean Six sigma with the teams. Reports have been sent to the teams and short, medium and long term plans have been development in order to implement changes recommended.
		Highlight areas of inefficiency within the Council and put in recommendations to improve ways of working and better support our customers. Provide on-going findings and recommendations to CMT by November 2018	Findings presented to CMT- Efficiencies identified	Hetty Thornton-Performance Management Officer		2 x end of projects reports have been sent to CMT which highlight in efficiencies and waste. The report for Markets have been completed but not yet assessed. Within Care and Repair- the review found an

Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner	Status (at 6 month stage)	Outcome or output (at 6 month stage)
Support the Council to bring about efficiency savings						average of 92 days of stoppage time which could be eradicated and a reduction in reviewing Disability Fund grants by 2 hours per grant. The waste discovered could save approx. £6,128 per year. Within Environmental Health in one process 10 steps were found to have added no value and the total financial savings found were £7,386 per year.
		Develop a mechanism for assessing the outcomes from the recommendations identified within Lean System thinking by May 2018	N/A new target	Hetty Thornton-Performance Management Officer	↔	Short, medium and longer term goals have been developed with Hoshin Kanri (which is the recommended assessment tool within Lean Six Sigma)
		Project manage the development of a new HR and payroll management system. Manage Phase 2 of the new HR and payroll system which includes the recruitment modules and business objects	Project management has been on-going. The system is being built in readiness for "go-live" in 1 st week April. N/A new target	Hetty Thornton-Performance Management Officer	↔	The Performance Officer has been continuing to project manage the HR and payroll system due to some continuing issues. This includes weekly conference calls, managing the budget and weekly reviews of the outputs/tasks.
Ensure that Council priorities are met through effective performance reporting	A fantastic place to live, work and visit	Present the six month update performance reports on behalf of all services which demonstrate how the Council is meeting the needs of our customers. By October 2018	Six month update reports were presented at Committee	Hetty Thornton-Performance Management Officer	↔	The six month updates reports are checked by the Performance Officer and all Service Delivery Leads are supported to complete them effectively.
Ensure that the Council's corporate risks are managed effectively and mitigations are	A fantastic place to live, work and visit	To work with the Service Delivery Champion to highlight outputs within the Performance Management Service. On-going liaison	On-going as and when required.	Hetty Thornton-Performance Management Officer	↔	The Service Delivery Champion is updated on an ongoing basis.
		To regularly review risks associated with performance management, including:	Ongoing	Hetty Thornton-		The Performance Officer is now a member of the

Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner	Status (at 6 month stage)	Outcome or output (at 6 month stage)
put in place to reduce impact.		<ul style="list-style-type: none"> Ensuring all Service Delivery Leads meet their requirements within their Service Delivery Plans Project management of the new HR and payroll management system which meets the needs of ECDC and its staff 		Performance Management Officer		<p>Corporate Risk Assessment Group to ensure that any corporate risks highlighted within the Service Delivery Plans are escalated efficiency with mitigations against risk put in place.</p> <p>The Performance Officer continues to monitor risk against the HR and payroll project as part of the everyday project management role.</p>

Name of Service Delivery Champion: Cllr Dan Schumann

Comments:

I am pleased with progress to date and, as you can see from the above report, most areas are advancing well and in good time. I do not feel there are any particular areas of concern and congratulate Hetty on her fine work.

Commitments towards our Vision





Financial Services- 2018-2019- Six month report



East Cambridgeshire
District Council

Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
To ensure the objective assurance of the Council's activities are paramount.	A customer driven efficient Council with a "can do" attitude and pro-business approach and commercially focused to ensure financial self-sufficiency for the tax payer	Ensure that the Annual Internal Audit Plan adds value to the organisation	100%	LGSS Audit		A two year operational Audit Plan was approved in April 2017. The 2018/19 plan was amended following consultation with senior management and the Corporate Risk Group and was approved by Resources & Finance Committee in March 2018. Delivery of the 2018/19 Audit Plan by 31 st March 2019 is on track.
		Meet with 100% of Service Managers to assist in the preparation of the annual Internal Audit Plan				
To ensure the long term financial sustainability of the Council	Delivering a financially sound & well managed council	Produce a Medium Term Financial Strategy (MTFS) with balanced budgets for two years, i.e. the budget year and the subsequent year, with a trajectory which will allow the Council to remain financial secure	Completed and presented to Council in February 2018	Ian Smith - Finance Manager		Detailed budget work is now starting, although work has gone on throughout the summer updating the budget build templates as information has become available.
		Regularly reviewing high level corporate risks, including public sector funding and the loss of major income streams				
		Produce the detailed budget for 2019-20 to a time frame that allows the Council to set a legal budget	Completed and presented to Council in February 2018	Ian Smith - Finance Manager		See above
		To hit the Full Council meeting in February 2019				
		Produce quarterly budget monitoring reports to Committees, (both revenue and capital) and an Outturn report at yearend for Resources and Finance Committee	Quarterly	Anne Wareham – Senior Accountant John Steel - Management Accountant		The 2017-18 Outturn Report was presented to timeframe and the quarter 1 reports have all been to their respective committees.
		Quarterly reports to hit Committee deadlines				

Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
To effectively monitor and report identified fraud		To provide continued financial support to East Cambs Trading Company and East Cambs Street Scene, including the production of monthly budget monitoring reports and cashflow projections for a number of years. On-going general support. Reporting to hit respective Company Board meetings.	Monthly reports introduced for management purposes and presented to Board meetings as appropriate	Anne Wareham – Senior Accountant Amy Jeal-Management Accountant	↔	Quarter 1 budget monitoring reports have been presented to the Company Board of both trading companies and the cashflow statement of ECTC maintained to provide the Council with information regarding the likelihood of the payback of the £5 million loan.
		Work with partners to provide a co-ordinated approach to tackling fraud (in accordance with the Cambridgeshire Anti-Fraud Network priorities) As required - On-going	The Cambridgeshire Anti-Fraud Network has been established and provides the means for a co-ordinated approach to tackling fraud	LGSS Audit ARP Fraud Team	↔	The main thrust of LGSS fraud work during 2018/19 has been co-ordinating the submission of data for the latest National Fraud Initiative exercise. The ARP Fraud Team are on track to exceed targets set across the Partnership. Performance is reported through the ARP Joint Committee.
		Raise awareness of fraud and corruption across the organisation Review of Counter Fraud procedures, hot line and poster campaign	Fraud mail shot issued October 2016.	LGSS Audit	↑	LGSS Internal Audit presented to the staff induction seminar for new employees in April 2018 covering fraud awareness. LGSS Internal Audit has recently completed an assessment of the Council's counter fraud arrangements against the Code of Practice on Managing the Risk of Fraud and Corruption. The Council will participate in the International Fraud Awareness Week (11 th –17 th November 2018).
		Pay 99% of undisputed invoices within 30 days	99%	Eleanor Fretwell - Senior Accountancy Assistant	↔	Performance in the first six months of 2018-19 was 98.76%
To ensure the continued efficiency of Financial Services		Average time taken to collect income in relation to external invoices (this indicator does not include Council Tax and Business Rates)	25 days	Eleanor Fretwell - Senior Accountancy Assistant	↔	Average collection time in the first six months of 2018-19 was 21 days

Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
To maintain an effective and well-maintained service		Review the operation of the new Payroll Service, in its first year of operation, to ensure that this is working as efficiently as possible and best advantage is being achieved from the greater use of self-service and workflow within the systems functionality	System implementation date is the 1 st April 2018 and at time of writing work was continued in order to achieve this deadline	Ian Smith - Finance Manager		There has been more teething problems with the new payroll system than would have been hoped for, but we continue to work through these. Meanwhile the self-service elements have been set up and are being used by all staff and many Members.
		Improve the process for the production of the Statement of Accounts following the introduction of earlier close in 2018 Prepare the draft Statement of Accounts for 2017-18 by the end of May 2018 and then support the external auditors in undertaking their review by 31 st July	The 2016-17 Accounts were completed to a quicker timeframe than previously, and lessons learnt are already being implemented in the 2017-18 process	Anne Wareham – Senior Accountant		The 2017-18 accounts were prepared by the 31 st May deadline, but unfortunately the external auditors were unable to sign these off until the 3 rd August (missing the deadline by 3 days) A full debrief has since taken place with the external auditors and learning will be put in place, to further speed the process in future years.
		Support the continued development of the Financial Services Team to ensure that they are meeting with personal and professional career development opportunities To provide training to staff in line with the their personal training and development plan as detailed in their appraisal document (90% of training needs to be met)	Successfully completed – work will be on-going moving forward	Ian Smith - Finance Manager		Training has been identified in areas such as VAT and insurance and relevant staff will be attending courses on these functions in the coming months.
Ensure that the Council's corporate risks are managed effectively and mitigations are put in place to reduce impact.	Delivering a financially sound & well managed council	To regularly review higher level corporate risks, including: Public Sector Funding Loss of major income streams	These risks are picked up when preparing the MTFs and budget. See section on ensuring the long term financial stability of the Council	Ian Smith - Finance Manager		As detailed above the MTFs is being prepared at the moment and all information relating to medium term funding will be detailed within this.

Name of Service Delivery Champion: Councillor Chris Morris

Comments

I have reviewed this, and report that the document has been well received and no need to change any of the content. Well done Ian and congratulations for producing an excellent document.







Commitments towards our Vision






Legal Services- 2018-2019 Six month update



East Cambridgeshire
District Council

Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
Ensure that the Council offers best value for money	Delivering a financially sound and well managed Council	Maximise the recovery of legal costs and fees; Court costs and fees, contribution to legal costs and disbursements.	Costs recovered £14,655.50 to 13/03/2018	Maggie Camp- Legal Services Manager Paula Holmes- Local Land Charges & Senior Legal Support Officer Victoria Higham - Information Officer Tim Driver – Planning Lawyer (pt)		Costs recovered between 1/04/2018 and 30/09/2018 = £2,697
		97%- Number of legal costs recovered in £				
Assist and facilitate the Council's Corporate Priorities to ensure that East Cambridgeshire continues to be a fantastic place to live, work and visit.			To ensure the recovery of outstanding debts owed to the Council	Up to 01/04/2017- 31/03/2018 71 instructions 53 debts settled Equating to 74.6%	Maggie Camp- Legal Services Manager Paula Holmes- Local Land Charges & Senior Legal Support Officer Victoria Higham - Information Officer	
		Proactively assist all services across the Authority with issues related to legal requirements.	92% within 20 working days 86% within 10 working days	Maggie Camp- Legal Services Manager Tim Driver – Planning Lawyer (pt)		01/04/2018 – 30/9/2018 89.7% within 20 working days 85.3% within 10 working days 0-5 days =82.6% 6-15=4.8% 16-20=2.2% 20+=10.2%
		90% within 20 working days 100% within 15 working days				
		0-5 days = % 6-15=% 16-20=% 20+=%				

Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
Support the local property market.		Ensure continuous service delivery for the Local Land Charge Service <ul style="list-style-type: none"> 100% of Local Land Charge searches within 10 working days; 95% within 5 working days 	100% of searches within 10 working days. 98.6% of searches responded to within 5 working days. Average turnaround time 4 working days to respond to 31/03/2018	Maggie Camp- Legal Services Manager Paula Holmes- Local Land Charges & Senior Legal Support Officer Victoria Higham - Information Officer	  	100% of searches within 10 working days 74% of searches responded to within 5 working days Average turnaround time 5 working days
To provide a comprehensive and qualitative legal service		Provide legal support for committees when necessary. 100% attendance at committees where necessary	100% supported	Maggie Camp- Legal Services Manager Tim Driver – Planning Lawyer (pt)		100% supported
		Ensure car parking appeals and enforcements comply with the following timescales; 80% of appeals responded to within 10 working days 100% within 20 working days First letters to be sent within 29 working days	97% of appeals responded to within 10 working days. 100% of first letters sent in 29 working days to 31/03/2018	Maggie Camp- Legal Services Manager Paula Holmes – Local Land Charges & Senior Legal Support Officer		98% of Appeals responded to within 10 working days No records available for 1 st letters sent
To provide a comprehensive and qualitative legal service	Delivering a financially sound and well managed Council	Ensure that the timescales set out in the Transparency Code are complied with and manage information data on the Council's website: Open data, Disclosure log and Officer Decisions 100% annually or quarterly for datasets and as soon as completed disclosure log and officer decisions.	100% annually or quarterly for datasets and as soon as completed for disclosure log and officer.	Maggie Camp- Legal Services Manager Paula Holmes – Local Land Charges & Senior Legal Support Officer Victoria Higham – Information Officer		100%

Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
		<p>Deliver an effective, accurate and transparent FOI/EIR service.</p> <p>100% of responses within 10 working days (unless the FOI request involves further in-depth research but the service will ensure that the customer is kept informed)</p>	<p>95% responses in 20 working days</p> <p>67% responses in 10 working days</p>	<p>Maggie Camp- Legal Services Manager</p> <p>Victoria Higham - Information Officer</p> <p>Paula Holmes – Local Land Charges & Senior Legal Support Officer</p>		<p>Requests: 495 to 31/03/2018</p> <p>Days to respond:</p> <p>0-5: -53%</p> <p>6-10:-14%</p> <p>11-15:-14%</p> <p>16-20:-14%</p> <p>20+: -5%</p>
Ensure that staff have all the necessary skills to maximise their input service delivery		<p>To support the continued professional development of the team to ensure that they are meeting with personal and professional career development opportunities</p> <p>100% compliance and with an average of 16 hours professional development per member of the team</p>	<p>The service continues to meet with the professional and statutory requirements for CPD.</p>	<p>Maggie Camp- Legal Services Manager</p> <p>Tim Driver – Planning Lawyer (pt)</p> <p>Paula Holmes- Local Land Charges & Senior Legal Support Officer</p> <p>Victoria Higham - Information Officer</p>		<p>100% CPD compliant</p>
		<p>To update Service Delivery Champions with the progress of the service, how the service is being operated and the direction it is going in</p>	<p>Meetings every quarter (or as requested by councillors)</p>	<p>Maggie Camp- Legal Services Manager</p> <p>Tim Driver – Planning Lawyer (pt)</p> <p>Paula Holmes- Local Land Charges & Senior Legal Support Officer</p> <p>Victoria Higham - Information Officer</p>		<p>Completed</p>
		<p>100% of appraisals completed by June 2018</p>	<p>100% of appraisals completed.</p>	<p>Maggie Camp- Legal Services Manager</p> <p>Paula Holmes – Local Land Charges & Senior Legal Support Officer</p>		<p>Completed</p>
		<p>To regularly review corporate risks associated with the Council's legal requirements. The current risks to the Authority are as follows:</p> <p>Implementation of General Data Protection Regulations</p>		<p>Maggie Camp- Legal Services Manager</p> <p>Paula Holmes – Local Land Charges & Senior Legal Support Officer</p> <p>Victoria Higham – Information Officer</p>		<p>All front facing elements for GDPR completed by 25th May 2018</p>
Ensure that the Council's corporate risks are managed effectively and mitigations are put in place to reduce impact.	Delivering a financially sound and well managed Council					







Name of Service Delivery Champion: Cllr Mark Hugo
Comments

Commitments towards our Vision

Democratic Services 2018-2019 Six month update report



Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
Provide effective, high quality and legally compliant Committee and Member Support Services	A customer driven efficient Council with a "can do" attitude and pro business approach and commercially focused to ensure financial self-sufficiency for the tax payer and safe, vibrant and inclusive communities	Publish Agenda for Council/Committees, etc, within 5 working days of a meeting (statutory) 100% published	100%	Tracy Couper Democratic Services Manager		100%
		Publish decision lists for Council/Committees, etc, within 3 working days of a meeting 95% published	97.4%	Tracy Couper Democratic Services Manager		100%
		Publish draft Minutes for Council/Committees, etc, within 14 days of a meeting 85% published	94.6%	Tracy Couper Democratic Services Manager		89.5%
Provide legal, efficient and cost-effective Elections for the Electors of the District and our external partners		Review customer feedback forms/information from Election and resolve, as far as practicable, issues by commencement of next Election period 95% of all customer feedback actioned (where possible) by commencement of next Election period	100%	Tracy Couper Democratic Services Manager/Joan Cox Electoral Services Team Leader		100%

<p>Publish and maintain an accurate and legally compliant Electoral register each year and maximise registration for target groups within the District</p>		<p>To publish and maintain an accurate and legally compliant Electoral register each year and maximise registration for target groups within the District in order to achieve at least an 90% registration rate</p>	<p>93.72%</p>	<p>Tracy Couper Democratic Services Manager/Joan Cox Electoral Services Team Leader</p>		<p>85.85% registration Good level of registration, as above figure was achieved at end of October, before conclusion of 'door knocking' period. Taken in conjunction with figure below, indicates significant 'channel shift' in people registering on-line.</p>
		<p>Electors registering electronically via Government portal, etc At least 12,000 to be registered</p>	<p>12,174 registered</p>	<p>Tracy Couper Democratic Services Manager/Joan Cox Electoral Services Team Leader</p>		<p>14,250 registered As this is the 6 month figure, excellent result.</p>
<p>Promote community engagement and involvement in the Democratic processes of the Council</p>		<p>Publication of Agendas on website on day of despatch 98% to be published</p>	<p>94.9% published</p>	<p>Tracy Couper Democratic Services Manager</p>		<p>100%</p>
<p>To ensure trained staff, comprehensive understanding by Service Delivery Champion and continual professional development of Councillors</p>		<p>To ensure that all staff appraisals are completed annually and within the time frame set by HR 100% appraisals completed on time</p>	<p>100%</p>	<p>Tracy Couper Democratic Services Manager/Joan Cox Electoral Services Team Leader</p>		<p>100%</p>
		<p>To include Service Delivery Champion in all aspects of the day to day running of the Democratic Services Team to promote transparency and good partnership working and meet on a quarterly basis 4 meetings arranged</p>	<p>3</p>	<p>Tracy Couper Democratic Services Manager</p>		<p>1 Due to absence of Democratic Services Manager</p>
		<p>To prepare, agree and implement a Programme of Member Seminar, Training and Development sessions, to provide Members with the required knowledge and skills to effectively perform their role as a District Councillor 10 sessions to be arranged at the request of Officers and Members as part of the Member Development Programme</p>	<p>5</p>	<p>Tracy Couper Democratic Services Manager</p>		<p>7 Due to reduction in attendance rates at Member Seminars, decision taken to have presentations at Council meetings as an alternative.</p>

Ensure that the Council's corporate risks are managed effectively and mitigations are put in place to reduce impact.

To regularly review higher level corporate risks, including:

- Changes to the political composition of the Council affecting the democratic decision-making processes;
- Local, regional and national legislative and policy changes affecting the democratic process, both in terms of electoral administration/elections and democratic decision-making;
- Impact of corporate initiatives such as shared services, commercialisation, on the working practices of the Team.

ongoing

Tracy Couper Democratic Services Manager

ongoing

Implemented review of Committee structure from May 2017.

Completed IRP review of Members' Allowances Scheme.

Conducted Parish By-Election and County Council By-Election and conducting Neighbourhood Planning Referendum.

Offering services of Team on a commercial basis:

- Clerking of ECTC Board
- Clerking of RECAP Board
- Dem Services Manager acting as DMO for Combined Authority
- Dem Services Manager provided some informal management support & advice to SCDC

Completed PDR and CGR

Name of Service Delivery Champion: Councillor Stuart Smith

Comments: As usual a good performance from the Democratic Services Staff. An ongoing increase in residents registering online which is good news. Two By-Elections that will have prepared the team for next year's District Council Elections.








Commitments towards our Vision



Infrastructure and Strategic Housing Service-2018-2019 Six month update



East Cambridgeshire
District Council

Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
CIL and S106 – monitor development to ensure timely collection of developer contributions, both available and projected to assist the Council to meet its Corporate Priorities	Making East Cambridgeshire an even better place to live	100% compliant	96%	Developer Contributions Officer- Angela Clarke		100%
		Monitor development for compliance with requirement of either CIL or S106 and ensure collection of financial contribution and monitoring of public open space transfers.	2 outstanding	CIL Officer-Zara Murfitt		No payments outstanding.
	Appropriate developments with better infrastructure and improving Planning Service	6 monthly	6 monthly reports produced	Director, Commercial-Emma Grima		6 monthly projections provided and reported to Resources and Finance Committee.
		Produce CIL and S106 projections to enable the Council to plan for infrastructure delivery and report to Resources and Finance Committee.	100% of requests for assistance met.	Infrastructure and Strategy Manager- Sally Bonnett		No project proposal submitted to date.
		Evaluate 100% of project proposals submitted. Lead S106 Project Group to provide information on S106 income and projected income to enable the Council to utilise S106 contributions to reduce expenditure from the base budget.	100% of requests for assistance met.	CIL Officer-Zara Murfitt		
100% of requests for assistance to be met. Assist Development Management in the negotiation of Section 106 Agreements to ensure new communities and businesses are delivered with the infrastructure that is required to serve those new developments.	100% of requests for assistance met.	Director, Commercial-Emma Grima		100% of requests (2) met.		
Facilitate delivery of a wide range of infrastructure and housing	Making East Cambridgeshire an even better place to live	Quarterly reports produced and sent to Council Members - outlining progress of Ely southern bypass, the district leisure facility, the cinema, North Ely, Littleport station, Ely and Littleport station car park expansion and A14 improvements	Quarterly reports produced and distributed to Council Members.	Infrastructure and Strategy Manager- Sally Bonnett		Quarterly updates sent.
	Appropriate developments with better infrastructure and improving Planning Service Making it easier to get around the District and do business	Maintain the Council's Register of Interest in Self Build and Custom House Building and forward details of planning applications including self build plots to those on the register.	Register reviewed quarterly. Details of all planning applications received by the Council that included self-build plots have been sent to those on the register.	Infrastructure and Strategy Manager- Sally Bonnett		Register has been reviewed quarterly. Details of all planning applications received by the Council that included self-build plots have been sent to those on the register.

North Ely – facilitate the delivery of a sustainable community in line with the vision set out in the draft Supplementary Planning Document	Appropriate developments with better infrastructure and improving Planning Service	<p>Work with partners to develop appropriate schemes for infrastructure and services to North Ely</p> <p>Explore Community Facility requirements for the North Ely Development</p> <p>Work with the applicants to ensure that infrastructure delivery is co-ordinated and in accordance with the planning applications</p>	<p>The Planning Service is working with the applicant on the discharge of planning conditions and this will be ongoing and feed into the other North Ely work areas.</p> <p>Assistance has been given as required.</p>	Infrastructure and Strategy Manager- Sally Bonnett		<p>The Planning Service is working with the applicant on the discharge of planning conditions and this will be ongoing and feed into the other North Ely work areas.</p> <p>Assistance has been given regarding the community infrastructure required for the second phase of the Endurance Estates site.</p>
Communicate with the relevant stakeholders through consultation events, forums and update sessions	A customer driven efficient Council with a “can do” attitude and pro business approach and commercially focused to ensure financial self sufficiency for the taxpayer	<p>2 growth delivery newsletters</p> <p>Produce 2 growth delivery newsletters to educate and inform the wider community on forthcoming plans in the district, and other items of interest, and any ‘feel good’ projects to promote the work of the District Council</p>	2 newsletter produced	Developer Contributions Officer- Angela Clarke		1 newsletter produced.
		<p>Visits as requested by Parish Councils</p> <p>Continue the parish council liaison programme to educate and provide guidance to local councils on the community infrastructure levy and the meaningful proportion</p>	3 Parish Councils visited	Director, Commercial- Emma Grima		3 Parish Councils visited.
		<p>Consult local parish councils and key stakeholders on the CIL Regulations 123 list (R123 List) and CIL Governance Plan which sets out what infrastructure may benefit from CIL funding and how the funding may be allocated.</p>	Consultation/call for projects currently on-going.	Infrastructure and Strategy Manager- Sally Bonnett CIL Officer-Zara Murfitt		Call for Projects held and new projects added to the R123 List at Full Council on 24 th May 2018.
		<p>4 forums</p> <p>Continue the CIL education programme and agents’ forums to educate developers/agents and self build applicants about the CIL process</p>	2 forums held	Developer Contributions Officer- Angela Clarke		These are now being delivered by the Planning Team.
		<p>1 workshop</p> <p>Hold an annual CIL/R123 List workshop held to give details of the process for applying for CIL funding to parish councils and other interested parties</p>	1 presentation given at parish forum.	Infrastructure and Strategy Manager- Sally Bonnett CIL Officer-Zara Murfitt		Event held- details of the process for applying for CIL funding given to parish councils and other interested parties as part of this.
		<p>Monthly</p> <p>Review all existing service web pages to ensure that only up to date accurate and relevant information is live on the Councils website</p>	Monthly reviews undertaken	CIL Officer-Zara Murfitt		Reviews undertaken and web pages updated where necessary. CIL pages in the

						process of being refreshed.
Continue to develop highly trained staff to support service delivery and enable the Infrastructure and Strategic Housing Service Delivery Champion to drive forward our Corporate Priorities	Appropriate developments with better infrastructure and improving Planning Service	2 events Attend CIL and S106 training when available to ensure staff are well informed and up to date with the procedures and required legislation	1 event attended	Infrastructure and Strategy Manager- Sally Bonnett		No training events attended to date, but should be achieved by the end of the financial year.
Ensure that the Council's corporate risks are managed effectively and mitigations are put in place to reduce impact.		To regularly review risks associated with Infrastructure and Strategic Housing , including: Monitoring CIL and S106 income	Review quarterly	Infrastructure and Strategy Manager- Sally Bonnett		Reviewed quarterly.

Name of Service Delivery Champion: Councillor Ian Bovingdon

Comments: As usual, Sally and her team have delivered excellent results in such an important area. All targets have been met or are on track and I am amazed at how they deal with a huge workload with arrange of issues. All progress is regularly updated and members are kept informed. I would like to thank Sally and her team for their outstanding efforts.





Ian

Commitments towards our Vision

Strategic Planning 2018-2019- Six month update



Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
Maintain a clear planning policy framework which will help facilitate the creation of safe, vibrant, inclusive and sustainable communities	(2)A Fantastic Place to Live, Work and Visit	Continually review all existing service web pages to ensure that only up to date, accurate and relevant information is live on the Council's website. Ongoing.	Thorough update took place 2017/18	Strategic Planning-Richard Kay- Strategic Planning Manager Edward Dade-Strategic Planning Officer Harj Kumar-Strategic Planning Officer		Ongoing process, linked to Local Plan preparation. Website content regularly reviewed and updated.
	(3)Genuinely affordable housing					
	(4) New Jobs and Funding	Publication of an Authority's Monitoring Report (AMR) covering period to 31 March 2018, which reports on the performance of the previous year in terms of planning matters (statutory item). By 31 December 2018	AMR last published in Dec 2017	Strategic Planning-Richard Kay- Strategic Planning Manager Edward Dade-Strategic Planning Officer Harj Kumar-Strategic Planning Officer		AMR preparation commenced, and due for completion before 31 December 2018.
	(5)Improved Infrastructure.					
(6)Improving Local Transport.	Prepare an updated Statement of Community Involvement (SCI), setting out how the Council will consult on a variety of planning matters, for approval by Full Council in first half of 2018/19	Last SCI adopted October 2015	Strategic Planning-Richard Kay- Strategic Planning Manager Edward Dade-Strategic Planning Officer Harj Kumar-Strategic Planning Officer		Updated SCI adopted by Full Council on 12 th July 2018	
To keep our planning policy framework up-to-date, clear and in line with corporate priorities	(2)A Fantastic Place to Live, Work and Visit	Continue a review of the Local Plan in line with statutory provisions. Ensure the Local Plan facilitates delivery of the Council's priorities. Examination of the Local Plan during 2018. Adoption by end of 2018.	3rd Draft Local Plan approved at Full Council October 2017 Local Plan 'submitted' for examination February 2018	Strategic Planning-Richard Kay- Strategic Planning Manager Edward Dade-Strategic Planning Officer Harj Kumar-Strategic Planning Officer		Examination on going. Too early to draw any conclusions. The Inspector has split the examination into 2 phases. This has delayed slightly the examination. Adoption now anticipated in early part of 2019.
	(3)Genuinely affordable housing					
	(4) New Jobs and Funding	Consider whether any Supplementary Planning Documents need to be approved by Full Council for the purpose of public consultation, in support of the emerging Local Plan. Details to be confirmed.	N/A	Strategic Planning-Richard Kay- Strategic Planning Manager Edward Dade-Strategic Planning Officer Harj Kumar-Strategic Planning Officer		This activity will commence in second half of year, once clarity on new Local Plan policy is achieved.
	(5)Improved Infrastructure.					
(6)Improving Local Transport.						

Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
		Work with those communities wishing to undertake Neighbourhood Planning, ensure ECDC meets its statutory requirements. Timing and demand uncertain, due to lead being Parish Councils.	Advice regularly given to communities, and especially parish councils.	Strategic Planning-Richard Kay- Strategic Planning Manager Edward Dade-Strategic Planning Officer Harj Kumar-Strategic Planning Officer		Worked with a number of parish councils (PCs), including progressing Fordham NP to a successful examination, with a referendum due in Nov 2018. Sutton and Witchford PC also actively preparing NPs, with ECDC assistance. Other PCs have made a variety of general enquiries.
To influence, for the benefit of East Cambs, the sub-regional strategic planning framework	(2)A Fantastic Place to Live, Work and Visit (3)Genuinely affordable housing (4) New Jobs and Funding (5)Improved Infrastructure. (6)Improving Local Transport.	Play an active role in sub-regional strategic planning work, including attendance at Cambridgeshire and Peterborough Planning Policy Forum (every 6 weeks) and contributing to Combined Authority strategic planning activities. Ongoing.	Mostly Ongoing, though the Combined Authority is a new area with the potential for considerable new Strategic Planning activities	Strategic Planning-Richard Kay- Strategic Planning Manager Edward Dade-Strategic Planning Officer Harj Kumar-Strategic Planning Officer		Target being met. Ongoing activity. Combined Authority proposals expected in greater detail in second half of year.
Maintain high quality working relationship with the Service Delivery Champion	(1) Delivering a Financially Sound and Well Managed Council	To provide regular updates to the Service Delivery Champion on the work of the Strategic Planning Service and to provide an opportunity to work in partnership on key issues/areas of work. Monthly meetings, and other briefings	Monthly	Strategic Planning-Richard Kay- Strategic Planning Manager Edward Dade-Strategic Planning Officer Harj Kumar-Strategic Planning Officer		Monthly meetings have predominantly taken place, and regular telephone / email updates throughout the Local Plan examination.
Ensure that the Council's Corporate risks are managed effectively and mitigations are put in place to reduce impact	(1) Delivering a Financially Sound and Well Managed Council	To regularly review higher level corporate risks, including: <ul style="list-style-type: none"> New legislation, impacting on work in progress New legislation, resulting in a resource pressure to implement Failure or delay of Local Plan, resulting in resource implications, reputational risks, and unplanned for development. 	Ongoing	Strategic Planning-Richard Kay- Strategic Planning Manager Edward Dade-Strategic Planning Officer Harj Kumar-Strategic Planning Officer		On-going matter. New national planning policy (NPPF) issued in July 2018. Further amendments expected this autumn (post national Budget)

Name of Service Delivery Champion: Councillor Coralie Green

Comments

I continue to be pleased with the progress made by the Strategic Planning service at this six-month review stage. The Local Plan, which is obviously the focus for the team's attention and workload, continues to progress through its independent examination stage, and we look forward to a positive outcome from the Inspector in due course.

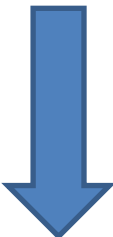
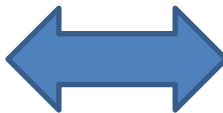



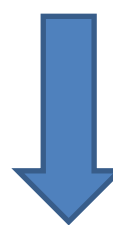
I, however, remain concerned with national policy, particularly the 'five year land supply' challenge, and the forthcoming (and equally difficult) 'housing delivery test' due from Nov 2018. For districts like ours, where developers are not building as many homes as we would like despite numerous sites allocated and permitted, these two national policy items can cause considerable confusion, anxiety and unwanted speculative development in our communities, especially in our smaller settlements. Tools available to councils to counter these threats are limited, however we are committed to: (a) keeping our policies up to date; (b) working with and encouraging developers to build on permitted land and (c) via Palace Green Homes, investing as a Council in the delivery of homes ourselves, including affordable and community-led homes.



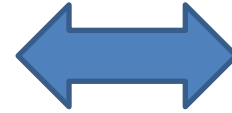
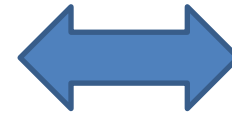

Commitments towards our Vision





Customer Services- 2018-2019 Six month update






Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
To be accessible, responsive and flexible to customer needs.	Delivering a financially sound and well managed Council A fantastic place to live, work and visit	Monitor Customer feedback and service performance and provide quarterly service reports to Service Leads and CMT.	N/A	Annette Wade – Customer Services Manager. Sue Garwood – Web/CRM Development Officer.		Q1 and Q2 reports provided in October 2018.
		To support the implementation of Universal Credit in September 2018 by <ul style="list-style-type: none"> - Undertaking Universal Credit training by 31st July 2018 - Working with ARP and Housing Services to develop an action plan to prepare and support the Customer transition to Universal Credit by 31st May 2018 	N/A	Annette Wade – Customer Services Manager. Helen Sarkies – Customer Services Team Leader		Action Plan – complete. Successful roll out so far. Monthly meeting with Housing Options team ARP and DWP set up. Customer support Leaflets and Landlords booklet developed. Briefing paper for Members produced. Universal Credit Training completed 23 rd August 2018 later than originally planned due to availability of DWP trainer.
		To implement self service improvements and maximise the potential of the Council's reception area in preparation for the roll out of Universal Credit in September by 31 st July 18.	N/A	Annette Wade – Customer Services Manager. Helen Sarkies – Customer Services Team Leader.		Options submitted to Facilities still being considered viz a vie the bigger picture including: other departments' requirements, the future of The Grange and the transfer of Universal Credit Personal Budgeting and Assisted Digital support to the Citizens Advice Bureau from 1 st April 2019. Existing layout coping with introduction of Universal Credit so far.

Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
<p>To make a positive contribution to the health and wellbeing within our district.</p> <p>To maximise commercial opportunities of the Council Website.</p> <p>Help reduce failure demand across the authority.</p>		To maintain monthly abandoned call rates to 10% of all calls offered via the Council's telephone system.	10%	Helen Sarkies – Customer Services Team Leader. All Customer Service Advisors/apprentice		Only achieved in August 2018 due to vacancies within Customer Service Team. Monthly abandoned call rates as follows: April - 11.3% May - 12% June - 12.2% July - 11.1% Aug - 7.2% Sept - 10.7%
		To ensure all new Customer Service Advisors receive mental health training within 6 months of their appointment.	N/A	Helen Sarkies – Customer Services Team Leader.		Complete
		To develop and launch an Assisted Digital Support Service for Customers claiming Universal Credit by 1 st September 2018.	N/A	Helen Sarkies – Customer Services Team Leader		Complete - Assisted digital service provided via the self-service kiosks and by appointment at the Council's Reception desk.
		Subject to member approval create a single sign on for East Cambs Self Service Portal for customers to access and manage their Council Tax, Housing Benefit and Business Rates accounts by 31 st December 2018.	N/A	Annette Wade – Customer Services Manager. Sue Garwood – Web/CRM Development Officer.		Incomplete – No progress due to other priorities and lack of resources. Focus this year has been ECSS, ARP and delivering front line day to day service with 30% less trained staff.
		Promote self - service and increase paperless Council Tax billing sign ups to 5% by 31 st March 2019.	2%	Helen Sarkies – Customer Services Team Leader. All Customer Service Advisors/apprentice		Sept 2018 - Council Tax Billing Sign ups 3%
		Monitor avoidable contact and provide 6 monthly reports to Service Leads and CMT.	N/A	Sue Garwood – Web/CRM Development Officer. Helen Sarkies – Customer Services Team Leader. All Customer Service Advisors/apprentice		Incomplete – report in progress not yet completed due to other urgent priorities.

Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
		Develop and agree action plan to reduce avoidable contact with each service by 31 st March 2019.	N/A	Annette Wade – Customer Services Manager. Karen Carter – Customer Services Engagement Officer. Helen Sarkies – Customer Services Team Leader		On track – Meetings booked with all service leads Dec – March 2019
		Review Service Standards by 30 th Sept 2018	N/A	Annette Wade – Customer Services Manager. Karen Carter – Customer Services Engagement Officer. Helen Sarkies – Customer Services Team Leader		Incomplete. In progress - ECSS Waste & Recycling complete and a considerable amount of work has been done with Anglia Revenues Partnership.
To develop the Customer Relationship Management System to respond to Customer enquiries effectively.		Add Service Standards and escalations to all CRM forms by 31 st December 2018.	N/A	Sue Garwood – Web/CRM Development Officer. Karen Carter – Customer Services Engagement Officer.		On track – All ECSS CRM forms complete.
		Review Customer email notifications to ensure they are clear, informative, relevant and timely by 31 st March 2019.	N/A	Sue Garwood – Web/CRM Development Officer. Karen Carter – Customer Services Engagement Officer.		Work to commence January 2019 so still on target to meet yearly requirements.
To work proactively and support the customer experience and reduce silo working		To continue to support the transfer of the Waste contract to the East Cambridgeshire Trading Company on 1 st April 2018	N/A	Annette Wade – Customer Services Manager. Karen Carter – Customer Services Engagement Officer. Helen Sarkies – Customer Services Team Leader.		Ongoing - The team have worked tirelessly with ECSS to refine and stream line processes and develop and produce meaningful performance reports. New web pages have also been developed and published on the Council's website in partnership with Waste Services.

Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
		To respond to BCPL Copy requests within 5 working days	N/A	Annette Wade – Customer Services Manager. Sue Garwood – Web/CRM Development Officer. Helen Sarkies – Customer Services Team Leader		Complete. Above target. All 419 requests received between Apr – Sept 2018.responded to within 5 working days. 243 – 58% completed within less than 24 hours 58 – 13.8% completed in less than 2 days 37 – 8.8% completed in less than 3 days. 44 – 10.5% completed in less than 4 days 37 – 8.9% completed in less than 5 days
To support the continued professional development of customer services		Ensure all customer service advisors and the CRM/Web team receive adequate training on relevant ICT systems, policy and procedure, contact handling and dealing with difficult customers.	On - going	Annette Wade – Customer Services Manager. Helen Sarkies – Customer Services Team Leader		Ongoing – Universal Credit Training for all staff & Connect & Serve training provided to new staff to enable staff to digitally assist Universal Credit, Housing Benefit, Council tax and Business Rates enquiries. Changes to existing processes discussed and gone through at monthly team meetings
		A minimum of 4 Team meetings completed annually.	N/A	Annette Wade – Customer Services Manager. Helen Sarkies – Customer Services Team Leader		Completed. Team Meetings held monthly out of hours – well attended.
		Staff one to ones completed at least 4 times per year.	N/A	Annette Wade – Customer Services Manager. Helen Sarkies – Customer Services Team Leader.		Due to lack of resource the Customer Service Advisors have only had 1 one to one to date. However now the Team is fully resourced we should be able to achieve the requirement for 4 one to ones per year. Customer Service Team Leader and members of the web team meet with the

Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
						Customer Services Manager fortnightly.
		Appraisals completed annually and within time frame set by HR.	N/A	Annette Wade – Customer Services Manager. Helen Sarkies – Customer Services Team Leader.		Ongoing – on target to complete on time
		Service Awareness briefings for Member Champion	On- going	Annette Wade – Customer Services Manager.		Member service delivery champion updated as required. Monthly telephone call in the diary.
Ensure that the Council's corporate risks are managed effectively and mitigations are put in place to reduce impact.		To regularly review corporate risks including <ul style="list-style-type: none"> - Disaster recovery to provide continuous front facing services to the public in the event of a minor or major system outage. - GDPR (General Data Protection Regulation) compliance to protect personal data, council reputation and avoid financial penalties. - Information security to protect personal data, prevent financial penalties protect council reputation and provide confidence in online services. - Health & Safety of members of the public visiting the Council Offices. 		Annette Wade – Customer Services Manager & ICT. Third party suppliers Annette Wade – Customer Services Manager & Legal Services Annette Wade – Customer Services Manager. All Service Leads. Third party suppliers. Annette Wade – Customer Services Manager. Facilities Service Lead.		Customer Services have been involved with the “dummy” emergency planning event which took place recently. GDPR and the protection of personal data- Customer Services continues to ensure the data obtained from residents is GDPR compliant and personal data is protected.

Name of Service Delivery Champion: Councillor Jo Webber






The Customer Services Team have had an extremely busy six months. They have supported the Waste Services transfer to ECSS which has included refining the internal processes, performance reports and web pages. The team have also been committed to ensuring that residents who have transferred to the new Universal Credit system have received the advice and support they need. It is very early days, but so far the transfer seems to have been successful within East Cambs.





This additional work load, together with a lack of staff due to vacancies created by secondments / appointments to internal positions within the council, and other unplanned works, have made it difficult to meet targets in some areas. It is extremely beneficial to ECDC that Customer Services Team have become a talent pool for other services, however, it is essential that Annette is able to recruit quickly to replace staff that are seeking to progress. It takes 6 months to train staff to be effective within the team, and to enable us to maintain a professional front line service for our residents, we need to improve the turnaround time for advertising job vacancies and recruiting new customer service staff.

In addition to the dealing with the increased workload for the team, Annette Wade has been working exceptionally hard for a number of months now, to establish a voice within the ARP area. Annette has challenged the purpose of the ARP Customer Services Group that she attends (which is made up of representatives from all of the councils that are members of the partnership), and also the poor performance of ARP. Annette volunteered to produce Terms of Reference which would address ARPs lengthy response times, lack of statistics and performance measures. This has been a difficult process, but I am pleased to say that the Terms of Reference have now been accepted. It's great to see, that once again, it's the professional and very dedicated staff of ECDC that are leading the way in resolving the issues.

Commitments towards our Vision

Reprographics Service 2018-2019 Six month update

Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status at 6 month stage	Outcome or output (6 month stage)
Maximise the effectiveness of the Council's Document Management System and provide high quality customer service.	A customer driven efficient Council with a "can do" attitude and pro business approach and commercially focused to ensure financial self-sufficiency for the tax payer	(99%) Documents to be scanned and indexed within 24 hours from receipt.	99%	Andy Dicks- Reprographics Manager Claire Parker- Reprographics Support Officer Miranda Rogers- Reprographics Support Officer Helen Clark – Reprographics Officer		99% 15,613 items
		(99%) Mail to be sorted, franked and ready for collection each day by 3:45p.m.	99%	Andy Dicks- Reprographics Manager Claire Parker- Reprographics Support Officer Miranda Rogers- Reprographics Support Officer Helen Clark – Reprographics Support Officer		99% 34,566 items
(100%) printing agenda for Council/Committees within 5 working days of a meeting (statutory requirement).		100%	Andy Dicks- Reprographics Manager Marta Lotysz-Veiga- Reprographics Officer Sharron Pearson – Reprographics Support Officer		100% Agendas printed for 34 meetings. All on time.	
96% Record design and print job deadlines for internal and external clients.		96%	Andy Dicks- Reprographics Manager Marta Lotysz-Veiga- Reprographics Officer Sharron Pearson – Reprographics Support Officer		98% 261 jobs	
Extend opportunities within the digitisation and archiving of documents across the authority to help contribute to reducing internal paperwork.		N/A	Andy Dicks- Reprographics Manager Claire Parker- Reprographics Support Officer Miranda Rogers- Reprographics Support Officer Helen Clark – Reprographics Support Officer		Awaiting further corporate guidance on digitising	
Provide reprographic support to the leisure centres in the district within their required timeframes.		N/A	Andy Dicks- Reprographics Manager Marta Lotysz-Veiga- Reprographics Officer Sharron Pearson – Reprographics Support Officer		ongoing	

Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status at 6 month stage	Outcome or output (6 month stage)
Support the outcomes of the priorities within the Corporate Plan		(98%) Provide back-end reprographics support to the Local Authority Trading Company when required in the following areas; Printing agendas and minutes of meetings design & print requests etc, all within their required timeframes.	98%	Andy Dicks- Reprographics Manager Marta Lotysz-Veiga- Reprographics Office Sharron Pearson – Reprographics Support Officer		99% 145 jobs designed & printed within timescales. PGH, Markets, Street Scene & CLT
To identify training needs across the service by following effective performance management Processes.		(100%) Appraisals to be completed annually and maintain an effective workforce.	100%	Andy Dicks- Reprographics Manager		100%
		(100%) Ensure Service Delivery Champion is kept up to date with service development through awareness briefings.	100%	Andy Dicks- Reprographics Manager		100%
Ensure that the Council's corporate risks are managed effectively and mitigations are put in place to reduce impact.		To regularly review risks associated with Reprographic Services, including: <ul style="list-style-type: none"> A full power outage and associated risk of not meeting legal requirements to print committee papers on time- this could also lead to reputation risk A suspect package in the print room would mean evacuation for all of the Council- which would impact on organisations delivery 		Andy Dicks- Reprographics Manager Marta Lotysz-Veiga- Reprographics Office Sharron Pearson – Reprographics Support Officer		Business Impact Analysis completed
						x-ray machine installed in post room and advanced suspect package training completed for 6 staff.

Name of Service Delivery Champion: Councillor Mike Bradley

There's been more investment in new equipment to allow them to continue to function smoothly and deliver new services so as to be a very capable in-house service that continues to attract external business.

Reprographics always delivers quietly in the background and it's a pleasure to be their champion.





Commitments towards our Vision




Human Resources- 2018-2019 Six month update




East Cambridgeshire
District Council

Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
Support the delivery of major change initiatives	A customer driven efficient Council with a "can do" attitude and pro business approach and commercially focused to ensure financial self-sufficiency for the tax payer	Review the results of the 2018 staff survey and produce a summary of responses for CMT, Members and staff by 31 August 2018.	Staff survey carried out in January 2018	Nicole Pema, HR Manager Oana Rebegea, HR Support Officer		Summary of responses available to view on the intranet.
		Following the appraisal deadline, establish the Performance Related Increment (PRI) Panel to consider the provisional ratings awarded, and determine final ratings where the provisional ratings differ, in consultation with the managers concerned.	Achieved by May 2017	Nicole Pema, HR Manager		Achieved by May 2018. PRI Moderation Panel held in April. 18 people were awarded 'outstanding', 89 'excellent' and 43 'good'. The 18 rated 'excellent' were paid the lump sum payment of 1% of their basic salary with their May pay.
		Support the delivery of organisational change projects, including effective facilitation of TUPE transfers, secondments and redundancies as required.	N/a	Nicole Pema, HR Manager Oana Rebegea, HR Support Officer		Support provided with both ICT and Planning restructures.
		From April 2018, support the rollout of the new MHR HR and Payroll system, guiding staff and Members with the Employee Self Service (ESS) and Managers with the People Manager functionality.	New target	Hetty Thornton, Performance Management Officer Nicole Pema, HR Manager Lorraine Kratz, Payroll/Finance Assistant Oana Rebegea, HR Support Officer		Significant time spent supporting managers and staff with the new system.
		From April 2018, support the delivery of Phase 2 of the MHR HR and Payroll system rollout, including the implementation of additional modules on training and development, recruitment and performance management.	New target	Nicole Pema, HR Manager Oana Rebegea, HR Support Officer		Significant time spent with the MHR Consultants building the Recruitment, Learning and Development modules. Phase 2 build signed off in October 2018. Work still to be done training managers and staff.

Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
Provide consistent and effective procedures for monitoring attendance, and for managing the consequences of absence for the functioning of the Council.	A customer driven efficient Council with a "can do" attitude and pro business approach and commercially focused to ensure financial self-sufficiency for the tax payer	Provide support to the Waste and Street Cleansing Team following the transfer of service to East Cambs Street Scene Ltd from April 2018.	New target	Jo Brooks, Director (Operations) James Khan, Waste Minimisation and Fleet Manager Sharon Knight, Operations Manager Nicole Pema, HR Manager Oana Rebegea, HR Support Officer		Regular support being provided with new template letters and contracts, and providing support with disciplinary cases and other matters.
		Maintain the low level of short-term sickness absence, e.g. number of days lost per full-time equivalent employee (fte)	3.3 days	Nicole Pema, HR Manager Oana Rebegea, HR Support Officer		1.07 days (for the 6 month period April to September 2018). Based on a total of 207 days lost to short term absence in this period. On target to be at or below 3.3 days at 12 months.
Ensure that reward systems are fair and cost-effective.	A customer driven efficient Council with a "can do" attitude and pro business approach and commercially focused to ensure financial self-sufficiency for the tax payer	Coordinate the Leading Lights Award Scheme to recognise and reward staff who have demonstrated exceptional attitude and performance, and ensure that the annual Achievement Ceremony is arranged and held each December.	Achieved by December 2017	Nicole Pema, HR Manager		Scheme to be run in November. Awards Panel to be held in November. Winners to attend achievement ceremony in December.
		Support the EELGA Talent Bank Associate to move the Job Evaluation/Single Status project to a timely and reasonable conclusion by December 2018, this will include reviewing any pay related policies, finalising the ranking, presenting options to CMT on new pay models and pay policies, consulting and agreeing the proposals with Unison.	In progress	Terry Sheldrake-Rogers, EELGA Consultant Corporate Management Team (CMT) Nicole Pema, HR Manager Oana Rebegea, HR Support Officer		Proposed pay models presented to Chief Executive and Director (Commercial) in September 2018. Working towards implementation date of 1 April 2019.
		Update the Council's Pay Policy Statement for 2019/20 and present to Full Council in February 2019.	Achieved by February 2018	Nicole Pema, HR Manager		Not started - to be completed in February 2019

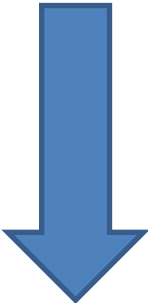


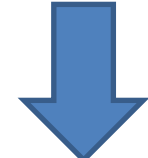
Ensure that HR Policies and Procedures are legally compliant and support the Council to deliver its corporate priorities.	A customer driven efficient Council with a “can do” attitude and pro business approach and commercially focused to ensure financial self-sufficiency for the tax payer	Manage the impact on the Council’s HR function of the EU General Data Protection Regulation (GDPR) which comes into effect on 25 May 2018, replacing the Data Protection Act 1998 and significantly changing the existing legal framework for data protection, including identifying potential compliance issues, analysing the private data that is currently being held and reviewing the consent procedures by which employees agree to the retention of their personal data.	New target	Nicole Pema, HR Manager Oana Rebegea, HR Support Officer		Produced a Recruitment Privacy Notice for the website. Updated the employment contract templates to include a GDPR clause. Supporting the Information Officer with GDPR employment decisions.
		Prepare for the implementation of the Trade Union (Deduction of Union Subscriptions from Wages in the Public Sector) Regulations 2017 once implemented during 2018/19 which will require the Council to deduct trade union contributions from staff wages (known as DOCAS or check-off).	New target	Nicole Pema, HR Manager Oana Rebegea, HR Support Lorraine Kratz, Finance/Payroll Assistant MHR Payroll	(Cannot attribute an arrow as on hold)	Not started – legislation currently on hold.
		Review all of the Council’s HR policies and procedures following the implementation of the MHR HR and Payroll system and changes in legislation, including the GDPR. Update policies to make them more generic and suitable for use across the Council’s trading companies, if appropriate.	New target	Nicole Pema, HR Manager Oana Rebegea, HR Support		New Guidance produced on ‘Agency Workers and Off-payroll Working’.
Support the Council in developing the knowledge and skills of its workforce, to ensure that staff have the capability to achieve corporate objectives.	A customer driven efficient Council with a “can do” attitude and pro business approach and commercially focused to ensure financial self-sufficiency for the tax payer	Continue to look for opportunities to promote the recruitment of apprentices to meet the target as set by the Apprenticeship Levy of 2.3% of the workforce, this equates to 4 apprentices. The Council currently has 1 apprentice and is looking at recruiting 2 further apprentices in the ICT and Parks and Open Spaces teams.	N/a	Corporate Management Team (CMT) Service Leads Nicole Pema, HR Manager Oana Rebegea, HR Support Officer		One Apprentice recently replaced in Customer Services. ICT and Open Spaces still looking to appoint apprentices.
Be an excellent employer	A customer driven efficient Council with a “can do” attitude and pro business approach and commercially focused to ensure financial self-sufficiency for the tax payer	100% of Appraisals to be undertaken by 31 March 2019	100% - achieved by March 2018	Nicole Pema, HR Manager		Not started - to be completed by March 2019.




<p>Ensure that the Council's corporate risks are managed effectively and mitigations are put in place to reduce impact</p>		<p>To regularly review risks associated with Human Resources as detailed within the Corporate Risk Register:</p> <ul style="list-style-type: none"> ▪ Non-compliance with employment legislation, resulting in costly litigation and/or employment tribunal claims and reputational damage. ▪ Job evaluation implementation impacting on salary costs and staff morale. ▪ Increased sickness levels impacting on team capacity and moral. ▪ Difficulties with staff recruitment and retention – leading to lack of resources. ▪ Increased workload following the establishment of the two Trading companies, and the impact on capacity. 	<p>New target</p>	<p>Nicole Pema, HR Manager Oana Rebegea, HR Support Officer</p>		<p>Recruitment underway to increase HR capacity.</p>
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Name of Service Delivery Champion: Councillor Christine Ambrose-Smith





Comments
I feel that this small department of two officers may benefit from some additional assistance. They have worked on several projects at all levels within the council, in addition to their basic functions. The work carried out by the HR Department is for the benefit of both employees and the council itself and is essential for the smooth & effective running of the council. The opportunities to recruit, train & monitor further apprentices is important, and requires additional time by HR.
Recruitment however is a challenge to employers everywhere.

ICT- 2018-2019 Six month update

Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)	
Ensure a responsive and proactive service is provided to all of our customers	Delivering a financially sound and well-managed Council	Close 90% of Service desk incidents and service requests within the Service level agreement	89.8% until end of December 2017	Karen Wright - ICT Manager		74% The implementation of the new Help Desk Software has meant a change in the reporting functionality which does not consider non-working hours/days. The system has removed the function of placing a ticket on hold when waiting for a response from the customer. This has adversely affected this output figure. Improved reporting functionality is planned during the next 6 months to provide more accurate results for the end of year.	
		Continue to offer our customers ICT drop-in sessions - Offer Bi-monthly sessions (every two)	held every two months.	Karen Wright – ICT Manager			Due to staff shortages these have not been delivered at the start of the financial year. However Drop In sessions were re-started in October with next sessions booked for December, February and April.
		Ensure that internal and external networks are stable and reliable and fit for purpose @ 99% uptime	98%	Karen Wright – ICT Manager			Network Uptime: 100% Uptime of Applications and Software that were affected by unplanned Maintenance 99.2%
		Review ICT contracts to help reduce total cost of contracts, whilst ensuring a high level of service	100% of ICT contracts reviewed	Karen Wright – ICT Manager			This element will be carried out as part of the organisation wide application review. This element will be included to
Ensure that ICT Services maximises possible efficiency savings							

Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
		Provide a financial savings and present these to Committee. By end of Q4				establish the current status of both hardware and software contracts and Services requirements. However due to the current capacity limitations this measure won't be completed until next year, which will also give the service the opportunity to review any cost savings.
To create a culture of continual service improvement and positive transformation		Complete an organisational wide application review and create a prioritised programme for upgrades and new software. – by end of June 2018	Six month plan of items requiring implementation has been draw up. To be reviewed again in June 2018.	Karen Wright – ICT Manager		Due to the priorities required by the business, this project is only now commencing. The ICT Team are currently working on identifying all software and versions to help identify any unsupported software and all those in need of upgrade. All software will be identified and a programme of updates or replacement software will be drawn up.
		Introduction of Mobile Working (rollout laptops and tablets for site visiting officers) along with generation of bring your own device policy – end of Q3	New performance Measure	Tim Binstead – ICT Technical Officer		All visiting officers have now received a mobile device, with mobile app delivered to Building Control. Planning, Planning Enforcement and Licensing ordered and awaiting date of delivery from supplier.
Provide a responsive, value for money GIS and Street Naming & Numbering Service		All street numbering schemes delivered within 10 working days of receipt of payment.	80%	Karen Wright– ICT Manager		51% of all valid applications from April 2018 have been dealt with within the 10 working day target. 100% of all valid applications received from October 2018 have met the 10 working day target. This follows a focused effort with new working procedures put in place.

Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
		Adopt new street names within 1 month of receipt of payment.	80%	Karen Wright– ICT Manager		100% - All new road names have been adopted within 1 calendar month.
Provide technically skilled, motivated and engaged staff to deliver an efficient and effective ICT Service		To undertake staff appraisals within time frame set by HR ensuring all staff complete documentation to enable feedback and sign off. Training needs identified and new accountabilities set.	All appraisals booked to take place during March 2019.	Karen Wright– ICT Manager		Regular one to ones are being held, in preparation for the annual appraisal.
		Meet monthly with the ICT Service Delivery Champions.	Monthly meeting	Karen Wright– ICT Manager		Regular meetings with the ICT Champions have taken place, and it was agreed at the last meeting for these to be Bi-monthly.
	Ensure that the Council's corporate risks are managed effectively and mitigations are put in place to reduce impact.		To regularly review higher level corporate risks, including: Security and Infiltration of the ECDC Network Disaster Recovery Plan Backup of ECDC Data	On going	Karen Wright– ICT Manager	

Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
Maintain the security and resilience of ICT systems and adhere to regulations		Ensure the Council is awarded an Annual PSN Compliance Certificate to maintain access to secured services.	Annual compliance	Mike Rowe ICT Technical Officer		Quotes have been obtained and supplier awarded. The PSN Audit will take place during December 2018.
		Review of ICT security policies -end of Q4	New performance measure	Mike Rowe ICT Technical Officer		The existing ICT Security Policies are currently under review.
		Review disaster recovery plans and implement DR requirements. By end of Q4	New performance measure	Steve Garlinge ICT technical officer		A review of the existing Disaster Recovery Plan and Site is planned to commence in January.
		Upgrade all servers to appropriate level to continue to meet PSN requirements and vendor support – end Q4	New performance measure	ICT Technical Team		All servers currently meet Vendor requirements for the supplied software. The PSN Audit is taking place during December, once report has been received an update rollout plan will be devised for any server identified in the report.

Name of Service Delivery Champion	Cllrs Cox and Bradley
Comment from Service Delivery Champion:	
<p>Cllr Bradley- ICT has turned the corner and is now on a stable footing. Still some way to go but credit to the team which is meeting the challenge but still need another 6 months to resolve some key issues. The service is now fit for purpose and providing the council with modern infrastructure. So that we now have an empowered mobile work force that is efficient and able to do their jobs without ICT restrictions! A lot of credit has to go to Karen and the rest of the team for rising to challenge!</p>	

INTERNAL AUDIT PROGRESS REPORT

To: Resources & Finance Committee

Date: 29th November 2018

From: Chief Internal Auditor, LGSS

[T136]

1. **ISSUE**

- 1.1. To advise Members of the work of Internal Audit completed during the period July to October 2018, and the progress against the Internal Audit Plan.

2. **RECOMMENDATION**

- 2.1. That the Committee notes the progress made by Internal Audit in the delivery of the Audit Plan and the key findings.

3. **BACKGROUND/OPTIONS**

- 3.1. The role of Internal Audit is to provide the Resources and Finance Committee, and management, with independent assurance on the effectiveness of the internal control environment. Internal audit coverage is planned so that the focus is upon those areas and risks which will most impact upon the Council's ability to achieve its objectives.
- 3.2. The Internal audit Plan for 2018/19 was approved by this Committee in March 2018 after consultation with Service Leads and the Council's Corporate Management Team.
- 3.3. The format of the progress report has been amended in order to provide further oversight of the key audit findings, implementation of audit recommendations and feedback on the performance of the Internal Audit service. Since 1st April 2018, 36 actions from audit reports have been implemented by officers.

4. **ARGUMENTS/CONCLUSIONS**

- 4.1. The attached report (Appendix 1) informs Members on the progress to date against the Audit Plan.

5. **FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT**

- 5.1. There are no additional financial implications arising from this report. An Equality Impact Assessment is not required.

6. **APPENDICES**

- Appendix 1 – Internal Audit Update Report – November 2018

<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
None	LGSS, Room 207 The Grange Ely	Duncan Wilkinson, Chief Internal Auditor duncan.wilkinson@milton-keynes.gov.uk Rachel Ashley-Caunt Head of Internal Audit RAshley-Caunt@rutland.gov.uk



EAST CAMBRIDGESHIRE DISTRICT COUNCIL
INTERNAL AUDIT PROGRESS & PERFORMANCE UPDATE

NOVEMBER 2018



Date: 29th November 2018

Introduction

- 1.1 LGSS provides the Internal Audit service for East Cambridgeshire District Council and has been commissioned to provide 210 days to deliver the 2018/19 Annual Audit Plan.
- 1.2 The Public Sector Internal Audit Standards (the Standards) require the Resources and Finance Committee to satisfy itself that it is receiving appropriate assurance about the controls put in place by management to address identified risks to the council. This report aims to provide the committee with details on progress made in delivering planned work, the key findings of audit assignments completed since the last committee meeting and an overview of the performance of the audit team.

Performance

2.1 Delivery of the 2018/19 Audit Plan

At the time of reporting, eight assignments from the 2018/19 Audit Plan have been completed to at least draft report stage and good progress is being made on a number of further assignments.

Progress on individual assignments is shown in Table 1.

2.2 Are clients satisfied with the quality of the Internal Audit assignments?

To date, eight survey responses have been received in relation to feedback on assignments, all with a rating of 'Outstanding' or 'Good'. A summary of responses is provided in Table 2.

2.3 Based upon recent Internal Audit work, are there any emerging issues that impact upon the Internal Audit opinion of the Council's Control Framework?

Since the start of the new financial year, six audit reports from the 2018/19 audit plan has been finalised. To date, this has not highlighted any issues or weaknesses which would impact upon the overall Internal Audit opinion. The key findings were as follows:

Counter Fraud Procedures

The Better Governance Forum and CIPFA Counter Fraud Centre have developed a tool designed to help councils measure their arrangements against the Code of Practice on Managing the Risk of Fraud and Corruption (the Code). As part of the review of the Council's overall counter fraud arrangements Internal Audit applied the tool based on its cumulative knowledge of the Council with input from the Finance Manager & S151 Officer and the Legal Services Manager & Monitoring Officer where necessary.

The review identified that overall, the Council has reached a reasonable level of performance against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption. This includes having adequate arrangements in place against most of the performance criteria that are fundamental to the management of fraud and corruption risks. The arrangements are generally proportionate to the Council's risks and resources. There remain a number of key

areas where performance could be improved, and enable even a small Council with limited capacity in terms of fraud resources to achieve a good standard of performance.




This assessment was supported by Internal Audit as an advisory or 'added value' service for the Council and consequently no assurance opinion was given.

Invoices over £500

All teams across the Council rely on goods and services to enable them to deliver their core services. These can range from basic and low value items, such as stationery, to high value and complex items or services, such as capital infrastructure or innovative technology. The Council's Contract Procedure Rules (CPRs) set out the regulatory and legal framework for procurement that should be followed, and these are included within the Council's Constitution. These were reviewed during the financial year 2017/18 and formally approved by Full Council on 5th October 2017.

The overall objective of this review was to ensure that officers comply with Contract Procedure Rules when procuring goods and services in order to achieve value for money and to ensure compliance with the data transparency requirements to publish all payments to suppliers over the value of £500.

The review involved a sample of 20 payments made over the value of £500 during the period April to June 2018. The approach was then to work backwards through the commissioning process that was followed by officers in making the purchases, to confirm that Contract Procedure Rules current at the time the procurement took place had been complied with, and that value for money had been achieved. Testing identified some areas of non-compliance including four contracts which had not been recorded on the contracts register and one case where a formally approved exemption form was not found for awarding a contract without competition. Based on the outcome of the testing performed, the assurance opinions given by Internal Audit were as follows:

Assurance Opinion		
Control Environment	Good	
Compliance	Limited	
Organisational Impact	Minor	

Agency Staff Compliance – IR35

Robust systems and controls for ensuring compliance with relevant tax and employment legislation are essential elements of the Council's overall financial management arrangements. IR35 is intended to stop 'disguised employment' whereby staff are appointed 'off payroll' through companies or similar trading arrangements that avoid the need to make tax and other deductions at source or to pay employers national insurance contributions. The employee is also potentially able to benefit from a reduced tax bill. IR35 has been in place

since 2000 but from April 2017 the responsibility for determining whether the rules apply in public sector organisations shifted from the contractor to the hiring organisation – as such, this was the focus of the audit.

The Council’s arrangements for the identification and assessment of cases within the scope of IR35, at the time of the audit, were not fit for purpose. There was reliance on individual Service Leads being aware of their responsibility to undertake the relevant pre-appointment checks as there was no central monitoring and recording of cases potentially within the scope of IR35. Testing of a sample of appointments identified that in 60% of cases there had been no assessment undertaken to determine whether or not individual appointments were within the scope of IR35.

It was recommended that a formal policy, procedure or guidance on the Council’s approach to off-payroll workers be developed – this has already been implemented at the time of reporting.

Based on the outcome of the testing performed, the assurance opinions given at the time of the audit were as follows:

Assurance Opinion		
Control Environment	Limited	●
Compliance	Limited	●
Organisational Impact	Minor	●

Scheme of Delegation Compliance

The Council’s Constitution should set out how the Council operates, how decisions are made and the procedures that are followed to ensure that the Council’s operations are efficient, transparent and accountable. The Scheme of Delegation specifically, should explain who can take which decisions on behalf of the Council.

The Council’s Scheme of Delegation is included in Part 3 of the Constitution. The review has identified some areas where the Scheme of Delegation is not up to date. It is the responsibility of Service Leads to notify the Legal Services Manager and Monitoring Officer of any amendments to ensure that it is kept up to date. A more formal approach should be implemented to ensure that it properly reflects both the current legal and organisational position.

There are decisions that are reserved for Member approval, for example, in relation to specific types of planning applications, write offs and the award of some grants. Internal Audit were able to independently identify a sample of these decisions and confirmed that the Scheme of Delegation had been complied with in each case.

Based on the outcome of the testing performed, the assurance opinions given by Internal Audit were as follows:

Assurance Opinion		
Control Environment	Good	●
Compliance	Good	●
Organisational Impact	Minor	●

Business Continuity Management

Business continuity is a management process that provides a framework to ensure resilience of an organisation to any eventuality and to help ensure continuity of service to its key customers. It provides the basis for planning to ensure East Cambridgeshire District Council's ability to continue operations following a disruptive event. Successful business continuity arrangements help to minimise disruption from such incidents and reduce the time needed to recover from an incident.

The Council's approach to business continuity management is facilitated by the Health & Safety / Emergency Planning Manager, approved by Corporate Management Team and overseen by the Corporate Risk Management Group. The objective of this review was to provide management with assurance over the Council's plans and supporting procedures to enable continuity of key service delivery in the case of unforeseen incidents.

Emergency planning and business continuity is identified as a risk in the Council's corporate risk register (Risk C1) and identifies the Business Continuity Plan as a key control in reducing the inherent risk score. The Council has recently approved a Strategic Business Continuity Plan (August 2018) which identifies its mission critical activities and the resources they require to operate over time. This is in the progress of being cascaded down through the organisation and officer training is currently being delivered.

Based on the outcome of the testing performed, the assurance opinions given by Internal Audit were as follows. The assurance opinions reflect the position at the time of the audit in terms of the recently approved Strategic Business Continuity Plan:

Assurance Opinion		
Control Environment	Satisfactory	●
Compliance	Satisfactory	●
Organisational Impact	Moderate	●

2.4 Implementation of audit recommendations by officers

Where an Internal Audit review identifies any areas of weakness or non-compliance with the control environment, recommendations are made and an action plan agreed with management, with timeframes for implementation. In order to provide the Committee with assurances that these actions are being implemented in a timely and effective manner, a more robust follow up process has been implemented for the 2018/19 financial year.

Since 1st April 2018, 36 agreed actions have been implemented by officers. An overview is provided in Table 3.

At the time of reporting, there are six actions which are overdue for implementation. Of these, four were assessed as 'High' or 'Medium' priority and have been overdue for more than three months. As such, further details are provided in Table 4.

Table 1 - Progress against 2018/19 Internal Audit Plan

Assignment	Planned start	Status	Assurance sought	Assurance Opinion			Comments
				Control Environment	Compliance	Org impact	
Governance & Counter Fraud							
Counter Fraud Procedures	Q2	Final report issued	To review the Council's counter fraud policies and procedures against best practice and to review their robustness in light of latest trends / developments.	Consultancy			See para 2.3
National Fraud Initiative	Q3	Fieldwork		Consultancy			Data upload completed with the exception of SPD data due December 2018.
Risk Management support	Q1 – Q4	In progress		Consultancy			
Annual Governance Statement	Q1	Complete	Not applicable	Consultancy			
Key Financial Systems							
Bank Reconciliation	Q3	Planning					
Creditors	Q4	Planning					
Debtors	Q4	Planning					
Payroll	Q4	Planning					

					Assurance Opinion				
Assignment		Planned start	Status		Assurance sought	Control Environment	Compliance	Org impact	Comments
Treasury Management		Q3	Draft report issued						
Budgetary Control		Q3	Fieldwork complete						
Making every penny count									
Invoices over £500		Q2	Final report issued		To ensure compliance with contract procedure rules and achievement of value for money.	Good ●	Limited ●	Minor ●	See para 2.3
Key policy compliance									
Agency Staff Compliance – IR35		Q1	Final report issued		To provide assurance over compliance with key Council policies and procedures, based on sample testing.	Limited ●	Limited ●	Minor ●	See para 2.3
Scheme of Delegation compliance		Q1	Final report issued		To provide assurance over compliance with key Council policies and procedures, based on sample testing.	Good ●	Good ●	Minor ●	See para 2.3
Risk based audits									
Local Authority Trading Company		Q3	Planning						
Business Continuity Management		Q1	Final report issued		To provide assurance over the Council's plans and supporting procedures to enable	Satisfactory ●	Satisfactory ●	Moderate ●	See para 2.3




					Assurance Opinion				
Assignment		Planned start	Status		Assurance sought	Control Environment	Compliance	Org impact	Comments
					<i>continuity of key service delivery in the case of unforeseen incidents.</i>				
Waste Management		Q3	Fieldwork underway						
Taxi Licensing checks		Q1	Final report issued		<i>To provide assurance that the Council is fulfilling its safeguarding duties in ensuring suitable checks are conducted before issuing of Hackney and private hire licences, to ensure holders are 'fit and proper' and that vehicles are roadworthy.</i>	Good 	Substantial 	Minor 	Previously reported
ICT and Information Governance									
Controls review of critical systems / Cyber Security		Q2	Planning						
Information Governance and GDPR		Q2	Fieldwork complete						

Table 2: Customer Satisfaction

At the completion of each assignment, the Auditor issues a Customer Satisfaction Questionnaire (CSQ) to each client with whom there was a significant engagement during the assignment. The responses received in the year to date are set out below.

Responses	Outstanding	Good	Satisfactory	Poor
Total	2	6	-	-

Table 3 - Implementation of Audit Recommendations

	'High' priority recommendations		'Medium' priority recommendations		'Low' priority recommendations		Total	
	Number	% of total	Number	% of total	Number	% of total	Number	% of total
Actions due and implemented since last Committee meeting	5	83%	11	79%	20	92%	36	86%
Actions overdue by less than three months	-	%	-	%	1	4%	1	2%
Actions overdue by more than three months	1	17%	3	21%	1	4%	5	12%
Totals	6	100%	14	100%	22	100%	42	100%

Table 4 – Actions overdue more than three months (high and medium priority)

Audit plan	Audit title	Agreed action	Priority	Responsible officer	Date for implementation	Officer update / revised date
Information Governance						
2016/17	Information Governance	Refresh and promote the information security policy	High	ICT Manager	01/12/2017	November 18: This has been assigned to an officer who is currently reviewing the Information Security Policy. We have put a target date for the review and revised document to be ready for April 2019 .
Safeguarding						
2016/17	Safeguarding	Review of Policies and Procedures	Medium	Housing and Community Safety Manager	01/06/2017	February 18: There have been capacity restraints within the team over the last year, as a result the H&CSM has had to put some of the strategic tasks to one side to pick up the operational front line tasks. The H&CSM stated that the policy has been updated to reflect current legislation (Care Act 2014). August 18: has been updated and verified. <i>Audit note:</i> awaiting evidence to support implementation.

Audit plan	Audit title	Agreed action	Priority	Responsible officer	Date for implementation	Officer update / revised date
2016/17	Safeguarding	Review and update the Designated Safeguarding Officers (DSO) list	Medium	Housing and Community Safety Manager	01/07/2017	<p>February 18: Training will be delivered (date to be confirmed) a half day session is to be delivered to all staff as a compulsory measure with key officers receiving refresher training annually.</p> <p>Aug 18: completed and will be refreshed annually.</p> <p><i>Audit note:</i> awaiting evidence to support implementation</p>
2016/17	Safeguarding	Guidance and safeguarding refresher training provided to staff	Medium	Housing and Community Safety Manager	01/07/2017	<p>As per above: this will be an annual exercise.</p> <p>Aug 18: completed and will be refreshed annually.</p> <p><i>Audit note:</i> awaiting evidence to support implementation</p>

Notes

At the completion of each assignment the Auditor will report on the level of assurance that can be taken from the work undertaken and the findings of that work. The table below provides an explanation of the various assurance statements that Members might expect to receive.

Compliance Assurances			
Level		Control environment assurance	Compliance assurance
Substantial	●	There are minimal control weaknesses that present very low risk to the control environment.	The control environment has substantially operated as intended although some minor errors have been detected.
Good	●	There are minor control weaknesses that present low risk to the control environment.	The control environment has largely operated as intended although some errors have been detected.
Satisfactory	●	There are some control weaknesses that present a medium risk to the control environment.	The control environment has mainly operated as intended although errors have been detected.
Limited	●	There are significant control weaknesses that present a high risk to the control environment.	The control environment has not operated as intended. Significant errors have been detected.
No	●	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment.	The control environment has fundamentally broken down and is open to significant error or abuse.

Organisational Impact		
Level		Definition
Major	●	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole.
Moderate	●	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole.
Minor	●	The weaknesses identified during the review have left the Council open to low risk. This could have a minor impact on the organisation as a whole.

Limitations and Responsibilities

Limitations inherent to the internal auditor's work

LGSS Internal Audit is undertaking a programme of work agreed by the Council's senior managers and approved by the Resources and Finance Committee subject to the limitations outlined below.

Opinion

Each audit assignment undertaken addresses the control objectives agreed with the relevant, responsible managers.

There might be weaknesses in the system of internal control that Internal Audit are not aware of because they did not form part of the programme of work; were excluded from the scope of individual internal assignments; or were not brought to Internal Audit's attention.

Internal Control

Internal control systems identified during audit assignments, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision making; human error; control processes being deliberately circumvented by employees and others; management overriding controls; and unforeseeable circumstances.

Future Periods

The assessment of each audit area is relevant to the time that the audit was completed in. In other words, it is a snapshot of the control environment at that time. This evaluation of effectiveness may not be relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulatory requirements or other factors; or
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management; internal control and governance; and for the prevention or detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

Internal Audit endeavours to plan its work so that there is a reasonable expectation that significant control weaknesses will be detected. If weaknesses are detected additional work is undertaken to identify any consequent fraud or irregularities. However, Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and its work should not be relied upon to disclose all fraud or other irregularities that might exist.

LOCAL COUNCIL TAX REDUCTION SCHEME AND BUSINESS RATES DISCRETIONARY POLICIES 2019-20

Committee: Resources and Finance Committee

Date: 29th November 2018

Author: Finance Manager

[T137]

1. **ISSUE**

1.1 To consider options for the Local Council Tax Reduction Scheme (LCTRS) for 2019-20

1.2 To review the Council's discretionary policies with regard to Business Rates again for the 2019-20 financial year.

2. **RECOMMENDATION (S)**

2.1 Committee is asked to recommend to Full Council:

2.2 That the Local Council Tax Reduction Scheme (LCTRS) for 2019-20 remains unchanged from the current scheme.

2.3 That Council's policies with regard to discretionary Business Rate reliefs also remains unchanged.

3. **BACKGROUND/OPTIONS**

Local Council Tax Reduction Scheme

3.1 Each year Council is required to review its Local Council Tax Reduction Scheme (LCTRS). Where it wishes to retain the existing scheme this must be decided by 11th March of the preceding year. Where a council seeks to amend its scheme, it is necessary to consult preceptors and stakeholders to inform a final scheme design by 28th February of the preceding year.

3.2 This report advises Resources and Finance Committee about the officer conclusion of the 2018 annual review.

3.3 As Members will be aware a major review of the scheme was undertaken during 2017, for the 2018-19 financial year. Committee received reports on this on the 21st September 2017 and the 30th November 2017, where changes to the previous scheme were approved. These changes harmonised the scheme with DWP Welfare Reforms and made entitlement to LCTRS, to the most part, conditional upon Universal Credit entitlement.

- 3.4 The current East Cambridgeshire LCTRS scheme provides a maximum benefit of 91.5% for working age claimants and our scheme also protects War Pensioners. The aim in designing the scheme was to achieve a balance in charging an amount of Council Tax to encourage customers back into work, whilst setting the amount charged at an affordable and recoverable level. By setting the amount payable at 8.5% of the charge, in most cases, where a customer is not paying, we can affect recovery through attachment to benefit within the year and so the charge with costs is recoverable. If the amount payable was set higher, then it is possible the debt would not be recoverable and possibly create a culture of non-payment of Council Tax.
- 3.5 Further, by increasing the contribution rate to more than 8.5%, the possible increase in Council Tax collected for the Council could well be less than the additional costs of recovery (additional staff, postage and enquires to customer services), including the inability to recover the debt in year by deduction from DWP benefits and therefore this is not recommended.

4. ARGUMENTS/CONCLUSIONS

- 4.1 That the Local Council Tax Reduction Scheme (LCTRS) for 2019-20 remains unchanged from the current scheme.
- 4.2 The changes made to the scheme last year have worked well – harmonising to DWP welfare reforms and uprating, as well as removing the stipulation that customers must make a separate claim for Council Tax Support when claiming Universal Credit, thereby making the scheme compatible with the introduction and planned expansion of Universal Credit.
- 4.3 Continuing with the existing scheme continues these benefits and enables compliance with DWP benefits and the introduction and planned expansion of Universal Credit.

Business Rates

- 4.4 Officers have considered if any changes should be made to the Council's policy with regard to Business Rate discretionary reliefs, but at this point, no changes are recommended.
- 4.5 Members will be aware that in the National Budget additional relief has been offered for retail properties with a rateable value of less than £51,000, this relief being for 2019-20 and 2020-21. In order to provide this relief Council will need to use its discretionary relief powers (under Section 47 of the Local Government Finance Act 1988). Council will therefore need to approve a recommendation to implement this. Government have made it clear that any relief provided in this area will be funded via Section 31 grant and as such it will be cash neutral to this authority.
- 4.6 Further detail of the scheme and a request to approve will be detailed in the budget report which will be presented to Committee on the 28th January 2019.

5 FINANCIAL IMPLICATIONS / EQUALITY IMPACT ASSESSMENT

5.1 While a finance report, because no changes in process are being recommended, this will have none to minimal financial implications.

5.2 Equality Impact Assessment (INRA) not required.

6. APPENDICES

Appendix 1 – Draft Business Rates discretionary relief criteria 2019-20

<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
	Room 206 The Grange Ely	Ian Smith Finance Manager Tel: (01353) 616470 E-mail: ian.smith@eastcambs.gov.uk

**Current East Cambridgeshire District Council
Discretionary Business Rate Relief Criteria**

The maximum amount of Discretionary Business Rate Relief that can be awarded is £2,000.

All of the following criteria must apply for an application to be eligible:

No restrictive membership practices.
Evidence of support for disadvantaged groups where the applicant is a community organisation.
Facilities/services must demonstrate benefit to local people/redistribution of majority funding to local communities.
Bar provision in facilities should be an ancillary service.
Unrestricted reserves should not exceed £100,000
Average Annual surpluses (based on the two most recent sets of accounts) should not exceed £26,000.

One of the following criteria must also apply for the application to be eligible:

The applicant is a local Charity or Trust <i>not</i> a Housing Association; social club, a national, regional or county charity. Their premises <i>must not</i> be predominately used for administration purposes or provide a primary function of education/meeting facilities, car parking, a shop or catering outlet.
The applicant is a Scout, Guide or Youth Group.
The applicant is a Local Community Support Service (for example a Local Citizens Advice Bureau or a Community Voluntary Service (CVS)).
The applicant is a village Hall, Community or Cultural Centre, Museum, Sports Association or Leisure Centre (not registered charities but meet the charitable purpose criteria as set out in the 2006 Charities Act).
The applicant is a village shop, petrol station, public house or post office that has a rateable value of £16,500 or less, that is within the boundaries of a rural settlement of less than 3,000, that is used for the purposes that are of benefit to the local community and is the last essential service in the settlement.

COMMUNITY INFRASTRUCTURE LEVY FUNDING REQUESTS

Committee: Resources and Finance Committee

Date: 29th November 2018

Author: Sally Bonnett, Infrastructure and Strategy Officer

[T138]

1.0 ISSUE

1.1 To consider the allocation of up to £295,000 to the Burwell Parish Council Recreation Ground Improvement Project and up to £56,621.63 to the Sutton GP Surgery Extension from Community Infrastructure Levy (CIL) receipts. To consider increasing the potential amount of CIL funding available to the Ely Museum Redevelopment Project by £65,000.

2.0 RECOMMENDATION(S)

2.1 Members are requested to approve:

- a) The allocation of up to £295,000 to the Burwell Parish Council Recreation Ground Improvement Project.
- b) The allocation of up to £56,621.63 to the Sutton GP Surgery Extension.
- c) An increase of up to £65,000 to the potential amount of CIL funding available to the Ely Museum Redevelopment Project.

3.0 BACKGROUND/OPTIONS

3.1 East Cambridgeshire District Council introduced CIL on 1st February 2013. The contributions raised through this levy are used to fund, in whole or in part, the necessary infrastructure to support growth and development in the district.

3.2 In order for infrastructure to benefit from CIL funding it must be included on the Councils Regulation 123 (R123) List.

Burwell Parish Council Recreation Ground Improvement Project

3.3 At the May 2018 ECDC Full Council meeting, the Burwell Parish Council Recreation Ground Improvement Project was added to the R123 List. £295,000 was requested towards the cost of improving existing and adding new facilities at the recreation ground.

Sutton GP Surgery Extension

3.4 At the May 2018 ECDC Full Council meeting, the Sutton GP Surgery Extension project was added to the Councils R123 List. £147,000 was requested towards the cost of extending the existing Priors Field Surgery building.

3.5 In August 2018, Officers attended a meeting, assisted by Councillor Stubbs to discuss the future needs and aspirations of Sutton GP Surgery. Representatives from NHS England Estates and Cambridgeshire and Peterborough CCG were also in attendance. It was agreed at that meeting that the expansion of the GP Surgery could be carried out in 2 phases.

3.6 PHASE 1 – 2018/19

- One new single storey extension, comprising two new additional consultation rooms (consulting rooms 5 & 6).
- Modification of existing non-clinical space to provide an additional two consultation rooms (consulting rooms 7 & 8).
- Develop a new modern entrance to the building to allow for better disabled access.
- Minor redesign and modernisation of reception and waiting room area.
- Redesign of existing first-floor space to provide additional space for administrative work and a staff room.
- Installation of I.T infrastructure for new consulting rooms.

PHASE 2 – 2020/21

- Infill the existing roof-scape to provide a large first-floor meeting/training room with excellent I.T facilities.
- Provide access to a first-floor meeting room.
- Extend front door access to include canopy above, creating additional space to be utilised for patient information resources.
- Modernisation of existing two treatment rooms aligned to the latest infection control standards.
- New storage solutions for Lloyd George medical records, thus creating more administrative space throughout the surgery. This may include digitalisation of medical records in line with NHSE future plans.
- Modernisation of existing four clinical rooms and Cleaners Store / Clean Utility aligned with the latest infection control standards.
- Resurfacing of the car park.

3.7 Sutton GP Surgery wishes to drawdown £56,621.63 of CIL funding in order to progress phase one of the works required to the surgery.

- 3.8 As Sutton GP Surgery is owned by an individual, it was agreed that the Council will seek some form of security in the practice to ensure that, in the event that the GP surgery ceases to be used for this specific purpose, any CIL funding will be repaid to the Council.
- 3.9 It has been agreed that this will be in line with the 15 year clawback period required by the NHS and a clause to this effect will be included in the agreement form the Surgery is required to sign upon receipt of funding.

Ely Museum Redevelopment Project

- 3.10 At the May 2018 ECDC Full Council meeting, the Ely Museum Redevelopment Project was added to the R123 List. £100,000 was requested towards the cost of extending and refurbishing the building.
- 3.11 Ely Museum have submitted a bid to the Heritage Lottery Fund (HLF) for £1.6m towards the total cost of the project. If successful, Ely Museum would need to secure the balance of the money required by December 2018. The Museum have raised all but £65,000 of this amount and have requested that the CIL contribution to the project be increased to £165,000 to meet the shortfall.
- 3.12 This is not a request for release of funds, but for an increase in the amount of potential funds that could be made available at the time of an application for funding being made.

4.0 ARGUMENTS/CONCLUSIONS

- 4.1 At the time of writing this report the Council holds £714,448.68 for major projects on the Regulation 123 List.
- 4.2 All three projects are included on the Council's R123 List and as such are capable of benefiting from CIL funding.
- 4.3 The projects contribute to the delivery of the District Council's Corporate Plan under the 'A Fantastic Place to Live, Work and Visit' and 'Improving Infrastructure' headings.
- 4.4 There are sufficient funds in the CIL account to meet these requests and as such, for the reasons set out above, Members are recommended to approve the allocations for the Sutton and Burwell projects and the increase in potential funds to be made available to Ely Museum.

5.0 FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT

- 5.1 The amount of CIL funding requested is available from CIL receipts.
- 5.2 An Equality Impact Assessment (INRA) not required.

6.0 APPENDICES

6.1 None.

<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
East Cambridgeshire Regulation 123 List – May 2018	Room 12 The Grange, Ely	Sally Bonnett Infrastructure and Strategy Officer (01353) 616451 sally.bonnett@eastcambs.gov.uk

TREASURY OPERATIONS MID-YEAR REVIEW

Committee: Resources & Finance Committee

Date: 29th November 2018

Author: Finance Manager

[T139]

1.0 **ISSUE**

1.1 To provide Members with an update on the Council's 2018/19 Treasury Management Strategy Statement.

2.0 **RECOMMENDATIONS**

2.1 Members are asked to recommend to Full Council:

- That the mid-year review of the Council's Treasury Management Strategy for 2018/19, as set out in Appendix 1, be noted.
- That the use of Money Market Funds (LVNAV) funds be authorised, as detailed in paragraph 4.2.

3.0 **BACKGROUND**

3.1 The Chartered Institute of Public Finance and Accountancy (C.I.P.F.A.) Revised Code of Practice on Treasury Management requires Councils to adopt the revised Code and fully comply with its requirements.

3.2 This report complies with the requirement for a mid-year review.

3.3 The size of the Council's investment portfolio is relatively small meaning that investment decisions are made so liquidity and cash flow requirements are the priority focus, this rather than returns. Despite this position, opportunities for proactive investment decisions are taken where appropriate.

3.4 The loan that the Council has made to East Cambs Trading Company (ECTC) is not technically an investment, but is included in this report for completeness. ECTC is paying a commercial rate on its loan from the Council – this to avoid breaking State-aid rules.

3.5 The Council's 2018/19 Treasury Management Strategy and budget detailed an expected return on investments of £12,100, with then a further £235,000 from interest payments on the loan to ECTC.

4.0 **ARGUMENTS**

4.1 During 2018/19 the Council has operated within its approved treasury limits and Prudential Indicators, no changes have been made to the counterparty values detailed in the Annual Treasury Management Strategy.

4.2 However, the Money Markets Fund sector is now in the final stages of introducing new regulations. These will see existing non-government Constant Asset Value (CNAV) funds converted to Low Volatility Net Asset Value (LVNAV) pricing. This new "title" for these investments is not included in our current TMSS and as such, this needs to be added to the authorised specified investments as detailed on page 25 of the original TMSS. It is proposed that the limit for such institutions will be £5 million in line with other Money Market funds.

4.3 The interest receipts generated on investments to the end of September 2018 were £17,916. The average return on investments on this date being 0.62%. This is above the benchmark overnight LIBID (London Inter-Bank Bid Rate) of 0.57%. The expected return on investments and loans for the year will be in excess of the budgeted forecast and with the loan to the Company generating significant interest receipts (£126,263 up until 30th September 2018), total receipts of £267,000 are now expected.

4.4 As at 30th September 2018, the Council had cash investments of £7.95 million (£17.2 million 2017), with a further £4.62 million (£1.9 million 2017) loan to East Cambs Trading Company, details of these investments are included in Appendix 1.

4.5 Interest rates on offer to the Council from Money Market Investment Deposit Accounts remain very low and at times it has been decided to retain money within the Council's Corporate Cash Manager Plus Account with NatWest, rather than invest relatively small amounts overnight as the transaction costs of moving the money would be greater than the interest earned. This approach complies with the Treasury Management Strategy.

5.0 **CONCLUSIONS**

5.1 The Council's Treasury Management Strategy, as approved on 22nd February 2018, continues to offer the Council the best approach to Treasury Management and the policies contained within it will continue to be followed for the remainder of the financial year, subject to the one proposed change as detailed in Paragraph 4.2.

6.0 **FINANCIAL IMPLICATIONS / EQUALITY IMPACT ASSESSMENT**

6.1 It is now anticipated that additional interest receipts of around £20,000 will be generated, compared to the amount budgeted.

6.2 An Equality Impact Assessment is not required.

7.0 **APPENDICES**

7.1 Appendix 1: Mid-Year Review

**BACKGROUND
DOCUMENTS**

Treasury Management
Strategy as approved by
Council on 22nd February
2018

LOCATION

Room 204
The Grange
Ely

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Link Asset Services
Revised Interest Rate
Forecast

Treasury Management Strategy Statement and Annual Investment Strategy

Mid-Year Review Report
2018/19

Disclaimer

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1. Background

1.1 Capital Strategy

In December 2017, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued revised Prudential and Treasury Management Codes. As from 2019/20, all local authorities will be required to prepare a Capital Strategy which is intended to provide the following: -

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

A Capital Strategy for 2019/20 will be taken to the Full Council for approval as part of the suite of papers associated with the budget and treasury operations in February 2019.

1.2 Investment in non-financial investments

On the 2nd February 2018, MHCLG issued revised investment and MRP guidance. This revised guidance was issued too late to be included in our 2018/19 Treasury Management Strategy Statement (TMSS). The implications of the revised guidance on our TMSS are as detailed: -

a. Investment guidance

The MHCLG investment guidance focused particularly on non-financial asset investments. As non-financial assets were excluded from our TMSS report, any changes in this area of investment guidance did not require any changes to our report which deals solely with treasury type investments.

The effective definition of a short-term investment as being repayable 'within 12 months' in the 2010 investment guidance, has been removed from the 2018 guidance. A long term investment is therefore now one for in excess of 365 days.

In some circumstances our loan to ECTC may have been considered a non-financial asset investment, this if our only reason for loaning money to the Company was to generate profits. However, this is clearly not the case, with the Company's objectives including the development of Community Land Trusts and affordable housing across the District as linked with the Council's Corporate Plan. This means that this is legitimate capital spending and therefore adds to the Council's Capital Financing Requirement (CFR).

b. MRP guidance

The MHCLG MRP guidance focused particularly on expenditure on purchasing non-financial asset investments. As non-financial assets are not included in our TMSS report, any changes in this area of MRP guidance do not require any changes to our report.

1.3 Treasury Management

The Council operates a balanced budget, which broadly means cash raised during the year, plus planned use of reserves, meets its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

Accordingly, treasury management is defined as:

"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

2. Introduction

This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017).

The primary requirements of the Code are as follows:

1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
3. Receipt by the Full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report, (stewardship report), covering activities during the previous year.
4. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
5. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is Resources and Finance Committee.

This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first part of the 2018/19 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure, and prudential indicators;
- A review of the Council's investment portfolio for 2018/19;
- A review of the Council's borrowing strategy for 2018/19;
- A review of compliance with Treasury and Prudential Limits for 2018/19.

3. Economics and interest rates

3.1 Economics update

UK. The first half of 2018/19 has seen UK **economic growth** post a modest performance, but sufficiently robust for the Monetary Policy Committee, (MPC), to unanimously (9-0) vote to increase **Bank Rate** on 2nd August from 0.5% to 0.75%. Although growth looks as if it will only be modest at around 1.5% in 2018, the Bank of England's August Quarterly Inflation Report forecast that growth will pick up to 1.8% in 2019, albeit there were several caveats – mainly related to whether or not the UK achieves an orderly withdrawal from the European Union in March 2019.

Some MPC members have expressed concerns about a build-up of **inflationary pressures**, particularly with the pound falling in value again against both the US dollar and the Euro. The Consumer Price Index (CPI) measure of inflation rose unexpectedly from 2.4% in June to 2.7% in August due to increases in volatile components, but is expected to fall back to the 2% inflation target over the next two years given a scenario of minimal increases in Bank Rate. The MPC has indicated Bank Rate would need to be in the region of 1.5% by March 2021 for inflation to stay on track. Financial markets are currently pricing in the next increase in Bank Rate for the second half of 2019.

As for the **labour market**, unemployment has continued at a 43 year low of 4% on the Independent Labour Organisation measure. A combination of job vacancies hitting an all-time high in July, together with negligible growth in total employment numbers, indicates that employers are now having major difficulties filling job vacancies with suitable staff. It was therefore unsurprising that wage inflation picked up to 2.9%, (3 month average regular pay, excluding bonuses) and to a one month figure in July of 3.1%. This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 0.4%, near to the joint high of 0.5% since 2009. (The previous high point was in July 2015.) Given the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. This tends to confirm that the MPC were right to start on a cautious increase in Bank Rate in August as it views wage inflation in excess of 3% as increasing inflationary pressures within the UK economy. However, the MPC will need to tread cautiously before increasing Bank Rate again, especially given all the uncertainties around Brexit.

In the **political arena**, there is a risk that the current Conservative minority government may be unable to muster a majority in the Commons over Brexit. However, our central position is that Prime Minister May's government will endure, despite various setbacks, along the route to Brexit in March 2019. If, however, the UK faces a general election in the next twelve months, this could result in a potential loosening of monetary policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up.

USA. President Trump's massive easing of fiscal policy is fuelling a (temporary) boost in consumption which has generated an upturn in the rate of strong growth which rose from 2.2%, (annualised rate), in quarter 1 to 4.2% in quarter 2, but also an upturn in inflationary pressures. With inflation moving towards 3%, the Fed increased rates another 0.25% in September to between 2.00% and 2.25%, this being four increases in 2018, and indicated they expected to increase rates four more times by the end of 2019. The dilemma, however, is what to do when the temporary boost to consumption wanes, particularly as the recent imposition of tariffs on a number of countries' exports to the US, (China in particular), could see a switch to US production of some of those goods, but at higher prices. Such a scenario would invariably make any easing of monetary policy harder for the Fed in the second half of 2019.

EUROZONE. Growth was unchanged at 0.4% in quarter 2, but has undershot early forecasts for a stronger economic performance in 2018. In particular, data from Germany has been mixed and it could be negatively impacted by US tariffs on a significant part of manufacturing exports e.g. cars. For that reason, although growth is still expected to be in the region of 2% for 2018, the horizon is less clear than it seemed just a short while ago.

CHINA. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems.

JAPAN - has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

3.2 Interest rate forecasts

The Council's treasury advisor, Link Asset Services, has provided the following forecast:

Link Asset Services Interest Rate View											
	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank Rate View	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.50%	1.50%
3 Month LIBID	0.75%	0.80%	0.80%	0.90%	1.10%	1.10%	1.20%	1.40%	1.50%	1.60%	1.60%
6 Month LIBID	0.85%	0.90%	0.90%	1.00%	1.20%	1.20%	1.30%	1.50%	1.60%	1.70%	1.70%
12 Month LIBID	1.00%	1.00%	1.00%	1.10%	1.30%	1.30%	1.40%	1.60%	1.70%	1.80%	1.80%
5yr PWLB Rate	2.00%	2.00%	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%
10yr PWLB Rate	2.40%	2.50%	2.50%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%
25yr PWLB Rate	2.80%	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.50%	3.50%
50yr PWLB Rate	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%

The flow of generally positive economic statistics after the end of the quarter ended 30 June meant that it came as no surprise that the MPC came to a decision on 2 August to make the first increase in Bank Rate above 0.5% since the financial crash, to 0.75%. However, the MPC emphasised again, that future Bank Rate increases would be gradual and would rise to a much lower equilibrium rate, (where monetary policy is neither expansionary or contractionary), than before the crash; indeed they gave a figure for this of around 2.5% in ten years' time but they declined to give a medium term forecast. We do not think that the MPC will increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. We also feel that the MPC is more likely to wait until August 2019, than May 2019, before the next increase, to be followed by further increases of 0.25% in May and November 2020 to reach 1.5%. However, the cautious pace of even these limited increases is dependent on a reasonably orderly Brexit.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably neutral.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates, are probably also even and are broadly dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Bank of England monetary policy takes action too quickly over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the Eurozone sovereign debt crisis, possibly Italy, due to its high level of government debt, low rate of economic growth and vulnerable banking system, and due to the election in March of a government which has made a lot of anti-austerity noise. This is likely to lead to friction with the EU when setting the target for the fiscal deficit in the national budget. Unsurprisingly, investors have taken a dim view of this and so Italian bond yields have been rising.
- Austria, the Czech Republic and Hungary now form a strongly anti-immigration bloc within the EU while Italy, this year, has also elected a strongly anti-immigration government. In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position as a result of the rise of the anti-immigration AfD party. To compound this, the result of the Swedish general election in September 2018 has left an anti-immigration party potentially holding the balance of power in forming a coalition government. The challenges from these political developments could put considerable pressure on the cohesion of the EU and could spill over into impacting the euro, EU financial policy and financial markets.
- The imposition of trade tariffs by President Trump could negatively impact world growth. President Trump's specific actions against Turkey pose a particular risk to its economy which could, in turn, negatively impact Spanish and French banks which have significant exposures to loans to Turkey.

- Weak capitalisation of some European banks.
- Rising interest rates in the US could negatively impact emerging countries which have borrowed heavily in dollar denominated debt, so causing an investor flight to safe havens e.g. UK gilts.
- Geopolitical risks, especially North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates

- President Trump's fiscal plans to stimulate economic expansion causing a significant increase in inflation in the US and causing further sell offs of government bonds in major western countries.
- The Fed causing a sudden shock in financial markets through misjudging the pace and strength of increases in its Fed. Funds Rate and in the pace and strength of reversal of QE, which then leads to a fundamental reassessment by investors of the relative risks of holding bonds, as opposed to equities. This could lead to a major flight from bonds to equities and a sharp increase in bond yields in the US, which could then spill over into impacting bond yields around the world.
- The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflation pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- UK inflation, whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

4. Treasury Management Strategy Statement and Annual Investment Strategy Update

The Treasury Management Strategy Statement, (TMSS) for 2018/19 was approved at Full Council on 22nd February 2018.

There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes already approved.

5. The Council's Capital Position (Prudential Indicators)

This part of the report is structured to update:

- The Council's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

5.1 Prudential Indicator for Capital Expenditure

The below table shows the revised estimates for capital expenditure and the changes since the capital programme was agreed at the Budget.

Capital Expenditure by Service	2018/19 Original Budget £000	Current Position £000	2018/19 Revised Estimate £000
Regulatory Services	2,118.2	488.7	2,380.8
Community Services	75.7	1,507.5	2,023.4
Leisure Centre	1,148.3	610.2	792.1
Resources and Finance	6,330.0	-71.7	302.4
Total capital expenditure	9,672.2	2,534.7	5,498.7

The main changes in the revised estimate when compared to the original budget relate to slippage from 2017/18 £1.691 million, the removal of the costs in relation to the Soham Eastern Gateway, a project which will not now take place during 2018-19, £6.33 million and an overspend on the Leisure Centre, £0.465 million.

5.2 Changes to the Financing of the Capital Programme

The table below draws together the main strategy elements of the capital expenditure plans (above), highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision).

Capital Expenditure	2018/19 Original Estimate £000	2018/19 Revised Estimate £000
Total capital expenditure	9,672.2	5,498.7
Financed by:		
Capital receipts	411.0	842.1
Capital grants	7,066.3	872.4
CIL / Section 106	546.6	549.1
Revenue	39.0	99.2
Total financing	8,062.9	2,362.8
Borrowing requirement	1,609.3	3,135.9

Other than the changes detailed in 5.1 above, the only change in this section reflects the additional CIL contributions that will be used to assist in funding the costs of the Leisure Centre. The original budget for the Leisure Centre was based on known receipts at that time, but it was always planned that any further receipts received in the intervening period, which could correctly be allocated to the Centre, would be so used.

5.3 Changes to the Prudential Indicators for the Capital Financing Requirement (CFR), External Debt and the Operational Boundary

The table below shows the CFR, which is the underlying need to incur borrowing for a capital purpose. It also shows the expected debt position over the period, which is termed the Operational Boundary.

Prudential Indicator – Capital Financing Requirement

In line with the TMSS, the Council is borrowing for three projects the Leisure Centre, to fund the loan to ECTC and for Waste fleet. The borrowing is planned to be a combination of internal borrowing using our own cash

reserves and external borrowing. At this point our own internal reserves remain adequate to cover all of our borrowing requirements and therefore we remain external debt free.

Prudential Indicator – the Operational Boundary for external debt

	2018/19 Original Estimate £000	2018/19 Revised Estimate £000
CFR – brought forward	14,947	13,523
CFR – new borrowing 2018/19	1,609	3,136
CFR - MRP	-104	-99
Total CFR	16,452	16,560
Net movement in CFR	1,505	3,037
External Borrowing	5,000	5,000
Internal Borrowing	11,452	11,560
Total debt (year end position)	16,452	16,560

In 2018-19, the Council will only be paying MRP on the borrowing associated with the Waste fleet, which amounts to £99,113 as detailed above. No MRP is required to be paid on the Leisure Centre, as this did not open until May 2018, and MRP only falls due in the year following the asset becoming operational, and on the loan to ECTC, as this will be repaid in one lump sum instalment in March 2021.

When the ECTC loan is repaid this will not be used as a capital receipt, but instead used to reduce the Council's Capital Financing Requirement and external debt.

5.4 Limits to External Borrowing Activity

The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2018/19 and next two financial years. This allows some flexibility for limited early borrowing for future years.

	2018/19 Original Estimate £000	2018/19 Revised Estimate £000
External Borrowing	5,000	5,000
Other long term liabilities	0	0
Total debt	5,000	5,000
CFR (year end position)	16,452	16,560

The Finance Manager reports that no difficulties are envisaged for the current or future years in complying with this prudential indicator.

A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. In approving the TMSS the Council approved an external borrowing limit.

Authorised limit for external debt	2018/19 Original Indicator	2018/19 Revised Indicator
Borrowing	12,000	12,000
Other long term liabilities*	0	0
Total	12,000	12,000

6. Investment Portfolio 2018/19

In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. As shown by forecasts in section 3.2, it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the current 0.75% Bank Rate. The continuing potential for a re-emergence of a Eurozone sovereign debt crisis, and its impact on banks, prompts a low risk and short term strategy. Given this risk environment and the fact that increases in Bank Rate are likely to be gradual and unlikely to return to the levels seen in previous decades, investment returns are likely to remain low.

The Council held £7.954 million of investments as at 30th September 2018 (£4.850 million at 31st March 2018) and the investment portfolio yield for the first six months of the year is £17,916. The average return on investments on this date being 0.62% against a benchmark overnight LIBID (London Inter-Bank Bid Rate) of 0.57%.

The full list of investments at this point are detailed in the table below.

Borrower	Principle	Interest Rate
MMF BlackRock	£5,000,000	0.67%
MMF Insight	£1,550,000	0.61%
MMF Standard Life	£1,025,000	0.62%
NatWest PLC (RFB)	£378,664	0.1%
Total	£7,953,664	0.62%

The Finance Manager confirms that the approved limits within the Annual Investment Strategy were not breached during the first six months of 2018/19.

The Council's budgeted investment return for the 2018/19 year is £12,100, and performance for the year to date is £17,916 which is significantly above budget.

In addition to this income from investments, the Council is also receiving interest from ECTC on the capital loan provided to the Company. The loan to the Company currently stands at £4,620,000 (out of a total authorised loan of £5,000,000). Interest received on this loan (and the deferred capital receipt for Barton Road – now received) in the first six months of the year was £126,263.

Investment Counterparty criteria

The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.

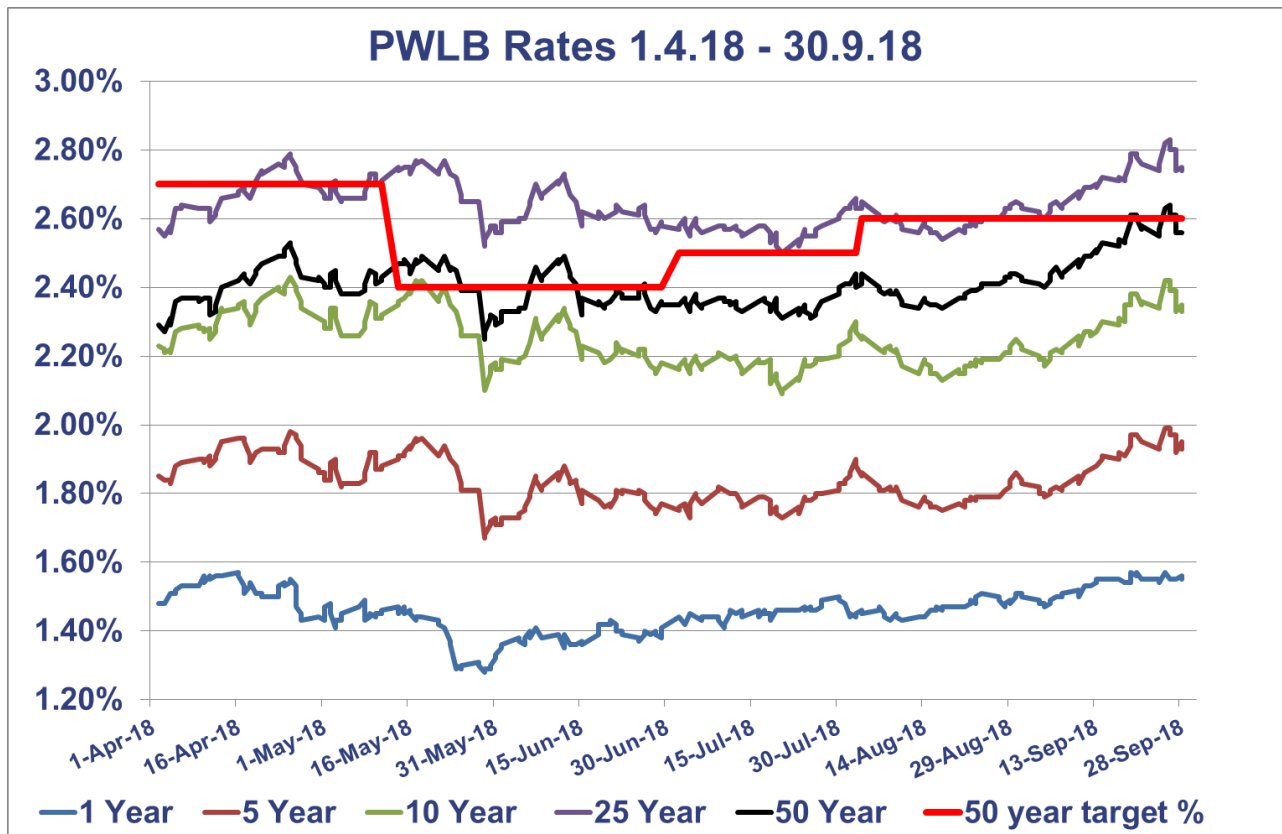
However, the Money Markets Fund sector is now in the final stages of introducing new regulations. These will see existing non-government Constant Asset Value (CNAV) funds converted to Low Volatility Net Asset Value (LVNAV) pricing. This new "title" for these investments is not included in our current TMSS and as such, this needs to be added to the authorised specified investments as detailed on page 25 of the TMSS. It is proposed that the limit for such institutions will be £5 million in line with other Money Market funds.

7. Borrowing

The Council's capital financing requirement (CFR) for 2018/19 is £16.553 million. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions and the availability of internal resources. As detailed in Section 5.3 the Council has up until this point been able to fund all the capital expenditure that makes up if CFR through internal borrowing. This is a prudent and cost effective approach in the current economic climate but will require ongoing monitoring in the event that upside risk to gilt yields prevails.

It is anticipated that external borrowing will be undertaken during this financial year, when the Council's internal reserves reduce towards the end of the year. In general terms, Council Tax is mostly collected in the first ten months of the year, while the precepts we pay out are spread more evenly over the year, which means that we tend to have more cash in the early months, which is then reduced in the latter months, when precepts catch up. Currently the expectation remains that we will need to borrow £5 million externally prior to the end of the year.

The graph and table below show the movement in PWLB certainty rates for the first six months of the year to date:



8. Other

1. UK banks – ring fencing

The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as “ring-fencing”. Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.

Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler, activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and “riskier” activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity’s core activities are not adversely affected by the acts or omissions of other members of its group.

While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

Our main bank account with the NatWest is within the ring-fence (RFB) element of that bank.

2. IFRS9 accounting standard

This accounting standard came into effect from 1st April 2018. It means that the category of investments valued under the available for sale category will be removed and any potential fluctuations in market valuations may impact onto the Surplus or Deficit on the Provision of Services, rather than being held on the balance sheet. This change is unlikely to materially affect the commonly used types of treasury management investments but more specialist types of investments, (e.g. pooled funds, third party loans, commercial investments), are likely to be impacted. Any impact of this on this Authority are likely to be small.

The Ministry of Housing, Communities and Local Government (MHCLG), are currently conducting a consultation for a temporary override to allow English local authorities time to adjust their portfolio of investments. Members will be updated when the result of this consultation is known.

Not specifically linked to IFRS9, but similar in nature, if at any time it was considered unlikely that the loan to ECTC would not be repaid in March 2021, then we would be required to account for this in the year that it becomes known and charge a MRP into the Council’s accounts.

3. Changes in risk appetite

The 2018 CIPFA Codes and guidance notes have placed enhanced importance on risk management. Where an authority changes its risk appetite e.g. for moving surplus cash into or out of certain types of investment funds or other types of investment instruments, this change in risk appetite and policy should be brought to members’ attention in treasury management update reports.

COMMUNITY INFRASTRUCTURE LEVY AND SECTION 106 UPDATE

Committee: Resources & Finance Committee

Date: 29 November 2018

Author: Director Commercial

[T140]

1.0 **ISSUE**

1.1 To receive an update on Community Infrastructure Levy and Section 106 income and expenditure.

2.0 **RECOMMENDATION(S)**

2.1 Members are requested to note the contents of this report.

3.0 **SECTION 106**

3.1 On 30 September 2018 the Council held £2,553,343.02 in Section 106 contributions.

3.2 Please note: None of the contributions that are held are outside of the clawback period. Most contributions do not have a clawback period, however, the Council is committed to working with the relevant interested parties to ensure that the contributions are spent for the purposes they have been secured for in a timely manner.

3.3 **Income**

3.3.1 In the period of 1 April 2018 to 30 September 2018 the Council received £38,020.71 in contributions secured by Section 106 Agreements.

3.3.2 There are currently no payments that are overdue to the Council.

3.3.3 A schedule of income:

Month	Reference	Amount	Area	Purpose
April	-	£0.00	-	-
May	12/00272	£2,004.00	Burwell	Infrastructure
June	-	£0.00	-	-
July	08/00563	£35,730.59	Ely	Leisure
	08/00563	£96.12	Ely	S106 Monitoring Fee
August	14/00017	£190.00	Littleport	Waste Containers
September	-	£0.00	-	-
		£38,020.71		

3.4 Expenditure

3.4.1 In the period of 1 April 2018 to 30 September 2018 the Council spent £56,742.41 from contributions secured by Section 106 Agreements.

3.4.2 A schedule of expenditure:

Purpose	Area	Spent
Stuntney Play Area	Stuntney	£14,569.67
Part payment courthouse lift	Ely	£17,749.93
POS Maintenance Equipment	District	£2,420.00
Waste Bins	District	£10,000.00
Improvement (Country Park)	Ely	£5,756.81
Burwell Community Sports Centre- Roof Project	Burwell	£4,500.00
Parsons Lane Open Space- Birdmouth Fencing	Littleport	£1,746.00
		£56,742.41

3.5 Refunds

3.5.1 The Council has not refunded any Section 106 contributions.

4.0 CIL

4.1 Since 1 February 2013 the Council has collected £6,457,794.73 from Community Infrastructure Levy (CIL) liable development. In accordance with the Regulations the income has been split into three categories:

Admin (5%)	£322,889.74
Meaningful Proportion	£968,669.21
District Proportion	£5,166,235.78

4.2 Further the Council has collected £1,260,764.29 from CIL development in North Ely. The income has been kept separate from the above referenced totals to reflect the different governance arrangements that are in place for the income from North Ely Development.

4.3 The admin and meaningful proportion have been spent in accordance with their purposes; the city/town/parish Council's receive their CIL amount twice a year (April/October). A schedule of the transfers to date is provided below.

Bottisham	£21,612.33
Burrough Green	£8,805.66
Burwell	£157,985.83
Cheveley	£38,487.13
Chippenham	£1,957.74
Coveney	£1,196.00
Dullingham	£1,574.59
Ely	£260,714.69
Fordham	£32,122.57
Haddenham	£32,124.84
Isleham	£25,155.43
Kirtling	£10,004.36
Littleport	£74,238.72
Lode	£5,278.30
Mepal	£10,489.45
Soham	£158,230.80
Stetchworth	£9,574.37
Stretham	£75,323.34
Sutton	£30,494.16
Swaffham Bulbeck	£13,030.46
Swaffham Prior	£32,485.55
Wicken	£25,088.85
Wilburton	£3,844.26
Witcham Toll	£4,480.38
Witchford	£30,954.61
Woodditton	£22,291.62

4.4 This report focuses on the District proportion of CIL.

Strategic	£3,551,787.10
Major	£1,614,448.68

4.5 Strategic Allocation and Expenditure

4.5.1 Under the old arrangements, i.e. those in force prior to the formal governance arrangements adopted by Council (July 2015 Agenda Item 12), £250,000 was allocated to the District Leisure Centre and £20,000 was allocated to Littleport Schools.

4.5.2 Under the adopted arrangements £1,312,714.84 has been allocated to the District Leisure Centre, £820,446.78 has been allocated to Littleport Schools, £820,446.78 has been allocated to Ely Southern Bypass and £328,178.71 has been allocated to other strategic projects (to be identified).

4.6 District Leisure Centre

- 4.6.1 The allocated amount to date is £1,562,714.84
- 4.6.2 There is a specific allocation of £2,500,000 from CIL generated from the North Ely Development. £1,071,649.65 has been collected to date.
- 4.6.3 The total allocated to the District Leisure Centre to date (from all CIL liable developments) is £2,634,364.49.
- 4.6.4 Actual spend to date totals £1,577,918.91 (2016/17- £799,526.04; 2017/18- £778,392.87).
- 4.6.5 The Council currently holds £1,056,445.58 which will be applied to the District Leisure Centre at year end.
- 4.6.6 Based on invoices raised but not yet paid it is anticipated that a further £2,034,914.90 will be applied to the District Leisure Centre.

4.7 Ely Southern Bypass

- 4.7.1 The Council has committed £1,000,000 to Ely Southern Bypass.
- 4.7.2 To date the Council has paid £714,442.82 towards this commitment and is holding £106,003.96 in allocated funds. This leaves £179,553.30 to collect and meet the remainder of the commitment. It is anticipated that the commitment will be fully met in 2018/19.

4.8 Littleport Schools

- 4.8.1 The Council has committed £5,020,000 to Littleport Schools (£3,463,986 will be met specifically from CIL generated by the North Ely Development). This means that £1,556,014 must be met from the Strategic CIL allocation.
- 4.8.2 To date the Council has paid £734,442.82 towards this commitment and is holding £106,003.96 in allocated CIL funds. This leaves £4,179,553.30 to collect and meet the remainder of the commitment. £715,567.30 will be met from the Strategic CIL allocation and £3,463,986 will be met from North Ely Income.

4.9 Other Strategic Projects

- 4.9.1 The Council currently holds £328,178.71 for other strategic projects.
- 4.9.2 At present there are no other strategic projects that have CIL contribution allocations. The only project on the R123 list that could benefit from the CIL strategic fund is Soham Railway Station. It is too early for the Council to start making a formal allocation to this project. However, the Council has indicated

an intention to make a contribution in the region of up to £1,000,000 at the appropriate time.

4.10 Major allocations and expenditure

4.10.1 In accordance with the agreed allocations the commuter car parks in both Ely and Littleport received £900,000 (£500,000 Ely and £400,000 Littleport) in CIL contributions. Both car parks are now open and operational and the contributions have been spent.

4.10.2 There is an unallocated balance available to Major projects of £714,448.68.

4.10.3 Projects on the Regulation 123 List that could benefit from Major projects funding are:

- Staploe Medical Centre
- Ely Commuter Car Park
- Wicken-Soham-Ely Cycle Path
- Witchford Household Recycling Centre
- Burwell Parish Council Recreation Ground Improvement Project
- Ely Museum Redevelopment
- The Mill Project- Soham
- Sutton GP Surgery Extension
- Stretham GP Surgery

4.10.4 It is anticipated that the following projects will make requests for funding in the next 18 months:

Project	Estimated Value
Ely Commuter Car Park	£400,000
Burwell Parish Council Recreation Ground Improvement Project	£295,000
The Mill Project- Soham	£180,000
Sutton GP Surgery Expansion	£60,000
Ely Museum Redevelopment	£165,000 (depending on decision made on another item being considered)
Total Project Value	£1,100,000

4.10.5 All parties are aware that CIL funding is not guaranteed and is subject to the priorities of the Council at the time of application for funds.

4.10.6 Not all the projects will need finance releasing at the same time. Officers are working with the relevant parties to agree a funding strategy to enable projects to benefit from CIL funding.

4.10.7 Based on current invoices raised to date but not yet paid the Council should have £993,073.59 available for Major projects.

4.10.8 Authority to spend will be sought from Resources & Finance Committee at the relevant time.

5.0 FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT

5.1 There are no financial implications arising from this report.

5.2 Equality Impact Assessment (INRA) not required.

6.0 APPENDICES

6.1 None

<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
None	Room 106 The Grange, Ely	Emma Grima Director Commercial (01353) 616960 E-mail: emma.grima@eastcambs.gov.uk

BUDGET MONITORING REPORT

Committee: Resources and Finance Committee

Date: 29th November 2018

Author: Finance Manager

[T141]

1. **ISSUE**

1.1 This report provides Members with budget monitoring information for services under the Resources and Finance Committee and then, as part of its corporate remit, for the Council as a whole.

2. **RECOMMENDATION (S)**

2.1 Members are requested to note:

- This Committee has a projected yearend revenue underspend of £175,500 compared to its approved budget of £5,334,176.
- That overall the Council has a projected yearend revenue underspend of £325,500 compared to its approved budget of £13,099,778.
- This Committee has a projected yearend capital spend of £302,444 compared to its revised budget of £6,632,444.
- That the overall position for the Council on Capital is a projected outturn of £5,498,756, which is an underspend of £5,864,796.

3. **BACKGROUND / OPTIONS**

3.1 Under Financial Regulations, each policy committee is required to consider projections of financial performance against both its revenue and capital budget on a quarterly basis, with this Committee further considering the overall Council position.

3.2 This is the second report for the 2018-19 financial year and details actual expenditure incurred as at 30th September 2018 and projections as to the yearend position at this time.

3.3 Appendix 1 details the overall revenue position for both this Committee and the Council overall. In appendix 1 the budgets under the stewardship of this Committee are shown in detail, with then the position for the other policy committees shown in summary.

- 3.4 The detailed revenue budget position for the other committees – namely the Regulatory Services and the Community Services – are shown in appendices 2 and 3. A report explaining the variances for the Regulatory Committee in more detail was presented to that Committee on the 5th November.
- 3.5 In summary however, the Regulatory Services Committee is currently predicting a yearend underspend of £135,000. This is a combination of underspends on a number of service lines; Planning, Land Charges and Building Regulations have each secured greater income in the first six months of the year than budgeted, while there are underspends on expenditure in Homelessness and Health & Safety.
- 3.6 Community Services is forecasting an underspend of £15,000, this in relation to Emergency Planning.
- 3.7 With regard to Resources and Finance Committee, the significant variances of actual spend compared to profiled budgeted spend at the end of September 2018 are detailed below:

Service	Explanation
Asset Management	While this budget is held and controlled centrally, costs are charged to the relevant service area, with then the budget moved to match expenditure at the end of the year.
CIL	CIL is treated as a revenue income and so appears as a credit on the monitoring report when received. However, any amounts not allocated to schemes in year are transferred to a reserve account at yearend.

- 3.8 Explanations for the forecast yearend variances reported for this Committee are detailed in the below table:

Service	Variance £	Explanation
Interest & Fin. Transactions	(20,000)	We have received more interest than initially budgeted for. This, in part, relates to the additional interest received on the Barton Road land where the principle wasn't received until September 2018 and thus interest charged for a longer period than originally anticipated.
Miscellaneous Finance	(20,000)	The Council has remained external debt free for the first six months of the year and so will make a saving on the projected cost of interest payments on this.

Asset Management	(40,000)	Plans to consider options for The Grange, including a potential relocation, have been delayed and the feasibility study will not now take place during 2018-19.
Corporate Management	(88,000)	Additional income from the Combined Authority in relation to the secondment of senior officers.
Housing Benefits	14,000	The budget for Housing Benefits was built using information as at August 2017, the most up to date information at the time. Since then further information has become available (August 2018 figures) and the forecast adjusted to reflect these.
IT	30,000	As a consequence of the upgrade to Windows 10 we will need to replace 8 scanners across the Council where the previous version is no longer compatible with the up-graded software. This was unforeseen and therefore, no budget provision was made and will therefore result in IT overspending during 2018-19.
Strategic Housing Services	(29,000)	Staff Savings in the first half of this year as a consequence of a staff vacancy. Further savings may be realised in the third quarter.
Legal	(18,000)	Recruitment of staff has been delayed in the legal team. Interviews will happen shortly and staff will hopefully be in place soon after this.
Reprographics	(4,500)	Saving on staff costs.
Total	(175,500)	

Capital

- 3.9 The Council's capital programme for 2018-19 has now had the slippage from 2017-18 applied, this has resulted in a total capital programme budget of £11,363,552.
- 3.10 It is currently expected that the Council will underspend this revised budget by £5,864.796. This relates to an overspend on the Community Services budget, specifically relating to the Leisure Centre and an underspend on this Committee on the Soham Eastern Gateway.
- 3.11 The Committee underspend of £6,330,000 relates to the delay in the implementation of Soham Eastern Gateway project. This will not now take place in 2018-19, although the funding will need to be carried forward to future years, when it is still expected to go ahead.

3.12 There is an overspend on the Leisure Centre when compared to the revised budget. It is forecast that the Leisure Centre will cost an extra 346,807 mainly as a consequence of delays with a third party getting utilities onto the site, as previously reported. This additional cost will be covered by additional CIL contributions, appropriately allocated to the Leisure Centre project, but not included in the original business plan.

3.13 The overspend on the equipment fit out, now forecast to be £118,397, will be recovered from the operator as part of the management fee, so again, will not impact on the Council's budget position.

4 ARGUMENTS / CONCLUSIONS

4.1 The projected net revenue expenditure for the Council is forecast to be £12,774,278 in 2018-19. This is an underspend of £325,500 compared to the Council's approved budget.

4.2 The projected Capital Outturn for the Council stands at £5,498,756. This reflects an underspend of £5,864,796 when compared to the revised budget.

5 FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT

5.1 There is a revenue underspend of £325,500 compared to this Council's approved budget, all things being equal, this will be transferred to the Surplus Savings Reserve at yearend.

5.2 Equality Impact Assessment (INRA) not required

6 APPENDICES

- 6.1 Appendix 1 – Summary Budget Monitoring – September 2018
Appendix 2 – Regulatory Services Budget Monitoring – September 2018
Appendix 3 – Community Services Budget Monitoring – September 2018
Appendix 4 – Summary Capital Programme – September 2018

Background Documents

Council Budget as approved by
Council 22nd February 2018

Location

Room 104
The Grange
Ely

Contact Officer

Ian Smith
Finance Manager
Tel: (01353) 616470
E-mail: ian.smith@eastcambs.gov.uk

RESOURCES & FINANCE COMMITTEE BUDGET MONITORING REPORT - SEPTEMBER 2018

Revenue	Total Budget 2018-19	Profiled Budget to 30 September 2018	Actual to 30 September 2018	Variance to date	Projected Outturn	Variance between Total Budget & Projected Outturn	Outturn Variance previous Quarter
	£	£	£	£	£	£	£
Movement in Corporate Reserves	(1,725)	--	2,785	2,785	(1,725)	--	--
Interest & Fin. Transactions	(241,409)	33,075	22,590	(10,485)	(261,409)	(20,000)	--
Miscellaneous Finance	626,640	128,981	61,639	(67,342)	606,640	(20,000)	--
Miscellaneous Properties	(44,605)	(26,693)	(23,330)	3,363	(44,605)	--	--
Out of Hours call out service	20,000	10,000	--	(10,000)	20,000	--	--
Data Management	87,240	44,231	36,918	(7,313)	87,240	--	--
Office Accommodation	328,093	253,099	263,699	10,600	328,093	--	--
Asset Management	205,000	102,500	625	(101,875)	165,000	(40,000)	--
Economic Development	55,781	306	(1,247)	(1,553)	55,781	--	--
Local Democracy:-							
Civic Relations	13,184	6,599	2,352	(4,247)	13,184	--	--
Member & Committee Support	482,730	275,677	242,181	(33,496)	482,730	--	--
Public Relations	73,705	37,205	35,261	(1,944)	73,705	--	--
Corporate Management	548,423	310,261	338,886	28,625	460,423	(88,000)	--
Performance Management	57,513	28,756	32,977	4,221	57,513	--	--
Electoral Registration	56,657	28,454	(1,105)	(29,559)	56,657	--	--
Cost of District Council Elections	22,500	22,500	5,266	(17,234)	22,500	--	--
Cost of Other Elections	--	--	12,221	12,221	--	--	--
Financial Services	315,318	162,454	150,193	(12,261)	315,318	--	--
Internal Audit	69,821	35,410	(2,200)	(37,610)	69,821	--	--
Payroll	46,600	23,220	18,185	(5,035)	46,600	--	--
Housing Benefits	324,394	161,954	166,123	4,169	338,394	14,000	(12,000)
Business Rates (NNDR)	24,633	(33,905)	(39,111)	(5,206)	24,633	--	--
Council Tax Accounting	374,750	187,375	156,932	(30,443)	374,750	--	--
Strategic Housing Services	189,573	152,420	80,693	(71,727)	160,573	(29,000)	--
Member Training	4,884	3,012	174	(2,838)	4,884	--	--
Human Resources	118,650	85,968	76,444	(9,524)	118,650	--	--
IT	864,892	428,696	462,497	33,801	894,892	30,000	30,000
Legal	176,523	88,863	65,781	(23,082)	158,523	(18,000)	--
Customer Services	363,881	199,975	159,013	(40,962)	363,881	--	--
Reprographics	110,383	56,498	50,140	(6,358)	105,883	(4,500)	--
CIL	--	--	(779,389)	(779,389)	--	--	--
Post Entry Training	60,147	30,073	20,461	(9,612)	60,147	--	--
Resources & Finance Total	5,334,176	2,836,964	1,617,654	(1,219,310)	5,158,676	(175,500)	18,000
Other Committee Totals							
Regulatory Services	3,546,687	1,349,613	1,309,667	(39,946)	3,411,687	(135,000)	(60,000)
Community Services	1,623,211	976,361	1,331,518	355,157	1,608,211	(15,000)	--
Other Spend							
Parish Precepts	2,113,445	2,113,444	2,113,444	--	2,113,445	--	--
Internal Drainage Boards	482,259	241,130	244,225	3,095	482,259	--	--
Revenue Budget Total	13,099,778	7,517,512	6,616,508	(901,004)	12,774,278	(325,500)	(42,000)
Funding							
Council Tax	(6,364,932)	(6,364,932)	(6,364,932)	--	(6,364,932)	--	--
Revenue Support Grant	(353,703)	(176,852)	(183,926)	(7,074)	(353,703)	--	--
NNDR	(3,610,084)	(331,937)	(8,692,243)	(8,360,306)	(3,610,084)	--	--
Other Government Grants (NHB / RS)	(877,963)	(80,803)	(465,627)	(384,824)	(877,963)	--	--
Planned draw from Surplus Savings	(1,893,096)	(1,893,096)	(1,893,096)	--	(1,893,096)	--	--
	(13,099,778)	(8,847,620)	(17,599,824)	(8,752,204)	(13,099,778)	--	--
Revenue Total	--	(1,330,108)	(10,983,316)	(9,653,208)	(325,500)	(325,500)	(42,000)

REGULATORY SERVICES COMMITTEE BUDGET MONITORING REPORT - SEPTEMBER 2018

	Total Budget 2018-19	Profiled Budget to 30 Sept 2018	Actual to 30 Sept 2018	Variance to date	Projected Outturn	Variance between Total Budget & Projected Outturn	Outturn Variance previous Quarter
Revenue	£	£	£	£	£	£	£
Building Regulations Non Fee Earning	100,809	50,405	48,392	(2,013)	100,809	--	--
Building Regulations	(83,241)	(41,619)	(60,103)	(18,484)	(98,241)	(15,000)	--
Civic Amenities Act	10,481	5,240	3,605	(1,635)	10,481	--	--
Con. Areas & Listed Buildings	58,754	29,377	20,852	(8,525)	58,754	--	--
Dog Warden Scheme	39,408	20,180	10,991	(9,189)	39,408	--	--
Environmental Health - Admin. & Misc.	339,346	173,196	180,095	6,899	339,346	--	--
Environmental Issues	45,210	15,497	23,771	8,274	45,210	--	--
Land Charges Admin.	(44,212)	(19,315)	(50,800)	(31,485)	(64,212)	(20,000)	(10,000)
Licensing	(10,902)	(15,135)	(24,114)	(8,979)	(10,902)	--	--
Nuisance Investigation	58,001	29,025	26,652	(2,373)	58,001	--	--
Pest Control	9,098	4,549	6,368	1,819	9,098	--	--
Planning	(114,002)	(55,946)	(84,153)	(28,207)	(164,002)	(50,000)	(50,000)
Refuse Recycling	803,493	518,320	465,680	(52,640)	803,493	--	--
Refuse Collection	1,184,270	440,172	497,785	57,613	1,184,270	--	--
Street Cleansing	586,158	244,105	239,888	(4,217)	586,158	--	--
Street Naming & Numbering	3,371	1,686	(2,927)	(4,613)	3,371	--	--
Tree Preservation	99,131	48,935	40,672	(8,263)	99,131	--	--
Travellers Sites	(20,000)	(18,823)	19,080	37,903	(20,000)	--	--
Health & Safety (Work)	28,713	14,356	22	(14,334)	13,713	(15,000)	--
Homelessness	401,574	(169,722)	(224,827)	(55,105)	366,574	(35,000)	--
National Practitioners Support Programme	--	59,516	157,427	97,911	--	--	--
Community Land Trusts	20,000	--	--	--	20,000	--	--
Renovation Grants	31,227	15,614	15,311	(303)	31,227	--	--
Revenue Total	3,546,687	1,349,613	1,309,667	(39,946)	3,411,687	(135,000)	(60,000)

COMMUNITY SERVICES COMMITTEE BUDGET MONITORING REPORT - SEPTEMBER 2018

	Total Budget 2018-19	Profiled Budget to 30 Sept 2018	Actual to 30 Sept 2018	Variance to date	Projected Outturn	Variance between Total Budget & Projected Outturn	Outturn Variance previous Quarter
Revenue	£	£	£	£	£	£	£
Award Ditches	8,656	4,328	1,262	(3,066)	8,656	--	--
Community Safety	48,197	16,099	4,902	(11,197)	48,197	--	--
Closed Churchyards	28,516	14,258	15,026	768	28,516	--	--
Depot Services	--	--	--	--	--	--	--
General Gang	70,440	36,564	38,311	1,747	70,440	--	--
Community Projects & Grants	267,258	138,811	186,769	47,958	267,258	--	--
Local Plans	330,000	60,000	59,848	(152)	330,000	--	--
Marketing & Grants	155,793	77,896	81,617	3,721	155,793	--	--
Museum - Old Gaol House	--	--	1,165	1,165	--	--	--
Oliver Cromwell House	--	--	2,645	2,645	--	--	--
Parks & Gardens Team	451,487	394,487	714,209	319,722	451,487	--	--
Paradise Pool	27,977	34,363	35,416	1,053	27,977	--	--
Parking of Vehicles	(70,150)	26,853	41,810	14,957	(70,150)	--	--
Sport & Recreation	93,678	62,326	59,089	(3,237)	93,678	--	--
Public Conveniences	146,837	82,511	88,592	6,081	146,837	--	--
Emergency Planning	47,522	26,865	14,004	(12,861)	32,522	(15,000)	--
Community Transport	15,000	--	(13,500)	(13,500)	15,000	--	--
Parish Conferences	2,000	1,000	353	(647)	2,000	--	--
Revenue Total	1,623,211	976,361	1,331,518	355,157	1,608,211	(15,000)	--

CAPITAL BUDGET MONITORING 2018/19

Capital	Published Budget 2018-19 £	Slippage from 2017-18 £	Approved Additions £	Revised Budget 2018-19 £	Actual at 30th September 2018 £	Forecast Outturn £	Variance between Revised Budget & Forecast Outturn £
<u>REGULATORY SERVICES</u>							
Recycling and Organics Collection	10,000			10,000		10,000	0
Conservation Area Schemes - 2nd round		27,506		27,506		27,506	0
Refuse & Cleansing Vehicles Depot	340,000	153,981		493,981	172,508	493,981	0
Mandatory Disabled Facilities Grants	845,950			845,950		845,950	0
Empty Properties, Discretionary DFGs, Minor Works, Home Repair Asst.	847,299	44,283		891,582	301,814	891,582	0
	75,000	36,780		111,780	14,413	111,780	0
<u>COMMERCIAL SERVICES</u>							
East Cambs Trading Company		1,865,000		1,865,000	1,485,000	1,865,000	0
Vehicle Etc Replacements	29,000	60,187		89,187		89,187	0
Commuter Car Park - Ely		13,931		13,931	13,931	13,931	0
Commuter Car Park - Littleport		8,606		8,606	8,606	8,606	0
Ely Country Park	46,665			46,665		46,665	0
							0
<u>Leisure Centre</u>							
Construction and Preliminaries	1,148,325	-839,023		309,302	481,334	656,109	346,807
Equipment Fit Out		17,618		17,618	128,879	136,015	118,397
<u>RESOURCES AND FINANCE</u>							
Intranet / HR / Payroll System		5,918		5,918	-70,978	5,918	0
Depot IT		7,026		7,026	-766	7,026	0
Asset Management		289,500		289,500		289,500	0
Soham Eastern Gateway	6,330,000			6,330,000		0	-6,330,000
Total	9,672,239	1,691,313	0	11,363,552	2,534,741	5,498,756	-5,864,796

SOURCES OF FINANCING	Published Budget 2018-19 £	Slippage from 2017-18 £	Approved Additions £	Revised Budget 2018-19 £	Variances £	Forecast Outturn £
Regulatory & Support Services						
Revenue Contribution	10,000			10,000		10,000
Grants / Contributions (DFG)	511,299			511,299		511,299
Capital Receipts	411,000	108,569		519,569		519,569
Borrowing - Waste	1,185,950	153,981		1,339,931		1,339,931
Regulatory & Support Services Total	2,118,249	262,550	0	2,380,799	0	2,380,799
Commercial Services						
Revenue Contribution	29,000	60,187		89,187		89,187
Section 106 / CIL	46,665	2,407		49,072		49,072
Capital Receipts	0	20,130		20,130		20,130
Borrowing - Company	0	1,865,000		1,865,000		1,865,000
Commercial Services Total	75,665	1,947,724	0	2,023,389	0	2,023,389
Leisure Centre						
Capital Receipts		393,232		393,232	-393,232	0
Section 106 / CIL	500,000	-1,130,075		-630,075	1,130,075	500,000
Sport England	225,000	136,099		361,099		361,099
Borrowing - Leisure	423,325	-220,661		202,664	-271,639	-68,975
Leisure Centre Total	1,148,325	-821,405	0	326,920	465,204	792,124
Resources and Finance						
Capital Receipts		302,444		302,444		302,444
Grants (Housing Infrastructure Fund)	6,330,000			6,330,000	-6,330,000	0
Resources and Finance Total	6,330,000	302,444	0	6,632,444	-6,330,000	302,444
Capital Funding Total	9,672,239	1,691,313	0	11,363,552	(5,864,796)	5,498,756

BRECKLAND COUNCIL
FOREST HEATH DISTRICT COUNCIL
EAST CAMBRIDGESHIRE DISTRICT COUNCIL
ST EDMUNDSBURY BOROUGH COUNCIL
FENLAND DISTRICT COUNCIL
WAVENEY DISTRICT COUNCIL
SUFFOLK COASTAL DISTRICT COUNCIL

At a Meeting of the

ANGLIA REVENUES AND BENEFITS PARTNERSHIP JOINT COMMITTEE

**Held on Tuesday, 25 September 2018 at 11.00 am in the
Level 5 Meeting Room, Breckland House, St Nicholas Street, Thetford IP24 1BT**

PRESENT

Mr D Ambrose Smith	Mr I Houlder (Vice-Chairman)
Mr P.D. Claussen	Mr R Kerry
Mr S. Edwards	Mr C. Punt (Substitute Member)
Mr M. Buckton (Substitute Member)	

In Attendance

Nick Kahn	- Strategic Director
Sam Anthony	- Head of HR & OD
Jo Andrews	- Strategic Manager (Revenues)
Alison Chubbock	- Chief Accountant (Deputy Section 151 Officer) (BDC)
Paul Corney	- Head of ARP
Jill Korwin	- Director (Forest Heath & St Edmundsbury)
Adrian Mills	- Strategic Manager (Benefits) ARP
Stuart Philpot	- Strategic Manager (Support Services) ARP
Julie Britton	- Democratic Services Officer
Emma Grima	- Director of Commercial Services (East Cambs District Council)

In the absence of the Chairman, the Vice-Chairman, Councillor Ian Houlder chaired the meeting.

Action By

27/18 MINUTES (AGENDA ITEM 1)

The Minutes of the meeting held on 26 June 2018 were confirmed as a correct record.

The Head of ARP pointed out that ARP Management were working together and would be putting forward a number of recommendations in relation to performance for the December meeting.

28/18 APOLOGIES (AGENDA ITEM 2)

Apologies for absence were received from the Chairman, Councillor Bruce Provan, Councillor Ann Hay and Homira Javadi, Chief Finance Officer & S151 Officer for Waveney & Suffolk Coastal District Council.

Councillor Chris Punt and Councillor Mark Buckton were in attendance as substitutes for the Chairman and Councillor Ann Hay respectively.

Nick Kahn, who would be Homira Javadi's replacement, when she leaves

later in the year, was also in attendance.

29/18 URGENT BUSINESS (AGENDA ITEM 3)

None.

30/18 DECLARATIONS (AGENDA ITEM 4)

None.

31/18 PERFORMANCE REPORT (STANDING ITEM) (AGENDA ITEM 5)

(a) Highlight Report and Balance Scorecard

The Strategic Manager (Support Services) presented the reports and highlighted the following matters:

Benefits and Fraud

All profiled targets for benefits performance were being met and were on course to achieve year end targets.

Fraud and compliance were also on track to exceed the targets for the year. Through the ARP Management arrangement with Norwich City Council, an additional resource had been employed which had been fully funded by Norwich City Council and Norfolk County Council.

Revenues

Performance targets continued to be met in all areas with the exception of non-domestic rates collection for Fenland and Waveney District Councils – included as ‘amber’ on the balance scorecards. The reasons for this target were explained and had been highlighted in the report.

The Further Recovery Team had collected £491K in this financial year exceeding the amount collected this time last year by £213K. In addition to the monies collected a further £1.742m in secured debt had been secured by way of Charging Orders on property owned by the debtor.

Enforcement

The Enforcement Team had collected £11.89m since the Team started; £2.2m had been in this financial year. The service continued to expand and a second external partner would be joining the Enforcement Agency from July 2019.

Council Tax and New Homes Bonus

Local authorities received a payment each year based on the number of domestic properties brought into use (new and previously empty). Each year an exercise was carried out to review all empty properties to maximise the New Homes Bonus. Review forms were sent in May to the owners of each long term empty property to establish if the property remained empty and their intentions. Housing Teams had requested that information be included to assist owners to bring their properties back into use.

Action By

Members were reminded of the 'nudge' techniques that were now being used to encourage customers to keep their payments up to date when the Council tax reminders and final notices were issued. An example of this technique was provided.

Support

The sign up to self-service for Council Tax payers and Housing Benefits recipients across the ARP now exceeded 15,000 and was continuing to rise each month; however, there was still a long way to go to encourage the potential 340,000 ARP customers.

Following on from the successful redesign of the Anglia Revenues website for Business Rates, a new design for Council Tax had been launched. The aim of the new design was to enable the customer to access relevant information etc. in as few 'clicks' as possible.

Changes to Data Protection Requirements

The data collected and processed by the ARP was solely for the purposes of Revenues and Benefits and sharing of this data was only permitted in relation to processing of personal data provided under legal obligation. There were named Data Controllers for each partner of the ARP and for a consistent approach to compliance with the GDPR across the partnership, a bi-monthly meeting was held to discuss any procedural changes. The next meeting would be held in October 2018.

Referring to the New Homes Bonus mentioned above, work with the Housing Teams continued throughout the year to establish how these empty properties could be brought back into use to maximise the Council Tax base return.

Councillor Claussen felt that this work would be accelerated when the new legislation came into effect in a bid to reduce the number of unoccupied properties by charging owners a great deal more in Council Tax.

The Chairman asked about the empty properties run by RSL's. He was frustrated by these landlords as they did not have the urgency to fill these properties. In response, Members were informed that RSL's received an exemption for 6 months and would not be included in the New Homes Bonus category. Councillor Edwards pointed out that this inadequacy had a knock on effect to the homelessness situation. The Chairman announced that St Edmundsbury Council was now charging private landlords Council Tax within a couple of weeks of the property being empty. Councillor Buckton said that Fenland Council had many properties in its District that were hard to let, such as flats, and the Council was looking at funding to build properties that the people preferred. He mentioned the first Compulsory Purchase Order (CPO) property that the Council had renovated that had sparked a great deal of interest from the public. Fenland DC was now receiving more reports of empty properties in the area; however, it did not have the necessary resource and felt that the way forward would be to employ CPO Officers.

The Head of ARP explained that the charge for long term empty properties was now going through Parliament and from April 2019 a premium of 100% could be added year on year taking into account certain elements for

Action By

specific exemption cases.

Another question asked was in relation to Non Domestic Rates. The Strategic Manager (Revenues) advised that the discretionary rate relief scheme had been supplied by Government at no cost to the Partnership.

The Strategic Manager for East Suffolk DC mentioned digital transformation and pointed out that savings would be made as more people signed up. He asked if there was an aspirational target for this methodology. The Strategic Manager (Support Services) explained that the initial target was 10% but more staff engagement was required to attract future customers.

Councillor Buckton asked if applications for Universal Credit would be available on-line as he felt that it would make sense to have Council Tax, Benefits and Universal Credit all together on one page. Members were informed that although this was a good idea it was DWP that held all the data for Universal Credit.

Councillor Edwards wanted to know if the ARP was any further forward on single person's discount. The Head of ARP advised that the Strategic Managers of both Benefits and Revenues (ARP) were currently working on a paper and had a meeting arranged with Suffolk DC in November 2018. Members would be kept informed of progress.

Councillor Buckton was very pleased with the information with regard to fraud and asked if the target for recovery would be changed. The Head of ARP advised that a number of initiatives were being considered and the targets were being looked at.

The Balanced Scorecards were then discussed.

Members were informed that all were green except for the collection rates for Fenland District Council and Waveney District Council (mentioned above). Collection was behind for Fenland DC due to refunds in relation to Rateable Value changes; however, provision had been made in the accounts for this situation. In relation to Waveney DC, collection rates were behind target due to a large refund of £600K in respect of backdated mandatory charitable relief for schools.

(b) ARP Financial Performance Report

The Chief Accountant (BDC) presented the report. The report had been based on information as at 31 July 2018; however, figures for the month of August had recently been completed and the values were very similar.

The latest forecast showed an over-spend against a budget of £145K for the whole of ARP (detailed in Appendix A of the report); the main reason for this overspend was due to the efficiency target of £140k not being achieved. It was noted that the increase in Housing Benefit Subsidy grant income had not been included in the report as it had been included in the individual partner authority accounts. Referring to paragraph 1.4 of the report, Members were assured that further efficiencies were expected in future years due to Norwich City Council joining the Enforcement Service and in relation to the on-going Robotics projects. The efficiency target would be reviewed and reset in the budget for next year.

The ARP currently held £171k in reserve to cover any shortfall in the

Action By

efficiency target in any one year and could be utilised if required.

Members' attention was drawn to Appendix A of the report. Appendix A provided further details in relation to the variances, Government funding and the money that remained for future projects.

The report and appendix was otherwise noted.

32/18 WELFARE REFORM UPDATE (STANDING ITEM) (AGENDA ITEM 6)

The Strategic Manager (Benefits) presented the report and provided Members with a detailed overview of what was happening and what was in the pipeline as far as welfare reform was concerned.

In a response to a concern in relation to DWP customers having to populate their own details on the new Universal Credit digital platform, Members were informed that all concerns were being pushed forward to Parliament as it was felt that DWP should assist their customers through the process.

The Strategic Director (East Suffolk) asked if there would be any provisions for children in care. Members were informed that work was currently being carried out on a Council Tax discount scheme to ensure that anyone leaving care up until the age of 25 would receive 100% discount. The Chairman hoped that any concerns in relation to vulnerable people would be reported back to the Partnership accordingly. Councillor Buckton felt that Universal Credit could result in many people becoming homeless. Councillor Ambrose-Smith wanted to know if ARP was a lone voice in the menagerie of issues with DWP and asked if local MP's should become more involved. The Strategic Manager (Benefits) explained that ARP had a very strong voice in these frustrating times supported by the Local Government Association. In response to the latter, Members were advised that it would be best to wait for the Secretary of State's response prior to any lobbying by MP's.

The report was otherwise noted.

33/18 NORWICH PARTNERSHIP - PARTNERSHIP WORKING THROUGH SECTION 113 AGREEMENT (AGENDA ITEM 7)

The Head of ARP presented the report and highlighted the successes and benefits of sharing best practice with Norwich City Council through a Section 113 Agreement (see paragraphs 1.2 to 1.3.3 of the report).

This continued approach was working so well that approvals were now being sought for Norwich to delegate its Enforcement work to Breckland Council. This work would be passed onto the ARP Enforcement to provide further resilience to the Team on Breckland's behalf.

It was noted that Norwich City Council would provide ARP with a full financial notice if it decided to leave.

Councillor Claussen asked about intellectual property rights. The Head of ARP advised that the Partnership would do so where appropriate. The size of the ARP Partnership was key and would not have the resilience and resource capability to carry out this arrangement without it.

The Strategic Director (East Suffolk) asked if the contribution from Norwich

Action By

towards the cost of the Shared Management Team covered the cost of this arrangement or whether a separate fee was charged. Members were informed that the funding provided by Norfolk County Council was a benefit to the Partnership.

The report was otherwise noted.

34/18 OPTIONS FOR NEW PARTNERSHIP AGREEMENT (AGENDA ITEM 8)

This report had been withdrawn.

35/18 FORTHCOMING ISSUES (STANDING ITEM) (AGENDA ITEM 9)

It was noted that the Service Delivery Plan and Performance Indicators were reviewed and discussed on an annual basis in the month of December.

36/18 NEXT MEETING (AGENDA ITEM 10)

The Chairman thought it would be useful for the partners to meet informally as a group in future at 10.00am and the start time of all ARP JC meetings be changed to 10.30am.

These changes were agreed.

The arrangements for the next meeting on Tuesday, 5 December 2018 at Breckland House in Thetford were noted. The meeting would start at 10.30am following the informal Briefing at 10.00am.

The meeting closed at 12.00 pm

CHAIRMAN

RESOURCES & FINANCE COMMITTEE

ANNUAL AGENDA PLAN

LEAD OFFICER(S): John Hill, Chief Executive

DEMOCRATIC SERVICES OFFICER: Tracy Couper

Meeting on: Thursday 29 November 2018 4.30pm		Meeting on: Monday 28 January 2019 4.30pm			Meeting on: Thursday 28 March 2019 4.30pm			
Agenda Planning meeting:		Agenda Planning meeting:			Agenda Planning meeting:			
Pre-meeting briefing:		Pre-meeting briefing:			Pre-meeting briefing:			
Deadline for reports/dispatch:	4pm Monday 19 November 2018	Wednesday 21 November 2018	Deadline for reports/dispatch:	4pm Wednesday 16 January 2019	Friday 18 January 2019	Deadline for reports/dispatch:	4pm Monday 18 March 2019	Wednesday 20 March 2019
<ul style="list-style-type: none"> Chairman’s Announcements External Audit Annual Audit Letter External Audit Sector Update & Finance Manager’s Response Internal Audit Progress Report Localised Council Tax Support Scheme Review Six Month Performance Monitoring Service Delivery Plans Treasury Operations Mid-Year Report Budget Monitoring Report Section 106 & CIL: Income and Expenditure Update CIL: Funding Requests 	Chair External Audit External Audit/ Finance Manager Internal Audit Fin Mngr & S151 Officer Perf Mnge Officer Fin Mngr & S151 Officer Fin Mngr & S151 Officer Dir Commercial Infrastructure & Strategy Manager	<ul style="list-style-type: none"> Chairman’s Announcements External Audit – Annual Certification Report External Audit Annual Audit and Inspection Plan <i>External Audit Sector Update & Finance Manager’s Response</i> Medium Term Financial Strategy, Revenue Budget and Capital Programme 2019/20 Annual Treasury Management Strategy/MRP/AIS Corporate Risk Register Update Budget Monitoring Report <i>ARP Joint Committee Minutes</i> <i>Appointments, Transfers, Resignations [EXEMPT]</i> 	Chair External Audit External Audit External Audit/ Finance Manager Fin Mngr & S151 Officer Fin Mngr & S151 Officer Internal Audit Fin Mngr & S151 Officer Dir Commercial HR Manager	<ul style="list-style-type: none"> Chairman’s Announcements External Audit Progress Report <i>External Audit Local Govt Sector Briefing & Finance Manager’s Response</i> End of Year Reports & Draft Service Delivery Plans Internal Audit Charter and Work Plan 2019/20 Internal Audit Progress Report <i>ARP Joint Committee Minutes</i> <i>Action taken by the Chief Executive on the Grounds of Urgency (if any)</i> Forward Agenda Plan 	Chair External Audit External Audit /Fin Manager Perf Mnge Officer Internal Audit Internal Audit Dir Commercial DSM DSM			

[Notes: 1. Agenda items which are likely to be “urgent” and therefore not subject to call-in are marked *

2. Agenda items in italics are provisional items/possible items for future meetings]

[UPDATED: 20/11/18]

RESOURCES & FINANCE COMMITTEE
ANNUAL AGENDA PLAN

LEAD OFFICER(S): John Hill, Chief Executive

DEMOCRATIC SERVICES OFFICER: Tracy Couper

Meeting on: Thursday 29 November 2018 4.30pm [continued]			Meeting on: Monday 28 January 2019 4.30pm [continued]			Meeting on: Thursday 28 March 2019 4.30pm [continued]								
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<ul style="list-style-type: none"> • <i>ARP Joint Committee Minutes</i> • Forward Agenda Plan • Write Offs of Unrecoverable Debts [EXEMPT] • <i>Appointments, Transfers, Resignations [EXEMPT]</i> • 			Dir Commercial DSM Finance Manager HR Manager			<ul style="list-style-type: none"> • <i>Action taken by the Chief Executive on the Grounds of Urgency (if any)</i> • Forward Agenda Plan 			DSM DSM			<ul style="list-style-type: none"> • 		

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[UPDATED: 20/11/18]